



Guernsey Financial  
Services Commission

## **Industry Seminar – 20 October 2011**

### **Welcome Speech**

**Peter Harwood, Chairman**

Ladies and Gentlemen

On behalf of the Guernsey Financial Services Commission, it is my pleasure to welcome you all today to this our second Industry Seminar. Acknowledging that there is no three line whip operating, it is very encouraging to see so many from all the different sectors of the finance industry present here today (over 500). Sadly the uptake from the Government sector is less encouraging.

For the future, I would urge Government, both deputies and the executive, to seize the opportunity to attend events such as this, to assist in their understanding of the regulatory issues affecting and concerning the most important sector of the Island's economy. We do however welcome the attendance of those deputies and members of the Executive who have made the effort to attend, and also Tom White, Deputy Director of European Affairs, from the Channel Islands Brussels Office.

The theme of last year's seminar, and which is continued in this, is "to inform and engage". A theme that I believe has been followed through during the past twelve months. As prefaced at that seminar, the Commission itself has been engaged with Government and Industry on a number of different matters, not least with Government in setting out a statement of the Commission's regulatory objectives and with Industry in shaping the final version of the new Code of Corporate Governance. In commissioning Ernst & Young to carry out a fundamental review of the Commission, we have encouraged them also to engage with Government and Industry to assist them in the task of putting forward a report that we hope will help to shape the structure, the role and the method of operation of the Commission for the foreseeable future. Ernst & Young are on schedule to complete and deliver that report to the Commission by the end of November.

One of the matters no doubt to be considered in the context of that report will be how the Island should deal with the vast number of changes that are occurring within the Internal Regulatory arena.

Earlier this month, Commissioners from the Guernsey, Jersey and Manx Financial Services Commissions attended a two day course provided by the London School of Economics and Political Science on the subject of Financial Services and Markets Regulation.

To the extent that we were not already aware, we were made forcibly aware of the veritable tsunami of international regulatory changes that are coming over the horizon, not least the

significant changes in the shape of the regulatory architecture at the global, European and UK levels.

We will need to consider and consult with Government and Industry and, I suggest, with our counterparts in the other Crown Dependencies on the implications of such changes, and how best to interface with that brave new world at both Governmental and Regulatory level. It is important however that we should not confuse those channels and interfaces that are the responsibility of Government from those that should be dealt with between regulators.

Many of the changes with which we are faced, particularly directives emanating from the European Union, we may be in a position to choose whether or not to adopt. That choice must to a large extent be lead by Government in consultation with Industry and the Commission. In respect of other changes, especially those emanating from the G20 and through the International Standard setters such as the Basle Committee, IOSCO, IAIS and FATF, we may have no choice but to adopt and apply if we wish to maintain Guernsey's international reputation and the approval of the IMF. Where we are indeed able to make such choices, we will need to be especially vigilant to assess the intended and the unintended consequences behind any chosen course of action – for example, if we were to choose to seek third country equivalence for the purposes of the AIFM Directive, we need to fully understand and assess the costs of applying the standards required to achieve such equivalence in terms of resources, legislative changes and also the cost in terms of the impact on the other sectors of our industry. Active consultation with Industry in order to make such assessments will be of paramount importance.

Some changes we cannot duck as for example the impact of the UK's Anti Bribery and Corruption legislation in its extra territorial application. At the recent meeting of Commissioners of the three Crown Dependencies, it was recognised that each of the Commissions would need to include Anti Bribery and Corruption as part of its oversight regime. Richard Walker will speak further on this topic shortly.

Following last year's seminar, a number of delegates commented that, after listening to the Director-General's words of encouragement, they felt like naughty schoolboys before the headmaster. Nik van Leuven assures me that his address today will be a model of positivism. To continue the school analogy, today will be equivalent to the school hall at prize-giving rather than the headmaster's study.

In welcoming our external speakers, I feel certain that this morning's session will be something of a rollercoaster.

Angela Knight needs very little introduction. She is a frequent visitor to Guernsey and can be numbered as a valuable ally of the Island in the City of London. In her current role as Chief Executive of the British Bankers Association, she has been a doughty defender of the banking system and during the height of the banking crisis in 2008, possibly the only defender prepared to appear above the trenches to speak for that beleaguered sector. I have no doubt that her comments will be inspirational. In contrast, given the nature of his topic, I suspect that Dr Andy Sloan may bring us back to sober reality with his analysis of Guernsey's economy and the contribution of the finance sector thereto.

Ladies and Gentlemen, please welcome Angela Knight.