

INTERNATIONAL MONETARY FUND



Staff Country Reports

**Gibraltar: Assessment of Financial Sector Supervision and Regulation
including Reports on the Observance of Standards and Codes on the following topics:
Banking Supervision, Insurance Supervision, and Anti-Money Laundering and
Combating the Financing of Terrorism**

This Assessment of Financial Sector Supervision and Regulation for Gibraltar was prepared by a staff team of the International Monetary Fund. It is based on the information available at the time it was completed on May 2, 2007. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of Gibraltar or the Executive Board of the IMF.

The policy of publication of staff reports and other documents by the IMF allows for the deletion of market-sensitive information.

To assist the IMF in evaluating the publication policy, reader comments are invited and may be sent by e-mail to publicationpolicy@imf.org.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431
Telephone: (202) 623 7430 • Telefax: (202) 623 7201
E-mail: publications@imf.org • Internet: <http://www.imf.org>

Price: \$18.00 a copy

**International Monetary Fund
Washington, D.C.**

This page intentionally left blank

INTERNATIONAL MONETARY FUND

GIBRALTAR

ASSESSMENT OF FINANCIAL SECTOR SUPERVISION AND REGULATION

Prepared by the Monetary and Capital Markets Department
(In consultation with other Departments)

Approved by Jaime Caruana

May 2, 2007

This report is based primarily on work undertaken during a visit to Gibraltar during March 1–17, 2006.

The assessment team comprised Mr. R. Barry Johnston (Head), Mr. Salim M. Darbar, Ms. Tanya Smith, Ms. Mariela Moreno (all MCM), Mr. Joseph Myers, Mr. Andrews Gors, and Ms. Joy Smallwood (all LEG), Mr. Peter Hayward (consultant, for banking), Mr. Jorge Mogrovejo (consultant, Superintendency of Banks and Insurance, Peru, for banking), and Mr. William McCullough (consultant, for insurance). The assessment team received excellent cooperation from the authorities and market participants. The main findings of the assessment are:

- Gibraltar has a well-regulated financial sector and the authorities have taken a number of steps to implement recommendations of the last IMF assessment in 2001.
- The assessment found a high standard of compliance with the Basel Core Principles and the Insurance Core Principles.
- While Gibraltar has done a good job of improving its AML/CFT regime to keep abreast of evolving standards, it needs to take a number of steps to update its legal and regulatory regime to reflect the revised FATF 40+9 Recommendations.
- The reputation of Gibraltar as a financial center will depend on maintaining the independence of the Financial Services Commission (FSC).

The main authors of this report are R. Barry Johnston and Salim M. Darbar with contributions from the rest of the team.

The AFSSR is a summary report on implementation of the indicated financial sector regulatory standards. It has been developed to help jurisdictions identify and remedy weaknesses in financial sector supervision and regulation. The reviews do not directly assess risks such as those associated with asset quality, markets, or fraud that could affect the soundness of financial systems or individual institutions.

