



# BERMUDA MONETARY AUTHORITY

## STATEMENT OF PRINCIPLES

FUND ADMINISTRATION PROVIDER BUSINESS ACT 2019

OCTOBER 2020

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## **I. INTRODUCTION**

1. This Statement of Principles (the Principles) is made pursuant to section 6 of the Fund Administration Provider Business Act 2019 (the Act) which requires the Bermuda Monetary Authority (the Authority) to publish in such manner as it thinks fit a statement of principles in accordance with which it is acting or proposing to act in:
  - (a) Interpreting the minimum criteria for licensing specified in Schedule 1 of the Act and the grounds for revocation specified in section 14
  - (b) Exercising its power to grant, revoke or restrict a licence
  - (c) Exercising its power to obtain information or reports and to require production of documents
  - (d) Exercising other enforcement powers
2. The Principles should be read in conjunction with any Guidance Notes which are issued pursuant to section 5(2) of the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008; and in accordance with section 49M of the Proceeds of Crime Act 1997, and section 12O of the Anti-Terrorism (Financial and Other Measures) Act 2004.
3. The Principles should also be read in conjunction with the Enforcement Guide (Statement of Principles and Guidance on the Exercise of Enforcement Powers) (the Enforcement Guide). The Enforcement Guide sets out the principles in accordance with which the Authority acts or proposes to act in exercising its formal powers to compel compliance or to penalise noncompliance with statutory or regulatory requirements. In relation to enforcement activities, where there are any differences between the Enforcement Guide, the Statement of Principles relative to the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008 (AML Principles), and the Principles, then the content of the Enforcement Guide will prevail.

## **II. EXPLANATION FOR THE STATEMENT OF PRINCIPLES**

4. The Principles, along with the Enforcement Guide, are relevant to the Authority's decisions on whether to issue a licence to a fund administration provider business (Fund Administration Provider) or whether to revoke or restrict a licence once granted. The Authority's interpretation of the minimum criteria for licensing in Schedule 1 and the grounds for revocation in section 14 of the Act, together with the principles underlying the exercise of its powers, encapsulate the main standards the Authority considers when conducting its supervision of a Fund Administration Provider. The functions of fund administration supervision include monitoring the ongoing compliance of Fund Administration Providers with these minimum standards and verifying compliance with the obligations imposed under the Act and the policies and procedures of the Fund Administration Providers. The Authority also monitors a Fund Administration Provider's compliance with other legislative obligations such as those contained in the Proceeds of Crime Act 1997, the Proceeds of Crime (Anti-Money Laundering and Anti-

Terrorist Financing Supervision and Enforcement) Act 2008 and the relevant Regulations.

5. Where concerns arise relative to a Fund Administration Provider or the conduct of its business during the course of its supervision of the Fund Administration Provider, the Authority will consider the steps that must be taken to address the issue, and where appropriate, it will request by means of persuasion and encouragement that the Fund Administration Provider take remedial action. Where persuasion and encouragement fail, the Authority may adopt stronger measures to ensure compliance. If the Authority considers it necessary to do so, it may, in the public interest, utilise the various powers provided in the Act, including the imposition of restrictions on a licence and, ultimately, revocation of a licence. The process by which the Authority may take enforcement action is set out in the Enforcement Guide.
6. The Principles include references to various policy and guidance papers issued by the Authority from time to time. Copies of the relevant material are generally available from the Authority's website: [www.bma.bm](http://www.bma.bm).
7. Section III of the Principles considers the interpretation of each of the minimum criteria for licensing in Schedule 1 to the Act. Section IV sets out the considerations relevant to the Authority's exercise of its discretion to grant a licence. Section V sets out the principles underlying the exercise of the Authority's power to obtain information and reports and to require the production of documents.
8. The Enforcement Guide sets out the interpretation of the various grounds for the initiation of an enforcement action. The Authority will assess whether to initiate an enforcement action on a case-by-case basis, taking into account the wider context. The assessment will include consideration of whether using alternative tools is more appropriate, taking into account the overall circumstances of the Fund Administration Provider itself, the conduct under review and the wider context.
9. The Enforcement Guide clarifies the circumstances where the Authority may decide to impose restrictions on a licence, including cases of urgency, or ultimately to revoke a licence. It is likely that the Authority would exercise its powers to restrict or revoke a licence in the context of the enforcement process. The Authority may also exercise its discretion to utilise such powers in a supervisory context (e.g., to impose additional reporting requirements or where an institution ceases operations or conducts limited scope business). In accordance with section 18 of the Act, the Authority might use these powers to protect the interests of the public in connection with an external threat that is not connected to the Fund Administration Provider's conduct.

### **III. SCHEDULE 1: MINIMUM CRITERIA FOR LICENSING**

#### ***Introduction***

10. Before it may grant a licence to a Fund Administration Provider, the Authority has to be satisfied that all the criteria in Schedule 1 to the Act are, or are capable of, being fulfilled by the applicant. Once licensed, Fund Administration Providers are subject to the Authority's continuing supervision and regulation. The Authority assesses whether on an ongoing basis the Fund Administration Provider meets the minimum criteria for licensing. Fund Administration Providers are required to submit information about their business at intervals determined by the Authority in accordance with the Act and any related regulations, rules, guidance notes or codes. Where a Fund Administration Provider fails to meet a criterion, the Authority can and may take action in accordance with the powers vested under the Act and as detailed in the Principles, the AML Principles and the Enforcement Guide.
11. The Act sets out the minimum criteria for licensing to be met by licensed Fund Administration Providers. These criteria are interpreted and applied in the context of the particular circumstances of each Fund Administration Provider, and developments in the sector generally. In addition to reviewing the periodic, annual and other reporting data received from Fund Administration Providers, the Authority's supervision involves detailed prudential discussions with the Fund Administration Provider's senior management, as required. The Authority will determine the frequency of those discussions by using a risk-based approach taking into consideration the nature, size, complexity and risks undertaken by the Fund Administration Provider and the conduct of its business. Meetings may take place either at the Authority's offices or at the Fund Administration Provider's premises.
12. In addition, compliance visits are routinely made on the premises of Fund Administration Providers to add to the Authority's understanding of the Fund Administration Provider's management structures, operations, policies and controls and to assist the Authority in satisfying itself that each Fund Administration Provider continues to conduct its business prudently and in accordance with all relevant criteria. Fund Administration Providers are expected to fulfil the minimum criteria for licensing at all times.
13. Where a Fund Administration Provider becomes aware of breaches or potential breaches of any requirement or a contravention of any prohibition imposed by or under the Act, it is expected that the Fund Administration Provider will alert the Authority forthwith so that any necessary remedial action can quickly be agreed and taken. Similarly, the Fund Administration Provider must alert the Authority to any proposed material change in its business. This will allow the Authority to assess whether the changes affect the Fund Administration Provider's ability to fulfil the minimum criteria for licensing.

14. This part of the Principles sets out the Authority's interpretation of the minimum licensing criteria.

***Schedule 1, Paragraph 1: "Controllers and officers to be fit and proper persons"***

15. This paragraph provides that every person who is, or is to be, a controller or an officer (i.e. director, secretary or senior executive) of a Fund Administration Provider is to be a fit and proper person to hold the particular position that he or she holds or is to hold. Section 2 of the Act stipulates that an officer includes a person appointed as a director, secretary or a senior executive.

16. With regard to an individual who is, or is to be, a controller or officer, the relevant considerations include whether the person has relevant experience, sufficient skills, knowledge and soundness of judgment to undertake and fulfil his or her particular duties and responsibilities. The standards required of persons in these positions will vary considerably, depending on the precise position held by the person concerned. Thus, a person could be fit and proper for one position, but not be fit and proper for a position involving different responsibilities and duties.

17. The diligence with which the person is fulfilling, or is likely to fulfil, those duties and responsibilities is also considered so that the Authority can assess whether the person does or will devote sufficient time and attention to them.

18. The Authority's view is that the standards need to be high in the case of persons with primary responsibility for the conduct of a Fund Administration Provider's affairs, taking into account the nature and scale of the Fund Administration Provider's business.

19. In assessing whether a person has the relevant competence, soundness of judgment and diligence, the Authority considers whether the person has had previous experience with similar responsibilities, the record in fulfilling them and, where appropriate, whether the person has suitable qualifications and training. As to soundness of judgment, the Authority looks to the person's previous conduct and decision-taking.

20. The probity of the person concerned is very important. It is essential that a person who is responsible for the conduct of a Fund Administration Provider's business is one of high integrity. In contrast to the fitness elements of this criterion, which reflects an individual judgment relating to the particular position that the person holds or is to hold, the judgment of probity reflects much more of a common standard, applicable irrespective of the particular position held.

21. Specifically, the Authority takes into account the person's reputation and character. It considers, inter alia, whether the person has a criminal record, including but not limited to convictions for fraud or other dishonesty, which would clearly be particularly relevant. The Authority also gives particular weight to whether the person has contravened any provision of law, including legislation covering the trust, banking,

insurance, corporate services, money services, digital assets or investment sectors or other legislation designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice.

22. In addition, the Authority considers whether the person has been involved in any business practices that appear to the Authority to be deceitful or oppressive or improper, or which would otherwise discredit his or her method of conducting business. In addition to compliance with statutory provisions, the Authority also considers a person's record of compliance with various non-statutory codes insofar as they may be relevant to the minimum criteria for licensing, the public interest and the interests of clients and potential clients.
23. The Authority also takes into consideration whether the person has been censured or disqualified by professional or regulatory bodies. Those persons who have been censured or disqualified are unlikely to be fit and proper persons to hold a particular position.
24. While any evidence of relevant past misconduct needs to be taken into consideration, the Authority recognises that lapse of time, and a person's subsequent conduct are factors which may be relevant in assessing whether the person is now fit and proper for a particular position.
25. Once a Fund Administration Provider is licensed, the Authority has continuing regard to the performance of the person in exercising his or her duties. Imprudence in the conduct of a Fund Administration Provider's business, or actions which have threatened (without necessarily having damaged) the public interest will reflect adversely on the competence and soundness of judgment of those responsible. Similarly, failure by a Fund Administration Provider to conduct its business with integrity and professional skills will reflect adversely on the probity and/or competence and/or soundness of judgment of those responsible. This applies whether the matters of concern have arisen from the way the persons responsible have acted or from their failure to act in an appropriate manner. The Authority takes a cumulative approach in assessing the significance of such actions or omissions – that is, it may determine that a person does not fulfil the criterion based on several instances of such conduct, which if taken individually, may not lead to that conclusion.

### ***Shareholder Controllers***

26. Shareholder controllers, as defined by sections 3(4) and 3(5) of the Act, may hold a wide variety of positions relating to a Fund Administration Provider, and the application of the fit and proper criterion takes account of this fact. The key consideration is the likely or actual impact on the interests of clients and potential clients of a person holding the particular position as shareholder controller. This is viewed in the context of the circumstances of the individual case, and of the particular position held. The general presumption is that the greater the influence on the Fund

Administration Provider, the higher the threshold will be for the shareholder controller to fulfil the criterion. Thus, for example, higher standards will generally be required of a shareholder controller owning, say, 20% or more of the shares of a Fund Administration Provider compared with a shareholder controller owning 10%.

27. In reviewing the application of the criterion to shareholder controllers or persons proposing to become such controllers, the Authority considers two main factors. First, it considers what influence the person has or is likely to have on the conduct of the affairs of the Fund Administration Provider. If the person does, or is likely to, exercise close control over the business, the Authority would look for evidence that he/she has the probity and soundness of judgment and relevant knowledge and skills to perform the functions in relation to any activity carried on by a Fund Administration Provider. On the other hand, if the shareholder does not, or is not likely to, influence the directors and management of the Fund Administration Provider on the detailed conduct of the business, it would not be necessary to require such a level of relevant knowledge and experience.
28. The second consideration is whether the financial position, reputation or conduct of the shareholder controller or prospective shareholder controller has damaged or is likely to damage the Fund Administration Provider through ‘contagion’ which undermines confidence in that Fund Administration Provider. For example, if a holding company, or a major shareholder, were to suffer financial problems, it could damage confidence of clients or potential clients in the stability or financial integrity of the licensed Fund Administration Provider. Generally, the higher the shareholding, the greater the risk of ‘contagion’ if the shareholder encounters financial difficulties. The risk of contagion is not, however, confined to financial weakness. Publicity about illegal or unethical conduct by a holding company or another member of the group may also damage confidence in the Fund Administration Provider. Fund Administration Providers are expected to notify the Authority immediately if they become aware of material concerns regarding the suitability of a shareholder controller.
29. In the case of a controller who ‘directs’ or ‘instructs’ a shareholder controller, similar considerations apply to those relevant to assessing the fulfilment of the shareholder controller’s criterion. In other words, the standards that an indirect controller needs to satisfy are likely to be, at a minimum, the standards also required of the person who is indirectly controlled.
30. Where a person is a controller by virtue of ‘directing’ or ‘instructing’ the board of a Fund Administration Provider, the standards required are high. The controller has to have the probity and relevant knowledge, experience, skills and diligence for managing a Fund Administration Provider. The qualities required are those which are also appropriate for the board of directors or partners of a Fund Administration Provider.

***Schedule 1, Paragraph 2: "Business to be conducted in prudent manner"***

31. Paragraphs 2(1) and (7) of Schedule 1 to the Act make it clear that there is a general requirement for Fund Administration Providers to conduct their business in a prudent manner. It is the overall responsibility of the board, partners and senior management of an institution to ensure that there is effective control over the entire business and that it is conducted prudently. Board members, partners and senior management must understand the underlying risks in the business and be committed to maintaining a robust control environment.
32. Paragraphs 2(2) to (6) set out a number of specific requirements, each of which must be fulfilled before a Fund Administration Provider may be regarded as conducting its business in a prudent manner.
33. Paragraph 2(7) of the Act makes it clear that the specific requirements outlined in paragraphs 2(2) to (6) are not exhaustive. Accordingly, the Authority takes into account a range of other considerations in assessing whether a Fund Administration Provider is prudently managed. These include, for example, the Fund Administration Provider's:
  - (a) Management and corporate governance arrangements (such as, in the case of a company, the composition of the board of directors and the arrangements for the board's overall control and direction of the institution)
  - (b) General strategy and objectives
  - (c) Anti-Money Laundering/Anti-Terrorist Financing policies and procedures
  - (d) Planning arrangements
  - (e) Policies on accounting and market conduct
  - (f) Recruitment arrangements and training to ensure that the Fund Administration Provider has adequate numbers of experienced and skilled staff in order to carry out its various activities in a prudent manner
  - (g) Ability to maintain adequate liquidity to meet its actual and contingent obligations as they fall due
  - (h) Procedures for overseeing, managing and monitoring all outsourced activities
34. Particularly close attention is also paid to the arrangements in place for preventing and detecting criminal activities, and for ensuring compliance with the Fund Administration Provider's legal obligations in preventing money laundering and terrorist financing. The Authority would also expect a Fund Administration Provider to occupy premises suitable for the purpose of conducting its business.
35. Failure by the Fund Administration Provider to comply with applicable laws in foreign jurisdictions in which the Fund Administration Provider or its subsidiaries (if any) operate may also affect the Authority's assessment of prudent conduct.

36. A Fund Administration Provider should have policies and procedures to enable it to comply with international sanctions in force in Bermuda.
37. Fund Administration Providers face a wide variety of potential major financial risks in conducting their business; although the possibility of many of these risks crystallising is generally remote. A Fund Administration Provider will not be regarded as carrying on its business in a prudent manner unless it maintains minimum net assets of \$50,000 or such amount as the Authority may direct taking into account consideration the nature, size and complexity of the Fund Administration Provider. Moreover, a Fund Administration Provider must also effect a policy of insurance to cover risks inherent in the operation of its business of an amount commensurate with the nature and scale of its operations.
38. In judging the adequacy of insurance protection, the Authority looks to be satisfied that the scope and scale of cover in place provides reasonable assurance of the ability of the Fund Administration Provider to continue to operate in the event that it should face either major damage to its infrastructure or material claims from clients for loss or damage sustained. It is in the first instance for those directing the business of the licensed undertaking to assess the level of risk they face in the business and to determine the type and extent of coverage appropriate for that business. The Authority will review the adequacy of cover in place, having regard to the scale, composition and complexity of the business.

***Schedule 1, Paragraphs 2 (4) and (5): “Adequate accounting and record-keeping systems”***

39. The Authority does not regard a Fund Administration Provider’s records and systems as adequate unless they can enable its business to be prudently managed and the Fund Administration Provider is able to comply with the duties imposed on it by or under the Act or other provisions of law. In other words, the records and systems must be such that the Fund Administration Provider is able to fulfil the various other elements of the prudent conduct criterion and to identify threats to the public interest. They should also be sufficient to enable the Fund Administration Provider to comply with the notification and reporting requirements under the Act. Thus, delays in providing information or inaccuracies in the information provided will call into question the fulfilment of the requirement of paragraphs 2 (4) and (5). The systems for client records should be sufficient to enable the Fund Administration Provider to maintain its books and records with satisfactory back-up in place.
40. The nature and scope of the particular records and systems which a Fund Administration Provider maintains should be commensurate with its needs and particular circumstances, so that its business can be conducted without endangering its clients and potential clients. In determining whether a Fund Administration Provider’s records and systems are adequate, the Authority considers its size, the nature of its business, the manner in which the business is structured, organised and managed and the nature, value and complexity of its transactions.

***Schedule 1, Paragraph 3: “Integrity and skill”***

41. This paragraph is concerned with the manner in which the business of the Fund Administration Provider is conducted and is distinct from the question of whether its controllers and officers are fit and proper persons. The business of a Fund Administration Provider must be conducted ethically and honestly, and the staff employed by the Fund Administration Provider must have the skills and knowledge appropriate to the nature and scale of the Fund Administration Provider.
42. The integrity element of the criterion requires the Fund Administration Provider to observe high ethical standards in conducting its business. Criminal offences or other breaches of statute will obviously call into question the fulfilment of this criterion. Particularly relevant are contraventions of any provision made by or under enactments, whether in Bermuda or elsewhere, designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice. Doubts may also be raised if the Fund Administration Provider fails to comply with recognised ethical standards such as those embodied in various codes of practice. The Authority considers the seriousness of the breach of the code, whether the breach was deliberate or an unintentional and unusual occurrence, and its relevance to the fulfilment of the criteria in Schedule 1 and otherwise to the interests of clients and potential clients.
43. The Authority would expect a Fund Administration Provider to have a number of employees sufficient to carry out the range and scale of its business. The Authority, in determining whether a Fund Administration Provider has sufficient personnel, will take into account the human resources that the Fund Administration Provider may draw upon through other arrangements (e.g., outsourcing, secondments, or other similar arrangements as well as the methods of recruitment) to ensure that the Fund Administration Provider employs an adequate number of persons who are fit and proper to perform the duties for which they are employed.
44. Staff must be provided with on-the-job training on the Fund Administration Provider’s internal policies, procedures and internal controls. The Fund Administration Provider should ensure that adequate training is provided that is specific to the roles and responsibilities that staff members perform. Such training should be provided on an ongoing basis, including training on its AML/ATF responsibilities and cyber/information security policies and controls.
45. A Fund Administration Provider shall establish procedures to ensure the adequate supervision of staff in their dealings with clients. Appropriate records relating to the training, experience and qualifications of staff must be maintained.

***Schedule 1, Paragraph 4: “Corporate Governance”***

46. This paragraph provides that the Fund Administration Provider shall implement corporate governance policies and processes as the Authority considers appropriate

given the nature, scale, complexity and risk profile of the Fund Administration Provider. The Authority will take into consideration the Fund Administration Provider's compliance with the Corporate Governance Policy when assessing whether the Fund Administration Provider meets the minimum criterion for licensing to implement corporate governance policies and processes.

47. In the case of a Fund Administration Provider which is a company or partnership, the business should be (a) effectively directed by at least two persons; and (b) under the oversight of such number of non-executive directors appointed as the Authority considers appropriate given the nature, scale, complexity and risk profile of the Fund Administration Provider. The Authority recognises that standards of good corporate governance may differ between Fund Administration Providers according to the size and complexity of their respective businesses.
48. In the case of a Fund Administration Provider which is a company, the directors should include such number (if any) of non-executive directors, as the Authority considers appropriate. The number will depend on the circumstances of the Fund Administration Provider and the nature, size, complexity and risk profile of the Fund Administration Provider.
49. The Authority considers that non-executive directors can play a valuable role in bringing an outsider's independent perspective to the running of the business and to ensure proper challenge to the executive directors and other management. The Authority sees non-executive directors as having, in particular, an important role as members of a Fund Administration Provider's audit committee or in performing the role which such a committee would otherwise perform.

***Schedule 1, Paragraph 5: "Consolidated Supervision"***

50. The position of a Fund Administration Provider within the structure of any group to which it may belong must be such that it will not obstruct the conduct of effective consolidated supervision. The Authority may agree to take on a wider role of consolidated supervisor of a Fund Administration Provider and its related institutions, particularly when the related institutions may have implications for the Fund Administration Provider. Under such an arrangement, the Fund Administration Provider and its related institutions are expected to fully cooperate with and provide all requested information to the Authority.

**IV. PRINCIPLES RELATING TO THE GRANTING OF LICENCES**

51. To grant a licence under the Act, the Authority needs to be satisfied that all the minimum licensing criteria in Schedule 1 are met. In order to be so satisfied, the applicant and any other relevant parties must first have provided all the appropriate information requested by the Authority in connection with the application. Even where it is satisfied that the criteria are or can be met, the Authority retains a residual discretion not to grant a licence – notably, if it sees reason to doubt that the criteria will

be met on a continuing basis or if it considers that for any reason there might be significant threats to the public interest or the interests of clients or potential clients.

52. The Authority also considers, in exercising its discretion, whether it is likely that it will receive adequate information from the Fund Administration Provider and relevant, connected parties to enable it to monitor the fulfilment of the criteria and to identify potential threats to the Fund Administration Provider's clients.

## **V. POWERS TO OBTAIN INFORMATION AND REPORTS**

53. The Authority's supervisory arrangements for licensed Fund Administration Providers comprise three principal elements. First, the Authority conducts certain off-site analysis and reviews, based on regular data received from Fund Administration Providers. This is supplemented by a regular programme of prudential discussions, during which the Authority interviews senior management on a wide range of relevant issues, including recent and current performance, material compliance and control issues, and business development and strategy questions. Finally, the Authority conducts routine on-site reviews during which it assesses a Fund Administration Provider's ongoing compliance with aspects of the licensing criteria and, in particular, with paragraph 2 (2) of Schedule 1 to the Act. These reviews of compliance are intended to provide insight into the effectiveness of the internal controls in place and the ability of management to identify, monitor and manage key risks arising from the Fund Administration Provider's operations. They also provide an opportunity for the Authority to check, through sample testing, that the procedures and practices in place within a Fund Administration Provider are in practice, enabling it to fulfil the specific obligations imposed by the Proceeds of Crime Act 1997 and the associated Regulations.
54. Supervision involves the receipt and analysis of a variety of regular and ad hoc information from Fund Administration Providers. The Authority's standard reporting arrangements are kept under review and amended from time to time in light of developments.
55. Section 49 of the Act provides formal powers of the Authority by notice in writing to require from a Fund Administration Provider such information as it may reasonably require for ensuring that the Fund Administration Provider is complying with the provisions of the Act and any code of practice, and for safeguarding the interests of clients and potential clients of the Fund Administration Provider. The section also provides for the Authority to require a Fund Administration Provider to make available a report by its auditor (or by an accountant or other person with relevant professional skill) on any aspect of, or on any matter about which the Authority has required or could require the Fund Administration Provider to provide information. In the case of reports commissioned under section 49 (1)(b) of the Act, the Authority has agreed that they will, wherever possible, be commissioned from a Fund Administration Provider's own external auditors. However, in certain circumstances, another professional firm may be used. This would be the case, for example, where a report called for particular

technical skills or when the Authority has had previous concerns about the quality or completeness of work conducted by the external auditor.

56. The Authority has also agreed that, as a general rule, it will limit the extent to which it will have recourse to professional reports of this nature. Instead, the Authority's general policy is to use its own staff to assess directly through the on-site work, described above, the adequacy of a Fund Administration Provider's systems and controls. Nonetheless, where particularly specialised work is required or other special considerations arise, the Authority may commission a professional report under section 49.
57. Section 50 of the Act provides statutory powers for the Authority by written notice to require a Fund Administration Provider to produce relevant documents or information that is required for the performance of the Authority's functions. This power can also be used to obtain relevant documents in the possession of other persons and to require information or documents from entities related to a Fund Administration Provider. Section 51 of the Act provides the Authority with specific powers to enter any premises occupied by persons on whom notice under sections 49 or 50 has been served for the purpose of obtaining relevant information or documents. The Authority makes routine use of its powers under sections 49 and 50 when conducting its on-site review visits to licence holders, in order to deal with any client confidentiality issues that might arise in the course of compliance testing.
58. Much of the information required by the Authority for its supervision of Fund Administration Providers is provided pursuant to the Authority's powers under the Act to require relevant information and documents. In addition, the Act stipulates certain matters as being subject to specific statutory reporting requirements—notably, the requirement for a Fund Administration Provider to submit a statement of compliance, signed by two directors (one of whom must be the chief executive or equivalent officer), certifying that the Fund Administration Provider has complied with the minimum licensing criteria (as provided for in Schedule 1 to the Act).

## **VI. CONCLUSION**

59. The Principles are of general application, and seek to take into account the diversity of Fund Administration Providers that may be licensed under the Act, and the prospect of institutional and market changes. Consequently, the Principles may have to be revised and further developed over time. If the Authority makes a material change to the Principles, the Authority will publish a statement of the change or the revised version of the Principles.

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