



## The challenges

Achieving the correct balance between income and safety for cash deposits has always been a major challenge and, considering banking’s recent history, it is not about to get any easier.

Banks are operating in challenging markets yet fiduciaries, who have a duty to protect their clients assets, seldom have the time and resource available to effectively monitor and manage their counterparty bank’s risk.

## The JCAP Solution

JCAP work with clients to identify the risks associated with their specific banking relationships. This information is used to help set parameters to identify an appropriate level of counterparty exposure and suggest the appropriate actions should a risk parameter become breached.

JCAP have developed a robust methodology to measure depositor risk which includes assessing risk at individual bank level as well as monitoring macro issues that may create systemic risk.

JCAP’s individual bank factsheets monitor and report on:

- |                    |                              |
|--------------------|------------------------------|
| 1 Capital adequacy | 4 Profitability              |
| 2 Liquidity        | 5 Credit ratings             |
| 3 Asset Quality    | 6 Global macro risk research |

Through engaging JCAP’s counterparty risk monitoring service, clients will receive individual bank due diligence factsheets with regular updates which will enable them to make informed decisions on their banking relationships and exposures.

### Who is it for?

- Family offices
- Corporate structures
- Funds
- Any fiduciary client who has cash assets

### Compliance, Regulation and Risk

- Independently gathered data from multiple sources
- Depositor risk is monitored daily
- Broader analysis of counterparty financial strength not relying on rating agencies alone

### Why?

Outsourcing your treasury requirements to a team of experts is an effective way to receive an independent, proactive and impartial service.

Engaging a specialist treasury provider mitigates the risk associated with the management of cash

Bespoke Cash Management - Foreign Exchange - **Pooling** - Counterparty Risk Monitoring

## Risk & Compliance

The Jersey Financial Services Commission (“JFSC”) describes risk management is an integral part of a corporate governance framework and JCAP recognises that needing to achieve the correct balance between ‘positive’ return and safety for cash deposits is a major issue in today’s market.

The JFSC Risk Severity Survey results published in September 2016, outlines the financial failure of a bank as having a high severity score – see the below graph taken from the survey results. The results are aligned with JCAP’s view that the failure of a bank is significant risk for all regulated businesses, whether it is a trust company, investment or fund services business.

## Regulatory Considerations

The following laws and regulations need to be considered by regulated businesses to ensure that counterparty risk is being managed in compliance with the regulatory framework.

**Trust (Jersey) Law 1984** Article 21 - Duties of trustee

**Companies (Jersey) Law 1991** Article 74 - Duties of directors

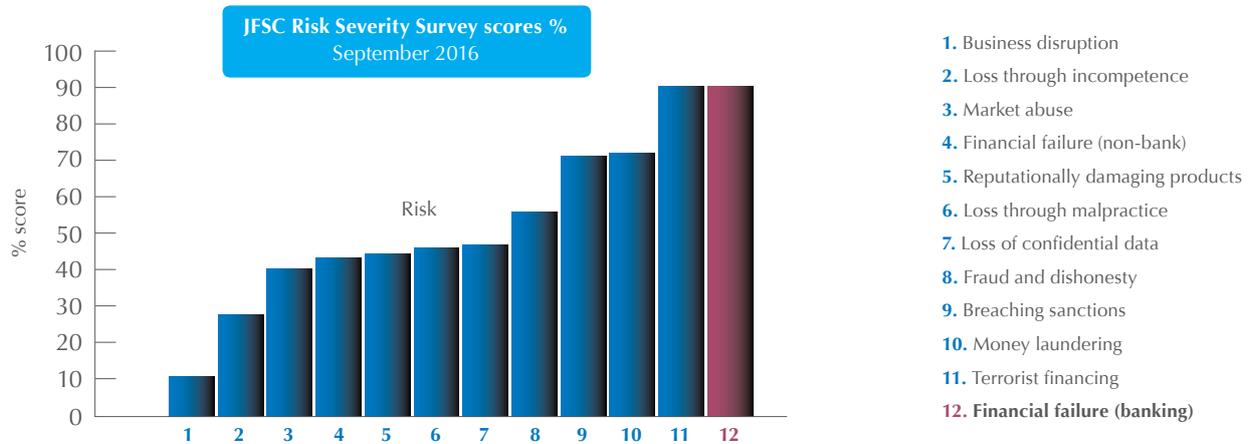
**AML/CFT Handbook** Section 2.3.10 – Conduct and document business risks

**Trust Company Business Codes** Code 2.7, 3, 3.1.3 & 3.2.1.2.4

**Investment Business Codes** Code 3, 3.1.3, 3.1.3.1 & 3.2.1.3.5

**Fund Services Business Codes** Code 3, 3.1.3, 3.1.3.1, 3.1.4

The effective management of counterparty risk and oversight by the board or senior management is a key control for all regulated businesses and should be considered in accordance with the above Codes of Practice and recorded within its Business Risk Assessment.



## Our services



**Bespoke Cash Management** - a service designed for clients who wish to maximise returns and spread risk and is ideal for clients who want to hold cash as part of a balanced portfolio.



**Foreign Exchange** - outsourcing your FX to JCAP ensures that the underlying client receives ‘best execution’ and can provide a transparent income stream for a fiduciary.



**Customer Pooled Bank Accounts** - through JCAP’s industry leading software, pooling cash assets is a cost effective, flexible and transparent method of managing cash.



**Counterparty Risk Monitoring** - JCAP’s counterparty risk monitoring service is designed to assist fiduciaries with their regulatory duty to monitor risk on behalf of its clients.

To find out more about our services, please visit [www.jcap.co.uk](http://www.jcap.co.uk), email [info@jcap.co.uk](mailto:info@jcap.co.uk) or call 01534 756400