



## **Frequently Asked Questions for Outsourcing of Compliance Function**

### **1. Why is outsourcing limited to an individual?**

Section 23(2) of the Financial Services Authority Act, 2013 requires the licensee to appoint an individual as its compliance officer. This section only makes provision for the appointment of individuals and excludes a company.

Upon amendment of the Act, both an individual and company may be appointed as a compliance officer.

### **2. What is the validity period for the approval given for outsourcing?**

The approval for outsourcing is indefinite. The licensee has to notify the Authority if it decides to change service providers and forward the notice of outsourcing of the new proposed service provider.

If the licensee wishes to transfer the compliance function back to the organization, the licensee has to notify the Authority within 24 hours and must ensure that their inhouse compliance officer is fit and proper.

### **3. Can an individual provide compliance services to multiple companies?**

Yes, however, the individual will have to demonstrate to the Authority that it can effectively perform this function for multiple companies to the satisfaction of the Authority.

This determination will be made by the Authority taking into consideration the nature, size and complexity of the underlying business activity of the licensee in question.

### **4. Is it necessary to have a compliance audit conducted by an independent party?**

A compliance audit is considered essential to independently determine the effectiveness of the service provider in performing the compliance function. This will only be done upon identification of issues or where the Authority deems it necessary to assess the compliance function.

### **5. Do I need to provide the Authority with any updates regarding the outsourced function?**

In the event of any issues with the outsourced function, the Authority should be notified immediately. Additionally, the Authority may request for ad-hoc updates pertaining to this function.

**6. Why are the principles important?**

The principles detail the policies and procedures to be followed when outsourcing the compliance function. Given the inherent risk associated to outsourcing, these principles serve as a guidance to mitigate such risk, and signal the expectations of the Authority as regards to the outsourcing of compliance.

**7. Where can I find the notice form for outsourcing of compliance?**

The notification form for outsourcing can be found in Appendix 1 of the Principles and Guidelines for Outsourcing of Compliance as well as in the Notification and Declaration Forms for both Securities and Funds.

**8. What are the requirements that the service provider need to meet in order to the approved as the service provider?**

The service provider needs to meet the fit and proper requirements of the Financial Services Authority. The requirements identify qualifications, experience, honesty, integrity and financial capability.

**9. Will the Authority conduct inspections?**

Supervision will be done both onsite and offsite. Onsite inspections will be conducted at premises of the licensee unless the licensee has appointed the Service provider as the custodian of records, then the onsite inspection pertaining to these records will be conducted on the premise where the records are being kept.

**10. Can the outsourced compliance officer be based overseas?**

No, the outsourced compliance officer must be at all times resident in Seychelles.

**11. What will happen if the licensee proposes a person that does not have adequate qualifications or experience to undertake the compliance function?**

If the proposed individual does not have the experience or qualifications required, then the Authority will not grant approval. The company will have to propose a new service provider with adequate expertise.

**12. Will there be a fee charged for the submission of request?**

Currently, there are no fees.