JERSEY RESOLUTION & DEPOSITORS COMPENSATION AUTHORITY

Consultation Paper 2026/01

Continuity of Financial Contracts (Stays) Guidance Note

A consultation on the JRDCA's planned Guidance Note for Jersey Banks in relation to Continuity of Financial Contracts (Stays).

Issued: 24 July 2026

Glossary of terms

Defined terms are indicated throughout this document as follows:

Banking Law	Banking Business (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.
Financial Contracts	Has the meaning given by Article 1 of the Bank (Recovery, Resolution and Depositors' Compensation) (Jersey) Law 2017.
Home Resolution Authority	The resolution authority in the JIB's home jurisdiction.
ISDA	International Swaps and Derivatives Association
Jersey Bank	A person registered to carry on deposit-taking business in or from within Jersey under the Banking Law
Jersey Branch	The Jersey operations of an Overseas Incorporated Bank.
Jersey Incorporated Bank (JIB)	A Jersey incorporated company registered to carry on deposit-taking business under the Banking Law.
JRDCA	Jersey Resolution and Depositors Compensation Authority
Resolution Law	Bank (Recovery, Resolution and Depositors' Compensation) (Jersey) Law 2017, as amended

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1 Executive Summary

1.1 Overview

1.1.1 The JRDCA is established as Jersey's bank resolution authority, under the Resolution Law, to minimise the impact of the failure of a Jersey Bank and to ensure public funds are protected.

1.1.2 On 11 August 2023, the JRDCA issued Policy Statement 2023/01 'Resolution Planning and Resolvability' (PS2023/01)[1], which sets out the overriding requirements and capabilities that we expect Jersey Banks to develop to demonstrate that they are resolvable.

1.1.3 This Consultation Paper sets out our proposed guidance in relation to the Continuity of Financial Contracts (Stays). The Guidance Note provides guidance to Jersey Banks on the requirements set out in section 5.4 of PS2023/01.

1.1.4 The Continuity of Financial Contracts Guidance Note primarily applies to Jersey Incorporated Banks (JIBs) that the JRDCA has identified as performing Critical Functions. For Jersey Branches, the JRDCA may instead be requested to recognise a foreign resolution action under Jersey law.

1.2 Consultation

1.2.1 Comments are invited from interested parties on the proposals by **no later than 16 October 2026.**

1.2.2 Comments should be sent by email to Edmore Murungu at: e.murungu@jrdca.org.je

1.2.3 Should you wish to submit comments anonymously, please provide comments via the Jersey Finance Limited (JFL). JFL will then submit your anonymised comments to the JRDCA. Comments should be submitted to JFL by **16 October 2026**. The JFL contact is Timothy Hart, Consultant: timothy.hart@jerseyfinance.com

1.2.4 Unless otherwise requested by the respondent, we will aggregate responses and paraphrase them on an anonymised basis for the purposes of producing a Feedback Paper. If a sufficient volume of responses is received, a list of respondents will be published in an appendix to the Feedback Paper.

1.3 Next steps

1.3.1 We will review and consider all feedback received. Where appropriate, we will amend the Continuity of Financial Contracts Guidance Note.

1.3.2 It is intended that a Feedback Paper will be issued in December 2026 along with the final version of the Continuity of Financial Contracts Guidance Note.

[1] https://jrdca.org.je/assets/images/Documents/20260630-PS2023-01-JRA-Approach-to-Resolution-Planning-and-Resolvability-v03.00.pdf

2 Consultation on our Continuity of Financial Contracts Guidance Note

2.1 Basis for consultation

2.1.1 The JRDCA has produced the Guidance Note included in Appendix B, which set out our guidance in relation to Continuity of Financial Contracts.

2.1.2 The Continuity of Financial Contracts Guidance Note is not intended to impose any additional requirements on Jersey Banks over and above the requirements in the Resolution Law and PS2023/01. Rather, it provides guidance to Jersey Banks regarding the capabilities they must develop to demonstrate that they are resolvable.

2.1.3 We will use the Guidance Note to assist us in determining whether associated requirements have been met as part of our resolvability assessments of Jersey Banks. Where Jersey Banks cannot demonstrate the requirements have been met, the JRDCA has powers under the Resolution Law to require them to implement measures to improve their resolvability.

2.1.4 Section 4 of this consultation paper introduces the Continuity of Financial Contracts Guidance Note and explains how it is structured. Section 5 sets out the specific consultation questions upon which we are seeking feedback.

2.2 Who will be affected by the proposals?

2.2.1 The proposed Continuity of Financial Contracts Guidance Note will primarily impact JIBs that perform Critical Functions in Jersey.

2.2.2 Generally, JIBs that are part of groups that have already implemented resolution planning requirements will be less impacted than those that are not.

2.3 Responding to the consultation

2.3.1 Comments are invited from interested parties on the proposals by **no later than 16 October 2026**

2.3.2 Comments should be sent by email to Edmore Murungu at: e.murungu@jrdca.org.je

2.3.3 We encourage respondents to respond to all relevant questions; however this is not mandatory.

2.3.4 We encourage responses on a named basis as this will enable bilateral dialogue on the feedback provided.

2.3.5 Should you wish to submit comments anonymously, please provide comments via JFL. JFL will then submit your anonymised comments to the JRDCA. Comments should be submitted to JFL **by 16 October 2026.** The JFL contact is Timothy Hart at: timothy.hart@jerseyfinance.com

2.3.6 Unless otherwise requested by the respondent, we will aggregate responses and paraphrase them on an anonymised basis for the purposes of producing a Feedback Paper. If a sufficient volume of responses is received, a list of respondents will be published in an appendix to the Feedback Paper.

2.4 Next steps

2.4.1 We will review and consider all feedback received. Where appropriate, we will amend the Continuity of Financial Contracts Guidance Note to reflect feedback received.

2.4.2 It is intended that a Feedback Paper will be issued in December 2026 along with the final version of the Continuity of Financial Contracts Guidance Note.

3 The JRDCA

3.1 Overview

3.1.1 The JRDCA is established under the Resolution Law to minimise the impact of a bank failure and to ensure public funds are protected. Our remit also includes administration of the Jersey Bank Depositors Compensation Scheme (JDCS).

3.1.2 We play a key role in upholding Jersey's status as a leading international finance centre by:

3.1.2.1 reducing the risk of financial loss due to bank failure;

3.1.2.2 protecting and enhancing the reputation and integrity of Jersey; and

3.1.2.3 considering the best economic interests of Jersey.

3.2 Our functions

3.2.1 Article 7 of the Resolution Law sets out our statutory responsibilities to:

3.2.1.1 make preparations to facilitate the resolution of Banks;

3.2.1.2 administer the resolution of Banks;

3.2.1.3 carry out such functions in relation to Bank resolution or recovery or such incidental or ancillary matters as are required or authorised by the Resolution Law or the Regulations;

3.2.1.4 administering the JDCS in a prudent and economical manner, including:

- establishing and maintaining arrangements in readiness for the possibility of a bank being declared in default;
- paying depositors' compensation in a timely manner, if necessary;
- ensuring that Banks comply with their obligations under the Resolution Law in relation to the JDCS; and

3.2.1.5 carry out such other functions as are conferred on it by the Resolution Law or any other enactment.

3.3 Guiding principles

3.3.1 Article 8 of the Resolution Law provides that, in exercising our functions, we may take into account any appropriate matter, but that we should have particular regard to:

3.3.1.1 the reduction of the risk to the public of financial loss due to the financial unsoundness of a Bank;

3.3.1.2 the protection and enhancement of the reputation and integrity of Jersey in commercial and financial matters; and

3.3.1.3 the best economic interests of Jersey.

3.3.2 In exercising our functions relating to the JDCS, we must have regard to the objectives of:

3.3.2.1 protecting the interests of eligible depositors; and

3.3.2.2 contributing to financial stability in Jersey.

3.3.3 When exercising our functions we must ensure that the JRDCA is administered in a prudent and economic manner and that we use our resources efficiently and effectively.

3.4 Resolution Objectives

3.4.1 Article 33 of the Resolution Law provides that, in exercising our resolution powers or applying resolution tools in respect of a Bank, we should have regard to and choose resolution tools and powers that best achieve the following resolution objectives:

3.4.1.1 to ensure the continuity of banking services in Jersey and the provision of Critical Functions in Jersey;

3.4.1.2 to protect and enhance the stability of the financial system in Jersey, including by preventing contagion and maintaining market discipline;

3.4.1.3 to protect and enhance public confidence in the stability of the financial system in Jersey;

3.4.1.4 to protect public funds, including by minimizing reliance on extraordinary public financial support;

3.4.1.5 to protect eligible depositors to the extent that they have covered deposits; and

3.4.1.6 to protect client assets.

4 Proposed Continuity of Financial Contracts Guidance Note

4.1 Overview

4.1.1 The JRDCA's proposed guidance in respect of Continuity of Financial Contracts is set out in the Appendix B, which is provided as a separate document.

4.1.2 The draft Continuity of Financial Contracts Guidance Note is the next step of our phased rollout of Jersey's Resolution Regime, having committed to consult on it in 2026.

4.1.3 The Guidance Note has been developed drawing on published guidance and policy materials issued by various home resolution authorities, including the Bank of England, the Single Resolution Board and the Financial Stability Board, together with the provisions of the Resolution Law.

4.2 Continuity of Financial Contracts Guidance Note

4.2.1 The Continuity of Financial Contracts Guidance Note is structured as follows:

4.2.1.1 Sections 1–3 set out the background, scope and overriding objective of the Guidance Note.

4.2.1.2 Section 4 provides a high-level overview of the Financial Contract Stay provisions under the Resolution Law, namely:

- General Stay (Article 75 "Default Event Provisions"); and
- Temporary Stays (Article 29(1)(s) and (t) "Resolution Powers").

4.2.1.3 Section 5 of the draft Guidance Note sets out the steps that JIBs performing Critical Functions should take to mitigate the risk of Financial Contracts being terminated or terms being altered during resolution. These steps include:

- Identifying all Financial Contracts, including their notional amounts, market values and maturities;
- Conducting a risk assessment on Financial Contracts identified above; and
- Addressing any risks identified in relation to Financial Contracts governed by non-Jersey law, for example by amending contractual provisions to help ensure that the contracts remain enforceable during resolution.

4.2.1.4 Section 6 sets out guidance for JIBs not performing Critical Functions in Jersey.

4.2.1.5 Section 7 provides guidance on JIB's Self-assessments.

5 Continuity of Financial Contracts Consultation Questions

The table below sets out the questions that we are seeking feedback on and the corresponding pages of the Continuity of Financial Contracts Guidance Note containing content relevant to each question

Page	Question
8	Question 1: Are you comfortable with the guidance on identifying Financial Contracts, including their notional value, market value, and maturity? If not, please explain why.
9-10	Question 2: Are you comfortable with the guidance relating to the risks posed by the early termination of Financial Contracts or other contractual terms? If not, please explain why.
10-11	Question 3: Do you consider the guidance on addressing risks arising from Financial Contracts, particularly contracts governed by non-Jersey law, to be adequate and sufficiently clear? If not, please explain any concerns or areas where further clarification would be beneficial.
12	Question 4: Are you comfortable with the Continuity of Financial Guidance provided in relation to JIBs not performing Critical Functions? If not, please explain why.
All	Question 5: If applicable, please set out any other areas relating to Continuity of Financial Contracts that you believe require further guidance?

Appendix A: List of representative bodies and other persons who have been sent this consultation

1.1 All persons registered to carry on deposit-taking business in or from within Jersey under the Banking Law

1.2 Jersey Bankers Association

1.3 Jersey Financial Services Commission

1.4 Government of Jersey

1.5 Jersey Finance Limited

Appendix B: Draft Continuity of Financial Contracts (Stays) Guidance Note

The JRDCA's draft Continuity of Financial Contracts Guidance Note is appended as a separate document.