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4.7 Deputy S.Y. Mézec of the Chief Minister regarding the potential publication of registers of beneficial ownership of companies: [9716]

Following statements made in the House of Commons by the Minister for Security on 25th October 2016, that the U.K. Government hopes the Crown Dependencies might have made their Registers of Beneficial Ownership of Companies public by the end of this year, or into next year, will the Chief Minister advise what discussions he has had and what plans, if any, there are in place to achieve this?

Senator I.J. Gorst (The Chief Minister):

There are no plans to make our Registry of Beneficial Ownership public in advance of this becoming an international standard. However, it is recognised internationally that our present combination of a central register of the ultimate beneficial owner, with a high level of vetting and evaluation not found elsewhere, and regulation of trust and company service providers to a standard found in few other jurisdictions, places Jersey in a leading position. This ensures that law enforcement and tax authorities have access to information of a standard of accuracy and timeliness which exceeds that to be found in other jurisdictions, providing greater assistance in tackling tax evasion and financial crime than that provided by the U.K.'s public register. We are also joining with the U.K. in responding to the need for a faster response to requests for information and welcome the action that others are now taking to follow our lead in providing accurate and regulated beneficial ownership information. This, of course, will lead to a more effective global attack on those engaged in money laundering, corruption, tax evasion and the financing of terrorism.

4.7.1 Deputy S.Y. Mézec:

A supplementary. I do not know if the Chief Minister has seen the Hansard from the Parliamentary Debate where the Minister for Security did say that he was hoping that the Crown Dependencies would have their Registers of Beneficial Ownership public either by the end of this year or early next year, which is, of course, a deadline that is looming very quickly. Can the Chief Minister confirm that this is not something that, from Jersey's perspective, is immediately on the cards and that it would appear that the Minister for Security in the U.K. is under a misunderstanding of what direction the Crown Dependencies are going in?

Senator I.J. Gorst:

I have been quite clear. We have no plans to make our Register of Beneficial Ownership public in advance of this becoming an international standard. The British Government, of course, take a different view. They have a wholly different approach to the registration of beneficial ownership which is that they cannot regulate trust and company service providers. Their regulator has not got the ability to regulate and provide information in the way that they have and, therefore, because they are a large jurisdiction, they have decided that the best approach for them is a public register. Of course, they are asking others around the world to consider following their approach. We take the approach which meets the international standard which is, as far as we are concerned, a leading approach. That has been said by O.E.C.D., by MONEYVAL and other third parties and it is for others to follow our approach.

4.7.2 Senator S.C. Ferguson:

It is my recollection that the list of beneficial owners held by the F.S.C. (Financial Services Commission) is not brought up-to-date annually. Have the F.S.C. the powers to demand the

up-to-date beneficial owner from the trust companies and so on and are there any plans to ensure that the up-to-date beneficial ownership which should be notified to the F.S.C. annually.

Senator I.J. Gorst:

There are plans to do so even quicker than annually. The law drafting to make amendments is being undertaken and will shortly be before this Assembly to approve. This is one area where, looking at all the work of the international standard setters, we felt was an improvement that we could make to our already leading position and that is why we are doing so.

4.7.3 Deputy G.P. Southern:

Could the Minister give details of the vetting and evaluation process he referred to, particularly in the light of establishing that the beneficial owner is a real person and not some sort of legal entity like a trust?

Senator I.J. Gorst:

The J.F.S.C. have the ability to look through because they will also have information ... if the beneficial owner is a trust, they will also have access to that information that they will be able to provide currently, if so requested, to competent authorities elsewhere, to law enforcement agencies elsewhere, and it is the ability to provide that in the register. They regulate trust and company service providers who, partly in answer to Senator Ferguson's question as well, already have that information. What we are doing is just updating the central register, so it is available today.

4.7.4 Deputy G.P. Southern:

If the route to the ownership goes through a trust, which is in a foreign country, are we reliant on their regulator to work out who the beneficial owner is?

Senator I.J. Gorst:

This is why people should be using a Jersey trust; this is why people should be using a Jersey company, because they can use such instruments and be satisfied that they are meeting the highest international standards. That they have got nothing to hide. That there is appropriate regulation in place and, therefore, they are not associated with a jurisdiction that does not meet those international standards. So, I have got to say to you that more and more companies, banks, trust companies, fund services companies that I meet, together with Senator Ozouf and Senator Bailhache, these are the very reasons that they want to choose Jersey, are choosing Jersey and will continue to choose Jersey into the future.

Deputy G.P. Southern:

Would the Minister stop advertising on behalf of the financial services sector and answer the question. The question ...

The Bailiff:

Deputy, I am sorry, the Chief Minister answered your question. You may not have liked the answer, but he did answer your question.

4.7.5 Deputy M. Tadier:

I am sure that the finance industry are very happy for the advert and the champion they have got in the Chief Minister, but the fact remains from this question; the U.K. Government has asked the Jersey Government to publish its beneficial ownership of companies either by the end of this year or early next year. The Chief Minister has said that he is not going to do that and he has given reasons

why he does not want to do that. So the 2 questions are: is the U.K. Government happy with that response and if not ... well, we will leave it at one question, shall we, for the moment? Is the U.K. Government happy with that response?

Senator I.J. Gorst:

The Deputy knows what was said recently in the House of Commons about the approach that the U.K. Government is taking. Our approach is actually in line with the international standards; not in line with the sole approach undertaken by the U.K. Government. The Deputy also knows that the U.K. Government have taken a different view and have spoken to not only Crown Dependencies, but other countries at international for a, suggesting that the approach should be one of a public register.

[10:45]

The U.K. Government accepts, and has accepted in conversations with us, that our approach meets the policy aims that they are trying to meet and international bodies, standard setters and reviewers, have acknowledged that our approach is a leading approach and is superior to some other approaches taken. He needs to ask the U.K. Government whether they are happy or not. I just would like to pick up on the point that the Deputy said in his opening statement: we should be going out and fighting for Jersey and fighting to get business into Jersey. We are not apologists for the finance industry, but we will set the record straight when misinformation is being delivered outside of our Island and, it sometimes seems, even within these 4 walls.

4.7.6 Deputy M. Tadier:

Of course, we cannot all go away, otherwise there would be nobody left in this Assembly to do the domestic work that so urgently needs to be taken care of, notwithstanding the Chief Minister's laudable comments. He still has not answered the question. It is not my place to ask the U.K. Government whether they are happy with the response that the Minister has given. He still needs to answer the question. If it is the case that they understand and are happy with the status quo that is being followed in Jersey, then should the Chief Minister not be asking them to reverse that statement and say that they are quite happy with the Crown Dependencies' position as it currently stands; that they will no longer be asking us to publish beneficial ownership and to put that on record, because it seems a matter which is of urgent interest, not just to our Assembly, or the Island, but also to the financial industry, which I am sure we all want to see thrive ethically in the Island.

Senator I.J. Gorst:

So it seems to me that the Deputy does not wish to listen to the answers that I give, because I have answered his question. Our approach is not to make public our register of beneficial ownership in advance of that being an international standard. The approach that we have taken has been recognised by third parties, the O.E.C.D., MONEYVAL, as a leading position that others in the world could meet the standards that we meet, which deals with the Deputy's sleight of hand comment, trying to suggest that the financial services industry in Jersey is not ethical. I reject that. The services that we provide here meet the very highest international standards and it is unbecoming of the Member to suggest anything other than that, as he just did. The U.K. Government, as I have also answered, take a different view to us. Some of the reasons that they take that different view is because they are a large country and cannot take the approach of a regulated, vetted, verified central register that we are able to take. The approach that we take is a far superior approach to meeting the policy aims of making sure no one jurisdiction, or country, is used for tax evasion, money laundering or the financing of terrorism.

Deputy M. Tadier:

I was going to ask if you want to raise a point of order, or whether I should do that. I believe that the Chief Minister is impugning my integrity and going against Standing Orders by simply standing up and saying that we all want an ethical finance industry is true, I would hope, and to suggest that somehow that is sleight of hand and that I am impugning the integrity of the finance industry is completely unacceptable. I would hope that the Chief Minister would withdraw that statement.

The Bailiff:

Chief Minister, did you intend to make that imputation?

Senator I.J. Gorst:

If the Deputy, as he now states, did not intend, when he made his final comment, to suggest that the finance industry was anything other than ethical then I misunderstood his intention, for which I apologise and withdraw. So if he did intend that, of course, I stand by what I said.

4.7.7 Deputy S.Y. Mézec:

With the answers that we have had from the Chief Minister, it is clear that the understanding that is being put out by U.K. Government Ministers in the House of Commons on what Jersey's position is, is different to what the position of the Jersey Government is when it comes to having a public register of beneficial ownership where this Chief Minister will say we will not adopt it until it is an international standard; yet the U.K. Government seems to think that it is something that is imminent. Given that there is a disparity there between what the U.K. Government's perception is and what the reality is in Jersey, could I ask the Chief Minister what work is, therefore, being done to correct Government Ministers, so that they do not stand up in the House of Commons and make assertions about what is imminently going to happen in Jersey when that is manifestly not the case that that is something that will be adopted in the near future.

Senator I.J. Gorst:

There is a whole different world between asking a question and then getting the answer that one may wish. We stand by the approach that we have taken, both at official and ministerial level. That is an approach that we have communicated to the U.K. Government.