

Protocol for the conduct of Supervisory Colleges for TCSPs

This document sets out action points necessary to facilitate the conduct of a regulatory Supervisory College for Trust and Corporate Services Providers, to be carried out by Group of International Financial Centres Supervisors (“GIFCS”).

Key Objective

The key objective of the Supervisory Colleges for TCSPs is to enable effective macro-supervision by respective supervisory bodies of TCSPs that are within a Group. To achieve this, appropriate review is necessary of all elements that impact risk, governance and record management. Supervisory Colleges would also achieve a core and common regulatory objective of mitigation of systemic risks. It is also envisaged that the results of these Colleges would result in the evolution of macro-prudential tools and indicators, which GIFCS may include within the Standard.

Protocol for the conduct of Supervisory Colleges for TCSPs

The primary function for the conduct of a supervisory college is to facilitate the sharing of information on an ongoing basis of TCSP Groups. Key indicators include capitalization levels, changes in management and other key personnel, material changes in business plan, results of onsite inspections and any other information deemed relevant to the effective supervision of a TCSP Group.

Prior to the conduct of a College, GIFCS Secretariat (via the TCSP Chair or other delegate) shall seek confirmation from all Supervisors of their regulation of a TCSP within a target TCSP Group. Upon receiving that confirmation, Supervisors will be requested to provide specific data points prior to the conduct of a meeting (ideally, 6 weeks prior to the meeting) in a document (Word and PowerPoint). An agenda will be dispatched 2-3 weeks before the Supervisory College. Additionally, Supervisors will be asked to ensure the attendance of key regulators that are materially involved in the supervision of the target TCSP to aid in constructive discussion. Two delegates amongst the Supervisors will be identified to act as Co-Chairs for a specific TCSP Group College; these delegates will be charged with the production of any necessary post-College reports and coordination amongst Supervisors of any agreed upon action. Colleges are open to all GIFCS Members that have provided necessary information and have a nexus to a subject TCSP Group. It is not intended that Observers should attend Colleges.

- **Regulators’ input to College on a TCSP Group:** Prior to the conduct of a College, all supervisory bodies that are engaged in the supervision of a TCSP within a group should provide:-
 - ✓ organisational structure chart which details key personnel and directors (as well as any relevant sub-committees);
 - ✓ ownership structure chart and disclosed Group structure chart (to determine any variances in how TCSPs within a group are held and related);
 - ✓ TCSP’s significant activities within each jurisdiction;
 - ✓ Group PII coverage and individual TCSP PII coverage;
 - ✓ regulatory risk weighting;
 - ✓ contribution on impact of relevant external factors, if any, that impacts regulation; and

- ✓ a brief statement on the history of supervision of the TCSP as it relates to corporate governance and oversight, resources (which at times may be shared amongst jurisdictions), risk framework, potential systemic issues, compliance challenges and external drivers¹.

To ensure balance in the discussions during a Supervisory College, the target TCSP Group will be invited to deliver presentations as well as submit any material they may deem useful to aiding Supervisors' understanding of the Group structure. To ensure homogeneity of information being set out in all Colleges, TCSP Groups will be asked to provide specific information that will serve to facilitate discussion and understanding of the Group. The GIFCS Secretariat or other assigned GIFCS delegate shall communicate to the TCSP Group no less than 1 month prior to the College to issue an invitation. Within the invitation, the specific information being sought, as well as the dates, structure of the meeting and participants will be set out.

- **Input of a TCSP Group to a College:** There is a need to develop and agree upon performance indicators for TCSPs. This would facilitate identification of significant areas for review, for which indicators (and their inputs) could be standardized across jurisdictions to perform comparative analysis. It is the view that further discussion and feedback into this aspect must be sought.
 - ✓ Group structure chart and breakdown of key personnel / directors by jurisdiction.
 - ✓ Key performance measures (revenue, staffing, turn over, etc.).
 - ✓ Compliance and risk management framework.
 - ✓ Group business strategy and areas of priority².
 - ✓ Perceived level of regulatory compliance by jurisdiction.
 - ✓ Disclosure of any litigation impacting the Group.

Following the presentations made, GIFCS will carry out a post-College meeting of subject Supervisors (on the following day) to discuss salient points or other matters that impact supervision. This post-College meeting can also address the need for coordinated approaches to certain risks that pose an immediate threat to Supervisors or jurisdictions.

- **Post TCSP Group presentation:** Following the input by a TCSP Group, Regulators may wish to consider:
 - ✓ any evidence of regulatory arbitrage and approaches on how to address;
 - ✓ any evidence that the risk and/or compliance culture of the Group is not sustainable;
 - ✓ identification of other underlying risks and external factors relevant to TCSPs that may require a coordinated response (including any possible crisis management response) amongst Supervisors;
 - ✓ provision for presentations by Group TCSPs to the College;
 - ✓ coordinated crisis management responses; and
 - ✓ ongoing identification of other underlying risks and external factors relevant to TCSPs that may require a coordinated response.

¹ This may be captioned as a Supervisory Assessment, which should set out the period under which the assessment is relevant.

² This should include any material challenges being experienced or expected as well as strategies to address these challenges.