

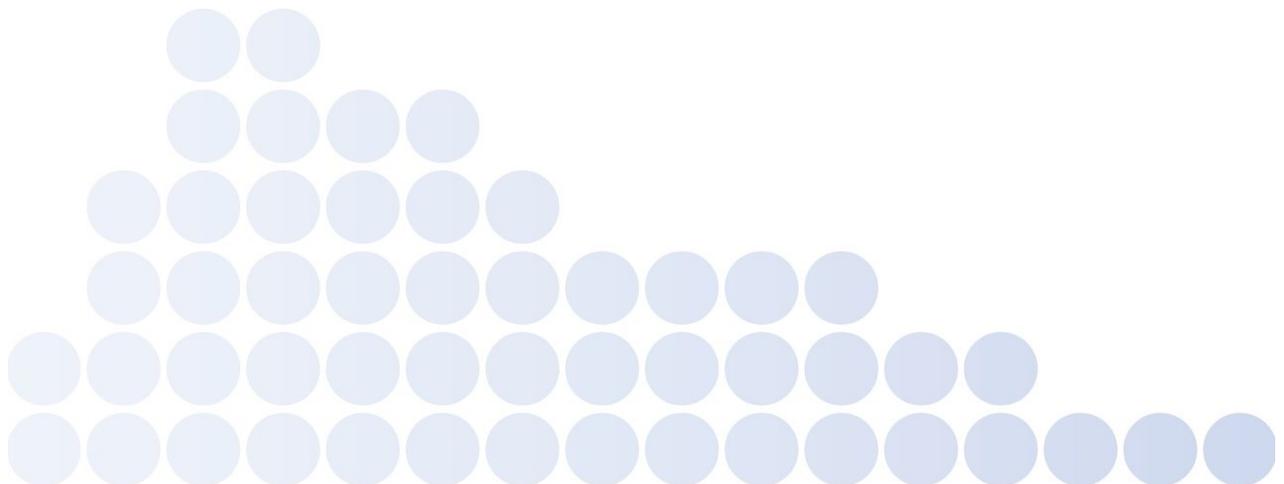


# The Gibraltar Financial Services Commission

Business Plan Progress Update

Quarterly Report

Published: 21st May 2015



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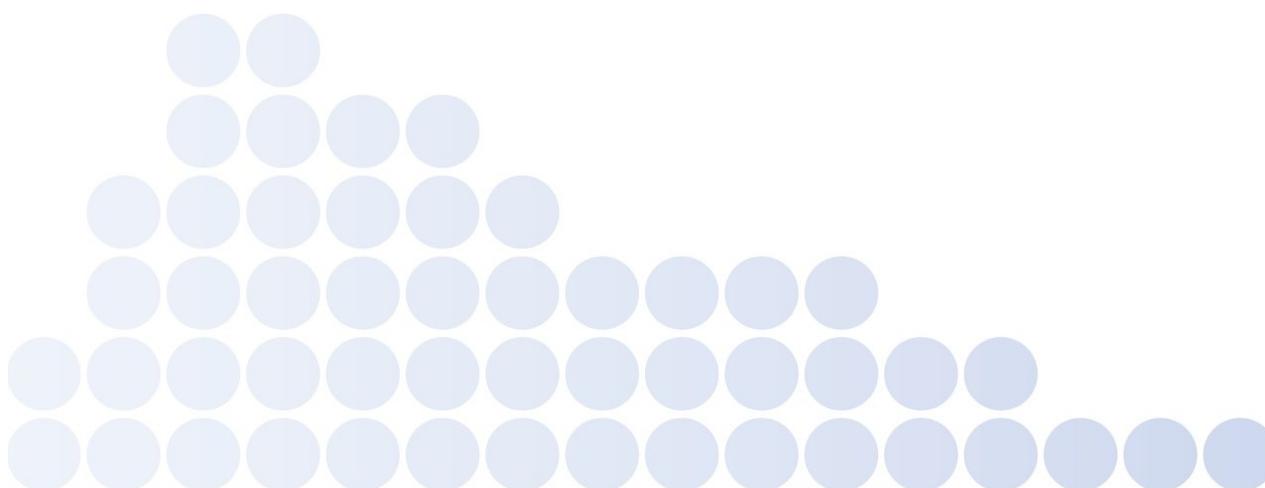
## 1. Introduction

On 14<sup>th</sup> October 2014 we published our strategic plan that set out our objectives and priorities for the period 2014-2017, together with a high-level delivery plan and business change programme. This was followed by the publication on the 15<sup>th</sup> January 2015 of our business plan that set out the key areas of work that we would be focusing on during the period January 2015 to March 2016 in support of the delivery of our strategic objectives.

During 2015/16 the FSC's priorities will cover delivery in the following areas, alongside our business as usual activities:

- The adoption of a more refined risk based approach to authorisation and supervision
- A structured approach to the implementation of EU Directives and international initiatives, and development of policy more generally
- A focus on staff capability and capacity
- The establishment of new systems to support the way we work
- A focus on accountability and transparency in our enforcement work, our operational activities and our approach to performance measurement
- The implementation of a coordinated engagement approach to our stakeholders

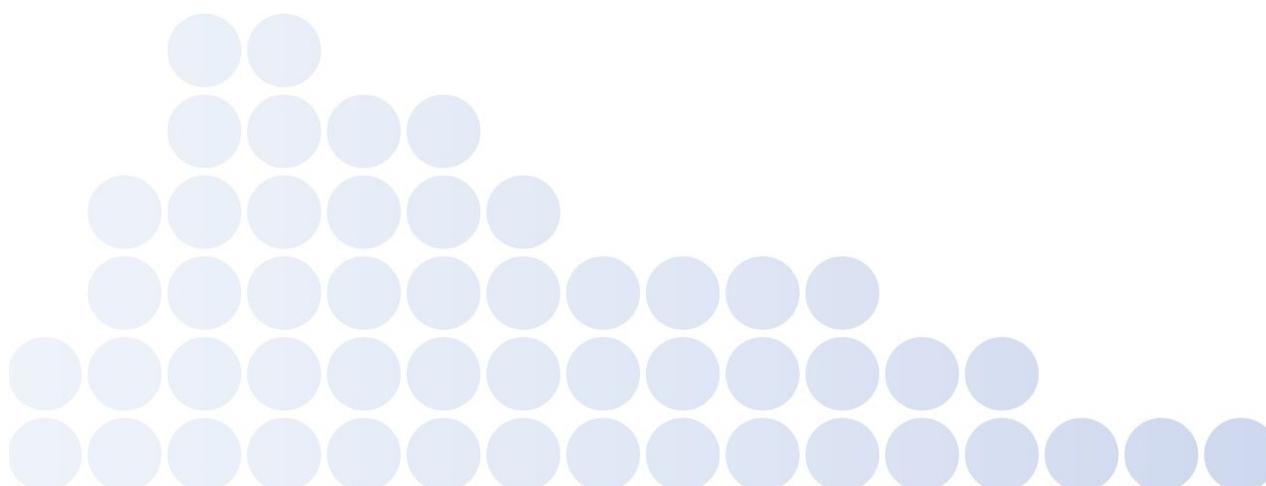
On a quarterly basis we will be publishing a “round-up” of where the FSC is in its change programme and how we are meeting our business plan priorities and strategic objectives. This is the first of these quarterly updates.



## 2. Executive Summary

The change programme is well underway and has already delivered the following:

1. Internal strengthening via senior appointments and recruitment of more expertise both in permanent staff within enforcement, risk, policy, prudential and conduct of business; as well as engagement on shorter-term contracts of expertise within areas such as pensions, solvency etc. in order to help build permanent capability.
2. The establishment of a dedicated Authorisations Division and a newly created Enforcement Division. The dedicated Authorisations Division aims to deliver a streamlined and un-bureaucratic authorisation process which is supported by a risk-based approach that will facilitate consistent, fair and more efficient decisions, with appropriate appeal mechanisms. This will support the sustained growth of the financial services sector in Gibraltar.
3. A significant change to the approach to engagement with firms, ranging from conducting interviews and senior level meetings both at authorisation stage and throughout the supervisory cycle; to proactive engagement via roadshows and workshops; to our planned re-haul and re-launch of our website.



### 3. What we have achieved so far

#### 2014: January to June

During the course of 2014 the FSC embarked on extensive engagement with key influencers (this included the Government of Gibraltar, industry bodies and the Finance Centre Council). There was greater emphasis in working with industry representatives and we commenced using focus industry groups to obtain feedback, comments and assist in our planning of the changes. We also focused on building external confidence in Gibraltar's regulatory approach via engagement with external bodies such as the various European Supervisory Authorities, the Financial Conduct Authority and Prudential Regulatory Authority in the UK, and HM Treasury of the UK Government.

#### 2014: June to December

In late 2014 our senior management was further strengthened with the appointment of Kathryn Morgan as Director Regulatory Operations and Joe Perdoni as Head of Prudential Supervision. We also recruited contract expertise to work with staff to support the building of permanent capability in a number of areas. This included Ken Hogg who is leading on prudential requirements with a particular focus on Solvency II; Sarah Hall – legislative reform; and, Zoe Westwood – investigations & enforcement).

In line with the organisation's focus on accountability we also introduced greater transparency to any person that is subject to enforcement action.

#### 2015: January to date

We restructured the organisation with the new structure becoming effective in January 2015. This has resulted in resourced delivery of clear focus in defined areas e.g. communications, policy, authorisations, risk and enforcement. The restructure has accompanied an overall increase in headcount, made up of both permanent staff and contract staff. We also continue to make focused use of secondees from industry sectors.

A dedicated Authorisations team was established and we started to trial the new approach to the processing of applications. This new approach focuses on early engagement with potential applicants and in early January we held a number of Authorisation workshops with representatives from the industry sectors. Following extensive liaison with industry representatives who provided valuable feedback, in early May we launched a dedicated Authorisations section on our website and also published new user-friendly application forms.

As part of the restructure a dedicated Legal, Enforcement & Policy Directorate has also been established. The appointment of Mike Lynch as Head of Enforcement was announced in March and a strategic assessment of our enforcement approach was also carried out.

Within supervision, we recruited technical expertise for the Prudential Supervision area in February and March and have recruited further technical expertise in Conduct of Business Supervision area in April. We have also enhanced our pension's expertise given the jurisdiction's focus on this sector and the general direction of travel in this area.

Substantial work has also been carried out around our new risk management framework for supervision and a pilot exercise was commenced in March.

Separately we established, via focused recruitment, business analyst capability, the purpose of which will be to define and help develop our business and system needs. We have also created a Press Office to manage all aspects of media relations. In addition we have carried out strategic assessments of our communication and engagement approaches. We also carried out a survey on our website during March. The results of this will help shape the work that will be carried out to deliver a revamped and completely overhauled website later on this year.

Late January also saw the commencement of the Legislative Reform Programme ("LRP"), with the publication of the LRP information paper and the establishment of a drafting team on-site, largely drawn up from local law firms.

#### 4. What will be the focus of delivery during the next 3 months

Within the Authorisations area, focus will turn to streamlining the process and forms currently used for (a) the notification of individuals to certain positions and roles, and (b) passporting notifications. Following an analysis of the management information which we have been collating since the beginning of the year we also intend to publish new service level standards for applications and authorisations.

In Supervision, we will be introducing thematic reviews as an integral part of our regulatory toolkit. We will also continue to implement structured engagement with industry groups, which will include sector-specific industry workshops, and we will also be assessing & considering the use of industry panels more widely.

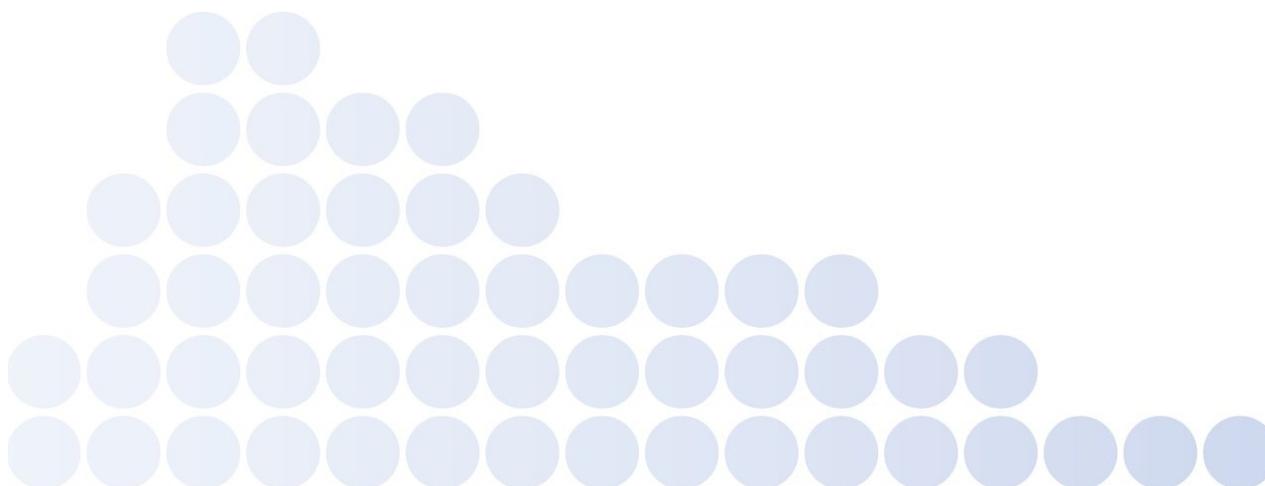
Following the strategic assessments recently carried out the FSC will be publishing our International, Communication & Engagement Strategy. As part of the implementation of these strategies we will be focusing on building relationships with other jurisdictions, work will commence on the launch of the new website as well as a revamp of the design, format and content of our publications such as newsletters, guidance notes and codes.

We will be adopting a structured and clearly defined decision making and delegation framework, underpinned by clear principles that will ensure that decisions are made at the appropriate levels within the organisation and with greater transparency.

We will continue to develop and enhance our approach to enforcement to ensure that those who do not act appropriately and place consumers or the reputation of Gibraltar at risk, face real and meaningful consequences. The recent judgment from the Supreme Court in Gibraltar in the Advalorem case has served to highlight the importance of adopting such an approach.

As part of the LRP, a programme of consultation will commence.

We will also continue to invest in training for, and the enhancement of skills in, our staff.



Published by:  
Financial Services Commission  
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Atlantic Suites  
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