



BERMUDA MONETARY AUTHORITY

CORPORATE SERVICE PROVIDER BUSINESS ACT 2012

STATEMENT OF PRINCIPLES

DECEMBER 2019

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I. INTRODUCTION

1. This Statement of Principles (the Principles) is made pursuant to section 6 of the Corporate Service Provider Business Act 2012 (the Act) which requires the Bermuda Monetary Authority (the Authority) to publish in such a manner as it thinks fit a statement of principles in accordance with which it is acting or proposing to act:
 - a) In interpreting the minimum criteria specified in Schedule 1 of the Act and the grounds for revocation specified in section 15;
 - b) In exercising its power to grant, revoke or restrict a licence;
 - c) In exercising its power to obtain information, reports and to require production of documents; and
 - d) In exercising other enforcement powers.
2. The Principles are of general application and seek to take into account the wide diversity of Corporate Service Providers (CSPs) that may be licenced under the Act, and of the prospect of institutional and market changes. As a consequence of this, the Principles may likely need to be revised and further developed over time. If the Authority makes a material change in the Principles, section 6(2) of the Act provides that the change is published or a revised version of the Principles issued. 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 (SEA Act 2008); and in accordance with section 49M of the Proceeds of Crime Act 1997 (POCA 1997), and section 12O of the Anti-Terrorism (Financial and Other Measures) Act 2004 (ATFA 2004) and section 6(3) of the Act.
3. This document is also to be read in conjunction with the Statement of Principles & Guidance on the Exercise of Enforcement Powers (the Enforcement Guide). The Enforcement Guide, also made pursuant to section 6 of the Act, sets out the Principles in accordance with which the Authority acts or proposes to act in exercising its formal enforcement powers set out under the relevant Acts¹. Where there are any differences in relation to use of these powers between the Enforcement Guide 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 licence a CSP (company, partnership or sole proprietor) or to revoke or restrict a licence once granted. The Principles set out in both documents encapsulate the minimum standards the Authority considers when conducting its supervision of CSPs. The functions of CSP supervision include monitoring and verifying the ongoing compliance of CSPs with these minimum standards, and other obligations imposed under the Act, the CSP's own policies and procedures, and

¹ In the case of licenced CSPs this is the Act, the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008 (SEA), and the Bermuda Monetary Authority Act 1969 (BMA Act).

compliance with Anti-Money Laundering/Anti-Terrorist Financing requirements².

5. Section III of the Principles considers the interpretation of each of the licensing criteria in Schedule 1 of 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.
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 available from the Authority's website: www.bma.bm.
7. If there are concerns in the course of supervision of licenced CSPs, the Authority will consider what steps should be taken to address the issue and where appropriate, it will seek remedial action by persuasion and encouragement. Where persuasion and encouragement fail, the Authority may look to stronger measures to ensure compliance. The process by which the Authority may take enforcement action is set out in the Enforcement Guide.
8. The Enforcement Guide generally sets out the principles of enforcement which underpin the Authority's decisions to use any formal enforcement power. It also clarifies the circumstances where the Authority may decide to impose restrictions on a licence (section 14 of the Act), including in cases of urgency (section 18) or ultimately revoke a licence (section 15).
9. It is most 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). These powers might also be used to protect the interests of the public in connection with an external threat unconnected with the CSP's conduct in accordance with section 19 of the Act.

III. SCHEDULE 1: MINIMUM CRITERIA FOR LICENSING

Introduction

10. Before a CSP may be granted a licence, the Authority has to be satisfied that all the criteria in Schedule 1 of the Act are (or are capable of) being fulfilled by the applicant. Once licenced, CSPs are subject to ongoing assessment against the criteria for licensing by means of the Authority's continuing supervision and regulation. CSPs 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.

² These requirements are set out in the Proceeds of Crime Act 1997, the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008 (SEA) and the relevant Regulations.

Where a CSP fails to meet a criterion, the Authority can and may take action in accordance with the powers vested under the relevant Acts, and as detailed in these Principles and the Enforcement Guide.

11. The Act sets out the framework for minimum criteria to be met and complied with by licenced CSPs. These criteria are interpreted and applied in the context of the particular circumstances of individual CSPs, and developments in the sector generally. The Authority ensures adherence to the criteria through the following supervisory activities:
 - a) Periodic and occasional regulatory reports as determined by the Authority in accordance with the Act and any related regulations, rules, guidance notes or codes
 - b) Detailed prudential discussions with CSPs' senior management as required
 - c) Routine compliance visits made to the CSP's premises
12. The Authority shall determine the frequency of supervisory activities using a risk-based approach considering the nature, scale, complexity and risks undertaken by the CSP and the conduct of its business.
13. Where a CSP becomes aware of breaches or potential breaches, it is expected that the CSP will alert the Authority forthwith so that any necessary remedial action can quickly be agreed upon. Similarly, the CSP must alert the Authority to any proposed material change in its business. This will allow the Authority to assess whether the changes impact the CSP's ability to fulfil the minimum criteria for licensing.
14. This part of the Principles sets out the Authority's interpretation of the statutory licensing criteria.

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

Controllers and Officers

15. This paragraph provides that every person who is or is to be a controller or officer (as defined under section 2 of the Act; officers are defined as including persons appointed as directors, secretaries or senior executives) of a CSP is to be a fit and proper person to perform CSP-related functions. 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 their particular duties and responsibilities. The standards required of persons in these respects 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. 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.
16. The Authority sees the standards as being particularly high in the case of persons with

primary responsibility for the conduct of a CSP's affairs, taking into account the nature and scale of the CSP's business.

17. 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.
18. The probity of the person concerned is very important. It is essential that a person who is responsible for the conduct of CSP business is 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.
19. Specifically, the Authority takes into account the person's reputation and character. It considers, inter alia, whether the person has a criminal record, or convictions for fraud or other dishonesty which would 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, and investment sectors or other legislation designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice. In addition, it considers whether the person has been involved in any business practices appearing 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 in so far as they may be relevant to the licensing criteria and to the public interest, interests of clients and potential clients.
20. The Authority also takes into consideration whether the person has been censured or disqualified by professional or regulatory bodies, e.g. Institute of Chartered Secretaries and Administrators; Institute of Directors; Society of Trust and Estate Practitioners; Bermuda Bar Association; Institute of Chartered Accountants of Bermuda; Bermuda Stock Exchange; Association for Investment Management and Research; or corresponding bodies in other jurisdictions.
21. 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.
22. Once a CSP is licenced, the Authority has continuing regard to the performance of the person in exercising his or her duties. Imprudence in the conduct of a CSP'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 CSP 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 on the basis of several instances of such conduct which, if taken individually, may not lead to that conclusion.

Shareholder Controllers

23. Shareholder controllers, as defined by sections 3(4) and 3(5) of the Act, may hold a wide variety of positions relating to a CSP, and the application of the fit and proper criterion takes account of this. 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 CSP, 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 majority shareholder controller (i.e. one owning 50 per cent or more of the shares of an undertaking) compared with a shareholder controller owning 10 per cent.
24. In reviewing the application of the criterion to shareholder controllers or persons proposing to become such controllers, the Authority considers two main factors.
25. First, it considers what influence the person has or is likely to have on the conduct of the affairs of the CSP. If the person does, or is likely to, exercise a 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 for running a CSP. On the other hand, if the shareholder does not, or is not likely to, influence the directors and management of the CSP on the detailed conduct of the business, it would not be necessary to require such a level of relevant knowledge and experience.
26. 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 CSP through ‘contagion’ which undermines confidence in that CSP. 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 licenced CSP. Generally, the higher the shareholding, the greater the risk of ‘contagion’ if the shareholder encounters financial difficulties. For this reason, a shareholder must be able to demonstrate to the CSP and the Authority their sources of wealth and source of funds. 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 CSP.
27. CSPs are expected to notify the Authority immediately if they become aware of material concerns regarding the suitability of a shareholder controller.
28. 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 controllers criterion. In other words, the standards that an indirect controller needs to

satisfy are likely to be at a minimum of the standards also required of the person who is indirectly controlled.

29. Where a person is a controller by virtue of 'directing' or 'instructing' the board of a CSP, the standards required are high. The controller has to have the probity and relevant knowledge, experience, skills and diligence for running a CSP. The qualities required are those which are also appropriate for the board of directors or partners of a CSP.

Schedule 1 Paragraph 1A: "Corporate Governance"

30. This paragraph provides that the CSP shall implement corporate governance policies and processes as the Authority considers appropriate given the nature, scale, complexity and risk profile of the CSP.
31. In the case of a CSP which is a company or partnership, the business should be effectively directed by such number of individuals as the Authority considers appropriate given the nature, scale, complexity and risk profile of the CSP. The Authority recognises that standards of good corporate governance may differ between CSPs according to the size and complexity of their respective businesses. At a minimum, the Authority expects there to be qualified individuals appointed to the board or acting as partners who can apply informed and independent judgment to the overall governance of the CSP.
32. In the case of a CSP 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 CSP and the nature, scale, complexity and risk profile of the CSP.
33. 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 an important role as members of a CSP's audit committee or in performing the role which such a committee would otherwise perform.

Schedule 1 Paragraph 3: "business to be conducted in a prudent manner"

34. Paragraph 3, sub-paragraphs 1 and 5 make it clear that there is a general requirement for CSPs 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 a robust control environment.
35. Sub-paragraphs 2 to 4 and 6 set out a number of specific requirements, each of which must be fulfilled before a CSP may be regarded as conducting its business in a prudent manner.

36. The Act also makes it clear that the specific requirements outlined in sub-paragraphs 2 to 4 and 6 are not exhaustive. Accordingly, the Authority takes into account a range of other considerations in assessing whether a CSP is prudently run. These include for example:
- a) The CSP's 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) The CSP's general strategy and objectives
 - c) Anti-Money Laundering/Anti-Terrorist Financing policies and procedures
 - d) Vetting processes and policies designed to address the risks inherent in introducing entities and individuals to Bermuda's corporate environment
 - e) Planning arrangements
 - f) Policies on accounting, collections and bad debt
 - g) Recruitment arrangements and training to ensure that the CSP has adequate numbers of experienced and skilled staff in order to carry out its various activities in a prudent manner and
 - h) The CSP's procedures for overseeing, managing and monitoring all outsourced activities.
37. Particularly close attention is also paid to the arrangements in place for preventing and detecting criminal activities, and for ensuring compliance with the CSP's legal obligations in preventing money laundering and terrorist financing.
38. Failure by the CSP to comply with applicable laws in foreign jurisdictions in which the CSP or its subsidiaries operate may also affect the Authority's assessment of prudent conduct.
39. A CSP should have policies and procedures to enable it to comply with international sanctions measures in force in Bermuda.
40. The Act does not purport to affect or alter the provisions of the Companies Act 1981 (the Companies Act). Where a licenced CSP provides contracted services to a Bermuda regulated company, the Authority expects the licenced CSP to fulfil these contractual obligations related to the company's compliance with the Companies Act. Failure by the CSP to comply with the Companies Act may be assessed by the Authority as grounds for determining prudential concerns.

Schedule 1 Paragraphs 3 (3) and (4): "adequate accounting and record-keeping systems"

41. The Authority does not regard a CSP's records and systems as adequate unless they can enable its business to be prudently managed and the CSP is able to comply with the duties imposed on it by or under the Act. In other words, the records and systems must be such that the CSP 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 CSP 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 sub-paragraphs 3 (3) and 3 (4). The systems for client records should be sufficient to enable the CSP to maintain the books and records of clients in the manner required under the Companies Act or other relevant legislation.

42. The nature and scope of the particular records and systems which a CSP should maintain 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 CSP'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, volume and complexity of its transactions.

Schedule 1 Paragraphs 3 (6): “adequate insurance cover”

43. Licenced CSPs face a wide variety of potentially major financial risks in their business. The possibility of many of these risks crystallising is hopefully remote. Rather than requiring CSPs to hold capital against all these risks, the Act requires CSPs to hold adequate insurance cover. A CSP will not be regarded as carrying on its business in a prudent manner unless it maintains insurance cover that is appropriate to the nature and scale of its operations.
44. In judging the adequacy of insurance cover, the Authority looks to be satisfied that the scope and scale of protection in place provides reasonable assurance of the ability of the CSP to continue to trade in the event that it should face either major damage to its infrastructure, or material claims from clients for loss and damage sustained. It is in the first instance for those directing the business of the licenced 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. At a minimum, the Authority would expect this to include professional indemnity insurance. The Authority will review the adequacy of cover in place, having regard to the nature, scale and complexity of the business.

Schedule 1 Paragraph 4 “integrity and skill”

45. This paragraph is concerned with the manner in which the business of the licenced CSP is conducted, and is distinct from the question of whether its controllers and officers are fit and proper persons. The business of a CSP must be conducted ethically and honestly, and the staff employed by the CSP must have the skills and knowledge appropriate to the nature and scale of the CSP.
46. The integrity element of the criterion requires the CSP 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 CSP 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, to 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.

47. Professional skills cover the general skills which the CSP should have in place to effectively conduct its business, for example, in relation to the provider responsibilities, establishing and operating systems of internal controls, and ensuring compliance with legal and supervisory requirements. The level of skills required will vary according to the individual CSP, depending on the nature and scale of its activities. CSPs are expected, at a minimum, to be in compliance with their respective industry standards in relation to CSPs, where such standards exist. This will assist in ensuring that business is carried out in conformity with the professional standards normally expected of a CSP.
48. The Authority would expect CSPs to have a number of employees sufficient to carry out the range and scale of its business. The Authority, in determining whether a CSP has sufficient personnel, will take into account the human resources that the CSP 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 licensee employs an adequate number of persons who are fit and proper to perform the duties for which they are employed.
49. A CSP must have appropriate resources in place commensurate with the nature and scale of its activities. The requirement for staff to be suitably qualified and experienced for their responsibilities extends to key roles. Those staff who act as officers of client companies must understand their duties under the laws of the jurisdiction in which those client companies are incorporated, and carry out their duties in a diligent and proper manner in accordance with internal systems, policies and procedures.

Schedule 1 Paragraph 5 “Reputation of Bermuda”

50. The requirements imposed by the sub-paragraphs apply only in terms of creating corporate and partnership vehicles in Bermuda, and subsequent transfer of shares in client companies. It is not possible to identify with any precision the kind of activity or kind of person who is liable to bring the reputation of Bermuda into disrepute. The matter will need to be evaluated by each CSP on a case by case basis. Clearly this is an area where a risk-based approach may be justified; however, it needs to be emphasised that the Authority would view any failure in this obligation with utmost gravity. The board or partners of the CSP is (are) ultimately responsible for overall risk management. The Authority would expect licenced CSPs to engage, appoint or designate at management level an individual or individuals that are qualified and skilled at assisting the board in managing risk. This individual or individuals must demonstrate a sound understanding of risk and be able to exercise sound judgment. In so doing, this person or persons would be responsible for ensuring that the licenced CSP has developed and implemented effective risk-related internal controls. Effectiveness assessments should be periodic but ongoing, and reported to senior management and the board or partners.

CSPs are expected to develop and implement policies and procedures to address these obligations; for instance the mitigation of reputational risk, money laundering and terrorist financing risk, tax risk, etc. The mere existence of policies and procedures does not address the full obligations of the CSP. The board and senior management must create a culture of compliance ensuring staff adhere to the CSP's policies, procedures and controls which have been designed to limit and control the risks that the CSP faces, and the risks to the jurisdiction.

51. It needs to be understood that the obligations in paragraph 5(1) are independent of and separate to the obligation in respect of money laundering or terrorist financing, which also are subject to regulation and supervision.

IV. PRINCIPLES RELATING TO THE GRANTING OF LICENCES

52. 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 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. The Authority also considers, in exercising its discretion, whether it is likely that it will receive adequate information from the CSP and relevant connected parties to enable it to monitor the fulfilment of the criteria, and to identify potential threats to the CSP's clients.
53. Section 36 of the Act provides for appeals to appeal tribunals against decisions of the Authority regarding the refusal of an application for a licence in addition to restricting or revoking a licence as addressed below. Appeals against the decisions of the tribunal rest with the Supreme Court on questions of law only.

V. POWERS TO OBTAIN INFORMATION AND REPORTS

54. The Authority's supervisory arrangements for licenced CSPs comprise three principal elements. First, the Authority conducts certain off-site analysis and reviews based on regular data received from CSPs. 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, business development, and strategy questions. Finally, the Authority conducts routine onsite reviews during which it assesses a CSP's on-going compliance with aspects of the licensing criteria and, in particular, with paragraph 3(2) of Schedule 1 of 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 CSP's operations. They also provide an opportunity for the Authority to check through sample testing that the

procedures and practices in place within a CSP are in practice, enabling it to fulfil the specific obligations imposed by the Proceeds of Crime Act 1997 and the associated Regulations.

55. Prudential supervision involves the receipt and analysis of a variety of regular and ad hoc information from CSPs. The Authority's standard reporting arrangements are kept under review and amended from time to time in light of developments.
56. Section 47 of the Act provides formal powers for the Authority by notice in writing to require from a CSP such information as it may reasonably require for the performance of the Authority's functions under the Act. The section also provides for the Authority to require a CSP to make available a report by its auditor (or by an accountant or other person with relevant professional skill) on any aspect of, or any matter about which the Authority has required or could require the CSP to provide. In the case of reports commissioned under section 47(1)(b), the Authority has agreed that they will wherever possible be commissioned from a CSP'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.
57. 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 onsite work described above the adequacy of a CSP'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 47.
58. Section 48 of the Act provides statutory powers for the Authority by written notice to require a CSP to produce relevant documents or information. This power can also be used to obtain relevant documents in the possession of other persons and also to require information or documents from entities related to a CSP. Section 49 of the Act provides the Authority with specific powers to enter the business premises of persons on whom notice under sections 47 or 48 has been served for the purpose of obtaining relevant information or documents. The Authority makes routine use of section 47 and section 48 powers when conducting its onsite review visits to licence holders, in order to deal with any client confidentiality issues that might arise in the course of compliance testing.
59. Much of the information required by the Authority for its supervision of CSPs is provided pursuant to the Authority's statutory powers in 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 CSP to submit a certificate of compliance, signed by an officer, certifying that the CSP has complied with the minimum licensing criteria (as provided for in section 46 of the Act).

VI. CONCLUSION

60. The Principles set out in this statement are of general application, and take account of the wide diversity of CSPs which may be licenced under the Act, and of the prospect of institutional and market changes. Nevertheless, there is likely to be a need for the Principles to be revised from time to time. Accordingly, the Authority will publish a statement of any changes to the Principles and will issue revised versions of the Principles as required.