



**Jersey Financial
Services Commission**

› **Feedback on Consultation Paper No. 1 2016**

› Financial Services (Jersey) Law 1998: Investment Business Fees

Feedback to a consultation on proposals to increase investment business fees.

› Consultation Feedback

Please note that terms in *italics* are defined in the Glossary of Terms.

This paper reports on responses received by the *Commission* regarding the *Consultation Paper*.

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› Glossary of Terms

the Commission	means the Jersey Financial Services Commission
the Commission Law	means the Financial Services Commission (Jersey) Law 1998
Consultation Paper	means the Consultation Paper on proposals to increase investment business fees issued by the Commission on 8 March 2016
IB	means investment business
IB Fees Notice	means the Investment Business Fees Notice

› Contents

1	Executive Summary.....	5
1.1	Overview.....	5
1.2	Feedback received.....	5
1.3	Next Steps.....	5
2	Summary of responses.....	6
2.1	Structure of this section.....	6
2.2	Question at paragraph 3.5.1 of Consultation Paper No. 1 2016.....	6
2.3	Question at paragraph 3.5.2 of Consultation Paper No. 1 2016.....	6
	Appendix A.....	7
	List of respondents to the consultation paper.....	7
	Appendix B.....	8
	Investment Business Fees Notice.....	8

1 Executive Summary

1.1 Overview

- 1.1.1 In March 2016, the *Commission* issued Consultation Paper No. 1 2016: Financial Services (Jersey) Law 1998: Investment Business Fees, to seek views on proposals to increase the regulatory fees for *IB* firms for the year 2016 as follows:
- 1.1.1.1 firstly, to increase the base fee charged to each Class A, B or C registered person from £1,760 to £2,650 and the base fee charged to each Class D registered person from £1,630 to £2,450; and
 - 1.1.1.2 secondly, subject to rounding, to apply a 5% increase to all other aspects of the *IB* fee tariff.
- 1.1.2 The purpose of this paper is to provide feedback on the responses received regarding the *Consultation Paper*.

1.2 Feedback received

- 1.2.1 The consultation period closed on 8 April 2016. Two responses were received directly by the *Commission* with both of these responses being copied to Jersey Finance.
- 1.2.2 Section 2 of this Feedback Paper presents a summary of the substantive comments received and the *Commission's* response, as appropriate, to each.
- 1.2.3 The *Commission* is grateful to respondents for taking the time to consider and comment on the proposals. The final *IB Fees Notice* can be found in Appendix B.

1.3 Next Steps

- 1.3.1 For the reasons given in this feedback paper, the *Commission* will proceed with the increase to *IB* fee tariffs as proposed.
- 1.3.2 The *IB Fees Notice* has been updated to reflect the increase and will be published on the *Commission's* website.
- 1.3.3 As stated in the *Consultation Paper*, the 2016 *IB* fees must be paid electronically, and payments will only be accepted by the *Commission*, on or after 1 May 2016, from *IB* firms who have established a myJFSC account. myJFSC is a new web portal designed to facilitate, among other things, the collection of annual fees. Invitations will be sent out to Compliance Officers by email prior to 1 May 2016 to set up a myJFSC account. Please note that for security reasons the invitations will expire after five days. Full banking details for the settlement of fees were provided in the *Consultation Paper* and will also be available via the myJFSC portal.
- 1.3.4 *IB* fees are payable on 1 May 2016, and a late payment penalty will be due if the annual registration fees are not paid with a value date on or before 1 June 2016. Fees are charged based on the number of investment employees employed by a registered person as at 1 April 2016.

2 Summary of responses

2.1 Structure of this section

2.1.1 This section summarises the substantive comments received in response to the *Consultation Paper*. While not every comment received is individually listed, this section contains summaries of the most commonly made and pertinent comments in relation to each question posed and, as appropriate, the *Commission's* response to those comments.

2.1.2 The *Consultation Paper* asked two questions, as set out below.

2.2 Question at paragraph 3.5.1 of Consultation Paper No. 1 2016

Are you aware of any operational reasons why paying fees electronically would cause your registered person an issue?

2.2.1 One respondent confirmed that they were comfortable settling fees electronically and fully supported the initiative.

2.2.2 The other respondent was silent on this point.

Commission response

2.2.3 We would conclude that the payment of fees electronically is feasible for *IB* firms.

2.3 Question at paragraph 3.5.2 of Consultation Paper No. 1 2016

Do you understand and agree with:

- › the proposed increase to the base fees charged to each registered person; and
- › the proposed 5% increase to all other aspects of the *IB* fee tariff?

2.3.1 One respondent had no objection to the proposed changes.

2.3.2 The other respondent strongly disagreed with the proposed changes and felt that the increases were punitive to smaller businesses whilst larger firms, with more investment employees, were able to benefit from a fee cap.

Commission response

2.3.3 The *Commission* acknowledges that regulatory fees, and increases in fees, are likely to have a more significant impact on smaller businesses. However, the *Commission* notes that the relative size of a registered person does not necessarily correlate to the level of resource needed to effectively supervise its activities.

Appendix A

List of respondents to the consultation paper.

- Standard Bank
- APW Investors Limited

Appendix B

Investment Business Fees Notice



NOTICE OF FEES

Published in accordance with: **Article 15 of the Financial Services Commission (Jersey) Law 1998, as amended**

Payable by or in relation to: **Investment Business**

Pursuant to: **Articles 8(3) and 9(6) of the Financial Services (Jersey) Law 1998, as amended; and
Article 15(6) of the Financial Services Commission (Jersey) Law 1998, as amended**

1 Commencement date

The fees set out in this notice and the attached schedule are effective from 22 April 2016.

2 Interpretation

2.1 In this notice -

- Commission means the Jersey Financial Services Commission;
- investment employee in respect of a registered person, means –
- (a) a person employed on the relevant date either under a contract of service or a contract for services by the registered person as –
 - (i) a dealer,
 - (ii) a discretionary investment manager,
 - (iii) an adviser, or
 - (iv) a supervisor; and
 - (b) a person employed on the relevant date either under a contract of service or a contract for services in any of the categories of work specified in paragraph (a) of this definition by a person who is himself or herself employed on the relevant date either under a contract of service or a contract for services by the registered person,
- and if, on the relevant date, there exists a post in the service of the registered person that is vacant but would normally be occupied by a person to which paragraph (a) of this definition applies, includes that person;
- Law means the Financial Services (Jersey) Law 1998 as amended;

registered person	means a person registered under the Law to carry on investment business;
relevant date	in respect of a year of registration of a registered person, means 1 April in that year except in the year the person applied to be registered when it means the date of the application for registration;
supervisor	means a person who is responsible, either alone or jointly with one or more other persons, for the management, supervision and control of an investment employee who is not a supervisor.

3 Application fee

- 3.1 The fee to accompany an application for registration to carry on investment business shall be the amount calculated in accordance with the table set out in the Schedule.

4 Registration fees

- 4.1 A registered person shall pay a registration fee of an amount calculated in accordance with the table set out in the Schedule.
- 4.2 The registration fee is payable –
- 4.2.1 on registration; and
 - 4.2.2 on each subsequent 1 May.
- 4.3 If a person is registered after 31 December but before the following 1 May the registration fee payable on registration shall be half the fee otherwise payable.
- 4.4 The Commission may remit a registration fee, in whole or in part, if –
- 4.4.1 in its opinion the person liable to pay the fee is a member of an associated group of registered persons; and
 - 4.4.2 another member of that group has paid a like fee.

5 Late payment of fees

- 5.1 If a registered person fails to pay the whole or any part of a fee on or before the date it becomes due the person shall be liable to pay, unless otherwise agreed by the Commission, an additional late payment fee of 5% of the amount unpaid for each complete month it remains unpaid.

6 Late filing fees

- 6.1 If a registered person fails to file or deliver any document to the Commission under the provisions of the Law or under any provisions of any Order issued in accordance with the Law on or before the date that the document becomes due, the registered person shall be liable to pay a fee of £100 for each complete month or part thereof that the document remains un-filed or undelivered unless the registered person has given the Commission prior written notice of the reasons for the late filing or delivery of a document and the Commission has agreed in writing that the filing may be late. Any such later agreed date shall become the due date for the purposes of the calculation and the payment of late filing fees.

SCHEDULE**FEEs**

Classes of investment business	Application fee	Registration fee
Class A, B or C or any combination of these classes –	£1,635	(i) £2,650; (ii) £1,850 for each of the first 10 investment employees; and (iii) £960 for each additional investment employee up to a maximum of 20 additional investment employees.
Class D only –	£815	(i) £2,450; (ii) £960 for each of the first 10 investment employees; and (iii) £480 for each additional investment employee up to a maximum of 20 additional investment employees.
Class E only –	£815	£960 for each fund in respect of which the applicant or registered person carries on investment business on the relevant date.