



Guernsey Financial  
Services Commission

# Fiduciary Supervision Policy and Innovations Division

International, Innovations and In Perspective

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Eamonn Finnerty, Deputy Director

# Presentation Overview

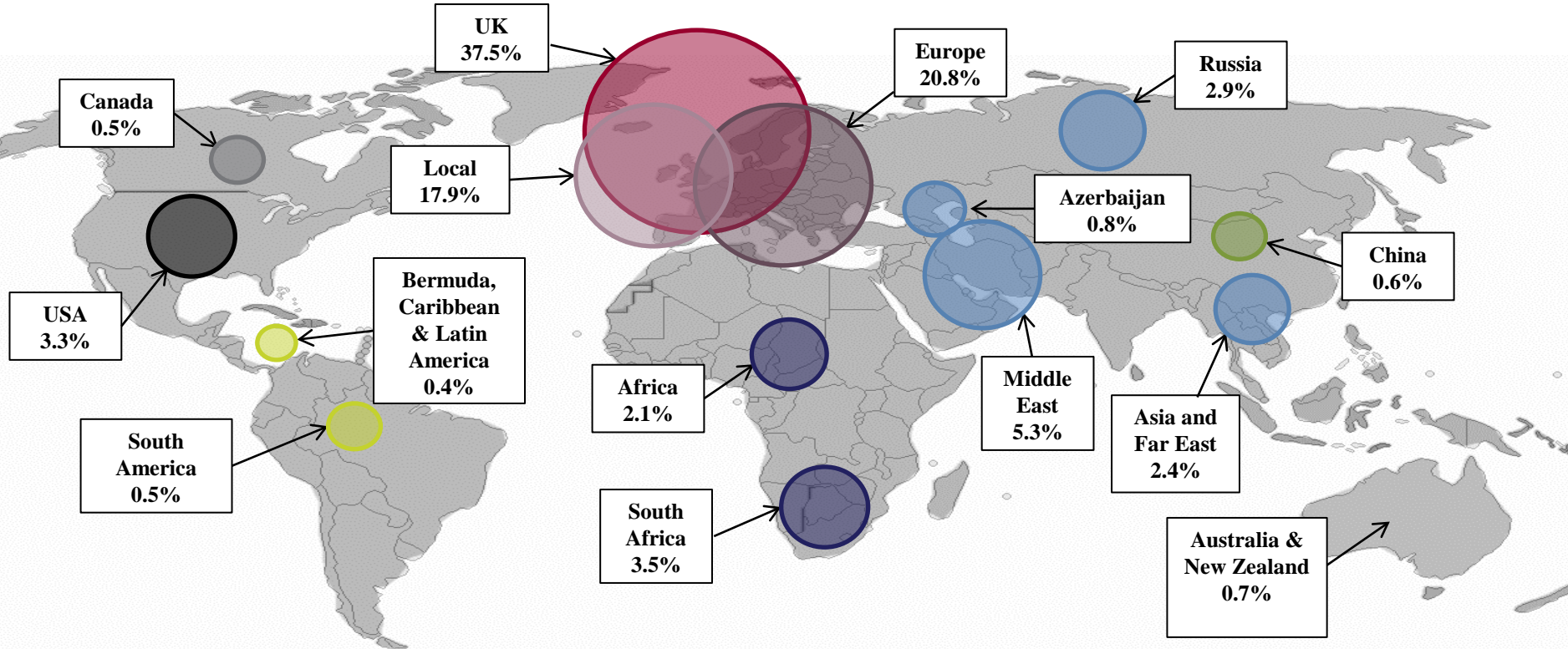
- **International**
  - Sector overview
- **Innovations**
  - What's happening?
- **In perspective**
  - Overview of the Division
  - PRISM
  - Observations
  - 2015 Key Expectations



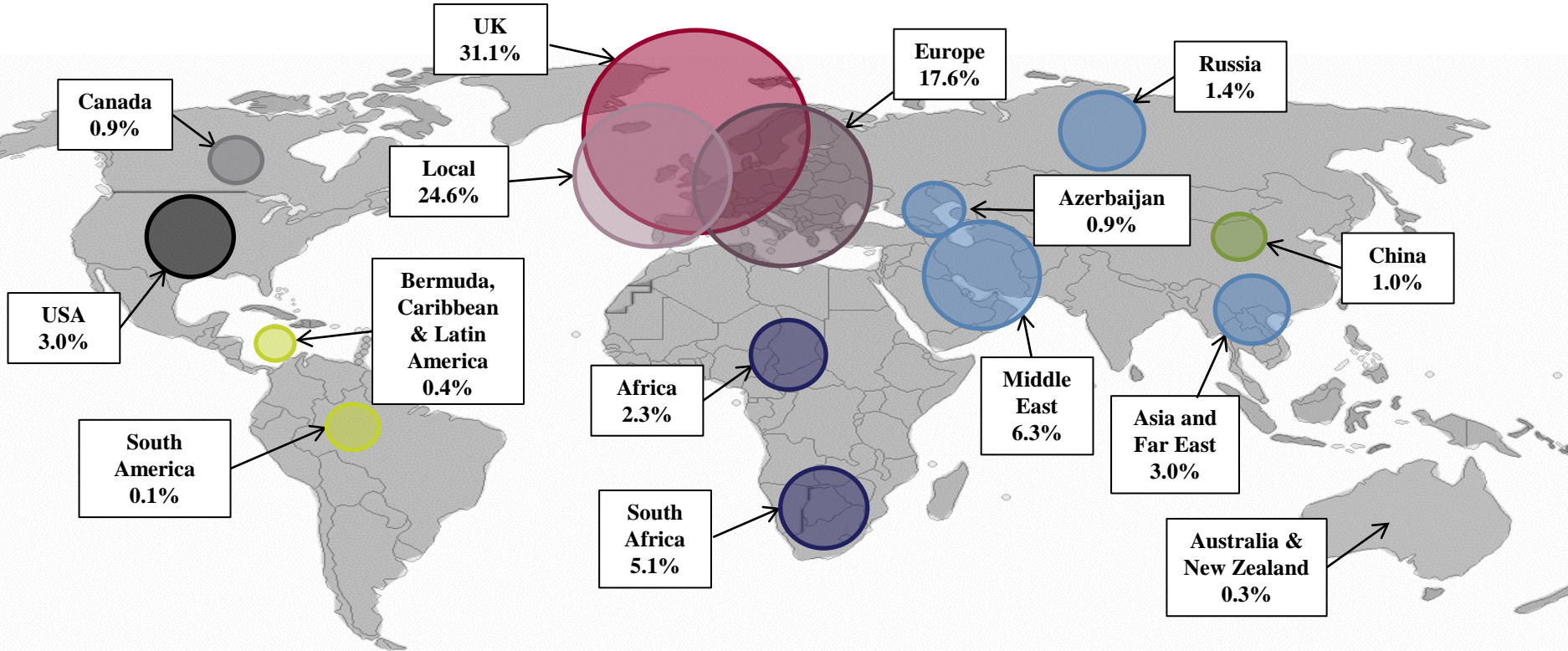
# International



# Existing Clients by Fiduciary Turnover

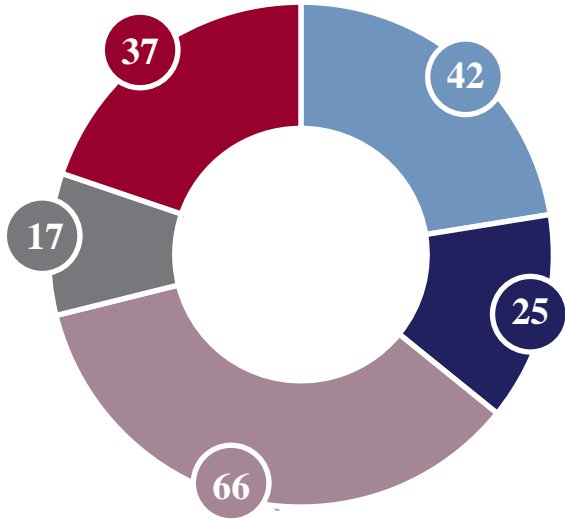


# New Clients



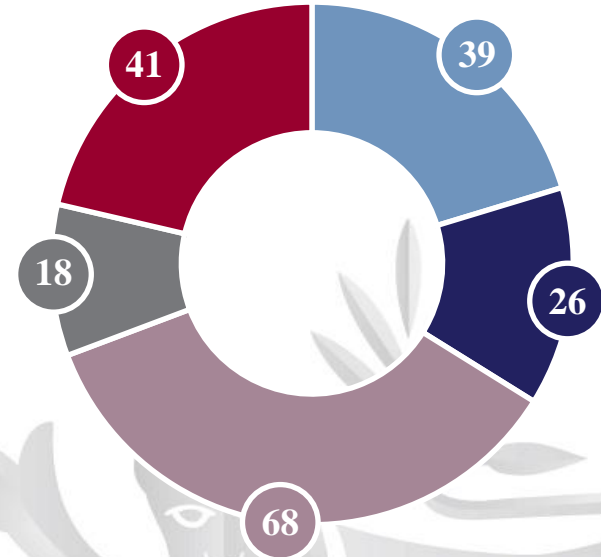
# Fiduciary Licensees by Type

2013



Total number of fiduciary licensees = **187**

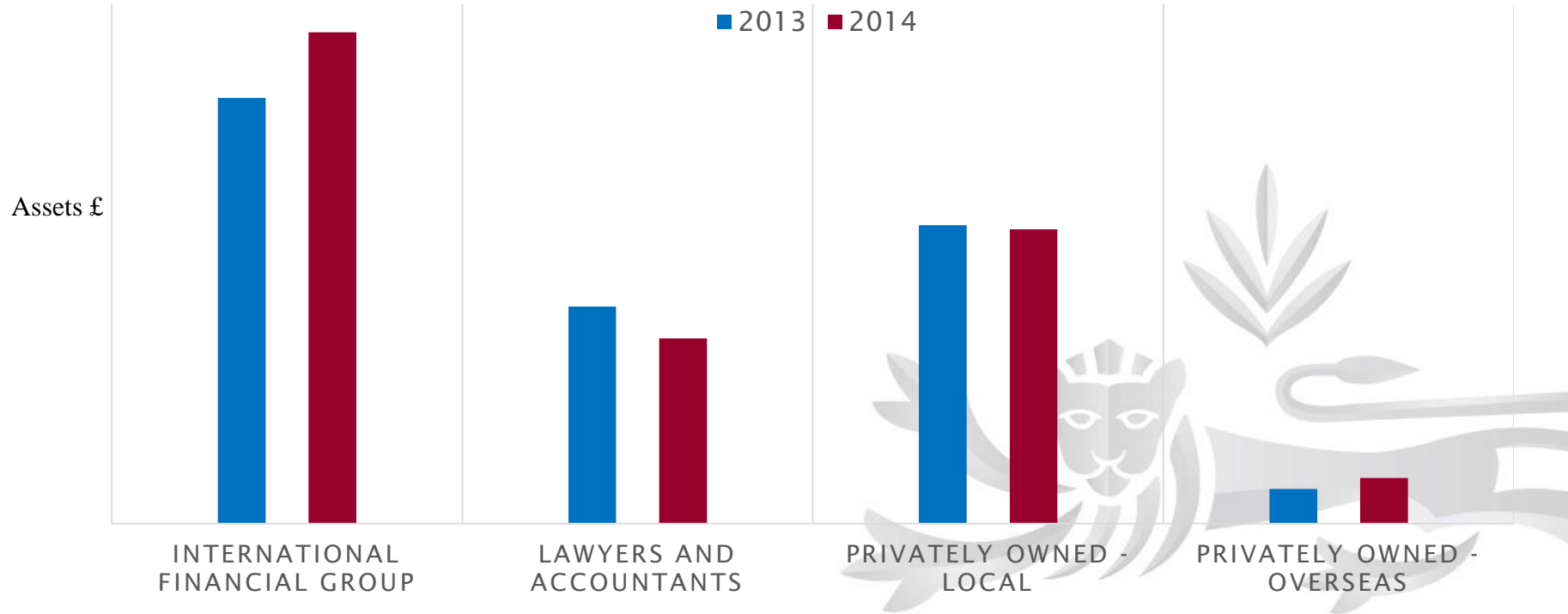
2014



Total number of fiduciary licensees = **192**

- Personal Fiduciary Licensees
- International financial group
- Lawyers and accountants
- Privately owned - local
- Privately owned - overseas

# Total Assets by Ownership Peer Group





# New International Standard for Regulating Trust Company Businesses

## Guernsey leads the way on trust regulation

GUERNSEY has been a champion of a new approach towards the regulation of trust and corporate service providers.

Philip Nicol-Gent, general counsel at the Guernsey Financial Services Commission, headed a working group of the Group of International Finance Centre Supervisors which has agreed a new minimum benchmark for businesses administering international trusts and companies to follow.

'This is an extremely important area and considerable effort has been made by everyone involved to develop a proportionate and meaningful standard to which all jurisdictions

can work towards,' said Mr Nicol-Gent.

'By adopting a common standard, jurisdictions will be able to more effectively demonstrate that their trusts and companies are being used for proper purposes. It will also aid the international fight against terrorist financing and money laundering.

'An effective regulatory regime means that standards can be enforced and sanctions applied. Only in this way can all jurisdictions demonstrate their determination to try to make sure that trusts and companies are not used for abusive purposes.'

The GIFCS said its members already set a clear lead

internationally in implementing effective regimes to establish ultimate beneficial ownership, including where this is needed to cooperate in cross-border investigations. It first issued a Best Practice Statement on this subject in 2002.

The new standard brings together GIFCS experience in implementing oversight regimes into a demanding benchmark for regulation of the sector to follow. It coincides with the greater focus being placed on beneficial ownership by the G8 and G20 groups of countries, and by other initiatives.

'Trust and company administration business is a sector which rightly at-

tracts considerable scrutiny. This standard will be applied to our own members through an assessment process, and we hope will be adopted by larger jurisdictions, many of whom have yet to introduce any formal oversight arrangements of their own,' said GIFCS chairman John Aspden.

Guernsey's trust and corporate service providers sector already operates to high standards and over the next 12 months the GFSC will undertake an analysis of the regulatory regime to determine whether small adjustments may be required in order to underpin the new standard. Any proposed changes will then be incorporated into the



**'Considerable effort has been made by everyone involved to develop a proportionate and meaningful standard'**

Philip Nicol-Gent, pictured

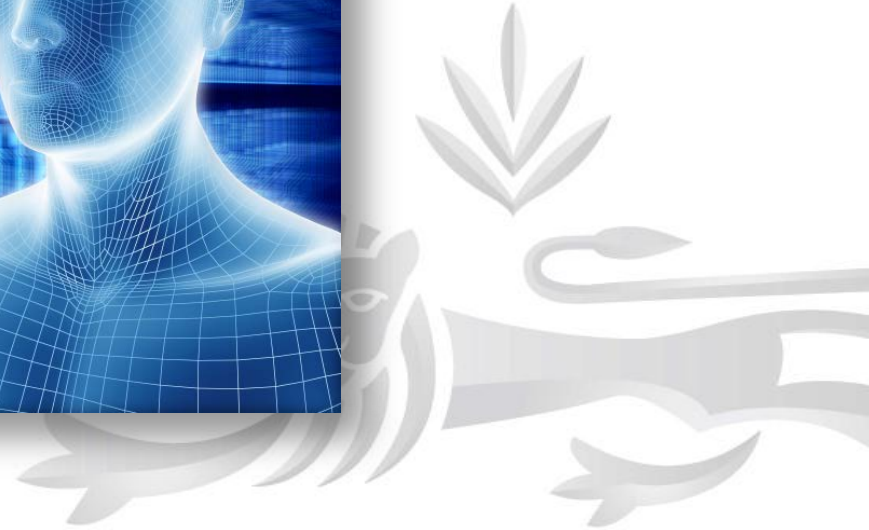
commission's work on revisions to legislation which it is currently taking forward on a collaborative basis with both government and industry.

Jersey was also involved in the project, with a JFSC representative on the GIFCS working group. The JFSC said the island was

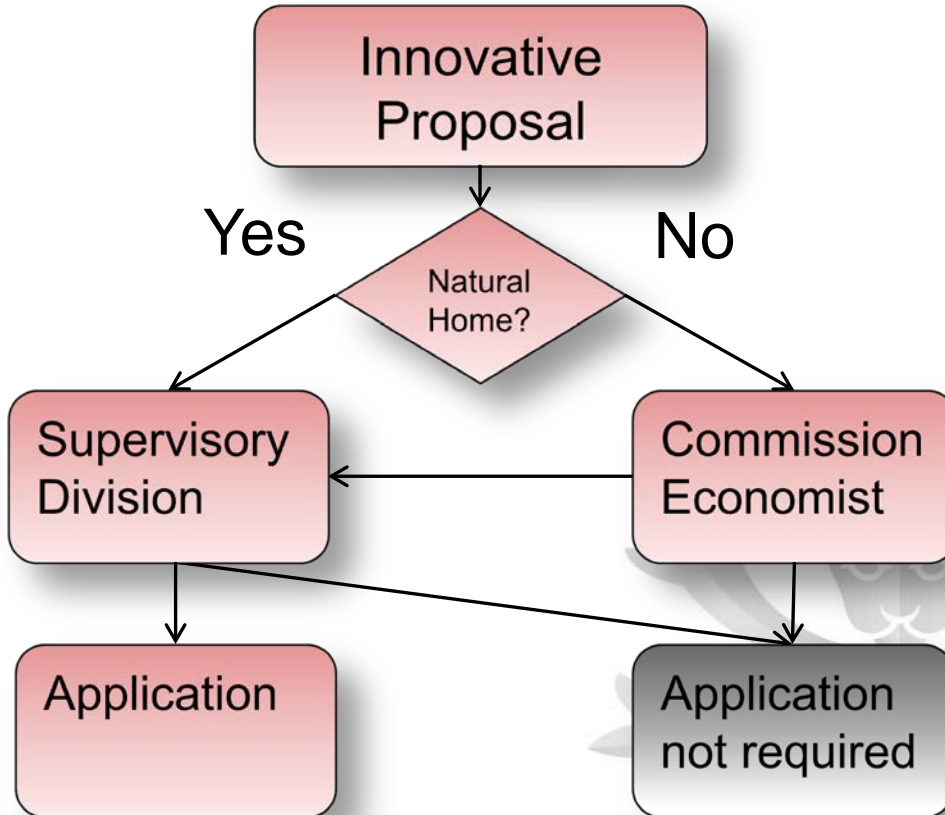
well-positioned to meet the new GIFCS standard and the commission anticipated minimal amendment to its current regulatory regime.



# Innovations



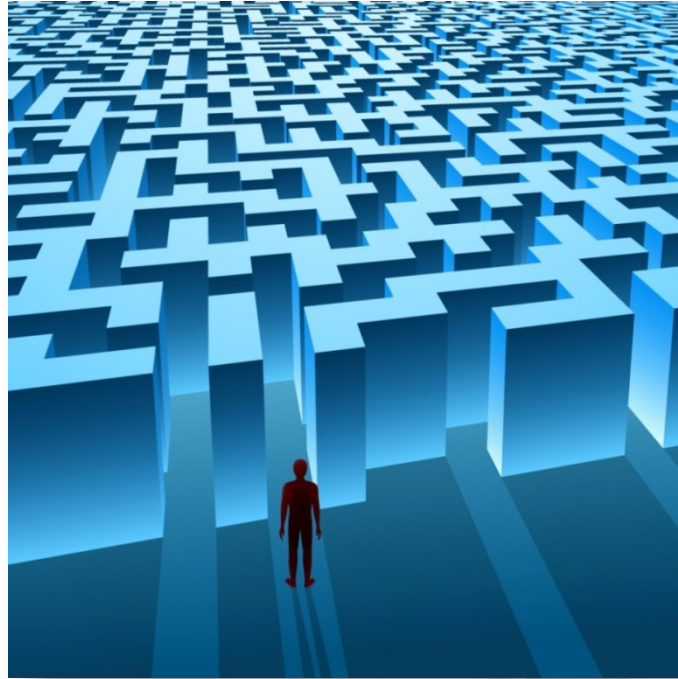
# Innovations – GFSC Approach



# Our Recent Experience with Innovations



# Non-Regulated Financial Services Businesses



# NRFSB Revision



## The Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008

### *Questionnaire*

Name of Registered Business:

This questionnaire is to be completed by companies registered as businesses under the Non-Regulated Financial Services Businesses ("NRFSBs") (Bailiwick of Guernsey) Law, 2008 ("the Law"). Please submit this questionnaire by **DDMMYYYY** for the Guernsey Financial Services Commission's ("the Commission") internal analysis.

Please complete all sections fully and answer questions as accurately as possible. Responses will remain strictly private and confidential.

This questionnaire was constructed by the Commission's Fiduciary Supervision Policy and Innovations Division. The aim of this questionnaire is to gain a better understanding of the scale and scope of registered businesses within the Bailiwick in order to help facilitate innovation and quality growth within this sector.

### 1 General Details of Respondent's Business

1.1 Contact details, in case of query.

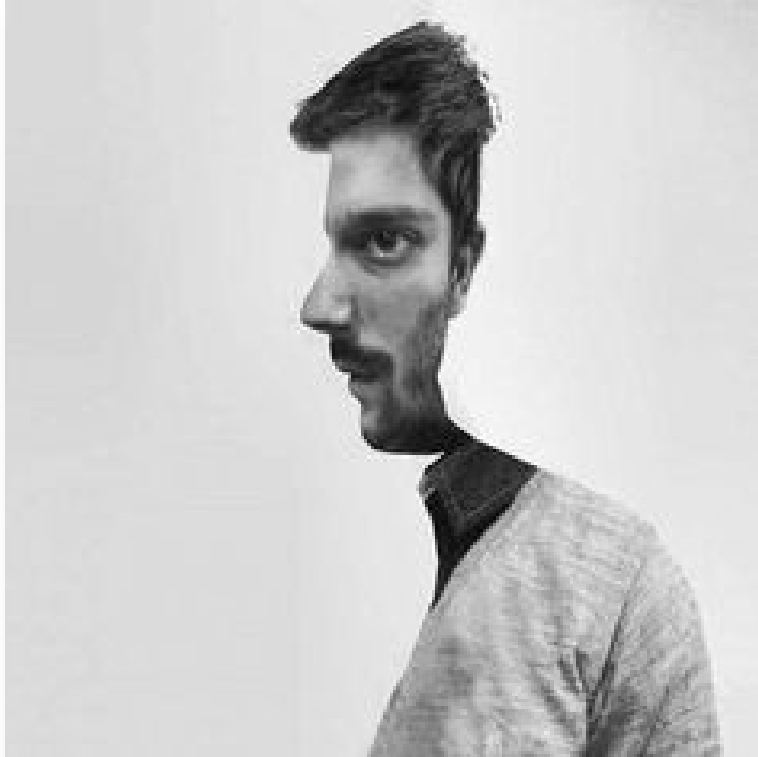
Telephone Number	Email Address	Website Address

1.2 Please attach a full ownership structure chart, if appropriate identifying the ultimate beneficial owners.

1.3 Is the business involved in:

- Fin Tech;
- Consumer Credit; and/or
- Overseas clients.

# In Perspective

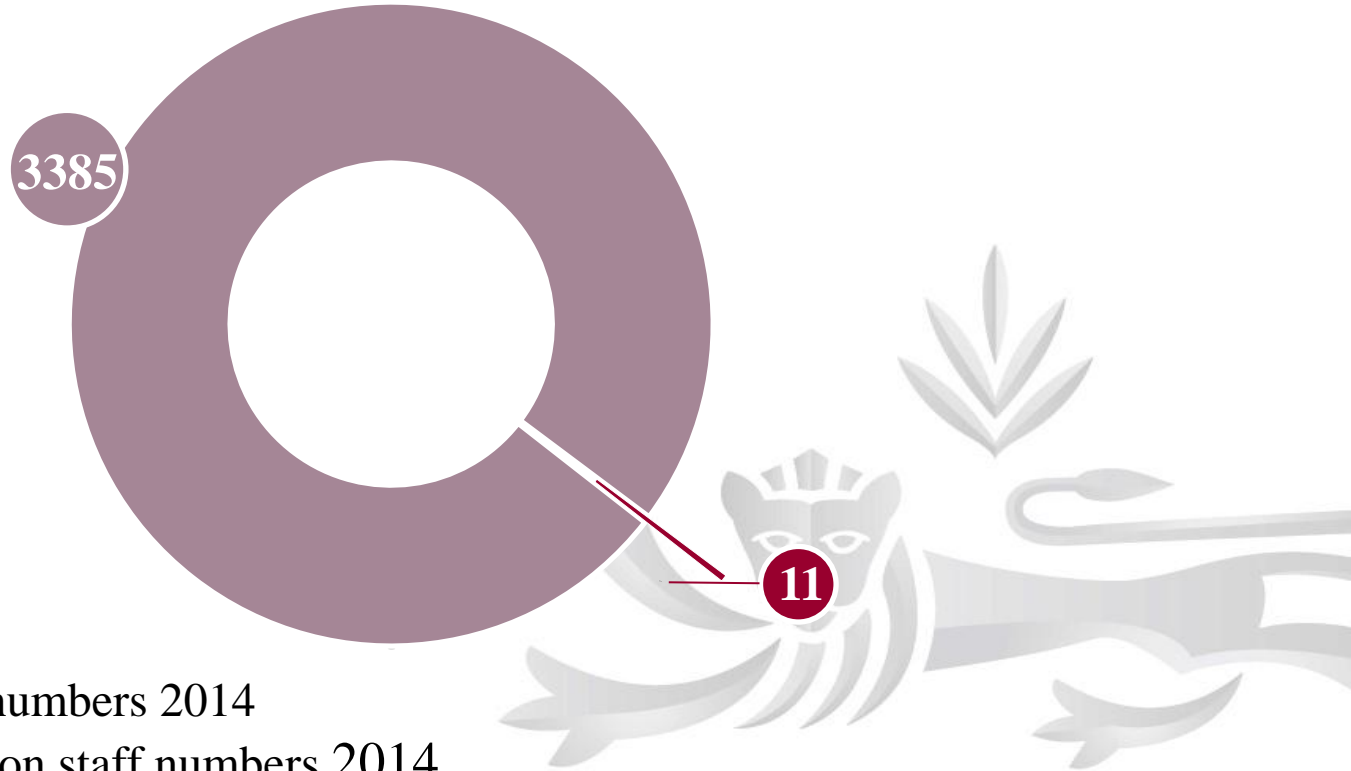


- Overview of the Division
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- Observations
- 2015 Key Expectations



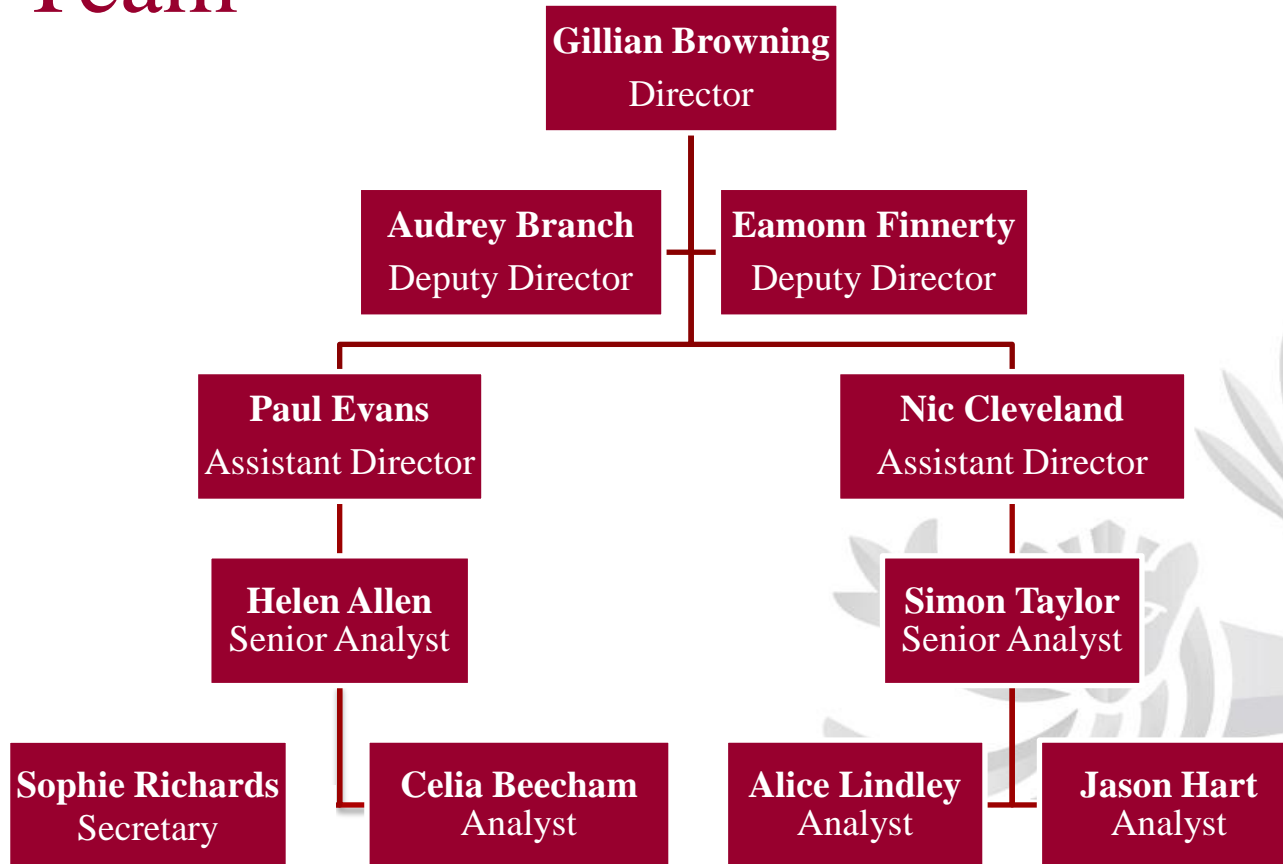


# Resource Constrained

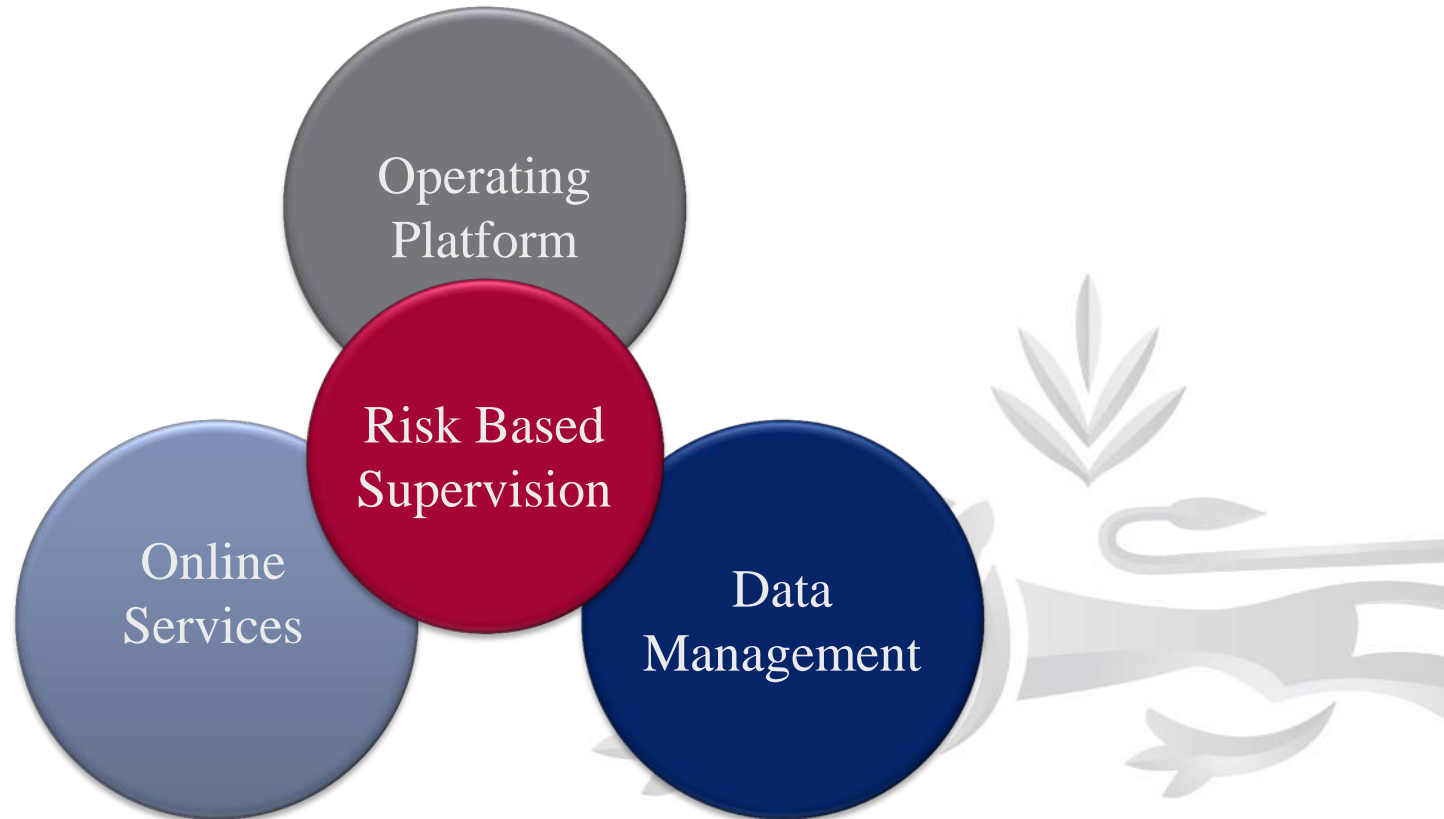


- Fiduciary sector staff numbers 2014
- GFSC Fiduciary division staff numbers 2014

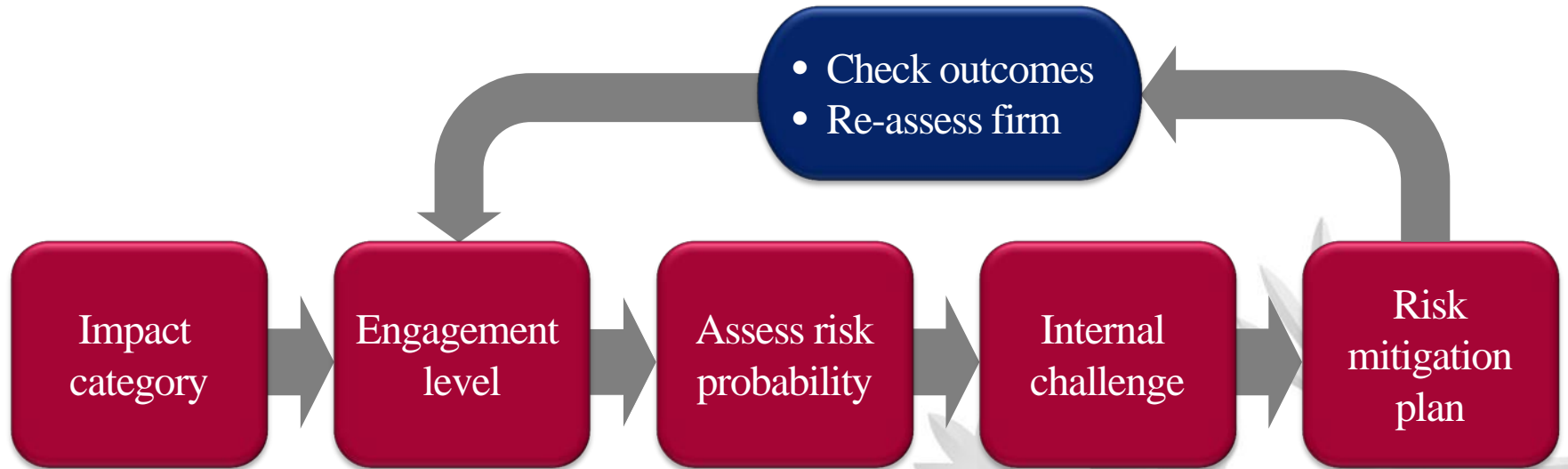
# The Team



# Probability Risk and Impact System - PRISM

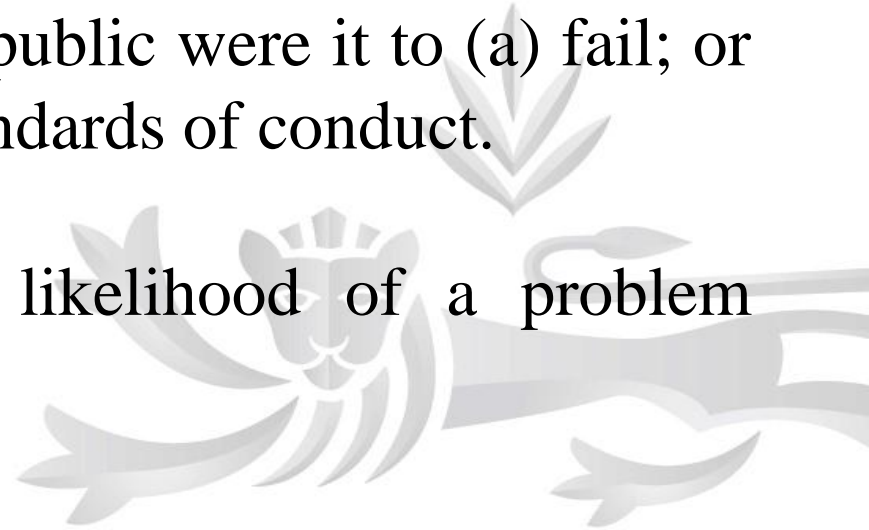


# Supervision under PRISM

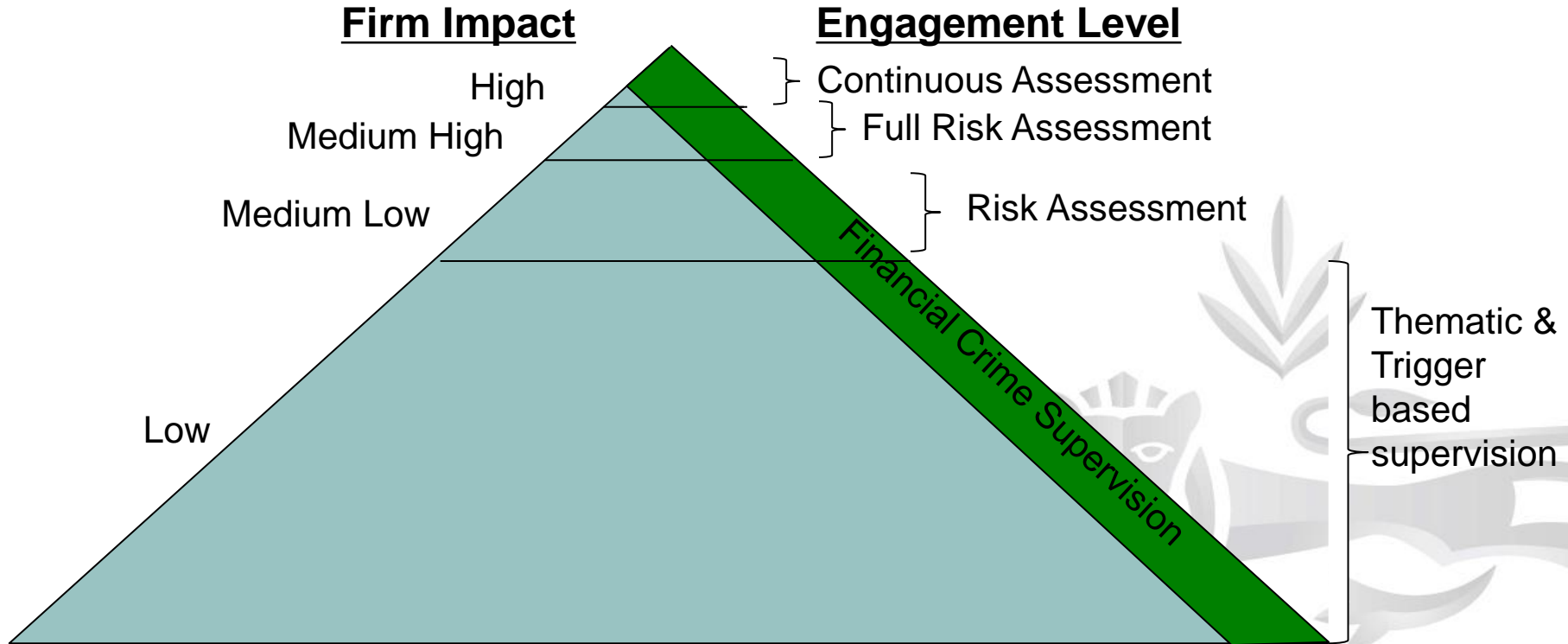


# Definitions

- **Impact** – The degree of damage that a licensee, fund, registered entity or group, could cause to its consumers, the financial system in the Bailiwick and elsewhere, the Bailiwick economy and the public were it to (a) fail; or (b) fail to observe proper standards of conduct.
- **Probability risk** - Is the likelihood of a problem occurring.



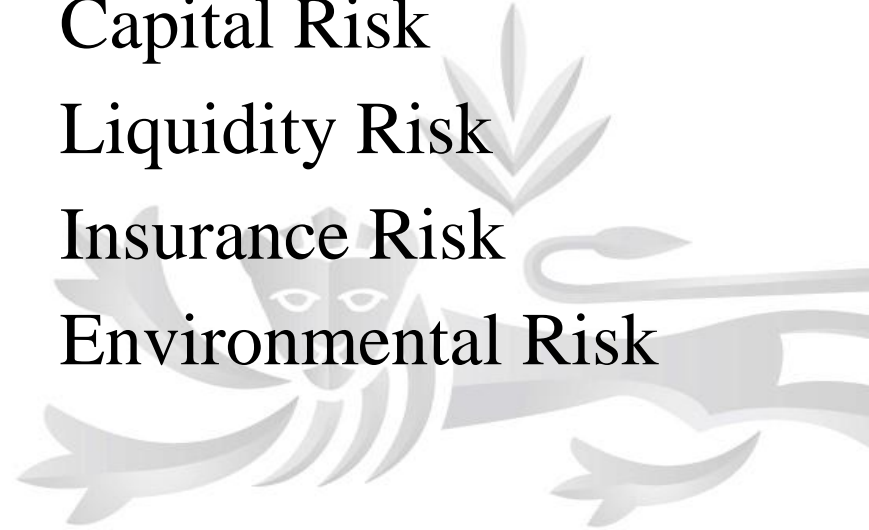
# Impact and Engagement Levels





# Probability Risk Categories

- **Strategy/Business**
- **Model Risk**
- **Governance Risk**
- **Conduct Risk**
- **Operational Risk**
- **Financial Crime Risk**
- **Credit Risk**
- **Market Risk**
- **Capital Risk**
- **Liquidity Risk**
- **Insurance Risk**
- **Environmental Risk**

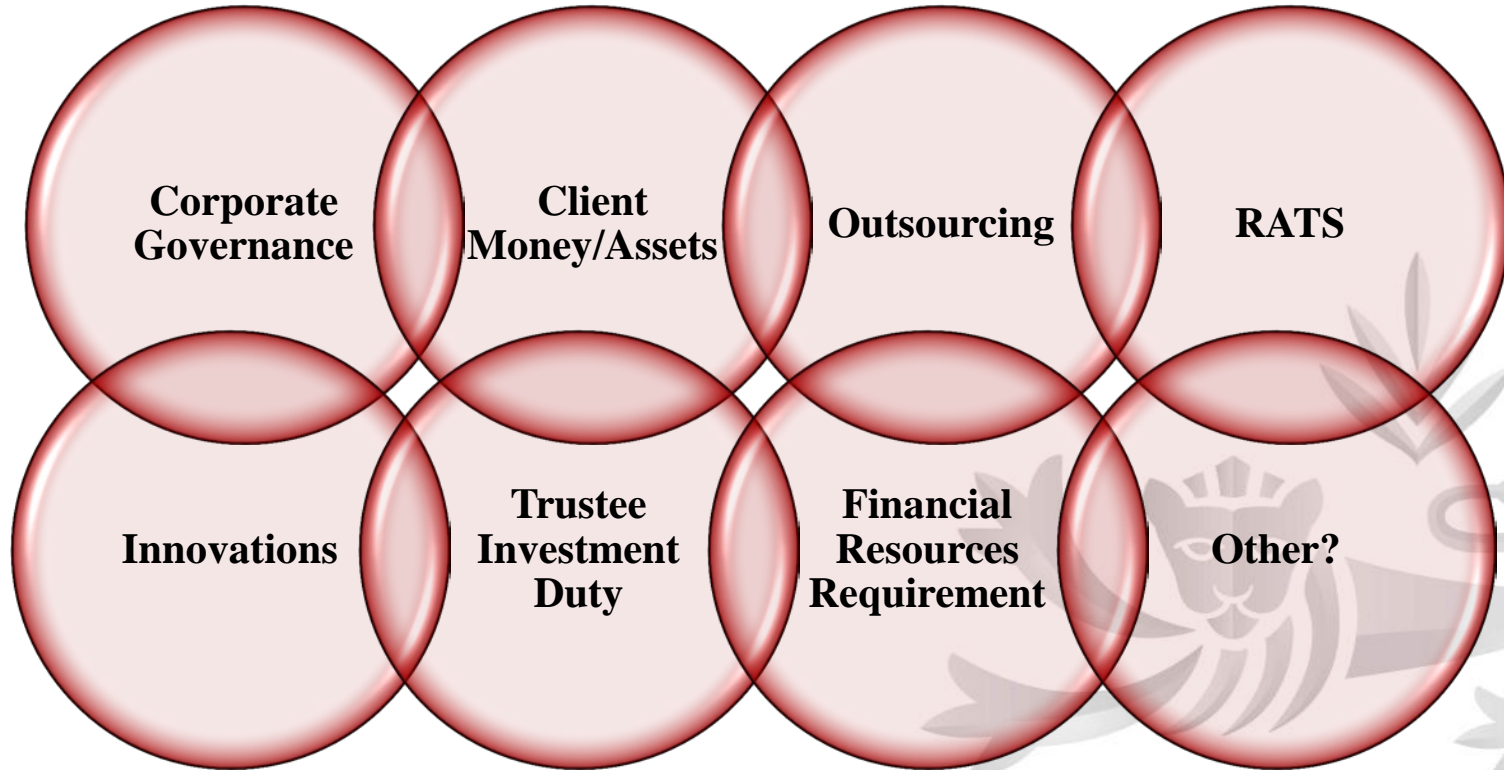


# Reactive Supervision

- Applies to all firms, particularly pertinent to the supervision of low impact firms
- Some examples of triggers:
  - From the firm – regulatory return
  - From a customer – complaint
  - From other external sources
  - From Financial Crime Supervision & Policy Division – e.g. following an AML/CFT visit



# Potential Thematic Reviews



# Observations

- Really ‘know your client’
- CDD at the heart of the business
- Embedded compliance culture
- Risks understood, measured, managed and mitigated
- Collective understanding and knowledge in business

# 2015 Expectations



# Questions?

