



## **GUIDANCE NOTE**

### **FEES AND OTHER CHARGES LEVIED BY IFS PRACTITIONERS**

**FSC/2/GN/001**

The Financial Services Commission (the “Commission”) has been receiving complaints about levying of excessive fees and other charges, particularly so-called “exit/transfer fees” by IFS Practitioners.

Though fees charged by IFS Practitioners are not expressly regulated by the Commission, the fees charged beyond a certain level may seem to be excessive and can neither be sustainable nor be conforming to normal financial practice. The fees charged, including excessive exit/transfer fees, may have a reputational impact on Belize as an international financial services centre. Therefore, the Commission’s intervention is necessary, to ensure that fees do not frustrate the twin objectives of promoting and developing Belize as a centre for the carrying on of international financial services and protecting and enhancing Belize’s reputation as a safe and reputable jurisdiction from which firms of substance and good reputation can conduct business.

To promote good and fair practices, increase transparency, encourage market forces through competition, and achieve higher operating standards, the Commission has undertaken a review of the legal and regulatory framework with respect to the fees and other charges that may be legitimately assessed by IFS Practitioners with a view to limit the amount of fees, particularly “exit/transfer fees” that can be charged. However, to address the immediacy of the complaints received, the Commission has adopted the Rule set out below with immediate effect:

IFS Practitioners are advised that they are required to lay out appropriate internal principles and procedures for determining fees and other charges, which must be available to the Commission on request. IFS Practitioners must also inform their clients at the start of a business relationship of their fees, including “exit/transfer fees”, that will be charged for services and publish and/or prominently display these fees so that clients are always aware of the fees that they may potentially face. These principles and procedures must apply to the IFS Practitioners and all their employees and other persons, such as intermediaries, who are authorised on behalf of an IFS Practitioner to represent it during its business.

Where a client requests the transfer of business from one IFS Practitioner to another IFS Practitioner, the Commission will allow the automatic transfer of the client to a new IFS Practitioner, where the Commission determines that there is undue delay in effecting the transfer. As a matter of policy, the Commission considers 30 days to be within the bounds of what is a reasonable timeframe for concluding all requirements for transfer of a client, save and except where the client has outstanding fees for services already provided.

The Commission is prepared to take regulatory action, which includes taking disciplinary action against an IFS Practitioner within the existing regulatory framework, where it determines that the fees being charged are unreasonable or excessive and/or a pattern of non-responsiveness to effect timely transfers is evident.

IFS Practitioners have been advised separately that they are required to submit a statement to Commission certifying that such measures have been implemented. Failure to provide the Commission with the required statement within the time specified could lead to the Commission taking disciplinary action against a firm and/or its directors or managers.

**Financial Services Commission**

**15<sup>th</sup> January 2018**