

# Balancing transparency with confidentiality

*Jersey intends to remain a leading international financial centre by leading the way on information disclosure, respecting client confidentiality, and clearly explaining its rules, says Richard Corrigan of Jersey Finance.*

Debates around raising standards of tax information exchange and regulation are having a profound impact on the world's international finance centres (IFCs).

Richard Corrigan, the deputy chief executive of Jersey Finance, the representative body of the island's finance community, believes these discussions will force IFCs to hold themselves to a higher standard. It's a move he says he welcomes.

"The momentum for greater transparency in financial services is undoubtedly gathering steam, both onshore and

offshore, and this is something Jersey fully supports," says Corrigan.

As one of the world's leading IFCs, Jersey's future will rest heavily upon the outcome of these discussions.

The UK crown dependency is a small place, by almost any measure. The island is only 119.5 square kilometres, and can be driven around in two to three hours.

Its population stood at around 99,500 as of 2014, about a third of which is based in the capital of Saint Helier. Most of its 12,700-strong financial practitioners work from there too.



**RICHARD CORRIGAN**  
Jersey Finance

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This close-knit community supports one of the most sophisticated locations from which HNW individuals can arrange international wealth structuring.

“The downsides of [the island's] size are more than compensated for by ... a concentrated, close and committed community of expert practitioners,” says Corrigan. “[They] represent a powerful resource, keen to innovate and highly sensitive to market needs.”

The Jersey Financial Services Commission (JFSC), the island's financial regulator, well understands the drive for greater transparency. It has increasingly strived to be in the vanguard of information disclosure (see box).

As the island's finance industry association, Jersey Finance has a lot of input into legislation too. In 2014 it responded to 21 industry consultations and had input into 27 pieces of international regulation and legislation.

#### **OPEN DIALOGUE**

As part of its desire to meet higher transparency standards, the JFSC actively speaks with market practitioners.

Heads of trust operations for Asia tell Hubbis the JFSC is happy to engage in constructive conversations and offer prescriptive advice over new rules.

“They are always very willing to have a conversation about how certain rules are interpreted, so there isn't any confusion about implementation,” says a leading trustee for Asia at one international private bank. “More financial regulators of wealth planning could learn from this sort of open dialogue.”

Jersey is also keen to innovate. For example, in 2014 the JFSC won a leading award for its recently-introduced Security Interests Register.

Corrigan notes that the JFSC regularly consults financial practitioners on

changes of laws, policy and practice, while there are regular liaisons between the heads of the island's government, the JFSC and Jersey Finance. The JFSC also frequently meets Jersey's financial industry trade associations.

“As with most relationships, communication is key, and the manifold routes available to communicate disruptive points of practice or problematic issues – in both directions – are a key ingredient to maintaining the most productive of relationships between the regulator and the regulated,” he says.

#### **UNIVERSAL APPROACH**

Although Corrigan welcomes greater information disclosure, he believes the world's financial regulators should balance their desire for greater transparency “with a legitimate right [of private individuals to have] an appropriate level of confidentiality through the adoption of sensible, workable, global standards”.

He thinks it is important for all financial regulators and jurisdictions to implement rules surrounding the disclosure of information in a similar manner. Otherwise their effectiveness in preventing tax evasion, money laundering and other financial crimes will be less effective, and the regulations might be prone to abuse by some countries.

With increasing amounts of confidential data being exchanged across borders, IFCs must balance transparency with a legitimate need for confidentiality. Meanwhile, trust practitioners have to decide which jurisdictions can most easily meet rising disclosure standards.

Jurisdictions that offer responsive regulatory oversight and high levels of data security are likely to do best, and Jersey appears well-placed. ■

### **Jersey's transparency drive**

*Richard Corrigan of Jersey Finance says the Jersey Financial Services Commission (JFSC) and Jersey Finance are both dedicated to promoting better financial transparency.*

*“[The JFSC] is working hard to obtain the credit it deserves for its response to the shifting regulatory agenda – which in many cases is more advanced than in larger countries,” he says.*

*In 1999 Jersey's regulator began capturing corporate beneficial ownership information on a centrally-held registry, granting access to law enforcement agencies under internationally-agreed information exchange mechanisms – an approach the G20 endorsed at its most recent annual meeting in November 2014.*

*Jersey has also signed over 40 tax agreements with other countries – including China and Hong Kong, while the UK's ratification of the OECD Multilateral Convention on Mutual Assistance in Tax Matters has been extended to Jersey. Additionally, the island is a signatory to US FATCA and has signed an intergovernmental agreement with the UK and the European Savings Tax Directive for automatic exchange of information within the European Union. In October 2014 it was one of the 51 jurisdictions to commit to the OECD's incoming Common Reporting Standards as part of the 'Early Adopters Group'.*

*Corrigan notes that Pierre Moscovici, the European Commissioner for Economic and Financial Affairs, met the chief ministers of Jersey and neighbouring Guernsey, and afterwards said Jersey's work to combat tax evasion, fraud and abusive tax avoidance had been “very much welcome”.*