

Quarterly round-up of the recent investment funds updates in Jersey

Briefing Summary: Our investment funds team outline the latest developments within the investment funds market in Jersey including changes to the money laundering order, updates to the proceeds of crime legislation, the implementation of the Limited Partnerships (Continuance) (Jersey) Regulations 2023 and forthcoming changes to the JFSC's policy on outsourcing.

Service Area: Investment Funds

Sector: Investment and Wealth Management

Location: Jersey

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Changes to the Money Laundering Order

The Government of Jersey is set to make a number of amendments to the Money Laundering (Jersey) Order 2008 ("MLO") following the conclusion of its recent consultation.

The proposed amendments look to either align, clarify, or expand the existing provisions and include:

- clarification that the use of a digital identification system which is compliant with the Financial Action Task Force ("FATF") Guidance on Digital Identity can constitute a reliable and independent source of information; and
- the insertion of new provisions in order to enable the declassification of "politically exposed persons", after a certain period and subject to the application of a risk-based approach.

Further information surrounding the Jersey Government's proposed changes to the MLO can be found [here](#).

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Changes to the Proceeds of Crime (Jersey) Law 1999 – Schedule 2 Businesses

Schedule 2 of the Proceeds of Crime (Jersey) Law 1999 has been expanded to widen the scope of activities which are in the remit of Jersey's anti-money laundering, counter terrorist financing and counter-proliferation financing ("AML/CFT/CPF") regime in light of the FATF definitions.

Historically, many entities relied on certain exemptions from registration under Jersey's AML/CFT/CPF regime, but a number of those exemptions have been removed. The majority of previously exempt service providers were required to register and comply with the regime by 30 June 2023.

The 30 June deadline has however been extended to 30 September 2023 for the following businesses:

- Directors
- Family offices that do not use a private trust company administered by a person registered to carry out trust company business in Jersey; and
- Trustees in respect of any trusts that undertake lending activities.

The registration period has been extended for these businesses to allow for continued engagement with the JFSC and to ensure that they are fully aware of their registration requirements and continuing obligations. To further aid the transition, the JFSC has published a number of FAQ documents and will host further drop-in sessions throughout July.

For more information regarding the new changes to Jersey's AML/CFT regime, please read our recent article.

Limited Partnerships (Continuance) (Jersey) Regulations 2023

The new Limited Partnerships (Continuance) (Jersey) Regulations 2023 came into force on 17 July 2023, renewing the previous 2020 regulations of the same name. The 2020 regulations were brought in to enable the continuance into Jersey of unincorporated, foreign limited partnerships. Jersey limited partnerships are used extensively in international fund, property holding and financing structures.

The updates account for legislative, practical, administrative and procedural changes made since the inception of the 2020 regulations, and modernise the drafting in accordance with current drafting standards.

For more information on Jersey Limited Partnerships, please view our recent article.

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Forthcoming changes to the JFSC's Outsourcing Policy

On 30 June, the JFSC published its revised outsourcing policy, which will be effective from 1 January 2024 after a six-month transition period. The revised policy extends the scope of the policy to a broader range of regulated entities and includes updates to take account of changes to the regulatory framework, including by reference to AIFs and anti-money laundering service providers. The revised policy also seeks to clarify the position regarding the outsourcing of cloud services, data centre services, cyber security services and digital IT services.

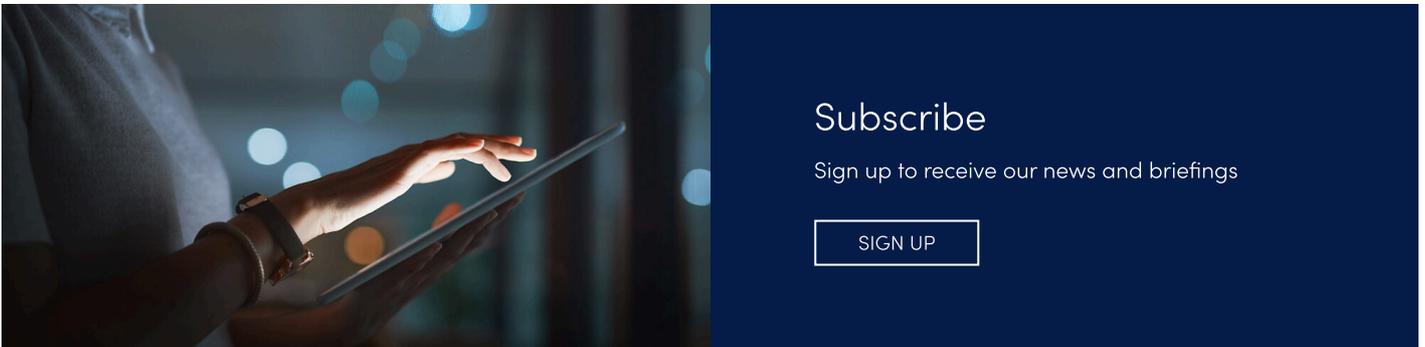
Existing outsourcing arrangements should be reviewed during the transition period to ensure continuing compliance from January 2024.

See the revised Outsourcing Policy.

See the feedback paper relating to a follow-on consultation on proposals regarding changes to the current JFSC OSP and Guidance Notes.

Carey Olsen Jersey LLP is registered as a limited liability partnership in Jersey with registered number 80.

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