



Jersey Financial  
Services Commission

## **Feedback on the Basel III Prudential Roadmap: large exposures and general matters**

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# 1 Executive summary

## 1.1 Overview

1.1.1 In March 2024, we published our consultation on the [Basel III prudential roadmap](#). The roadmap set out a phased timetable for detailed consultations ahead of implementation in H2 2027, with flexibility for early transition from H2 2026. Our approach is based on the UK's implementation, is proportionate and flexible, and aims to address potential competitive disadvantages.

1.1.2 As part of that work, in January 2026, we published a [consultation on the Basel III Prudential Roadmap: large exposures and general matters](#). It focussed on:

- › general matters
- › market risk, trading book and counterparty credit risk
- › large exposures
- › securitisation
- › capital and ratios

1.1.3 This paper summarises responses received and our feedback.

## 1.2 Feedback received

1.2.1 Respondents broadly supported the proposed approach, which closely aligns with the UK Prudential Regulation Authority's (**PRA**) final Basel III rules and remains proportionate to the Jersey banking sector.

1.2.2 We will proceed as consulted, making limited refinements to reflect final PRA publications and provide additional clarity where required.

1.2.3 We met with all Jersey incorporated banks (**JIBs**). All JIBs responded to the consultation, and no other feedback was received.

## 1.3 Next steps

1.3.1 We have published near-final draft documents on [Basel III \(jerseyfsc.org\)](#). We welcome your feedback on these detailed requirements by **12 July 2026**.

1.3.2 Final prudential Codes, reflecting feedback, will be published in **July 2026** and take effect from **1 July 2027**, with optional early transition from **1 January 2027**. All aspects for JIBs will be live in H2 2027.

1.3.3 [Contact our Policy team](#) if you have any questions or feedback.

## 2 Summary of consultation responses

### 2.1 Feedback received

- 2.1.1 This section summarises the comments received in response to the consultation paper. Whilst not every comment received is individually listed, this section contains summaries of the most common and pertinent comments in relation to each question posed and our response to those comments.
- 2.1.2 The comments we received can be split into those responding to a specific question in the consultation and on other matters. This section is structured on those lines.

### 2.2 General matters

- 2.2.1 Respondents supported our proposal to build on the PRA's rules. Since the consultation, the PRA has issued final rules, including eligible credit assessment institutions (ECAI) rating tables.

#### Our response

We have adjusted our implementation approach to align directly with the final rulebook. Near-final documents have been provided to banks in April and May 2026.

### 2.3 Market risk, trading book and counterparty credit risk

- 2.3.1 Respondents raised no concerns with retaining existing requirements, subject to consequential amendments.

#### Our response

We will proceed as proposed.

We were asked specifically about reverse repos and confirm these will be treated as secured lending transactions, with exposures calculated net of collateral for capital adequacy and large exposures purposes.

### 2.4 Large exposures

- 2.4.1 Respondents supported close alignment with the PRA large exposures rulebook. We will proceed largely as consulted, including applying limits to net exposures after credit risk mitigation, following the approach for capital adequacy, and incorporating the PRA's exemptions for low-risk exposures, including sovereigns.

#### Our response

We incorrectly stated the de-minimis threshold for bank exposures (as £139 million); we will correct this to £130 million. We confirm we will not retain our current 800% aggregate limit or the add on for exposures denominated in a foreign currency.

For PSEs, the sovereign exemption only applies if they are treated as sovereign for capital adequacy purposes. We welcome feedback on the relevant near-final draft ([Credit risk: standardised approach \(CRR\) part](#)) and this should include any relating to the consequential impact on large exposures.

Respondents supported us drawing on PRA policy for determining connected clients, but some concerns were raised over how this would apply in practice. We welcome feedback on the near-final drafts regarding whether there are any areas that are unclear.

Respondents also supported us drawing on PRA policy for approvals, except for group exposures where we will retain our existing approach, which does not include any hard limit.

## 2.5 Securitisations

### 2.5.1 Respondents raised no concerns.

#### **Our response**

We will align our requirements with the PRA rulebook and associated policy materials and included these in the near-final drafts.

## 2.6 Capital and ratios

### 2.6.1 Respondents supported retaining the substance of the existing capital definitions and ratios.

#### **Our response**

We agree with the suggestion made to permit inclusion of the final profit for a year in Common Equity Tier 1 capital where banks have formally confirmed final profits, even if not audited (in line with the PRA's rules).

## Glossary

Defined terms used throughout this document as follows:

Basel Framework	International standard for the prudential supervision of internationally active banks, issued by the Basel Committee on Banking Supervision
Roadmap	Our plan for the implementation of Basel III in Jersey
JFSC, we, us	Jersey Financial Services Commission