

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY R. LABEY OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 25th SEPTEMBER 2018**

Question

Will the Chief Minister indicate whether he was consulted prior to the recent decision to sign a Memorandum of Understanding with a leading blockchain operator to set up a Sterling / Cryptocurrency exchange in Jersey and can he advise what compliance research, due diligence or Know Your Customer checks were accomplished; and, if it is not himself, will the Chief Minister advise the Assembly who is accountable for that Memorandum and whether there is any linked current, or future, financial liability for the States of Jersey?

Answer

Digital Jersey signed the Memorandum of Understanding referenced in the Question. Digital Jersey is an independent organisation, so the Memorandum was not entered into by the Government and it was not for me, or my predecessor, to be consulted on, or approve, the Memorandum. There is no current, future or contingent liability for the States of Jersey as a result of the Memorandum, which was also expressed as non-binding on Digital Jersey. My predecessor demonstrated political support for the creation of jobs and digital skills by attending the signing ceremony, but played no other role.

In any event, I am advised that Digital Jersey did liaise with Government officials before signing the Memorandum and I am told that due diligence was completed ahead of the signing. The nature of the due diligence is confidential, but included standard background checks. In the event that the digital asset exchange does commence business in Jersey, it will be required to register with the Jersey Financial Services Commission under the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 as a 'Specified Schedule 2 Business' and engage regulated legal advisers and corporate service providers. All entities incorporated in Jersey to carry on the business of a digital asset exchange will be subject to normal regulatory standards for Jersey incorporated entities including conditions issued by the Jersey Financial Services Commission under the Control of Borrowing (Jersey) Order 1958.