



GFSC DISCUSSES PROPOSAL FOR NEW FIDUCIARY HANDBOOK AND REVISED PENSION RULES

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This week the Guernsey Financial Services Commission (GFSC) released a discussion paper on its proposals to create a single Fiduciary Handbook and revise the current Pension Rules^[1].

The New Fiduciary Handbook

The proposed changes aim to refresh the policy framework for fiduciary services and to ensure that Guernsey is 'largely compliant' with the Standard^[2], issued by the Group of International Finance Centre Supervisors^[3], of which it is a member and has committed to do by 2019.

Currently licensed fiduciaries are subject to relevant codes of practice including those for (i) corporate service providers, (ii) trust service providers, and (iii) foundation service providers. It is contemplated that those codes would be repealed and the current provisions reframed and strengthened under one single Fiduciary Handbook that will also encompass the conduct of business related elements of the Pension Rules. The Code of Conduct for Company Directors will remain. The GFSC's message, in making the proposals, is that it proposes to alleviate the burden of compliance with both the applicable codes of practice and the Pension Rules, particularly where there is overlap or lack of consistency, and it will provide clarity where it is required through the consolidation process into the new Fiduciary Handbook.

A key area of change in relation to the new handbook is the proposed shift from a principles-based framework to it being rules-based. The reasoning given for doing so is that it will create greater clarity and certainty on the requirements placed on a fiduciary licensee. While helpful in some senses, it will also assist the GFSC with strict enforcement where they perceive a breach.

Other proposed changes include:

- the introduction of Client Money Rules;
- the requirement to only notify the GFSC of any significant outsourcing arrangements; and
- the modernisation of licensee's policies in relation to employee screening and training, conflicts of interest, record keeping, complaints and financial resources and insurance arrangements.

Fiduciary services and private pension providers will still be required to comply with the Handbook on Countering Financial Crime and

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Terrorist Financing.

Revision of the Pension Rules

The GFSC has provided its response and proposed changes in light of feedback it sought in 2018 on the Pension Rules introduced in 2017 and its own lessons learned since their introduction. It comments that no fundamental changes in policy are currently proposed, and rather the majority of the proposed amendments relate to refinement of drafting and definitions with the aim of increasing clarity and removing ambiguity or duplication.

Feedback

To read the full discussion paper click [here](#).

If these changes are likely to affect your firm and/or you wish to comment on these proposals, the closing date to do so is 30th April 2019.

- [1] Pension Licensees (Conduct of Business) & Domestic and International Pension Scheme and Gratuity Scheme Rules (No.2) 2017
- [2] Standard on the Regulation of Trust and Corporate Service Providers
- [3] The Group of International Finance Centre Supervisors Standard of the Regulation of Trust and Corporate Service Providers

FOR MORE INFORMATION PLEASE CONTACT:



NIN RITCHIE

Group Partner*† // Guernsey

t:+44 (0) 1481 734273 // e:nin.ritchie@collascrill.com

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