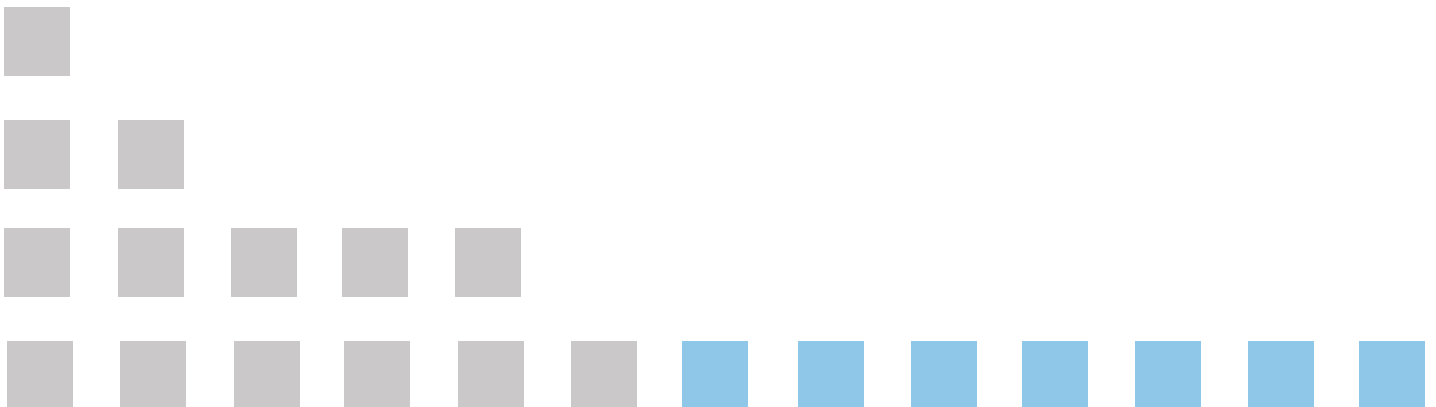




# Business Plan Priorities

October 2019 – September 2020





The Financial Services Resolution and Compensation Committee's (FSRCC) key objective for 2019/20 will be to **continue to embed the Bank Resolution and Deposit Guarantee frameworks** within Gibraltar. These are essential components to the continued financial stability of the jurisdiction's banking sector.

Working together is crucial in building resolvability and a credible Deposit Guarantee Scheme (DGS) and the FSRCC is committed to working together with industry participants and the Gibraltar Banking Association (GBA) to enable a smooth implementation. Following the success and positive feedback to date, the Resolution and Compensation Unit (RCU) will host its third Crisis Management Industry Seminar, inviting senior officials from Banking Resolution & Recovery (BRR) firms to collaborate in the next phase of the FSRCC's strategic focus.

The role of the Resolution & Compensation Unit (RCU) remains to be primarily **proactive with a focus on resolution planning and preparation** and having a forward-looking mind-set to avoid a material negative impact of a ban-failure on the public. Resolution plans are in place for full obligation firms within the jurisdiction and the RCU's work will increasingly focus on improving resolution readiness and identifying and addressing impediments to resolvability.

Following this year's engagement with Less (systemically) Significant Institutions (LSI's), the FSRCC expect to complete the first simplified resolution plans for these smaller, non-complex firms. Simplified insolvency is expected for Simplified Obligation (SO) firms in the event of failing or likely to fail.

A bail-in playbook is expected to be developed to ensure sound bail-in preparation and this should define the roles and responsibilities of the credit institution, its interactions with the resolution authorities and external stakeholders.

**Additional funding possibilities and effective liquidity backstop for crisis situations** will continue to be explored by the FSRCC to further supplement its funding capabilities in the event of a bank resolution or invocation of the DGS.

A key tool to achieving resolvability is Minimum Requirement for own funds and Eligible Liabilities (MREL). Sizeable progress on binding MREL targets was seen in 2019, as agreed with industry participants. Looking forward, the Unit intends to increase the focus and engagement with firms on the **quality of MREL** and the steps to achieving these 2022 targets.

Continuing to **foster cooperation with international bodies, cross-border jurisdictions, similar sized resolution authorities and Deposit Guarantee Schemes**, and adopting expected updated standards where applicable, will continue. **Active participation in Resolution Colleges** will also continue to make progress on the agreed Single Point of Entry (SPE) approach with National Resolution Authorities. **Information and knowledge exchange** through these forums is important for the continued **development and upskilling of colleagues within the RCU**.

**Enhancing the work completed in 2018/2019 on data collection** for the purposes of resolution planning will continue. Further development of a data point model may also be progressed. Engagement with firms both directly and through Industry Dialogue Workshops will be a key enabler in this area. On receipt of this data, the RCU will once again carry out an analysis and work closely with firms to improve on the accuracy and efficiency of reporting. In this regard, onsite and offsite quality assurance testing is expected over the coming years.

Following on from the European Banking Association's (EBA) mandated priority Deposit Guarantee Scheme Stress Tests, completed



in 2017 and 2019 namely; Single Customer View (SCV), Operational Capabilities and Funding Capabilities, onsite and offsite SCV testing will continue take place during this period.

The RCU will continue to build upon the **relationship between the recovery and resolution** obligations in conjunction with the banking supervisory team of the Gibraltar Financial Services Commission (GFSC). Given the recent completion of Operational Capabilities testing, this engagement will also take place from a DGS perspective with support functions of the GFSC.

As with 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 international best practice in this area will be reviewed and adopted if deemed appropriate.

Depositor awareness continues to be a key priority for the RCU, who will look to continue to enhance the visibility of the DGS and build awareness of the vital protection it provides. Bank Resolution online awareness will also be targeted through an explanatory video and through the RCU issuance of *An Introduction to Bank Resolution in Gibraltar*. Such awareness tools are also seen as a fundamental aid for firms as they implement resolution readiness measures.

The RCU continue to closely follow ongoing UK, European and international regulatory developments. In particular, the adoption of the BRRD-II package and its direct impact on resolution planning and associated legislative changes. In addition the impact of EU Withdrawal will continue to be monitored.

Finally, in the interest of transparency and value for money, the FSRCC will invite suppliers to provide a formal written submissions and to tender for the role of external auditor in 2020.