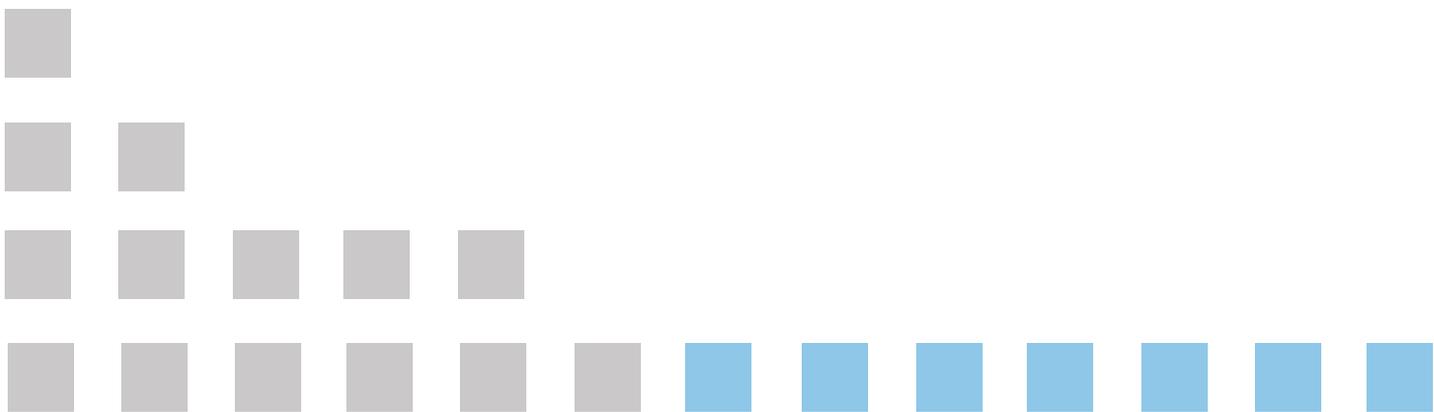


GFSC Board Charter



Introduction

1. This charter sets out the authority, responsibilities, membership and operation of the Board of the Gibraltar Financial Services Commission (the Board). This Charter is to be read in conjunction with the Financial Services Commission Act 2007 (the Act). Nothing in this Charter takes precedence over the Act.

Role of the Board

2. The Board
 - (a) ensures that the Commission's statutory functions are met:
 - (i) The Commission's statutory functions are set out under Sections 6 and 6A of the Act.
 - (ii) The Commission has generally delegated its functions to the Chief Executive under section 9 of the Act. The delegations are set out in the "*Chief Executive Delegated Functions*". The Auditors Regulatory Committee currently has delegated its functions to the Director of Regulatory Operations under section 9, see "*Delegation of Auditors Regulatory Committee under the Financial Services Commission Act 2007*".
 - (b) provides governance and leadership of the Commission as a whole within a framework of prudent and effective controls, which enable risk to be assessed and managed;
 - (c) sets the Commission's strategic aims;
 - (d) ensures that the necessary financial and human resources are in place for the Commission to meet its regulatory objectives;
 - (e) sets the Commission's values and standards and ensures that its obligations to its stakeholders are understood and met.
 - (f) scrutinises the performance of management in meeting agreed goals and objectives, and monitors the reporting of performance;
 - (g) monitors the integrity of financial information, and that financial controls and systems or risk management are robust and defensible: and
 - (h) determines appropriate levels of remuneration of the Chief Executive and Directors, in appointing and, where necessary, removing senior Executives, and in succession planning.

Members

3. The Board is composed of the Chief Executive as ex officio member and seven other persons appointed by the Minister. At least two of these persons shall have significant experience of regulation and supervision of financial services business in another jurisdiction.
4. Members have the same general legal responsibilities to the Commission as any director of a body corporate.
5. Members must take decisions objectively in the interests of the Commission and will constructively challenge and help develop the Commission.
6. Members must maintain the principle of collective responsibility for all decisions made by the Commission, even if the member disagrees with the decision made by the Commission.

7. Members' letter of appointment will set out the expected time commitment. Members undertake that they will have sufficient time to meet what is expected of them.
8. Members must disclose any other significant commitments to the Minister and the Board before appointment, with a broad indication of the time involved and the Board should be informed of subsequent changes.

Role of the Chairman

9. The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role.
10. The roles of the Chairman and the Chief Executive must not be exercised by the same individual.
11. The division of responsibilities between the Chairman and Chief Executive will be clearly established, set out in writing and agreed by the Board.

Appointment of Senior Independent Director

12. The Board must appoint one of the members to be the senior independent director to provide a sounding board for the Chairman and to serve as an intermediary for the other members when necessary. The Chief Executive cannot be appointed as the senior independent director.

Appointment of Secretary to the Board

13. The Executive will designate an employee of the Commission to be the Secretary to the Board.

Board and Committee Meetings

Meetings and Conduct

14. Regular Board meetings will be held on a quarterly basis, and extraordinary meetings will be called as necessary.
15. If the Chairman provides approval, the Board may make decisions at meetings held by teleconference, video conference or by email as being valid as if a physical meeting had taken place.
16. Members will attend Board meetings and meetings of the Committees on which they serve. Members must spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.
17. The quorum for any Board meeting will be 5 members, subject to the recusal of members. All meetings will be presided over by the Chairman unless otherwise determined.
18. Any matters arising at a meeting of the Board shall be decided by a majority of the members present and voting at the meeting and in the case of an equality of votes, the Chairman of the meeting will have a second or casting vote.
19. All orders and directions of the Commission shall be given under the hand of the Chairman or Chief Executive.
20. A member may suggest to the Chairman any matter to be included on its agenda.

21. A member may raise at any Board meeting any subject that is not on the agenda for that meeting.
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22. Strategy sessions may be held in conjunction with Board meetings at least once a year. Strategy sessions are designed to provide the Board an opportunity to discuss policy or other significant items that affects the long term direction of the Commission.
23. The Chairman, Chief Executive or Committee Chairpersons may invite senior managers, other employees and advisors to attend Board or Committee meetings whenever deemed appropriate.

Information and Resources for the Board

24. The Secretary shall ensure that the Board and Committees have access to information and other resources that the Chairman, in consultation with the Executive and other Board Members may require to perform its functions effectively.

Reporting after the Board Meeting

25. Minutes of Board meetings are prepared by the Secretary.
26. Minutes of all Board meetings are circulated to Members and approved by the Board at the subsequent meeting.

Committees of the Board

27. Section 12 of the Act enables the Board to establish Committees. The Board has established the following standing Committees:
 - (a) Audit and Risk Committee.
 - (b) Budget Committee.
 - (c) Nominations Committee.
 - (d) Performance and Remuneration Committee.
 - (e) Auditors Regulatory Committee.
 - (f) DLT and Digital Committee.
28. The Commission may establish other committees from time to time.
29. The Nominations Committee recommends the composition of the Committees to the Board for approval.
30. The Chairman of the Board must not sit as Chairman of the Audit and Risk Committee. The Chief Executive must not sit as Chair of any Committees of the Board.

Evaluations

31. The Board will establish procedures for regularly assessing the performance of the Chairman, the Board, members and the Executive.

Evaluation of the Committees

32. Each Committee must review and re-assess the adequacy of its terms of reference annually and recommend any proposed changes to the Committee for approval by the Board. Each Committee is required to confirm to the Board annually that it has considered all matters within its terms of reference.

Evaluation of the Members

33. Individual evaluation will be conducted by the Chairman via an evaluation questionnaire. The Chairman will provide every opportunity to allow each member to contribute effectively.

Development of skills

34. Members will receive induction on joining the Board and must regularly update and refresh their skills and knowledge.

Training

35. The Chairman will encourage members to continually update their skills and the knowledge and familiarity required to fulfil their role both on the Board and on Board Committees.

Commission policy on members' public comment and political involvement

36.
 - (a) Members must not occupy paid party political posts in Gibraltar, or hold particularly sensitive or senior roles whether paid or unpaid in a political party in Gibraltar which involves making public or personal comments. Members are free to engage in political activities provided that they are conscious of their general public responsibilities and exercise proper discretion. If a member accepts a nomination for election to the Parliament of Gibraltar or any other elected public office, then they will resign their appointment as member.
 - (b) The Chief Executive is the Commission's spokesperson and is responsible for all public comments whether made directly or with their authority. Members must not express views publicly on matters concerning the Commission, financial sector regulation or enforcement in Gibraltar, unless they are clearly speaking on behalf of the Commission and communicating Commission policy which has been previously cleared with the Chairman and Chief Executive. Members must not make any comments in public that undermine the Commission.
 - (c) Members must not, by the manner or tone in which they express views publicly on matters other than those within the remit of the Commission, bring the Commission into disrepute nor jeopardise its good relations with the firms which it regulates, Gibraltar trade associations, other financial sector regulators, the Government of Gibraltar or overseas governments.
 - (d) Public expression of views by Commission Members includes blogging, tweeting, writing articles or books, speaking to members of the press, public speaking, speaking to members of the financial services industry or professional groups or procuring third parties to speak on their behalf.
 - (e) Proper discretion (see (a) above) means that views expressed will not include any statements which a reasonable person could consider as a personal attack whether made by a member personally or permitted by them by for example inclusion of comments as set out in (d) above.

(f) If a member is an office holder in a professional, business or trade association and that body wishes to criticise the policies or personalities of the Government of the day or the Commission the member must not be associated personally and publicly with such criticisms.

Published by:

Gibraltar Financial Services Commission
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Atlantic Suites
Europort Avenue
Gibraltar

www.gfsc.gi

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