



JERSEY FINANCE

VOICE OF THE INTERNATIONAL FINANCE CENTRE

Fact Sheet



Location of Jersey,
Channel Islands.

Privacy of Financial Information in Jersey

- Jersey, together with other leading, well regulated jurisdictions, protects the rights to privacy and confidentiality of financial information relating to law-abiding citizens without the need for the banking secrecy laws used by some finance centres. Such jurisdictions have increasingly attracted negative publicity regarding assets linked to illegal activities and hidden there behind a cloak of secrecy.
- Jersey is not a secretive jurisdiction. It is a well regulated and highly respected International Finance Centre which provides customary law protection of client privacy for legitimate business activities.
- Jersey is fully supportive of the need to combat international crime and has legislation to counter the use of local institutions for the purposes of money laundering, other criminal activities and the funding of terrorism. The Jersey courts will provide information to foreign jurisdictions where there is convincing evidence that criminal activity has taken place. In doing so it will ensure appropriate procedures and practices are adhered to in cooperating with other jurisdictions investigating such criminal matters.
- Jersey's legal system is associated with transparency in its regulatory regime. Transparency describes the openness of its regulatory practices and the characteristics of the regulatory regime. This includes clarity, predictability, autonomy, accountability, participation and access to information on legislation and regulatory decisions. Transparency creates good regulatory governance. It reassures investors, ensures legitimacy around decisions and helps in the fight against money laundering and terrorist activities. Jersey's finance industry enjoys an unrivalled reputation for operating in a transparent and therefore well regulated environment.
- Whilst transparency describes the regulatory regime in which the industry operates it does not mean that private and confidential data about clients held solely by institutions in Jersey is accessible and will be disclosed. Transparency in Jersey does not exist at the cost of privacy of legitimate business activities. For example, in the view of an international law firm based in Jersey, although the position is untested in the island, their understanding of Irish and English case law indicates that the HMRC would not generally be able to compel information to be disclosed by Jersey subsidiaries and/or branches of UK institutions, provided always that the relevant information was not held in the UK.
- In 2002, Jersey, along with a number of other financial jurisdictions, committed the island, subject to certain provisos, to the OECD principles of transparency and, in appropriate circumstances, to information exchange on tax matters where fiscal crime is suspected. As a consequence Jersey has entered into a number of Tax Information Exchange Agreements (TIEAs) based on the OECD model agreement. TIEAs are viewed as an important additional measure in the fight against fiscal crime and money laundering.
- In order to protect legitimate business these agreements are negotiated carefully with individual countries. Requests for information must be made on an individual case basis in writing stating the specific information required and the reasons. The subject of the request must be under examination or investigation in the requesting jurisdiction.
- To date Jersey has signed TIEAs with the United States, Netherlands, Germany, France, UK, Ireland, Australia, New Zealand and seven Nordic Countries: Denmark, Finland, Greenland, Iceland, Norway, Sweden and the Faroes.

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- These TIEAs will be used only in specific cases and where the requesting authority is able to demonstrate that there is a need to obtain the information and that all other means to discover the information they require has been exhausted in its own territory.
- The Jersey authorities may still decline a request for information if they consider it does not meet the strict criteria laid down in the agreement.
- A high threshold therefore exists before the Jersey authorities will accede to a request under a TIEA. For example in the past year, there have been just four requests from the US under the terms of the TIEA. There is no automatic exchange of information under any circumstances and no 'fishing expeditions' for information. Strict confidentiality provisions in the agreement preclude any information being passed to third parties without the express written consent of the requested country.
- These agreements heighten Jersey's international standing and demonstrate that the Island is both a leading financial services jurisdiction and one that will meet its international obligations to co-operate with other nations investigating criminal or civil tax matters.
- Whilst some Member States have so far resisted committing to the OECD principles of transparency and information exchange it is the view of the Jersey authorities that they will face increasing pressure to conform.
- Clients and their advisers should be reassured that whilst Jersey wishes to continue to support the international efforts to investigate criminal and fraudulent use of the global financial services system, the Island respects and will continue to protect the confidentiality of legitimate investors.

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Data Protection

In addition to the long held commitment to confidentiality, Jersey has its own data protection rules which are enshrined in law.

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