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Briefing Note: Key Case Law Under the Security Interests (Jersey) Law 2012

SEPTEMBER 2026

Background

The Security Interests (Jersey) Law 2012 (the **SIJL**) governs security over Jersey intangible movable property. Since coming fully into force on 2 January 2014, four Royal Court decisions have shaped the enforcement landscape: *Re Bayswater Road (Holdings) Limited* [2019] JRC 102; *Kidd v All Service Group Holdings Limited* [2019] JRC 221; *Albion Energy Limited v Energy Investments Global Limited* [2020] JRC 147A; and *Rassmal Investments LLC v Mubarak Abdullah Al Suwaiket & Sons* [2025] JRC 220. This note distils the key principles and their practical significance for secured lending practitioners.

Commercially Reasonable Enforcement (Article 46)

Article 46 requires secured parties to take commercially reasonable steps to determine fair market value when enforcing by sale or appropriation. The case law establishes the following key points:

- The duty is twofold: valuation and realisation. A secured party is not required to enhance the value of collateral — it should be assessed on its own merits (*Re Bayswater Road* [2019] JRC 102).
- A single valuation may be insufficient. The Court will scrutinise the adequacy of the valuation process (*Kidd v ASG* [2019] JRC 221).
- In the first finding of breach under Article 46, the Court held that the duty is objective and personal to the secured party — instructing an independent valuer does not discharge it. Valuations "prepared for enforcement" were held materially flawed, and the Court substituted a valuation of £12.9 million. A second enforcement was declared void for not being carried out for a proper purpose. “Fair market value” does not require sale on the open market (*Rassmal* [2025] JRC 220).

Right to Challenge Appropriation

A grantor may challenge a proposed appropriation upon receiving the statement of account required under the SIJL (*Kidd v ASG* [2019] JRC 221). Enforcing parties must ensure strict compliance with statutory notice and accounting requirements, as these trigger the window within which objections may be raised.
Cross-Border Enforcement

The doctrine of merger does not prevent a secured party from enforcing Jersey security after obtaining judgment on the debt in another jurisdiction (*Albion Energy* [2020] JRC 147A). The Court was willing to make facilitative orders under Article 52 in that context, providing useful flexibility for cross-border lending structures.

SIJL as a Self-Contained Code

The SIJL is a self-contained code with no implied equitable duties derived from English mortgage law (*Rassmal* [2025] JRC 220). Practitioners can advise on the basis of the statute and contract terms alone, without considering an equitable overlay. However, an implied duty of good faith may apply depending on the relationship between the parties, though it will not override the terms of the security interest agreement.

Court Powers (Article 52)

Article 52 empowers the Court to make orders reasonably necessary to facilitate enforcement. However, it does not extend to approving proposed sale terms where the secured party already has contractual power to sell — in *Re Bayswater Road*, approval was instead granted under the Trusts (Jersey) Law 1984. Where a lender holds security directly (rather than through a security trustee), it may be unable to obtain court approval under either provision.

Practical Takeaways

1. **Valuation process is critical.** Obtain multiple independent valuations for high-value or illiquid collateral and document your reasoning thoroughly. Reliance on a single valuation carries material risk.
2. **No duty to enhance value** — but the valuation process itself must be robust and commercially reasonable.
3. **Strict procedural compliance.** Ensure full compliance with the SIJL's notice and statement of account requirements to minimise the risk of challenge.
4. **Cross-border enforcement is permissible.** Judgment on the debt in another jurisdiction does not preclude enforcement of Jersey security.
5. **No equitable overlay.** Advise on the basis of the SIJL and the contractual terms alone.
6. **Co-ordinate.** Enforcement must be carried out by the secured party (or its nominees/agents). Plan and co-ordinate carefully in cross-border structures.
7. **Proper purpose.** Enforcement not carried out for the purpose of realising the value of security may be declared void.
8. **Surplus distribution.** Consider paying any surplus into the Royal Court to mitigate distribution disputes.

Areas to Watch

Several areas remain untested or uncertain:

- **Application of** the Article 46 standard to asset classes beyond shares (e.g., bank accounts, securities accounts, contract rights).

- **Self-purchase and connected party transactions** — the application of Article 46 in this context remains untested.
- Scope of implied good faith duties in arm's-length lending relationships.
- **Perfection challenges** — no reported case has considered defective perfection under the SIJL.
- **Interaction** between SIJL enforcement protections and foreign insolvency proceedings.
- Whether the SIJL will be amended to allow lenders holding security directly to obtain court approval of proposed sale terms, given the limitations of Article 52 identified in *Re Bayswater Road*.

This note is based on publicly available case law commentary and firm briefings as at 6 July 2026 and should not be relied upon as a substitute for reviewing the primary judgments. Independent verification of citations and holdings is recommended.

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