

Consultation on amendments to the JFSC's civil financial penalty methodology for registered persons

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1 Executive summary

1.1 Overview

- 1.1.1 We are seeking feedback on proposed amendments to our published methodology for determining the amount of a civil financial penalty imposed on a registered person, as shown in the marked-up version of the methodology at **Appendix A**.
- 1.1.2 The proposed amendments follow recent legislative change and a wider opportunity to update aspects of the methodology in light of operational experience.
- 1.1.3 This consultation paper is limited to the registered persons methodology. We will consider the natural persons methodology separately at a later stage.

1.2 What is proposed and why?

- 1.2.1 On 12 March 2026, the [Financial Services Commission \(Financial Penalties\) \(Jersey\) Amendment Order 2026](#) came into force.
- 1.2.2 The Amendment Order reintroduced maximum penalties for Bands 1, 2 and 2A for registered persons. Band 3 remains uncapped. We therefore propose consequential amendments to the registered persons methodology so that it reflects the amended legislative framework.
- 1.2.3 We are also taking this opportunity to make targeted updates to certain parts of the methodology in light of our experience of applying the regime in practice.
- 1.2.4 The proposed updates include, in particular, amendments that would:
 - › provide clearer guidance on how voluntary reporting, and steps taken to rectify a contravention and prevent its recurrence, are considered, including when they may justify mitigation and reduce a penalty
 - › address certain matters more expressly through dedicated steps within the methodology
 - › include express reference to the guiding principle of having regard to the best economic interests of Jersey, by explaining how that principle may be engaged, where relevant, through the potential financial consequences step
 - › provide more detailed guidance on settlement discounts
- 1.2.5 Overall, these proposed changes are intended to keep the methodology aligned with the legislation and to improve clarity, transparency and predictability in its application, while preserving the flexibility needed to address the circumstances of individual cases.

1.3 Who would be affected?

- 1.3.1 The proposals in this paper may affect:
 - › registered persons subject to our civil financial penalties regime
 - › professional advisers acting for persons involved in JFSC enforcement matters
 - › other stakeholders with an interest in our enforcement framework and published methodology

1.4 Invitation to comment

- 1.4.1 We welcome views from stakeholders on all aspects of the proposals in this paper, including the consequential amendments, the targeted guidance updates, the proposed express reference to the guiding principle and the proposed clarifications on settlement discounts.
- 1.4.2 [Please submit your response](#) by 4:00pm on 23 April 2026.

2 Consultation

2.1 Basis for consultation

- 2.1.1 We are a statutory body corporate established under the Commission Law. We are responsible for the supervision and development of financial services provided in or from within Jersey.
- 2.1.2 We have issued this consultation paper in accordance with Article 8(3) of the Commission Law, under which we may, in connection with the carrying out of our functions, consult and seek the advice of such persons or bodies, whether inside or outside Jersey, as we consider appropriate.

2.2 Have your say

- 2.2.1 We invite feedback on this consultation paper by 16.00 on 23 April 2026.
- 2.2.2 [Submit your response to this consultation through our form.](#)
- 2.2.3 If a response is submitted by an industry body or trade association, please also provide a summary of the type of individuals or institutions it represents.
- 2.2.4 Any queries should be directed to enforcement@jerseyfsc.org.
- 2.2.5 We will treat responses as non-confidential unless you specifically ask us to treat them as confidential.

2.3 What next?

- 2.3.1 We will consider the feedback we receive and publish a feedback paper. We will then finalise and publish the updated registered persons methodology.

3 Background

3.1 The civil financial penalties regime

- 3.1.1 The civil financial penalties regime forms an important part of our enforcement framework. It supports sanctions that are effective, proportionate and dissuasive, helping to uphold regulatory standards.
- 3.1.2 Our methodology for registered persons sets out our guideline approach to determining the amount of a civil financial penalty. It is intended to promote transparency and consistency while preserving the flexibility and discretion required by the circumstances of each case.

3.2 The Amendment Order

- 3.2.1 On 5 March 2026, the Minister for External Relations signed the Amendment Order, which reintroduced maximum penalties for registered persons in Bands 1, 2 and 2A at the levels [consulted on by government](#) in December 2025. The penalty bands are summarised below:

Penalty Band	Nature of the contravention (summary)	Maximum penalty
1	A failure to notify the JFSC of certain matters specified in a code of practice.	The lower of 4% of the average annual turnover and £100,000.
2	A contravention not falling into Band 2A or Band 3 below and not rectified to the satisfaction of the JFSC within the timeframe determined by the JFSC.	The lower of 6% of the average annual turnover and £4,000,000.
2A	A contravention committed negligently.	The lower of 7% of the average annual turnover and £4,000,000.
3	A contravention committed either intentionally or recklessly.	8% of average annual turnover.

- 3.2.2 The Order came into force on 12 March 2026. We are therefore proposing consequential amendments to the registered persons methodology so that it accurately reflects the amended legislative framework.

3.3 Opportunity to update guidance based on operational experience

- 3.3.1 While making those consequential amendments, we are also proposing targeted updates to the registered persons methodology to improve guidance at certain steps, based on our practical experience of applying the regime over the past several years.
- 3.3.2 These updates include fuller and more specific guidance in the ‘considerations’ column at certain steps, including on:

- › whether the registered person knew, or ought to have known, of the contravention
 - › voluntary reporting
 - › rectification and prevention of recurrence
 - › potential financial consequences
 - › settlement discounts
- 3.3.3 In some areas, the draft methodology also allocates certain matters more clearly to dedicated steps, rather than addressing them more generally through the residual aggravating / mitigating factors step.
- 3.3.4 The draft methodology also includes express reference to the guiding principle of having regard to the best economic interests of Jersey.
- 3.3.5 The draft explains this guiding principle is not scored as part of Step 1 seriousness, but may, where relevant, be reflected through the JFSC's consideration of the potential financial consequences to the registered person and third parties at Step 11. In that context, any such impacts would need to be material and reasonably foreseeable, and evidenced and causally linked to the penalty, rather than speculative. The draft also recognises this guiding principle may be relevant through the exercise of discretion in the circumstances of the case.

3.4 Natural persons methodology

- 3.4.1 This consultation does not include proposed amendments to the natural persons methodology.
- 3.4.2 We will consider the natural persons methodology separately at a later stage.

4 Proposals

4.1 Consequential amendments to reflect the Amendment Order

- 4.1.1 We will amend the registered persons methodology so its description of the maximum penalties for Bands 1, 2 and 2A reflects the amended legislative framework introduced by the Amendment Order.
- 4.1.2 These are consequential amendments intended to ensure the published methodology accurately reflects the governing legislation, including the maximum penalty levels that apply at each band.
- 4.1.3 We have updated the summary tables in the draft methodology accordingly.

Question 1

Do you have any comments on the amendments made to reflect the revised maximum penalties for Bands 1, 2 and 2A?

4.2 Express reference to the guiding principle of having regard to the best economic interests of Jersey

- 4.2.1 We propose to include express reference in the registered persons methodology to the guiding principle of having regard to the best economic interests of Jersey.
- 4.2.2 The draft methodology explains this guiding principle is not scored as part of Step 1 seriousness, but may, where relevant, be reflected through Step 11, which looks at the potential financial consequences of a penalty for the registered person and for third parties. The draft methodology also recognises this guiding principle may be relevant through the exercise of discretion in the circumstances of the case.
- 4.2.3 For example, in the context of step 11, this may be relevant where a particular penalty level could materially and foreseeably disrupt service continuity, contribute to wider financial exclusion in the island, or impair the provision of an essential service or public function.
- 4.2.4 Any such consideration would be limited to impacts that are material and reasonably foreseeable, and that are evidenced and causally linked to the penalty, rather than speculative.
- 4.2.5 The draft methodology also makes clear that, in applying Step 11, we will continue to have regard to all of our guiding principles and the need for penalties to be effective, proportionate and dissuasive.
- 4.2.6 We consider this proposed update provides appropriate express guidance on how that guiding principle may be taken into account within the methodology.

Question 2

Do you have any comments on our proposed approach to including express reference in the registered persons methodology to the guiding principle of having regard to the best economic interests of Jersey, including through the potential financial consequences step and the exercise of discretion in the circumstances of the case?

4.3 Enhanced guidance at certain steps of the registered persons methodology

- 4.3.1 We are proposing targeted updates to the guidance in the registered persons methodology, mainly to reflect our practical experience of applying the regime. These include fuller and more specific guidance in the 'considerations' column at:
- › Step 2 – whether the registered person knew, or ought to have known, of the contravention
 - › Step 3 – voluntary reporting
 - › Step 4 – rectification and prevention of recurrence
 - › Step 11 – potential financial consequences
- 4.3.2 For Step 2, we propose clearer guidance on how we may assess whether a registered person knew, or ought to have known, of the contravention. The draft methodology sets out an expanded non-exhaustive range of relevant factors, including certain matters that are now addressed more expressly at that step.
- 4.3.3 For Steps 3 and 4, the draft methodology gives more detailed guidance on voluntary reporting and on steps taken to rectify a contravention and prevent its recurrence, including a broader non-exhaustive range of factors that may be considered.
- 4.3.4 It explains that voluntary reporting, and remedial conduct that would ordinarily be expected to meet statutory or regulatory obligations, will generally be treated as neutral. Mitigation may be available where a report is particularly prompt, transparent and comprehensive, or where remediation and prevention measures are proactive, timely, comprehensive and demonstrably effective.
- 4.3.5 These matters are addressed more explicitly through the dedicated steps on voluntary reporting (Step 3) and rectification / prevention of recurrence (Step 4), rather than through the residual aggravating and mitigating factors step (Step 5).
- 4.3.6 Step 5 would provide for a $\pm 25\%$ adjustment for aggravating and mitigating factors not otherwise fully captured elsewhere in the methodology. This is a reduction from the current $\pm 50\%$ range. We consider this revised range preserves appropriate flexibility while supporting a proportionate overall outcome within the methodology.
- 4.3.7 For Step 11, the draft methodology provides detail on the financial information and other supporting material that may be relevant. It also gives more guidance on the types of impact we may consider when assessing the potential financial consequences of a penalty for the registered person and third parties.
- 4.3.8 The updates are not intended to turn the methodology into a prescriptive checklist. Our aim is to provide greater transparency about the matters we may consider, on a non-exhaustive basis, when applying particular steps. The methodology will remain a guideline approach, applied with the flexibility and discretion that the circumstances of the case require.
- 4.3.9 In light of the fuller guidance now included in the 'considerations' sections, the draft methodology also moves away from worked examples in appendices. We consider this results in a more streamlined and accessible methodology.

Question 3

Do you have any comments on the proposed enhanced guidance at Steps 2, 3, 4 and 11, including the explanations concerning voluntary reporting and rectification / prevention of recurrence, and on the clearer allocation of certain matters to dedicated steps within the methodology?

Question 4

Do you have any comments on the proposed amendments to Step 5 of the methodology, including the proposed $\pm 25\%$ adjustment?

Question 5

Do you have any comments on the proposed move away from worked examples in appendices in light of the fuller guidance now included in the methodology?

4.4 Settlement discounts: clearer guidance on the existing framework

- 4.4.1 The draft methodology retains the existing staged framework for settlement discounts, as set out in our policy statement on [regulatory settlements](#). These are:
- › settlement before the conclusion of Stage 1 of our Decision-Making Process – up to 50%
 - › settlement before the conclusion of Stage 2 – up to 25%
 - › settlement before the conclusion of Stage 3 – up to 5%
- 4.4.2 We propose clearer guidance on how the discount within the applicable maximum may be assessed in practice. The draft explains the maximum discount is not automatic and discounts will be determined case by case, having regard to the timing, quality and practical impact of the registered person's engagement, including cooperation and disclosure.
- 4.4.3 The draft also explains, at a high level, the types of matters we may take into account when assessing an appropriate Stage 1 discount. These include:
- › the extent to which relevant information and records were identified, preserved and provided promptly
 - › whether early and meaningful concessions were made
 - › whether cooperation reduced investigative steps
 - › whether that cooperation was maintained throughout the matter, including during settlement discussions
- 4.4.4 We consider that these clarifications improve transparency and help explain how the settlement discount framework operates in practice.

Question 6

Do you have any comments on the proposed guidance on settlement discounts?

5 Summary of questions

Page	Question
8	<p>Question 1</p> <p>Do you have any comments on the amendments made to reflect the revised maximum penalties for Bands 1, 2 and 2A?</p>
8	<p>Question 2</p> <p>Do you have any comments on our proposed approach to including express reference in the registered persons methodology to the guiding principle of having regard to the best economic interests of Jersey, including through the potential financial consequences step and the exercise of discretion in the circumstances of the case?</p>
10	<p>Question 3</p> <p>Do you have any comments on the proposed enhanced guidance at Steps 2, 3, 4 and 11, including the explanations concerning voluntary reporting and rectification / prevention of recurrence, and on the clearer allocation of certain matters to dedicated steps within the methodology?</p>
10	<p>Question 4</p> <p>Do you have any comments on the proposed amendments to Step 5 of the methodology, including the proposed $\pm 25\%$ adjustment?</p>
10	<p>Question 5</p> <p>Do you have any comments on the proposed move away from worked examples in appendices in light of the fuller guidance now included in the methodology?</p>
10	<p>Question 6</p> <p>Do you have any comments on the proposed guidance on settlement discounts?</p>

Appendix A: proposed revised methodology for registered persons

[See our proposed revised methodology for determining the amount of a civil financial penalty imposed on a registered person.](#)

Glossary

Defined terms are indicated throughout this document as follows:

Commission Law	Financial Services Commission (Jersey) Law 1998
Amendment Order	Financial Services Commission (Financial Penalties) (Jersey) Amendment Order 2026
JFSC	Jersey Financial Services Commission
registered person	<p>Has the meaning in Article 1 of the Commission Law, namely</p> <ul style="list-style-type: none">(a) a registered person within the meaning of the Banking Business (Jersey) Law 1991;(b) a permit holder within the meaning of the Insurance Business (Jersey) Law 1996 other than the holder of a Category A permit (within the meaning of Article 5(2) of that Law);(c) a registered person within the meaning of the Financial Services (Jersey) Law 1998, other than a person registered under that Law to conduct general insurance mediation business falling within Class R or Class S as set out in the Schedule to the Financial Services (Financial Service Business) (Jersey) Order 2009;(d) a service provider within the meaning of Regulation 2 of the Alternative Investment Funds (Jersey) Regulations 2012;(e) a supervised person as defined in Article 1(1) of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008;(f) a certificate holder as defined in Article 1(1) of the Collective Investment Funds (Jersey) Law 1988;(g) a person required to be a registered person, permit holder, service provider, supervised person or certificate holder under any of the Laws referred to in paragraph (a), (b), (c), (d), (e) or (f).