



Deputy David Johnson
Chair, Economic and International Affairs Scrutiny Panel
Scrutiny Office
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By email: scrutiny@gov.je

4th November 2021

Dear Deputy Johnson

Regulation of Jersey estate agents

We are grateful for your request of 21 October 2021 for comment on the Economic and International Affairs Scrutiny Panel's in-depth review examining the scope for regulation of estate agents in Jersey.

Jersey estate agents are required to register with the JFSC under the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008. Once registered, we supervise estate agents in respect of anti-money laundering and countering the financing of terrorism (**AML/CFT**). We do not supervise estate agents for conduct of business or prudential matters.

1 Do you have concerns about the ability of estate agents to fulfil the requirements of Schedule 2 of the Proceeds of Crime (Jersey) Law 1999?

At a sectoral level we consider that estate agents are able to fulfil their AML/CFT obligations. Without commenting on individual businesses, we would highlight that a number of estate agents have taken part in our recent thematic examinations. These examinations highlight areas of improvement which are expected of all businesses that we supervise.

2 Do you believe unregulated estate agents are a potential risk to Jersey's strong international reputation?

As we are the AML/CFT supervisor for estate agents and we monitor the regulatory perimeter, we consider that this question does not apply to AML/CFT regulation.

We consider that there is a potential risk through the lack of formal conduct and prudential regulation which are important aspects of what we do in respect of financial services businesses. While we are not aware of estate agents causing reputational damage as a result of poor practices, there are clear benefits from our conduct and prudential work and these benefits include protecting the Island's strong international reputation. We do not think that we would be the right body to regulate estate agents for non-AML/CFT matters, yet we do think that a right-sized conduct and (if appropriate) prudential regime would be beneficial.



3 In the absence of estate-agent specific legislation, to what extent do you think that it is problematic for buyers and sellers in Jersey, that estate agents are not required to attain membership of a professional body or adhere to a code of conduct?

Businesses being members of professional bodies can bring benefits to clients with examples including lawyers and accountants. Such bodies hold their members to high standards and where behaviour falls short there is accountability. A direct comparison to estate agents is challenging, however, analogous bodies do exist for estate agents and a requirement for membership may well mitigate potential harm to buyers and sellers.

4 A 2019 Report produced by the UK Regulation of Property Agents: Working Group, concluded that “Regulation will provide the opportunity to prevent bad practice and drive cultural change within the industry”. Do you believe that this statement could also apply to estate agents in Jersey?

When considering developments to Jersey’s regulatory regime we will look to the UK, among other key jurisdictions, to benchmark our approach; identify best practice; and find commonalities. It is often the case that Jersey and the UK have much in common so this statement would, in our experience, be likely to also apply to estate agents Jersey.

5 Overall, do you think that estate agents in Jersey should be regulated and/or required to adhere to a standard of Code of Practice?

Overall, we think that some form of conduct and (if relevant) prudential regulation for estate agents in Jersey would be appropriate. While we maintain conduct of business and prudential codes of practice for financial services businesses it seems unlikely that our rules would accommodate estate agents’ more specialist activities and we do not have expertise in this area. As such, a Code of Practice issued by a relevant professional body with a requirement for Jersey estate agents to be members of that body seems to be a sound approach.

We should be pleased to discuss our submission further and trust that the above is helpful in your Panel’s work.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jon Stevens', written over a white background.

Jon Stevens

Head of Policy, Policy

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