



Feedback Paper on Consultation Paper 2023/01

Resolution Planning and Resolvability

A feedback paper relating to the JRA's consultation on its proposed approach to Resolution Planning and Resolvability.

Issued: 11 August 2023

Glossary of Terms

Defined terms are indicated throughout this document as follows:

Bank	A person registered to carry on deposit-taking business in or from within Jersey under the Banking Law; or A company incorporated under the Companies Law that is a Holding Company or a Subsidiary of a person so registered.
Banking Law	Banking Business (Jersey) Law 1991
Consultation Paper	Consultation Paper 2023/01 'JRA's Approach to Resolution Planning and Resolvability'
Companies Law	Companies (Jersey) Law 1991
Critical Function	Activities, services or operations the discontinuance of which is likely to lead to the disruption of services that are essential to the real economy in Jersey or the disruption of financial stability due to the size, market share, external and internal interconnectedness, complexity, or cross-border activities of a bank or bank's group, with particular regard to the substitutability of those activities, services or operations.
FMI	Financial Market Infrastructure
Holding Company	has the meaning given by Article 2(4) of the Companies Law
Jersey Bank	A person registered to carry on deposit-taking business in or from within Jersey under the Banking Law
Jersey DCS	Jersey Bank Depositors Compensation Scheme
JFSC	Jersey Financial Services Commission
Jersey Branch	The Jersey operations of an Overseas Incorporated Bank
Jersey Incorporated Bank	A Jersey incorporated company registered to carry on deposit-taking business under the Banking Law
JRA	Jersey Resolution Authority
MREL	Minimum requirement for own funds and eligible liabilities
OCiR	Operational Continuity in Resolution
Overseas Incorporated Bank	A person not incorporated in Jersey that is registered to carry on deposit-taking business under the Banking Law
Policy Statement	Policy Statement 2023/01 'Resolution Planning and Resolvability'
Resolution Law	Bank (Recovery and Resolution) (Jersey) Law 2017
Subsidiary	shall be construed in accordance with Article 2 of the Companies Law

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1 Executive Summary

1.1 Overview

- 1.1.1 On 6 April 2023 we issued a Consultation Paper, which sought views on draft Policy Statement 2023/01 'Resolution Planning and Resolvability' (the Policy Statement). The Policy Statement sets out our approach to resolution planning and resolvability assessments as well as the requirements that Jersey Banks will need to meet to demonstrate resolvability.
- 1.1.2 The Policy Statement provides a risk-based approach to resolution (a Resolution Framework) whilst allowing flexibility to reflect the specific circumstances of each Jersey Bank.
- 1.1.3 This Feedback Paper summarises the feedback we received and our responses to that feedback.
- 1.1.4 We have considered the feedback received and made some changes to the Policy Statement. The final Policy Statement is appended to this Feedback Paper (including a tracked change version) and will be published on the JRA's website.

1.2 Feedback received

- 1.2.1 Responses to the Consultation Paper were collected by way of:
 - 1.2.1.1 Written comments provided directly to the JRA; and
 - 1.2.1.2 Face-to-face discussions with representatives of various Jersey Banks at two workshops organised by the JRA during the consultation period.
- 1.2.2 We received written responses from a total of nine respondents (listed in Appendix A). Not all respondents commented on every question raised in the consultation.
- 1.2.3 Section 2 of this feedback paper sets out a summary of the substantive comments received and our responses to that feedback. In general respondents were supportive of the approach set out in the Policy Statement. There were some requests for additional clarification and a request to reconsider the timeframes over which certain requirements become applicable.
- 1.2.4 Accordingly, we have made some changes to the Policy Statement. These are set out in Section 2, with the main changes being:
 - 1.2.4.1 Deferral of Jersey Banks' self-assessments in relation to OCiR and Communications from 31 March 2024 to 31 December 2024;
 - 1.2.4.2 Requiring an interim update relating to OCiR and Communications (using readily available internal documents to minimise the burden of this update) by 31 March 2024;
 - 1.2.4.3 Added high level guidance regarding the self-assessment process and clarified the timing of these throughout;
 - 1.2.4.4 Clarified that playbooks to operationalise the local resolution strategy are only required for Jersey Incorporated Banks and that aspects of simplified plans for bank winding up are only applicable to Jersey Incorporated Banks; and
 - 1.2.4.5 Updated the summary of our approach to Preferred Resolution Strategies.

- 1.2.5 We are grateful to all those involved for taking the time to participate in the consultation process and provide their feedback.

1.3 Next steps

- 1.3.1 We have taken account of the feedback we received and made some amendments to the Policy Statement. In addition, we have made amendments to reflect points identified internally during the consultation period.
- 1.3.2 We have listened to concerns expressed in relation to the speed with which requirements become effective and when Jersey Banks' self-assessments are due. As a result, we have delayed the applicable date for requirements associated with Operational Continuity in Resolution and Communication Planning by nine months. Jersey Banks' self-assessments against these Risks to Resolution are now due by 31 December 2024 with an interim update due 31 March 2024.
- 1.3.3 Final versions of the Policy Statement (including a version that tracks changes to the draft Policy Statement) are appended and will be published on the JRA's website.
- 1.3.4 Jersey Banks should put in place appropriate plans, leveraging group capabilities where relevant, to ensure that they can meet the requirements and timeframes set out in the Policy Statement.
- 1.3.5 Further enquiries in relation to the Consultation Paper, this Feedback Paper or the Policy Statement may be sent to Martin Edwards, Head of the JRA (m.edwards@jra.org.je).

2 Consultation feedback

This section summarises the comments received in response to the Consultation Paper along with material comments raised during the two workshops run by the JRA during the consultation period. The section also sets out the JRA’s response to the feedback. The ordering of this section mirrors the order of questions in the Consultation Paper.

2.1 Question 1: General requirements applicable to all Jersey Banks

Respondents’ comments

- 2.1.1 One respondent requested further clarity regarding the requirement to be able to provide a “fit for purpose” Single Customer View (SCV) file to the Jersey Bank Depositors Compensation Scheme.
- 2.1.2 Another respondent agreed with the general requirements applicable to all Jersey Banks and requested further guidance on information and data requirements.
- 2.1.3 Two respondents noted that they welcomed the overall approach of aligning to international standards, the Financial Stability Board’s principles of effective resolution regimes and the approaches taken by resolution authorities in the UK and Europe.
- 2.1.4 Four respondents agreed with the general requirements, and one did not comment specifically in this respect.

JRA Response

Single Customer View files

- 2.1.5 The Jersey Bank Depositors Compensation Scheme (Jersey DCS) is an important part of Jersey’s financial safety net. Whilst certain preferred resolution strategies are more likely than others to result in a need for the Jersey DCS to provide compensation to eligible depositors, it is not possible to fully rule out use of the Jersey DCS even where the preferred resolution strategy anticipates use of stabilization tools.
- 2.1.6 Accordingly, it is important that all Jersey Banks have taken appropriate steps, including implementation of adequate systems, processes, and controls, to ensure that they can reliably produce the SCV file required by Jersey DCS on a timely basis. We have updated the Policy Statement to guide Jersey Banks to where further details in relation to the SCV Specification can be found, namely the Jersey DCS website: <https://www.jerseydcs.je/index.html>

Guidance on information and data requirements

- 2.1.7 We do not intend to issue general guidance on how Jersey Banks can ensure that their systems, processes, and controls enable them to produce reliable and timely data. Such general guidance is readily available in the public domain from other sources.
- 2.1.8 However, we will provide further guidance in relation to specific information and data requirements as part of guidance associated with each of the Risks to Resolution. These guidance documents will be rolled out as part of the phased rollout set out in the Policy Statement.

2.2 Question 2: MREL

Respondents' comments

- 2.2.1 One respondent noted they were broadly supportive of the approach but welcomed further clarity on timing for introduction of Article 72 of the Resolution Law, early visibility of eligibility criteria and sufficient lead time to ensure compliance. This respondent also requested that detailed MREL requirements are aligned to planned changes to JFSC capital requirements and associated minima.
- 2.2.2 Another respondent requested that the JRA consider the characteristics of requirements in its home jurisdiction and whether these could be recognised in lieu of MREL.
- 2.2.3 Two other respondents noted they had no concerns relating to MREL requirements with the remaining respondents providing no specific comments.
- 2.2.4 Material observations made during workshops mirror the feedback summarised above.

JRA Response

- 2.2.5 Recognising the need for suitable lead time and early sight of MREL eligibility criteria, we have produced a short discussion document setting out our initial thoughts and direction of travel. This has been shared with Jersey Incorporated Banks and their respective Home Resolution Authorities.
- 2.2.6 We plan to consult publicly regarding MREL in Q4 2023 and this consultation will include consideration of the timing for introduction of Article 72 of the Resolution Law (which covers contractual recognition of bail-in).
- 2.2.7 Given our limited resources we have not conducted an analysis of requirements in all home jurisdictions. The Policy Statement allows for Jersey Banks to request alternative approaches if they can demonstrate that these adequately address the Risk to Resolution. The onus is on the Jersey Bank in question to demonstrate this (see paragraph 2.3.6). This point will be picked up on a bilateral basis during H2 2023.

2.3 Question 3: Valuations

Respondents' comments

- 2.3.1 One respondent requested that the JRA provides early indication of the timelines envisaged for preparation of the required JRA Data Set for Valuations.
- 2.3.2 Another respondent encouraged the JRA to align Valuation requirements to those of the Bank of England.
- 2.3.3 Two respondents confirmed they had no concerns with the Valuation requirements with the remaining respondents providing no specific comments.
- 2.3.4 Material observations made during workshops mirror the feedback summarised above.

JRA Response

- 2.3.5 Further information relating to our planned Valuation Standard and Data Set for Valuations will be provided during the consultation process planned for Q3 2024. The timeframe for Jersey Banks' self-assessment against Valuation requirements has been clarified within the Policy Statement.

- 2.3.6 As set out in the Policy Statement we intend to utilise both Bank of England and Single Resolution Board policy to guide the development of our approach in relation to Valuations.

2.4 Question 4: Liquidity and Funding in Resolution

Respondents' comments

- 2.4.1 One respondent encouraged the JRA to align Liquidity and Funding requirements to those of the Bank of England.
- 2.4.2 Another respondent confirmed they are comfortable with the requirements and welcomed further details in relation to requirements to test the ability to effectively mobilise available collateral.
- 2.4.3 Two respondents confirmed they had no concerns with the Liquidity and Funding requirements with the remaining respondents providing no specific comments.

JRA Response

- 2.4.4 Our work on Liquidity and Funding in Resolution is scheduled to commence in Q2 2025 and we will consider Bank of England requirements when developing associated policy and guidance. We will provide further details in relation to testing requirements at that time. In the meantime, we encourage Jersey Incorporated Banks to review the documents referenced in paragraph 5.3.7 of the Policy Statement.

2.5 Question 5: Continuity of Financial Contracts (Stays)

Respondents' comments

- 2.5.1 One respondent requested further clarity regarding examples of agreements referred to as financial contracts.
- 2.5.2 Another respondent encouraged the JRA to align requirements relating to Continuity of Financial Contracts to those of the Bank of England.
- 2.5.3 A respondent also requested further clarity in relation to how requirements would apply where the Jersey Bank does not have any direct contracts with Early Termination Risk.
- 2.5.4 During the workshops, several banks observed that local business models and financial risk management processes for most Jersey Banks would likely mean that they do not have significant risks associated with Continuity of Financial Contracts as most are with their parent or head-office. Therefore, Jersey Banks are likely to be reliant on group preparations relating to Continuity of Financial Contracts.
- 2.5.5 Three respondents confirmed they were comfortable with or had no concerns in relation to the Continuity of Financial Contracts requirements with remaining respondents providing no specific comments.

JRA Response

- 2.5.6 Our work on Continuity of Financial Contracts is scheduled to commence in Q2 2025. We will provide further clarification at that time. In the meantime, we encourage Jersey Incorporated Banks to review the documents referenced in paragraph 5.4.6 of the Policy Statement.

2.6 Question 6: Operational Continuity in Resolution

Respondents' comments

- 2.6.1 Six respondents agreed with the requirements for OCiR. Of these:
 - 2.6.1.1 One observed that it is required to implement equivalent requirements at a group level and requested assurances that the JRA does not intend to duplicate, conflict, or overlap with such requirements;
 - 2.6.1.2 One observed that the timeframe set out in the draft Policy Statement would be a challenge to meet; and
 - 2.6.1.3 One requested clarity on the requirement for adequate governance oversight of Critical Shared Services.
- 2.6.2 The remaining three respondents did not comment in relation to OCiR requirements.
- 2.6.3 The material observations made during workshops:
 - 2.6.3.1 mirrored the above observation regarding timeframes;
 - 2.6.3.2 encouraged use of European and UK templates as far as possible;
 - 2.6.3.3 requested flexibility regarding reporting of critical IT systems to allow for the complexity of such systems;
 - 2.6.3.4 the complexity of internationally active banks could result in considerable reporting requirements relating to OCiR, creating inefficiencies for both the JRA and Jersey Banks; and
 - 2.6.3.5 sought clarification on how much information the JRA was likely to require from Jersey Banks in support of self-assessments.

JRA Response

- 2.6.4 We would expect Jersey Banks to align local work on OCiR with equivalent preparations in place (or in progress) at a group level. Consistency of approach will aid overall resolvability and we do not believe any of the requirements set out in the Policy Statement conflict with equivalent requirements in most home jurisdictions. However, if a Jersey Bank identifies a conflict, it should bring this to our attention so that we can discuss and agree the approach to be taken.
- 2.6.5 Timeframes for implementing OCiR requirements are considered further in Section 2.14 below.
- 2.6.6 The amount of information required to support each Jersey Banks' self-assessment will vary depending on a combination of factors including the number of Critical Functions they perform and the level of comfort that can be taken from resolvability assessments performed at a group level by Home Resolution Authorities. However, by way of an example, we do not intend to require all Jersey Banks to submit copies of all underlying contractual agreements to evidence inclusion of resolution resilient clauses. A small sample of contracts may be requested during the resolvability assessment process.
- 2.6.7 The other feedback and observations will be considered as we draft guidance and templates in relation to OCiR. This work is on-going, and we expect to consult on the draft documents in the next few months.

2.7 Question 7: Continuity of Access to Financial Market Infrastructure

Respondents' comments

- 2.7.1 Six respondents agreed with the requirements for Continuity of Access to FMI. Of these:
 - 2.7.1.1 One observed that it is required to implement equivalent requirements at a group level and requested assurances that the JRA does not intend to duplicate, conflict, or overlap with such requirements;
 - 2.7.1.2 One requested clarification on the extent that Jersey Banks will need to provide evidence of compliance given that FMI relationships are managed at a group level.

JRA Response

- 2.7.2 Similarly to OCiR, we would expect Jersey Banks to align local work on Continuity of Access to FMI with equivalent preparations in place (or in progress) at a group level. Consistency of approach will aid overall resolvability and we do not believe any of the requirements set out in the Policy Statement conflict with equivalent requirements in most home jurisdictions. However, if a Jersey Bank identifies a conflict, it should bring this to our attention so that we can discuss and agree the approach to be taken.
- 2.7.3 Where a Jersey Bank's access to FMI is managed primarily at a group level, we would expect the Jersey Bank to take steps to ensure it is comfortable that appropriate steps have been taken at a group level to maintain continuity of access in the event of resolution.
- 2.7.4 Whether evidence of group activities will need to be provided to the JRA will vary depending on the level of comfort that can be taken from group resolvability assessments and the extent of work performed by the Jersey Bank to ensure continuity of access. This will be explored further as part of guidance on continuity of access to FMI scheduled to take place in 2025.

2.8 Question 8: Restructuring

Respondents' comments

- 2.8.1 Four respondents agreed with or had no concerns in relation to requirements for Restructuring.
- 2.8.2 One of these made observations encouraging the JRA to align Restructuring requirements to those of the Bank of England and to the JFSC's recovery planning requirements. It also requested further clarification on how the JRA anticipates balancing local resolution planning requirements with group preferred resolution strategies.
- 2.8.3 The remaining five respondents did not provide comments in relation to Restructuring requirements.

JRA Response

- 2.8.4 Our work to develop guidance in relation to Restructuring will commence in Q1 2024 with consultation scheduled for Q3 2024. We will consider the above feedback as part of that process.
- 2.8.5 In relation to the interplay between local resolution planning requirements and group preferred resolution strategies, we have sought, wherever possible, to align

local preferred resolution strategies to those at a group level. This will minimise the potential for conflict between local resolution planning activity and group resolution strategies.

- 2.8.6 Where a Jersey Incorporated Bank has been explicitly included in group preparations relating to Restructuring, we would expect it to leverage that work to demonstrate that it can meet local requirements. The granularity required of the group preparations to achieve local requirements will vary from bank to bank and we will engage with Jersey Incorporated Banks as part of the work planned for 2024.

2.9 Question 9: Management and Governance

Respondents' comments

- 2.9.1 One respondent agreed with the requirements relating to Management and Governance and observed that it is required to implement equivalent requirements at a group level. It requested assurances that the JRA does not intend to duplicate, conflict, or overlap with such requirements.
- 2.9.2 One respondent agreed with the requirements but indicated that implementation should be proportionate to each Jersey Bank on a risk-based approach.
- 2.9.3 Another respondent agreed with the requirements but encouraged alignment with the Bank of England's approach.
- 2.9.4 Three other respondents agreed with the requirements and the remaining respondents did not provide specific comments in relation to Management and Governance.
- 2.9.5 The material observations made during the workshops were:
- 2.9.5.1 The requirement for operational playbooks should not apply to a Jersey Branch of an Overseas Incorporated Bank as this type of activity would be conducted at a legal entity or group level;
 - 2.9.5.2 Governance requirements need to reflect the structure of the Jersey Bank's operations and align to JFSC requirements;
 - 2.9.5.3 Queries were raised regarding whether the JRA would be prescriptive in relation to assurance requirements (including internal audit); and
 - 2.9.5.4 Assurance activity would naturally take place after implementation of capabilities to meet requirements, and this may not have been completed prior to the self-assessment deadline.

JRA Response

- 2.9.6 As mentioned in relation to OCiR and Continuity of Access to FMI, we expect Jersey Banks to align local work to group preparations and we do not believe any of the requirements of the Policy Statement conflict with equivalent requirements in most home jurisdictions. However, if a Jersey Bank identifies a conflict, it should bring this to our attention so that we can discuss and agree the approach to be taken.
- 2.9.7 We will apply proportionality when performing our resolvability assessments.
- 2.9.8 As set out in the Policy Statement, applicable guidance from the Bank of England will be used when determining our guidance in relation to Management and Governance.
- 2.9.9 Our work on this guidance will commence in Q1 2024 and we will provide further clarification at that time.

- 2.9.10 As noted during the workshops we do not anticipate being prescriptive in terms of the amount and nature of quality assurance work required. Jersey Banks should determine this in accordance with their normal assurance framework (e.g. utilising the three lines of defence approach).
- 2.9.11 Whilst we acknowledge there can be long lead times for the performance of internal audits, given that we have set out the timeframes for self-assessments well in advance, project plans ought to be able to factor in completion of appropriate assurance activity in advance of self-assessment deadlines.
- 2.9.12 Additionally, where our resolvability assessments identify areas of potential concern, we may request that the Jersey Bank performs additional assurance activity, if necessary, through use of external assurance providers.
- 2.9.13 We have reworded the Policy Statement to remove the requirement for Jersey Branches of Overseas Incorporated Banks to have a local operational playbook to implement the resolution strategy. In doing so we have clarified that, where applicable, the playbooks created by Jersey Incorporated Banks should align to and complement equivalent playbooks in place at a group level.

2.10 Question 10: Communications

Respondents' comments

- 2.10.1 Six respondents indicated they agreed with or had no concerns in relation to the Communications requirements.
- 2.10.2 Of these, one observed that it is required to implement equivalent requirements at a group level. It requested assurances that the JRA does not intend to duplicate, conflict, or overlap with such requirements.
- 2.10.3 Another requested that the JRA align closely to the Bank of England. It also observed that, due to Communications requirements becoming effective before most other Risks to Resolution, some aspects of communication plans would necessarily be relatively high-level pending further work on other Risks to Resolution.
- 2.10.4 The remaining three respondents did not provide any specific comments in relation to Communications requirements.
- 2.10.5 The material observations echoed the above feedback. In addition:
 - 2.10.5.1 some participants observed that, due to the highly sensitive nature of resolution events it is difficult to ensure all stakeholders are informed on a timely basis;
 - 2.10.5.2 queries were raised in relation to the extent of the JRA's interaction with Home Supervisors and Home Resolution Authorities; and
 - 2.10.5.3 some participants highlighted that care needs to be taken in terms of timing and content of public communications during a stress event.

JRA Response

- 2.10.6 As previously stated, we expect Jersey Banks to align local work to group preparations and we do not believe any of the requirements of the Policy Statement conflict with equivalent requirements in most home jurisdictions. However, if a Jersey Bank identifies a conflict, it should bring this to our attention so that we can discuss and agree the approach to be taken.
- 2.10.7 As set out in the Policy Statement, applicable guidance from the Bank of England will be used when determining our guidance in relation to Communications.

- 2.10.8 We acknowledge the point made in relation to certain content of communications plans related to Risks to Resolution that have not yet been implemented and we will factor this into our review of initial communication plans.
- 2.10.9 Whilst information relating to bank failure is highly sensitive, the JRA has in place appropriate mechanisms to handle such information sensitively and the Resolution Law further restricts our handling of confidential information.
- 2.10.10 The complexities of cross-border bank failures mean that communication flows are essential to ensuring appropriate coordination and successful delivery of a group resolution plan. The extent of information needed by Jersey authorities and the timing of this communication will vary from one bank to another.
- 2.10.11 In principle, the more Critical Functions a Jersey Bank performs the earlier the JRA will need to be informed of financial stress, initiation of recovery actions and the likely failure of the Jersey Bank or its group. Jersey Banks should factor this into their communication plans.
- 2.10.12 The JRA has had, and will continue to have, dialogue with Home Resolution Authorities. This will include coordination of the information flows in the lead up to a bank failure. Accordingly, in the case of failure at a group level, applicable notifications may come from the Home Resolution Authority.
- 2.10.13 Additionally, when preparing communication plans, Jersey Banks should give careful consideration to the timing and content of any external market communications (to the extent that such communication would be handled at a Jersey level).

2.11 Question 11: Application of requirements to Jersey Branches of Overseas Incorporated Banks

Respondents' comments

- 2.11.1 Five respondents agreed with or had no concerns regarding the application of certain Risks to Resolution to Jersey Branches of Overseas Incorporated Banks.
- 2.11.2 Of these:
 - 2.11.2.1 One observed that the application of Risks to Resolution to Jersey Branches should be proportionate to the level of risk (a risk-based approach); and
 - 2.11.2.2 Another requested that the JRA avoid duplication, conflict, or overlap with requirements in place in their home jurisdiction.
- 2.11.3 The remaining four respondents did not comment in relation to this question.

JRA Response

- 2.11.4 We do not believe any of the requirements of the Policy Statement conflict with equivalent requirements in most home jurisdictions. However, if a Jersey Bank identifies a conflict, it should bring this to our attention so that we can discuss and agree the approach to be taken.
- 2.11.5 We will apply proportionality when performing our resolvability assessments.

2.12 Question 12: Requirements for Jersey Banks that do not perform Critical Functions in Jersey

Respondents' comments

- 2.12.1 Four respondents agreed with or had no concerns regarding the requirements applicable to Jersey Banks that do not perform Critical Functions.
- 2.12.2 One respondent recommended that the wording of Appendix A should be improved to make it clear that the detailed requirements against each of the Risks to Resolution only apply to Jersey Banks that perform Critical Functions.
- 2.12.3 The remaining four respondents did not express a view.
- 2.12.4 During the workshops questions were raised in relation to the requirements of paragraph 6.1.3 of the draft Policy Statement and how certain of these requirements would apply to Jersey Branches of Overseas Incorporated Banks.
- 2.12.5 In addition, one workshop participant requested further guidance in relation to the requirement for simplified plans for winding up to include a self-assessment of any legal and practical obstacles to application of a Bank Winding Up process.

JRA Response

- 2.12.6 Appendix A is designed to provide a snapshot of the resolution framework across two pages. We have updated Appendix A to reflect that most of its content is only applicable to Jersey Banks that perform Critical Functions. We have also added an explanation to Section 1 of the Policy Statement that highlights to users which sections are applicable to different types of Jersey Bank.
- 2.12.7 We have updated the wording of what is now paragraph 6.1.4 of the Policy Statement to reflect that certain aspects of the simplified plan for winding up would only apply to Jersey Incorporated Banks. This includes the requirement for these simplified plans to include a self-assessment of any legal and practical obstacles to application of a Bank Winding Up process. We will provide further guidance in relation to this requirement to impacted Jersey Banks on a bilateral basis.

2.13 Question 13: Prioritisation set out in the phased rollout

Respondents' comments

- 2.13.1 Four respondents agreed with the prioritisation of the phased rollout or confirmed that they did not have any concerns in this respect.
- 2.13.2 One respondent noted that they were broadly supportive of the prioritisation but requested that the JRA reconsider timing of OCiR requirements and considered the implications of preparing communication plans in advance of the application of requirements for other risks to resolution.
- 2.13.3 Another respondent observed that requirements associated with Restructuring appear to be dependent on or build on other requirements such as Valuations and Funding in Resolution. Therefore, the respondent recommended that Restructuring requirements should be rolled out later in the process.
- 2.13.4 The remaining three respondents did not provide any comment in relation to the prioritisation set out in the phased rollout.

JRA Response

- 2.13.5 Whilst we understand the feedback relating to timing of requirements relating to Restructuring and Communication Planning and appreciate that the sequencing of these may cause some additional complication. However, there are several crossovers between different Risks to Resolution and it is not possible to accommodate all of these whilst maintaining a reasonable balance between speedy implementation and giving sufficient time for Jersey Banks to adopt requirements.
- 2.13.6 Additionally, we have aimed to ensure priority is given to those requirements that have the greatest potential to improve local resolvability.
- 2.13.7 Accordingly, we do not propose any amendments to the prioritisation set out in the phased rollout. Therefore, we accept that initial Communication plans may have some aspects that are only captured at a high level and will be updated once other Risks to Resolution are rolled out.
- 2.13.8 Timing of the application of requirements in relation to OCiR and Communication planning is further considered in relation to Question 14 below.

2.14 Question 14: Timeframe for phased rollout

Respondents' comments

- 2.14.1 Three respondents raised concerns regarding the speed with which requirements were intended to be rolled out. One of these was concerned that requirements associated with OCiR, Funding in Resolution and Restructuring would take longer than one year to implement. The other two believed that requirements in respect of OCiR and Communications should be deferred to give more time to meet requirements.
- 2.14.2 One respondent commented that, whilst initial thinking might suggest the proposed timeframes are aggressive, recent events support the need to move at reasonable speed to implement Jersey's resolution regime. This respondent observed whether Communication planning requirements might be more effective towards the end of the timetable.
- 2.14.3 One other respondent noted that more guidance on each specific Risk to Resolution would be needed to determine the reasonableness of timeframes and whether it could meet them.
- 2.14.4 One respondent was supportive of the timeframes but encouraged the JRA to implement a mechanism to allow banks to request extensions on a risk-based approach.
- 2.14.5 Two further respondents stated that the timeframes were reasonable.
- 2.14.6 Material comments arising from workshops broadly aligned to written feedback received. In addition, two banks observed that the reasonableness of timeframes depends at least in part on the volume of information the JRA expects banks to submit to support self-assessments and the extent that reliance can be placed on work performed at a group level.

JRA Response

- 2.14.7 We have listened to the concerns expressed in relation to the timeframe for implementing requirements associated with OCIR and Communication Planning. As a result, we have delayed the applicable date for requirements associated with these Risks to Resolution by nine months. Jersey Banks' self-assessments against these Risks to Resolution are now due by 31 December 2024.
- 2.14.8 However, to ensure that Jersey Banks are on track to meet these requirements, we request that an interim summary update be provided by 31 March 2024. To minimise the impact of providing this interim update, it should utilise internal project documentation used by Jersey Banks to track and oversee implementation of capabilities to meet the associated requirements.
- 2.14.9 Whilst this delay provides some forbearance to Jersey Banks it does not alter the overall timeframe and the end date for Jersey Banks to demonstrate resolvability versus the requirements for all Risks to Resolution (30 June 2026).
- 2.14.10 The Policy Statement has been amended to make clear the due date for the first self-assessment of each Risk to Resolution.
- 2.14.11 In respect of the suggestion to include a mechanism for Jersey Banks to request extensions to the timeframes set out in the Policy Statement, the JRA does not believe this to be appropriate given the mutual benefit to Jersey Banks of all banks taking steps to ensure they are resolvable.
- 2.14.12 If any Jersey Bank envisages a delay in being able to implement the requirements set out in the Policy Statement, they must inform the JRA at the earliest opportunity to enable consideration of the facts of the matter and the impact on resolvability.
- 2.14.13 The JRA will provide further guidance on each Risk to Resolution in accordance with the timeframes set out in the Policy Statement. This guidance will include elements relating to respective self-assessments. Further commentary in relation to the self-assessment process is set out in section 2.15 below.

2.15 Questions 15 & 16: Omissions or other feedback

Respondents' comments

- 2.15.1 One respondent requested more detail on how the JRA will interact with home regulators and home resolution authorities in respect of recovery and resolution.
- 2.15.2 One respondent requested clarification as to how Jersey Banks that are part of large banking groups can provide effective and thorough assurance of preparedness and suggested that group material should be used wherever possible. Another respondent observed that the ability of Jersey Banks to utilise existing group capabilities and expertise was essential to successful outcomes. Several of the workshop participants raised similar observations with one noting that it might be difficult to ensure that its Jersey operations are explicitly covered by or referred to in group plans.
- 2.15.3 Another respondent recommended that the JRA clarify the creditor hierarchy that would be applied in the event of a resolution and asked for more information in relation to the JRA's approach to determining Preferred Resolution Strategies.
- 2.15.4 Two Jersey Banks made observations during workshops that their ability to demonstrate local resolvability may be impeded due to confidentiality provisions at a group level.

- 2.15.5 One respondent acknowledged the JRA's intention to seek alignment to UK/EU templates for provision of information but encouraged the JRA to explore opportunities to streamline and simplify these where possible. In contrast another respondent requested close alignment to existing templates and some workshop participants noted that any divergence from UK/EU templates could impede the ability of Jersey Banks to quickly provide the required information, thereby reducing resolvability.
- 2.15.6 Remaining respondents either did not comment or confirmed they had no other feedback.

JRA Response

Home Host engagement

- 2.15.7 Cooperation between home jurisdictions and Host Jurisdictions is an important part of ensuring resolvability of banks that operate cross-borders. We have engaged with Home Resolution Authorities in respect of Jersey Banks, and we envisage continuing to do so as we develop Jersey's resolution regime and consider resolvability of Jersey Banks.
- 2.15.8 The specific approach for our engagement with Home Resolution Authorities will vary depending on the nature of the Jersey Bank and the approach of Home Resolution Authorities.
- 2.15.9 Whilst we anticipate having some dialogue with Home Supervisors, we anticipate that the JFSC will take the lead in terms of engagement with the Home Supervisors of Jersey Banks.

Self-assessments and reliance on group

- 2.15.10 We confirm that it is appropriate for Jersey Banks to leverage group capabilities, expertise, and documentation to address the Risks to Resolution set out in the Policy Statement. However, Jersey Banks should not do so without considering whether they do indeed address the associated requirements set out in the Policy Statement.
- 2.15.11 Jersey Banks should consider whether aspects of their Jersey operations are sufficiently unique (relative to their group operations) such that group documentation does not address local Risks to Resolution.
- 2.15.12 Jersey Banks may need to supplement group documents with Jersey specific addendums or work with their groups to ensure their Jersey operations are adequately covered by group preparations.
- 2.15.13 Section 2.4 of the Policy Statement has been updated to reflect our current thinking in relation to the approach to Jersey Banks' self-assessments.

Creditor hierarchy

- 2.15.14 The creditor hierarchy that would apply in the event of a resolution is set out in Article 30 of the Resolution Law. To aid with transparency of resolution outcomes we anticipate providing further guidance in relation to the creditor hierarchy in due course. However, this is not an immediate priority.

Preferred Resolution Strategies

- 2.15.1 Section 3.2 of the draft Policy Statement reflected the status of our work on preferred resolution strategies at the time it was published.
- 2.15.2 Since then, we have completed our work determining our local preferred resolution strategies. These have been shared with all Jersey Banks and several the applicable Home Resolution Authorities.

- 2.15.3 Section 3.2 of the Policy Statement has been updated to provide a high-level summary of the approach we have taken. Whilst preferred resolution strategies indicate the preferred approach we will take locally in relation to the failure of a Jersey Bank, the actual approach taken will depend on the facts relating to any specific failure and careful consideration of the resolution objectives set out in Article 33 of the Resolution Law.

Confidentiality and information sharing

- 2.15.1 Whilst we appreciate that information relating to resolvability can be sensitive and that there is a need to maintain appropriate levels of confidentiality, international standards relating to bank resolution set out that there should be appropriate information sharing between home jurisdictions and Host jurisdictions to enable Host jurisdictions to obtain sufficient comfort regarding resolvability.
- 2.15.2 We will work with Jersey Banks on a bilateral basis to ensure that levels of information exchange are appropriate. This will include entering into Memoranda of Understanding with Home Resolution Authorities to support information exchange.
- 2.15.3 The Resolution Law has appropriate safeguards and gateways to both protect confidentiality and enable the JRA to share information where necessary.

Resolution templates

- 2.15.4 We anticipate that aspects of the self-assessment process will require Jersey Banks to provide us with certain structured information. The related templates will be developed over the course of the phased rollout of Jersey's resolution regime, and this will include consultation with industry and other stakeholders.
- 2.15.5 We believe the most efficient and effective approach is to leverage existing templates used in either the UK or the EU. These will be the starting points for JRA templates. However, we will look to simplify these templates where appropriate.

Appendix A: List of respondents to the consultation

- 1.1 The JRA received responses from the following:
 - 1.1.1 Barclays Bank Plc, Jersey Branch
 - 1.1.2 EFG Private Bank Limited, Jersey Branch
 - 1.1.3 HSBC Bank Plc, Jersey Branch
 - 1.1.4 Investec (Channel Islands) Limited, Jersey Branch
 - 1.1.5 Royal Bank of Canada (Channel Islands) Limited
 - 1.1.6 Standard Bank Jersey Limited
 - 1.1.7 The Jersey Bankers Association
 - 1.1.8 The Royal Bank of Scotland International Limited
 - 1.1.9 UBS AG, Jersey Branch

Appendix B: Tracked change version of Policy Statement 2023/01 'Resolution Planning and Resolvability'

A tracked change version of Policy Statement 2023/01 'Resolution Planning and Resolvability' is appended as a separate document.

Appendix C: Final version of Policy Statement 2023/01 'Resolution Planning and Resolvability'

The final version of Policy Statement 2023/01 'Resolution Planning and Resolvability' is appended as a separate document.