



Guernsey Financial
Services Commission

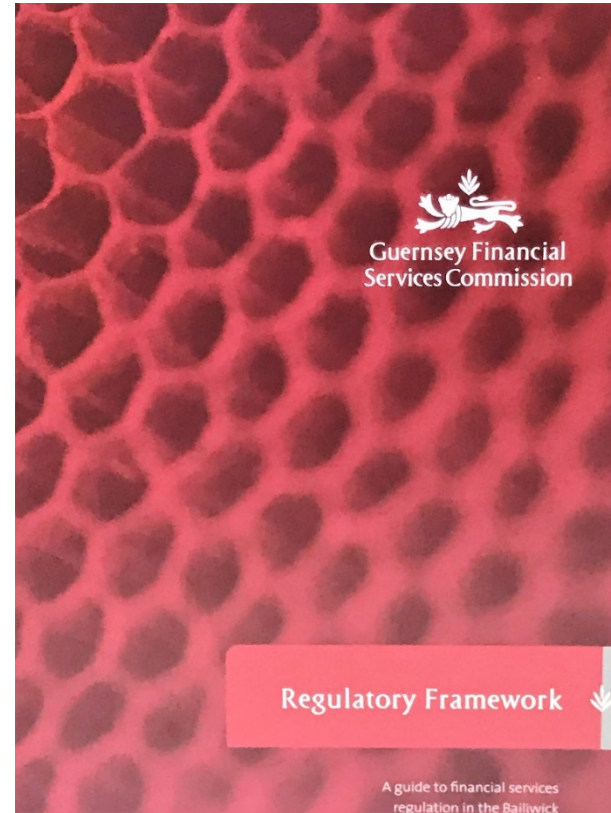
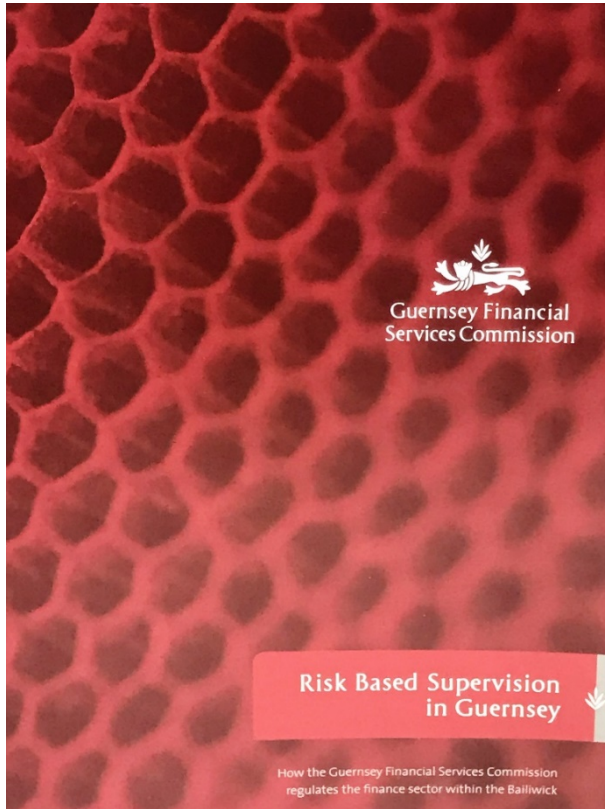
Why we Regulate and How we Regulate and Innovate

William Mason

Director General

22nd November 2017

Our Regulatory Framework



The Rationale for Regulation

- Ensuring public safety
- Avoiding information asymmetry
- Addressing idiosyncratic and systemic risk
- Safeguarding long term contracts
- Correcting power asymmetry
- Enabling efficient markets
- Levelling the playing field for the good people



Drivers for Policy Work

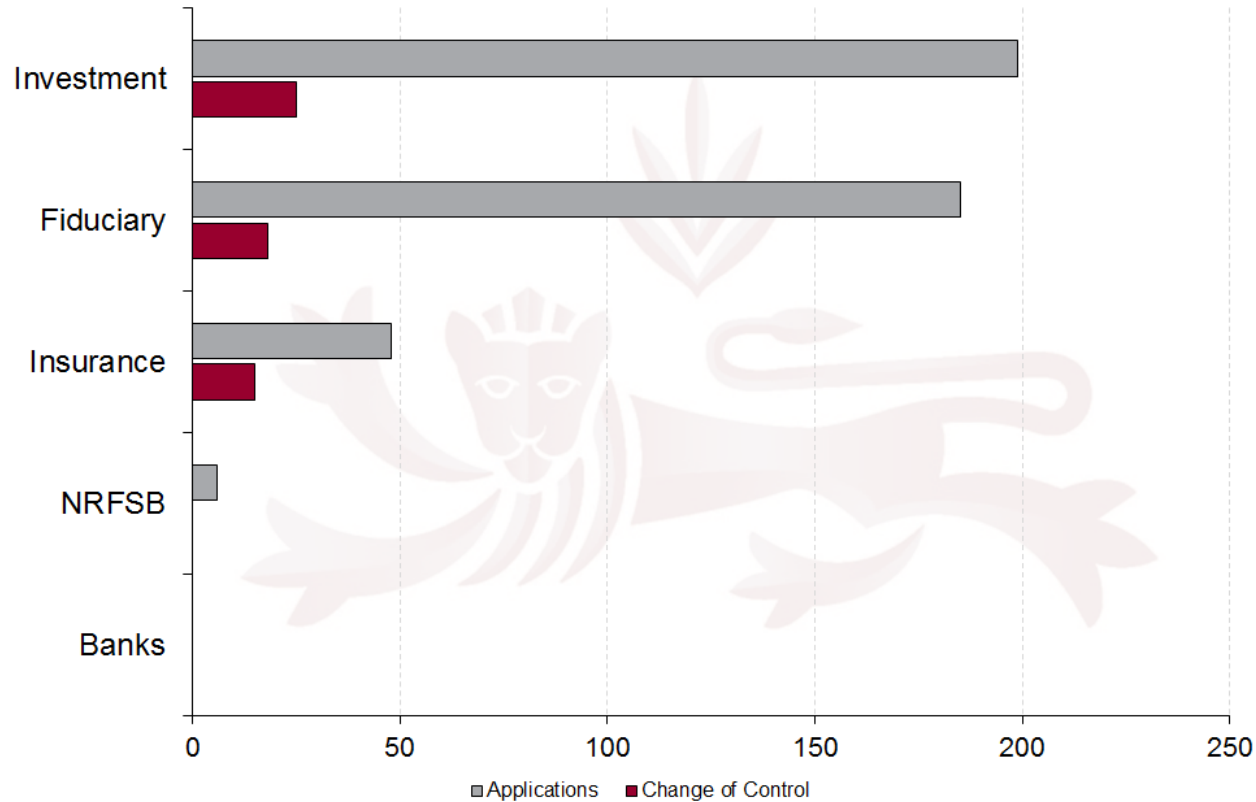
- Helping the Bailiwick meet international standards
- Positioning the Bailiwick well for trade and, specifically, post Brexit trade
- Remediating deficiencies in current Bailiwick legislation



Policy Projects

Project	Meeting International Standards	Positioning the Bailiwick for Trade	Remedying Deficiencies
AML/CTF Handbook & Regulations	√	√	
Basel III Implementation – Liquidity Requirements	√	√	
Client Asset Rules	√		√
Fiduciary Financial Resources Requirements	√		
Insurance Linked Securities Rules		√	
Insurance Solvency Review		√	
Lending, Credit and Finance Law Preparation		√	√
Manager Led Product - I		√	
Green Finance		√	
MiFID II Preparation	Partially	√	
National Risk Assessment	√		
Pensions Regulation	Partially	√	√
Private Investment Fund		√	
Resolution Regime for Banks	√	√	
Review of Rules, Codes and Guidance	√		
Revision of Laws	√	√	√

Authorisations



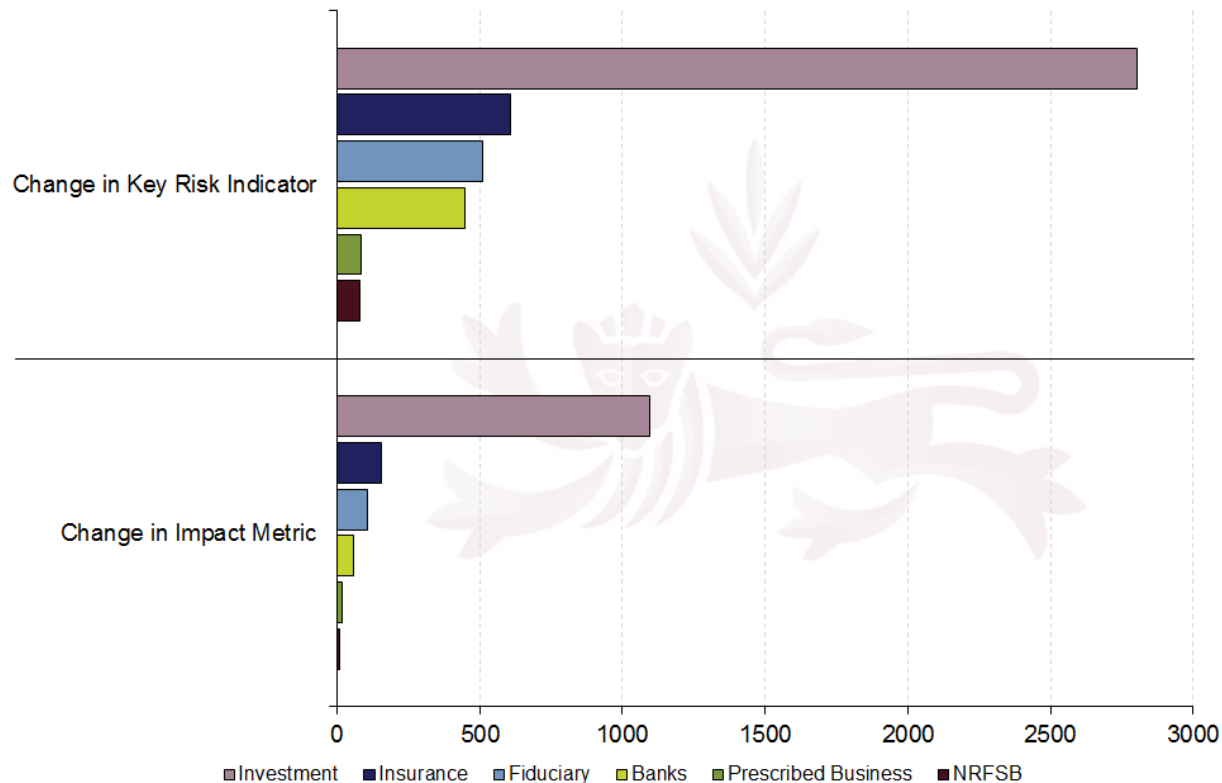
Applications and changes of control (between 1st July 2016 and 30th June 2017).

Supervision – KRIs and Impact Metrics

- 1,338 Triages (incidents connected with a firm)
- 309 responses to our thematic questionnaires
- 54 thematic visits including 22 focused on financial crime
- 4,534 alerts involving changes in firms' key risk indicators
- 275 firm engagement meetings and risk assessments
- 270 new Risk Mitigation Programme actions connected with 140 separate Risk Issues
- 214 RMP actions connected with 110 distinct risk issues were closed

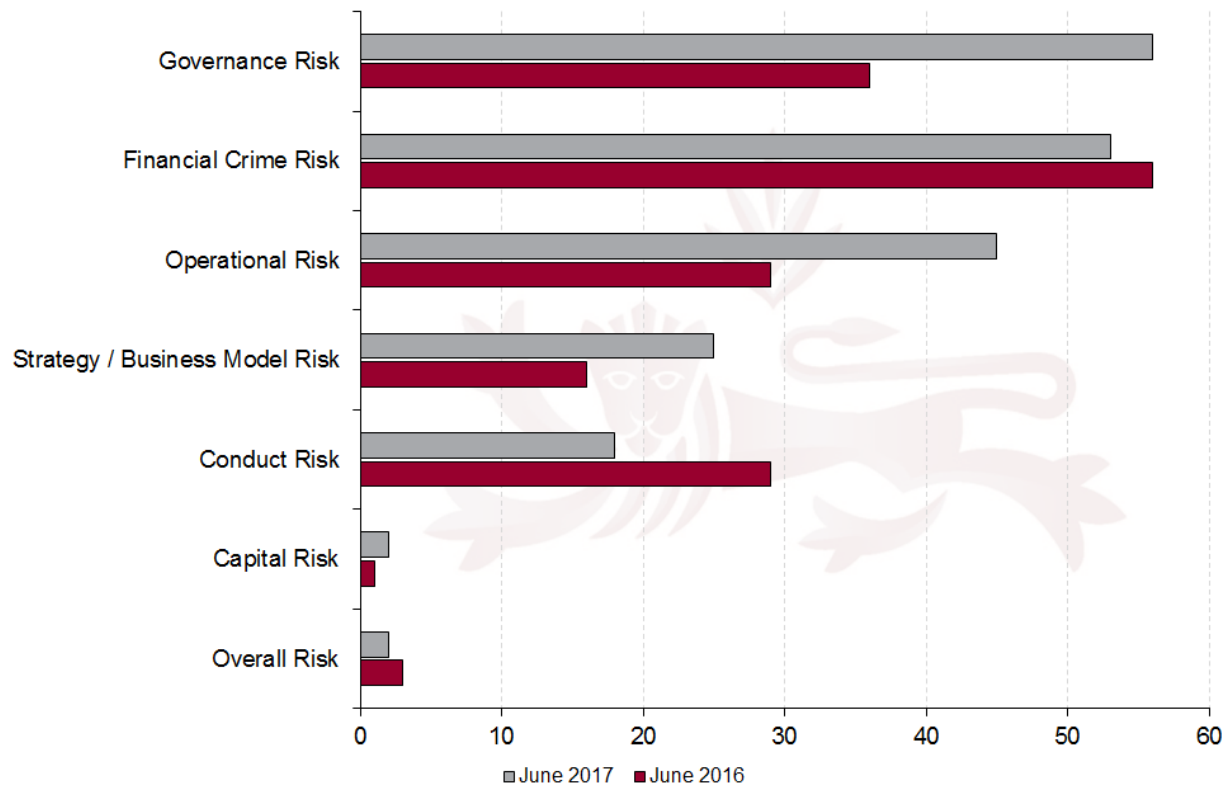
*RMP actions required where a firm is operating in an inappropriately risky way and action needed to reduce the risk

Supervision – KRIs and Impact Metrics (continued)



Key risk indicator and impact metric alerts (between 1st July 2016 and 30th June 2017).

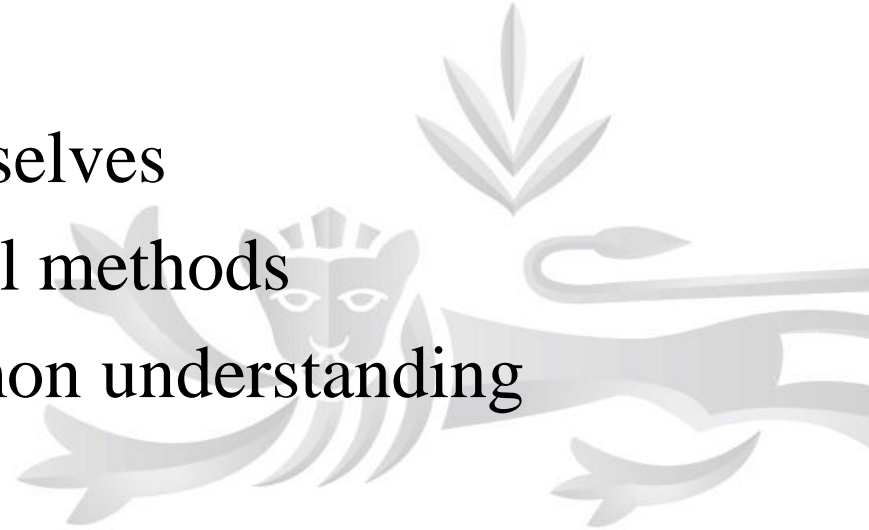
Supervision – RMP Actions



Risk Mitigation Programme actions, by primary risk type (June 2016 vs. June 2017).

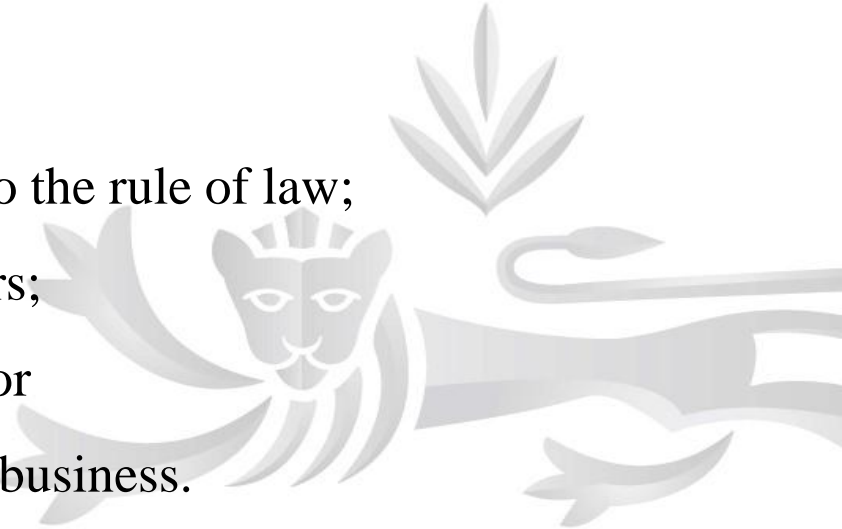
Assisting Regulatory Self-Assurance

- Educational Sessions
 - Clear outcomes
 - Reflection
 - Self-Assurance Help Sheets
- Helping firms to help themselves
- A complement to traditional methods
- Designed to promote common understanding



Enforcement – a necessity

- 90%+ of issues at firms are dealt with through supervisory action
- Supervisory measures are not always appropriate if [but not limited to]:
 - breaches are systemic or serious;
 - breaches are repeated;
 - there remains a reluctance to adhere to the rule of law;
 - there is an imminent threat to investors;
 - investors have already incurred loss; or
 - the parties are conducting unlicensed business.



Why we Regulate and How we Regulate and Innovate

William Mason
Director General

