



PROTOCOL FOR THE ON-SITE EXAMINATIONS OF JOINTLY REGULATED INSTITUTIONS

1. Introduction

- 1.1. In 2002, the domestic Financial Sector Regulators¹ (“the Regulators”) executed a Memorandum of Understanding (“MOU”) which, inter alia, provided for inter-regulatory co-operation with respect to on-site examination programmes. Specifically, it was envisaged that the Regulators would convene a college of regulators where two or more of them supervised a single financial institution. The objectives were to co-ordinate supervisory efforts and minimize any overlap in regulatory practices more effectively.
- 1.2. In 2008, the Central Bank of The Bahamas (“CBB”) and the Securities Commission of The Bahamas (“SCB”), hereinafter referred to collectively as the “Agencies” or individually the “Agency”, as applicable, signed a Protocol (“the 2008 Protocol”) which outlined a programme for the co-ordination of on-site examinations of banks and trust companies regulated (“the jointly regulated financial institutions”) by both Agencies. This represented an initial step in establishing a comprehensive joint on-site examination programme, as envisioned by the MOU.
- 1.3. In 2011, the Agencies reviewed the 2008 Protocol, and agreed several revisions towards enhancing the joint on-site examination process. Therefore, this Protocol supersedes the 2008 Protocol.
- 1.4. The SCB has legal authority pursuant to the Securities Industry Act, 2011 (“the SIA 2011”) to inspect regulated persons and licensees. To facilitate the conduct of any inspection by CBB on SCB’s behalf pursuant to this Protocol, the SCB hereby authorises the CBB to conduct inspections pursuant to section 45(2) of the SIA 2011, which empowers the SCB to, in writing, appoint another person to conduct inspections (also referred to in this Protocol as “examination”) on behalf of the SCB.

2. Scope Of Joint On-Site Examination Programme

- 2.1. The key objective of this programme is to streamline the on-site examination process for the jointly regulated financial institutions by co-ordinating:
 - a. the planning, timing and scheduling of the examinations;

¹ The Central Bank of The Bahamas (CBB), the Securities Commission (SC), the Insurance Commission (IC), the Office of the Inspector of Financial and Corporate Service Providers (OIFCSP) and the Compliance Commission (CC).

- b. the preparation and execution of the examinations;
 - c. the reporting of examination findings and recommendations; and
 - d. follow-up and enforcement actions, if any.
- 2.2. As the primary regulator/supervisor for banks and trusts companies, the CBB will lead in the co-ordination and conduct of the joint on-site examinations. The broad remit of these joint on-site examinations will cover all types of reviews, inclusive of full safety and soundness and focused reviews, as well as compliance with securities regulations.
- 2.3. Pursuant to the procedures outlined below, the Inspector of Banks and Trust Companies (“the Inspector”) or his/her designee in conjunction with the Executive Director of the SCB (“the Executive Director”) or his/her designee, will have responsibility for the overall coordination and oversight of the Joint On-Site Examination Program.
- 2.4. For the purpose of this Protocol, an **Internal Procedures on the Joint Examination Process** is attached as **Annex A**, providing guidance for the conduct of joint on-site examinations. The focus areas of a joint on-site examination, for which each Agency will be responsible, are set out in **Annex B**.

3. Scheduling of Joint On-site Examinations

- 3.1. Scheduling of joint on-site examinations involves the selection of financial institutions for examination, determining the scope of the examination and the identification of appropriate examination teams.
- a. Prior to the end of each year, the Agencies will identify the financial institutions that are to be jointly examined during the following year, mindful of the guidelines in **Annex A**.
 - b. Each Agency will also prepare a list of staff available to participate in the examinations, and identify those persons capable of leading an on-site examination.

4. Role of The Inspector

- 4.1. After consulting the Executive Director, or his/her designee, the Inspector, or his/her designee, will propose a detailed examination schedule for the year ahead, including the broad scope/focus of the examinations, and identify the Examination Team (ET) members. Both Agencies acknowledge that only examinations planned for the first quarter of the year may be confirmed based on known available resources. Subsequent examinations being scheduled would be regarded as tentative, to be confirmed as the year progresses, and may include changes to the scope/focus.
- 4.2. The Inspector, or his/her designee, will identify the Examiner in Charge (“EiC”), who will normally be one of the CBB’s Examiners.
- 4.3. Members of the ET will comprise of the EiC and Examiners/Inspectors from the Bank Supervision Department of the CBB and Inspections Division of the SCB.
- 4.4. Selection of the EiC, and members of ET will be based upon the skill set required and reflect the nature, scope, and complexity of the joint on-site examination.

5. Notification of Joint On-Site Examination

- 5.1. The CBB will directly notify the financial institution of the examination, by a letter to be signed by the Inspector, or his/her designee and the Executive Director, or his/her designee. The letter will set out the documents required by both Agencies for review, prior to the commencement of the examination. All required documents required will be submitted to the CBB, who will then provide the SCB with hard and/or electronic copies.

6. Pre-Examination Procedures

- 6.1. Prior to the start of the on-site examination, the EiC, in conjunction with the SCB, will identify the specific areas of the jointly regulated financial institution's operations to be reviewed during the on-site examination to enable the EiC to prepare the Scope & Work Assignment ("SWA") document (*See Annex B for guidance on responsibilities during an on-site examination*).
- 6.2. Once the SWA has been prepared, it will be circulated within the CBB, in accordance with the CBB's examination methodology and concurrently forwarded to the Executive Director, or his designee, for review and feedback.
- 6.3. Once the SWA document has been approved by the Inspector, or his/her designee, the EiC will contact the other ET members to set in motion preparations for the joint on-site examination, and to establish a timetable for the completion of the preparation phase of the examination. A copy of the SWA will also be circulated to the ET members.
- 6.4. As part of the preparations, the ET will carry out their respective pre-examination reviews for the jointly regulated financial institution, along the lines of the procedures outlined in **Annex A**, and followed by a joint pre-examination review.
- 6.5. Prior to the commencement of an examination, the EiC will schedule a Scope Meeting with the ET. At this time, ET members will be assigned their respective examination segment responsibilities formally, and informed about the expected timeframe for the examination and any other administrative details.

7. Examination Co-Ordination By The EiC

- 7.1. At the agreed upon date, the ET commences the joint on-site examination, which will follow the processes outlined in **Annex A**.
- 7.2. During the examination, the EiC will schedule periodic meetings to discuss preliminary conclusions and evaluate the progress towards completing the supervisory objectives of the examination.
- 7.3. Depending on the severity of the examination findings, the EiC, or the individual leading the securities related segment of the examination, may consider it necessary to seek guidance from the Inspector or the Executive Director, or their respective designees, as appropriate. Where material issues arise prior to the completion of the examination process that requires directions to be issued under their respective legislative authority, the relevant Agency should prepare the communication to the jointly regulated financial institution to be issued under the

signature of the Inspector or the Executive Director, or their respective designee. A copy of the letter should be sent simultaneously to the other Agency.

- 7.4. Meetings stemming from the joint examination, to be held internally or externally with the regulated financial institution, will be convened by the CBB. The CBB will ensure that the SCB is represented at these meetings, which may be convened via electronic means, e.g., teleconference, where it is not practical to be physically present or because of the urgency of the matter.

8. Preparation and Internal Review of Draft Reports of Examination (RoE)

- 8.1. Observing the timelines specified in **Annex D**, segment leaders will prepare and submit to the EiC their respective segment reports for preparation of the draft RoE.
- 8.2. Once prepared by the EiC, the draft RoE will be forwarded to the CBB's Chief Examiner ("CE"), for review and vetting. The CE will then schedule a Peer Review Committee ("PRC") meeting to discuss the draft RoE. The terms of reference for the PRC and its composition are set out in **Annex C**.
- 8.3. Once agreed by the PRC, the draft RoE is forwarded, under a cover letter, signed jointly by the Inspector or his/her designee and the Executive Director or his/her designee, to the financial institution for review and comments. Copies of these documents are also to be provided simultaneously to the SCB.
- 8.4. The EiC will co-ordinate the closing meeting with the senior management of the financial institution, at which the draft RoE is to be discussed. This meeting is to be attended by the EiC and members of the ET. The Inspector and the Executive Director or their designees, at their discretion, may attend the closing meeting, depending on the materiality of the issues raised in the RoE.

9. Final RoE

- 9.1. Following the closing meeting, the EiC will initiate the finalization of the RoE, along with the Examination Cover Letter ("the Cover letter") and forward them to the CE and the Manager Inspections (SCB) for review. After the review, the cover letter, along with the final RoE, will be forwarded to the Inspector or his/her designee for review and signing. The cover letter will instruct the financial institution to send all responses to the RoE to the attention of the Inspector.
- 9.2. The cover letter and final RoE will be dispatched to the Senior Officer I of the jointly regulated financial institution, with copies simultaneously sent to all the members of the Board of Directors. A copy of the cover letter and final RoE will be sent simultaneously to the Executive Director or his/her designee.

10. RoE Follow-Up Procedures

- 10.1. Upon receipt of a financial institution's response(s) to the RoE, the CBB will make a copy available to the Executive Director or his/her designee. Each Agency will be individually

responsible for assessing the adequacy of the financial institution's response(s) to issues raised in the RoE and will prepare the appropriate response(s) to be sent to the financial institution by the CBB. The responsibility for tracking the issues relevant to each Agency's area of competence/responsibility contained in the RoE rests with the relevant Agency. Significant issues arising from the follow-up exchange of correspondence should be brought to the attention of the Inspector and Executive Director or their designees. If necessary, a meeting will be convened to discuss significant and common thematic issues arising from the joint examinations.

11. Enforcement Action

- 11.1. When an Agency, in its primary role, is required to take enforcement action to address any matter of regulatory concern with respect to a jointly regulated institution (not subject to any formal exemptions), the Agency will notify the other Agency, prior to taking the appropriate action, or as soon as practicable thereafter.
- 11.2. The Agencies will immediately provide each other with all relevant information when an enforcement action(s) is taken with respect to a jointly regulated institution.

12. Information Sharing

- 12.1. The Agencies agree to provide each other, on a timely basis and in a full and detailed manner, all information needed to form a comprehensive view of the overall business strategy, financial situation, legal and regulatory position, and risk exposure of a jointly regulated institution.
- 12.2. The CBB will provide the SCB, either via hard copies or via electronic means, all documents related to the joint examination including, inter alia, working documents (completed work objective papers and/or supporting documents), introductory/representative letters, any follow-up reports and risk assessment reports of jointly regulated financial institutions.
- 12.3. The Agencies agree to immediately notify each other and provide information, in full detail, regarding, inter alia:
 - a. any material regulatory concern that it may have in respect of the jointly regulated financial institution and/or any of its subsidiaries;
 - b. information sufficient to allow the relevant Agency to discharge its responsibilities with regard to a jointly regulated institution; and
 - c. any other information not known to the other Agency that it has obtained and is believed to be of importance for the regulatory responsibilities that the other Agency undertakes in respect of the jointly regulated institution.

12.4. Examples of a matter of material regulatory concern include, inter alia,:

- a. breaches of capital adequacy requirements;
- b. incidents of fraud;
- c. material developments regarding the legal structure;
- d. changes on the board or senior management that weaken the quality of corporate governance and management;
- e. changes in organisation or senior management;
- f. changes in risk management and internal control systems;
- g. significant developments in the financial position of the group or entities belonging to the group;
- h. location of significant business;
- i. significant financial links;
- j. transfer of risks to non-supervised entities;
- k. events that may endanger the going concern of the financial institution;
- l. comingling of assets with clients' assets;
- m. inadequate or inappropriate policies of insurance, based on size and structure of the institution;
- n. potential of high risk factors for systemic contagion in The Bahamas.

13. Special Focus Examinations

- 13.1. Where either Agency has supervisory concerns about a jointly regulated financial institution and considers that a "Special Focus Examination" should be conducted, a special meeting should be convened to discuss and determine steps to be taken.
- 13.2. A Special Focus Examination may be conducted without observing the usual notification period and can be conducted either jointly or, by each Agency, individually. However, where a Special Focus Examination is conducted jointly, the Agency proposing such action should ensure that, if necessary, it has obtained a written legal opinion from its respective legal counsel (after consultation with the legal counsel of the other Agency), including approval of the proposed scope of the Special Focus Examination.

14. Statement of Reliance

- 14.1. The Agencies agree to place full reliance on the work carried out by each other with respect to a joint on-site examination of a jointly regulated financial institution. The examination methodology entails the review, validation and affirmation of the financial institution's policies, procedures, processes and practices, as well as compliance with respective laws governing each Agency and guidelines issued by the Agencies.

- 14.2. Where material functions have been outsourced, the Agencies may rely on the work of external auditors acting on their behalf, internal audit reports in addition to independent assessments of the service provider for validation of practices, but would review all other policy and control aspects associated with the function.

15. Confidentiality

- 15.1. Any confidential information shared pursuant to this Protocol is subject to the requirements and restrictions of the respective laws governing each Agency.
- 15.2. The relevant statutory provisions of each Agency that is a party to this Protocol are set out below:

(a) Central Bank of The Bahamas

Section 38(9) of the Central Bank of The Bahamas Act, Ch 351 empowers the Central Bank to cooperate with any other regulatory authority in The Bahamas, including by sharing information that the Bank has acquired in the course of its duties or in the exercise of its functions under the Central Bank of The Bahamas Act, 2000 or any other law, where it is considered by the Governor that such cooperation or information may be relevant to the functions of the other regulatory authority or as a necessary part of a framework for consolidated supervision, oversight or regulation of the financial services sector.

Under the Banks and Trust Companies Regulation Act, Ch 316, the Bank may cooperate with any other domestic regulatory authority, including, by sharing information on the beneficial owners, directors, officers and operations of a licensee and any of its affiliates, or any other information acquired in the discharge of functions and duties under this or any other Act, where the Governor considers that such cooperation or information may be relevant to the functions of such other regulatory authority, or as a necessary part of a framework for consolidated supervision, oversight or regulation of the financial services sector.

(b) Securities Commission of The Bahamas

Section 35 of the SIA 2011 provides that, at the request of a domestic regulatory authority, the Commission may, where it considers appropriate, exercise its powers under securities laws for the purposes of assisting the performance by the domestic regulatory authority of its regulatory functions. The section further provides that, notwithstanding subsection 28(1), which deals with confidentiality, the Commission may provide information that it has acquired in the course of its duties or in the exercise of its functions under securities laws to any other domestic regulatory authority where the Commission considers such information may be relevant to the functions of such other domestic regulatory authority or as a necessary part of a framework for consolidated supervision, oversight or regulation of the financial services sector.

15.3. Unless disclosure is legally compelled, any confidential information shared pursuant to this Protocol will not be passed on or disclosed to a third party without the prior consultation with and written consent of the Agency that provided the information.

16. Termination and Amendment

16.1. This Protocol will have an indefinite term, provided that any of the two Agencies may terminate the Protocol at any time by giving three (3) months' prior written notice to the other party. This Protocol may be amended only by the express written agreement of both Agencies.

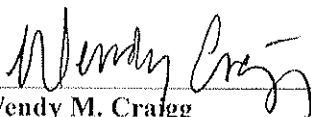
17. Effective Date

17.1. This Protocol shall be effective on the date set out below.


18. Authorization

18.1. The Agencies agree to exchange identical copies of this document, each copy being considered an original, signed by the Head of each Agency.

SIGNED this 31st day of January A.D., 2012 at Nassau, The Bahamas



Wendy M. Craigg
Governor
CENTRAL BANK OF THE BAHAMAS



Philip Stubbs
Chairman and Executive Director (Actg.)
SECURITIES COMMISSION OF
THE BAHAMAS

Addendum

**AMENDMENT TO INCLUDE FCSP LICENSEES IN THE PROTOCOL FOR THE ON-SITE
EXAMINATIONS OF JOINTLY REGULATED INSTITUTIONS**

The Protocol is hereby amended pursuant to paragraph 16.1 to include joint licensees of the SCB and the CBB, operating pursuant to the Financial and Corporate Service Providers Act, chapter 369 (FCSPA), as follows:

*By replacing **paragraph 1.4** with the following -*

The SCB, who is also the Inspector of Financial and Corporate Services, has legal authority pursuant to the Securities Industry Act, 2011 ("the SIA 2011") and the Financial and Corporate Service Providers Act, 2000 ("the FCSPA"), to inspect regulated persons and licensees, respectively. To facilitate the conduct of any inspection by CBB on SCB's behalf pursuant to this Protocol, the SCB hereby authorises the CBB to conduct inspections pursuant to section 45(2) of the SIA 2011 and section 11(5) of the FCSPA, which empower the SCB to, in writing, appoint another person to conduct inspections (also referred to in this Protocol as "examination") on behalf of the SCB.

*By including in **paragraph 15.2 (b)** the following as a second paragraph -*

Section 12(8) of the FCSPA states that the Inspector may provide information that it has acquired in the course of its duties or in the exercise of its functions under this or any other law to any other regulatory authority in The Bahamas where it considers such information may be relevant to the functions of such other regulatory authority.

SIGNED this *9th* day of *February* A.D., 2012 at Nassau, The Bahamas



Wendy M. Craig
Governor

CENTRAL BANK OF THE BAHAMAS



Philip Stubbs
Chairman and Executive Director (Actg.)
SECURITIES COMMISSION OF
THE BAHAMAS

ANNEX A

PROCEDURES ON THE JOINT ON-SITE EXAMINATION PROCESS

A. Scheduling of Joint On-Site Examinations

Once the Examination Schedule for jointly regulated financial institutions has been established, the Inspector and the Executive Director, or their designees, will determine:

- (i) the timeframe necessary to complete the individual examinations, from the commencement of the examination to the submission of the draft RoE; and
- (ii) the resources necessary to conduct the examination, including the appointment of the EIC.

Annex D provides further guidance for the determination of examination timelines.

B. Notification of Joint On-Site Examination

The jointly regulated financial institution is notified of the Joint On-Site Examination by confirming the dates verbally agreed between the financial institution and the CBB. In conjunction with SCB, the CBB will prepare and send the joint notification/scope letter to the financial institution. The financial institution should be given reasonable notice (**at least 6 weeks**) of an upcoming on-site examination.

Notification/scope letters should be tailored to the specific character and profile of the institution. The letters should contain (among other things):

- (i) the dates of the examination;
- (ii) the scope of the examination and
- (iii) any requests for information or resources needed prior to or at the commencement of the examination. The financial institution should be given specific deadlines for providing this information.

Standard notification/scope letters may be used for non-complex examinations, whereas examinations that are more complex may require that the letters be tailored to address specific issues or request additional information.

C. Pre-Examination Procedures

To understand the relevant risks affecting jointly regulated financial institutions, and to be able to inform the institutions of the scope of the examination, relevant CBB and SCB staff should carry out their respective pre-examination reviews of the institutions, along the lines of the procedures outlined below.

a. Profile of the Jointly Regulated Financial Institution

The EiC will review the information provided by the respective CBB and SCB off-site supervisory teams to understand any current or long-standing supervisory issues that are of concern.² The information provided should include:

- i. an overview of the main business activities of the financial institution;
- ii. an assessment of the financial condition;
- iii. a description of significant events during the past twelve months;
- iv. a listing of supervisory interventions (i.e., monetary fines, restrictions, etc); and
- v. supervisory recommendations, if any.

b. Examination Planning

A comprehensive examination plan should be developed for the jointly regulated financial institution, to ensure that supervisory concerns identified through the risk assessment process, and the deficiencies noted in the previous examination, are being, or will be, addressed.

c. Receipt/Review of Pre-Examination Information Requested from Financial Institutions

The timely receipt of pre-examination information requested from the financial institution is crucial to the effective planning of the examination and should be in the possession of the EiC, prior to the pre-examination meeting with the financial institution. This information should be distributed to the respective examination segment leaders (as well as other ET members, where considered necessary) to assist them in their on-site examination planning process.

d. Pre-Examination Meeting with the Jointly Regulated Financial Institution

Prior to the development of the SWA, the EiC and selected members of the ET should meet with the financial institution to obtain clarification with respect to any issues arising from the pre-examination information provided by the institution, as well as any other information that may be necessary for the effective planning for the on-site examination.

e. Scope & Work Assignment (SWA) Document

The EiC, in collaboration with the SCB, will develop the SWA document. The SWA document will provide the specific objectives for the examination and assists in ensuring that the agreed supervisory plan is executed. The SWA should include:

- i. a statement of objectives;
- ii. all examination activities to be conducted and the scope of those activities;

² This work is completed as part of the pre-examination analysis and is usually compiled in the case of the CBB by the relevant CBB licensee relationship officer.

- iii. general logistical information (e.g., schedule of examination activities for the institution, participants and expected resource requirements);
- iv. the extent to which internal and external audits and other reviews will be tested and relied upon; and
- v. the schedule for any pre-examination meetings.

D. On-Site Examination/Entry Meeting

The EiC and members of the ET will meet with the financial institution's senior management at the commencement of an examination, to obtain information relevant to the joint on-site examination and an overview of the financial institution's business activities etc., since the last examination and to:

- (i) explain the scope and the objectives of the examination;
- (ii) discuss guidelines for conducting the examination and explain the role of assigned Examiners;
- (iii) establish the framework for the Examiner's communication with the financial institution's management and staff; and
- (iv) answer management's questions.

E. Periodic On-site Meetings

It is important that periodic meetings/discussions be held with both the ET members and the financial institution to provide assessment of the progress of and issues arising from the on-site examination.

Discussion with the ET should cover issues such as specific and thematic issues identified, timely receipt of work from the financial institution, progress toward completion of the on-site work, likelihood of on-time completion of examination, etc.

Discussion of material issues and preliminary findings with the financial institution could prevent misunderstandings and allows the financial institution's management to provide additional information. As such, periodic meetings with the financial institution's management are essential during the on-site examination. Every effort must be made to resolve significant differences concerning material findings, conclusions or recommendations. Where differences remain, the EiC (in conjunction with the Senior SCB examination team member, where appropriate) may escalate the issue(s) to the Inspector, and/or the Executive Director, or their designees, who will make a final determination, in consultation with each other, as appropriate.

F. Exit Meeting

The EiC and the ET will have an exit meeting with management at the conclusion of the on-site examination, at which time they will present a summary of material findings. Prior to this meeting, the EiC and ET will determine the ranking of the issues to be presented, ranked in order of importance for each examination segment, to help management understand the areas that present the highest risk and require the most urgent remedial action. The exit meeting also

provides an opportunity for the financial institution's management to respond to Examiners' concerns, clarify issues and ask questions.

G. Preparation of Draft Reports of Examination

Having been subjected to the peer review process, as outlined in **Section 8** of the Protocol, the draft RoE is to be forwarded to the financial institution.

H. Discussion of Drafts with Senior Management

The financial institution is given a reasonable period (**usually not exceeding 5 working days**) to review the draft RoEs. If necessary, a meeting will be convened, to be attended by the EiC and members of the ET, as deemed necessary, to discuss the draft. Where considered necessary, the CE, Inspector and/or the Executive Director, and the Manager of Inspections of the SCB, may attend the meeting. Where challenges to *Findings and Recommendations* are justified, the draft RoE may be amended accordingly by the EiC.

Where there are material differences, the EiC and CE will bring the matter to the attention of the Inspector, who may require that the PRC be reconvened to consider the issues, if deemed necessary.

I. Preparation and Dispatch of Final Reports

The EiC prepares and arranges for the dispatch of the final RoEs, in accordance with **Section 9** of the Protocol.

J. Other Administrative Tasks Assigned to EiC and Members of the ET

The EiC and members of the ET are individually responsible for ensuring strict adherence to the Joint On-site Examination processes and administrative requirements, which may include, but are not limited to:

- (i) indexing and filing of working papers;
- (ii) completion of ET members' assessments, as applicable; and
- (iii) completion of the risk-rating sheet for segments of the Examination, for inclusion in the overall (internal) risk rating exercise for future scheduling.

Annex B

AREAS OF RESPONSIBILITY DURING A JOINT ON-SITE EXAMINATION

FOCUS AREAS	LEAD AGENCY
Corporate Governance	CBB
Risk Management Governance	CBB
Assets Under Management	SCB
Credit Risk (overdraft controls)	CBB
Reconciliation/Accounts Receivable	SCB
HR Risk	CBB
Registration Matters	SCB
Reputation Risk (KYC/AML/CFT)	CBB
Fiduciary Risks	CBB
Segregation of Assets	SCB
Process of Control	CBB
Operational Policy & Procedural Manual	CBB
Outsourcing Agreements	CBB
Customer Compliant Policy	SCB
Record Retention Policy	SCB
IT Risk	CBB
Business Continuity Arrangements	CBB
Indemnity Insurance	CBB
Trading Operations/Procedures	SCB
Fees (review and calculation)	
Financial & Capital Operations	SCB
Financial Statement Analysis	SCB
Regulatory Capital	CBB
Jurisdiction Reputation Risk	SCB
INVESTMENT FUND ADMINISTRATORS	
Fund Structure & Registration	SCB
Review & Compliance of Offering Memorandum	SCB
Fund Administration & Accounting, incl. Net Asset Value (NAV) Calculations/Redemptions Suspensions	SCB
Internal Audit Reports/Management Letters	CBB
Corporate Services, incl. Licensing Controls/Procedures	SCB
Reputation Risk (KYC/AML/CFT)	CBB
Corporate Governance	CBB
Critical Systems for Corporate Fund & Administration Accounting	SCB
Corporate Structure	SCB

ANNEX C

PEER REVIEW COMMITTEE (PRC) MANDATE

A. Objective

The PRC is responsible for addressing potential compliance, policy and legal issues in the draft RoE, as well as reviewing the consistency in the supervisory approach applied to financial institutions, taking into consideration the proportionality and materiality of issues relevant to a financial institution's size and business volumes, when applicable.

The draft RoE should be reviewed for accuracy, consistency, misstatement(s), completeness and tone.

The issues in the draft RoE should be ranked in order of priority, and those issue(s) that are of material concern should be specifically flagged. The PRC will agree the draft RoE, which is sent to the financial institution for review and initial feedback, prior to being finalised (See Annex A, section H).

B. Membership

The PRC is comprised of the Inspector, Manager of the Bank Supervision Department, Chief Examiner, Examiner V, the relationship officer of the financial institution, at least one independent examiner (seniority will depend on the financial institution) and a senior representative from the Policy Unit.

For jointly regulated institutions, the Manager of Inspections of the SCB, another Senior Examiner from the SCB and a representative from the Market Surveillance Department of the SCB will attend. The Executive Director may also attend, at his/her discretion.

C. Frequency of Meetings

Meetings will be arranged, as required, to deal with the completed draft RoEs.

D. Method of Meeting

There should be at least one face-to-face meeting of the PRC to discuss the issue(s) arising in the draft RoE. Other contacts, if necessary, may be held via teleconference or electronically. Comment(s)/correction(s) should be communicated in writing to the EiC.

ANNEX D

INDICATIVE TIMELINES FOR EXAMINATION PROCESS

The applicability of the following timelines to each examination will be reviewed at the outset of the examination cycle and any changes (e.g. to reflect the likely complexity of the examination) will be agreed and documented by the EIC.

Firms Examination Scope	International Firms Safety & Soundness Exams		Domestic Firms Focused Exams		International/Domestic Firms Focused Exams	
	Non-Complex	Complex			Initiated via Foreign Requests	Internal Directed
Preparation	3 working days	5 working days	5 working days	NA	NA	2 working days
Days on site	3-5 working days	10 working days	10-15 working days	3 working days	3 working days	Up to 5 working days
Production of segment reports	3 working days	3 working days	3 working days	NA		
Production of draft RoE	2 working days	2 working days	5 working days	2 working days	2 working days	3 working days
PRC deliberations	2 working days	2 working days	2 working days	2 working days	2 working days	2 working days
Draft Report Forwarded to financial institution	1 working day	1 working day	2 working days	NA	NA	
Exit Visit	2 working days	2 working days	2 working days			
Finalization of report and sign-off by Inspector	Within 2 working days	Within 2 working days	Within 3 working days	Within 2 working days	Within 2 working days	Within 2 working days
Final RoE dispatched	Within 1 working day	Within 1 working day	Within 1 day			
Total # of days	22 working days or 4.4 weeks	27 working days or 5.4 weeks	37 working days or 7.4 weeks	9 working days	9 working days	14 working days
Resource requirements	EiC and 2 persons max.	EiC and 4 persons max.	EiC and 7 persons max.			

NB:

1. Each financial institution will be advised at least six (6) weeks in advance of an upcoming examination, and attendant request for any documentation required for review.
2. EICs will be required to contact the financial institution and confirm space and any other peripheral requirements to accommodate the team and availability of any documents for on-site review.
3. EICs will be required to adhere to the timeframes stated above.
4. EICs are reminded that on-site examination timeframes will not normally be extended for accommodating review/examination of areas not proposed in the scope document.
5. Should EICs discover the need for extension to the allotted on-site examination time due to significant changes in the operations of financial institutions, etc., the financial institution may be scheduled for a follow-up on-site focused examination.