

Insurance Act, 2017

Joint Communication 2 of 2018

Update on regulatory policy proposals mooted in the Third-party Cell Captive Insurance and Similar Arrangements Discussion Paper, 2013

Objective of this communication

This Communication indicates which of the regulatory policy proposals mooted in the Third-party Cell Captive Insurance and Similar Arrangements Discussion Paper, 2013, primarily relate to prudential matters and which of the proposals primarily relate to conduct of business matters.

This Communication provides an update on how, where and the extent to which the regulatory policy proposals mooted in the Discussion Paper has been accommodated, or will shortly be accommodated within the prudential legislative framework and conduct of business legislative framework.

This Communication also provides responses to key issues raised in the comments received on the Discussion Paper and subsequent engagements with industry that may be of interest.

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1. Application

This Communication is relevant to all insurers whose registrations under the Long-term Insurance Act, 1998 (LTIA), Short-term Insurance Act, 1998 (STIA), or both, as the case may be, will be converted to licences under the Insurance Act, 2017 (the Act) and persons that may, after 1 July 2018, apply to be licenced as cell captive insurers under the Act.

This Communication is limited to insurance business or microinsurance business conducted by cell captive insurers¹ and similar arrangements² relating to third party risks³.

Terms used in this Communication has the same meaning as set out in section 1 of the Act.

2. Purpose

This Communication provides an update on how, where and the extent to which the regulatory policy proposals mooted in the Third-party Cell Captive Insurance and Similar Arrangements Discussion Paper, 2013 (Discussion Paper), have been accommodated in the Act and Prudential Standards or will shortly be accommodated in Prudential Standards.

This Communication also indicate which of the regulatory proposals mooted in the Discussion Paper are primarily conduct of business matters, which will be dealt with by the Financial Sector Conduct Authority (FSCA). The FSCA intends addressing the key conduct related regulatory proposals contained in the Discussion Paper through the publication of a Conduct Standard in terms of the Financial Sector Regulation Act, 2017 (FSRA). The draft Conduct Standard will be published shortly for consultation in accordance with section 98 of the FSRA.

This Communication responds to key issues raised in the comments received on the Discussion Paper and subsequent engagements with industry, not addressed as part of the update relating to regulatory policy proposals, which may be of interest.

This Communication must be read with the Discussion Paper, specifically parts 1 to 3 thereof that addresses the South African landscape, the process of

¹ As defined in the Act.

² A “similar arrangement” means –

- (a) an arrangement under which an entity and performs certain functions on behalf of the insurer in respect of specific insurance policies underwritten by the insurer (the business) and holds a specific type of shares –
 - (i) in the direct or indirect holding company of an insurer (the shareholding); or
 - (ii) in a related or inter-related person of the direct or indirect holding company of an insurer; or
- (b) an arrangement which governs the contractual sharing of profits and losses between the entity and the insurer.

³ As defined in the Act.

regulatory review, the purpose, scope and context of the review, the principles that informed the review, and the assessment of arrangements within the market at the time of the Discussion Paper and risks associated therewith. The Discussion Paper is available on the website of the FSCA. See link: <https://www.fsca.co.za/Regulatory%20Frameworks/Archived%20Documents/2013.06.11%20Discussion%20paper.pdf>.

3. Update on regulatory proposals

The Table attached as an Annexure sets out the regulatory policy proposals mooted in the Discussion Paper. The table also –

- indicates whether the specific proposal primarily relates to a prudential or conduct of business matter;
- indicates how the specific proposal has or will be addressed; and
- sets out where and the extent to which the proposals has or will be addressed, as well as the rationale for the proposals.

4. Adequate governance and risk management, including prescribed provisions in “shareholder” / cell agreements – proposed Prudential Standard

The Prudential Authority (PA) proposes to address adequate governance and risk management, including provisions to be provided for in “shareholder” / cell agreements, relating to cell structures in a Prudential Standard.

The PA will consult on a proposed Prudential Standard post 1 July 2018 in accordance with section 98 of the FSRA.

The envisaged effective date of the proposed Prudential Standard is 1 January 2019.

The rationale for the Prudential Standard is addressed in the attached Table (see the Annexure). It is envisaged that the Prudential Standard will impose the following requirements:

4.1. Governance

- a) Insurers are accountable for the financial soundness of each cell structure that they put in place.
- b) Insurers must put in place appropriate control and oversight measures to ensure the financial soundness of cell structures.
- c) Insurers must assess the fitness and propriety of cell owners prior to entering into a cell structure and regularly thereafter.

- d) Insurers must enter into written “shareholder” / cell agreements with cell owners, which agreements must, in precise terms, regulate the shareholder and business relationship with the cell owner. Minimum requirements in respect of matters that must be addressed or may not be provided for in these agreements may be prescribed.

4.2. Risk management

- a) Insurers must provide for effective risk mitigation procedures, including requiring adequate governance and risk management arrangements within the cell owner.
- b) The insurer must have appropriate information and data management in the cell structure.
- c) Insurers must assess the credit worthiness of the cell owner prior to entering into the cell structure and regularly thereafter. Cell structures must provide for appropriate and proportional risk sharing.
- d) The insurer must ensure that the investment strategy and investment mandate of the cell structure is fully aligned to the overall investment strategy and investment mandate of the insurer. Therefore, the investment strategy of the cell structure should be consistent with the Prudential Standards. Investments in the cell owner or a related party of the cell owner will be subject to the PA’s approval on a case-by-case basis.
- e) Reinsurance arrangements and the management thereof will be the sole responsibility of the insurer and must be consistent with Prudential Standard GOI 3.3: Reinsurance and Other Forms of Risk Transfer by Insurers, and the insurer’s Reinsurance and Other Risk Transfer Policy.

5. Response to key issues raised in comments of and engagements with industry, not addressed in the Annexure

The only key issue raised in comments and subsequent engagements, not addressed in the attached Table relates to the rationale for not mooting Protected Cell Company (“PCC”) legislation in South Africa.

The PA recognises that there are a number of jurisdictions around the world with regulatory frameworks for PCCs that cater for cell captive insurance business; however, these appear to be mainly limited to first party cell captive business.

It is also recognised that PCCs offer a middle-ground alternative to outsourced insurance and insurance subsidiaries. Cell structures allow for the limitation of costs associated with the service premium attendant with typical outsourced insurance without incurring the regulatory costs associated with an insurance subsidiary (e.g. the upfront registration costs and annual levies).

However, under PCC legislation, an insurance PCC offers limited liability for each cell structure within the insurer. Stated differently, each cell structure is a stand-alone company for limited liability purposes, meaning that policyholders or creditors seeking funds from a cell structure cannot look to the rest of the cell captive insurer for payment if a cell structure's funds fall short.

This limited liability is of concern. Core to insurance business is the pooling of risks. To allow for the legal ring fencing of parts of the third party insurance business within an insurer runs contrary to the very nature of insurance. Further, policyholders contract with the insurer and select same based on, amongst others, reputation and size; they do not contract with a cell owner. Policyholders are not aware of the potential risks to them associated with this limited liability, and disclosure thereof does not appropriately mitigate these risks.

It is therefore appropriate to perpetuate the current situation where cell structures are governed by contractual arrangements, albeit subject to a stricter regulatory framework that enhances governance, financial soundness and conduct of business and that legally limited liability in respect of the various cell structures are not allowed.

This approach will allow for the benefits associated with PCC legislation to be achieved including amongst others, the limitation of costs associated with outsourced insurance and regulatory costs, and access to the skills and expertise of the promoter while affording adequate protection to policyholders.

6. The Act and progressive implementation

Schedule 3 to the Act sets out the transitional arrangements for implementation of the Act and the Prudential Standards related thereto.

Every insurer that was registered under the under the LTIA and the STIA continues to exist as an insurer, as if it had been licensed under the Act until its registration is converted to a licence under the Act.

Insurers may therefore continue to conduct insurance business for which they had been registered under the LTIA and STIA subject to, and in accordance with, the governance, financial soundness, security, reporting and public disclosure obligations imposed under the Act.

Insurers that are not able to comply with the Act or the Prudential Standards related thereto on 1 July 2018 (the effective date of the Act), as set out in Schedule 3, must within 60 days engage with the PA to discuss any non-compliance issues so that the PA may consider how best to address this.

However, if an insurer on 1 July 2018 fails to comply with the financial soundness requirements as set out in the Act and related Prudential Standards it must submit to the PA its scheme or strategy as referred to in section 39 of the Act

within the time provided for in this section.

If the PA does not convert the registration of an insurer to a licence to conduct insurance business in respect of a specific class or sub-class set out in Schedule 2 to the Act that is similar to the business that the insurer was registered for on 1 July 2018 because of any limitations relating to a type or kind of insurer or insurance business provided for in the Act, or because the insurer did not immediately prior to the effective date conduct that insurance business actively or prudently the PA will direct the insurer to make arrangements to the satisfaction of the PA to deal with the business in accordance with Item 6(5) of Schedule 3.

Regulatory proposal

Update

Who may conduct third-party cell captive insurance business?

Cell captive insurance business will need to be conducted under a dedicated insurance licence, and may not be combined with other forms of insurance business.

Primarily a prudential matter.

Addressed in the Act. See definitions of “cell captive insurer” and “cell structure” in section 1 of the Act and section 25(6)(a) of the Act. An extract from the Act is provided below:

“cell captive insurer” means an insurer that only conducts insurance business through cell structures;

“cell structure” means an arrangement under which a person (cell owner)—

- (a) holds an equity participation in a specific class or type of shares of an insurer, which equity participation is administered and accounted for separately from other classes or types of shares;
- (b) is entitled to a share of the profits and liable for a share of the losses as a result of the equity participation referred to in paragraph (a), linked to profits or losses generated by the insurance business referred to in paragraph (c); and
- (c) places or insures insurance business with the insurer referred to in paragraph (a), which business is contractually ring-fenced from the other insurance business of that insurer for as long as the insurer is not in winding-up;

Regulatory proposal

Update

25(6)(a) Only a cell captive insurer may conduct insurance business through cell structures.

Note that as per the definition of cell structure, a cell captive insurer itself cannot own a cell structure or part of a cell structure in itself.

Rationale

The detailed assessment of third-party cell captive arrangements and similar arrangements conducted in 2012 (see Parts 2 and 3 of the Discussion Paper) indicated that a number of insurers conduct third-party cell captive insurance business or similar arrangements, but that there is a significant difference in the extent to which cell or similar arrangements are the focus of the various insurers. The assessment also highlighted that operational risk tends to increase in circumstances where third party cell captive insurance business is undertaken in addition to traditional insurance business. This is so because of the lower level of expertise and attention applied to this business *vis-à-vis* traditional insurance business and the different technology and skills required to effectively conduct third party cell captive insurance business. The same risk arises in respect of first party cell owners or first party captive insurers conducting third party insurance business. A dedicated focus on third party cell captive insurance business mitigates such operational risk and for this reason, it is prudent from a regulatory and commercial perspective to require that third party cell captive business is conducted in a separate legal entity and under a dedicated licence.

Writing of first-party business and third-party business within the same cell will be prohibited.

Primarily a prudential matter.

Addressed in the Act. See definitions of “first party risks” and “third party risks” in section 1 of the Act and section 25(6)(b)(i) of the Act. An extract from the Act is provided below:

“first party risks” means—

(b) in respect of a cell captive insurer, the operational risks of the cell owner and the operational risks of—

Regulatory proposal

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- (i) *the group of companies of which the cell owner is a part;*
- (ii) *any associate of a company that is part of the group of companies referred to in subparagraph (i); or*
- (iii) *any joint arrangement that a company that is part of the group of companies referred to in subparagraph (i) participates in;*

“third party risks” means, in respect of a cell captive insurer, risks other than first

party risks;

25(6)(b)(i) *A cell captive insurer may not insure first party risks and third party risks in the same cell structure.*

Rationale

The writing of first party business and third party business within the same cell cannot be allowed because of –

- the unacceptable conflict of interest risk inherent in these types of arrangements. Conflict or potential conflict of interest between the interest of the cell owner (as the insured in respect of its insurance risks) and the interests of policyholders cannot be appropriately managed as this conflict or potential conflict of interest is too stark. Disclosure will not be sufficient in adequately mitigating the conflicts of interest, particularly given the level of information asymmetry present and the financial literacy of the average policyholder; and
- the operational risks associated with conducting third party cell captive insurance business and first party cell captive insurance business within the same cell and the nature, scale and complexity of the different risks associated with third party cell captive insurance business and first party cell captive insurance business.

How should similar arrangements be treated?

Regulatory proposal

Similar arrangements will no longer be permitted. Existing similar arrangements must be converted to third-party cell captive insurance arrangements in a dedicated licence.

Update

A prudential and conduct of business matter.

These arrangements no longer appears to be prevalent in the industry. Where such arrangements are identified, concerns relating thereto will be addressed through supervisory measures.

Who may be a cell owner?

- Third-party cell captive insurance arrangements may only be entered into with a binder holder. The binder holder must either be an underwriting manager or a non-mandated intermediary in terms of an approved affinity scheme.
- The Registrar will consider on a case-by-case basis whether an arrangement qualifies as an affinity scheme for the purposes of being a cell owner.
- For an arrangement to qualify as an affinity scheme for the purposes of being a cell owner, the following criteria must be met:
 - An existing client/member relationship outside of the insurance relationship must be in place, and the nature of the relationship must be such that the risk

Primarily a conduct of business matter.

This will be addressed in the Conduct Standard to be developed by the FSCA in terms of the FSRA. The conduct standard will be applicable to all third party cell captive insurers and is intended to set out specific requirements and limitations relating to the ownership of cell structures.

The Conduct Standard will not limit cell ownership to binder holders. The initial view in the discussion document was premised on the view that a cell owner should be involved in the underwriting of the business. However, the FSCA recognises that there may be legitimate reasons why an insurer and an intermediary may wish to enter into a cell arrangement without also concluding a binder agreement.

The current view, to be reflected in the Conduct Standard, is that a cell owner may be an underwriting manager or a non-mandated intermediary. In order to mitigate potential conflicts of interest and to promote the delivery of fair value and good outcomes to policyholders, cell ownership by non-mandated intermediaries will only be allowed under specific conditions, including the following:

Regulatory proposal

- cover is primarily provided to protect the reputation and brand of the primary business activity of the cell owner; and
- The customer must be under no misapprehension that they are receiving independent advice, and consequently the intermediary forming part of a qualifying affinity scheme must act in the capacity as a tied agent of the cell captive insurer.

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- the non-mandated intermediary must be a “tied agent” of the cell insurer;
- an affinity relationship must exist between the main business of the cell owner and the insurance products offered by the cell; and
- the main business of the cell owner must not be the rendering of services as intermediary or the performance of any other function on behalf of an insurer.

To ensure inclusive insurance growth and to promote transformation of the insurance sector, the Conduct Standard will allow for an exemption process whereby the cell captive insurer could apply for an exemption from the cell ownership limitations described above. In assessing an exemption application, the FSCA will consider whether the granting of the exemption will:

- actually facilitate an incubation process leading to the intermediary becoming a fully-fledged micro-insurer or insurer, within a specified time period;
- substantively contribute to the achievement of transformation in the insurance sector (as defined in the Insurance Act);
- not be contrary to the public interest; and
- not compromise the fair treatment of or continuous and satisfactory service to policyholders.

What will qualify as an affinity scheme?

- Third-party cell captive insurance arrangements may only be entered into

Primarily a conduct of business matter.

This will be addressed in the Conduct Standard to be developed by the FSCA

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with a binder holder. The binder holder must either be an underwriting manager or alternatively a non-mandated intermediary in terms of an approved affinity scheme.

- The Registrar will consider on a case-by-case basis whether an arrangement qualifies as an affinity scheme for the purposes of being a cell owner.
- For an arrangement to qualify as an affinity scheme for the purposes of being a cell owner, the following criteria must be met:
 - An existing client/member relationship outside of the insurance relationship must be in place, and the nature of the relationship must be such that the risk cover is primarily provided to protect the reputation and brand of the primary business activity of the cell owner; and
 - The customer must be under no misapprehension that they are receiving independent advice, and consequently the intermediary forming part of a qualifying affinity scheme must act in the capacity as a tied agent of the

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in terms of the FSRA. The conduct standard will be applicable to all third party cell captive insurers and is intended to set out specific requirements and limitations relating to the ownership of cell structures.

Affinity relationships will not require pre-approval but will be assessed by the FSCA on a case by case basis through a “file and use” notification process in accordance with the following criteria:

- the primary business of the cell owner must not be insurance business; and
- the broader business relationship between the cell owner and the policyholder should result in an overall enhanced value proposition through the offering of suitable insurance products and should not compromise the delivery of fair outcomes to the policyholder.

To ensure inclusive insurance growth and to promote transformation of the insurance sector, the Conduct Standard will allow for an exemption process whereby the cell captive insurer could apply for an exemption from the cell ownership limitations described above. In assessing an exemption application, the FSCA will consider whether the granting of the exemption will:

- actually facilitate an incubation process leading to the intermediary becoming a fully-fledged micro-insurer or insurer, within a specified time period;
- substantively contribute to the achievement of transformation in the insurance sector (as defined in the Insurance Act);
- not be contrary to the public interest; and
- not compromise the fair treatment of or continuous and satisfactory service

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cell captive insurer.

to policyholders.

Insurers may only be cell owners to the extent that they are insuring their own (operational) risks. A cell may not be used to reinsure third-party risks.

Primarily a prudential matter.

Addressed in the Act. See section 25(6)(b)(ii) of the Act. An extract from the Act is provided below:

25(6)(b)(ii) A cell captive insurer may not insure the risks associated with the insurance obligations of another insurer without the approval the Prudential Authority.

Rationale

The supervisor needs to have proper oversight over the totality of the insurance business conducted by the insurers. Allowing insurers to also be cell owners and insuring other risks than their own operational risks in a cell structure will allow for the extension of their licenses (without the necessary approval by the PA) and increases their risk profiles unknown to the supervisor. The supervisor needs to ensure appropriate and holistic oversight of the insurance business and the risk associated therewith in the interest of policyholders.

What are the responsibilities of third-party cell captive insurers?

Enhanced regulatory requirements will be put in place for third-party cell captive insurers with respect to adequate governance and risk management, including prescribed provisions in “shareholder” / cell agreements;

A prudential and conduct of business matter.

To be addressed in a Prudential Standard. The PA will consult on a proposed Prudential Standard post 1 July 2018 in accordance with section 98 of the FSRA.

The envisaged effective date of the proposed Prudential Standard is 1 January 2019.

The development of conduct specific requirements related to the governance

and risk management frameworks of insurers, including cell captive insurers, is currently under consideration.

Rationale

The supervisor expects that the Board and senior management of an insurer to be accountable for oversight of the business of the insurer, whether managed internally or outsourced. Currently the governance, risk management and internal control requirements for cell structures are not sufficiently clear, which hampers effective assessment by the supervisor.

There is a current proliferation of third-party cell structures. This not only presents challenges from a supervisory oversight perspective, but there are also concerns about the ability of insurers to practice adequate oversight over these arrangements.

The detailed assessment of third-party cell captive arrangements and similar arrangements conducted in 2012 (see Parts 2 and 3 of the Discussion Paper) revealed that in many cases the existing business models employed do not facilitate adequate access by the insurer to the policyholder data and systems of the cell owner or shareholder in order to inform an effective assessment of the insurance risks associated with the business.

Insurers also have a responsibility to ensure that their products and insurance business are compliant with legislation. It is of concern that many insurers expressed the view that cell owners are primarily responsible for compliance with legislation, despite the fact that the services rendered are performed on behalf of the insurers. It therefore appeared that many insurers are not adequately ensuring that –

- cell owners meet fit and proper requirements, consistent with those applicable to the insurer;
- the conduct of cell owners are consistent with the overall standards of the insurer or the stated practices (ethical or otherwise) of the insurer, due to the ring-fenced manner in which the business is conducted and managed due to a lack of adequate governance and oversight;
- cell owners comply with applicable legislation and have adequate compliance systems and controls in place.

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The detailed assessment also indicated that “shareholder agreements” are vague and lack detail. It appeared that insurers may in a number of instances not be able to enforce the “shareholder agreements” with the cell owners or shareholders. Furthermore, the “shareholder agreements” often do not adequately provide for the circumstances under which, and the consequences of, a change in shareholding in the cell owner or the sale of shares held by the cell owner in the insurer or holding company. This risk is further increased by the inextricable link between the shareholding and the business relationship.

Enhanced regulatory requirements will be put in place for third-party cell captive insurers with respect to financial soundness of individual cells (including a minimal capital requirement of R1 million and R250 000 for micro cell captives) as well as the cell captive insurer.

Primarily a prudential matter.

Addressed in the Prudential Standards that took effect on 1 July 2018. See Prudential Standard FSI 4: Calculation of the SCR Using the Standardised Formula for insurers and Prudential Standard FSM 1: Framework for Financial Soundness of Microinsurers for microinsurers.

Rationale

In respect of third-party cell captive insurers, the risk to policyholders clearly increases if the cell owner may be at risk of not having the capital necessary to recapitalise the cell in respect of losses, or is not adequately managing underwriting risks. It is also important to ensure that the risk pools in the various cells are sufficiently large and diversified enough to reduce the volatility of underwriting results. Accordingly, it is important that there are clear capital requirements and risk management requirements that apply at both the level of the cell owner and the cell captive insurer.

Requiring an absolute minimum capital requirement (MCR), as prescribed for each cell of a third party cell captive insurer will –

- ensure that a cell owner has capital at risk. This is consistent with the concept that cells are arrangements designed to share in the profit and losses arising from insurance business and that a cell owner must have a material interest and role to play in the underwriting performance of the business conducted in terms of the cell arrangement. A cell arrangement is not considered to be an appropriate mechanism for the sharing of profits with parties whose functions, or contribution to the business, do not relate to outsourced underwriting functions, bar the exemption of affinity schemes that “renders services as

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an intermediary”; and

- mitigate (to a limited extent) the credit risk associated with the cell owner’s failure to meet contractual obligations or the deterioration of the creditworthiness of the cell owner.

Enhanced regulatory requirements will be put in place for third-party cell captive insurers with respect to market conduct, including enhanced disclosure and restrictions on “white-labeling”.

Primarily a conduct of business matter. The replacement Policyholder Protection Rules (PPRs) under the LTIA and STIA as published on 15 December 2017 introduced specific requirements relating to white labelling and the identification of the insurer in all types of advertising. It also contains enhanced disclosure requirements for insurers.

The Conduct Standard will also require that the exact nature of the relationship and remuneration arrangements (including profit share) between the cell owner and the insurer must be fully be disclosed to the policyholder prior to the inception of any policy.

Enhanced regulatory requirements will be put in place for third-party cell captive insurers with respect to reporting to the regulator on each cell arrangement.

A prudential and conduct of business matter.

This will be addressed in the quarterly and annual information to be provided to the PA for supervisory purposes under section 44 of the Act. The PA will issue a determination under section 44 of the Act soon after 1 July 2018.

The current requirements for third party cell captive insurers to notify the FSCA of new cell arrangements as set out in Information Request 5 of 2016 (LT&ST) will be perpetuated in the Conduct Standard. In addition, the Conduct Standard will include notification requirements relating to the termination of cell arrangements.

Rationale

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The supervisor requires adequate reporting on, and access to, the business of the insurer to be able to –

- evaluate the effectiveness of the governance and risk management of the insurance business by the Board and senior management; and
- assess the risks of the insurer, including the counterparty risk and concentration risk the insurer is exposed to.

What supervisory approach will apply to third-party cell captive arrangements?

Prior approval from the Registrar will be required for all cell arrangements entered into with affinity schemes.

Primarily a conduct of business matter.

As previously mentioned, affinity relationships will not require pre-approval but will be assessed by the FSCA on a case by case basis through a “file and use” notification process.

Prior notification to the Registrar will be required for all other cell arrangements.

Primarily a conduct of business matter.

The current requirements for third party cell captive insurers to notify the FSCA of new cell arrangements as set out in Information Request 5 of 2016 (LT&ST) will be perpetuated in the Conduct Standard. In addition, the Conduct Standard will include notification requirements relating to the termination of cell arrangements.

Rationale

The prior notification of other cell arrangements proactively informs the supervisor’s supervisory approach, and scope and intensity of supervisory activities. Prior notification also allows the supervisor to engage with insurers in respect of certain concerns and risks relating to a specific cell captive arrangement that may arise prior to the conclusion of that arrangement.

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Ongoing monitoring of “shareholder” / cell agreements will be undertaken by the Registrar, to ensure compliance with all regulatory requirements.

Existing licensing conditions will be amended to give effect to the proposals in this part and to ensure that the same standard registration conditions apply in respect of third-party cell captive insurers that follow similar business models.

A prudential and conduct of business matter.

This will be addressed as part of the ongoing supervisory activities of the PA and FSCA.

Primarily a prudential matter.

No longer relevant.

The alignment of licencing conditions will be facilitated through the conversion of registrations under the LTIA and STIA to licences under the Act.

Licencing conditions will include an obligation to comply with all conduct of business legislative requirements imposed by the FSCA.