



8th October 2013

Dear Stakeholders:

Re: Consultation Paper on the Corporate Governance Policy for Trust (Regulation of Trust Business) Act 2001, Investment Business Act 2003, and Investment Funds Act 2006 (collectively, the “Regulatory Acts”)

The Bermuda Monetary Authority (the Authority) would like to thank those industry participants who submitted comments and suggestions in support of the issue of a Corporate Governance Policy framework to underpin the Regulatory Acts.

In December 2012, the Authority undertook to consult on the introduction of a Corporate Governance Policy (the Policy) by publishing a Consultation Paper on the Policy for entities licensed under the Regulatory Acts.

The Authority's responses to the key comments received and any other substantive changes are outlined below.

I. SCOPE AND APPLICATION

Summary of Comments

Questions were raised concerning the adoption of a principles-based approach and advocated the adoption of a "comply or explain model" (such a model would generally involve a set of detailed rules an institution may choose to either comply with, or fully disclose areas of non-compliance along with appropriate explanation).

Some respondents interpreted the proposed framework as inflexible and raised concerns that the requirements under the framework were inappropriate for their particular business. Others viewed the framework as too flexible and were uncertain about how the Authority would apply the proportionality principle when assessing compliance with the Policy. More detailed industry specific rules were suggested as an alternative approach.

Clarification was also sought as to the basis against which size and complexity will be judged and to know where responsibility for this judgment will lie. One respondent observed that the guidance does not take account or provide allowances for small/medium sized trust companies connected to law firms. Questions were also posed as to whether compliance with the Banks and Deposit Companies Act 1999: Corporate Governance Policy was a requirement for large, complex institutions, while others questioned applicability of certain Principles to Corporate Service Providers and why Investment Funds have been carved out of the scope of the Policy.

Resolution

The Authority has considered adoption of a "comply or explain" model and acknowledges that such an approach provides flexibility, encourages self-governance and has worked in a number of jurisdictions. In this jurisdiction the majority of entities intended to be within scope of this Policy are private companies and therefore the introduction of a public explanation of departure from the principles-based approach is problematic. One suggestion was that such disclosure might be made directly to the Authority. This would therefore introduce a whole new reporting process for the majority of entities. Moreover, "comply or explain" would require a much more detailed set of rules against which to assess compliance e.g. similar to the UK Corporate Governance Code. Even for those firms choosing not to comply with these rules, the resource burden of assessing compliance and then reporting extensive explanation may be considerable. While "comply or explain" can be effective, it is not felt that this is appropriate for the particular sectors within scope of the Policy in this jurisdiction.

The Authority believes that the principles-based approach adopted in the Policy, is flexible and therefore encourages licensed entities to take responsibility for the design of a corporate governance framework that is appropriate for their business. Elements of the Policy described as guidance are designed to be simply that and not hard requirements. In the case of the small/medium sized trust company connected to a law firm, the guidance may not directly address this structure but the institution has the flexibility to consider the most appropriate way to satisfy the relevant Principles.

The Authority understands the desire on the part of some respondents to see a more detailed rules-based corporate governance approach. Such an approach can provide assurance that regulatory risk has been mitigated by full compliance with the rules, removing any element of uncertainty. Such an approach however, fails to take into account the particular needs of the individual institution.

The Authority anticipates that the introduction of the Policy will result in little or no change to the governance arrangements of the majority of licensed entities in scope. The Principles represent fundamental concepts with which most well-run institutions should be familiar and already putting into practice.

Therefore, a licensed entity may not meet a particular Principle owing to the nature, size, complexity, structure, and risk profile of the institution's business. The determination of size and complexity of an institution as it impacts governance requirements and the establishment of an appropriate corporate governance framework, is in the first instance, the responsibility of the Board of Directors (or equivalent) of the licensed institution. An institution should, however, be able to justify to the satisfaction of the Authority the adequacy of governance arrangements if and when challenged to do so.

This approach relies on the discretion and judgment of the Supervisor. There is nothing new in this approach; assessment of compliance with the minimum criteria of licensing and corporate governance-related elements, has always been at the discretion of the Authority. Well-governed institutions should not be unduly concerned about the introduction of the Policy, which fills a gap in the current regulatory framework and will assist the Authority in addressing circumstances where a licensed institution may be an outlier from acceptable levels of practice.

Consideration of the Banks and Deposit Companies Act 1999: Corporate Governance Policy is provided in the Policy as guidance and is not intended to introduce a compliance requirement.

Corporate Service Providers (CSPs) do not fall within the scope of the Policy at this time. The Authority plans to include these licensees once the CSP regime is in place.

Investment funds are investment vehicles rather than financial services businesses. Therefore, it was felt that they should be left out of scope of the Policy. A specific corporate policy relating to investment funds will be developed in the future. The Authority's approach, which is similar to that of many jurisdictions, has been to treat these vehicles differently, hence the authorisation framework, which differs significantly from that for licensed entities.

The comments below address additional points specific to individual Principles not already covered by the comments above (e.g. respondents' comments regarding the "requirements" set out in the guidance need not be addressed in further detail).

II. PRINCIPLE 2

Summary of Comments

Respondents sought flexibility to allow for the Chief Executive Officer and the Chairperson to be the same individual.

Resolution

There is no hard requirement within the Policy for a Non-Executive Chairperson where effective governance in line with Principle 2 can be otherwise achieved.

III. PRINCIPLE 3

Summary of Comments

Concerns were raised with respect to Board composition, some respondents were of the opinion that independent oversight may not be appropriate to their particular business, and may cause additional cost, disruption and weakening of expertise. It was also noted that privately-held businesses that are owner managed do not need such independent oversight and that oversight may be provided at other structural levels, e.g. investment fund board level.

Resolution

It should be noted that the adequacy of the composition of the Board is currently subject to the Authority's assessment of the minimum licensing criteria so this Principle introduces nothing new.

The Authority accepts the arguments that independent oversight may not be appropriate for all licensed institutions, and where this is not a feature of an institution's corporate governance framework, the institution should be able to justify the adequacy of the composition of the Board to the Authority.

The argument that a privately-held, owner-managed business does not need independent oversight has validity but the need to protect all stakeholders, including customers, should not be ignored. Where additional independent oversight takes place, for example in the case of a fund manager where there are independent directorships on the investment funds they manage, then this may influence the Supervisor's view on the Board composition of the licensed entity. (There are at present no requirements for a Bermuda Authorised Investment Fund to have such independent Board oversight).

IV. PRINCIPLE 4

Summary of Comments

Clarification was sought around the meaning of "appropriate induction" for a Board Member and with respect to "periodic assessments of both the Board as a whole and individual Board Members" and how this might apply to smaller entities.

Clarification was also sought as to whether the intention of the guidance was to override the provisions relating to conflicts of interest in the Companies Act 1981. It was also observed that certain conflicts may be unavoidable.

Resolution

The Authority is not prescribing a minimum level of appropriate induction for a Non-Executive Director. The overall concern of the institution should be that any incoming Non-Executive Director has the necessary skills, knowledge, information and experience to fulfill their duty and meet Principle 4. The induction would differ for any individual and entity.

Similarly, it is not expected that smaller entities would put in place formal processes for the assessment of Board and individual Board Members, but periodic consideration of Board effectiveness should be part of Board practice.

Clearly the intention of the Policy is not to override the Companies Act 1981 and the provisions therein, i.e. the issue of conflicts of interest. It should be noted that not all licensed entities within scope of the proposed Policy are incorporated in Bermuda. Sole reliance could not be placed on the Companies Act 1981 in any event.

The Authority agrees that certain conflicts may be unavoidable and the framework offers scope to manage conflicts where appropriate.

V. PRINCIPLE 5

Summary of Comments

The applicability of the "four eyes" requirement to trust companies affiliated with law firms was raised.

Resolution

The First Schedule to the Trust (Regulation of Trust Business) Act 2001 clearly introduces a minimum licensing criterion requiring that the business must be effectively directed by at least two individuals. The Authority's interpretation of the criterion is given in section 2.4 of the relevant Statement of Principles.

The relevant Schedules to the Trust (Regulations of Trust Business) Act 2011, the Investment Business Act 2003 and the Investment Funds Act 2006 will be amended to reflect and require licensees to comply with their obligations under the new Corporate Governance Policy. The Orders are attached.

VI. TRANSITION PERIOD

Summary of Comments

Respondents requested that a reasonable lead time after finalisation of the Policy be provided to licensed entities prior to implementation.

Resolution

The Authority acknowledges that a licensed entity may require some time to fully implement the Governance Policy framework; therefore the Authority will work with licensed entities over the next 12 months to ensure full implementation.

The Authority thanks stakeholders for their feedback, and remains committed to working with industry and other interested parties to ensure that the results achieved are in the best interests of the Bermuda market.

Yours sincerely,

Bermuda Monetary Authority



BERMUDA MONETARY AUTHORITY

CORPORATE GOVERNANCE POLICY

FOR

TRUST (REGULATION OF TRUST BUSINESS) ACT 2001

INVESTMENT BUSINESS ACT 2003

INVESTMENT FUNDS ACT 2006

OCTOBER 2013

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I. Introduction

1. This corporate governance policy paper (the “Policy”) is applicable to entities licensed under the Trust (Regulation of Trust Business) Act 2001, the Investment Business Act 2003, and the Investment Funds Act 2006¹ (collectively, the “Regulatory Acts”). The Policy sets out nine principles and related guidance which reinforce key elements of corporate governance.
2. The Organisation for Economic Cooperation and Development (“OECD”) describes corporate governance as “a set of relationships between a company’s management, its board, its shareholders, and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. The presence of an effective corporate governance system, within an individual company or group and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy.”²
3. All institutions licensed under the Regulatory Acts are required, as a statutory minimum licensing criterion, to implement corporate governance policies and procedures. The Authority will take into consideration compliance with the Policy when assessing whether a licensee meets the criterion. It should be noted that this policy does not replace or reduce any existing statutory requirements.
4. The Policy consists of principles and underlying guidance. The principles are the core of the Policy and the Authority expects institutions to comply with the principles.
5. There is, however, a degree of discretion afforded to institutions in how they comply with the Policy. In assessing compliance, the Authority will adopt a proportional approach that reflects the size, complexity, structure, and risk profile of an institution’s business and recognises that approaches to corporate governance among different institutions may vary.
6. Notwithstanding the application of the general principle of proportionality, to assist institutions the Authority has tailored its implementation guidance, where applicable, to reflect the importance of individual principles to institutions of varying levels of size and complexity. Smaller, less complex

¹ The Policy applies to fund administrators licensed under the Investment Funds Act 2006, but does not apply to investment funds.

² OECD Principles of Corporate Governance, revised April 2004, originally issued June 1999, available at www.oecd.org/dataoecd/32/18/31557724.pdf.

institutions, however, are not precluded from applying guidance intended for more complex institutions where appropriate.

7. Where appropriate, larger more complex institutions may give consideration to the application of the principles and guidance issued for banks and deposit companies.

Unincorporated Licence Holders

8. The Policy has been drafted from the perspective of a company, the most common structure employed by licence holders. However, the licensing of partnerships or individuals is permitted under certain regulatory regimes. In general, the principles should be applied to all licence holders with references to the board of directors substituted with references to the partners or owners as applicable. Principles which seek to address the alignment of ownership, oversight, and management may not be applicable to such licence holders and generally guidance relating to small, less complex institutions will be relevant. If a licence holder is uncertain as to the application of this Policy to their business they are encouraged to contact the Authority for clarification.

Group Governance

9. In general, the board of a Bermuda licensed subsidiary should adhere to the corporate values and governance principles espoused by its parent company and the subsidiary may place reliance on group oversight and control functions. However, in doing so the parent board should take into account the nature of the business of the subsidiary and the specific legal requirements that are applicable, and make appropriate adjustments to its corporate governance practices.

10. Where the parent company is not a Bermuda licensed entity, the board of a Bermuda licensed subsidiary should evaluate any group level decisions or practices to ensure that they do not put the regulated subsidiary in breach of Bermuda laws and regulations or in a position that contravenes the Policy. In such cases, the composition of the subsidiary board should be such as to allow independent evaluation.

II. PRINCIPLES AND GUIDANCE

a. *Overarching Principle*

Principle 1: Every institution should have an effective corporate governance framework in place that is appropriate to its size, complexity, structure and risk profile. This framework should establish a structure through which the objectives of the institution can be set, monitored and achieved and which provides incentives to align the interests of owners, directors and management.

b. *Board Practices*

Principle 2: Institutions should be governed by an effective board of directors.

Role of the Board

11. The board has ultimate responsibility for the institution's business, risk strategy, and financial soundness, as well as for how the institution organises and governs itself. The board is responsible for setting strategy and adopting a formal business plan designed to achieve the institution's objectives. The board is responsible for approving all key policies including those relating to risk management, internal controls, and compliance.

12. The board remains responsible for the oversight of all material functions of the business, even where such functions may be outsourced.

Role of the Chairperson

13. The chairperson of the board plays a crucial role in the proper functioning of the board. He or she provides leadership to the board and is responsible for the board's effective overall functioning. The chairperson should possess the requisite experience, competencies and personal qualities in order to fulfill these responsibilities.

14. In a smaller, less complex, owner-managed institution, a single person may fulfill the roles of both chairperson and chief executive. However, the person holding both roles should remember that the responsibilities of chairperson and chief executive are distinct, and should be viewed separately.³

15. In the case of a larger, more complex institution, ideally the role of chairperson will be filled by an independent non-executive director. In cases where the role of chairperson and chief executive are vested in the same person, the Authority expects that appropriate additional checks will be built into the board structure (e.g. by having a lead board member, senior independent board member or a similar position).

Board Committees

16. The board may delegate authority to board committees subject to full board oversight and ratification of key decisions that materially impact the institution’s operations.

Board Meetings

17. The board should meet sufficiently regularly to discharge its duties effectively.

18. Each meeting should have a structured agenda and should be minuted.

19. Board meetings should be distinguished from management meetings, even in owner-managed institutions.

Principle 3: The size and composition of the board should reflect the scale and complexity of the institution’s activities.

20. Ideally the board should be comprised of members with a range of experience and expertise appropriate to the institution’s activities. The composition of the board should allow it to collectively discharge its duties and responsibilities effectively and to reduce the risk of dominance by any one individual or group of individuals.

³ Guidance on the role of senior management is given under Principle 5.

21. This risk of dominance can be mitigated through the appointment of non-executive directors with an independent perspective and willingness to challenge decisions. Non-executive directors may also introduce particular skills and experience not otherwise available amongst the executive directors.

22. The boards of smaller, less complex, owner-managed institutions may be composed of a small number of executive directors; however the appointment of appropriately qualified independent directors is encouraged.

23. The degree of non-executive and independent board representation should be greater for larger, more complex institutions.

Principle 4: Directors should be, and remain, qualified, including through training, for their positions. They should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgment about the affairs of the institution.

Duty to the Institution

24. Directors in exercising their powers and discharging their duties should:

- a. act honestly and in good faith with a view to the best interests of the institution; and
- b. exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

Director Qualification

25. It is a statutory minimum criterion of licensing that a director should be a fit and proper person to fill that position. Directors should be of high integrity and have relevant experience, sufficient skills, knowledge, and soundness of judgment to properly undertake and fulfill their duties and responsibilities.⁴

Training and Development

26. All directors should regularly update and refresh their skills and knowledge. Non-executive directors should receive appropriate induction upon joining the board. All directors should be aware of their legal duties and regulatory responsibilities.

⁴ Fitness and propriety is interpreted further in the applicable Statement of Principles, issued pursuant to the relevant Regulatory Act.

Commitment

27. Non-executive board appointees should have sufficient available time to effectively discharge their duties. Other significant commitments should be disclosed to the board before appointment and the board should be informed of subsequent changes.

Performance Evaluation

28. The board should carry out periodic assessments of both the board as a whole and of individual board members as well as its governance practices, and take any corrective actions or make any improvements deemed necessary or appropriate. In the case of larger, more complex institutions it is expected that a formal assessment process will be adopted to ascertain continuing suitability.

Conflicts of Interest

29. Directors have a duty to avoid, manage or minimise conflicts of interest and should, wherever possible, arrange their personal and business affairs so as to avoid direct and indirect conflicts of interest.

30. The board should have a formal written conflicts of interest policy appropriate to its size and organisation and the nature, scale and complexity of its business, and an objective compliance process for implementing the policy.

c. Senior Management

Principle 5: Under the direction of the board, senior management should ensure that the institution's activities are consistent with the business strategy, risk appetite and policies approved by the board.

Senior Management Responsibilities

31. Senior management⁵ are responsible and should be held accountable by the board for overseeing the day-to-day management of the institution. Delegation of the management function does not absolve the board from its overall responsibility for the sound governance of the institution.

⁵ Senior Management should include, at a minimum, the chief executive and senior executives as defined under the Regulatory Acts.

Senior Management Qualification

32. Senior management should have the necessary experience, competencies and integrity to manage the businesses under their supervision. It should be noted that it is a statutory minimum criterion of licensing that a member of senior management, in their role as an officer or controller of the institution, should be a fit and proper person to fill that position.⁶

Management Structure

33. The management structure adopted should be appropriate to the size, complexity, structure and risk profile of an individual institution. In the case of smaller, less complex institutions, board and senior management may overlap, but the responsibilities of the board and senior management are distinct and should be viewed separately.

34. In the case of a company, partnership or unincorporated association of persons, at least two individuals must effectively direct the business of the institution. In the case of a company, the individuals concerned should be either executive directors or persons granted executive powers by, and reporting immediately to, the board. In the case of a partnership, at least two partners should exercise day-to-day control and oversight. Each of the two persons must play a part in the decision-making process on all significant business decisions. In the case of a sole trader, where the scale and scope of business is limited, it may be acceptable for the business to be directed by one individual.⁷

d. Risk Management

Principle 6: The board is responsible for risk oversight and should establish and maintain a sound mechanism to identify and address the risks which are relevant to the institution.

Risk Appetite

35. The board should understand the risks to which the institution is exposed and establish a risk appetite, i.e. the level of aggregate risk that the institution's board is willing to assume and manage in the pursuit of the institution's objectives.

⁶ Fitness and propriety is interpreted further in the applicable Statement of Principles issued pursuant to the relevant Regulatory Act.

⁷ Further interpretation of this element of the minimum licensing criterion is provided in the applicable Statement of Principles issued pursuant to the relevant Regulatory Act.

Policies and Procedures

36. The board is responsible for ensuring that appropriate policies and procedures are in place to identify, measure, monitor, control, mitigate, and report all material risks of the business.

Risk Management Function

37. An institution's approach to risk management should be commensurate with the size, complexity, structure and risk profile of the business. In the case of a small owner-managed institution, a dedicated risk management function may not be necessary, in which case the function would be directly addressed by the board and management. However, the risk appetite, risk policy and procedures should be documented and, at a minimum, a risk register should be maintained identifying the material risks.

38. Larger, more complex institutions would be expected to put in place a formal risk management function. This function should be adequately resourced by appropriately qualified personnel and sufficiently independent of the institution's business units.

39. While the risk management function may report to the chief executive or other senior management, it should also report or, at a minimum, have direct access to the board or the appropriate board committee.

Risk Review

40. The board should, at least annually, assess the effectiveness of the institution's risk management framework and make any necessary changes.

Contingency Planning and Testing

41. Institutions should have in place appropriate business continuity and contingency plans to safeguard against disruption of their operations and services and to mitigate risk. The board should review these plans at least annually.

Principle 7: The board should ensure that the institution has an effective system of internal controls.

Internal Control System

42. Internal controls are designed, among other things, to ensure that each key risk has an accompanying policy, process, or other measure, as well as a system of control to ensure that such policy, process, or other measure is being applied and works as intended. Internal controls help provide comfort that financial and management information is reliable, timely and complete and that the institution is in compliance with its various obligations, including applicable laws and regulations. In order to avoid actions beyond the authority of the individual, or even fraud, internal controls also place reasonable checks on managerial and employee discretion.

43. The scale, structure, and nature of the business should be considered in the design of a control framework relevant to the institution.

Internal Control Review

44. The board should approve the internal control framework and review its appropriateness at least annually.

Principle 8: The board should ensure remuneration arrangements are consistent with effective risk management and the long-term interests of the business.

45. The board should ensure remuneration arrangements are consistent with effective risk management and avoid creating incentives that encourage inappropriate risk-taking inconsistent with the risk appetite established by the board.

e. Reporting

Principle 9: The board should ensure that an appropriate reporting framework is in place for both internal and external stakeholders.

Board Reporting

46. The board should ensure that it receives information in a timely manner in a form and of a quality appropriate to enable the discharge of its duties, facilitate decision-making and allow for effective monitoring and management of company performance.

Statutory and Regulatory Reporting

47. The board should ensure that all applicable statutory disclosure and regulatory reporting requirements are met.

Disclosure to Stakeholders

48. Shareholders should be provided with sufficient information to enable them to assess the effectiveness of the board and senior management in governing the institution.

49. Institutions should have an appropriate mechanism for reporting to relevant stakeholders who are not directors or shareholders.

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**Trusts (Regulation of Trust Business)
Amendment Order 2013**

In exercise of the powers conferred upon the Minister of Finance by section 12 (4) of the Trusts (Regulation of Trust Business) Act 2001, the following Order is made—

Citation and commencement

1. This Order may be cited as the Trusts (Regulation of Trust Business) Amendment Order 2013 and shall come into operation on 1 January 2014.

Interpretation

2. In this Order “principal Act” means the Trusts (Regulation of Trust Business) Act 2001.

First Schedule amended

3. The First Schedule of the principal Act is amended by—

- (a) inserting paragraph 1A after paragraph 1 as follows:

“Corporate Governance

1A (1) The undertaking shall implement corporate governance policies and processes as the Authority considers appropriate given the nature, size, complexity and risk profile of the undertaking.

(2) Without prejudice to subparagraph (1) the business of the undertaking shall—

- (a) in the case of an undertaking which is a company or a partnership, be effectively directed by at least two individuals; or
 - (b) in any other case, one person may direct the business if so approved by the Authority having regard to the circumstances of the undertaking and the nature and scale of its operations; and
 - (c) be under the oversight of such number of non-executive directors appointed as the Authority considers appropriate given the nature, size, complexity and risk profile of the undertaking.”
- (b) repealing paragraphs 2 and 3 “Business to be directed by at least two individuals”; and
- (c) repealing paragraph 4 “Composition of board of directors”.

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Investment Business Amendment Order 2013

In exercise of the powers conferred upon the Minister of Finance by section 17 (8) of the Investment Business Act 2003, the following Order is made—

Citation and commencement

1. This Order may be cited as the Investment Business Amendment Order 2013 and shall come into operation on 1 January 2014.

Interpretation

2. In this Order “principal Act” means the Investment Business Act 2003.

Second Schedule amended

3. The Second Schedule of the principal Act is amended by—

- (a) inserting paragraph 1A after paragraph 1 as follows:

“Corporate Governance

1A (1) The investment provider shall implement corporate governance policies and processes as the Authority considers appropriate given the nature, size, complexity and risk profile of the investment provider.

(2) Without prejudice to subparagraph (1) the business of the investment provider shall—

(a) in the case of an investment provider which is a company or a firm, be effectively directed by at least two individuals; or

(b) in any other case, one person may direct the business if so approved by the Authority having regard to the circumstances of the investment provider and the nature and scale of its operations; and

(c) be under the oversight of such number of non-executive directors appointed as the Authority considers appropriate given the nature, size, complexity and risk profile of the investment provider.”

(b) repealing paragraphs 2 and 3 “*Business to be directed by at least two individuals*”; and

(c) repealing paragraph 4 “*Composition of board of directors*”.

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Investment Funds Amendment Order 2013

In exercise of the powers conferred upon the Minister of Finance by section 43 (4) of the Investment Funds Act 2006, the following Order is made—

Citation and commencement

1. This Order may be cited as the Investment Funds Amendment Order 2013 and shall come into operation on 1 January 2014.

Interpretation

2. In this Order “principal Act” means the Investment Funds Act 2006.

Schedule amended

3. The Schedule of the principal Act is amended by—

(a) inserting paragraph 1A after paragraph 1 as follows:

“Corporate Governance

1A (1) The fund administrator shall implement corporate governance policies and processes as the Authority considers appropriate given the nature, size, complexity and risk profile of the fund administrator.

(2) Without prejudice to subparagraph (1) the business of the fund administrator shall be—

(a) effectively directed by at least two individuals; and

(b) under the oversight of such number of non-executive directors appointed as the Authority considers appropriate given the nature, size, complexity and risk profile of the fund administrator.”

(b) repealing paragraph 1A “Business to be directed by at least two individuals.”