

22.03.01

4 Deputy M.R. Higgins of the Minister for External Relations and Financial Services regarding sanctions on Russia and its oligarchs (OQ.36/2022)

Will the Minister advise what steps the Council of Ministers has taken to support the sanctions on Russia and its oligarchs for Russia's invasion of the sovereign state of Ukraine and how the Council will ensure or verify that such sanctions are effective?

Senator I.J. Gorst (The Minister for External Relations and Financial Services):

Firstly, let me say that what is taking place is deeply disturbing and the Government strongly condemns the illegal invasion of Ukraine by Russia. **[Approbation]** Our thoughts and prayers go out to all of those brave people in Ukraine who are showing such courage and to their families, wherever in the world they may be. On Thursday the U.K. (United Kingdom) Prime Minister and Foreign Secretary announced a significant increase in sanctions measures against Russia. Jersey will maintain a position of full alignment with the U.K. and other international partners in supporting measures against Russia. Any new asset-freezing designations have immediate effect in Jersey and any funds or economic resources connected directly or indirectly with those persons or entities must be frozen without delay. Financial institutions and other relevant persons have a legal obligation to report to me any frozen funds connections with designated persons or other sanctions restrictions and it is a criminal offence not to do so.

3.4.1 Deputy M.R. Higgins:

Can the Minister tell us whether any of the people on the list so far have residency in the Island and whether they have companies in the Island, so that we are aware of that fact?

Senator I.J. Gorst:

These sanctions and asset-freezing designations work in the same way that others do. Other asset-freezing designations rise to notification to the Minister. We expect these sanctions to work in exactly the same way but we do not give a running commentary on the quantum institutions or individuals. If there are designated individuals or companies or structures in Jersey, they will be sanctioned.

3.4.2 Senator S.Y. Mézec:

Notwithstanding the Minister's previous answer, is he able to tell the Assembly whether he is and has been receiving notifications of those sanctions being applied to assets in Jersey so far? What we are trying to get at in asking that question is that is there a problem with Russian assets being held in Jersey and are firms in Jersey having to proactively take this action because of the presence of those assets in Jersey or is it something that Jersey does not have much of going on here?

Senator I.J. Gorst:

There are assets held by Russians right across Europe. Jersey is an international finance centre and financial services industry in Jersey ever since the sanctions listing were made firstly last week and then again on Thursday have been reviewing all of their book of work to ascertain whether those individuals are individuals that require that they have instruments that require freezing. One would then expect them to notify me accordingly, simply because those asset-freezes are working does not correlate that we have problems. We would have problems if asset-freezing and designations were not working. We are aligned with the international community in ensuring that if there are connected individuals, as I say, companies who are rightly being sanctioned by the international

community, we are giving effect to them in Jersey. Let us be clear, they started with a small number of designations, then on Thursday we had a small number more of designations, but the United Kingdom are working through roughly, as of the weekend, 110 designations. The circle of designated asset-freezing is growing. As it grows, that circle, we would probably expect notifications to come in to me.

3.4.3 Senator S.Y. Mézec:

Hopefully a very simple one. The Minister has made reference to the requirement to notify him when those sanctions are applied; can he confirm to this Assembly that he has begun receiving such notifications?

Senator I.J. Gorst:

It is not my policy to notify in that regard. We do not normally notify when I am notified. For example, we have had all sorts of sanctions where there are troubles around the globe where I am notified. Sometimes those notifications are legitimate, financial services companies take largely a precautionary approach, notify freeze and then take further legal advice to see if that connection is correct. It is not my policy to notify publicly when I receive those notifications.

3.4.4 Connétable M.K. Jackson of St. Brelade:

Given that there will be a number of Russian-owned vessels flying the Jersey flag throughout the world, what is the Minister prepared to do to manage that situation?

Senator I.J. Gorst:

I am not quite sure what the Constable is referring to when he says Jersey-owned vessels flying the Jersey flag. There are, unfortunately, as the Senator to my right will say, no, there are rather too few aircrafts and vessels carrying the Jersey flag. I wonder if he could just clarify what he means.

The Connétable of St. Brelade:

Yes. Non-resident vessel owners are obliged to appoint a representative person in the Island. There are several Russian-owned vessels in that situation with local appointees. I wonder what he might be doing to follow up that situation, which I think needs managing.

[10:30]

Senator I.J. Gorst:

If they are currently designated, then I would be receiving notification and those assets, if it is a freeze designation, would be frozen. Perhaps the Constable might wait until I make my statement when I talk about the wider piece of work that I have instructed officials to do, which would be very much not just dealing with the sanctions and the asset-freezing, which the Deputy's question is rightly directed at but a wider piece of work is being undertaken as well.

3.4.5 The Connétable of St. Brelade:

Just a brief supplementary, may I ask the Minister to liaise with the Registration Department for the Ports of Jersey to ensure that it is dealt with?

Senator I.J. Gorst:

I can confirm and satisfy the Constable, hopefully, that all appropriate authorities are already being liaised with.

3.4.6 Deputy R.J. Ward:

Can I ask the Minister, as part of the implementation of sanctions and assets-freezing, the U.K. looks like it will produce a register of Russian-owned property? Will the Minister be extending that register of Russian-owned property to Jersey in order to have a clear oversight of what those assets truly are?

Senator I.J. Gorst:

At the last sitting I was rather reprimanded by a fellow Member for suggesting that the question might not have been within order. That question is not directly a sanctions question, it is about the new Economic Crime Bill, which will be having its First Reading. The Deputy shakes his head, I wonder if he is not referring to the register within the Economic Crime Bill if he could ...

The Bailiff:

I think on the surface of the question that is being asked it is simply: is the Government going to take steps to identify what Russian assets are so that the Government can be satisfied that the sanctions are being policed? That was my understanding of the thrust of the question. Is that correct, Deputy?

Deputy R.J. Ward:

Absolutely, Sir, thank you.

Senator I.J. Gorst:

Not about the Economic Crime Bill, which we will come on to because that is connected with the Economic Crime Bill and the obligation and the confirmation that I have given to the United Kingdom Government that Jersey service providers, as they do with the Jersey register of beneficial ownership, will play a full part and play their part appropriately in complying with that new legislation, which will be having its First Reading in the U.K. Parliament this afternoon. As I said in response to the Connétable of St. Brelade, I have asked for another piece of work to be undertaken, liaising with the global taskforce that has been announced by the U.K. and the international community, I think perhaps doing the very work that the Deputy might have been alluding to. I am sorry if I misunderstood the thrust of his question.

3.4.7 Deputy R.J. Ward:

I think rather than invoking Standing Order 63 part (b) about not answering of a question, I will ask the question in another form. Does the Minister know of the property assets owned by Russian owners on this Island who may be identified on the sanctions list? Is he aware of who they are in order that we may impose those sanctions and asset-freezes in Jersey in a way to justify the U.K.?

Senator I.J. Gorst:

There are 2 questions there because they are 2 different scenarios. The first scenario is: does Government know what is owned, I think, here in Jersey? Is that correct? The service providers, if it is within a financial services structure, they do know and we are doing work to collate that and to work with those service providers to ensure that sanctions are given appropriate effect and not just the direct sanction but also the spirit in which the sanction has been issued. The other bit of that first part of the question is probably connected with a property register, and it is something that Deputy Higgins brought before the Assembly in recent months. I have got to say my understanding is that while it is not being undertaken in my department, that work has not moved forward as rapidly as one would have liked. My officials are speaking with the relevant officials to make sure

that that is brought forward rapidly because that will help solve that part of the equation. Then when it comes to the second question that the Deputy asked about U.K. properties owned by Jersey structures, I think I have already answered that. Service providers do know who they are and they will play their full part in populating the new register that the U.K. is setting up, which comes through the Economic Crime Bill.

3.4.8 Deputy M.R. Higgins:

I would like to thank the Minister for the fact that they are finally making movement on the official property register, even though the Minister voted against all 3 parts of it when he was in the States. However, I would also like to say that the Minister's answers do not give me great comfort and I have got to say the reason why ...

The Bailiff:

Deputy, this has to be a supplemental question.

Deputy M.R. Higgins:

Okay, it is, Sir, and I am coming to it now.

The Bailiff:

Statements about how you feel about answers is not a ...

Deputy M.R. Higgins:

It will become obvious with my question then, Sir.

The Bailiff:

Hopefully, it will become obvious moderately quickly.

Deputy M.R. Higgins:

Okay. Can the Minister say categorically that Jersey does not have dirty money coming from Russia going through the Island's finance industry or is here and that Island businesses are absolutely squeaky clean? Because we have had instances in the past where people have been found to be dealing fraudulently and have not been pursued. What will he say to that?

The Bailiff:

I think the first part of the question is legitimately within the terms of the main question, Minister.

Senator I.J. Gorst:

I realise that the Deputy is trying to trap me into misleading the Assembly. Let us be absolutely clear, to all international standards we have the very highest regulation. We have a register of beneficial ownership administered by the J.F.S.C. (Jersey Financial Services Commission), which others around the globe follow. It is a register whereby those who submit information are regulated, which is unlike registers elsewhere across the globe. I believe that Jersey service providers work to the very highest standard. He will be aware that service providers who are providing services to either Russian clients or Russian-connected structures already have to follow, arising out of the national risk assessment, enhanced due diligent processes. Let us not muddy the waters as it were. Can I give him a copper-bottomed guarantee that all of the processes, the regulation and the supervision, means that there is never at any point an individual in Jersey doing something that I would deplore and believe should not take place? Of course I cannot because no

one in the world can and if they do then I would suggest that they were misleading one. The thing that we can do is meet the very highest standards and we make it clear to the industry that there is no avoiding those higher standards. I will say in my statement shortly that we are aligned with the international community, we are aligned with the U.K., not just in the letter of the law and the letter of the sanctions but in the spirit of it as well. We must play our part in this war, in this fight against the invasion in Ukraine, and when it comes to financial services I am ready, the Government is ready, and I know that the industry is ready to play its part. **[Approbation]**

The Bailiff:

I almost hesitate to say because I am not making an observation on the last answer given in any way at all but could I remind Members that, generally speaking, when answering questions they should limit themselves to one minute 30 seconds in providing an answer? May I also ask Members who are asking questions they should ask them in a succinct a form as possible? Obviously from time to time a preamble statement is necessary to make the question intelligible but that is the only legitimate basis for a preamble statement. It is not a statement of opinion or a political observation or anything of that nature, it is simply to make the follow-up question intelligible. Could I just remind Members of that? I am conscious we are back in the Assembly physically in a real sense for the first time and I think it is important that I remind Members from time to time of the pertinent parts of Standing Order.