

Industry Seminar – 23 November 2017

Authorisations

Katherine Jane, Chief Risk Officer

Good morning and welcome to this, the second day of the Guernsey Financial Services Commissions Industry Presentation. I hope that you will find the various sessions today informative and helpful.

Slide: Authorisations

To start the day off we are going to talk about the first part of the regulatory cycle, authorisations, as well as the ongoing tasks required of a regulated entity such as your online returns and submissions. My colleague Alison will be taking you through some of the common issues we see occurring on a day to day basis with the help of some of our Authorisation and Helpdesk team but first I thought I would pick up on some key points of the Authorisations process.

I think the initial point to make is that the Authorisation process is key to our overall objective of ensuring confidence in the Bailiwick and good regulatory outcomes. As with any system it is easier to prevent inappropriate individuals from entering than it is to remove them once inside; on this basis one of the core principles of our regime is that any individual holding a prescribed position in the Bailiwick needs to be 'Fit and Proper'.

This means that we expect people to act with honesty and integrity and to ensure they have the appropriate time and skills to carry out their role properly. This doesn't mean that we expect everyone to be a blank page when they come to make an application, for example an applicant may have been a director of a business that has failed in the past or have previously been involved with an entity that has been fined by its regulator.

Either of these events would not necessarily mean we would say 'no' to that individual holding a prescribed position but we will always view them less favourably if they have not been disclosed to us at the outset. We expect individuals who operate within the financial services industry of the Bailiwick to be open and honest with their regulator so I would encourage everyone who is submitting an online Personal Questionnaire to make sure that we are informed of any key events in your past and if in doubt it is better to disclose than not to mention something. When we are informed of any negative events within an individual's past we will always look to be fair and proportionate but we will take into account the reputation of the Bailiwick when making our decision.

This leads onto another area that we regularly receive a number of questions on. With any application there are a range of individuals who are asked to submit Online Personal Questionnaires and we always require these individuals to submit the questionnaire from their own email address, not their secretaries or Compliance Officer. This is one of the methods we use to ensure that an individual is aware of their responsibilities as a person holding a prescribed position, but also ensures that we can contact that individual directly should anything arise. When we look at other jurisdictions, such as the UK, they have taken significant steps to ensure that individuals operating within certain sectors understand their responsibilities i.e. the Senior Managers Regime. Whilst such a regime would not be proportionate in Guernsey we need to ensure in some manner that a person holding a prescribed position is conscious of their responsibilities and therefore we will not flex this requirement, no matter who is asking!

As William mentioned yesterday we are not a zero failure regime, either with respect to supervision or authorisations, businesses can and will fail. I would add to this by saying that we are looking for high quality, not necessarily low risk applications. Within Guernsey we have a range of skills and experience in our legal and compliance sectors that allows us to mitigate the risks associated with complex or innovative businesses or fund structures. We will consider applications based on new business models or ideas and we are happy to meet with prospective firms or individuals, indeed we have our Innovation Soundbox where we encourage any firms or individuals with innovative ideas to come and discuss them with us.

One point to note here is that you have a choice in what you gain from these meetings. If no background information is provided beforehand we are happy to meet with a firm but we would be unable to provide any indications or steer on the strengths and weakness of any application. If background information is provided we would be able to highlight the areas that we would consider further or challenge in the application process, perhaps allowing a greater focus on these areas before the submission of any application. As most of you know we would not be able to give a 'yes' or 'no' answer to any business model before a complete application is received but we can highlight which areas, if any, would most concern us.

But now for the more entertaining part of our presentation, you will shortly see three videos where our authorisations and help desk team have acted out conversations they have on a regular basis, either with new applicants or current licensees. Whilst all firms and individuals named in these videos are from our imagination they have been based on real events and experiences!

[Alison Gavey's presentation]

Thank you for your attention and I hope that you found some of these messages helpful. Whilst we don't have any time now for questions both Alison and I will be available in the break between sessions, or at a later date, to answer any questions you may have. Our contact details are on screen now if you want to get in touch with us.