

Feedback on JRA Funding in 2023

Bank (Recovery and Resolution) (Jersey) Law 2017

Feedback relating to the JRA's paper on Funding in 2023

Issued: February 2023

Feedback paper

This feedback paper reports on responses received by the Jersey Resolution Authority (JRA) in respect of its paper on JRA Funding in 2023 issued 29 December 2022.

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Glossary of Terms

Defined terms are indicated throughout this document as follows:

Jersey Bank	A person registered to carry on deposit-taking business in or from within Jersey under the Banking Business (Jersey) Law 1991
JFSC	Jersey Financial Services Commission
JRA	Jersey Resolution Authority
Resolution Law	Bank (Recovery and Resolution) (Jersey) Law 2017

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1.1 Background

- 1.1.1 The JRA issued a Funding Paper on 29 December 2022 setting out its budget and proposed Annual Administration Levy for 2023. Whilst the Resolution Law does not require the JRA to consult in respect of its levies, feedback was welcomed with a deadline of 31 January 2023.
- 1.1.2 The Funding Paper proposed a total Annual Administration Levy for 2023 of £416,500 and for this to be allocated across Jersey Banks in the same proportion that the JFSC deposit-taking fees are allocated. The Funding Paper confirmed that, during 2023, the JRA will develop its own allocation methodology for use in 2024 and beyond.

1.2 Responses received

- 1.2.1 The JRA received two responses from banks.
 - 1.2.1.1 One was fully supportive of the proposed levy.
 - 1.2.1.2 The other raised an observation that the JRA levy is not being apportioned to the financial institutions that pose the greatest risk or where the JRA's time and focus will be. The respondent indicated that the JRA should reconsider its proposed allocation method for 2023.

1.3 JRA Feedback

- 1.3.1 The JRA acknowledges that, over time, the JRA's resources will be focused more on certain types of banks as compared to others. However, during 2023 a sizable portion of the JRA's resource will remain focused on developing its approach to resolution planning. Additionally, all banks are expected to have some work to do to assist the JRA in ensuring that Resolution Plans are drafted.
- 1.3.2 Whilst smaller banks will have less work to do in this respect, the extent that this translates into less focus from the JRA is difficult to determine in advance of completing work to develop our planned approach. It would be inefficient for the JRA to determine a methodology now and then revisit that methodology in Q4 2023. Furthermore, in other comparable jurisdictions, the equivalent administration levy is divided equally amongst all banks.
- 1.3.3 The JRA's proposed approach, allocating the levy proportionally to the way that the JFSC's deposit-taking fees are charged, does provide a method of targeting banks with perceived greater risk to the Jersey economy as it results in higher fees for banks with greater scale and complexity.
- 1.3.4 As such, the JRA has concluded to proceed with allocating its Annual Administration Levy for 2023 across Jersey Banks in the same proportion that the JFSC deposit-taking fees are allocated.

1.4 Next steps

- 1.4.1 The JRA will proceed with issuing Notices to Jersey Banks, in accordance with Article 16(7) of the Resolution Law, setting out each bank's the bank specific levy, the method of calculation and date payable. It is expected these will be issued to Jersey Banks during February 2023. The Levy will be payable in March 2023.
- 1.4.2 The JRA will reach out to Jersey Banks during 2023 to seek opinions regarding an appropriate risk-based methodology to apply for 2024 and beyond.