Guernsey Financial Services Commission

10th Conference – 22nd April 2021

Authorisations and Innovation Division

Emma Bailey, Director

Good morning everybody.

Between us this morning, Caroline and I will be seeking to help you and us achieve what we think is our common goal of a smooth application process.

How can we help?
Predominately by you helping us.

The Authorisations and Innovation Division covers a number of touch points for licensees; we are involved both at the start and end of yours' and your clients' regulatory lives. And there are of course a number of events in between. We handle the authorisations, the Online Personal Questionnaires and Online Appointments – as people move in and out of prescribed positions, the resignations as people change employment, Change of Controllers, amalgamations, migrations and finally surrenders of licences.

We want to help ensure that all of those touch points with the Commission go as smoothly as possible. So we will talk today about the "must haves" and the "nice to haves" which will help in our interactions and cover some tips and answer a few frequently asked questions (FAQs).
It is worth pointing out that 97% of the applications submitted in 2020 proceeded to licensing, authorisation or registration. We want to make sure that this high level of acceptance continues, and continues with a review process that is as smooth as possible.

Before Caroline focuses on applications I am going to cover a couple of points regarding the Commission's Portals. So, to start with the Online Personal Questionnaires or Online Appointments; OPQs and OAs as we refer to them. These are really the bedrock of the Commission's work, as they help us to assess whether someone is fit and proper to operate in Guernsey's financial services sector. So much so, and this should really go without saying, that we do take it very seriously if any content of an OPQ is found to be inaccurate or incomplete and this will be taken into account when considering whether or not an individual is Fit and Proper. This is all outlined in the guidance to the OPQ itself – so the must have for OPQs is basically don't lie on your OPQ (it's not a CV).

I am not sure if many of you in the audience are LMUs – if you don't know what that stands for then let me tell you are not one and you can continue to snooze through this next tip well actually it's more in the "must have" camp. When employees leave an entity, licensees must take responsibility to remove those former employees' permissions from both of the Commission's Online Portals, (the PQ portal and the Online Submissions Portal). Where applicable LMU permissions on the Portals need to be removed and user permissions (including Super User permissions) need to be unlinked. This is not a process that the Commission controls nor is it automatic upon someone leaving an entity and updating their OPQ. So please add it as a task to your employee leaving procedure: they hand in their security tag, you take back the keys to the executive loo, (or is that just a Commission thing?) and you remove their portal permissions. That was I know that was fairly technical and so if it has left you none the wiser don't worry, just go back to your firms, find out who your LMU is (meaning Licensee Main User); consider giving them a bonus (or at least a thank you) and tell them that Emma Bailey at the Commission's industry presentation was bleating on about some boring but important matters to do with the Commission's portals and encourage them to watch this presentation back once the recording is on our website.

I'll now hand over to Caroline who is going to talk about smoothing the actual application process itself.

Thanks Caroline. Well hopefully that has helped. Just to reiterate a couple of points.

Always think Why? and ask it. Is the most helpful start to a question but often underused perhaps through a fear of asking the obvious or looking stupid but it can prevent a whole heap of problems later if asked and you then don't like or even understand the response. Of course What? Who? Where? and How? are also great bedfellows.

Look at the overall picture of a new business proposition, Caroline gave you some examples earlier of what to look out for: – have you assessed all of the key players, what is in it for the investors? why are so many commissions/fees being charged in the structure that eventually end up in the same pocket? - ultimately does it make sense?
A good mantra is Ask, Listen, Review – Repeat that then submit the application to us. If you ask the questions then we don't have to making the whole process smoother and ultimately quicker.

We know that some licensees have turned down new business as a result of their due diligence, and indeed our supervisory colleagues review rejected new business lists during their onsite visits. In some cases licensees have advised us that they have rejected new business because they discovered adverse information. Where appropriate they have of course submitted Suspicious Transaction Reports to the FIS. The benefit of advising the Commission is that we can record the information and keep an eye out for the application cropping up again with different service providers. In a recent instance, we were able to provide the new service providers public source information that a principal involved had a criminal record for financial

services fraud. The new service providers were not even aware of the existence of this principal as they had removed themselves from the structure when identified by the first set of service providers but were still there behind the scenes. On receipt of the public source information the new service providers also rejected the business and they were prevented from operating in the Bailiwick.

We've included this final slide to flag that we are accountable to Commissioners and to you to process the applications in a timely manner. We have in place service level standards and these are published on the Commission's website. Our performance in Q1 2021 will be issued in early May. So looking here at the standards measured for Q4 2020, each standard represents the turnaround time for a type of application; for example there is a standard to complete Change of Controllers within 60 Days (that particular turnaround time is also a statutory obligation within the supervisory laws). For each standard we are expected to meet the turnaround time for at least 90% of those applications. During Q4 2020 we achieved that 90% target for 11 of the standards and for 8 of the standards we achieved the turnaround time for 100% of the applications.
There are a variety of reasons why we might not meet the service level standards, but it is usually as a result of the nature of the application (esoteric perhaps rather than poor quality) or a case of unexpected volume. My point here is to reiterate we are accountable and we work hard to ensure we meet the turnaround times or exceed them.

All that we've said this morning comes from the context that we understand the pressures that you are under to win new business, retain it and deliver good customer service. We've both worked in industry, so we know what you are facing and we (and the rest of our team) will continue to do our best to help where we can, in all of the ways we have mentioned here today. In doing so the Commission continues to endeavour to make the Island attractive to good business.

Thank you.