

STATES OF JERSEY



Jersey

DRAFT AMENDMENT (NO. 39) OF THE STANDING ORDERS OF THE STATES OF JERSEY

**Lodged au Greffe on 27th June 2019
by the Privileges and Procedures Committee**

STATES GREFFE

REPORT

1. This amendment to Standing Orders, if adopted, would amend the requirements for members when registering shareholding interests. In particular, in instances where the shares held are those of a holding company, it would be explicitly stated that members should state the business of any subsidiary companies of that holding company.
2. Under paragraph 3 of Schedule 2 to the Standing Orders, the following obligations currently apply to members when registering their shareholding interests –
 - “(1) An elected member must register the name and address of any company in which he or she, or his or her spouse or civil partner or cohabitee, or both of them, whether jointly or separately, own shares exceeding – (a) 1% or more of the issued share capital of the company; or (b) £25,000 in value.*
 - (2) When registering the name and address of the company, the elected member must also provide a brief description of the business or purpose of the company.*
 - (3) For the purposes of this paragraph, a person owns shares if he or she owns them in his or her own name or if the shares are held, on his or her behalf, or for his or her benefit, by any other person.”*
3. There is consequently no explicit obligation at present for members to provide further details of any investments (i.e. subsidiary companies) that they might hold through an investment holding company (although it is apparent that some members choose to do so).
4. Following questions from Deputy M. Tadier of St. Brelade in February 2017 (see [Written Question 1\(109\)](#)), this was a matter considered by the previous Privileges and Procedures Committee. The previous Committee agreed that an amendment to Standing Orders should be lodged to clarify that declarations of interest should state the business of any investments, or subsidiary companies, held through holding companies. However, the drafting process was more complex than anticipated, and an amendment was not therefore lodged before the end of the previous Assembly.
5. Further questions on this subject were raised by Senator S.Y. Mézec in January 2019 (see [Written Question 28/2019](#)), and the Committee revisited the work of its predecessor, including the research undertaken on the corresponding situation in other jurisdictions (appended to this report). The Committee has noted that it is indeed necessary in other jurisdictions for elected members to provide information about the nature of holding companies, and the business of the subsidiary companies of those holding companies. This is the case for the Scottish Parliament and the Welsh Assembly, and is also true for the States of Guernsey.
6. The Committee is not aware of any complaint having been made about a member in respect of this matter. Nevertheless, with a view to being as open and transparent as possible, the Committee has agreed that this matter should be addressed, and that the Scottish model provides a good example for how the process should work. In the Scottish Parliament, the following rules apply to the registration of shareholding interests –

Which shareholdings must be registered?	Is information required about the nature of a holding company?
<p>(i) nominal value of the shares at the relevant date is or was greater than 1% of the total nominal value of the issued share capital of the company or other body, or</p> <p>(ii) where the market value of the shares at the relevant date exceeds 50% of a member's salary at the start of the current parliamentary session (rounded down to the nearest £10 – currently £30,340).</p>	<p>Yes – “when registering shares, members are required to provide details of the type of shares, the name of the company in which the shares are held, the company's business address and the nature of its business”.</p>

7. The Committee's amendment to Standing Orders would therefore replace paragraph 3 of Schedule 2 with a new paragraph setting out members' obligations when registering shareholding interests. The principal difference from the current system would be an explicit requirement for members to state the nature of the business undertaken by a subsidiary company of a holding company in which they have shares. Sub-paragraph (4) would define what would be regarded as a 'subsidiary company'.
8. Some other minor changes would also arise from the amendment –
- (a) At present, members must declare a shareholding interest if the nominal value of the shares is greater than 1% of the total value of the issued share capital of the company, or if the shares exceed £25,000 in value.
- With the amendment, members would need to declare the interest if the nominal value of the shares is greater than 1% of the total value of the issued share capital of the company, or if the value of the shares was **greater than one half of States members' remuneration**. At present, that would lower the value at which shares need to be declared to £23,300. But it would mean that the value would automatically follow any changes to States members' remuneration without there being a need to alter Standing Orders.
- (b) At present, members must provide the name and address of the company in which they hold shares, and state the business or purpose of the company.
- With the amendment, members would provide the name and registered address of the company, state the type of shares owned and describe the nature of the company's business and, if the company were a holding company, describe the nature of the subsidiary company's business as well.
9. For the most part, members' obligations when declaring shareholding interests would therefore be unchanged from what they are presently; but there would be an explicit obligation introduced to declare the business of any subsidiary company in instances where a member held shares in a holding company.

Financial and manpower implications

There are no financial or manpower implications arising from the adoption of this Amendment to Standing Orders.

APPENDIX TO REPORT

Approach in other jurisdictions to the registration of shareholding interests

Jurisdiction	Which shareholdings must be registered?	Is information required about the nature of a holding company?
UK, House of Commons	(i) Greater than 15% of issued share capital (on preceding 5 April), or (ii) If 15% or less of issued share capital (on preceding 5 April), greater in value than £70,000	No.
Scotland	(i) Nominal value of the shares at the relevant date is or was greater than 1% of the total nominal value of the issued share capital of the company or other body, or (ii) Where the market value of the shares at the relevant date exceeds 50% of a member's salary at the start of the current parliamentary session (rounded down to the nearest £10 – currently £30,340)	Yes – “when registering shares, members are required to provide details of the type of shares, the name of the company in which the shares are held, the company's business address and the nature of its business”.
Wales	Market value greater than one per cent of the issued share capital (on preceding 5 April)	Yes – “For each shareholding, the entry should state the name of the company or body, briefly indicate the nature of its business and make clear which of the criteria for registration is applicable”.
Northern Ireland	Same as Scotland (except the current salary of an Assembly Member is £24,500)	No.
Republic of Ireland	(i) Nature of holding (i.e. shares, bonds, debenture or other similar holding) (ii) Name and registered address of company or enterprise or undertaking, etc. (iii) Nature of business	No – “holding company” is a sufficient description of the “nature of business” judging from entries in Ireland's Register of Interests.

Jurisdiction	Which shareholdings must be registered?	Is information required about the nature of a holding company?
Isle of Man	Shares or stock held in any company whose shares or stock are publicly quoted on a stock exchange in the United Kingdom or Ireland (and shares or stock held in any other company where any asset to which such a company may be entitled is or represents a right, interest or circumstance which is itself a relevant interest)	No.
Guernsey	Any shareholdings	Yes, if shareholding is over 10% of issued stock, “brief description of their business/ work” plus property ownership in the Bailiwick.
Canada, House of Commons	No register of interests.	–
Australia, House of Representatives	“Shareholdings in public and private companies (including holding companies) indicating the name of the company or companies”	No.
New Zealand	(a) The name of each company of which the member is a director or holds or controls more than 5% of the voting rights and a description of the main business activities of each of those companies, and (b) The name of every other company or business entity in which the member has a pecuniary interest, other than an interest as a unit holder in a unit trust, and a description of the main business activities of each of those companies or entities.	The “main business activities” of companies are required to be disclosed but, in practice, some members give no further information than “holding company” in their register entries.

EXPLANATORY NOTE

This Amendment of the Standing Orders of the States of Jersey amends Schedule 2 so that an elected member must register his or her interest in the shares of a company where the nominal value of the shares are greater than 1% of the total value of the issued share capital of the company or the market value of the shares exceed half of the amount that the member is entitled to receive, in his or her capacity as a member of the States of Jersey, by way of remuneration (including any allowance).

The amendment describes the information that must be contained in the register in relation to the company or any holding company or subsidiary company of the company in which the shares are held.



Jersey

DRAFT AMENDMENT (No. 39) OF THE STANDING ORDERS OF THE STATES OF JERSEY

Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES in pursuance of Article 48 of the States of Jersey Law 2005¹, have made the following Amendment to the Standing Orders of the States of Jersey².

1 Schedule 2 (register of interests of elected members) amended

In Schedule 2 to the Standing Orders of the States of Jersey³, for paragraph 3, there is substituted –

“3 Shareholdings

- (1) An elected member must register his or her interest in the shares of any company that are held by the elected member or held, whether jointly or separately, by the elected member’s spouse, civil partner or cohabitee, where –
 - (a) the nominal value of the shares are greater than 1% of the total value of the issued share capital of the company; or
 - (b) the market value of the shares exceed half of the amount that the member is entitled to receive, in his or her capacity as a member of the States of Jersey, by way of remuneration (including any allowance).
- (2) For the purpose of sub-paragraph (1), a person owns shares if he or she owns them in his or her own name or if the shares are held, on his or her behalf, or for his or her benefit, by any other person.
- (3) When registering an interest in the shares of a company the elected member must register –
 - (a) the name of the company in which the shares are held;
 - (b) the registered address of the company;
 - (c) the nature of the business undertaken by the company;
 - (d) the type of share owned; and

- (e) in the case where the company is a subsidiary or a holding company of another company, the nature of the business undertaken by that other company.
- (4) For the purposes of this paragraph –
 - (a) a company is a subsidiary of another company if –
 - (i) the second company holds a majority of the voting rights in the first company,
 - (ii) the second company is a member of the first company and has the right to appoint or remove a majority of the board of directors of the first company,
 - (iii) the second company is a member of the first company and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the first company, or
 - (iv) the first company is a subsidiary of a company which is itself a subsidiary of the second company; and
 - (b) a company is the holding body of another company if the second company is a subsidiary of the first company.”.

2 Citation and commencement

This Amendment may be cited as Amendment (No. 39) of the Standing Orders of the States of Jersey and comes into force on the day after the day on which it is made.

ENDNOTES

Table of Endnote References

<i>1</i>	<i>chapter 16.800</i>
<i>2</i>	<i>chapter 16.800.15</i>
<i>3</i>	<i>chapter 16.800.15</i>