



Guidance Note – Providing Services to Overseas Managers or Administrators of Schemes

January 2017

Introduction

Isle of Man licensed administrators or managers of collective investment schemes may provide services to an overseas fund manager/administrator (“outsourcer”) in relation to a non-Isle of Man collective investment scheme (“foreign scheme”) without that scheme being deemed to be an overseas scheme operated in or from the island if, in the context of all of the circumstances, the foreign scheme is not ‘de facto’ operated in or from the Island.

In order to provide such services, the authorised person must hold a financial services licence issued by the Financial Services Authority (“the Authority”) with Class 3(10) permission. A Class 3(10) permission is only issued where the authorised person also holds a Class 3 (1) or Class 3 (2) permission.

As outlined in the Regulated Activities Order (as amended 2016), Class 3(10) covers: “Providing administration services to the manager or administrator of a collective investment scheme where that person is located outside the Island, in relation to a collective investment scheme that is managed or administered by that person.”

The following criteria are factors that the Authority will take into account when considering whether a foreign scheme is managed or administered in the Isle of Man. The criteria are not exhaustive and any arrangement will be considered on its own merits.

1. The functions to be performed by the authorised person should be clearly detailed in a written outsourcing agreement with the outsourcer (“the Outsourcing Agreement”) in line with rule 8.16(4) of the Financial Services Rule Book 2016. Under this agreement, the outsourcer must remain ultimately responsible for the management/administration of the foreign scheme and the functions that are outsourced and the authorised person must provide services to the outsourcer in line with the terms of the Outsourcing Agreement only.
2. The outsourcer remains accountable to the foreign scheme and/or its investors under the Outsourcing Agreement for the provision of services by the authorised person.
3. The authorised person should not hold itself out as being the administrator or manager of the foreign scheme.

4. The “mind and management” of the foreign scheme and its administration should remain outside the Isle of Man, e.g. board meetings of the foreign scheme should not normally be held in the Isle of Man.

In accordance with rule 6.62 when providing services to overseas managers or administrators of schemes a licenceholder must notify the Authority not less than 20 business days in advance of entering into an agreement to provide administration services; and also ceasing to provide services¹.

The Authority would expect that the authorised person would also take cognisance of the following in relation to the operation of taking on delegated functions:

1. The outsourcer should be appropriately located in a jurisdiction acceptable to the Authority and be licensed by its Regulator. The outsourcer should have informed its Regulator, in writing, of the intended outsourcing arrangements to the Isle of Man and that Regulator should not have objected.
2. The authorised person should undertake and evidence that appropriate due diligence has been undertaken on the outsourcer.
3. In line with the outsourcer’s continuing responsibility, the Authority would expect that, notwithstanding the level of functions that may be undertaken in the Isle of Man, arrangements are put in place to ensure that investors understand that they are dealing at all times with the outsourcer. There should be no reference to the authorised person in the foreign scheme’s documentation.
4. Copies of Outsourcing Agreements between the authorised person and the outsourcer should be made available to the Authority on request.

In relation to UK UCITs outsourcing to an Isle of Man Licenceholder see also the separate guidance note issued by the Authority, which considers the existing regulatory requirements for a [UK scheme which is subject the UK Financial Conduct Authority \(“FCA’s”\) COLL Sourcebook and wishes to outsource functions to an Isle of Man Licenceholder](#).

Status of Guidance: The Isle of Man Financial Services Authority issues guidance for various purposes, including to illustrate best practice, to assist licenceholders to comply with legislation and to provide examples or illustrations. Guidance is, by its nature, not law, however it is persuasive. Where a person follows guidance this would tend to indicate compliance with the legislative provisions, and vice versa.

¹ See Appendix A for Sample Notification Form.



**Notification Form – Rule 6.62
Providing Services to Overseas Managers or Administrators of
Schemes.**

Completion Notes

- Answers should be written in BLOCK CAPITALS or typed
- If more space is needed the answers may be written on a separate sheet of paper with the heading, “continuation of answer to question [] section []”

To be submitted to the Isle of Man Financial Services Authority (“the Authority”) not less than 20 business days in advance of entering into an agreement to provide administration services; and also ceasing to provide services			
Date submitted:		Proposed date of Commencement:	
Full Name of Fund: (“the fund”)			
Current Net Asset Value (NAV)		Number of Investors	
A	Legal Structure of the fund (Delete as appropriate)		
	i) Company	ii) Trust	iii) Limited Partnership
	Company No:		
	Registered Office:		Place of Business:

B	Fund Type (include nature of underlying assets)

C	Name of the Isle of Man Licenceholder providing services	
	Name:	Does the Licenceholder have a Class 3(10) permission on its Licence? YES/NO
	Address:	Licence Category:
		FSA Reference No.:

D	Name of Overseas Entity outsourcing to the Isle of Man Licenceholder	
	Name:	Regulated by:
	Address:	Licence Category:
		Reference No.:
Is this Company a related party to the Isle of Man Licenceholder?		

E	Services to be Provided (provide a brief overview and state whether a Service Level agreement is in place)

Certification by the Isle of Man Licenceholder

We confirm, to the best of our knowledge and belief, the accuracy of the statements in this notification

Signed _____ Signed _____

Date _____ Date _____

Name _____ Name _____

Position _____ Position _____

Licenceholder _____ Licenceholder _____