

**Response to a Question Pursuant to Rule 14  
of The Rules of Procedure of the States of Deliberation and their Committees**

**Subject:** Financial Resolution Authority

**States' Member:** Deputy Gavin St Pier

**Date received:** 17<sup>th</sup> March 2021

**Date acknowledged:** 18<sup>th</sup> March 2021

**Date of reply:** 1<sup>st</sup> April 2021

**Question**

To ensure that appropriate structures and processes are in place should it ever again become necessary to wind down Guernsey bank licensees expressing financial stress, the development of policy and legislation to establish a Guernsey Bank Resolution Authority ('Resolution Authority') has been under consideration following the Global Financial Crisis. I understand that this matter is now being dealt with under the mandate of the Policy & Resources Committee.

The work required has not been identified in the Government Work Plan – stage 1 as an 'Emerging Strategic Recovery Action.' Notwithstanding this, can the Committee advise whether it intends to proceed with the establishment of a Resolution Authority and, if so, when it would expect to lay a policy letter before the States of Deliberation?

**Response**

The Policy & Resources Committee has already confirmed that it is intending to proceed with proposals to the States for the establishment of a resolution framework for banks, part of which framework will be a Resolution Authority. In summary, the Committee envisages the policy letter, in line with international standards, will propose a specific legal framework for addressing local banks in difficulty. Such frameworks are administered by what is known as a Resolution Authority. The aim of resolution is to safeguard the public interest, financial stability and minimal costs to taxpayers. This aim is consistent with the Government Work Plan to continue to adhere to international standards.

The Committee is working with stakeholders on the proposals. We intend to provide the States of Deliberation with specific legislative proposals for consideration at its meeting in July.

**Deputy Peter Ferbrache**  
**President**  
**Policy & Resources Committee**