STATES OF JERSEY

DRAFT FINANCIAL PRODUCTS AND PROSPECTUSES (JERSEY) LAW 202- (P.71/2026): COMMENTS

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

STATES GREFFE

COMMENTS

The Draft Financial Products and Prospectuses (Jersey) Law 202- [P.71/2026] (hereafter referred to as "the draft Law") was lodged *au Greffe* on 28 September 2026 by the Minister for External Relations (hereafter referred to as the Minister) and is scheduled for debate at the States' sitting commencing on 10 November 2026.

The Economic and International Affairs Scrutiny Panel ("the Panel") has conducted concurrent Scrutiny of the draft Law and has formed these comments to aid in the Assembly's considerations.

Background and purpose

In 2025, the Government brought forwards the Financial Services Competitiveness Programme which aimed to promote Jersey's position as an International Finance Centre (IFC), resulting in the Time to Win report on 16 March 2026.

The repeal and replacement of the Control of Borrowing (Jersey) Law 1947 (CoBL) and the Control of Borrowing (Jersey) Order 1958 (CoBO) (together CoBO Framework) with a more modern, proportionate, framework is part of that broader aim to make Jersey more competitive. The CoBO Framework also aims to enable the Financial Services Commission (JFSC) to act decisively as well as also reducing administrative burden in its role as administrator of relevant laws.

The aim of simplification was highlighted to the Panel by the Minister during the hearing 14 October 2026:

"So the one that stands out to me is the further simplification of the funds regime... The reason for that is that, having started that work with the working group, it was felt that we should get the C.O.B.O. legislation changed and the new piece of legislation in place, because that in itself is going to simplify the world of funds and all that they have to do. Once that is in place, as you know, it is before the States on 10th November… then that working group will pick that up again and look for further simplifications. So I could be terribly political and make an argument that C.O.B.O. itself is simplifying, further simplifying the funds regime, because it is. But we think there is even more that could be done that just has to wait for that to be agreed by the States. We started the bank licencing, publish revised strategy, they have done that. Corporation, that is done."[1].

Before enactment of the draft Law two Orders will need to be made by the Minister and the Panel was provided with drafts of the two Orders on 25 September 2026 and is content with their drafting at this stage.

The operational implementation of the changes within the draft Law will sit primarily with the JFSC which will need to update its codes, policy, guides, processes and systems. The Panel understands that, if adopted by the States Assembly, the draft Law is expected to come into force by mid-2027, through Ministerial Order.

[1] Transcript Quarterly Hearing Minister for External Relations 14 October 2026

Consultation

Consultation by the Government of Jersey on the draft Law was carried out between July and September 2025. This included drop-in sessions at the Town Hall and reaching out to stakeholder groups. There were twelve responses received from individual firms and industry bodies with a feedback paper published in November 2025.

As part of its scrutiny, the Panel examined the feedback paper, which outlined several areas that respondents had highlighted as requiring careful consideration in order to avoid uncertainty and exposure to risk. These were noted as follows:

- *The treatment of legacy CoBO Consents and Conditions;*
- *The regulatory perimeter for Jersey Private Funds (JPF) and other legacy funds;*
- *The circulation of foreign prospectuses into Jersey where such activity may expose local investors to risk;*
- *The impact of removing the CoBO Framework on those entities that rely on exemptions which are conditioned on having a "relevant consent": and*
- *Proportionate oversight of digital issuers.*[2]

The Government's response outlined the next steps to address the areas raised by the consultation, stating that the Government would coordinate with key stakeholders to incorporate the Consultation responses into actions, including:

- *Liaison with the Legislative Drafting Office (LDO) providing clear drafting instructions that will bring the proposed reforms into effect incorporating the substantive Consultation responses where they are not already addressed*
- *Liaison with the JFSC, Jersey Finance Limited (JFL) and industry bodies as this process develops to ensure that respondents' views on the overall scheme are adequately addressed*
- *Engagement with the JFSC and Digital Assets Working Group (DAWG) to update and finalise the position building on the DAWG's Consultation response in respect of certain digital issuers*
- *Coordination with the JFSC as it develops its own approach and then develops the relevant guidance regarding transitional arrangements as well as the future state*[3]

The Panel has considered the feedback paper and notes that the responses were consistent in supporting a carefully managed transition away from the CoBO Framework that is currently in place. This was further highlighted to the Panel through its meetings with both Government Officers, JFSC and industry. The Panel is encouraged by this collaborative approach which it believes supports the ethos of the competitiveness programme.

[2] Repeal of the control of borrowing framework Consultation Feedback Paper November 2025
[3] Repeal of the control of borrowing framework Consultation Feedback Paper November 2025

Scrutiny work to date

The Panel received a briefing from Government Officers on 26 August 2026 regarding the repeal and replacement of the CoBO Framework. The Panel was advised that the CoBO Framework now overlapped with more current legislation and regulatory mechanisms, and that this duplication placed administrative burdens upon industry, Government and the JFSC.

The Panel heard that the repealing and replacement of the CoBO Framework with the draft Law, while keeping the necessary elements, would increases the competitiveness for Jersey's financial and related professional services sector.

The Panel was able to ask questions to the relevant officer regarding the repeal and the draft Law, including comparison with other jurisdictions and efficiencies for industry and the regulator, and use of consultant's involvement. The Panel was advised that the proposed draft Law compared favourably with other jurisdictions and that they expected administrative burdens to reduce over time. The Panel was satisfied with the responses, though also wished to meet with industry representatives directly to hear their views.

Accordingly, the Panel met with Jersey Funds Association, and the Digital Assets Working Group on 22 October 2026 to discuss the repeal and draft Law. The Panel was pleased to receive confirmation that the industry is supportive of the repeal and with the proposed draft Law.

The Panel also queried the CoBO Framework during a public hearing with the Minister for External Relations on the 14 October 2026. The Panel questioned the lead-in time until draft Law would become operational, with the Minister advising the following:

> *"It is to give both the Regulator and industry time to get ready for the changes and get used to the changes and filter it through their system, which is why I say that it is important. We have to work rightly with industry and Regulator, and so sometimes things take time. We have to make sure that the time that we are involved is compressed as much as possible, and we have the same conversations with the Regulator that they compress their time as well."*[4]

The Panel had the opportunity to gain further insight from the JFSC regarding the draft Law during a meeting on the 28 October 2026. The JFSC advised that it was supportive of both the draft Law and need to update the current framework. The JFSC has outlined to the Panel that the current CoBO Framework now overlaps with more modern legislation and regulatory processes creating unnecessary duplication and complexity for businesses and investors, and in some cases is s being used for purposes beyond its original intent, including for new and developing sectors, such as digital assets. The JFSC identified to the Panel that the changes will:[5]

- **Repeal and replace an outdated consent-based regime** with a modern regulatory framework, reducing duplication and creating greater consistency across financial products.

[4] Transcript Quarterly Hearing Minister for External Relations 14 October 2026
[5] Research - JFSC States Assembly COBO explainer - 3 Nov 2026

- **Maintain important safeguards**, including the ability to refuse transactions on public interest grounds and introducing a right of appeal where consent is refused.
- **Establish clear regulatory frameworks for key growth and investment areas**, including Jersey private funds and digital assets activity.
- **Create a clearer framework for prospectuses and retail investor protections**, giving Government the ability to regulate the circulation of overseas prospectuses to Jersey retail investors.

The Panel was informed that implementation would take time to complete due to the volume of changes needed to be undertaken, with the JFSC that sufficient time would be needed to clarify processes and develop supporting guidance, including allowing for feedback through consultation with the industry and to make any adjustments if required. The JFSC forwarded further information and explication of the CoBO framework changes on 03 November 2026, for which the Panel is grateful.[6] This outlined the following timeline:

2023-2025	2026	2027	2027-onwards
Development of the replacement policy framework, industry consultation and legislative design	States Assembly consideration of new legislation, regulatory preparation and implementation planning	New regime expected to begin taking effect, with transition of existing COBO-regulated activities	Progressive repeal of remaining COBO provisions and full operation of the new framework

Following its consideration, the Panel is pleased to support the repeal of the CoBO Framework. The Panel believes this to be an important component of the Time to Win agenda, and can confirm that it is content with the draft Law as proposed.

However, noting the importance of the proposals, the Panel wishes to highlight that Jersey will continue to face a competitive disadvantage until the draft Law becomes operational. The Panel would therefore suggest that the Minister takes all action necessary to ensure that the operational introduction of the draft Law is not delayed, and indeed be accelerated where possible.

Conclusion

The Panel agrees that adoption of the draft Law should aid in Jersey's financial and related professional services sector's competitiveness, while still retaining the necessary safeguards currently provided for by the CoBO Framework. The Panel has found that there is strong support for a managed transition away from the CoBO Framework by the Government, Regulator and industry.

The Panel has reviewed the available material and is not aware of any contention within the proposed legislative changes. The Panel is therefore in full support of the draft Law as proposed.

[6] Research - JFSC States Assembly COBO explainer - 3 Nov 2026