Jersey Financial Services Commission

Guide for JIBs transitioning to Basel III

Issued: October 2026

1 Overview

1.1 We wrote this guide to help Jersey incorporated banks (**JIBs**) transition to our new Basel III prudential regime.

1.2 If you have questions, please contact your prudential supervisor.

1.3 The first part of the guide addresses general matters.

1.4 The second deals with the specific issue of Large Exposures.

1.5 The third part deals with banks that have advanced approaches approvals, and/or are either highly systemic or have material overseas banking operations and are hence subject to the new NSFR and leverage ratio requirements.

2 General matters

Transition date

2.1 The transition date is fixed, in the Banking code: Main body, at 1 July 2027.

2.2 JIBs can request a variance to enable them to transition earlier, from 1 January 2027.

Transition

2.3 On the transition date, the pre-transition provisions in the Banking code: Main body relating to capital adequacy and large exposures cease.

2.4 New provisions become effective, which require JIBs to comply with the requirements set out in the prudential parts of the Banking code.

2.5 The prudential parts are available on our Basel III page.

2.6 The draft Banking code: Main body will be published there before the end of October 2026.

2.7 From 1 January 2027, all documents will be available on our page Deposit-taking Business Code of Practice.

Consolidation

2.8 Requirements apply on a consolidated basis to the JIB and any subsidiaries unless a variance has been agreed by us in accordance with section 5 of the Risk based capital requirements part.

2.9 Please submit any requests at least one month ahead of the transition date. We intend to expediate approvals ahead of the transition date if so requested.

Capital minima and buffers

2.10 We will assess ICAAPs we hold to decide if any changs are needed to minima and buffers.

2.11 Where banks submit ICAAPs ahead of the transition date, supporting data on the impact of transition is sought.

2.12 If submitted in 2027, JIBs should consider our revised Pillar 2 guidance.

2.13 We are open to delays in ICAAP submissions, either (or both) to ease consideration or to allow focus on the post-transition assessment of capital adequacy.

2.14 For the avoidance of doubt, we do not consider that there are cases where the ICAAPs held do not provide us adequate information.

2.15 We will adjust minima and buffers where the transition has a significant impact and seek to agree revised minima and buffers at least one month ahead of the relevant transition date.

Pillar 2 guidance

2.16 The revised Pillar 2 guidance note addresses our proposals from Consultation on changes to Pillar 2 and prudential reporting — Jersey Financial Services Commission.

2.17 A draft will be published in early November 2026 on our Basel III page. The final version will be published in January 2026 on our Guidance and policy page.

Prudential reporting

2.18 Prudential reporting for periods up to the transition date is unaffected. For periods after the reporting date, the revised reporting guide establishes the new and revised reporting requirements.

2.19 The new templates are available from our Basel III page.

2.20 All the associated completion guides will all be available from our Basel III page by early November. The revised JIB reporting guide will be available in December 2026.

2.21 From January 2027, these will also be made available from our prudential reporting page for Jersey Incorporated Banks.

3 Large exposures

Impact of transition

3.1 Our new requirements are set out in our Large exposures (CRR) part' '.

3.2 Prior to the transition date, we will vary each JIB's condition of registration to clarify that after the transition date, the condition set out in the Banking Business (General Provisions) Jersey Order does not apply, since we have established code requirements addressing large exposures.

3.3 We will grandfather existing approvals, as set out below. Please contact us if any queries.

Sovereign exposures

3.4 Article 400 of the 'Large exposures (CRR) part' exempts most sovereign exposures (those that are 0% risk weighted under the standardised approach) and claims guaranteed by such sovereigns (amongst other exemptions).

3.5 There is therefore no need for Concession Limits, and these will cease on transition to Basel III. We will draw on ICAAP material to review the relevant risks and not require any separate updates, including in in the period prior to transition.

Group exposures

3.6 Article 400(2) of the Large Exposures (CRR) part provides that we may allow a JIB to treat group exposures as exempt. We will grandfather existing Group Concession limits under this provision on request, where they relate to unsecured exposures.

3.7 Where Concession limits apply to secured exposures, we consider that nothing will normally be required because the net exposure would be minimal or the exposure would be exempt.

3.8 Going forward, we will not require routine annual updates and will instead draw on ICAAP material.

3.9 We do not require routine submissions of credit assessments in the period prior to transition.

Out of policy approvals

3.10 On request, we will grandfather existing out of policy approvals as variances to the Large Exposures (CRR) part, where a bank determines that a variance remains necessary, after considering the revised rules. Generally, this will be in accordance with the current approval, including maturity.

4 Other matters

IRB approval and approval to not apply the output floor

4.1 In accordance with the 'Credit risk: internal ratings based approach (CRR) part', JIBs require a variance to use the IRB Approach both generally and in relation to particular types of exposure.

4.2 Please formally request the required variance at least one month prior to the transition date.

4.3 We intend to expediate approvals requested ahead of the transition date.

4.4 In accordance with paragraph 6.1 of the Risk based capital requirements part, JIBs may request a variance to not apply the output floor, subject to the criteria noted (briefly, where subject to the output floor on consolidation). Please include any variance request when applying for use of the IRB Approach.

Highly systemic

4.5 JIBs must formally notify us if they consider they meet the criteria set out in paragraph 4.3 of the 'Risk based capital requirements part'.

4.6 A systemic buffer of 1.5% applies to such banks.

NSFR and leverage ratio requirements

4.7 These only apply to JIBs that are highly systemic or have material overseas banking operations.

4.8 Please contact your prudential supervisor if you have any doubts as to whether either applies.