



Draft Guideline - Transfer Plan on Discontinuance of Business

This is a draft guideline prepared by the Financial Services Commission (“FSC”) on which comments are invited prior to its issue.

Comments should be directed, by April 30, 2007 to:

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Draft Guideline - Transfer Plan on Discontinuance of Business

This guideline sets out the expectations of the Financial Services Commission (“FSC”) regarding the content of the plan required to be submitted by an administrator or investment manager pursuant to regulation 18(1)(d)(ii) of the Pensions (Superannuation Funds and Retirement Schemes) (Registration, Licensing and Reporting) Regulations, 2006.

Regulation 18(1)(d)(ii) provides:

18(1) “Where an investment manager or administrator intends to discontinue operations as an investment manager or administrator for approved superannuation funds or approved retirement schemes, it shall

(d) not later than ninety days before the effective date of discontinuance ...

(ii) submit to the Commission for approval, a plan approved by the Board of Directors by which its investment management or administration business of schemes and funds will be transferred to another investment manager or administrator, as the case may be”

1. Objective

One of the objectives of this regulation is to ensure that the pension business of an administrator or investment manager that discontinues operations is properly and effectively transferred to another administrator or investment manager, as the case may be, with a philosophy of “business as usual” so as to achieve minimal interruptions.

The preparation of a written, comprehensive plan for the transfer of pensions business to another service provider provides specific and organized information which increases the likelihood of an efficient and orderly process which meets the approval of the FSC. Additionally, preparation of the plan helps in the identification of potential problems and provides evidence of planning.

These guidelines are intended to:

1. Ensure compliance with the Pensions (Superannuation Funds and Retirement Schemes) Act and the associated Regulations;
2. Maintain the ability of the FSC to monitor events and coordinate information flow and activities;
3. Ensure that trustees are informed of their choices and are provided with sufficient opportunity to secure alternative service arrangements.

2. Plan Content

It is important that administrators and investment managers when exiting the pensions market do so with order and care. The development of a plan by which the administration and or investment management business of funds and schemes are transferred to other service providers provides a mechanism for assessment and appropriate controls. The plan should be comprehensive and prudently structured to suit the needs of the discontinuing entity. It should be submitted to the FSC within 90 days of the effective date of the discontinuance.

The plan must include, but not be limited to:

(A) Transfers between companies within the same group of companies:

- (i) The name, address, and FSC license number of the administrator or investment manager;
- (ii) Reasons for discontinuance and copy of relevant Board resolution;
- (iii) A list of the affected pension plans inclusive of FSC number, telephone number(s), address, type of service, number of participants (active members, deferred pensioners and pensioners), asset values and status;
- (iv) Name and contact number for the person appointed to effect the orderly dissolution and transfer of pensions business;
- (v) Identity and contact information of the acquiring administrator or investment manager;
- (vi) Timeline for the transfer;
- (vii) A sample of the letter to be sent to trustees of pension plans which must include a cutoff date by which the trustees must select an alternative administrator or investment manager;
- (viii) Description of customer notification efforts to be made and copies of notices issued or proposed to be issued in the event that trustees do not respond to the letter sent in (vii) above;
- (ix) A proposed date for transfer of business of the last plan;
- (x) Current and relevant contact information that customers may call with inquiries.

(B) Transfers between unrelated companies:

- (i) All the items detailed in (A) above;
- (ii) Details of the arrangements made with the acquiring administrator or investment manager which must include:
 - a) steps to be taken to transfer the pension assets and the expected date of acquisition of the portfolio;

- b) Details of the information to be provided to the acquiring administrator or investment manager; and the frequency of such reports.
- (iii) An indication of plans whose service arrangements are likely to cause transfer difficulties;
- (iv) Notification to be furnished to the FSC of any changes to the plan as filed.

Questions regarding this Guideline may be directed to:

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