

## Nearly 15 years on: How the Security Interests (Jersey) Law 2012 transformed offshore lending

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The enactment of the Security Interests (Jersey) Law 2012 (the '**SIJL**') marked a watershed moment for secured finance in Jersey. Nearly 15 years after enactment — and more than 12 years after the regime came fully into force — it is worth reflecting on how this legislation reshaped Jersey's lending landscape, reinforced Jersey's competitiveness as an international finance centre, and addressed longstanding concerns that had, for years, frustrated practitioners and lenders alike.

### The pre-2012 Jersey lending landscape

Prior to the SIJL, the principal statutory framework governing security over intangible movable property in Jersey was the Security Interests (Jersey) Law 1983 (the '**1983 Law**'). The 1983 Law was itself a significant reform but suffered from a number of deficiencies.

The 1983 Law did not:

1. contain clear modern attachment rules for after-acquired property, nor did it provide the statutory machinery for proceeds now found in the SIJL;
2. operate through a modern electronic financing statement registration system;
3. contain special priority rules for certificated investment securities, securities accounts or deposit accounts. The SIJL introduced such rules; or
4. contain modern enforcement remedies. The 1983 Law's enforcement provisions required a secured party to serve a notice of default and, where the default was capable of remedy, to give the debtor 14 days to remedy it before exercising a power of sale.

Against that backdrop, a case for a comprehensive overhaul of Jersey's secured transactions law gained momentum, culminating in the enactment of the SIJL in 2012. Certain provisions, including provisions relating to interpretation and registration, came into force on 1 October 2013, with the operative secured transactions regime coming fully into force on 2 January 2014.

### A modern, codified regime

The SIJL introduced a comprehensive, codified framework for the creation, perfection, priority, and enforcement of security interests over intangible movable property, and for assignments of receivables. It introduced bespoke rules for particular categories of collateral, including funds credited to deposit accounts. Drawing on elements of comparable regimes in

common law jurisdictions, the SIJL was deliberately designed to be familiar and accessible to international lenders and their counsel.

Among its most significant innovations was the introduction of a modernised Security Interests Register, maintained by the Jersey Registrar of Companies at the Jersey Financial Services Commission. Lenders could, for the first time, conduct efficient electronic searches of a centralised register to ascertain whether prior security interests or assignments of receivables had been registered against a named grantor or assignor. This transparency was transformative: it reduced transactional friction, lowered the cost of due diligence, and brought Jersey into line with the expectations of institutional lenders operating across multiple jurisdictions.

## Impact of the SIJL on offshore lending

The practical impact of the SIJL on Jersey's lending market has been considerable. Lenders gained confidence that their security would be enforceable and that priority disputes could be resolved by reference to clear statutory rules.

Jersey's enhanced security regime also proved valuable in the context of insolvency. The SIJL's provisions on enforcement, including the ability of a secured party to take possession of, or dispose of, collateral without the need for court intervention in certain circumstances, provided lenders with more extensive self-help remedies than had previously been available under the 1983 Law. This strengthened Jersey's position as a jurisdiction in which lenders could have confidence that their bargain would be respected.

## Looking ahead

No legislation is without its imperfections, and the SIJL is no exception. Nevertheless, the SIJL represented a bold and largely successful modernisation of Jersey's secured transactions law. It demonstrated the island's willingness to adapt its legal infrastructure to meet the demands of international finance, and it remains one of the most significant legislative reforms in Jersey's recent history.

As Jersey continues to compete for international capital flows, the SIJL stands as a reminder that a modern, transparent, and commercially sensible legal framework is not merely a technical nicety — it is a strategic imperative.

As part of the Government of Jersey's Financial Services Competitiveness Programme, a number of targeted amendments will be made to the SIJL to further enhance Jersey's competitive position as an offshore financial centre.

These amendments are not intended to effect a wholesale revision of what is a well-established and effective legislative framework, but rather to introduce incremental refinements aimed at streamlining secured lending transactions, mitigating reputational risk by removing areas of legal uncertainty, and ensuring that the legislation continues to reflect developments in relevant case law.

It is also proposed, in due course, to extend the scope of the SIJL to cover security over tangible movable property — such as inventory, equipment and consumer goods — which should open up new opportunities for lending against Jersey collateral.

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