

A guide to lending and secured finance in Jersey 2023 (ICLG)

Briefing Summary: In this guide to lending and secured finance in Jersey, lawyers from our Banking and Finance practice explore the following topics: guarantees; collateral security; financial assistance; withholding stamp and other taxes, notarial and other costs; judicial enforcement; bankruptcy proceedings; jurisdiction and waiver of immunity; and licensing.

Service Area: Banking and Finance, Acquisition and Leveraged Finance, Fund Finance, Real Estate Finance, Structured Finance and Securitisation, Corporate, Regulatory, Corporate Regulation and Compliance, Fund Regulation and Compliance

Sector: Banking, Real Estate

Location: Jersey

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Overview

What are the main trends/significant developments in the lending markets in your jurisdiction?

As in other jurisdictions, economic headwinds created by rising interest rates, inflation, the potential disruption to energy supplies and UK monetary and fiscal policy have impacted M&A activity, new loan origination and debt capital market transactions in 2022. Consequently, there has been a prevalence of "amend and extend" transactions entered into by borrowers that failed to refinance in 2021 and were facing maturity dates in 2022. There has also been significant activity related to other liability management measures, such as asset sales, covenant resets, debt buybacks and refinancing with equity.

Despite these challenges, which also apply to other jurisdictions, Jersey has enjoyed continued confidence over the last 12 months from investors from around the globe seeking to establish investment holding structures, including those seeking to benefit from Jersey's status as a well-regulated jurisdiction and top-tier credentials arising out of reviews by OECD, ECOFIN and MONEYVAL. Jersey's reputation means sustained use of Jersey companies and trust structures by North American, Middle Eastern, South East Asian and other investors, regardless of the direction in which those vehicles face, in terms of investment interests or objectives.

ESG (including ESG-linked pricing structures) continued to be one of the main themes during 2022 and Carey Olsen has been at the forefront of activity in Jersey.

Instructions in relation to the financing and establishment of new corporate real estate structures have continued, albeit, in a more patchy manner given economic uncertainties; however, business flows have held up very well, given that uncertainty.

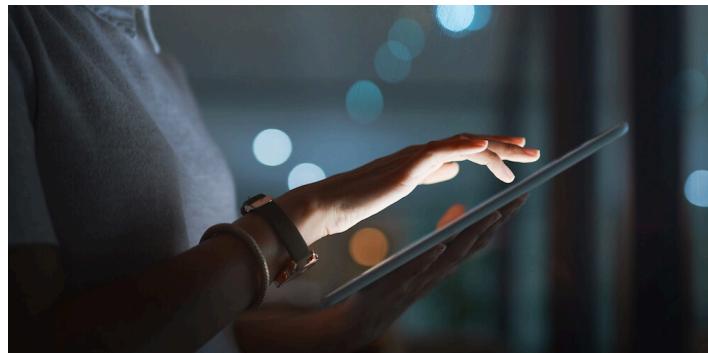
The fund finance market continued to be very resilient and a large number of new facilities were implemented over the last 12 months. Diversification has continued to be a key characteristic, with work including subscription line facilities, GP facilities, co-investment facilities and Net Asset Value ("NAV") facilities. The growth of Jersey companies as the vehicle of choice for acquisition finance continues, with an uptick in the use of Jersey holding structures in acquisition finance transactions. Jersey remains a popular choice in which to seat a joint venture vehicle with or without utilising a Eurobond exemption listing.

Over the last few years there has been a significant increase in the use of Jersey entities in connection with financial restructurings/exports from restructuring, with Jersey companies frequently used as the vehicle through which lenders take control of distressed debtor groups.

Court ordered creditors' winding up. New legislation (the Companies (Amendment No. 8) (Jersey) Regulations 2022) that came into force on 1 March 2022, created an additional type of winding up procedure, known as a "court ordered creditors' winding-up". It enables creditors, for the first time in Jersey, to apply to the court under the Companies (Jersey) Law 1991 for an order placing an insolvent company into a creditors' winding up and for a liquidator to be appointed to conduct that winding up. A creditor with a liquidated claim of £3,000 or more may apply to the court for an order to commence a creditors' winding up where:

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Please note that this briefing is only intended to provide a very general overview of the matters to which it relates. It is not intended as legal advice and should not be relied on as such. © Carey Olsen Jersey LLP 2026.



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