

STATES OF JERSEY



DRAFT CURRENCY NOTES (VARIATION OF MAXIMUM AMOUNT OF ISSUE) (JERSEY) REGULATIONS 200-

**Lodged au Greffe on 22nd September 2009
by the Minister for Treasury and Resources**

STATES GREFFE



Jersey

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REPORT

Under Article 1 of the Currency Notes (Jersey) Law 1959, the Minister has the power to issue currency notes but requires States approval for the maximum amount that can be issued.

The last increase in currency in circulation was in 1999 when the limit was increased from £50 million to £75 million. If the increase were index linked, in line with the inflation over the last 10 years, the limit would now be £110 million.

The amount of Jersey Currency Notes in circulation is governed entirely by the demands of the retail banks, which in turn is driven by the cash demands of their customers. As the Treasury issues Currency Notes only to the retail banks it exercises only minimal control over movements in currency in circulation. In addition, unlike the U.K., Jersey has a fully backed currency, with every pound in circulation being matched with a one pound investment.

Throughout the year, the amount of currency in circulation is approximately £70 million; however, demand rises steeply for a few weeks during the Christmas period. During the Christmas period last year (2008) demand briefly exceeded the issue limit. Accordingly, an increase in the ceiling is necessary to keep pace with inflation and to cover islanders' cash requirements during the festive period.

Financial and manpower implications

There are no changes to resource requirements.

Explanatory Note

These Regulations increase the maximum amount of notes that may be in circulation at any one time to £100 million.



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Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES, in pursuance of Article 1(2) of the Currency Notes (Jersey) Law 1959¹, have made the following Regulations –

1 Amount of currency note issue varied

In Article 1(1)(b) of the Currency Notes (Jersey) Law 1959², for the amount “£75,000,000” there shall be substituted the amount “£100,000,000”.

2 Revocation

The Currency Notes (Variation of Maximum Amount of Issue) (Jersey) Regulations 1999³ are revoked.

3 Citation and commencement

These Regulations may be cited as the Currency Notes (Variation of Maximum Amount of Issue) (Jersey) Regulations 200- and shall come into force on the day after the day they are made.

¹ *chapter 24.600*
² *chapter 24.600*
³ *R&O.9447*