



October 2020

Beyond Brexit: End of UK – EU transition period

Dear CEO

The Government of Jersey (Government) and the Jersey Financial Services Commission (JFSC) last wrote to you about preparations for Brexit in February 2019. On 31 January this year, the UK formally left the European Union and entered a transition period.

The UK will leave the transition period at the end of December 2020. It is not clear whether the UK will sign a Free Trade Agreement with the EU in advance of this, or whether there will be a No Further Negotiated Outcome (NFNO).

We are writing now to confirm the steps you should be taking at this time, and the resources and support that are available to you. Your priorities are to update the Business Continuity Plans you should already have in place by now and to remind your EU resident staff to register for the EU settlement scheme.

Expectations of firms

Business Continuity Plans (BCP)

Firms should already have developed BCPs, some elements of which will have been tested as part of your response to COVID-19. Please update your BCPs as necessary and, if your firm is part of a wider group, ensure your BCP is Jersey-specific.

Key decision-makers will need to be available over the New Year period. Firms should also consider their supply chains, contractual arrangements and the position of businesses they rely upon and that rely on them.

Firms will have already reviewed their travel plans due to COVID-19. Now you should be considering the potential impact of any further disruption in January 2021 and beyond, caused by the end of the transition period.

EU nationals

Where you or your firm employ EU nationals, you will want to ensure that they have applied to the Jersey EU Settlement Scheme (JEUSS). This is necessary for all EU citizens who wish to continue living and working in Jersey after 2020.

Any EU citizen arriving before 1 January 2021 is eligible to apply to the JEUSS until 30 June 2021.

Sector-specific expectations

These remain from our earlier letter, and the Government and the JFSC will be in further discussions with the relevant trade bodies as we approach the end of the transition period:

Bank specific

Banks have a position of responsibility within the financial system and need to act accordingly. We

have stressed that banks should be prepared just in case of potential heightened use of consumer services. Banks should also check contingencies for payments services provisions and stay in close contact with their Supervisory contacts at the JFSC during the Brexit period.

Funds specific

The funds industry will in some respects be unaffected by Brexit as many structures have no connection with the EU. However, the industry is still expected to properly plan for a NFNO and give consideration to the impact on third parties, particularly those with a UK or EU element.

In March 2019, the JFSC updated its Memorandum of Understanding (MOU) with the UK's Financial Conduct Authority (FCA) concerning cooperation and exchange of information in the alternative investment funds industry. This revised MOU secured access for Jersey to the UK funds market ahead of January 2021, when the UK will also become a third country.

Trust and company business (TCB) and Investment Business (IB) specific

Many firms in the TCB and IB industries operate multi-jurisdictional businesses, with members of the group sitting in the UK or the EU, or at the very least with clients in those jurisdictions. TCBs and IBs need to consider the impact of a NFNO on their relations with such parties.

Where firms have responsibility for customer assets or investments that may be impacted by a NFNO, it is expected that such firms will have developed appropriate approaches to mitigate risks and to communicate with customers who may be experiencing additional concern due to the present state of uncertainty.

Information and resources

Full information on Jersey's preparations for Brexit can be found on the [Government's website](#)¹. The Government's [end of transition checklist](#) may also help you/your firm with your own planning².

As Jersey is positioned outside of the EU for the purposes of financial services, there should be little direct change for firms interacting with the EU, whether the UK signs a Free Trade Agreement with the EU, or whether there will be a NFNO. For firms which need to understand the environment for UK counterparties with EU exposure, the FCA has an [extensive information site](#)³.

In preparation for the UK leaving the EU the Government of Jersey amended the Data Protection (Jersey) Law 2018. The amendment ensured that data could continue to flow freely between Jersey and the UK for a finite period. This transitional provision expires in December 2020.

Given the UK's position is not yet clear, the Government of Jersey has lodged a further amendment to the Data Protection (Jersey) Law 2018 with the States Assembly. This is due to be debated on the 19 November 2020 and, if passed, the amendment will in effect extend the current position until December 2021. This will maintain the status quo for organisations in Jersey and allow the continued free flow of data to the UK.

Consequential changes will be made principally to the JFSC's Codes of Practice for Certified Funds, Alternative Investment Funds, and Fund Services Business effective from 1 January 2021, preserving the status quo and ensuring business as usual.

¹ <https://www.gov.je/Government/Brexit/Pages/home.aspx>

² <https://www.gov.je/Government/Brexit/BusinessTrade/Pages/Checklist.aspx>

³ <https://www.fca.org.uk/brexit>



**Jersey Financial
Services Commission**



**Government of
JERSEY**

Firms' response to COVID-19 has demonstrated their ability to respond effectively to new challenges and we consider the island is well prepared for the end of the transition period.

If you would like to discuss any of the issues in this letter further, please contact James Silverston, Director of Financial Services in Government (j.silverston@gov.je) or your usual Supervisory contacts at the JFSC.

Yours faithfully

A handwritten signature in black ink, appearing to be 'I. Gorst', with a long horizontal stroke extending to the right.

Senator Ian Gorst

Minister for External Relations and Financial Services

A handwritten signature in black ink, appearing to be 'Mark Hoban'.

Mark Hoban

Chairman, JFSC