

Registrar of Companies report
Registry Supervision inspection
programme 2022 – Quarterly
feedback paper
Adequate, accurate and current
information assessments

Issued: March 2023

Contents

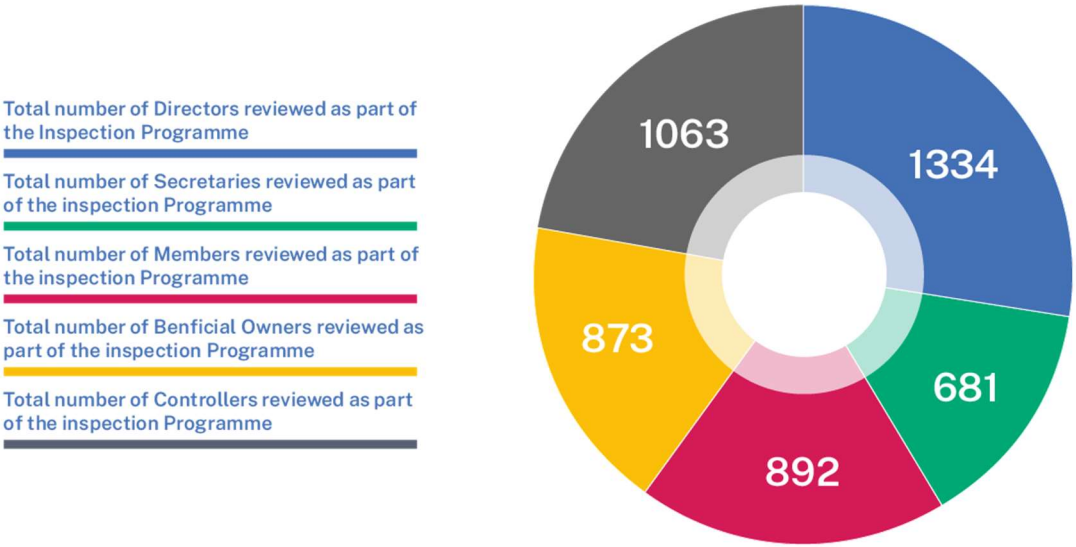
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1 Introduction

- 1.1 Jersey is recognized as a leading centre for financial services internationally, with the adoption of the highest levels of compliance with international standards in respect of anti-money laundering and counter-terrorist financing. To maintain and enhance its position Jersey has implemented requirements of the Financial Action Task Force's updated International Standards on Combatting Money Laundering and the Financing of Terrorism and Proliferation (the International Standards). These International Standards require us to have measures to prevent the misuse of legal persons and arrangements for money laundering, terrorist financing and the proliferation of weapons of mass destruction.
- 1.2 A core focus for our transparency regime is ensuring that basic and beneficial ownership information is adequate, accurate and up to date to enable it to be made available to competent authorities, as appropriate, on a timely basis.
- 1.3 In 2021, the Financial Services (Disclosure and Provision of Information) (Jersey) Law 2020 (the **DPI Law**) came into force to establish a legislative framework applicable to all entities to enhance and consolidate the requirements to provide and update basic and beneficial ownership information and to confirm these details on annually.
- 1.4 To be effective and demonstrate compliance with the DPI Law and International Standards, Jersey has implemented an additional pro-active monitoring mechanism in the form of Registry Supervision to monitor information held on the register to ensure it is adequate, accurate and up to date. Where breaches of information requirements are identified when appropriate, penalties are applied.
- 1.5 The Registry Supervision function, established at the start of 2022, develops, and expands existing Registry oversight activities by undertaking additional risk based supervisory activities. These new functions accord with existing legislation and the DPI Law. An inspection programme, designed to carry out checks to authenticate the information provided to us, started in April 2022. This includes inspection appointments where relevant individuals are met face to face by Registry Examination Officers. During these appointments records and original documents are inspected and information is provided to authenticate the information provided to the Registry including details of beneficial owners, controllers, directors, and other significant persons.
- 1.6 This paper provides consolidated feedback upon the visit programme, gives examples of good practice identified during the examinations and in the responses received to questions asked during visits or interviews. Boards, senior management, and owner operators are encouraged to consider the findings and conclusion within this paper.

2 Background and scope

- 2.1 A legal person must update the central registers at JFSC within 21 days of any change relating to significant persons (except for membership information), the JFSC will be focusing the inspection programmes on existing data, data updated as part of the annual confirmation statement and periodic changes. We will be assessing whether there have been breaches caused updating the central registers within 21 days.
- 2.2 The inspection program commenced April 2022, 560 entity inspections have taken place during the period of April to December 2022 inclusive and 98.9% received direct feedback within our stated service level agreement (within 21 days from the close of any inspection).
- 2.3 Officers of the JFSC reviewed and authenticated details of 4,843 associated parties. The associated parties consisted of beneficial owners, controllers, directors, and other significant persons (including secretaries). An analysis of this population is given in the pie chart (pie chart 1) below:



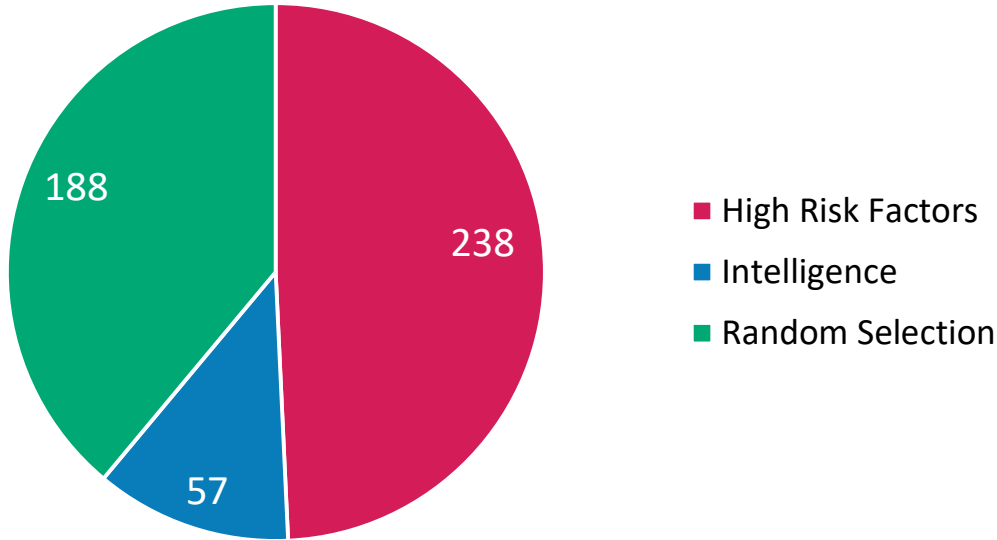
> Pie chart 1: Total associated parties.

- 2.4 The objectives of the inspections are to assess the extent to which:
 - legal persons demonstrate they have updated the central register with accurate, adequate and update information; and
 - that legal persons can demonstrate that they have correctly identified the beneficial owners and/or controllers of the entity.

2.5 The selection process identifies entities is based on several factors: the existence of higher risk factors, receipt of intelligence provided to Registry supervision, data anomalies that may be indicative of breaches to information requirements and by random selection.

Table 1. Registry Supervision Inspection Programme Findings as at 31 December 2022

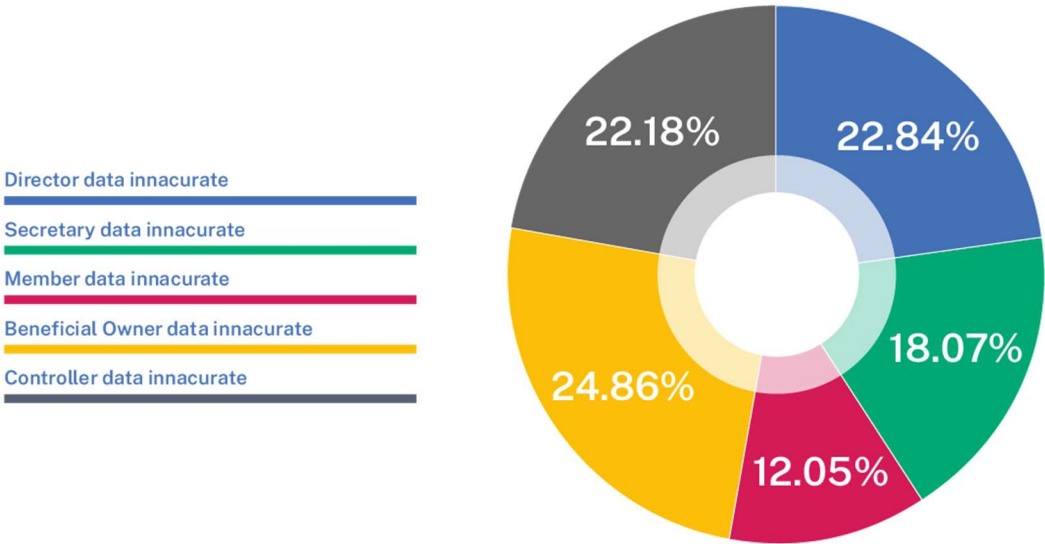
	Type of Entity				TCB Connection	
	Companies	Foundations	LLPs	Total	Yes	No
Number of Inspections	558	1	1	560	197	363
Entity updated records within 21 days of findings letter	557	1	1		197	362
Compliance %	98.90%	100%	100%			
Total Number of Associated Parties reviewed as part of the 2022 Inspection Programme				4,843		



Pie Chart 2. Reason for Entity Selection

3 Key Findings

3.1 The inspection programme identified several inaccuracies. Of the 4,843 associated parties inspected, 78.40% had no deficiencies; the remaining 21.60% inaccuracies are analyzed in the pie chart (pie chart 3) below:



Pie chart 3: Associated parties with inaccuracies

4 Other findings

- 4.1 Of the 560 entities inspected:
 - 4.1.1 A very small number of entities inspected did not comply with the statutory requirement of maintaining significant person’s registers.
 - 4.1.2 14 entities did not maintain a register of Directors.
 - 4.1.3 21 entities did not maintain a register of Secretaries.
 - 4.1.4 21 entities did not maintain a register of Members.
 - 4.1.5 In one instance, a director (although recorded in the entities register of directors at the registered office) had not been entered on the central register at the JFSC.
 - 4.1.6 The Date of Birth field proved an area, for some, where information disclosed to the JFSC did not reflect the information obtained from the identification documentation.

- 4.1.7 Middle names also proved an area, for some, where information was not disclosed correctly on the central register at the JFSC.

5 Ongoing monitoring

- 5.1 Registry Supervision will be monitoring registers on an ongoing basis, where entities have been found to be deficient in their filings; they will and have been asked to rectify the specific deficiency within a set period. To date all entities have complied with the requirements to rectify deficiencies.

6 Conclusion

- 6.1 As Registrar, I have indicated publicly that because this is the first time for many that they are subject to some form of supervision, the Registry supervision team have for the past twelve months been concentrating on ensuring the data held by registry is accurate, adequate, and timely. This has included desk-based supervision where anomalous data is identified through regular reports run on the Registry database. The team have also concentrated on assisting those being visited to understand and comply with the information requirements.
- 6.2 Most deficiencies have been minor infractions and words of advice have been given on how to rectify registry records without using penalties which has proved proportionate as all records have been rectified in a timely manner. As the number of visits increased during 2022, the team could see improvements in the quality of records kept.
- 6.3 Having undergone a period of outreach and engagement to increase understanding of the information requirements we will now be focusing on the use of appropriate and proportionate sanctions. For example, we will be introducing automated late fees for changes of information filed outside the 21-day time period.

Julian Lamb
Registrar of companies
March 2023