



# Feedback on the JRA's 2024 Funding Paper

Issued: 29 February 2024

## Feedback Paper

This feedback paper reports on responses received by the Jersey Resolution Authority (JRA) in respect of its 2024 Funding Paper issued 18 December 2023.

Further enquiries concerning JRA Funding in 2024 may be directed to:

**Martin Edwards**

Head of the JRA

Jersey Resolution Authority

14-18 Castle Street

St Helier

Jersey

JE4 8TP

**Telephone:** +44 (0) 1534 744000

**Email:** [m.edwards@jra.org.je](mailto:m.edwards@jra.org.je)

## Glossary of terms

Defined terms are indicated throughout this document as follows:

Banking Group	A group of companies, or other legal persons, that includes at least one Jersey Bank.
Banking Law	Banking Business (Jersey) Law 1991
Branches	Jersey Branches of Overseas Incorporated Banks
Jersey Bank	A person registered to carry on deposit-taking business in or from within Jersey under the Banking Law
Jersey Incorporated Bank	A Jersey incorporated company registered to carry on deposit-taking business under the Banking Law
JFSC	Jersey Financial Services Commission
JRA	Jersey Resolution Authority
Resolution Law	Bank (Recovery and Resolution) (Jersey) Law 2017
Subsidiaries	For the purposes of this Feedback Paper, means Jersey Incorporated Banks

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## 1.1 Background

- 1.1.1 We issued our 2024 Funding Paper on 18 December 2023 setting out our budget and proposed Annual Administration Levy for 2023. The 2024 Funding Paper also set out a proposed updated methodology for allocating the Annual Administration Levy across Jersey Banks.
- 1.1.2 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 2024.
- 1.1.3 The 2024 Funding Paper proposed a total Annual Administration Levy for 2024 of £495,500.
- 1.1.4 The updated methodology for allocating the Annual Administration Levy across Jersey Banks, proposed by the 2024 Funding Paper, is as follows:
  - 1.1.4.1 Base Levy: 75% of the Total Annual Administration Levy to be allocated evenly across banking groups operating in Jersey except that those with Subsidiaries will receive a base levy that is double that of Branches.
  - 1.1.4.2 Premium Levy: 25% of the Total Annual Administration Levy will be allocated across banking groups that perform Critical Functions in Jersey in proportion to those banks' Total Customer Deposits as at 31 December of the preceding year.
  - 1.1.4.3 Any new banking group (that receives its Deposit-taking registration from the JFSC during the year) will be charged a Base Levy.
  - 1.1.4.4 No refunds will be provided for banks that subsequently cease during the year. However, the JRA will retain the discretion to remove an inactive bank that is in the course of closing from the annual levy cycle.

## 1.2 Responses received

- 1.2.1 The JRA received responses from two banks.
  - 1.2.1.1 One respondent confirmed it was comfortable with the proposals set out in the 2024 Funding Paper.
  - 1.2.1.2 Whilst the other respondent did not object to the proposals, it raised an observation that using Total Customer Deposits to allocate the Premium Levy may not align to the level of Critical Functions in Jersey.

## 1.3 JRA Feedback

- 1.3.1 We understand and appreciate the observation made in relation to the allocation of the Premium Levy.
- 1.3.2 As mentioned in our 2024 Funding Paper, we sought to align to our risk-based approach to resolution planning whilst striking a balance between simplicity and consistency with where we expect to focus our resources.
- 1.3.3 We believe that, on balance, utilising Total Customer Deposits as the basis for allocating the Premium Levy arrives at a reasonable approximation of where we will spend our time and resources over the medium to long term (i.e. allowing for short term fluctuations in our priorities).

- 1.3.4 As such, the JRA has concluded to proceed with the updated allocation methodology as set out in the 2024 Funding Paper. Additionally, the Total Annual Administration Levy will be set at £495,500 (as proposed in 2024 Funding Paper).

## 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 specific levy, the method of calculation and date payable.
- 1.4.2 It is expected these will be issued to Jersey Banks on 29 February 2024. The Levy will be payable in March 2024.