



Jersey Financial Services Commission

From the office of the Director General

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Your Ref.:

Our Ref.: JH/NW/dd

8 April 2010

Chief Executives (or equivalent)
of Regulated Businesses

Dear Chief Executive

Industry Survey

As promised, the Commission is now able to publish the findings from the survey of the finance industry in Jersey that was conducted in November 2009. Full details of the results are attached, and there are a few recurring themes within the responses that merit the Commission's attention. Some of these have already been recognised, but all are being reviewed with the aim of addressing them as soon as possible in the coming months.

It should be mentioned that these are potential conclusions drawn from a review of individual comments which, in the nature of surveys of this sort, (114 respondents from a target of c. 450 recipients, 26%), are anonymous and thus not susceptible to refined analysis in terms of statistical significance or the source and materiality of the institutions represented by the commentators. It is not suggested that they be ignored, but equally it is not possible to know how widespread are the views expressed.

Overall, the majority of respondents rated the Commission as excellent or good. The results of the IMF Review received many favourable comments, and the need for a strong regulator has been acknowledged in order to maintain the Island's international reputation.

With regard to international standards, the consensus is that Jersey should meet them, but should not "front run".

Clarification in some quarters may be needed relating to the Commission's relationship, role and responsibilities vis-à-vis States Departments, the Attorney General, Jersey Finance and,

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most commonly, the Jersey Financial Crime Unit in relation to investigating financial crime. The Commission is seen by certain respondents, albeit again it is difficult to measure how significant in number these are, as duplicating enforcement effort. The length of time taken to deal with cases has also attracted some criticism. An explanatory paper will be produced in due course to provide the additional insight and information that is being called for, and will be widely shared.

The Commission's speed of response has received some criticism, particularly in respect of the Funds and Registry divisions. Funds codes of practice are seen as complicated for capital adequacy calculations, and the Registry's programme to develop online systems should be continued as a priority in order to match other jurisdictions. The Commission has recognised these matters and although remedial work has already begun, notably in the operation of both a Funds authorisation user group and a Registry user group, a number of approaches to address the issues have been included in the 2010 Business Plan

The legislative process is seen by some respondents as unnecessarily slow. The Commission is not in sole control of this item but will publish information explaining the process and the Commission's participation in it during the coming year.

There are several suggestions that more briefing seminars and workshops should be provided by the Commission, although the quality of some of the presenters at previous events has attracted some adverse comment. The Commission is aware that the number of such seminars and workshops was limited during 2008 and 2009, primarily because of the priority given to the IMF review, and it has begun the planning process to increase the number of these, with two seminars on Trust Company Business and Anti - Money Laundering scheduled for July this year.

The section in the questionnaire regarding the provision of information, and the quality of presentation, received the lowest ratings. The website in particular is not regarded as being user friendly, with difficulty in searching for specific information that may be required. The Commission has already recognised that the website needs updating, and remedial work is planned for 2010. It has been suggested that a separate section be created for consultation papers, and another section for notification of changes to existing legislation/codes etc., and these will be included in future.

Arrangements for the notification of amendments to the AML Handbook have come in for criticism, specifically the way in which changes are publicised to industry. The Commission will produce information to explain how this is currently done and to suggest how it can be improved.



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The quarterly newsletter is regarded as dull and uninteresting, and there are comments that it could be replaced by an electronic information system on the website. This will hopefully be included within the overall website update mentioned above.

It has been suggested that all lending should be regulated, which has featured regularly as a policy discussion within the Island generally over several years. Whilst the Commission will continue to keep policy in this respect under close review it is again the case that there are other Island stakeholders, notably Government and consumer organisations, together with industry and the consumers themselves, who have an interest in this matter. In the wider discussion involving these stakeholders there will also be a need to take into account international practices and trends as well as the resourcing and cost implications of any widening of regulatory scope to include lending.

Comments have been received that the Commission's e-mails could be improved, particularly by shortening the disclaimer which currently runs to more than a page. This is agreed, and it is intended that the existing disclaimer will be replaced by a much shorter one that simply refers to the full version that will be placed on the website.

Finally, a significant proportion of respondents feel that the Commission does not sufficiently listen to the views of industry. While this may of course highlight a need for better communication and improved provision of information generally, (some of which will hopefully be addressed by the actions mentioned above), it could equally be a manifestation of the inevitable divergence that is likely to exist between the regulator and the regulated on any given issue.

I do hope that you have found the survey exercise and this subsequent review useful.

Yours sincerely

A handwritten signature in black ink that reads "John Harris". The signature is written in a cursive style with a long, sweeping underline.

John Harris
Director General