



Jersey Financial  
Services Commission

# Feedback on Consultation Paper

No. 1 2017

Investment Business Fees – feedback to a consultation on proposals to change fee rates

Issued: April 2017

## Consultation Feedback

This paper reports on responses received by the JFSC to its Consultation Paper No.1 2017 (Investment Business Fees – A consultation on proposals to change fee rates).

## Glossary of Terms

JFSC                      Jersey Financial Services Commission

# Contents

- Consultation Feedback .....2**
- Glossary of Terms.....3**
- Contents .....4**
- 1 Executive Summary.....5**
  - 1.1 Overview..... 5
  - 1.2 Next steps..... 5
- 2 Consultation Feedback .....6**
  - 2.1 Feedback received..... 6
- Appendix A - Investment Business Fees Notice.....7**
  - Schedule..... 9

# 1 Executive Summary

## 1.1 Overview

- 1.1.1 We issued Consultation Paper No.1 2017 in March, proposing an increase in investment business fee rates accompanied by a widening of the “investment employee” bands by which fees are charged.
- 1.1.2 Three responses to the consultation were received, either by the JFSC directly or by Jersey Finance. Summaries of the responses and our feedback are set out in the next Chapter.
- 1.1.3 In light of the feedback received, we are proceeding to change the fee rates and bands to the levels consulted on. The final fees notice can be found in Appendix A and on our website.

## 1.2 Next steps

- 1.2.1 Relevant firms will shortly receive notification via the myJFSC portal that an invoice is ready for them, or that investment employee data needs to be supplied for an invoice to be generated. The due date for payment is 31 May (i.e. data must be supplied *and* the invoice paid by 31 May). If payment is not made by then, late fees may be incurred as detailed in the fees notice.

## 2 Consultation Feedback

### 2.1 Feedback received

- 2.1.1 The JFSC and Jersey Finance received three responses to the consultation between them. Two were from regulated firms and one from the Jersey Consumer Council.
- 2.1.2 One of the firms stated that the increases were not material for their business and supported the proposals. The other commented that the increases were “tolerable” and that the firm “very much welcome[d] the widening of the bands in which a charge is levied per investment employee...”
- 2.1.3 The Jersey Consumer Council made a number of points about desirable consultation outcomes. These included:
  - 2.1.3.1 The hope that the increase in fees would not have a material impact on underlying clients;
  - 2.1.3.2 That the consumer interest be taken into account and detriment to consumers be avoided;
  - 2.1.3.3 That fee increases would allow for even more meaningful and sensitive regulation to protect consumers, including improved industry responsibility;
  - 2.1.3.4 That firms should be open and transparent about the costs and risks of financial products;
  - 2.1.3.5 That consumers should have a broad level of access to suitable financial services and products, and the quality and appropriateness of such products and services should be enhanced; and
  - 2.1.3.6 That consumers should have access to redress and that fees should be ring-fenced to tackle the root causes of consumer complaints.

#### JFSC response

- 2.1.4 We would like to thank respondents for taking the time to provide feedback, and having taken this into account, we have proceeded with the fee changes consulted on.
- 2.1.5 We appreciate the points raised by the Jersey Consumer Council. Direct regulatory fees represent a small part of firms’ costs, but of we accept that ultimately expenses are met through charges to clients. Access to redress is an important feature of the regulatory framework - the scope of the Channel Islands Financial Ombudsman is set by law, rather than by the JFSC. With regard to the wider comments about the regulatory regime for investment business, we have set out in our 2017 Business Plan that we will agree a strategic approach for Jersey’s response to MiFID II<sup>1</sup> and begin work on any necessary changes to achieve the outcome. This is in addition to our ongoing supervision of investment business firms.
- 2.1.6 We have clarified that the due date for payment of fees by existing firms is 31 May.

---

<sup>1</sup> By this we refer to the EU’s package of legislation that relates to investment business (amongst other things). Please see <http://www.jerseyfsc.org/pdf/2016-12-01-MiFID-II-Feedback-Paper-No3.pdf> for further information.

## Appendix A - Investment Business Fees Notice

### Notice of Fees

Published in accordance with:	<b>Article 15 of the Financial Services Commission (Jersey) Law 1998, as amended</b>
Payable by or in relation to:	<b>Investment Business</b>
Pursuant to:	<b>Articles 8(3) and 9(6) of the Financial Services (Jersey) Law 1998, as amended; and Article 15(6) of the Financial Services Commission (Jersey) Law 1998, as amended</b>
Commencement date:	The fees set out in this notice and the attached schedule are effective for the period from 1 May 2017 – 30 April 2018

#### 1 Interpretation

1.1 In this notice, unless the context otherwise requires -

Commission	means the Jersey Financial Services Commission
investment employee	in respect of a registered person, means:  (a) a person employed on the relevant date either under a contract of service or a contract for services by the registered person as:  (i) a dealer,  (ii) a discretionary investment manager,  (iii) an adviser, or  (iv) a supervisor; and  (b) a person employed on the relevant date either under a contract for service or a contract for services in any of the categories of work specified in paragraph (a) of this definition by a person who is himself or herself employed on the relevant date either under a contract of service or a contract for services by the registered person <sup>2</sup> ,  and if, on the relevant date, there exists a post in the service of the registered person that is vacant but would normally be occupied by a person to which paragraph (a) of this definition applies, includes that person

---

<sup>2</sup> In practice this captures 'indirect' investment employees who are employed by third parties to conduct these roles on behalf of the registered person.

Law	means the Financial Services (Jersey) Law 1998, as amended
registered person	means a person registered under the Law to carry on investment business
relevant date	means 1 April 2017, or the date of the application for registration if such application occurs between 1 May 2017 and 30 April 2018
supervisor	means a person who is responsible, either alone or jointly with one or more other persons, for the management, supervision and control of an investment employee who is not a supervisor

## 2 Application fee

- 2.1 The fee to accompany an application for registration to carry on investment business shall be the amount specified in the table set out in the Schedule.

## 3 Annual fee

- 3.1 A person registered to carry on investment business at any point during the period 1 May 2017 to 30 April 2018 shall pay a fee calculated in accordance with the table set out in the Schedule.
- 3.2 If a person is registered after 31 December 2017 the annual fee payable on registration shall be half the fee otherwise payable.
- 3.3 The Commission may remit an annual fee, in whole or in part, if:
- in its opinion the person liable to pay the fee is a member of an associated group of registered persons; and
  - another member of that group has paid a like fee.

## 4 Late payment of fees

- 4.1 If a registered person fails to pay, with value, the whole or any part of a fee on or before the date it becomes due the person shall be liable to pay, unless otherwise agreed by the Commission, an additional late payment fee of 5% of the amount unpaid for each complete month it remains unpaid.
- 4.2 The due date for the annual fee is 31 May 2017, or 30 days from the date the firm first receives its registration, if later.

## 5 Late filing fees

- 5.1 If a registered person fails to file or deliver any document to the Commission under the provisions of the Law or under any provisions of any Order issued in accordance with the Law on or before the date that the document becomes due, the registered person shall be liable to pay a fee of £100 for each complete month or part thereof that the document remains un-filed or undelivered unless the registered person has given the Commission prior written notice of the reasons for the late filing or delivery of a document and the Commission has agreed in writing that the filing may be late. Any such later agreed date shall become the due date for the purposes of the calculation and the payment of late filing fees.

## Schedule

<b>Classes of investment business</b>	<b>Application fee</b>	<b>Annual fee</b>
Class A, B or C or any combination of these classes	£1,684	(i) £2,729;  (ii) £1,905 for each of the first 15 investment employees; and  (iii) £988 for each additional investment employee, up to a maximum of 25 additional investment employees.
Class D only	£839	(i) £2,523;  (ii) £988 for each of the first 15 investment employees; and  (iii) £494 for each additional investment employee, up to a maximum of 25 additional investment employees.
Class E only	£839	£988 for each fund in respect of which the applicant or registered person carries on investment business on the relevant date.