

# STATES OF JERSEY



## **DRAFT BANKING BUSINESS (DEPOSITORS COMPENSATION) (JERSEY) REGULATIONS 200- (P.86/2009): SECOND AMENDMENT**

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**Lodged au Greffe on 6th October 2009  
by the Economic Affairs Scrutiny Panel**

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**STATES GREFFE**



DRAFT BANKING BUSINESS (DEPOSITORS COMPENSATION) (JERSEY)  
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**PAGE 14, ARTICLE 5 –**

- (a) at the end of paragraph (1)(c) omit the word “or” and, after paragraph (1)(d) add the following word and sub-paragraph –

“or

(e) is a small trading company.”

- (b) after paragraph (5) add the following paragraphs –

“(6) In this Regulation –

“employee” has the same meaning as in the Employment (Jersey) Law 2003;

“small trading company” means a company that –

(a) is incorporated in Jersey;

(a) is a trading company; and

(c) upon the relevant date, satisfies the condition in paragraph (7) or (8);

“trading company” has the same meaning as in the Income Tax (Jersey) Law 1961.

(7) The first condition is that the company is not liable to be registered under the Goods and Services Tax (Jersey) Law 2007.

(8) The second condition is that for at least 6 months in the calendar year preceding the relevant date, the company employed less than 5 employees.”.

ECONOMIC AFFAIRS SCRUTINY PANEL

## **REPORT**

The Economic Affairs Scrutiny Panel believes that one serious defect in the proposed Draft Banking Business (Depositors Compensation) (Jersey) Regulations 200-(P.86/2009), that was approved 'in principle' by the States on 15th July 2009, is the lack of coverage for small businesses trading in the Island.

From the evidence gathered by the Panel, small corporations were not considered for inclusion in the Scheme from the outset, nor were they consulted. The Panel believes that they should be covered due to the importance of the sector to the Island economy and the consequences a bank failure would have on them and the people they employ.

In December 2008 there were over 5,730 private sector firms in Jersey, and of these around ¾'s (77%) employed 5 or fewer people. Were a bank to fail, the companies concerned would not only lose access to their deposits but also to any liquidity provided by the bank. In such circumstances the businesses may also fail and their employees made redundant.

### **Financial and manpower statement**

There are no manpower or resource implications for the States of Jersey.