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PRESS RELEASE

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BERMUDA MONETARY AUTHORITY COMMENTS ON PUBLICATION OF FOOT REPORT ON BRITISH OFFSHORE FINANCIAL CENTRES

The Bermuda Monetary Authority welcomes the publication of Mr. Michael Foot's final report on his review of British Offshore Financial Centres ("the Foot Report"). The recommendations in the Foot Report provide helpful direction for all the jurisdictions considered in the review.

The Authority has reviewed the Report's recommendations that are relevant to its work and the effective regulation of financial services. We are pleased to note that the BMA had already identified for action many of the matters covered in those recommendations. The Authority has been actively addressing the Report's five recommendations to regulators, namely:

- The need for increased resources: the Report emphasizes the importance of ensuring that regulatory authorities have sufficient resources to conduct their responsibilities, and notes that the Authority has in fact increased its resources significantly over the past five years. The BMA Board has recently approved significant increases in the Authority's resources to ensure the BMA continues to deliver effective supervision, and that Bermuda remains able to meet the demands of implementing and enforcing international regulatory standards.
- Establishing good governance arrangements: this recommendation appears to be focused on smaller offshore territories, but it should be noted that the Authority has been continually upgrading its governance framework over time, and is currently conducting a further benchmarking exercise to ensure that its framework remains effective.
- Suggestions for design principles of deposit protection: the Authority is in the process of working with the Government to develop proposals in this area; the recommendations in the Foot Report will be helpful for this work.
- Ability to take robust action over large banks and clear powers for intervention: The BMA notes that the report commends the prompt action and close oversight of the Bermuda authorities in addressing the pressures facing the local banking sector. The Authority currently has a project underway considering further enhancement of its bank intervention powers.



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- Ability to commission independent firm reviews: the Authority already has the power to commission independent reviews of firms, at the firms' expense, and it has used this power during the financial crisis.

Matthew Elderfield, CEO of the Authority said, “While we are pleased with the progress we have already been making in the areas recommended by the report, there is no room for complacency. We recognise that the Authority’s continuing work programme must ensure Bermuda maintains its high regulatory standards and cooperative approach in the international financial sector. This recognition has driven the work we have underway to enhance Bermuda’s regulatory framework.”

“Our intention moving forward is to ensure that the momentum around the Authority’s continual improvement process remains in place, particularly as we work toward our goal of achieving regulatory equivalence for Bermuda,” said Jeremy Cox, incoming CEO at the BMA. “With that in mind, the Authority, like other financial regulators, can use the Foot Report as useful reference for benchmarking the arrangements in place for regulation in the jurisdiction.”

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