

**Paragraph 22**

**SCHEDULE 5**

***FINANCIAL SUPERVISION COMMISSION***

***COMPLIANCE STATEMENT***

Licenceholder name: \_\_\_\_\_

Licenceholder category: \_\_\_\_\_

12 month period from \_\_\_\_\_ to \_\_\_\_\_

This statement is approved as being accurate in all material aspects to the best of the licenceholder's knowledge and belief.

Approved by: \_\_\_\_\_

\_\_\_\_\_  
(The proprietor where the licenceholder is a sole trader, or otherwise by at least two directors or all partners)

Dated: \_\_\_\_\_

For FSC use only:

Date received:

Checked by:

Checked date:

Follow up required:

## **NOTES FOR COMPLETION OF THIS STATEMENT**

1. All investment business licenceholders, apart from category 5 licenceholders are required to submit a compliance statement to the Commission at twelve monthly intervals. This statement must be received by the Commission within one month of the end of the licenceholder's accounting reference date.
2. To reflect the fact that compliance is primarily the responsibility of the licenceholder's Board (or equivalent), the answers to the questions must be approved by the proprietor where the licenceholder is a sole trader or otherwise by at least two directors or all partners.
3. Evidence of the renewal of the licenceholder's professional indemnity insurance (including details of the level of cover, excess and exclusions) should be submitted together with the next following compliance statement.
4. Where the answer to a question calls for further detail or other information, this should be submitted together with this statement as an attachment.

The following questions should be answered with a Yes or NO. The compliance statement is intended for all categories of investment business licenceholder, apart from category 5. If a particular question is inapplicable to the licenceholder (e.g. Clients' Money Regulatory Code) both YES and NO should be deleted and the reason for this stated. The guidance notes should be studied before answering the questions.

<b>1. Legislation</b>	
1.1 Are you satisfied that the licenceholder has conducted its investment business at all times in accordance with the Investment Business Acts 1991 - 1993, and the Financial Supervision Act 1988 (where appropriate)?	<b>YES / NO</b> If NO give details
1.2 Are you satisfied that the licenceholder has conducted its investment business at all times in accordance with the Financial Supervision Commission Investment Business Regulatory Codes, the Anti-Money Laundering Code and with due consideration of the Anti-Money Laundering Guidance Notes?	<b>YES / NO</b> If NO give details
<b><u>Guidance note</u></b> <i>Each of the Codes should be considered in relation to the licenceholder's business before answering this question.</i>	
<b>2. Licence Conditions</b> <b>/Directions</b>	
2.1 Has the licenceholder complied with all licence conditions?	<b>YES / NO</b> If NO give details
2.2 Has the licenceholder complied with recommendations or directions issued by the FSC (if any)?	<b>YES / NO</b>

<b>3. Compliance</b>	
<b>3A Compliance Procedure</b>	
3A.1 Does the licenceholder have, and make available to staff, written procedures incorporating rules of conduct reflecting the FSC's requirements?	<b>YES / NO</b> If NO give details
3A.2 Does the licenceholder have arrangements with which you are satisfied are adequate to comply with Conduct of Business Regulatory Code paragraph 6 (Responsible Conduct) and the Codes regarding your staff?	<b>YES / NO</b> If NO give details
<b><u>Guidance note</u></b> <i>Where the answer to this question is NO, the details supplied should clearly identify the areas where the arrangements are not considered fully effective and the steps taken to remedy the situation.</i>	
3A.3 Are you satisfied that the licenceholder's arrangements for ensuring compliance (including complaints procedures) as required by the Conduct of Business Regulatory Code have been effective throughout the period?	<b>YES / NO</b> If NO give details
<b><u>Guidance note</u></b> <i>If the answer to this question is NO, the instances where the compliance procedures have not been observed must be identified and details given of the action taken and the results of such action.</i>	
<b>3B Compliance Monitoring</b>	
3B.1 Can the licenceholder demonstrate that it carried out regular and adequate monitoring procedures relating to its staff and business?	<b>YES / NO</b> If NO give details

**Guidance note**

*In answering 3B.1 this question licenceholders should determine whether their compliance monitoring procedures include as a minimum:*

- a) review of continued adequacy of written procedures, including test checks on documentation and procedures;*
- b) review of appropriateness of training material so far as it relates to compliance requirements;*
- c) review of customer complaints, their follow-up and arrangements for handling complaints;*
- d) review of arrangements in respect of Clients' Money and Clients' Investments to ensure that they are in accordance with the appropriate Codes;*
- e) review of the records maintained by the licenceholder as required by the Codes; and*
- f) review of the steps taken to ensure that advice to customers and execution of transactions with or for them are in accordance with the Conduct of Business Regulatory Code.*

*Where the answer to this question is NO, the details supplied should clearly identify the areas where it is considered that monitoring procedures are inadequate and the steps taken to remedy the situation.*

3B.2 Are you satisfied that adequate action has been taken to correct deficiencies?

**YES / NO**  
If NO give details

3B.3 Has the Board (or equivalent) been made aware at regular intervals of compliance monitoring findings?

**YES / NO**

**3C. Records of Compliance**

3C.1 Is the record of occurrences which have, or may have, involved a breach of the Codes complete and accurate?

**YES / NO**

3C.2 Is there any material or significant matter, or matters when viewed together, revealed by such record which should be drawn to the FSC's attention?

**YES / NO**  
If YES give details

**Guidance note**

*The details to be supplied in answer to this question should include information on occurrences which have resulted in losses to clients or in clients being otherwise disadvantaged.*

<b>4. Clients' Money &amp; Clients' Investments Regulatory Codes</b>	
<b>4A. Clients' Money</b>	
4A.1 Are you satisfied that the licenceholder has adequate systems of control to enable it to comply with the Clients' Money Regulatory Code?	<b>YES / NO</b> If NO give details
4A.2 Was the licenceholder in compliance with the Clients' Money Regulatory Code at all times during the period?	<b>YES / NO</b> If NO give details
<b>4B. Clients' Investments</b>	
4B.1 Are you satisfied that the licenceholder has adequate systems to enable it to comply with the Clients' Investments Regulatory Code?	<b>YES / NO</b> If NO give details
4B.2 Was the licenceholder in compliance with the Code at all times during the period?	<b>YES / NO</b> If NO give details
<b><u>Guidance note</u></b> <i>In answering questions 4B.1 and 4B.2 licenceholders which have been granted permission to adopt the rolling basis of reconciliation in accordance with Clients' Investments Regulatory Code paragraph 7.2 should take note of their continuing obligation to observe the condition on which that permission was granted.</i>	
<b>4C. Reconciliations</b>	
4C.1 Have the following been performed in the period in the manner and at the times required by the Codes:- a) Clients' Money reconciliations? b) Customer Title Document counts and reconciliations?	<b>YES / NO</b> <b>YES / NO</b>
4C.2 Has the FSC been notified of any differences arising out of a reconciliation to which 4C.1 applies which the licenceholder has been unable to correct?	<b>YES / NO</b> If NO give details

<b>5. Notification Requirements</b>	
5.1 Has the FSC been notified of all material changes relating to the licenceholder's investment business, e.g. use of internet as delivery channel?	<b>YES / NO</b> If NO give details
<b>6. Other Regulatory Action</b>	
6.1 Has the licenceholder, its immediate or ultimate parent company (if any), during the period, and in relation to its investment business activities, been the subject of any disciplinary measures or had its affairs investigated by any regulatory body other than the FSC?	<b>YES / NO</b> If YES give details
<b><u>Guidance note</u></b> <i>The FSC expects to be informed by a licenceholder where there has been any regulatory action other than by the FSC, of the nature described in the question either affecting the licenceholder or any immediate or ultimate parent company. A copy of any report or other document relating to such action should be supplied to the FSC.</i>	
<b>7. Completeness of Information</b>	
7.1 Are you satisfied that all appropriate enquiries have been made of all those staff who should in the opinion of the licenceholder be consulted properly before answering the above questions?	<b>YES / NO</b> If NO give details
7.2 Are there any matters relating to an earlier Compliance Statement or qualification in an auditor's report which remain unresolved?	<b>YES / NO</b> If YES give details
7.3 Has the FSC been notified of all matters which may influence the continuance of the licenceholder's licence?	<b>YES / NO</b> If NO give details
<b>8. Statistics</b>	
8.1 At the accounting reference date for this period the number of staff employed by the licenceholder was:	

<p>8.2 The maximum indemnity commission liability of the licenceholder based on the assumption that all policies sold on an indemnity basis lapsed on the accounting reference date is:</p>	
<p>8.3 The average persistency rate (lapsed or cancelled policies) over the period is:</p>	
<p>8.4 The balance of any Clients' Money held by the licenceholder at the accounting reference date is:</p>	
<p>8.5  a) Number of claims made by the licenceholder on Professional Indemnity Insurance during the 12 month period covered by this compliance statement is:   b) of which how many are outstanding?   c) Do you consider these to be significant?</p>	<p>a)    b)    c)</p>

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