STATES OF JERSEY

DRAFT SANCTIONS AND ASSET FREEZING LAW (JERSEY) AMENDMENT REGULATIONS 202- (P.10/2026): COMMENTS

Presented to the States on 5th March 2026
by the Economic and International Affairs Scrutiny Panel

STATES GREFFE

COMMENTS

Background

The Draft Sanctions and Asset-Freezing Law (Jersey) Amendment Regulations 202- [P.10/2026] (hereafter referred to as the "draft Regulations") were lodged *au Greffe* on 22nd January 2026 by the Minister for External Relations (hereafter the "Minister") and are scheduled for debate on 10th March 2026.

The Draft Regulations

The draft Regulations seek to amend the Sanctions and Asset-Freezing (Jersey) Law 2019 (the "2019 Law"). The Minister explained that, under Article 32(1) of the current Law, Relevant Financial Institutions are only required to report information about Designated Persons in specific circumstances. For example, where the institution holds an account for the individual, has entered into dealings or an agreement with them, or has been approached by or on behalf of that person.

The Minister advised that the draft Regulations would remove these limitations and expand the reporting duty so that institutions must report relevant information whenever it arises in the course of their business. This change would align Jersey's requirements with those applied to UK Relevant Firms and reflects the Government's intention to progress the legislation during the current political term.

The draft Regulations aim to keep Jersey's sanctions framework aligned with that of the UK and ensure the Minister continues to meet international obligations. If adopted, the Regulations would:

- Clarify what is meant by indirectly making funds or resources available to a designated person (mirroring recent UK changes).
- Require financial institutions to report suspected sanctions breaches even if they have no direct relationship with the person involved.
- Broaden the Minister's ability to share information with more entities when appropriate.

If approved, the Regulations would come into force seven days after being made.

Panel Observations

Rationale

In February 2026, the Panel questioned the Minister to clarify the criteria used to determine when alignment is appropriate versus when Jersey should maintain a divergent approach. The Minister explained that sanctions are used as instruments of foreign policy, and since the U.K. is responsible for Jersey's international relations under international law, it is entirely appropriate for Jersey to remain aligned with U.K. sanctions measures. The proposed amendments ensure that this alignment continues. He emphasised that Jersey must not become a means for avoiding U.K. sanctions. Jersey already follows both U.K. and U.N. sanctions frameworks, and maintaining this alignment has been especially important since Russia's invasion of Ukraine and the ongoing conflict there.

A particular focus of the Panel was Regulation 3 which requires a relevant financial institution to provide the Minister with information about a person where it knows or suspects, as a result of information obtained in the course of its business, that the person is a designated person or has committed, is committing or intends to commit an offence under the 2019 Law. Currently, this requirement only applies where the financial institution has a connection to the person. The Draft Regulations would remove this limitation so that, in the ordinary course of business, institutions must report such information even where no direct relationship exists.

The Panel initially questioned whether this broader reporting obligation would introduce a new requirement that does not currently exist in Jersey, particularly in situation where the individual is not a client or otherwise within the scope of the institution's business relationships. The Minister explained that a designated person is someone who is subject to sanctions and one of the proposed amendments aims to clarify that funds or economic resources must not be made available, directly or indirectly, to such persons or to any entity they own or control.[1]

The Minister told the Panel that the amendment "slightly broadens" the existing disclosure requirement so that institutions must also report information encountered in the ordinary course of business, even where the individual is not a direct client. He confirmed that this change had been consulted upon and that the JFSC was supportive.

Consultation process

The Panel asked about the consultation process and if any feedback had been provided on whether the regulations, if adopted, would have any adverse impact on companies. The Minister advised that a consultation exercise had been undertaken and responses were largely neutral.

Balancing obligations and red tape

The Panel also questioned the Minister on how Government balanced compliance with U.K. or international best practice against its broader commitment not to add unnecessary red tape to industry. In response, the Minister advised that, it had been clear that in areas such as sanctions, it was appropriate to follow the U.K. approach, given the constitutional relationship and the need to avoid any perception of supporting Russia's invasion of Ukraine. For that reason, the Minister felt the test was straightforward and that Jersey was simply aligning with the U.K. position.

The Minister went on to explain that the wider issue concerned determining how far local regulation should follow the international standard highlighting to the Panel: *"if it is A.M.L./C.F.T. (Anti-Money Laundering and Countering Financing of Terrorism) then we are looking at the F.A.T.F. (Financial Action Task Force) standard - and are we going above and beyond what the standard requires. So meeting the standard is absolutely fine, we continue to aspire to doing that."*[2]

The Minister then added that the real question had always been whether Jersey had gold-plated those standards domestically and introduced additional layers of compliance. The

[1] Transcript - Quarterly Hearing - Minister for External Relations - 11th February 2026
[2] Transcript - Quarterly Hearing - Minister for External Relations - 11th February 2026

Minister stressed that this had not been the case with the 2019 Law or with any of the amendments currently before the Panel or the Assembly. He continued that this was a theme that the Department had considered because there was a correlation between meeting the standard without adding unnecessary red tape or bureaucracy and having an economy that is growing.

The need for ongoing changes

The Panel also asked whether this amendment means there will be less need for ongoing changes in this area. The Minister explained that the FATF Recommendations constitute a comprehensive and continually evolving framework, and the way in which states are assessed against them is continually evolving.

The Minister also explained that, although a jurisdiction can be well prepared, the continuous changes in standards and assessment methods mean that adjustments are still required between review cycles. The Minister pointed out that his department follows this closely and that members of the team attend relevant events when they occur, emphasising that adjustments arise, while remaining mindful of proportionality for the financial services industry.

Conclusion

The Panel understands that the draft Regulations aim to ensure that sanctions implementation in Jersey remains appropriately aligned with the UK and that the Minister continues to meet international obligations. Based on the information provided in briefings, written correspondence and during the hearing with the Minister, the Panel is satisfied that the proposed amendments strengthen the existing framework, clarify reporting duties for financial institutions, and support Jersey's commitment to international standards.

Accordingly, the Panel is content with the draft Regulations and supports the proposals as presented.