



The Gibraltar Financial Services Resolution and Compensation Committee's key objective for this period will be to **continue to embed the Bank Resolution and Deposit Guarantee frameworks** within Gibraltar. Both are essential components to the continued financial stability of Gibraltar's banking sector. Given the infancy of both frameworks, the FSRCC is committed to working hand in hand with industry participants and the banking association to enable a smooth implementation.

From a bank resolution perspective, the role of the Resolution and Compensation Unit ('the RCU') remains to be primarily **proactive, focusing on resolution planning and preparation** with a forward-looking mind-set to avoid a material negative impact of a bank failure on the public.

Additional funding possibilities for crisis situations will be explored by the FSRCC to further supplement its funding capabilities in the event of a bank resolution or invocation of the DGS. This will continue to form part of macro-prudential engagement with the Government of Gibraltar.

In 2017, the RCU developed non-binding MREL targets for firms. Looking forward, the Unit intends to increase the focus to the **quality of MREL** as well as working on **internal MREL** with firms forming part of a banking group. Beyond MREL, resolution plans will benefit from the Unit's growing experience both locally and internationally in this area (for example 'obstacles to resolution').

In the first half of 2018, the RCU will **directly engage with firms on the content of transitional Resolution plans**. This helps in addressing any impediments identified and ensuring transparency with firms at this early planning stage.

The practical experience internationally from 2017, has confirmed that bank readiness and regulatory decisions require continuous collaboration.

Fostering cooperation with international bodies,

cross-border jurisdictions, similar sized resolution authorities, and adopting of expected updated standards where applicable will continue. **Active participation in Resolution Colleges** will also be prioritised to further operationalise the agreed 'Single Point of Entry' approach with National Resolution Authorities.

Data collection for the purposes of resolution planning will focus on information required for the preparation and adoption of effective future resolution plans. Further development of a data point model will also be progressed. Engagement with firms both directly and through Industry Dialogue Workshops will be a key enabler in this area. On the receipt of this data, the RCU will carry out an analysis of the critical functions with criticality assessments to take place in line with accepted international principles.

In the interest of proportionality within bank resolution, **simplified obligations** may apply to smaller, non-complex firms. The RCU will engage closely with these firms with a policy methodology to be made available to all participants.

In line with the 2017 Deposit Guarantee Scheme ('DGS') Stress Test plan, and following the 2017 Single Customer View ('SCV') testing, the RCU will be carrying out two further '**priority stress tests**' (required to be completed before July 2019). These will focus on operational capabilities and funding capabilities of the DGS. Further onsite and offsite SCV testing will also take place during this period.

The RCU will continue to develop the **interplay between the recovery and resolution** obligations in conjunction with the banking supervisory team of the Gibraltar Financial Services Commission. This engagement will also take place from a DGS perspective and will include support functions of the Commission.



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Similar to previous years, the RCU will **calculate and administer contributions** to both the Deposit Guarantee Fund and the Bank Resolution Fund in line with the target funds set out within legislation. Any further changes to best practice in this area will be reviewed and adopted if deemed appropriate.

The FSRCC is committed to delivering proactive, reliable and transparent communications. The RCU will **continue to develop its strategies for internal and external communications** and look for possible measures to increase its efficiency, effectiveness and outreach, as well as its preparedness for times of crisis. The RCU will also increase its focus on depositor awareness to enhance the visibility of the DGS and building awareness of the vital protection it provides.

Further enhancement and continuous improvement of DGS and Bank Resolution processes and framework will be developed within the FSRCC's Crisis Management Plan and Bank Resolution Manual.

Finally, to enhance the implementation of the resolution framework, the RCU are committed to cooperating closely with the international bodies in Europe and elsewhere (covering crisis management). **Information and knowledge exchange** through these forums is important for the continued **personal development and upskilling of colleagues within the RCU.**