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PRESS RELEASE

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BERMUDA MONETARY AUTHORITY HOSTS THIRD MEETING OF FINANCIAL POLICY COUNCIL

HAMILTON, BERMUDA – The Bermuda Monetary Authority (Authority) hosted the third meeting of the Financial Policy Council (Council) at its offices in Hamilton, Bermuda this month.

The Council, established in 2015, advises the Ministry of Finance and the Authority on financial system stability in Bermuda. Its purpose is to assess possible threats to Bermuda's financial stability, and to identify policies and actions to mitigate or eliminate such threats. The Council also advises on the development of a financial stability framework in Bermuda and makes policy recommendations designed to support the general economic and financial well-being of the country. Members of the Council are the Deputy Premier and Minister of Finance the Hon. E.T. Richards JP MP (chair), Sir Andrew Large (deputy chair), Authority CEO Jeremy Cox, Sir Courtney Blackman, Michael Butt, Dame Amelia Fawcett and Gil Tucker.

At their meeting on 1st September, Council members reviewed recent developments in the international economy, and assessed their potential risks and vulnerabilities to financial stability in Bermuda. Particular attention was paid to the effects on the international and domestic economies of the results of the unanticipated outcome of the UK referendum to exit the EU.

Among topics discussed were recent developments in the global economy, including Brexit, which could have an impact on the financial sector in Bermuda, with specific focus on Bermuda's banking, and international (re)insurance sectors. Council members also discussed regional and global financial policy developments Bermuda needed to remain at the forefront of in order to retain its position as a leading international financial centre. In particular, the Council explored work completed to date in respect of enhancements to Bermuda's regime for Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF). The Council reviewed several streams of AML/ATF work currently underway in both the financial and non-financial sectors and highlighted the critical importance of establishing and operationalising a sound AML/ATF regime in Bermuda.

In addition, the Council:

- Took stock of recent developments of Bermuda's recovery and resolution framework for its domestic banking sector, including questions of operationalisation of the Special Resolution Regime enacted by the Legislature in February 2016.
- Reviewed recent international and domestic developments related to beneficial ownership in light of Bermuda's own experience in that area.



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- Reviewed recent work by the Financial Stability Board and others in respect to correspondent banking.

The Council's next meeting is scheduled for early December 2016.

Notes to editors

The Hon E.T. (Bob) Richards J.P., M.P., Deputy Premier and Minister of Finance, and Jeremy Cox, CEO of the Bermuda Monetary Authority (Authority), officially announced the formation of the Financial Policy Council on 8th December 2015. The Council met for the first time in December 2015. The Council is an advisory body for the Ministry of Finance and the Authority and was established to promote financial system stability in Bermuda. More specifically, the Council provides input into the macroprudential oversight processes, advises on the further development of the financial stability framework in Bermuda and makes policy recommendations designed to support the general economic, and financial well-being of the country as well as its financial stability.

Members of the Council are: the Minister of Finance (chair), Sir Andrew Large (deputy chair), Jeremy Cox, Sir Courtney Blackman Michael Butt, Dame Amelia Fawcett and Gil Tucker. Sir Andrew is a former Deputy Governor of the Bank of England, and now an advisor to central banks and governments. Sir Courtney is the former Governor of the Central Bank of Barbados and Ambassador for Barbados to the United States. Michael Butt has had a distinguished insurance career, including in the Bermuda-based global insurance industry and is currently chairman of the Board of AXIS Capital Holdings Limited. Dame Amelia Fawcett is Chairman of the Hedge Fund Standards Board, and a Non-Executive Director and Chairman of the Risk Committee of State Street Corporation (Boston, USA). Gil Tucker is a chartered accountant who worked at accounting firm Ernst & Young for 35 years, latterly as Bermuda Managing Partner.

The formation of the Council has been part of a strategic project begun in 2011 to strengthen the financial stability framework in Bermuda. Prudential standards and supervision practices are being aligned with recently strengthened international standards established by the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors and the International Organisation of Securities Commissions. In 2011, the Authority formed a dedicated macroprudential monitoring and analysis function to provide early warnings and take necessary mitigating actions to enhance its existing regulatory framework. These activities follow the work of the Authority to assist with the development of the bank deposit insurance scheme for Bermuda. The Bermuda Deposit Insurance Corporation Act 2010 was passed by Parliament in 2010, with a view to bolstering Bermuda's financial safety net.

In addition, the Financial Stability Committee, a committee comprising senior officials from the Ministry of Finance and the Authority, was established to provide a supporting role to the Council in addition to



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implementing its recommendations. The recommendations relate primarily to the early warning functions of the macroprudential dimension, but extend to further development of the recovery and resolution regime in accordance with standards laid down by the Financial Stability Board set up in Basel by the G20.

The Council has been established under a Memorandum of Understanding (MoU) between the Ministry and the Authority, signed by the Minister of Finance and the CEO of the Authority in August 2015.

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