

Industry Seminar – 20 October 2011

Policy and International Affairs Speech

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No matter how much I might try and fool myself it is clear that Richard Walker in his 40s is quite different to Richard Walker in his 20s. I have changed and the world around me has changed. I accept that I have to behave in a different way than I did 20 years ago.

When I began at the Commission in 1990 the finance sector was also young. But it, and the world around it, have changed. The sector has different expectations of it than twenty years ago.

Two years ago the Commission concluded that we should recognise that change by introducing our new finance sector-wide Code of Corporate Governance. The new Code replaces one we issued in 2004. In broad terms the 2004 Code says that corporate governance is a good thing and you should have some. In 2011 that is no longer sufficient. The new Code is alive and breathing on the Commission website. I don't want to trespass on the territory of the corporate governance session after the coffee break but you will hear that the Code is a living document. I do want to assure that it is not so alive that it features in my in-tray for change in the short or medium term.

It may be that the first draft of the new Code was somewhat aspirational. Nevertheless, we have ended up in a good place by issuing a document that sets a minimum standard and which establishes Principles against which firms can measure themselves and, of course, which we can also use to measure firms where appropriate.

I attended a conference recently on anti-money laundering. I have a confession to make – with one or two exceptions, I didn't attend for the anti-money laundering material. There was so much about anti-bribery and corruption in the presentations that the name of the conference could quite easily have been extended to cover these areas. We should not forget that Guernsey issued corruption legislation in 2003 but bribery and corruption are subjects whose time have come. I have written to all financial services businesses about the long arm of the UK's Bribery Act. But the Commission is not going to leave things there.

Along with the Law Officers' Chambers and law enforcement we intend to host an event for the finance sector in the middle of next year on anti-bribery and corruption. We live in an age of event inflation. Years ago I attended workshops – workshops have been rebranded and I now attend master classes. I attend regulatory summits rather than meetings. In this environment, I am not sure that we should simply call our anti-bribery and corruption event a conference. I have been inspired by the annual Davos World Economic Forum. This seems to be a useful starting point for naming and branding our own event. We intend to

invite a few external specialists to Guernsey in order to add value and, when we do invite you to attend, we shall probably also ask you for some money.

What else lurks in the Policy and International Affairs in tray?

We are still in a period of international change. This will lead to change in Guernsey.

IOSCO, the International Organisation of Securities Commissions, has revised its Principles and will issue its new methodology in 2012. The IAIS, the International Association of Insurance Supervisors, has just published its updated Core Principles and it is working on self-assessment questionnaires which, in essence, will be a methodology. The Basel Committee on Banking Supervision will be revising its Core Principles later next year. The Financial Action Task Force on Money Laundering will also issue revised Recommendations in 2012, followed in due course by a new methodology.

Turning to the EU, I only have to say the letters AIFMD for all of us to know what a significant effect the EU's agenda will have on Guernsey.

All of this will contribute to the Commission's approach to regulation and supervision. We will be responding to all of these international initiatives. I look forward to providing more information on our responses and the context to them at next year's event. Part of our response will, of course, be to seek changes to legislation.

There are two items of proposed legislation I want to touch on today. First, we are awaiting the outcome of the Independent Evaluation Review before consulting with you on potential enhancements to our framework of sanctions. I expect the consultation document to be issued early next year. Second, 2012 will see us begin serious work on proposals to consolidate the main regulatory laws which we administer.

You have been a captive audience. Nevertheless, if you have been, thank you for listening.