



# Jersey Financial Services Commission

To: Chief Executives (or equivalent) of all persons registered to conduct fund services business; Jersey Finance Limited; the Jersey Funds Association and all Jersey law firms

Our Ref.: DJB/dwb

9 September 2008

Dear Sir or Madam,

**Financial Services (Jersey) Law 1998, as amended ("the Law")**  
**Persons registered under Article 9 of the Law to conduct fund services business as Manager of a Managed Entity ("MoME")**

The purpose of this letter is to introduce and put into context the attached draft guidance note for persons acting as a Manager of a Managed Entity or "MoME."

## 1. Background

Acting as a MoME was introduced as class ZK of fund services business under the Law on the 14 November 2007. All persons that were already acting as a MoME prior to that date automatically became registered to conduct class ZK of fund services business under Article 9 of the Law.

At the time of writing, the Commission has registered more than 50 MoMEs under the Law that, in turn, act for some 275 managed entities. These relationships account for a significant proportion of all persons registered to conduct fund services business.

The Commission regards MoMEs as the nexus of its regulatory supervision of managed entities and will be devoting a significant proportion of its on-site supervisory work to persons registered to provide this class of fund services business.

## 2. The need for guidance

The Commission has received and responded to numerous requests for guidance since the introduction of the MoME class of business. Areas upon which guidance has been sought include:

- Which services would indicate a MoME / managed entity relationship?;
- The proper interpretation of the Fund Services Business Codes of Practice;



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- The application of registration conditions for managed entities acting for expert funds;
  - Interpretation and application of the Financial Services (Fund Services Business (Accounts, Audit & Reports))(Jersey) Order 2007; and
  - The application of anti-money laundering provisions to MoMEs and managed entities.

In view of this, the Commission considers it appropriate to issue guidance to the industry setting out its expectations of persons acting as a MoME.

The attached guidance note for MoMEs is being circulated to the industry in draft format as it is the Commission's intention that the guidance note will not be finalised before it has had an opportunity to obtain comments from industry. In order to engage effectively with MoMEs, the Commission will conduct a series of themed visits to persons registered to act as MoMEs. These visits will allow the Commission to better understand current market practice in this area including how industry has responded to specific parts of the Codes of Practice which will, in turn, allow us to gauge the appropriateness of the guidance as currently drafted.

The Commission has appointed PricewaterhouseCoopers ("PwC") as its agent under Article 10 of the Financial Services Commission (Jersey) Law 1998 to conduct visits to 15 businesses registered to act as a MoME over the next three months. The visits will provide those businesses with an opportunity to discuss their current MoME arrangements and to highlight any areas of doubt or difficulty that the Commission should take into account when finalising its guidance note.

Each visit will result in a factual feedback report for the firm in question. The Commission will also issue a consolidated report to the industry at the end of the exercise, which will help inform any final guidance that the Commission issues in relation to MoME activities.

### **3. Next steps and visit process**

PwC will shortly contact those businesses that are to receive a visit. Mr Mark James is the Partner of PwC with overall responsibility for this exercise and Mr Chris Stuart is the Director in charge of the exercise on a day-to-day basis. Mr Stuart will be contacting those businesses that are to receive a visit in order to establish a mutually convenient date for the visit and to request certain pre-visit information to assist them in planning their work.

Although the work will be planned and performed by PwC, representatives from the Commission may attend all or part of the visits on an ad hoc basis.

If you are registered to act as a MoME but are not included as part of these visits, the Commission would still value your views. Accordingly, all businesses are invited to provide



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any comments that they might have on the attached draft guidance note, in writing, to the Commission using the following contact details:

Mr Bo Matthiesen  
Senior Manager, Securities - Funds Supervision  
E-Mail - b.matthiesen@jerseyfsc.org

Comments should be received by the Commission by 30 November 2008.

We trust that you will find the draft guidance note of interest and look forward to receiving your comments in due course.

Yours faithfully,

A handwritten signature in black ink, appearing to read "David Banks". The signature is written in a cursive style with a long horizontal stroke at the end.

**David Banks**  
**Director - Securities**