



Press Statement

June 27 2016

JFSC issues warning re non-regulated investments

The Jersey Financial Services Commission (JFSC) has today issued a warning regarding non-regulated investments, part of its statutory duty in seeking to reduce the risk of financial loss to the investing public.

In the current prolonged low interest rate environment, consumers with money to invest can be tempted by products which appear to offer a high rate of return. The JFSC has recently noticed a number of marketing approaches in different Jersey media, which extol the merits of such commodities, or the company offering them, positioned as alternatives to more traditional financial services products, without equally highlighting any of the associated risks.

Our recommendation is to make sure any firm you deal with clearly explains to you to what extent your “investment” is covered by regulation, including any compensation scheme should your investment not work out. Do not hesitate to ask questions of the firm if you need further clarity, including whether the investment is guaranteed by it alone, and if such a guarantee is dependent upon the company’s continuing solvency.

Sometimes those products are described as “investments”, but the use of that word is not controlled by the JFSC, and so its appearance in marketing material is no guarantee that there is regulatory oversight of their sale by the JFSC.

This is the case, for example, with many collectables, such as stamps, coins and wine, the sale of which is generally not covered by financial regulation.

It is also the case that firms can be regulated for some of their business activities, but not others. This might be because the JFSC examines the firm’s anti-money laundering controls, but has no role in looking at how a firm conducts its selling process, for example.

In the event of any concerns or to establish the status of whether an investment is regulated or un-regulated, investors should contact the respective firm with whom they have dealt with in the first instance.

ENDS.

Notes of Editors:

For further information

<http://www.protectyourmoney.je/investments/types/Pages/Collectibles.aspx>

<https://www.moneyadvice.service.org.uk/en/articles/art-fine-wine-and-other-collectibles-as-investments>