



**FINANCIAL SUPERVISORY
COMMISSION OF THE COOK
ISLANDS**

BOARD FOLDER



PROLOGUE

This folder sets out a guide for board members. Its application will be broader however as the Vision and Mission Statement will be included in the Statement of Corporate Intent and the Annual Report. The Vision, Mission Statement and Values are also part of the strategic framework on which our annual work plan is based.

The contents of this folder have no specific expiry-date, however a period of five years would seem reasonable for their review.

FSC Board
Rarotonga
April 2017

THE COMMISSION VISION

To be a financial regulator that is committed to excellence, integrity and supportive of growth and development of the Cook Islands financial services centre.

Our vision for the organisation is shared by the Board, Senior Management and the Staff. We have accepted the challenge to keep the vision in front of us as we accomplish our tasks, knowing that all the individuals that are part of the FSC organisation contribute to achieving this vision through their work.

MISSION STATEMENT

To oversee an effective and efficient prudential and investigative supervision regime applying risk-based, and intelligence-led, policies in line with internationally accepted best practice.

COMMISSION VALUES

The Financial Supervisory Commission is based on some core values that we want our organisation to be recognised for.

Integrity: We will be honest, transparent and accountable, both in our personal activities and in our procedures and systems.

Professional: We will show professionalism by everybody understanding what their responsibilities are, being dedicated to implementing our work plans and by exhibiting sound decision-making.

Respectful: We commit to being respectful of each other in the workplace and to our stakeholders in the wider context.

Protective: We have a duty to sustain the stability of the Cook Islands financial system and to protect the general public from criminal behavior.

Excellence: We will set high standards in the workplace, while enabling the opportunity for personal growth.

Enjoyable: The work environment will stimulate and challenge, but will also be inclusive and enjoyable.

Dynamic: Our organisation works in a global setting and must stay abreast of international developments and how they affect what we do, while being proactive in our supervisory approach.

BOARD CHARTER

Purpose

The board charter sets out the role, composition and responsibilities of the Board of the Financial Supervisory Commission (the Board). The Financial Supervisory Commission (the Commission) includes the Financial Intelligence Unit.

Membership and Term

The board shall comprise:

- Five directors with appropriate skills and experience;
- Who have an understanding of and competence to deal with current and emerging issues of the business of the Commission; and
- Who can effectively review and challenge the performance of management and bring sound judgement to the business of the Commission.

The board shall consist of independent, non-executive Directors appointed in accordance with sections 4 to 6 of the FSC Act 2003. The Minister of Finance is responsible for the identification and recommendation of candidates to Cabinet for appointment to the board. Board members will be appointed pursuant to Warrants of Appointment under the hand of the Minister of Finance specifying the term of appointment.

Board Responsibilities

The board is responsible for overall management of the resources of the Commission on the principle of it being a 'going concern' and is required to look forward through several budget cycles with planning for future needs and challenges. Specifically, the board is responsible for:

- Setting strategic direction and appropriate operating frameworks more particularly described in the annual Statement of Corporate Intent (available on the Commission website).

- Monitoring management's performance in respect of the responsibilities described in the Statement of Corporate Intent;
- Ensuring there are adequate resources available to meet the Commission's responsibilities and objectives;
- Appointing, removing or replacing the Commissioner and the Head of the FIU, mentoring senior management and overseeing succession plans for the senior executive team;
- Approving and monitoring financial reporting and the financial position of the Commission;
- Ensuring that effective risk management procedures are in place and utilised;
- Promoting and authorising responsible decision-making by the Commission.

The Board and Management

Responsibility for the day to day management and administration of the Commission is the responsibility of the Commissioner, assisted by his /her executive team. While the day-to-day responsibility for the operation of the business is that of the Commissioner and executive team, there are a number of matters which are required to be, or that in the interests of the Commission, should be decided upon only by the Board.

Role of the Chairman

The Chairman of the board is appointed by the Minister of Finance. The role and responsibilities of the Chairman include:

- Providing leadership to the board;
- Ensuring the efficient organisation and conduct of the board;
- Monitoring board performance;
- Facilitating board discussions to ensure core issues facing the Commission are addressed;
- Briefing all directors in relation to issues arising at board meetings;
- Facilitating the effective contribution and ongoing development of all directors;
- Promoting consultative and respectful relations between board members and management;
- Setting the agenda for each meeting; and
- Chairing board meetings.

Responsibility of Individual Directors

Directors are expected to comply with their legal, statutory and other reasonable duties and obligations when discharging their responsibilities as directors. Broadly these include:

- Acting in good faith and in the best interests of the Commission;
- Acting with care and diligence;
- Avoiding conflicts of interest where possible;
- Refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director;
- Supporting the letter and spirit of board decisions; and
- Keeping Board information, discussions, deliberations and decisions confidential.

Conflicts of Interest

Directors must:

- Disclose to the Board any actual or potential conflicts of interest which may exist or where others contend a conflict exists as soon as they become aware of the issue; and
- Take any reasonable measures to try to resolve the conflict;

Meeting Procedures

As provided by section 7 of the FSC Act 2003, the Directors shall meet together to attend to business, adjourn and otherwise regulate their meetings as they decide. A quorum for board meetings is three board members.

Directors' meetings may be held by directors communicating with each other through any technological means by which they can participate in the same place.

Each Director is free to suggest the inclusion of items on an agenda or as additions to the agenda set by the Chairman. Each Director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. A detailed agenda and, to the extent feasible, supporting documents and

proposed resolutions will be provided to the Directors approximately one week prior to each Board meeting. Directors should review these materials in advance of the meeting. Subject to any applicable notice requirements, Directors having items to suggest for inclusion on the agenda for future Board meetings should advise the Chairman well in advance of such meetings.

Directors may pass or approve resolutions of the board by written resolution. Decisions of the Board shall be decided by a majority of votes of Board members. The Board of directors will normally meet at least 12 times a year.

Committees of the Board

The Board may authorise a sub group of the board to examine, decide and report on particular responsibilities or issues which may arise in the course of the business of the Board.

Reporting and Accountability

Proceedings of all meetings are minuted and signed by the Chairman of the Board or the Chairman of the meeting. Minutes of all board meetings are circulated to Directors and approved by the Board at the subsequent meeting.

The Board will each year file fiscal updates, a Statement of Corporate Intent and an Annual Report of activities and performance with the Ministry of Finance and the Minister of Finance, in accordance with sections 26, 27 and 28 of the FSC Act.

The Board will review this charter annually to ensure it remains consistent with the Board's responsibilities. A copy of the charter is available on the FSC's website.

CODE OF CONDUCT

Introduction to the Code

As a public office-holder, the behaviour and actions of Board Members must be governed by the principles set out in the Code of Conduct. It is the Board Members responsibility to ensure that they are familiar with, and comply with, all the relevant provisions of the Code of Conduct.

Honesty and Integrity

Members have a duty to act honestly and with integrity at all times, and should not place themselves under any financial or other obligation to outside individuals or organisations that might, or might be perceived to, influence them in the performance of their official duties.

Confidentiality

Members must protect the confidentiality of all licensee information. Confidentiality means ensuring that information is accessible only to those authorised to have access. A relationship of trust and confidence with licensees can only be built upon the understanding that their information will remain confidential.

Members must not use information gained in the course of their service for personal gain or for political purposes. They must not disclose any information which is confidential in nature or which is provided in confidence, without authority to do so. This duty continues to apply after they have left the board.

Public Interest

Members have a duty to make decisions in the public interest. They must not act in order to gain financial or other benefits for themselves, their families, friends or business interests. This means making decisions because they benefit the public, not because they benefit the decision maker.

Members must declare any private interests or personal benefits relating to their public duties and take steps to resolve any conflicts of interest in such a way that protects the public interest. This means fully disclosing actual or potential conflicts of interest, and avoiding any financial or other obligation to any individual or organisation that might reasonably be thought to influence them in the performance of their duties.

Members must not accept any gifts or hospitality which might or might reasonably appear to compromise their personal judgement or integrity or place them under an improper obligation.

- They must never canvass or seek gifts or hospitality
- They must comply with the rules set by the Commission on the acceptance of gifts and hospitality. They should inform the Commissioner/Chair of any offer of gifts or hospitality and ensure that where a gift or hospitality is accepted, this is recorded in a public register in line with the rules set by the Commission.
- They are responsible for their decisions on the acceptance of gifts or hospitality and for ensuring that any gifts or hospitality can stand up to public scrutiny and do not bring the public body into disrepute.

Selflessness

Board members should make decisions in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

Impartiality

Members must be fair and reasonable in all professional relationships and disclose any conflicts of interest.

Members should make decisions on merit and in accordance with their statutory obligations when carrying out public business. This includes the making of appointments, awarding of contracts or recommending individuals for rewards or benefits. This means being fair to all, acting in good faith, making impartial assessments, using merit selection in appointments and in purchase and sale of the Commissions resources, and considering only relevant matters.

Accountability

Members are accountable to the public for their decisions and actions and should consider issues on their merits, taking into account the views of others. This means co-operating fully and honestly with the scrutiny appropriate to their particular office.

Members should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

Respect and Responsibilities towards employees

Members should treat others, including employees of the Commission, with respect at all times. This means not using derogatory terms towards others, or about others, including in public-facing media, not misrepresenting the statements or actions of others, observing the rights of other people, treating people with courtesy, and recognising the different roles others play in decision-making.

Members will not ask or encourage employees to act in any way which would conflict with their own Code of Conduct.

Compliance with Laws and a duty to uphold the Law

Members should uphold the law on all occasions, be compliant with the Act that it governs and act in accordance with the trust the public and wider community places in them.

Stewardship

Members must carry out their fiduciary obligations responsibly. They should ensure that the Commission uses resources prudently and for lawful purposes, and that the Commission maintains sufficient resources to meet its statutory obligations.

Leadership

Members should promote and support these principles by example.

Political Activity

In its public role, members should be and be seen to be politically impartial. They should not occupy a paid party political post or hold a particularly sensitive or high-profile role in a political party. They should abstain from all controversial political activity and comply with Cabinet office rules on attendance at Party conferences.

On matters directly related to the work of the Commission, members should not make political statements or engage in any other political activity.

In their official capacity, members should be even-handed in all dealings with political parties.

Subject to the above, members may engage in political activity but should at all times, remain conscious of their responsibilities as Board members and exercise proper discretion. They should inform the Chair and the Commissioner before undertaking any significant political activity.

Employment and Appointments

If members wish to take up new employment or appointments during their term of office, they must inform the Chair and Commissioner.

On leaving office, members must comply with the rules of the body on the acceptance of future employment or appointments.

INFORMATION

The Commission administers the following enactments:

- Banking Act 2011
- Captive Insurance Act 2013
- Digital Registers Act 2011
- Financial Intelligence Unit Act 2015
- Financial Supervisory Commission Act 2003
- Financial Transactions Reporting Act 2004
- Foundations Act 2012
- Insurance Act 2008
- International Companies Act 1981-82
- International Partnerships Act 1984
- International Trusts Act 1984
- Limited Liability Companies Act 2008
- Money Changing and Remittance Businesses Act 2009
- Trustee Companies Act 2014

FSC Website: www.fsc.gov.ck

E-mail: louise.wittwer@fsc.gov.ck

Postal Address: P.O. Box 594, Avarua, Rarotonga, Cook Islands

Physical Address: Bermuda House, Parekura, Rarotonga, Cook Islands.

Phone: (682) 20798