Business Plan
2017 - 2018

www.gfsc.gi
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Introduction

The Gibraltar Financial Services Commission (GFSC) is responsible for regulating and supervising financial services providers that operate in or from Gibraltar, in accordance with the following objectives:

- The promotion of market confidence;
- The reduction of systemic risk;
- The promotion of public awareness;
- The protection of the good reputation of Gibraltar;
- The protection of consumers;
- The reduction of financial crime.

This business plan sets out our programme of work for the period 1 April 2017 to 31 March 2018.

Setting the Scene

Unusually for a financial services regulator, the GFSC wears a number of different hats and we are also charged with delivering as the Listing Authority, and the Resolution Authority as well as supporting, from an administrative perspective, both the Gibraltar Deposit Guarantee Scheme and the Gibraltar Investor Compensation Scheme.

Since the organisational restructure that took place in early 2015, we have continued to take stock and keep under review how we are resourced in order to ensure that the right people with the right skills are addressing the key risks identified. The expansion of our regulatory remit as a result of the changing regulatory environment and various market developments, as well as the level of growth more generally in the sector has not posed inconsiderable pressure. The increasing obligations and requirements we face as a small regulator has also posed its own challenges. In this context we have continuously flexed our operating structure to ensure that we are able to deliver in all areas, and across the full spectrum of our responsibilities, within the resources that we have.

Delivery has particularly benefitted from the establishment of a structured performance management strategy and competency framework that focuses on the development of sector specialist skills and expertise in the various areas that we are responsible for supervising.
Accompanying this business plan, as set out in the 2016/17 business plan, is the launch of a new website that is more consistent with a modern and contemporary regulator and supports our goal to be accessible, professional and pragmatic.

The business plan supports delivery of the three year strategic plan that was published in October 2014 and provides detail of the activities that we will carry out, the areas that we will focus on, and the resources we will use in 2017/18 to progress the complete delivery of that plan.

The strategic plan articulated our five primary objectives, namely:

- To ensure we continue to be, throughout this period and thereafter, a competent regulator, ahead of the important risks, well prepared for Government of Gibraltar, EU and international initiatives, and acknowledged as expert in the markets regulated.

- To ensure we are an effective, professional cross border regulator, empowered, with skilled staff working as a team and focused on the public interest outcomes that are important in all the jurisdictions where Gibraltar firms operate.

- To ensure we support the safe, sustained growth and development of Gibraltar’s financial services industry, balancing competitiveness with the maintenance of best regulatory practice.

- To ensure we are an efficient, targeted regulator, providing value for money, with resources that are focused on mitigating important risks and thus protecting the public, financial markets and the reputation of Gibraltar.

- To ensure we are an accessible and efficient regulator, straightforward to transact business with, interacting easily with all of our stakeholders – with this including industry, Government of Gibraltar, international bodies and consumers.

The entire period covered by the strategic plan has seen a substantial amount of engagement and regulatory liaison with host regulators of our firms, as well international bodies and supervisory authorities. Our approach has been to focus first on the UK, where the majority of Gibraltar financial services are exported, and then expand out to build and develop other relationships. Whilst some of the 2016 work has been as a direct result of the consumer protection and regulatory enforcement work we have carried out following the insolvency of Enterprise Insurance Company plc, most of our work has reflected a concerted engagement approach stemming out of our international strategy.
Throughout the 2016/17 year we delivered industry seminars and outreach sessions in a number of areas including Authorisations, Insurance, Financial Crime, Supervision, Enforcement and our Risk Appetite. We also published our inaugural Risk Outlook.

We progressed our thematic work and published our review outcomes on Experienced Investor Fund Directors, as well as commencing our thematic work on Insurance Managers. We also embarked on a programme of Quality Assurance of the Solvency II capital requirements, own funds and balance sheets of insurance companies.

In January 2017 we published our Authorisations approach document which set out our overall strategy to dealing with applications and detailed the process and type of engagement that applicants should expect, as well as the type and level of information that we would require. We also improved our lines of communication with applicants.

We have also focused on developments within the virtual currency arena and have completed a programme of engagement with Government and a number of industry experts to determine what the likely appetite for the development of a regulatory regime in relation to digital ledger technology is.

Work has also continued apace in the legislative reform programme and as part of this work we have transposed a number of major EU directives including the Transparency Directive, the UCITS V Directive, the Mortgage Credit Directive, the Audit Directive and Regulation, the Market Abuse Regulation, the Deposit Guarantee Scheme Directive and the Payment Accounts Directive.

Early in 2017 we embarked on an enhanced approach to financial crime which will determine our supervision of firms’ systems and controls in this space going forward.

Our work in 2017/18 will build on the work already achieved and will focus on eight overarching aims.
Our Priorities for the Year Ahead

1. **We will strengthen our position in the international community of regulators, ensuring that firms that we regulate are able to do business in other countries, and working with firms and the industry in a collaborative and collegiate manner in ensuring that consumers are protected and have access to products that meet their needs.**

During 2016 a substantial amount of our work has focused on the important role we play in delivering strong European standards of regulation across the various sectors that we supervise. In this work we have concentrated on the protection of consumers in all countries in which Gibraltar firms operate. To support this work, we have invested heavily and placed strong emphasis on developing close relationships with other regulators as well as the three European Supervisory Authorities (ESAs). In addition, our membership, and involvement in the work, of a number of international bodies is important to the critical work we do in supporting the jurisdiction. During 2017 we will continue to leverage existing relationships and build new ones.

Notwithstanding the results of the UK referendum, we must continue to meet EU and international standards. We will continue to work closely with the three ESAs in order to strengthen and maintain our relationship with these authorities. This will include ensuring we are aware of the outputs from the European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pension Authority (EIOPA) covering supervisory legislation, standards and guidelines.

We have been particularly active with EIOPA over the past 12 months – hosting a visit from its Supervisory Oversight Team and a separate visit that focused on various insurance companies operating out of Gibraltar. We have also recently taken part in the first Platform meeting with regulators from the UK, Ireland, France, Italy and Greece to discuss cross-border insurance supervision and we look forward to taking a leading role in developing this process further over the coming year – including opening joint discussions with EIOPA, Poland and Hungary. We will continue to build our relationship with EIOPA using this insurance passporting platform. This will enable us to further develop our relationships with other regulators across the EU. We will also continue to participate actively in supervisory colleges.
We will continue to build on our relationship with ESMA in order to develop and maintain a similar relationship to the one we have established with EIOPA. We will be working closely with UK authorities to progress this. Specifically, in relation to our ability to report data collected under, for example, the Alternative Investment Fund Managers Directive and other directives such as MiFID II in the future, we will aim to ensure that the appropriate mechanisms for onward reporting to the authority are available and fully functioning.

Our membership and involvement in the Group of International Finance Centre Supervisors (GIFCS) will continue to increase in importance over the coming period. Our close involvement in the development of the GIFCS Trust and Company Services Providers (TCSP) Standard places us in good stead to lead in the implementation of the standard more broadly, especially in the context of a post-Brexit environment. The TCSP Standard is being recognised as a leading benchmark for the regulation of TCSPs by a number of other international bodies. We will critically need to be able to demonstrate strong implementation of the Standard. We consider that we are well placed to demonstrate that we meet the requirements of the Standard and we will be working on evidencing this over 2017. We will also be participating in a number of the evaluation teams that will be looking at other constituent jurisdictions throughout 2017.

We will also be confirmed as a full signatory to the GIFCS Multilateral Memorandum of Understanding at the next Plenary in April 2017. This agreement sets out a framework to facilitate the exchange of information between the signatories and to enforce or secure compliance with any laws, regulations or rules relating to the functions and duties of the regulators in their respective jurisdictions, predominantly in the trust and corporate service provider space.

Through GIFCS we will continue to maintain an active role with the International Organisation of Securities Commissions (IOSCO) and will be focusing on complying with, and becoming a signatory to, the new IOSCO Enhanced Multilateral Memorandum of Understanding which equips IOSCO members with key additional powers to assist in ensuring that enforcement of securities laws and regulations within their jurisdictions remain effective.

We continue to play an important role in the work carried out by the International Association of Insurance Supervisors (IAIS) and are currently working as Co-Validators on two applications to the IAIS. As a result of our work on these applications, we have been approached to participate as Lead or Co-Validators on five new applications received by IAIS, and envisage that we will be taking this work forward during 2017.
We have been a member of the International Forum of Independent Audit Regulators (IFIAR) since 2012 and have been carrying out solid work over the last 2 years in preparation to being confirmed as a full signatory to the IFIAR Memorandum of Understanding. This will be taking place at the next IFIAR Plenary in April 2017.

In addition to this, we will be attending and working with the “Smaller Regulators Task Force”, a subgroup of IFIAR, which aims to identify the challenges faced by smaller jurisdictions and engage IFIAR’s assistance managing these. We will be contributing to the work of this group during the course 2017.

We proactively seek to develop and maintain relationships with our international regulatory colleagues and this engagement takes a variety of forms, including for example, visits to those authorities from our senior regulatory and enforcement staff, as well as our senior management team more generally, and bilateral meetings and calls between front-line supervisory staff. Our engagement strategy in this area will continue and we envisage that we will continue to invest in this approach in order to strengthen our supervision and regulation of cross-border firms and generate mutual benefits jointly with our regulatory counterparts.

In addition to this, we have built solid relationships with compensation schemes across Europe – including the Financial Services Compensation Scheme and Motor Insurance Bureau in the UK. We will continue to meet with these organisations in order to further develop an effective working relationship. Where necessary and opportune we will enter into memoranda of understanding.

We recognise that mutual cooperation between regulatory authorities is of paramount importance and to facilitate this we enter into memoranda of understanding with a number of international authorities. During 2016 we have continued our work in this area signing two memoranda with the Cayman Islands Monetary Authority and the United States Securities and Exchange Commission. We will shortly be entering into another two, with work continuing to progress on a number of other regulatory cooperation arrangements.

We will also continue to liaise and work closely with other small jurisdiction regulators to ensure that we share learnings from our individual experiences and are able to support each other in our presence in organisations such as IOSCO and IAIS, as well as more widely in the international regulatory arena.
2. The completion of the legislative reform programme that will deliver a streamlined legislative and regulatory framework for financial and professional services in Gibraltar.

This year will see the completion of our ambitious legislative reform programme (LRP). The LRP is composed of a number of projects that will culminate in a consolidated financial services legislative framework. The programme will deliver a final draft to Government by the end of September this year.

The benefit of the LRP is that it will bring in to one place approximately 23 pieces of primary legislation and 60 sets of regulations. This will provide significant advantages to the Gibraltar financial services industry, enabling more ready access to their legal obligations. The programme will deliver a significant streamlining of the regulatory framework, bringing greater standardisation and more consistent processes.

The LRP is not just the delivery of a new consolidated piece of legislation. It includes the transposition of a number of EU Directives and importantly a coherent framework for the financial sector. To date the LRP has:

- Developed policy for, and transposed, 8 EU Directives;
- Developed policy for and drafted the Financial Services Ombudsman legislation and small AIFMs and developed policy for the Fees Regulations;
- Supplemented and amended the transpositions of BRRD, CRD IV, and Solvency II;
- Reviewed and implemented where necessary approximately 30 EU Regulations, including the ELTIF Regulation, Audit Regulation, Market Abuse Regulation and Interchange Fees Regulation;
- Amended the PCC Act and SPV Regulations;
- Designed, developed the policy for, and drafted legislation to implement the new structure for the Resolution Authority, Deposit Guarantee Scheme and BRRD financing arrangements;
- Contributed to the development of new pensions legislation, and given significant input to the drafting of new pensions legislation;

During 2017, along with delivery of the consolidated legislation, the LRP will also deliver the transposition of the Markets in Financial Instruments Directive II, the Payment Services Directive II, and the Insurance Distribution Directive, as well as contributing policy input and development into the transposition of the Fourth Money Laundering Directive.
The LRP will also address the Financial Conglomerates Regulation, the European Markets Infrastructure Regulation, the Securities Financing Transaction Regulation, the Interchange Fees Regulation, the Benchmark Regulation, the Single European Payment Area Regulation and the Packaged Retail and Insurance-based Investment Products Regulation.

In addition, included within the LRP will be statutory amendments dealing with pensions, foundation and further policy development regarding small AIFMs.

This extensive work programme for 2017 will include consulting with industry, including holding industry workshops as part of an extensive communications initiative.

A main deliverable, once the legislative framework is in place will be to implement the regulatory processes, practices and systems that will result from this work. This is a considerable task that will involve a substantial amount of preparatory work in the run up to the enactment of the new legislation in both the supervision and authorisation areas. This will involve training of regulatory staff, amending processes, and for example, the publication of new forms and returns. As part of this process we will also communicate with external stakeholders, such as local trade bodies and industry associations, so that they know what to expect.

3. The delivery of an enhanced supervisory approach to financial crime with specific focus on mitigating money laundering and terrorism financing risk in the context of the key role for the jurisdiction that both the GFSC, and the firms and sectors it regulates and supervises, play.

A key regulatory objective for the GFSC is the reduction of financial crime. We have taken a proactive step towards enhancing our supervisory approach in this area and we will continue to develop this approach during 2017.

We have recently appointed a Head of Financial Crime to increase overall competency and focus in this area. This move will better align us with other regulators, as well as enabling us to better meet modern requirements on international regulators.

The immediate focus of our approach during 2017 will be our preparation for the MONEYVAL evaluation that Gibraltar will be subject to in the latter part of 2018. We will be focusing on ensuring that our supervisory engagement with firms and any enforcement action we take in respect of financial crime is able to meet the effectiveness criteria established by the Financial Action Task Force.
We will be further developing our risk methodology to ensure that it is focused and separately accounts for money laundering and terrorist financing threats. We will be carrying out targeted data collection from the firms we regulate so that this can form the basis of the development of our risk assessment process. We will also be increasing our engagement with firms and rolling out an enhanced AML/CFT supervision programme, which will be underpinned by the use of regulatory tools such as thematic reviews and assessments.

4. Actively supporting the development of new markets and activities in Gibraltar, promoting innovation that is well considered and safe for consumers and the jurisdiction.

We will continue to support innovation in financial services in Gibraltar, by clearly explaining our regulation to those wishing to provide financial services and intending to establish themselves in Gibraltar, or those who provide support services to financial services providers. We will continue to encourage innovation by supporting those businesses looking to develop and introduce innovative ideas into the market and we will help new or non-regulated businesses understand more about our regulatory framework as well as providing input to businesses in the early stages of developing new or existing business models.

We will also keep up to date with innovation in financial services, whether it is via technology, or changes to customer experience and involvement, such as peer to peer services or use of the gig economy, and will generally keep abreast of development in both financial and regulatory technology. We will be particularly welcoming of ideas and proposals that focus on financial inclusion, add value to existing consumers, make businesses more effective and efficient and help reduce risks. We will continue to monitor developments in international standards and other regulatory bodies in these areas.

Over the next twelve months we will develop a new regulatory framework for firms that use Distributed Ledger Technology (DLT) for the transmission or storage of value belonging to others. The framework will allow Gibraltar to prosper from the use and growth of new financial technology, by facilitating a progressive, well-regulated and safe environment for firms using DLT to grow, whilst also ensuring that this new regulatory environment protects both consumers and the good reputation of the jurisdiction.

We will actively engage in horizon scanning to anticipate trends so that the GFSC can react quickly to both new threats that emerge, as well as new opportunities that may arise.

We will continue to develop our work as Listing Authority in support of growth of the local stock exchange and will focus on building up our skills base in this area.
5. **Supporting the jurisdiction through a post-Brexit setting and continuing to develop a risk-based environment that delivers improved regulatory outcomes.**

Since 2015 we have adopted a more refined risk-based approach to authorisation and supervision that has sought to ensure that we are focused on the risks that matter most. We will further develop our approach and will continue to supervise licensees according to our view of significant risks. In 2017 we will conduct thematic reviews on insurance companies’ reserving processes and governance, as well as completing the thematic review on insurance managers. This will give us information about what good and poor practice is in the jurisdiction and enable us to provide firms with feedback on areas for improvement.

As well as reviewing the risk framework used for identifying risks to our objectives and further developing our supervisory plan, we will start to communicate supervisory plans to firms at least annually so that they will have an understanding of what engagement to expect from us and can prepare accordingly. In doing so, we will set out examples of the types of engagement and interventions firms can expect from us. We will also continue to carry out on-site visits and will increase these in areas where we consider risks to be significant.

We will use the risk framework to make sure our resources continue to be fit for purpose, both in capability as well as capacity, and will improve the IT systems supporting supervision so that front-line supervisors have access to good information and are able to use it in making proportionate and sound supervisory judgements.

We will continue to engage with industry bodies, and individual firms, in order to understand their concerns in the run up to Brexit, and to seek input into our thematic, and any other supervisory work, that may have an impact on firms. We will continue to work with stakeholders to explore avenues beyond Brexit and will actively look at what could potentially work in a post-Brexit environment whilst continuing to meet international standards.

We will also continue to meet our EU obligations. The nature of the UK and Gibraltar’s future relationship with the EU is yet to be determined and we remain committed to ensuring until such time as the legal position changes, consumers will continue to be protected by EU laws, businesses will still be able to rely on access to the EU markets, and we will continue to regulate and supervise to EU requirements. During 2017/18 we will be focusing on the transposition and operationalisation of directives such as the Markets in Financial Instruments Directive II (MiFID II), the Insurance Distribution Directive (IDD) and the Payment Services Directive II (PSD II).
We will continue to use the pre-application process to speed up decision making by focusing on the key risks in each application. We will continue our bespoke application process where we look only at the issues that need to be resolved before “going live” and will communicate regularly and clearly with applicants.

We will consider, working in consultation with the industry, introducing a recovery and resolution framework for insurers, reflecting the international work that has been done more generally in other sectors post the financial crisis on recovery and resolution, on the basis that for an insurer to have such a framework in place is good risk management practice. Alongside this, we will continue to develop our reviews of banks’ recovery plans to make sure these are sufficiently detailed and reflect the specificities of each bank.

6. Continuing to develop our capacity and capability, within the scope of funding agreed in 2016, whilst keeping under review our structure, resources and staffing levels in order to meet new challenges, and where necessary utilising focused use of short-term expertise to support specific supervisory or other work.

This year the GFSC will be working to create new ways of working with our people, technology and office environment that will facilitate the most efficient and effective delivery of regulation.

We will be reviewing our ways of working to make sure that we are resourced at the optimum level to allow us to deliver quality, cost-effective regulation. This will mean analysing whether we have the right number of people with the necessary skills and behaviours in the appropriate teams who can also work across the organisation to focus on mitigating the most important risks. It will also mean working to ensure that staff members have the right capacity and tools to perform to the highest standard. Initiatives we will be working on this year include delivering a Leadership and Coaching programme to further develop the leadership team and a tailor made training and development programme for staff to assist them in working effectively with the new regulatory processes being introduced, with a stronger focus on implementing the latest thinking on what it means to deliver risk-based regulation in practice.
We will be working on a continuous improvement strategy during 2017 to make sure that we are working as efficiently as possible. This will build on our ability to understand the processes and systems that impact on the objectives of the organisation; to measure process effectiveness and efficiency; and, to make changes to these processes based on collected data and knowledge. This will include making changes to our IT systems to allow us to rely on more intelligent information whilst reducing the reliance on data entry by staff thereby facilitating better time management. We will be carrying out a resource modelling exercise to ensure we continue to have the right level of resources, in the right teams, focusing on the right strategic priorities. Other areas of focus as part of the continuous improvement strategy will include enhancing our use of the office environment and infrastructure to allow for increased mobility of staff and smarter ways of working.

We will be considering how we make most effective use of powers in carrying out our extensive remit and role, and will be looking at enhanced utilisation of, for example, skilled persons where generally we will seek to commission an independent review of a regulated firm, usually focusing on specific issues where we wish to delve deeper into a firm’s activities. We will also be considering how to develop our capabilities to supervise new areas, for example, in the DLT space and the pensions area, and will be looking at enhancing our policy expertise to be able to deal with policy challenges such as considering a possible new regulatory relationship with the UK.

Since 2015, we have been working on improving our data governance and 2017/18 will focus on further refining this discipline. The changes we envisage will be far reaching and allow our staff to use the information we collect in the smartest way. This will involve introducing case management and data management systems as well as data analytic tools. We will be embedding these technological systems to enable new ways of working, making sure that our staff can access the data they need to deliver effective regulation.

We will also focus on how our internal environment in terms of office space and technology are able to support a flexible, multi-faceted way of working. We will be looking at how to increase our staff’s mobility to allow them to work both comfortably in the office as well as when travelling to meet licensees and other stakeholders in Gibraltar and internationally.

We are already planning for the 2018/19 period a feasibility study on the development of a digital strategy that will allow us to deliver, for example, an online handbook following the delivery of the new legislation under the LRP, as well as facilitating accessibility for, and engagement with, the firms that we regulate.
7. Continuous improvement focusing on actioning any recommendations arising out of the 2016/17 Statutory Review and any lessons learnt from events locally and elsewhere.

During the course of 2017 we are expecting to receive the final report from the Statutory Review Team that was appointed by the Government in the latter part of 2016. The review team’s remit was to assess the effectiveness of the GFSC in meeting its statutory and strategic objectives and to determine whether the GFSC is in the best position to deal with the future challenges that it will face.

We anticipate that the review team will be making a number of observations and recommendations and we will be looking at these closely in order to determine how best to address and action these.

Following the insolvency of Enterprise we have spent a great deal of time working with a number of EU jurisdictions to manage a range of issues, largely focusing on managing the impact on policyholders. The work we have carried out has included liaison with the relevant compensation schemes and ensuring the effects of the insolvency are managed.

The lessons learned from this process have highlighted the need to focus in this area to manage the impact of regulatory enforcement action across jurisdictions. This will require us to consider whether improvement can be made in our management of these types of situations in the future. As noted in section 1 above there is a great deal of work being done, and that we will continue to do, in the area of cross-border supervision. We will also be building links to better manage enforcement actions. This will continue to contribute to our program of relationship building and development of common processes. This will enable us to improve our capability by learning from others and to share experiences.

8. The delivery of increased public accountability and transparency to our stakeholders.

We will continue to develop our engagement and accountability strategy with firms we regulate, the general public and stakeholders more generally. This will include engagement with other regulators, particularly where Gibraltar firms passport and where there is a significant conduct of business risk to consumers of Gibraltar firms.

We will continue to develop our outreach programme with firms and industry associations and will organise annual industry events similar to the successful insurance event held in March 2017.

Our annual report will provide a more comprehensive and detailed account of the work we have done in the previous 12 months and we will open ourselves up to increased scrutiny.
During the next 12 months we will also be delivering the consumer education programme that we have been working on. The programme has three main aims; to raise awareness of financial matters, to improve understanding of financial matters, and to increase financial literacy at all stages of life.

During 2017/18 the focus of the programme will be on empowering the more vulnerable sectors of society, as well as those who are most likely to be affected by confusing or unclear information - primarily children, pensioners and lower-income earners. We will be using educational structures that already exist in order to deliver the outputs of the programme. We will initially be piloting this through schools in conjunction with, and with the support of, the Department of Education.

Delivery of the programme will also include the launch of an interactive, user-friendly website which will supplement the work we plan to do with the schools and other bodies. Work on providing information on financial products and services and for consumers, and what they can expect from a Gibraltar firm, will also start during the course of the year, with plans to do further work on this in subsequent years.
Over the coming twelve months the FSRCC will continue to focus on resolution planning and resolution readiness, whilst progressing plans to ensure that significant and cross-border banks are resolvable in a controlled manner with minimal impact on the local economy.

Resolution readiness can be achieved by ensuring further progress takes place on the completion of resolution plans (either through ‘Home’ or ‘Host’ Resolution Authorities). In addition, the focus will be to continue the operationalisation of resolution strategies for Bank Recovery and Resolution Directive (BRRD) firms and identifying obstacles to resolvability. The credibility of resolution actions and the ability to support resolution actions financially will form the heart of this.

The continued development of Resolution colleges and the establishment of co-operation agreements with Home Resolution Authorities will enable the FSRCC to develop and agree on ‘Single Point of Entry’ resolution strategies where appropriate. Agreement of such strategies will be central to the progress of the regime under the current resource framework.

Further work on Minimum Requirements for own funds and Eligible Liabilities (MREL) and Internal MREL will be required in conjunction with the Competent Authority, Home Resolution Authorities and local Industry. Progress on this will be crucial for the continued operationalisation of resolution strategies.

Based on the experience gathered to date, and continued engagement with National Resolution Authorities (NRAs), the Resolution and Compensation Unit (the RCU) will look to develop internal documentation as well as internal procedures for resolution actions.

The RCU will continue to build on collaboration foundations created with key stakeholders; local BRRD participants, regulatory supervisors, the Government of Gibraltar, NRAs as well as the other relevant international bodies.

The RCU will continue to contribute to all policy and legislative initiatives that can potentially impact on its activities. Transparency through close engagement with local firms will be a continued focus for the RCU through the completion of audited financial report and accounts with detail on accrued income and expenses and information. Direct firm engagement and regular dialogue with industry will also take place.
In order to fulfill its role of maintaining trust and confidence in financial services, the RCU will continue its efforts to ensure the public are aware of the Deposit Guarantee Scheme (DGS) protection. This awareness will help generate trust in the industry and aid financial stability.

The continued development and ongoing review of DGS single customer view, through close engagement with firms, will be a key DGS priority for the RCU. This is an essential element for achieving a ‘fast payout’ for depositors in the event of a bank failure (which will need to be within 7 days by 2024).

Operational gaps identified in the proposed DGS framework and others that may be identified following DGS stress testing, which is to take place prior to July 2017, will require mitigation and attention in the second half of 2017. This may form part of the Macro Prudential engagement currently underway with the Government of Gibraltar.

The ongoing development of recovery and resolution, and deposit guarantee scheme contribution mechanisms and associated calculations will, along with firm engagement and transparency, will be enhanced where appropriate. As an ongoing activity, the RCU will ensure the timely collection of the said contributions and will ensure the funds are soundly and securely administered. In addition the FSRCC shall ensure that the financing arrangements established under the each Directive shall aim to reach the target level required.

Continued personal development and upskilling of staff within the RCU is essential in achieving the goals set out in the above. This can be achieved through the ongoing engagement with overseas regulatory authorities, international financial stability forums, the European Banking Authority, and other training mediums.

DGS stress testing set to take place prior to July 2017 may require independent oversight. This is currently under consideration. In addition, 2016 contribution calculations for the purposes of BRRD financing arrangements have identified the requirement for actuarial assistance for a number of elements of the calculations. This assistance will also be sought for future years.