

TCSP Supervisory College Protocol Document

Version: V8

Version Control		
<u>Version Number</u>	<u>Draft Created</u>	<u>Date Approved</u>
V4	November 2017	November 2017
V5	August 2018	November 2018
V6	March 2019	April 2019
V7	February 2020	March 2020
V8	March 2021	May 2021

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This document sets out the necessary steps to be taken to facilitate a Supervisory College for Trust and Corporate Services Providers, by Group of International Financial Centre Supervisors (GIFCS).

1. Key Objective

The key objective of a College is to facilitate the effective supervision, by relevant regulatory bodies, of a Trust and Company Service Provider (TCSP) which has a presence in a number of GIFCS jurisdictions. This will be achieved through the appropriate consideration of all significant risk elements faced by the Group including, amongst others as appropriate, Governance, Strategy, Operational Risk including data and cyber security, financial position including PII cover and Records management. Supervisory Colleges will also seek to achieve a core and common objective of understanding and mitigating 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.

2. 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. Such information is shared under the provisions of the GIFCS MMOU.

3. Pre-college activity, roles and responsibilities

3.1 GIFCS Chairman's roles and responsibilities

- 3.1.1 During the GIFCS Plenary, discuss with GIFCS Supervisors in order to:
- 3.1.2 Identify the target TCSP(s) which will be subject to the next College(s).
- 3.1.3 Ascertain from all Supervisors whether the target TCSP(s) has a presence in their jurisdiction. From this information, confirm which jurisdictions will join the College(s). Colleges are open to all GIFCS Members that have a nexus to a subject TCSP Group and have provided necessary information. Observers will not normally be permitted to attend Colleges, unless it is agreed in exceptional cases by all College Supervisors.

- 3.1.4 Agree College Chair, and/or Co-Chair, date and location. The decision of whether to appoint a Co-Chair rests with the GIFCS Chairman and will be decided on a case by case basis dependent on factors such as the availability of resources and nature, scale and complexity of the College. The College Chair should ideally be from a jurisdiction in which the entity has a significant presence. In deciding the location and timing of the college meeting, it is appropriate to consider the location(s) of the entity, and the expense of travel. Where relevant it may be helpful to hold College meetings with two TCSPs back-to-back, ideally spread over two days (one firm on each) with an overnight stay in the middle.
- 3.1.5 If 3.1.2 – 3.1.4 are not finalised at the Plenary, GIFCS Chairman to hold a conference call (or other communication) with relevant College Supervisors to agree as soon as is practical.

3.2 College Chair's roles and responsibilities

- 3.2.1 At least 10 weeks prior to a College, where no co-chair has been appointed the College Chair elects a deputy Chair;
- 3.2.2 College Chair/s to consider the following, and if appropriate, arrange a conference call between College Supervisors to discuss and reach an agreement on:
- a) Whether the TCSP(s) should be invited to the College.
 - b) How and where data in relation to the College should be kept and when the data should be destroyed.
- 3.2.3 If it is decided that the TCSP(s) should be invited to the College, ensure that a letter is sent out to the TCSP at least 8 weeks prior to the date of the College and copied to all relevant participating regulators [*NB the TCSP invitation letter may be issued by the Chair/s, or the jurisdiction hosting the meeting, or the jurisdiction which supervises the largest group entity; to be decided on a College by College basis*]. See Appendix B for suggested letter template.

The letter should be clear that the College is a collection of individual regulators. In the letter, the TCSP should be invited to attend the College, preferably CEO's or equivalent, Senior Executives and/or Compliance personnel, and should they agree to attend should be invited to deliver a presentation which covers the following areas:

- ✓ 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 priority including significant projects¹.
- ✓ Perceived level of regulatory engagement by jurisdiction.
- ✓ Disclosure of any litigation impacting the Group.
- ✓ Overview of any other supervisory concerns/focus.

3.2.4 The TCSP can further be invited to cover specific items, for example:

- ✓ its main competitors,
- ✓ key items discussed at group board meetings,
- ✓ the group's financial position, including levels of debt.
- ✓ Environmental, Social and Governance (ESG) themes

Key themes and 'hot topics' can also be identified.

3.2.5 Experience has revealed some sensitivities in assembling group information for Colleges, often because there is no single group supervisor and information has not been sought or routinely prepared on a consolidated basis. However without a consolidated overview it is difficult to determine an overall financial position and/or how intra group transactions 'net out'. Regulatory arbitrage within loosely organised group structures has also occurred, including the transfer of business away from where CDD was perceived as becoming intrusive. Co-ordinating supervisory action around such trends can be important.

3.2.6 The presentation to be provided by the TCSP(s) should be sent to the College Chair and the Deputy at least 2 weeks prior to the College.

3.2.7 The letter inviting the TCSP to attend the College should make clear that if the TCSP decides not to attend, the College is nonetheless likely to proceed. Should a TCSP decline an invitation to attend, they may still be asked to provide information. Where College Supervisors elect not to invite the target TCSP Group, notification of the College to the TCSP group is optional.

¹ This should include any material challenges being experienced or expected as well as strategies to address these challenges.

- 3.2.8 At least 10 weeks before the College request Supervisors to provide specific information (see “Supervisors’ roles and responsibilities” below) to the Chair. The information provided should follow the roundtable template document contained within Appendix C; Supervisors should submit this to the Chair 4 weeks prior to the College.
- 3.2.9 Develop and dispatch an agenda, together with a copy of the TCSP’s presentation, no later than 1 week before the Supervisory College. See Appendix D for a suggested agenda template. If the College is to take place virtually, consideration should be given to participants joining from different time zones and the agenda should clearly set out the expected timings. If the virtual meeting is expected to last more than two hours, the use of an intermission should be considered. The Chair may also wish to include additional time and flexibility in the schedule to allow for unforeseen technical issues or overruns.
- 3.2.10 At the same time as dispatching the agenda under point (6), the College Chair should circulate a summary of the main points relating to the data submitted in a tabular format to aid discussion at the College.
- 3.2.11 If the College is to take place virtually, it is advisable to invite the attendees to a brief test meeting (using the proposed video conferencing system) at least one week prior to the College. This will allow the participants to identify and resolve any technical or connectivity issues in advance of the College as well as gain familiarity with the system to be used. It is also advisable to test any key features, such as the ability to share screens at this time.
- 3.2.12 Based on the information received from participating supervisory jurisdictions, prepare a presentation to facilitate a comparative analysis of the TCSP. This should include a summary of the TCSP’s business activities, financial soundness, compliance issues/concerns and potential risks and impact to future supervision. This analysis is aimed at assisting effective group discussion during the College. The top levels of a TCSP’s group may not be regulated entities in any of the participating jurisdictions. Therefore, depending on the structure of the TCSP’s group it may be beneficial for the Chair’s presentation to include additional group level considerations such as group governance, ownership and/or financial information.

3.3 Participating Jurisdiction Supervisors' roles and responsibilities

- 3.3.1 Prior to the GIFCS Plenary, consider which TCSPs they wish to propose to be subject of the next College(s). In selecting TCSPs to be the subject of a College, the following criteria will be considered:
- The number of GIFCS members that will be able to participate in / benefit from the College (ideally at least 4);
 - The materiality of the TCSP group (ideally group-wide annual revenue over USD50m);
 - The perceived risks posed to/in member jurisdictions by the TCSP group; and
 - The degree of commonality of operations / business model between different parts of the TCSP group in different member jurisdictions i.e. a Group governance structure including Group Board/governing body.
- 3.3.2 Where a jurisdiction confirms that it will join the College, the jurisdiction will seek to ensure that at least one representative attends the College in person. In exceptional circumstances, a jurisdiction may join remotely.
- 3.3.3 Supervisors share information subject to their usual regulatory gateways, and in reference to the GIFCS MMOU, the confidentiality standards of which are set out in section 9 (see https://www.groupgifcs.org/letsgo/uploads/gifcs_mmo.pdf)
- 3.3.4 At least 4 weeks before the College, submit a roundtable template (see 3.2.6 above and Appendix C) alongside a presentation to be shared at the College to the College Chair/s, broadly covering the following:
- ✓ A brief statement of TCSP regulatory and supervisory history (including brief timeline of establishment and highlights since first supervised);
 - ✓ Regulatory risk weighting (impact and probability risk);
 - ✓ Ownership structure chart and disclosed Group structure chart (to determine any variances in how the TCSPs within a group are held and related);
 - ✓ Organisational structure chart which details key personnel and directors;
 - ✓ An overview of the TCSP's significant activities and scope of TCSP business undertaken within their jurisdiction;
 - ✓ Summary of TCSP financial position (consideration of the following):
 - Core elements of asset base
 - Liquidity
 - Key liabilities
 - Any concentrations
 - Capital mix – ordinary, preference, public, private, retained earnings;
 - ✓ Overview of current and future strategy (where known);
 - ✓ Overview of current TCSP significant projects;

- ✓ Group PII coverage and individual TCSP PII coverage;
- ✓ Summary of any known litigation;
- ✓ Data Security and Cyber Crime overview;
- ✓ Summary of AML/CFT compliance; and
- ✓ Any other relevant information.

3.3.5 It is anticipated that each jurisdictional presentation will be c. 15 minutes long. However, timings may change dependent on the jurisdictional/supervisor(s) in attendance at the College, at the discretion of the Chair.

4. Activities during the College

4.1 College Chair/s roles and responsibilities

4.1.1 Lead the College meeting as per the agenda;

4.1.2 Invite College Supervisors to discuss and consider, at least the following:

- ✓ any evidence of regulatory arbitrage and approaches on how to address this;
- ✓ any evidence that the risk and/or compliance culture of the Group is not sustainable;
- ✓ any supervisory action and potential crisis management responses, where a coordinated approach is appropriate and agreed; and
- ✓ Identify any other underlying risks and external factors relevant to TCSPs generally that may require a macro response (including for crisis management) amongst GIFCS Supervisors and more widely.

- 4.1.3 It may be preferable for the licensee to join with its presentation first and then the supervisors share their presentations privately afterwards. Video conferencing may be convenient or necessary (including for jurisdictions who are physically remote and only have a marginal firm presence in their jurisdiction); however face-to-face contact is preferable to enable higher quality discussions and easier questioning for the TCSP.
- 4.1.4 If the College is being conducted virtually, it is advisable that the Chair or Deputy Chair have copies of all of the participant's presentations available and be able to share these virtually in the event that a technical issue prevents one of the participants from sharing the presentation directly.
- 4.1.5 At the end of the meeting, provide a summary of the College discussion, together with agreement of any action items, which can include observations that could improve future Colleges. This summary can also address the need for coordinated approaches to certain risks that pose an immediate threat to Supervisors or jurisdictions.

4.2 TCSP

- 4.2.1 If invited and participating, the TCSP will deliver a presentation to cover the information requested in the invitation letter (see 3.2.3-5 above).

4.3 College Supervisors

- 4.3.1 To deliver the pre-prepared jurisdiction presentation and participate in the College.

5. Post-College Activity

5.1 College Chair/s roles and responsibilities

- 5.1.1 Provide an outcome note to be circulated to all participating Supervisors. See Appendix E for suggested minutes template.
- 5.1.2 Ensure action points arising from the College, if any, are carried out and completed. Typically this is by each jurisdiction building appropriate work into their engagement/supervisory plan for the entity.

- 5.1.3 Chair to hold follow up conference call, if appropriate. Typically this might be 12-18 months after the meeting.
- 5.1.4 Chair to send a thank you letter to the TCSP if it attended. See Appendix F for suggested thank you letter template.
- 5.1.5 Ensure that information received from College Supervisors and TCSPs is maintained and/or destroyed as agreed.
- 5.1.6 Consider whether there should be any further changes to the College Protocol.
- 5.1.7 The need, and provisional planning, for a follow-up or further College should be considered at an early stage. This is important for sustaining the momentum of co-ordinated action where applicable.

May 2021

Appendix A – College Subjects

(To be agreed separately among GIFCS members and not for publication)

Appendix B – suggested TCSP invitation letter template

[Headed with logo of Chair's supervisory body]

[TCSP address]

[date]

Dear [TCSP attendee/CEO],

I am writing to you as the supervisor of the licensed company xxxxxxx, and also as a member of the Group of International Finance Centre Supervisors (GIFCS). Through the latter we are aware that the xxxxx group has licensed operations in a number of jurisdictions, and the supervisors concerned have decided that it would be helpful to hold a 'college' meeting to discuss relevant group supervisory issues. This is intended to ensure that where appropriate supervisory attention is co-ordinated and consistent – an approach which is already successfully applied in other regulated financial sectors.

The GIFCS (see www.groupgics.org) is not a regulator and itself takes no part in the college or supervisory process. Its role is no more than to coordinate among its members the setting up of college meetings then to be taken forward by relevant supervisors. While supervisory information will be held on a restricted basis within each jurisdiction, supervisors typically have powers to share information with colleagues in other jurisdictions where this is done in an appropriate manner. Any sharing of information is undertaken within a college is undertaken within these provisions.

The relevant supervisors of the xxxxxxx group, on whose behalf I am writing and to whom this letter is copied, have decided to hold a supervisory college meeting in respect of [TCSP] on [date], in [location]. I have been asked to chair the meeting and on my colleagues' behalf I would like to invite [TCSP] to send up to three representatives to attend the meeting. The overall aim is to help facilitate effective supervision, and it also provides an opportunity for [TCSP] to address a number of its supervisors at once. We invite you to provide a 30-minute presentation, and for questions/discussion. Please provide a copy of your presentation by XX.XX.XX [2-4 weeks prior to the college meeting]. Acknowledging that group structures will vary in how they are organized and run, it would be most helpful if the presentation could cover the following areas.

- 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 priority including significant projects.
- Disclosure of any litigation impacting the Group.
- Overview of any other supervisory concerns/focus.
- Other items to be decided – see Protocol

I would be delighted if [TCSP] was able to attend the meeting. If you have any questions please contact the relevant supervisor in the jurisdiction in which you are licensed in the first instance. I too would be happy to help with any queries.

Please let me know the names of [TCSP] attendees, by [date].

Yours sincerely,

[College Chair/home supervisor of the participating jurisdiction]

cc: [list individual GIFCS supervisor college participants]

Appendix C – roundtable template

Jurisdiction	
Legal structure	
Number of staff	
Revenue	
Profit	
Strategy	[Choose from: growth by acquisition, organic growth, stable, in decline]
Key risks and supervisory risk assessment	
PII (cover and compliance with requirements)	
Supervisory concerns, including a summary of key regulatory history (including: breaches, notifications, enforcement, visits)	

Appendix D – suggested College agenda template

Venue: [address], [contact number] (Tea, coffee and water will be available).

GIFCS / supervisory attendees:

- [jurisdiction – attendee], Chair
- [jurisdiction – attendee]
- [jurisdiction – attendee]
- [TCSP – attendee, role]
- [TCSP – attendee, role]

[TCSP] attendees:

- [TCSP – attendee, role]
- [TCSP – attendee, role]

Schedule:

XX.XX – XX.XX	Introductions, outline of the college meeting
XX.XX – XX.XX	Supervisory presentations [X] minutes each, followed by questions)
XX.XX – XX.XX	Welcome [TCSP], introductions
XX.XX – XX.XX	Presentation by [TCSP]
XX.XX – XX.XX	Questions to [TCSP] (after which, [TCSP] departs)
XX.XX – XX.XX	Discussion of key issues / risks / trends
XX.XX – XX.XX	Summary of discussion, actions and next steps

Supervisory college – [TCSP] – meeting note

Attendees:

- [jurisdiction – attendee], Chair
- [jurisdiction – attendee]
- [jurisdiction – attendee]
- [TCSP – attendee, role]
- [TCSP – attendee, role]

1 Introductions and supervisor presentations

- 1.1 After a brief round of introductions, the chair gave a reminder of the ‘Key Objective’ of the college meeting per the College Protocol, and outlined the agenda.
- 1.2 Supervisors gave their presentations: [jurisdiction1, jurisdiction 2...]

2 [TCSP] presentation

- 2.1 The [TCSP] attendee(s) joined the meeting and introduced themselves.
- 2.2 The [TCSP] gave its presentation, with key areas of discussion/questions being as follows.
 - 2.2.1 XXX
 - 2.2.2 XXX
 - 2.2.3 XXX
- 2.3 [TCSP] attendees were thanked for their valuable attendance and contribution, and left the meeting.

3 Supervisory discussion

- 3.1 Following the presentations, supervisory discussion covered the following areas.
 - 3.1.1 XXX
 - 3.1.2 XXX
 - 3.1.3 XXX

4 Agreed actions and next steps

- 4.1 Post college actions in respect of [TCSP]
 - 4.1.1 Meeting chair to draft a letter to [TCSP] expressing the following: thanks for attending the meeting; a reminder that we are separate supervisory bodies, but that we do cooperate and coordinate; [XXX; XXX; and XXX].
 - 4.1.2 Individual supervisory bodies to follow up with [TCSP] regarding [XXX, XXX, XXX].
 - 4.1.3 Individual supervisors to maintain open communications with each other and arrange another college meeting / conference call as and when appropriate.

5 Updating the college protocol

- 5.1 The chair and deputy chair agreed to update the college protocol following the college meeting.
Key learning points are:

5.1.1 XXX

5.1.2 XXX

5.1.3 XXX

6 Other administration

- 6.1 College chair to draft and circulate meeting note.

[College Chair]

Appendix F – TCSP thank you letter template

[Headed with logo of Chair's supervisory body]

[TCSP address]

[date]

Dear [TSCP attendee/CEO],

On behalf of The Group of International Financial Centre Supervisors (GIFCS -<https://www.groupgifcs.org>) I would like to offer my thanks to you [and your colleagues] for attending the recent supervisory college meeting in respect of [TCSP name]. The relevant supervisors would like to note our collective appreciation of your presentation [and open constructive responses to our subsequent questions].

While each of the attending supervisory bodies has its own obligations and responsibilities, we find participation in supervisory colleges mutually beneficial. Colleges help us understand better the global and strategic perspective of the Group, and also seek to increase effective cooperation, consistency and coordination between supervisors.

I would also like to take this opportunity to reiterate that GIFCS is not in itself a statutory regulator or action setting body. GIFCS members who have no regulated entities from the Group operating in their jurisdiction do not form any part of the college. Any information shared while undertaking the college meeting is held on a restricted and confidential basis by each regulator that takes part. Data is not shared more widely with non-attending GIFCS members and is not held centrally. [optional paragraphs follow:]

In our discussion, we reflected on [list any generic/common areas of focus that the college wanted to raise with the TCSP via this letter].

One area of particular focus for us [list any significant issues on which all supervisors wish to obtain further information]. Please consider providing such an update.

In terms of [list developments in the business model / other items of interest that are emerging], we request that you update your regulators accordingly.

Thank you again for being part of the supervisory college process.

Yours sincerely,

[college chair]

cc: GIFCS college participants