

IMF releases its report on Jersey

Ian Strang, Managing Partner of Voisin and Robert Christensen, Managing Director of Volaw review the conclusions of the IMF's recent assessment of Jersey's regulatory framework for combating money laundering and terrorism financing.



The International Monetary Fund ("IMF") has published its assessment of the anti-money laundering ("AML") and combating the financing of terrorism ("CFT") regime of Jersey. The assessment was based on the Forty Recommendations 2003 and the Nine Special Recommendations on Terrorist Financing 2001 of the Financial Action Task Force ("FATF") and concluded that Jersey has put in place a comprehensive and robust AML/CFT legal framework with a high level of compliance with almost all aspects of the FATF Recommendations. The Report concluded that Jersey complies with or largely complies with 44 of the 49 FATF Recommendations and 15 of the 16 "core" and "key" FATF Recommendations. This compares favourably with Singapore and the United States, which comply with 43, and Belgium, which complies with 42, with no other jurisdiction complying with 40 or more.

The IMF reported that both money laundering ("ML") and financing of terrorism ("FT") are criminalized largely in line with the international standard and Jersey has implemented the provisions effectively. Further, the Joint Financial Crime Unit ("JFCU") was identified as carrying out the role of a financial intelligence unit effectively and has benefited from an increase in its resources.

Jersey has adopted a risk-based approach to AML/CFT at all levels – in determining the scope of AML/CFT requirements, in designing implementation measures, and in supervision. The report documents the high level of awareness of AML/CFT risks and requirements across the financial sector as well as Jersey's high level of compliance with the FATF Recommendations on preventive measures.

Overall, the Jersey Financial Services Commission ("JFSC") is described as an effective regulator and supervisor for financial institutions and trust company businesses in Jersey.

Whilst compliance with the Objectives and Principles of Securities Regulation issued by the International Organisation of Securities Commissions was not assessed during the visit, the IMF report states that it is evident that the regulation of investment business and in particular funds services business, has been "significantly strengthened" since 2003 and that the trust and company business in Jersey has a "comprehensive" regulatory and supervisory framework.

The IMF's findings reflect favourably on the Island and will provide further evidence to external bodies and jurisdictions that Jersey has positioned itself in the "top division" of international finance centres. With the pending release of the revised EU AIFM Directive, the report should provide a foundation for recognising Jersey's regulatory equivalence compared to its European neighbours.

The full IMF report can be found on the JFSC website www.jerseyfsc.org.

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