



**Circular No. 3 of 2019**

**Date: 30<sup>th</sup> July, 2019**

**Complaints in respect to specified entities being subjected to fees agreed between ICSPs and a third party**

*This circular aims at addressing practices observed in respect to specified entities being subjected to fees agreed between a licensee under the International Corporate Service Providers Act, 2003 ("ICSP Act") and a third party.*

As part of its function as the Regulator of non-bank financial services being provided in or from within Seychelles, the Financial Services Authority ("FSA") is mandated to protect the interest of the public in accordance with relevant legislations. The FSA's purview also extends to the review of complaints against licensees to ensure that all licensees are operating in accordance with their obligations under the relevant legislations.

In undertaking its function in that regard, the FSA has observed an increase in complaints relating to specified entities being subjected to fees agreed between a licensee under the ICSP Act and a third party (in a majority of cases being Foreign Regulated Persons as defined by the Anti-Money Laundering Act, 2006), whereby the specified entity had not been made aware nor agreed to such fees.

At this juncture, the FSA deems it necessary to inform all licensees that in line with the principle of privity of contract<sup>1</sup>, the FSA's position is that unless licensees are able to demonstrate that specified entities had been made aware and agreed to such fees, it shall not be subjected to same.

Therefore, for clarification purposes, note that licensees under the ICSP Act shall not refuse to provide the consent required per section 169(3) of the International Business Companies Act, 2016 for non-payment of fees (including but not limited to transfer/exit fees) unless otherwise previously agreed by the licensee and specified entity through a service level agreement or any other documented method.

**The Financial Services Authority**

---

<sup>1</sup> Principle of privity mandates that a contract cannot confer rights or impose obligations upon any person who is not a party to the contract and therefore, a third party neither acquires a right nor any liabilities under such contract.