



13TH IADI ANNUAL CONFERENCE

“UPDATED CORE PRINCIPLES TO STRENGTHEN THE FINANCIAL STABILITY ARCHITECTURE”

PORT OF SPAIN, TRINIDAD, 22-23 OCTOBER 2014

Alex Kuczynski

Director of Corporate Affairs

FSCS, UK



Applying the Core Principles with Different Mandates, Settings and Structures

- » What is the role of the Core Principles?
- » How closely does FSCS meet the Core Principles?
- » What are the key improvements for FSCS?

The Development of the Revised Core Principles

- » 2009 – original version
- » response to the financial crisis
- » relevance accepted
 - › IMF, FSB, G20 thematic peer review
- » important benchmark

The Revised Core Principles

- » operational lessons learnt
- » FSB G20 Thematic Review recommendations
- » FSB Key Attributes for Resolution
- » greater aspiration
- » supplement with detailed handbook
 - › DGS experience
 - › assessors' views

Enhanced Focus for DIS

- » Reimbursement
- » Coordination Framework
 - › contingency planning
 - › early detection and timely intervention
 - › role in safety net
- » Funding
 - › ex ante
 - › emergency liquidity

FSCS

- » independent, public body
- » integrated scheme
- » paybox “plus”
- » 7 day payout
- » ex post funded
 - › access to government borrowing
- » contribution to costs of resolution
- » MoUs/Protocols with regulator, resolution authority, HM Treasury
- » Recoveries
 - › commercial approach
 - › creditor committee role
- » Consumer Awareness

Key DIS Outcomes for FSCS

- » entrenched role of DIS in safety net
- » assured access to funds
 - › emergency liquidity
- » robust governance
 - › operational independence

FSCS Self-Assessment – Issues Arising

- » Fully compliant – 9; largely compliant – 6; materially non-compliant – 1 (funding)
- » Coverage
 - › NS&I
- » Emergency liquidity
 - › “request” for borrowing
- » Notice of new authorisations
 - › need to validate SCV file
- » Safety net/coordination framework
 - › contingency planning and scenario testing
 - › contribution to costs of resolution regime
 - › management expenses levy limit

In Summary

- » Important statement of principles
- » International acceptance
- » Bolster safety net relations
- » And... transferrable to integrated schemes

THANK YOU

alex.kuczynski@fscs.org.uk