

Merger of the IPA and FSC

Frequently Asked Questions (FAQ)



Overview

On 17 March 2015, Tynwald approved the transfer of functions from the Insurance and Pensions Authority ('the IPA'), the Insurance and Pensions Supervisor ('the Supervisor') and the Financial Supervision Commission ('the FSC') to a new statutory board, the Isle of Man Financial Services Authority ('the Authority') on 1 November 2015. The transfer will merge the operations of the IPA, the Supervisor and the FSC into a unified financial services regulator for the Isle of Man. The new organisation will come into existence on 1 November 2015, whereupon the IPA, the Supervisor and the FSC will be dissolved. Until that time, the IPA, the Supervisor and the FSC continue to operate as separate legal entities.

Questions and Answers

Q1. How will the new Authority be created?

A1. The [Transfer of Functions \(Isle of Man Financial Services Authority\) Order 2015](#) ('the TOFO') was approved by Tynwald in March 2015 and creates the legal basis for the creation of the Authority. The main provisions of the TOFO will come into force on 1 November 2015. The TOFO —

- (a) establishes the Authority;
- (b) transfers the functions of the IPA, the Supervisor and the FSC to the Authority;
- (c) transfers all assets and liabilities from the IPA, the Supervisor and the FSC to the Authority;
- (d) transfers everything already done or started to date by the IPA, the Supervisor and the FSC to the Authority so it can continue uninterrupted;
- (e) dissolves the IPA, the Supervisor and the FSC; and
- (f) makes consequential amendments to primary legislation to reflect the new name of the Authority.

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Q2. Will there be any changes to existing IPA or FSC legislation as a result of the merger?

A2. The TOFO makes consequential amendments to primary legislation on 1 November 2015 to change references to the IPA, the Supervisor and the FSC, to the Authority. Article 7(3) and (4) of the TOFO also amends references in any enactment to the IPA, the Supervisor and the FSC to include reference to the Authority.

IPA legislation

The IPA drafted statutory documents to update provisions in enactments made under the Insurance Act 2008 and Retirement Benefits Schemes Act 2000 to reflect the changes made by the TOFO. The statutory documents drafted by the IPA update all relevant references in enactments made under those Acts to avoid ambiguity in this respect. A consultation document was issued by the IPA in respect of the foregoing on 21 August 2015. Information on the consultations can be accessed using the following links:

- [IPA – CP15-03 Transfer of Functions – Consequential Amendments](#)
- [IPA – CP15-04 Transfer of functions – Transitional Provisions.](#)

The following statutory documents were laid before Tynwald on 21 October 2015:

- Guidance Notes (Amendment) For Insurance Special Purpose Vehicles [[SD No 2015/0318](#)]
- Insurance (Miscellaneous Amendments) Regulations 2015 [[SD No 2015/0314](#)]
- Guidance Notes (Amendment) on Anti-Money Laundering and Preventing the Financing of Terrorism for Insurers (Long-Term Business) [[SD No 2015/0316](#)]
- Corporate Governance (Amendment) Code of Practice for Regulated Insurance Entities [[SD No 2015/0317](#)]
- Insurance (Valuation of Long Term Liabilities) (Amendment) Regulations 2015 [[SD No 2015/0324](#)]
- Insurance (Transitional Provisions) (Amendment) Regulations 2015 [[SD No 2015/0315](#)]
- Retirement Benefits Schemes (Miscellaneous Amendments) Regulations 2015 [[SD No 2015/0313](#)].

FSC legislation

The FSC drafted statutory documents to update certain provisions in enactments made under the Financial Services Act 2008 and Collective Investment Schemes Act 2008 to reflect

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the changes made by the TOFO. The FSC issued a consultation document in this respect in July 2015¹. Information on the consultation can be accessed using the following link:

- [FSC consultation on amendments to reflect new regulator.](#)

The decision was taken not to update all FSC statutory documents to change references to 'the FSC' to 'the Authority' due to the volume of statutory documents currently in operation. As such, the majority of the provisions in enactments made under the Financial Services Act 2008 or Collective Investment Schemes Act 2008 will be updated to reflect the name of the new regulator as and when each piece of legislation is substantially reviewed. One of the effects of the TOFO is that references to 'the FSC' in existing legislation will automatically be read through to 'the Authority'.

The following statutory documents were approved by Tynwald on 21 October 2015:

- Financial Services (Isle of Man Financial Services Authority) (Amendments) Rule Book 2015 [[SD No 2015/0305](#)]
- Collective Investment Schemes (Isle of Man Financial Services Authority) (Amendments) Regulations 2015 [[SD No 2015/0306](#)].

Q3. Will there be a change to the IPA/FSC structures before 1 November 2015?

A3. No. Whilst both organisations are currently working towards the merger, the IPA and FSC will remain separate legal entities until they dissolve following the transfer of their functions to the Authority on 1 November 2015. There will be no change to the regulators' operational structures prior to the merger date.

Q4. What will the structure of the new Authority look like on 1 November 2015?

A4. The Authority will have a new Chief Executive and Members from 1 November 2015. The Board of the Authority will be responsible for determining the overall direction, structure and strategy of the new organisation.

The Chief Executive for the newly combined regulatory authority, Ms Karen Badgerow, was appointed on 5 August 2015 and will take up her position on 1 November 2015. Further information on Ms Badgerow's appointment can be found in the corresponding [IPA Press Release](#) or [FSC Press Release](#).

¹ <http://www.fsc.gov.im/ConsultationDetail.gov?ID=511>

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Following an open recruitment process, Tynwald approved the Treasury's appointment of the following Members to the Authority on 21 October 2015:

- Mr Geoff Karran MBE – existing FSC member (chair)
- Ms Lillian Boyle – existing IPA member (deputy chair)
- Mr David Stacey – existing IPA member
- Mr Roger Butler – existing FSC member
- Mr Alan Smith – existing FSC member
- Mr Paul Wright – existing FSC member (off-Island)
- Mr Mark Waterhouse – new member
- Mr Peter Kenny – new member.

The appointment of members is ordinarily for a period of five years. However, to ensure a degree of continuity when the new Board comes into effect and to alleviate the risk of having to repopulate the entire Board at the end of the five year term, the Treasury offered some of the successful candidates a term of two and a half years. Those offered two and a half year terms were: Mr Peter Kenny, Mr Geoff Karran MBE, Mr Roger Butler and Mr Alan Smith.

There will be no significant changes to the current regulatory environment from 1 November 2015. The regulatory frameworks will continue to operate separately under the existing legislation for the foreseeable future, i.e.:

- [Insurance Act 2008](#) in relation to insurance business
- [Retirement Benefits Schemes Act 2000](#) in relation to pensions business
- [Financial Services Act 2008](#) in relation to deposit-taking, investment business, services to collective investment schemes, corporate services, trust services and money transmission services
- [Collective Investment Schemes Act 2008](#) in relation to collective investment schemes
- [Designated Businesses \(Registration and Oversight\) Act 2015](#) in relation to certain designated non-financial businesses and professions.

With effect from 1 November 2015, the existing IPA and FSC functions will come together beneath the new Board and Chief Executive. As such, the insurance and pensions function and financial services function will, for the time being, remain distinct and retain their own reporting lines within the new regulatory authority. Progress has been made on ensuring that key operational issues are addressed prior to the transfer of functions on 1 November 2015 in order to minimise the impact on regulated persons. As such, functions such as

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reception, finance, human resources and information technology will combine to support the new organisation with effect from 1 November 2015.

A chart showing the initial structure of the organisation will be shown on the Authority's website from 1 November 2015.

Q5. Will the Authority issue new licences / authorisation certificates on 1 November 2015?

A5. The TOFO will transfer the existing functions of the IPA and FSC to the Authority on 1 November 2015. One of the effects of the TOFO (see Article 3) is to transfer everything already done or started to date by the FSC and IPA to the Authority. In addition, that Article clarifies that paragraph 5 of Schedule 2 to the [Government Departments Act 1987](#) applies, and subparagraph (5) of that provides additional clarity on the legal effect of the transfer of functions:

“(5) All references to the transferor, so far as they relate to the transferred functions and not otherwise, in any statutory provision, agreement, deed, instrument, licence, consent, application, notice or other document whatsoever shall, unless the context otherwise requires, be construed as references to the transferee.”

Therefore, from 1 November 2015 —

- (a) authorisation certificates (etc.) issued by the IPA under the **Insurance Act 2008**;
- (b) authorisation certificates (etc.) issued by the IPA under the **Retirement Benefits Schemes Act 2000**;
- (c) licences (etc.) issued by the FSC under the **Financial Services Act 2008**; and
- (d) authorisation orders and recognition orders (etc.) issued by the FSC under the **Collective Investment Schemes Act 2008**,

will continue to be maintained in accordance with those pieces of legislation, albeit with the relevant functions being executed by the Authority (as the transferee under TOFO). As such, IPA and FSC regulated entities will be 'licensed by' / 'authorised by' / 'registered with' the Authority from 1 November 2015 without the need to reissue any existing documentation. Anything issued by or made by the Authority from 1 November 2015 will refer to the Authority.

The Authority will have a new website from 1 November 2015. There will be a 'Regulated Entities' link on the homepage which will direct users to the relevant registers for insurance, pensions, funds and financial services businesses. Any decision to restructure or consolidate

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the registers would need to be made by the new Board and Chief Executive of the Authority once they are in place.

Q6. What will happen to the IPA/FSC websites on 1 November 2015?

- A6. The existing IPA and FSC websites will be replaced by a new website on 1 November 2015. The web address for the Authority's new website will be www.iomfsa.im. All existing web materials will be transferred to the new website. The IPA and FSC are keen to minimise disruption to stakeholders on the merger date. As such, the overall layout and content for IPA and FSC materials will remain largely unchanged on 1 November 2015. Work on more significant restructuring of the website and web materials will begin following the merger.

Users who try to access the old IPA and FSC websites from 1 November 2015 will be redirected to the Authority's new website. Due to the inclusion of additional 'landing pages' and merged content, web browser bookmarks/favourites to specific IPA and FSC webpages will no longer work from 1 November 2015.

Users who currently subscribe to the RSS (Rich Site Summary) News Feed on the IPA's website will need to subscribe to the Authority's RSS Feed once the new website launches on 1 November 2015. Users of the existing FSC website may wish to subscribe to the Authority's RSS Feed once the transition to the new website is made.

Q7. What will happen to existing IPA/FSC publications following on 1 November 2015?

- A7. Existing IPA and FSC publications such as policy documents and guidance notes will continue to have effect by virtue of the TOFO. References to 'the IPA', 'the Supervisor' or 'the FSC' will be read through to 'the Authority'. Existing publications will be reviewed and updated to reflect the new organisation in due course.

Q8. Where will the new Authority be located?

- A8. The IPA and FSC are currently situated in Finch Hill House, Bucks Road, Douglas. The Authority will be based in the same location when it comes into existence on 1 November 2015.

The reception area for the new Authority will ultimately be located on the ground floor, in the site of the current IPA reception. The Isle of Man Government Department of Infrastructure is due to begin work on the reorganisation of the ground floor reception area on 26 October 2015. It is anticipated that the work will be completed by 16 November 2015. The reception area and meeting rooms on the first floor will be used for all meetings until

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work on the ground floor reception has been completed. Following completion, use of the existing meeting rooms on both the ground floor and first floor of Finch Hill House will resume.

Q9. What will the contact details for the new Authority be?

A9. The postal address for the Authority will be as follows from 1 November 2015:

**Isle of Man Financial Services Authority
PO Box 58, Finch Hill House, Bucks Road
Douglas, Isle of Man
IM99 1DT**

The main telephone switchboard number will be **+44 (0)1624 646000** (i.e. the existing IPA switchboard number). The existing FSC switchboard number (+44 (0)1624 689300) will redirect to the new switchboard number from 1 November 2015.

Existing IPA and FSC staff will retain their direct telephone line numbers but will receive new @iomfsa.im email addresses from 1 November 2015 to reflect the merger into a single organisation. Emails to the old @ipa.gov.im and @fsc.gov.im email addresses will be redirected, however persons corresponding with the Authority will be asked to update their records to ensure that all new email correspondence uses the @iomfsa.im email addresses.

Q10. Will my Relationship Manager or point of contact at the IPA/FSC change on 1 November 2015?

A10. No. The regulatory frameworks will continue to operate separately under the existing legislation for the foreseeable future. As such, most IPA/FSC staff will be carrying out the same roles from 1 November 2015 until such time as the new Board and Chief Executive of the Authority determine a restructuring plan.

Q11. What will happen to any outstanding applications, correspondence or other matters being dealt with by the IPA or FSC before the merger?

A11. Any outstanding matters being dealt with by the IPA or FSC before the merger will continue to be handled in the same manner from 1 November 2015. Matters that require a Board decision will, however, be considered by the new Chief Executive and Members of the Authority from the merger date.

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Achieving effective integration between existing IPA and FSC functions is a long-term objective that will need to be approached with due consideration by the new Chief Executive and Members of the Authority.

Q12. How will the Authority deal with ‘dual-regulated’ entities, i.e. persons that are currently regulated by the IPA and licensed by the FSC?

A12. A review has been undertaken to identify common groups and persons that are currently subject to regulation by both the IPA and FSC. From 1 November 2015, those persons will be regulated by the Authority as the Island’s combined financial services regulator. However, as noted above, achieving effective integration between existing IPA and FSC functions is a long-term objective that will need to be approached with due consideration by the new Chief Executive and Members of the Authority. Efforts will be made in the interim to reduce the potential for duplication, however there will be no significant change to the regulatory environment on 1 November 2015. Persons will continue to be regulated in accordance with established IPA and FSC legislation, policy and guidance until such time and in such manner as the Board of the new Authority determines.

Q13. Will there be any extended timeframe for using up existing stocks of stationery and other materials that incorporate the existing rubrics for the IPA/FSC following the merger on 1 November 2015?

A13. The IPA and FSC recently consulted on proposed amendments to their respective regulatory frameworks regarding the change of name to the Authority with effect from 1 November 2015.² As a result of the proposals, regulated entities will have until 31 December 2016 (one year and two months from the date of the merger) to use stocks of stationery, advertisements, or similar material, that was already in existence at 31 October 2015 and which contained a statement that was compliant with the previous rubric requirements.

The IPA and FSC recognise that regulated entities may host documents on their websites (in PDF format or otherwise) that contain the relevant rubric, e.g. ‘Registered with the Insurance and Pensions Authority’ or ‘Licensed by the Financial Supervision Commission’. Regulated entities are expected to update their websites from 1 November 2015 to display the correct rubric wherever possible, however the transitional provisions will apply to any uploaded documents that were already in existence at 31 October 2015. Regulated entities should update the rubric as and when each individual document is updated, but no later

² See A2 on page 2 – For further information on the consultations, please use the following links:
[IPA – CP15-03 Transfer of Functions – Consequential Amendments](#)
[IPA – CP15-04 Transfer of functions – Transitional Provisions](#)
[FSC – Consultation on amendments to reflect new regulator](#).

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than 31 December 2016. For the avoidance of doubt, all relevant documentation created from 1 November 2015 must contain the updated rubric.

Do you have any additional questions?

Please contact one of following individuals if you have a question in relation to the merger that is not answered in this FAQ document. We will respond to your query directly and, if appropriate, update the FAQ document to include the question and answer.

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