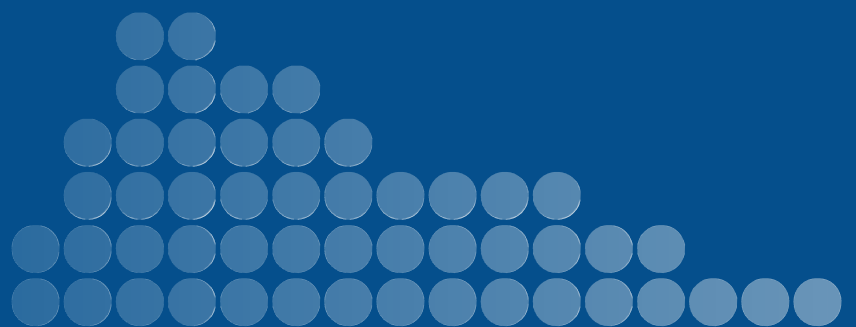




Financial Services Commission

Strategic Plan 2014-2017



Introduction

We have a strong history of delivering effective regulation: regulation that is modern and efficient, operating to defined standards, and upholding and promoting our regulatory objectives.

In order to continue to deliver effective regulation, it is imperative that we continuously improve, focusing on enhancing and strengthening our approach, to ensure we remain able at all times to focus resource on acting promptly and effectively when risks and issues are identified.

Equally, the industry looks to the FSC to operate in a professional and proportionate manner, concentrating on the issues that matter most, enabling the swift and efficient transaction of the industry's business with the FSC, working always to respond in shorter timescales and minimise the burden and cost of compliance.

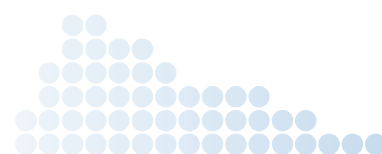


The Strategic Plan sets out our programme for the period 2014-2017 to deliver this purpose.



Samantha Barrass
Chief Executive Officer
October 2014

Financial Services
Commission



The FSC's role and approach

The FSC is the regulator of an international financial services centre, regulating providers of financial services conducted in both Gibraltar and other jurisdictions, such as the UK.

Our vision is to be recognised by our stakeholders as the model international financial services regulator and our mission is to provide financial services regulation in an effective and efficient manner in order to promote good business, protect the public from financial loss and enhance Gibraltar's reputation as a quality financial centre.

Underpinning the vision and mission statement are the regulatory objectives which are set by statute. Namely, these are:

- 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.

In carrying out our functions, the FSC is mindful of the need to operate in a manner which is consistent with the following principles of good regulation:

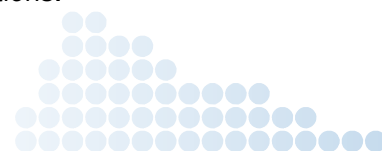
- The effective use of resources;
- The application of proportionality;
- To facilitate innovation;
- To maintain competitiveness;
- To minimise adverse effects of regulation.

The context of the strategic plan

Our strategy for 2014-2017 is set in the context of a number of factors. These include:

- International standards for regulation which continue to evolve;
- EU directives and requirements;
- Obligations set by the European Supervisory Authorities – for example, in both the banking and insurance sectors, the introduction of common reporting standards and single supervisory handbooks;
- Government of Gibraltar policy drive to promote and develop this sector through dedicating additional resources for marketing initiatives, focused on increasing the depth and breadth of the Gibraltar financial services industry;
- A determination to increase our efficiency and accessibility to our stakeholders; and
- Market demands and developments as firms respond to new challenges and opportunities.

In executing and delivering this strategy over the stated period, it is essential to continue to work, day to day, with our existing licensed firms in delivering risk-based regulation in an effective and efficient manner with the appropriate resources, processes and systems. In order to achieve this, a programme of change has been developed which underpins delivery of the strategic objectives of the organisation whilst at all times continuing to deal with our existing obligations.



Key Strategic Objectives

We detail below our key strategic objectives to be implemented during this time:

Objective one:

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.

Objective two:

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.

Objective three:

Ensure we support the safe, sustained growth and development of Gibraltar's financial services industry, balancing competitiveness with the maintenance of best regulatory practice.

Objective four:

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.

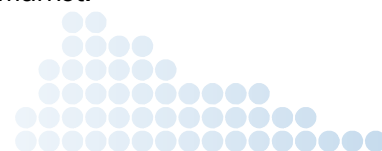
Objective five:

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.

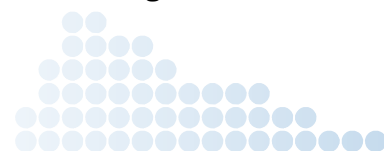
How will we achieve these objectives?

The steps to be taken to meet these objectives are set out below:

- 1 We have commenced an organisational re-structure designed to improve the effective and efficient operational delivery of regulation, supervision and deployment of capacity and capability, with particular focus on a further strengthening of existing sector specific expertise **and experience that is backed up by robust regulatory arrangements. We will ensure that the further strengthening of the senior team and the specific sector specialisms will facilitate operational delivery that results in benefits for the industry, delivery of the FSC's regulatory objectives and the jurisdiction more generally.**
- 2 We will 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. We will ensure that new entrants do not pose an unacceptable degree of risk to the public or the reputation of Gibraltar whilst not stifling competition, choice or creating excessive or unnecessary regulatory barriers. A priority here will be the establishment of a dedicated Authorisations function which will support speed to market for the industry as well as providing confidence that key risks are identified and mitigated. It will also facilitate the introduction of new firms to the Gibraltar market.



- 3 We will continue to work with the Government of Gibraltar to ensure a coherent and cohesive approach to the statutory powers of the FSC through a joint review of the legislative framework for financial services regulation which will assure the delivery of a consistent application of risk-based regulation, capable of responding flexibly and in a timely manner to changes in the market, EU policy developments and Government of Gibraltar macro and micro policy decisions. We will promote a simpler and navigable set of standards supported by the appropriate statutory powers including risk-based, enforceable principles and rules on both firms and individuals, covering, where appropriate, training and competence requirements that are capable of flexible adjustment to changing circumstances.
- 4 We will continue to develop and mature the FSC's risk framework and capability to ensure that there is good consistent understanding of risk and risk tolerance, focusing our regulatory activity and resource allocation in those areas which are outside the FSC's and the Government of Gibraltar's risk appetite and tolerance.
- 5 We will deliver a more outcomes focused approach to supervision which is supported by risk-based and transparent policies and processes. We will take a proportionate approach to supervision, that allows us to focus on the bigger issues and higher risks across the financial services industry, specific sectors or within individual firms, and will be proactive in acting or intervening where appropriate earlier and decisively.
- 6 We will develop and grow further our ability to support and lead the development of policy across the organisation. We will, by continuing to work closely with Government, adopt a more forward facing approach to EU and other international initiatives, as well as initiatives that emanate from the Government, with a focus on ensuring preparedness to understand, and safely meet, the challenges and opportunities that these initiatives may present. Our competencies in this area will be strengthened in order to provide the appropriate policy support across the authorisation, supervision and enforcement functions.
- 7 We will improve our ability to provide a credible deterrent via an enforcement approach which is transparent, consistent and fair and is supported by a range of sanctions and appeal mechanisms. We will continue to encourage and facilitate compliance with regulatory principles and requirements providing guidance to the regulated community and dealing with perimeter issues whilst seeking to achieve appropriate outcomes via our enforcement actions.
- 8 We have embarked on a technology upgrade to deliver a state of preparedness that will ensure that we are well placed to operate effectively and efficiently with the appropriate business processes and information systems necessary to consistently capture and record information and facilitate the efficient and effective analysis of this data.
- 9 We will focus on the appropriate recruitment, training and continued development of staff with a specific focus on the timely delivery of the right skills set, experience, capability and capacity within key regulatory functions and specialisms measured against market developments, growing regulatory complexity, EU and local government initiatives and other demands.
- 10 We will strengthen our engagement with all of our stakeholders, with a focus on interaction and access to international and EU bodies, including, the European Supervisory Authorities, industry, Government and consumers of financial products more generally. This will involve on-going consultation and dialogue with local stakeholders and the reinforcing of relationships with regulators and policy-makers in other jurisdictions.



Delivery

The delivery of these fundamental objectives requires interventions across the whole of the FSC and encompasses all aspects of our regulatory operations.

The FSC is embarking on a single change programme, which incorporates our objectives and includes a number of different work-streams, the purpose of which is to ensure that interdependencies between all associated projects and business as usual can be effectively managed and not impact the FSC's current operational delivery.

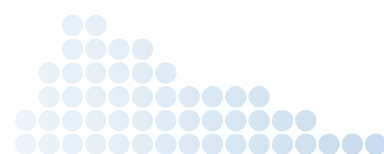
Effective stakeholder engagement will be critical to the success of all elements of the change programme. A plan is being put together to take this forward, which will include an overhaul of the approach we take on our website and more active, early engagement with stakeholders on key issues, including use of stakeholder experience of our regulation to inform the changes we will make.

The Government of Gibraltar has welcomed and signalled its support for the goals and objectives of the FSC set out in this plan and has confirmed its financial support to implement the strategic plan over the 2014-2017 period. Regulated firms may be subject to the normal increases in licence fees over this period which will be subject to the usual consultation process and no exceptional increases in licence fees are envisaged.

The critical aim of the change programme is to put in place fit for purpose, and where necessary transform or adapt existing processes, systems, and resource capability and capacity in order to enable the organisation to focus on the priorities identified. The programme is expected to deliver a state of preparedness to the FSC that will see it well-placed to meet the challenges, obligations and requirements that are on the horizon.

Ultimately the implementation of the programme will ensure that we improve and strengthen our ability to deliver the following:

- That we make competent, fair and independent decisions;
- That we manage our resources effectively to deal with risks to the regulatory objectives and are able to account transparently for our decisions;
- That we engage openly, constructively and in a timely manner with all of our stakeholders and are accessible and easy to do business with;
- **That we facilitate safe speed to market by an efficient and streamlined approach to authorisations;**
- That consumers receive financial services from competent and ethical providers;
- **That those we regulate manage their own risks effectively;**
- **That regulation does not hinder the development of safe new and innovative practice;**
- That we are consistently focused on the public interest outcomes that matter in all the jurisdictions where Gibraltar firms are active;
- That we comply with developing international standards and are recognised as a fair and credible regulator by both our consumers, regulated community and peers.



Published by:

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Photos attributable to
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