

Communication Planning Guidance Note

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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 (Jersey) Law 1991 that is a Holding Company or a Subsidiary of a person so registered.
Banking Law	Banking Business (Jersey) Law 1991.
Bail-in	The mechanism described in Article 65(1) of the Bank (Recovery and Resolution) (Jersey) Law 2017 for recapitalizing a bank or exercise of the write down or conversion power.
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.
Critical IT System	Information Technology systems that are necessary for the continuity of Critical Functions and Core Business Lines.
Critical Shared Services	An activity, function or service performed by either an internal unit, a separate legal entity within the group or an external provider the sudden and disorderly failure of which would lead to the collapse of or present a serious impediment to the performance of a Critical Function.
Eligible Depositor	Has the meaning given by Regulation 1 of the Banking Business (Depositors Compensation) (Jersey) Regulations 2009.
FMI	Financial Market Infrastructure.
Home Resolution Authority	The Resolution Authority in the jurisdiction where a bank or banking group is headquartered.
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.
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.
JFSC	Jersey Financial Services Commission.
JRA	Jersey Resolution Authority.
PS2023/01	Policy Statement 2023/01 'Resolution Planning and Resolvability'.
Resolution Law	Bank (Recovery and Resolution) (Jersey) Law 2017.

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1 Background

- 1.1.1 The JRA was established as Jersey’s Resolution Authority on 31 January 2022 in accordance with the Bank (Recovery and Resolution) (Jersey) Law 2017 (the Resolution Law).
- 1.1.2 The JRA has statutory responsibility to prepare for and administer the resolution of banks in Jersey. In doing so the JRA aims to:
- 1.1.2.1 Ensure continuity of banking services and Critical Functions in Jersey;
 - 1.1.2.2 Protect and enhance the stability of the financial system in Jersey;
 - 1.1.2.3 Protect and enhance public confidence in the stability of the financial system in Jersey;
 - 1.1.2.4 Protect public funds;
 - 1.1.2.5 Protect covered deposits (deposits covered by Jersey’s Deposit Compensation Scheme); and
 - 1.1.2.6 Protect client assets.
- 1.1.3 On 11 August 2023 the JRA issued Policy Statement 2023/01 ‘Resolution Planning and Resolvability’ (PS2023/01), which sets out the overriding requirements and capabilities that the JRA expects Jersey Banks to develop to demonstrate that they are resolvable.
- 1.1.4 This Guidance Note sets out guidance in relation to the communication planning requirements set out in PS2023/01.
- 1.1.5 The following publications have been used to help develop this Guidance Note. Jersey Banks may wish to consult these for additional guidance when developing required communication plans and communication capabilities:
- 1.1.5.1 The Bank of England’s Statement of Policy on Management, Governance and Communication¹;
 - 1.1.5.2 Section VI of the Financial Stability Board’s Principles of Bail-in Execution²; and
 - 1.1.5.3 Section 2.6 of the Single Resolution Board Expectations for Banks³.

¹ <https://www.bankofengland.co.uk/-/media/boe/files/paper/2021/bank-of-england-management-governance-and-communication-sop-may-2021.pdf?la=en&hash=CAC7A0C053522902E01E21B4C27A8A3C4C4023CF>

² <https://www.fsb.org/wp-content/uploads/P210618-1.pdf>

³ https://www.srb.europa.eu/system/files/media/document/efb_main_doc_final_web_0_0.pdf

2 Objective

- 2.1.1 The resolution of a Jersey Bank may attract publicity and questions from multiple stakeholders, the absence of suitable communication could affect the success of resolution and cause additional detriment i.e., contagion.
- 2.1.2 A Jersey Bank should have adequate communications plans, including capabilities to ensure timely and effective communications to relevant stakeholders in the lead up to and during resolution. By doing so, it allows a Jersey Bank to demonstrate how they meet the following objectives:
 - 2.1.2.1 Eligible depositors, shareholders, bondholders, other creditors, and other affected market participants are informed of the resolution decision;
 - 2.1.2.2 Covered deposit holders, and potentially other protected creditors, are informed of their protected status;
 - 2.1.2.3 Staff, customers, providers of Critical Shared Services and Critical IT Systems;
 - 2.1.2.4 FMI as well as other affected parties are informed of the resolution decision;
 - 2.1.2.5 Protecting and enhancing the stability of the financial system in Jersey; and
 - 2.1.2.6 Avoiding actions taken by other parties that could impede the resolution process.
- 2.1.3 Accordingly, a communication plan should be prepared in advance as part of resolution planning.

3 General Guidance

- 3.1.1 This Guidance Note applies to both Jersey Incorporated Banks and Jersey Branches of Overseas Incorporated Banks.
- 3.1.2 When communicating with the JRA, Jersey Banks should:
 - 3.1.2.1 Proactively engage on the topic of resolution and communicate openly and transparently with the JRA;
 - 3.1.2.2 Ensure staff communicating with the JRA understand that Article 166 of the Resolution Law makes it an offence to knowingly provide the JRA with false or misleading information;
 - 3.1.2.3 Ensure that internal policies and procedures for crisis management adequately reflect that Article 28 of the Resolution Law requires the management of a Bank to notify both the JFSC and the JRA if they consider that the Bank is failing or likely to fail; and
 - 3.1.2.4 In practice, notify the JRA on a timely basis of material events that impact the financial standing of the Jersey Bank or its group.
- 3.1.1 Where a Jersey Bank is part of a wider banking group, the Jersey Bank may utilise group documentation to demonstrate that it has met local requirements.
 - 3.1.1.1 A Jersey Bank should not do so though without considering whether they do indeed address the associated requirements set out in PS2023/01.
 - 3.1.1.2 A Jersey Bank 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.
 - 3.1.1.3 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.
 - 3.1.1.4 If a Jersey Bank identifies a conflict between this Guidance Note and the requirements imposed by their group's Home Resolution Authority, they should bring this to the JRA's attention to discuss and agree the approach to be taken.
- 3.1.2 With Communication requirements becoming effective before most other risks to resolution. The JRA acknowledges and will factor into their initial review of a Jersey Bank's communication plan that in some cases aspects of the communication plan may be high-level and will require further work by the Jersey Bank as the phased rollout of risks to resolution progresses.
- 3.1.3 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.
- 3.1.4 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.

- 3.1.5 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.

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4 Guidance for Jersey Banks performing Critical Functions

4.1 Guidance on Stakeholder Identification

- 4.1.1 To promote confidence in the bank during resolution it will be necessary to communicate clearly with a number of stakeholders. Accordingly, in advance of resolution, a Jersey Bank must have identified all key internal and external stakeholder groups that need informing during the resolution process.
- 4.1.2 Key stakeholder groups will vary depending on the nature of the Jersey Bank and the preferred resolution strategy. Examples include, but are not limited to:
 - 4.1.2.1 Management, owners, and staff of the bank;
 - 4.1.2.2 Customers, media, and the general public;
 - 4.1.2.3 Eligible depositors, shareholders, bondholders, other creditors, and other affected market participants;
 - 4.1.2.4 Providers of Critical Shared Services and of Critical IT Systems;
 - 4.1.2.5 Providers of Financial Market Infrastructure; and
 - 4.1.2.6 Key agencies including the JRA, JFSC and Government of Jersey.
- 4.1.3 The communication plan should include an up-to-date list of key internal and external stakeholder groups and, for each key stakeholder group, explain:
 - 4.1.3.1 The level of communication likely to be required;
 - 4.1.3.2 The key messages that would need to be communicated to promote confidence in the Jersey Bank and its resolution; and
 - 4.1.3.3 Information about the consequences of the resolution for the respective stakeholder group, to promote certainty and predictability.

4.2 Guidance on Communication Plans

- 4.2.1 When preparing communication plans, Jersey Banks should consider the timing and content of any external market communications (to the extent that such communication would be handled at a Jersey level).
- 4.2.2 The communication plan should:
 - 4.2.2.1 Be prepared in the context of resolution planning that supports the preferred resolution strategy;
 - 4.2.2.2 Evidence who is responsible for disseminating the message if different from those responsible for the plan itself;
 - 4.2.2.3 Provides information about the consequences of the resolution for the respective stakeholders, to promote certainty and predictability;
 - 4.2.2.4 Ensure that eligible depositors and potentially other protected creditors understand about their protected status through the Jersey DCS or otherwise;
 - 4.2.2.5 Have pre-determined when the communication with the identified stakeholders is necessary;
 - 4.2.2.6 Identify any communications to market participants that may be required under applicable legal disclosure regimes;

- 4.2.2.7 Take account that communications may need to be issued quickly, across a variety of communication channels and outside of normal business hours; and
- 4.2.2.8 Be reviewed and, where necessary, updated on an appropriate periodic basis or as a result of trigger events (e.g. a change in the structure of the Jersey Bank or a change to the preferred resolution strategy).
- 4.2.3 A Jersey Bank should develop template documents and emails, frequently asked questions and other tools (e.g. establishment of call centres on an ad-hoc basis) that will supplement the key messages needed to be used in the resolution process. These template documents should be:
 - 4.2.3.1 Tailored to the preferred resolution strategy determined by the JRA;
 - 4.2.3.2 Use robust, consistent, and easily understandable language⁴; and
 - 4.2.3.3 Where applicable, should be consistent with draft communications produced at a group level.
- 4.2.4 Communication channels and the infrastructure⁵ that may be needed in resolution should be established by Jersey Banks, that allow for:
 - 4.2.4.1 Use of both digital and traditional communication channels to cater for both the required speed of communication and the different needs of stakeholder groups⁶;
 - 4.2.4.2 An increase in usage as a result of entering resolution (for example increased call volumes);
 - 4.2.4.3 The implementation of a communication strategy that can publish the relevant messages; and
 - 4.2.4.4 Testing and review of documentation where appropriate to ensure it is credible and effective.
- 4.2.5 When communicating during the restructuring phase, Jersey Banks must ensure:
 - 4.2.5.1 They have considered who they need to communicate with, including the JRA and the JFSC;
 - 4.2.5.2 They have made adequate preparations e.g. many decisions, materials and processes can be prepared in advance;
 - 4.2.5.3 Communications are coordinated and consistent;
 - 4.2.5.4 They are flexible and have the capacity to respond quickly; and

⁴ Where necessary, templates may need to be drafted in different languages and or for those that are visually impaired.

⁵ This could include infrastructure that is available in business-as-usual as well as additional infrastructure arranged ahead of resolution.

⁶ Whilst the JRA would expect Jersey Banks to take advantage of efficient digital communication channels, the needs of certain stakeholder groups, for example vulnerable customers, may require use of more traditional communication channels.

- 4.2.5.5 Communications should:
- › Describe what has happened;
 - › Who it affects;
 - › What is being done to restore the banks long-term viability; and
 - › Reaffirm how the restructuring aligns to the Jersey Bank’s existing business plans or if changes are to be made.
 - › Includes frequently asked questions covering the types of questions that an eligible depositor or other critical stakeholder may have;
 - › Deliver bad news in clear, definitive, but not alarming terms; and
 - › Clearly explain the next steps and when to expect further information from the Bank.

4.2.6 The communication plan should be easily accessible to relevant members of the Jersey Bank’s senior management in the event of resolution and must be available to be shared with the JRA upon request at any time. It is anticipated that Jersey Banks will provide a copy of the communication plan to the JRA in support of their self-assessment of resolvability.

4.3 Guidance on governance arrangements for communication planning

- 4.3.1 A key requirement as outlined in 5.9.5 of PS2023/01, is for a Jersey Bank to ensure the communication plan can be executed effectively.
- 4.3.2 To achieve this Jersey Banks should:
- 4.3.2.1 Designate an individual accountable for executing the communication plan;
 - 4.3.2.2 Agree the person(s) or unit/function responsible for defining the message (including, where necessary, appropriate deputies);
 - 4.3.2.3 Implement an appropriate escalation process;
 - 4.3.2.4 Implement a process for approving communications in a timely fashion (including, if necessary, outside of normal business hours); and
 - 4.3.2.5 Implement a process to monitor execution of the communication plan.
- 4.3.3 Additionally, Jersey Banks should implement a process for periodic review and approval of the communication plan.

4.4 Guidance on maintaining confidentiality

4.4.1 Due to the sensitive nature of certain data and/or information being handled before or during a resolution event, Jersey Banks should:

- 4.4.1.1 Ensure appropriate steps and or measures are taken to prevent potential leaks of information by ensuring appropriate confidentiality mechanisms are in place for example:
- › Clauses in employment contracts and or confidentiality agreements;
 - › Appropriate Information Security and media communication policies; and
 - › Limit distribution of information to agreed persons including, where appropriate, within the JFSC and JRA⁷.
- 4.4.1.2 Ensure that communication plans adequately document what information can be made public and when.

4.5 Guidance on use of group communication planning capabilities

4.5.1 Where a Jersey Bank is part of a wider banking group, the JRA would expect the Jersey Bank to develop its communication plan and communication capabilities in conjunction with its group. This will support the need for consistent messaging throughout resolution.

4.5.2 In such scenarios the Jersey Bank may be able to demonstrate that it has met local requirements through group level communication plans and capabilities. However, to do so group level plans and capabilities may need to be enhanced or supplemented. Examples of this may include, but are not limited to:

- 4.5.2.1 Inclusion of relevant Jersey authorities on group lists of stakeholders;
- 4.5.2.2 Identification of local senior management responsible for local communications; and
- 4.5.2.3 Creation of local templates that refer to further information published at a group level (e.g. on a group website or by the Home Resolution Authority).

4.5.3 Where a Jersey Bank uses group communication plans and capabilities to demonstrate that it meets Jersey requirements, it may be required to provide evidence of the group communication plans and capabilities to the JRA as part of resolvability assessments.

⁷ International guidance on resolution anticipates and allows for highly sensitive information to be communicated to senior staff within relevant authorities.

5 Guidance for Jersey Banks not performing Critical Functions

- 5.1.1 The failure of Jersey Bank's that do not perform Critical Functions in Jersey will, by definition, have a lesser impact on continuity of banking services and the stability of the financial system in Jersey. However, any failure will have an impact.
- 5.1.2 To enable the JRA to take appropriate steps to minimise that the impact of failure, it is imperative that Jersey Bank's that do not perform Critical Functions ensure adequate communication plans are in place to ensure the JRA is updated, on a timely basis, in respect of periods of stress, initiation of recovery actions (either locally or at a group level) and in the event of failure of either the Jersey Bank or its group (including, if applicable, any group resolution event).
- 5.1.3 The communication plan should:
- 5.1.3.1 Be simpler than those developed by Jersey Bank's that do perform Critical Functions;
 - 5.1.3.2 Align to and leverage group communication plans, where applicable;
 - 5.1.3.3 Ensure focus is on Jersey and the impact to the local economy, if any;
 - 5.1.3.4 Set out a timeline of events, including when and how the JRA will be updated at each applicable stage; and
 - 5.1.3.5 Identify the local senior management responsible for local communications.
- 5.1.4 Jersey Bank's that do not perform Critical Functions may nonetheless be part of large banking groups that are subject to resolution planning requirements at a group level. In the event of group entering resolution, there will be a period of restructuring, which may have a material impact on the Jersey Bank. In such cases, the communication plan must be extended to ensure that the JRA and other relevant Jersey Authorities are kept informed of the likely impact of restructuring on the Jersey Bank. The Jersey Bank may leverage group communication plans and communication planning capabilities in this respect.
- 5.1.5 Where a Jersey Bank's preferred resolution strategy is a Bank Winding Up (or equivalent in the Jersey Bank's home jurisdiction) its communication plan will need to be extended to cover other key internal and external stakeholders. In doing so the Jersey Bank should consider guidance set out in Section 4 of this Guidance Note and apply it proportionally with the aim of ensuring that key stakeholders are adequately informed of the effect and impact of the Bank Winding Up (or equivalent). The Jersey Bank may utilise group capabilities to achieve this.
- 5.1.6 Where a Jersey Bank is incorporated in Jersey, its communication plan will need to cover the provision of information to and coordination with the appointed bank liquidator both in the lead up to and during the Bank Winding Up.