



43 VICTORIA STREET
HAMILTON 12
BERMUDA

PHONE: (441) 295-5278
FAX: (441) 292-7471
EMAIL: enquiries@bma.bm

PRESS RELEASE

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BERMUDA MONETARY AUTHORITY SETS OUT REGULATORY PRIORITIES FOR 2011 IN LATEST BUSINESS PLAN

**Key areas of focus for the year include operational efficiency,
insurance equivalence, consumer protection.**

The Bermuda Monetary Authority today published its 2011 Business Plan which sets out its regulatory priorities for the year. The Plan outlines the Authority's goals for 2011 and the regulatory initiatives to be undertaken during the next 12 months. Jeremy Cox, the Authority's CEO, presented the Plan to stakeholders from the public and private sector at the Authority's Annual Meeting held today at BMA House.

Jeremy Cox said, "The next 12 months will be an intense period of activity for the Authority. As our Business Plan indicates, we have a number of mission critical initiatives we believe we must execute during the year. These initiatives relate to all sectors under our remit, as well as focusing on strengthening the Authority as an organisation as we seek to be recognised as a leading financial services regulator."

There are three broad areas of focus in the Plan including, supervisory resources and operational efficiency; insurance equivalence; and consumer protection.

Supervisory Resources and Operational Efficiency

Continuing to focus on enhancing operational and cost efficiencies as well as ensuring that it has the necessary resources to carry out its duties effectively, are key objectives for the Authority in 2011.

"We are keenly aware that the cost of regulation is borne by regulated firms, and as such we are committed to operating as efficiently as possible," Mr. Cox said. "At the same time, in order to deliver the high standard of regulation the Bermuda market and the international regulatory environment demands, we must also ensure that we have adequate quality resources."

The Authority has already commenced a wide-range review of all its business critical processes with a view to streamlining the execution of its supervision. This work will continue throughout 2011. With regard to resourcing, the Authority has successfully increased its technical staff as a result of a targeted recruitment initiative towards the end of last year. This work will be completed by mid-2011, and the majority of the additional staff will support the organisation's regulatory equivalence efforts.

Insurance Equivalence

Achieving regulatory equivalence of its commercial insurance framework with other major international jurisdictions, in particular Europe's Solvency II Directive, remains a key strategic objective for the Authority. To date, significant progress has been made on plans to enhance Bermuda's insurance framework in line with the



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technical requirements of Solvency II. With the majority of its policy development completed and the legislative framework in place, the Authority intends to focus on implementing its enhanced regimes in 2011.

Mr. Cox said, “2011 will be a pivotal year for the Authority and Bermuda as we continue with our preparations for our equivalence assessment under Solvency II. We’ve made excellent progress in our work plan and we are encouraged by Bermuda’s successful bid to be included in the first wave of third countries to be assessed. Our plans are well advanced, which places Bermuda in a good position for this important test of our framework.”

Consumer Protection

The Authority intends to complete a number of initiatives designed to build further resilience in Bermuda’s banking sector during 2011. These initiatives include finalising work on enhanced bank intervention powers to intervene promptly with problem institutions; work on establishing a deposit insurance scheme; and development of a Corporate Governance Code for Bermuda’s banks and investment firms, to ensure enhanced risk management practices across both sectors.

The Authority also plans to ensure that its investment funds regime remains consistent with international standards. During 2011, it plans to publish best practices for hedge fund regulation based on a Statement of Best Practices which was developed collaboratively with a number of other fund jurisdictions in 2010. The Statement is consistent with the International Organisation of Securities Commissioners’ Principles of Hedge Fund Regulation.

Mr. Cox said, “A key aspect of the Authority’s mandate is depositor and policyholder protection. The initiatives outlined in the 2011 Business Plan are designed to build on the work that has already been completed to strengthen Bermuda’s banking and investment sectors, for the ultimate protection of consumers of financial products in Bermuda.”

A copy of the Business Plan is available on the Authority’s website: www.bma.bm.

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Contact:
Pat Phillip-Bassett
Deputy Director
Corporate Governance and Communications
Direct line: 278-0263
E-mail: pbassett@bma.bm