



## **FINANCIAL SERVICES COMMISSION NOTICE**

October 1, 2018

The Financial Services Commission (FSC) is of the view, following stress tests and other analysis, that the comprehensive debt restructuring launched by the Barbados Government in June of this year will not undermine the long-term viability of the non-bank financial sector.

However, the FSC recognizes that the debt restructuring will reduce the capital, reserves and other statutory benchmarks across the non-banking sectors. Given the long-run viability of this sector, and that the government debt restructuring is an external shock to the industry, the FSC has decided to exercise regulatory forbearance by allowing all entities up to five (5) years to fully make up any resulting deficits or breaches of caps of certain types of instruments. Adjustments should be made up at an even pace across the period and not only at the end of the period. Further, all new Government issued instruments from the debt exchange are eligible to be included in statutory funds.

Separately, the FSC intends to modernise the regulatory regime for non-bank financial institutions, including the adoption of risk-based capital requirements. Non-bank financial institutions will be given a five year timeframe to make the necessary adjustments.