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Last October the Financial Action Task Force ("FATF") published a new guide on Best Practices on Beneficial Ownership for Legal Persons (the "Guide"). Following the Mitchell and Hodge attack of last year, those of us who wished to read the guide opened it with some trepidation.

However, upon reading, it proved to be a pleasant surprise. The Guide acknowledges that this is by no means an easy area for jurisdictions to address. However, Jersey has shown (again) that it leads the way with robust procedures for both identifying and sharing details of beneficial ownership with relevant international authorities, with Jersey being mentioned in the Guide four times as an example of good practice.

Jersey has worked hard to achieve this status. Those of us who work within the sphere of the finance industry cannot forget the changes to the Jersey register of beneficial ownership introduced in January 2017. At this point Jersey moved from requiring regulated service providers to maintain and when requested disclose details of beneficial ownership, to requiring Jersey service providers used a three tier test to identify and carry out CDD on both beneficial owners and controllers and that the Jersey Companies Registry was not only informed of such persons before incorporation but also informed of any changes within 21 days of those changes occurring. The JFSC then carries out additional checks on these persons. Those who participate in the onboarding of new clients will confirm it is by no means, a simple process.

Unlike voluntary public registers, Jersey's system requires that all foreigners (non-Jersey resident) appoint a local regulated service. People resident in Jersey do not escape the rules (so don't think people can use a Jersey resident as a front) they can incorporate a company in Jersey but they are required to provide beneficial ownership information and if there is a transfer of beneficial ownership, gain the prior consent of the Jersey Financial Services Commission.

The system is underpinned by a strict regulatory regime consisting of the Control of Borrowing (Jersey) Order 1958 consent (the "COBO") and the Financial Services (Jersey) Law 1998 under which the regulated service providers are subject to regular inspection and can be sanctioned (with both civil and criminal sanctions) for their failure to comply with the requirements. Local residents can be subject to criminal proceedings for breach of the COBO should they fail to gain prior consent for a change in beneficial ownership.

The information collated by the JFSC can then be shared via the Joint Financial Crimes Unit (which has access to the same) within hours of a request from a relevant regulatory authority (and in the case of the UK in urgent cases it is mere minutes) completing the process.

However, Jersey has not rested on its laurels, it has committed to introducing public registers of beneficial ownership in line with the EU and its timetable for doing so under the 5th Anti-Money Laundering Directive, and is actively working with the EU to put in place the infrastructure to implement this.

It is for this reason that I am very defensive of the robust system that we have, and it seems that FATF shares my enthusiasm for Jersey's robust system in referring to it in the Guide as an example of best practice. I am also certain that Jersey will remain as a leader in this area and that the path that has been taken by the Jersey government will ensure this.