



# Jersey Financial Services Commission

Chief Executives  
of all Investment Businesses  
registered under the Financial  
Services (Jersey) Law 1998

21 May 2008

Dear Sir or Madam,

**Jersey Financial Services Commission - (the "Commission")**  
**Financial Services (Jersey) Law 1998, as amended ("the Law")**  
**Investment Business - Priorities for 2008**

I am sending this letter to the Chief Executives (or equivalent) of all persons registered under the Law to conduct investment businesses in order to advise you of some recent developments.

**1. The Investment Business team**

Some of you may have noticed a few staff changes within the Investment Business team within the last few months therefore I have taken this opportunity to re-introduce the team by way of the attached contact list (**Appendix A**). Each regulated business is assigned a dedicated supervision manager who serves as your principal point of contact within the Commission for investment business matters. If you are in any doubt as to which manager has been assigned to your firm, please do not hesitate to contact the Senior Manager, Chris Jordan.

**2. Our priorities for 2008**

The Commission's overall priorities for 2008, including those specific to the investment business team, are set out in our business plan which can be obtained via the following website link:

[http://www.jerseyfsc.org/the\\_commission/general\\_information/publications/business\\_plans.asp](http://www.jerseyfsc.org/the_commission/general_information/publications/business_plans.asp)

The items that I would like to highlight are set out below.



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## **2.1 Investment Business Codes of Practice (the "Codes")**

It was the Commission's stated intention to revise and update the Codes during the course of 2007. This process has taken longer than anticipated but it is now nearing completion and it is anticipated that revised Codes will come into effect in the next few weeks.

As part of the implementation process, existing investment businesses will be granted a transitional period within which they are to come into compliance with the revised Codes. The transitional period will last three months from the date that the Codes are made. Notwithstanding this, I would suggest that you familiarise yourself with the revised Codes, if you have not done so already, in order that you are in a position to be in compliance by the end of the transitional period. A link to the Codes issued for consultation in July 2007 is provided below and the latest version, including revisions made as a result of the consultation process, will be distributed shortly.

[http://www.jerseyfsc.org/pdf/draft\\_investment\\_business\\_codes\\_of\\_practice\\_july\\_2007.pdf](http://www.jerseyfsc.org/pdf/draft_investment_business_codes_of_practice_july_2007.pdf)

Additionally, in response to the consultation feedback, the revised Codes will be accompanied by two new guidance notes. The first, entitled "Guidance note on Suitability of Advice", sets guidance in relation to the interpretation of paragraphs 2.5 and 2.6 of the Codes which pertain to the suitability of advice provided to clients and associated documentation. The second, entitled "Guidance Note on Professional Qualifications", sets the qualification requirements for investment business employees and will be subject to periodic revision in consultation with a new Qualifications Steering Group.

## **2.2 Themed visits and mystery shopping**

The Commission has now published a report entitled "Onsite Examination Themed Programme 2007". This report sets out findings from the themed examination programme conducted by the investment business team last year which focussed primarily on:

- i. Suitability of advice;
- ii. New products and services - due diligence; and
- iii. Human resources.



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The report is available on our website at the following address and I would ask that you take the opportunity to read over it and disseminate the findings to relevant staff.

[http://www.jerseyfsc.org/pdf/IB\\_general\\_examination\\_feedback\\_\(gh\).pdf](http://www.jerseyfsc.org/pdf/IB_general_examination_feedback_(gh).pdf)

A further priority for the Commission during 2007 was to conduct a mystery shopping exercise and to report its findings to the industry. I am pleased to advise that this process has now been completed and that a report setting out relevant findings and recommendations has been published.

A copy of the report is available on the Commission's website at the following address:

[http://www.jerseyfsc.org/pdf/I\\_B\\_Mystery\\_Shopping\\_Summary\\_Findings\\_20\\_May\\_2008.pdf](http://www.jerseyfsc.org/pdf/I_B_Mystery_Shopping_Summary_Findings_20_May_2008.pdf)

Again, I would ask that you take the time to read the report and to circulate it to relevant members of staff within your organisation. This report represents the first such study conducted on behalf of the Commission and contains findings and recommendations that I am sure will be of interest to most practitioners.

### **2.3 Transparency for investors**

As you may recall from the consultation process carried out last year<sup>1</sup>, the Commission identified a potential shortfall in relation to the implementation of IOSCO standards in that the names of the senior management and individuals authorised to represent regulated investment businesses are not published; a further shortfall was identified in relation to the publication of conditions restricting the scope of a registered person's registration.

These matters required an amendment to the Law, which was approved by the States of Jersey and recently sanctioned by the Privy Council. This amendment comes into effect on 23 May 2008 and, consequently, we have started the process of collating the relevant information by way of this year's fee return. A further update on the practical steps that we will be taking to implement these changes will be provided shortly under separate cover, however, in the meantime I would ask that you familiarise yourself with the following guidance note on the submission of employee details if you have not already done so:

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<sup>1</sup> Consultation Paper No. 4 on Amendments to Regulatory Laws



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[http://www.jerseyfsc.org/pdf/Guidance%20Notes%20re%20Inv%20Employees%20and%20Sr%20Management%20\(NL\)-\(mb\).pdf](http://www.jerseyfsc.org/pdf/Guidance%20Notes%20re%20Inv%20Employees%20and%20Sr%20Management%20(NL)-(mb).pdf)

In closing, I hope that you have found this update helpful and would be happy to consider any comments or questions that you may have.

Yours sincerely

A handwritten signature in blue ink, appearing to be "Darren Boschat". The signature is stylized and somewhat abstract, with a large loop at the end.

**Darren Boschat**  
**Deputy Director - Securities**

## The Securities - Investment Business team (Appendix A)

**Director** - David Banks  
Telephone : 822040  
E-Mail : d.banks@jerseyfsc.org

**Deputy Director** - Darren Boschat  
Telephone : 822060  
E-Mail : d.boschat@jerseyfsc.org

*Supervisory Team - The following managers represent your principal points of contact within the Commission. If you are in any doubt as to which contact your business is assigned, please do not hesitate to contact us.*

**Senior Manager** - Chris Jordan  
Telephone : 822127  
E-Mail : c.jordan@jerseyfsc.org

**Senior Examiner** - Gail Hesten  
Telephone : 822027  
E-Mail : g.hesten@jerseyfsc.org

**Manager** - Nigel Lawrence  
Telephone : 822075  
E-Mail : n.lawrence@jerseyfsc.org

**Manager** - Chris Tucker  
Telephone : 822046  
E-Mail : c.tucker@jerseyfsc.org

### **Trainee Manager**

You may have noticed that the Commission is currently recruiting a new Trainee Manager for the investment business team. It is hoped that this post will be filled shortly.