
STATES OF JERSEY



APPOINTMENT OF CHAIR DESIGNATE – JERSEY RESOLUTION AUTHORITY

Presented to the States on 6th July 2021
by the Minister for External Relations and Financial Services

STATES GREFFE

REPORT

Background

When the financial crisis broke in 2008, like most jurisdictions Jersey did not have a formal regime for dealing with failing banks. Most of the actions that ensued were taken in large home jurisdictions of the banks that failed, notably consisting of bail-outs in the UK. Since then, Jersey, like other jurisdictions, has developed a bank resolution regime to address this gap. The Jersey resolution regime provides the tools needed to allow banks to fail orderly, along with a framework for assisting other jurisdictions when resolving banks with branches or subsidiaries in Jersey.

The Bank (Recovery and Resolution) Law 2017 (“the Resolution Law”) was passed in late 2017 but is not yet in force. It largely follows the format of the EU’s Bank Recovery and Resolution Directive 1 (BRRD), which remains largely aligned with the UK regime. The Resolution Law provides for the creation of the Jersey Resolution Authority, which is needed in order to carry out various functions of a public body under the Resolution Law.

The Jersey Resolution Authority will be a new authority which will, in accordance with the Resolution Law, make preparations to facilitate, and where necessary administer, the resolution of banks. The Authority will play a key role in upholding Jersey’s status as a leading international finance centre by reducing the risk of financial loss due to bank failure. It will work closely with the JFSC, with whom it is envisaged many of its functions will be carried out in partnership with, potentially including shared staff.

The Chair Designate will be the inaugural designate member of the Authority. They will play a leading role in its establishment, recruiting other members and driving engagement with the banking community. They will drive the strategic direction of work on bank resolution, oversee the exercise of the Authority’s legal duties and obligations, and play a key role in raising the international profile of the Authority amongst international counterparts.

When formally established, the Chair will lead the Authority in fulfilling its collective duties and responsibilities, establishing an effective culture, while taking a leading role in representing the organisation. They will drive the formulation of a vital part of Jersey’s financial services regulatory regime.

Appointment process

There was open competition for position of Chair Designate, in line with the Jersey Appointments Commission’s Guidelines. The advertisement was shared with local financial services and business trade associations, including through members of Jersey Finance and the Jersey Institute of Directors. It was also distributed on LinkedIn, targeting both on- and off-island candidates.

The recruitment process was independently overseen, and the recruitment panel was chaired by Mr Simon Nash, Commissioner for the Jersey Appointments Commission. Other Members of the recruitment panel were Mr Mark Hoban (Chair, Jersey Financial Services Commission), Ms Lisa Springate (Chair, Jersey Institute of Directors) and Mr James Roberts (Associate Director of Financial Services, Government of Jersey).

The recruitment process was successful in attracting a number of high-calibre candidates. 9 candidates applied for the position, 7 of whom were male applicants and 2 of whom were female applicants. The panel met to consider the applications, and following a shortlisting exercise 3 candidates were shortlisted for interview, 2 of whom were male and 1 of whom was female.

Following the interviews, the Panel made a unanimous recommendation to the Minister for External Relations & Financial Services, Senator Ian Gorst, to appoint Mr Mike Mitchell as Chair Designate of the Jersey Resolution Authority. In making the recommendation for appointment, the selection panel carefully considered the merits of all the candidates and their professional backgrounds, expertise in the subject matter, and qualifications to be an inaugural Chair of the Authority.

The appointment is proposed to be made for a period of 5 years.

States of Jersey (Appointment Procedures) (Jersey) Law 2018

In accordance with Article 2 of the States of Jersey (Appointment Procedures) (Jersey) Law 2018, the Minister gives 2 weeks' notice to the States Assembly of his intention to make this appointment.

Biography

Mr Mitchell is an experienced commercial banker who has held senior advisory and leadership positions at the Bank of England.

Mr Mitchell spent 25 years working in senior operations roles at Lloyds TSB and Cheltenham and Gloucester banks. Mr Mitchell was then appointed to be the Head of Special Resolution Unit at the Bank of England, leading the implementation of the bank resolution regime established following the 2008 financial crisis. Mr Mitchell subsequently spent 2 years working in a senior advisory position at KPMG UK, before returning to the Bank of England as Director of International Bank Supervision, leading the supervision of over 150 international banks. Mr Mitchell then became a Senior Advisor to the Prudential Regulation Authority, advising on supervision and resolution matters. Mr Mitchell has also acted as a Senior Technical Advisor to an Irish Parliamentary Enquiry on banking.

Financial and Resource Implications

The Jersey Resolution Authority will be funded by levies on banks. The Chair will be remunerated at £25,000 per year, which on an ongoing basis will be funded through bank levies. A limited amount of initial funding is planned to be met by the Government of Jersey, which is not expected to exceed 6 months remuneration, which would incur a maximum amount of £12,500.