



IFIAR 2016 Member Profile - JFSC

1. Jurisdiction and year of IFIAR Membership	Insert the name of the Jurisdiction in English: Jersey
	In which year did the Organization become IFIAR Member? 2014
2. Organization	Insert the name of the Organization, both in the local language and in English: JERSEY FINANCIAL SERVICES COMMISSION (“JFSC”)
	Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information: JFSC website: www.jerseyfsc.org <ul style="list-style-type: none"> • Contact name 1: Stephen DE GRUCHY • Title: Senior Adviser, Policy • Address: PO Box 267, 14-18 Castle Street, St Helier, Jersey JE4 8TP. • Email: s.degruchy@jerseyfsc.org • Phone: +44 (0) 1534 822110 • Contact name 2: Michael JONES • Title: Director, Policy • Address: PO Box 267, 14-18 Castle Street, St Helier, Jersey JE4 8TP • Email: m.jones@jerseyfsc.org • Phone: +44 (0) 1534 822172
	Include the basis for establishment and the mission/responsibilities and authority with respect to audit regulation: <p>The JFSC is an independent statutory body established by the Financial Services Commission (Jersey) Law 1998 (the “FSC Law”). The JFSC is the competent authority in Jersey responsible for deciding on an initial, and ongoing, basis whether or not an audit firm or individual is suitable to be registered as a “Recognized Auditor”.</p> <p>Factors that the JFSC will take into account when deciding whether or not an audit firm or individual should remain on the register of Recognized Auditors will include feedback provided to the JFSC by the FRC on the</p>



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	<p>inspections it carries out under the Jersey regime (see section 5, “Inspection System”).</p> <p>An auditor is required to register with the JFSC as a Recognised Auditor before being able to lawfully audit a “market traded company”. A market traded company is defined in the Companies (Jersey) Law 1991 as a Jersey company with securities traded on one or more European Union regulated markets.</p> <p>The JFSC is given its competent authority status by virtue of provisions in Part 16 of the Companies (Jersey) Law 1991.</p>
	<p>Have there been any changes to your governing legislation since completing last year’s Member Profile?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe the changes:</p>
<p>3. Governing Body Composition and Members</p>	<p>Describe the current composition of the organization’s governing body:</p> <p>The governing body of the JFSC is the “Board of Commissioners”. Article 3 of the FSC Law requires:</p> <ul style="list-style-type: none"> • the Board to consist of at least seven Commissioners; • all appointments to the Board to be approved by Jersey’s parliament, the States of Jersey (from persons nominated by the Chief Minister). <p>The Board is currently made up of ten Commissioners.</p> <p>What are the eligibility criteria / requirements or composition requirements for the members of the governing body?</p> <p>Article 3(3) of the FSC Law requires the Board to include:</p> <ul style="list-style-type: none"> • persons with experience of the type of financial services supervised by the JFSC; • regular users on their own account or on behalf of others, or representatives of those users, of financial services of any kind supervised by the JFSC; and • individuals representing the public interest, <p>and the composition of the Board must be such as to secure a proper balance between the interests of persons carrying on the business of</p>



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	<p>financial services, the users of such services and the interests of the public at large.</p>
	<p>Is each member of the governing body independent of the audit profession? The audit profession includes, for example: audit firms, professional bodies and bodies or entities associated with the audit profession.¹</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>Are the majority of the members of the governing body non-practitioners?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>If not all members of the governing body are independent, what safeguards are in place to provide for the organization's overall independence from the audit profession?</p> <p>N/A</p>
	<p>Is there a restriction or recusal process that is applicable to members of the governing body of your organization who are current or former auditors/practitioners?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does this include a "cooling-off" period for former auditors?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>Commissioners have to declare relevant interests and this would include connections with the audit profession where the connection might have an impact on a particular matter (for example, where a disciplinary case against an audit firm was to be considered by the Board of Commissioners).</p> <p>There is no formal cooling-off period set out in the FSC Law but the connections that a proposed Commissioner has, or had, with audit firms would be a factor taken into account when the Chief Minister is deciding</p>

¹ For purposes of this questionnaire, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, but who is not employed by a registered audit firm, nor employed by or acting on behalf of a professional accountancy body.



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	<p>whether or not to nominate a person to be considered for approval by Jersey's parliament to be appointed a Commissioner.</p>
	<p>Other than the governing body, are members of the profession involved in your organization (e.g., in a management or inspection function)?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe their role:</p>
4. Funding Arrangements	
4. Funding Arrangements	<p>Describe the main funding arrangements, including the setting and approval of the budget and the fees, if any:</p> <p>The JFSC's competent authority work in the oversight regime for Recognized Auditors is funded by fees levied on Recognized Auditors. The Board of Commissioners approves the JFSC's budget.</p>
	<p>Is the funding free from undue influence by the profession?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
5. Inspection System	
5. Inspection System	<p>Do you have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>Is this responsibility undertaken directly or through oversight of inspection conducted by another party?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If through oversight of another party, please describe the other party, its role, and the arrangements for oversight:</p>
	<p>Please describe the requirements and practices regarding the frequency of inspections:</p> <p>The JFSC does not carry out the inspections. Under Jersey's oversight regime for Recognized Auditors the JFSC has approved the United Kingdom's Financial Reporting Council ("FRC") – an IFIAR member - as a 'monitoring unit' to carry out inspections.</p>



	<p>The FRC is responsible for inspecting those Recognized Auditors that audit the majority (90%) of market traded companies (i.e. public interest audits). (Recognized Auditors that audit the remaining 10% of market traded companies are inspected by a professional body, the Institute of Chartered Accountants in England and Wales. That Institute has been approved by the JFSC as a ‘monitoring unit’ to carry out those inspections).</p> <p>Full scope inspections comprising a review of a sample of audits and firm-wide procedures are undertaken by the FRC annually for the Big Four Firms, BDO & Grant Thornton. Other firms within scope are inspected once every three years. The findings of the inspections under the Jersey Recognized Auditor oversight regime by the FRC are incorporated into its public reports on each firm issued at the completion of an inspection under the United Kingdom oversight regime.</p>								
<p>6. Audit and Financial Market</p>	<p>Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits and other audits that fall under the member organization’s oversight / mandate.</p> <p>There are 30 firms registered as Recognized Auditors with the JFSC. Between them they audit 89 market traded companies (i.e. public interest audits).</p> <p>What are the sizes and market shares of each of the largest audit firms?</p> <p>The market share of member firms of the Big 4 is as follows:</p> <table border="1" data-bbox="605 1278 1344 1430"> <tr> <td>Deloitte</td> <td>30%</td> </tr> <tr> <td>Ernst & Young</td> <td>20%</td> </tr> <tr> <td>KPMG</td> <td>25%</td> </tr> <tr> <td>PricewaterhouseCoopers</td> <td>15%</td> </tr> </table>	Deloitte	30%	Ernst & Young	20%	KPMG	25%	PricewaterhouseCoopers	15%
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<p>7. Main Other Tasks Performed by Member</p>	<p>Describe whether the Member also performs other tasks, such as registration, education, standard setting and enforcement in the area of auditing, or other supervisory tasks, such as supervision of financial reporting or securities regulation:</p> <p>The JFSC is Jersey’s unitary financial services regulator. It is responsible for the regulation and supervision of financial services providers in Jersey (such as banks, insurance companies, investment advisers, money service businesses, etc.) for compliance with prudential and conduct of business requirements.</p>								



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	<p>The JFSC is also responsible for supervising financial services providers and designated non-financial businesses and professions (such as accountants and lawyers) for compliance with Jersey's provisions for the prevention and detection of money laundering and the financing of terrorism.</p> <p>The JFSC also incorporates Jersey's Registry of Companies, Limited Partnerships, Limited Liability Partnerships, Incorporated Limited Partnerships, Separate Limited Partnerships and Foundations.</p>
8. Major Events and Activities	Describe any recent major events and activities: None.