



Guernsey Financial
Services Commission

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Director of Policy and International Affairs

The Managing Director/Partner

LETTER TO FINANCIAL SERVICES BUSINESSES AND COLLECTIVE INVESTMENT SCHEMES

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Dear Sir

The Eurozone and United States

This letter is being sent to licensees supervised by the Commission under the banking, fiduciary, insurance and protection of investors legislation as well as authorised and registered collective investment schemes.

For some time the Commission has been liaising with firms in some sectors regarding their potential exposure to events in the eurozone. Notwithstanding the political agreement by heads of government in late July to seek to resolve the sovereign debt crisis in the eurozone, the problems in the eurozone may lead to a deeper financial crisis. Markets remain unsettled and many commentators are still concerned about the prospects for individual countries in the eurozone and for the eurozone itself. Last week the United States Congress agreed to raise the borrowing limit and make significant spending cuts. The long-term impact of this agreement followed by the one notch ratings downgrade of United States government debt by Standard & Poor's is not yet clear. In light of the continuing uncertainty, the Boards of licensees and collective investment schemes should:

- (i) consider and keep under review the potential effects of the crisis in the eurozone and the situation in the United States on it and assets under its control;
- (ii) take steps, commensurate with their exposure, to mitigate the effects of a deepening in the crisis in the eurozone or the situation in the United States; and
- (iii) if there is any material area of concern, advise the Director(s) of the Divisions of the Commission relevant to the supervision of your business of that concern as soon as practicable after identifying such a concern.

Yours faithfully