



Gibraltar London Seminar Private Clients

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Chief Executive Officer
Financial Services Commission



FSC Mission Statement

"To supervise and regulate Gibraltar's financial services to protect the public and enhance Gibraltar as a quality financial centre."



The Commission

- Established in 1989
- Regulator of Financial Services in Gibraltar, covering:
 - Banking
 - Insurance
 - Investments (including UCITS regulation and other funds)
 - Company Management
 - Professional Trusteeship
 - Pension Trustees
- Staff complement of 28 (rising to 33)
- Budget of approx Euro's 3m

Other Activities

- Patrolling the perimeter
- International cooperation
 - Secondments
 - Training
 - Information exchange
- Depositors' Guarantee Scheme - administration
- Investor Compensation Scheme - administration
- Auditors Registration Board – administration
- Shortly to take on responsibility for Money Services Businesses



Fund Sector in Gibraltar (as at end December 2007)

- 10 Collective Investment Scheme Administrators
- 9 Collective Investment Scheme Managers and Depositaries
- 3 Collective Investment Schemes (Authorised)
- 46 Collective Investment Schemes (Recognised)
- 31 Collective Investment Schemes (Experienced Investor Funds)
- 6 Investment Dealers
- 27 Investment Managers



Risk based regulation

- The FSC is a risk based regulator
- We have developed an approach for assessing risk in licensed firms so we are able to focus our resources on the areas of highest risk
- In our aim to meet our statutory duties we also have an internal risk management framework which allows us to identify and manage the risks that exist

Commission Structure

- Commission members (with exception of Chief Executive) appointed by Government of Gibraltar
- Eight Commission members (including Chief Executive) with a mixture of local and international experience
- Separate Chairman and Chief Executive
- Chief Executive responsible for day to day work including licensing decisions
- Operates in line with Principles of Good Governance. (including Audit, Nomination and Remuneration Committees)



Our statutory objectives

- To promote market confidence;
- The reduction of systemic risk;
- To promote public awareness;
- To protect the reputation of Gibraltar;
- The protection of consumers; and
- The reduction of financial crime,

The year ahead

- Existing onsite and offsite monitoring programmes
- Changes to EIF regime
- New fund structures
- Gibraltar Stock Exchange
- Financial Sector Skills Council
- Approved persons regime
- Changes to funds legislation/regulation
- Shari 'a law
- Published service standards



The FSC and Innovation

- The FSC has developed a banking supervisory software system which it has provided free of charge to other regulators
- The FSC has one of the most highly regarded websites of any regulator
- The FSC was the first regulator to make its website accessible to the visually impaired



FSC and Transparency

- Regulatory transparency is key to trust
- FSC has placed a line by line assessment of its compliance with the "Combined Code of Corporate Governance" on its website
- All external assessments and the FSC's response/action is on our website
- All policy/consultation papers contain the objective we are trying to achieve as well as our proposals

International standards

- FSC seeks to comply with relevant international standards established in;
 - Insurance
 - Banking
 - Investments
 - Anti Money laundering

- We are members of;
 - International Association of Insurance Supervisors
 - Offshore Group of Insurance Supervisors
 - International Organisation of Securities Commissions

- The FSC is required by statute to advise the Minister if, at any time, it considers it to be unable to supervise and regulate financial services business carried on in or from Gibraltar to internationally accepted standards

- Our adherence to these standards is independently verified



International Standards EU Requirements

- As an EU jurisdiction we are required to apply all Directives and Regulations made under the Financial Services Action Plan
- This gives us full passporting rights throughout the EU and, via the Gibraltar Order, the UK
- In respect of EU legislation the FSC is required by statute to establish and implement standards and supervisory practices which match the standards and supervisory practices governing the provision of financial services within the United Kingdom.



Independent reviews

- The FSC is one of the most reviewed regulator on the planet!
- Reviews undertaken include:
 - First statutory review 1998
 - Second Statutory review 1999
 - IMF Assessment 2001
 - Assessment against FATF standards 2002
 - Third Statutory review 2004
 - Second IMF assessment 2006



2006 IMF Review

- Covered;
 - Banking
 - Insurance
 - AML/CFT
- Designed to assess compliance with international standards
- Gibraltar was the first jurisdiction to volunteer for the initial review

IMF Findings

- In the area of Banking Supervision Gibraltar was fully compliant with 27 and largely compliant with 3 out of the 30 applicable international standards. This was matched with 24 observed and 3 largely observed out of 28 applicable standards for Insurance Supervision.
- These levels of compliance are amongst the highest ever achieved in any IMF review by any country.



IMF Findings from latest review

- Gibraltar has a well-regulated financial sector
- The assessment found a high standard of compliance with the Basel Core Principles and the Insurance Core Principles.
- The reputation of Gibraltar as a financial center will depend on maintaining the independence of the Financial Services Commission (FSC).

Experienced Investor Funds

- On 5 August 2005 the Government of Gibraltar issued the Financial Services (Experienced Investor Funds) Regulations, 2005
- This allows for the establishment of experienced investor funds. These are funds designed for professional, high net worth or experienced investors
- Light regulatory obligations based on disclosure and fit and proper assessment of key participants

EIF Requirements

- Is a company formed or redomiciled under the Companies Act; or
- a unit trust established under and governed by Gibraltar law and subject to the jurisdiction of the Supreme Court of Gibraltar; or
- a Gibraltar protected cell company; or
- in any other form recognised under the law of Gibraltar that may be approved by the Authority, either generally or with respect to a particular fund;
- a legal entity established in an EEA State in a form recognised under the law of Gibraltar that may be approved by the Authority.

EIF Requirements (Continued)

- Where an experienced investor fund is established as such, the administrator of the fund shall, within 14 days of the establishment of the fund, file with the Authority—
 - written notification of the establishment of the fund
 - a copy of the offering documents;
 - an opinion of a lawyer of at least 5 years professional standing and who is also a Barrister or Solicitor of the Supreme Court of Gibraltar, that the fund complies with the relevant provisions of the principal Act and these Regulations; and
 - such other documents as the Authority may require

EIF Requirements (Continued)

- If an experienced investor fund is established as a company formed or redomiciled under the Companies Act or as a protected cell company, it shall have at least two Gibraltar resident directors authorised by the Authority to act as the director of an experienced investor fund.
- If an experienced investor fund is established as a unit trust – with only one trustee, the trustee shall be a person resident in Gibraltar and authorised by the Authority to act as the trustee of an experienced investor fund (with more than one trustee, at least one trustee shall be a person resident in Gibraltar and authorised by the Authority)



New fund structures for 2008 Professional Scheme

- Similar to the Experienced Investor Fund, in as much as being governed by a particular set of Regulations that could set out the relevant provisions of the CIS Regulations that continue to apply to this type of fund,
- Treated, and regulated, as an authorised fund.
- Permits wider group of investors than EIFs



The End

For further Information please contact

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