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## NEWS RELEASE

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### **BERMUDA MONETARY AUTHORITY HOSTS SECOND MEETING OF FINANCIAL POLICY COUNCIL**

**HAMILTON, BERMUDA** – On 2<sup>nd</sup> May 2016, the Bermuda Monetary Authority (Authority) hosted the second meeting of the Financial Policy Council (Council) at its offices in Hamilton, Bermuda.

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. It also advises on 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. 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 and Michael Butt.

At their meeting on 2<sup>nd</sup> May, Council members reviewed recent developments in the international economy, and assessed their potential risks and vulnerabilities to financial stability in Bermuda. Among topics discussed were the level of external government debt and developments in the financial sector. Members also explored international financial policy developments where Bermuda needs to remain at the forefront in order to retain its position as a leading international financial centre. In this respect, the Council reviewed the Financial Stability Board's 2015 Global Shadow Banking Monitoring Report, particularly the work being undertaken to strengthen the policy tools available to regulators addressing potential systemic risks associated with non-bank financial intermediation.

The importance of the forthcoming Caribbean Financial Action Task Force assessment of Bermuda's Anti-Money Laundering and Anti-Terrorist Financial framework was also discussed.

In addition, the Council:

- reviewed recent enhancements to the recovery and resolution framework for Bermuda's banks in line with international developments;
- examined the implementation plan for the Special Resolution Regime enacted by the Legislature in February; and
- received an update on the planned implementation of Bermuda's Deposit Insurance Regime.

The Council's next meeting is scheduled for early September.



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### 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 9<sup>th</sup> 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 and Michael Butt. 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.

The formation of the Council is 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.

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 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.

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