

CONSULTATION PAPER NO.128



EMPLOYEE MONEY PURCHASE SCHEMES

28 OCTOBER 2019

PREFACE

Why are we issuing this Consultation Paper (CP)?

1. This Consultation Paper (CP) seeks public comment on the DFSA's proposals to regulate persons conducting two new financial services relating to Employee Money Purchase Schemes. These proposals form part of a number of changes proposed to the design of DIFC employees' end-of-service gratuity benefits under the DIFC Employment Law, resulting from the recommendations made by a Strategic Pensions Working Group established by the Dubai International Financial Centre Authority (DIFCA). The proposed changes to the DIFC Employment Law and the DIFCA consultation paper can be found [here](#).

Who should read this CP?

2. The proposals in this paper will be of interest to:
 - (a) employees of DIFC companies;
 - (b) DIFC employers;
 - (c) persons who expect to conduct the proposed new Financial Services of Operating an Employee Money Purchase Scheme or Acting as the Administrator of an Employee Money Purchase Scheme;
 - (d) persons who expect to provide other financial services in respect of an Employee Money Purchase Scheme; or
 - (e) persons, whether in the DIFC or outside the DIFC, who operate schemes that are Money Purchase Schemes.

Terminology

3. In this CP, defined terms have the initial letter of the word capitalised, or of each word in a phrase. Definitions are set out in the [Glossary Module](#) (GLO). Unless the context otherwise requires, where capitalisation of the initial letter is not used, the expression has its natural meaning.

What are the next steps?

4. Please send any comments online by clicking [here](#). You will need to identify the organisation you represent in providing your comments. The DFSA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise at the time of making comments. The deadline for providing comments on this consultation is **28 November 2019**. The proposals in this paper are intended to come into effect at the same time as the proposed changes to the DIFC Employment Law affecting employee end-of-service gratuity benefits that are expected to come into force by 1 January 2020. Therefore, we will not be able to take into account any comments not received by the due date.
5. Following public consultation, we will proceed to make the relevant changes – amended as appropriate to reflect points raised in consultation - to the DFSA Rulebook. The proposed changes to the Regulatory Law (DIFC Law No. 1 of 2004, 'Regulatory Law') will be submitted to His Highness the President of the DIFC for his consent that the changes should be passed, for assent, by His Highness the Ruler. We shall issue a notice on our website telling you when the changes take effect, and you should not act on them until that point.

Structure of this CP

Part I	Background;
Part II	Regulating Financial Services relating to Employee Money Purchase Schemes (EMP Schemes);
Part III	General obligations for Operators and Administrators of EMP Schemes;
Part IV	Conduct requirements for Operators and Administrators of EMP Schemes;
Part V	Prudential requirements for Operators and Administrators of EMP Schemes; and
Part VI	Fees for Operators and Administrators of EMP Schemes;
Appendix 1	Draft amendments to GEN;
Appendix 2	Draft amendments to COB;
Appendix 3	Draft Amendments to GLO;
Appendix 4	Draft amendments to PIB;
Appendix 5	Draft amendments to FER;
Appendix 6	Draft Amendments to CIR;
Appendix 7	Draft Amendments to the Regulatory Law 2004; and
Appendix 8	Questions in this consultation paper.

Part I - Background

6. In 2016, the Dubai International Financial Centre Authority (DIFCA) established a Strategic Pensions Working Group (SPWG) to review and recommend measures to provide greater protection and wealth enhancement opportunities to DIFC employees of their current end-of-service gratuity benefits under the Employment Law (DIFC Law No.2 of 2019, 'Employment Law'). To implement these recommendations a range of measures are needed. The two key components of those measures are:
- (a) amending the Employment Law to:
 - (i) change the nature of the current DIFC employees' end-of-service gratuity benefits from a 'defined benefit'¹ to a 'defined contribution'² scheme;
 - (ii) require the end-of-service benefit to be funded by DIFC employers on an ongoing basis, and managed on a segregated basis from the employers, by appropriately regulated third party service providers;³ and
 - (iii) give employees more control over their end-of-service gratuity benefit, by being able to select how their benefit entitlements are invested (so that the employee, instead of the employer, gains any returns on their investments, whilst also bearing the investment risk and the cost of operation and administration of the scheme); and
 - (b) establishing a regulatory framework for regulating persons entrusted with the responsibilities for operating and administering employees' end-of-service gratuity benefits⁴ as financial service providers.
7. DIFCA is responsible for seeking the necessary amendment to the Employment Law to achieve the changes referred to in paragraph 6(a). The DFSA is responsible for establishing the regulatory framework for operators and administrators referred to in paragraph 6(b). This consultation paper contains the DFSA proposals.

Key features of the proposed DIFC EMP Scheme

8. The key features of the DIFCA's EMP Scheme, to be established for the purposes of the Employment Law, include:
- (a) a Supervisory Board (SB) to be established under Presidential Decree to be issued by the DIFC President – the SB will have non-regulatory commercial oversight of the DIFC EMP Scheme;
 - (b) an Operator of the EMP Scheme – which will be licensed and supervised by the DFSA as a Financial Service provider. It will have the overall responsibility for the proper management and operation of the Scheme;

¹ A 'defined benefit' arrangement gives a pre-determined benefit to a beneficiary where the beneficiary does not bear any investment risk that would affect the benefit. The person who undertakes to provide a defined benefit is obliged to provide that benefit to the beneficiary at the specified time when the benefit becomes due to the beneficiary.

² A 'defined contribution' arrangement gives a beneficiary a benefit which is calculated based on the contributions made for or on behalf of the beneficiary, and any returns from the investment of the contributions.

³ This removes the risk of the employee benefits being adversely affected if the employer becomes insolvent.

⁴ Employees may make additional voluntary contributions to supplement mandatory contributions made by their employers.

- (c) an Administrator of the EMP Scheme, who will also be licensed and supervised by the DFSA. This entity will, as the delegate of the Operator, carry out most of the core activities relating to operation of the Scheme;
 - (d) the members of the EMP Scheme (i.e. the employees of DIFC Employers who are required to contribute their employees' gratuity benefits to the Scheme under the Employment Law), being offered the ability to select from Investment Options that will be made available to them on an Investment Platform operated by the Administrator; and
 - (e) the members of the scheme being able to access their benefits in the EMP Scheme (which will be represented by the value of the investments chosen by them and returns, less costs, when they cease DIFC employment (unless they voluntarily leave the benefits in the Scheme)).
9. It is proposed that the DIFC Scheme will be established as a trust. The SB will be the settlor of that trust and will appoint the trustee. The SB will also have the power to ask the DFSA for the removal of the trustee if the trustee's commercial performance does not meet the agreed standards. The trustee, as the Operator of the DIFC Scheme, will need a DFSA licence and will be subject to the DFSA's supervision, based on the relevant requirements in the DFSA Rulebook (as amended following public consultation).

Part II – Regulating Employee Money Purchase Schemes (EMP Schemes)

Employee Money Purchase Scheme

10. An Employee Money Purchase (EMP) Scheme differs from usual wealth management schemes where investors employ service providers, such as investment or fund managers, to manage their wealth. The features that distinguish EMP Schemes from other wealth management arrangements involve:
- (a) the employment or occupation-related nature of the benefit, where employees become entitled to it due to, or in respect of, their services;
 - (b) the lack of access to the benefit by employees, until a specified trigger event (e.g. termination of employment or retirement);
 - (c) the expectation of employees that such benefits are savings available to them, at a point they no longer are willing or able to continue their employment; and
 - (d) the shifting of the investment risk and investment benefit (returns) to employees, from the employer, by giving employees a say in the investment choices of the contributions made on their behalf by the employer (with the flexibility to make additional voluntary contributions).

Terminology

11. The beneficiaries of an EMP Scheme are employees in respect of whom their employers make mandatory contributions. These employees are 'members' of an EMP Scheme. The employers who make mandatory contributions to a scheme are 'participating employers'. This is also a fundamental distinction between normal wealth management arrangements, where the contributors are investors, and have a greater degree of control over their funds than members in an EMP Scheme, who cannot access the employer contributions before the 'exit' event (e.g. end of service).

Why EMP Schemes need new Financial Services

12. The DFSA's current Financial Services do not provide an adequate or appropriate level of regulation for the activities of a person operating or administering an EMP Scheme. This is because some of the activities (but not all) to be undertaken by an operator or administrator of such a scheme are rather unique to such arrangements (see paragraph 10 above).⁵ Therefore, there is a need to provide bespoke regulation of operating and administering EMP Schemes, to ensure prudent and sound management of the wealth of employees locked up in such arrangements. This is the common practice in benchmarked jurisdictions, such as in the UK, the Isle of Man, Jersey and Guernsey.
13. We propose two new Financial Services:
 - (a) Operating an Employee Money Purchase Scheme; and
 - (b) Acting as the Administrator of an Employee Money Purchase Scheme.

Operating an Employee Money Purchase Scheme

14. Under the proposed definition, a person Operating an Employee Money Purchase Scheme (the Operator) has the overall responsibility for the proper operation and management of the scheme, including the design of the investment choice offered to members of the scheme. An Operator may, under our proposals, operate an EMP Scheme that is established:
 - (a) in the DIFC, for example, the scheme to be established under the Employment Law; or
 - (b) a scheme established in another recognised jurisdiction (i.e. a jurisdiction recognised by the DFSA).
15. To provide greater flexibility, so that different legal structures can be used, our proposals allow an EMP Scheme to be constituted as a trust or master trust⁶ (a popular structure for this type of scheme), or any other legal form permitted for the establishment of arrangements where mandatory contributions made by employers, in respect of their employees' services, are collectively held and administered, until such benefits can be paid out (usually upon the retirement or end of service of the employee).
16. There is an overlap between the activities of Operating an EMP Scheme and a number of other Financial Services activities, such as Providing Trust Services. We propose to create a composite licence for an Operator, so that it can undertake those other Financial Services without having to also seek separate authorisation for those activities. We also propose to provide an express exclusion from the definition of a Collective Investment Fund for EMP Schemes, because the activities of an EMP Scheme, being an arrangement that pools member

⁵ For example, the Financial Service of Providing Trust Services covers the activities of: the provision of services with respect to the creation of an express trust; arranging for a person to act as a trustee of an express trust; acting as trustee of an express trust; the provision of Trust Administration Services in respect of an express trust; or acting as protector or enforcer in respect of an express trust. Providing Trust Services is not appropriate or adequate for a scheme where employer contributions are mandatory and members (employees) have little power to withdraw benefits until the trigger event (in this case, the leaving of DIFC employment). Providing Trust Services does not include some critical activities of such a scheme, which is to offer Investment choice to members, using an Investment Platform. While Managing a Collective Investment Fund can cover the activities of an operator of an EMP Scheme, it is not a good fit for the operator of an EMP Scheme given the mandatory nature of the contributions, unlike usual wealth management. Similarly, a Fund Administrator licence is also inappropriate, as it does not cover the full spectrum of the activities an Administrator of an EMP Scheme.

⁶ A trust is a deed executed between a settlor (generally the benefactor) and the trustee, where the trustee is obliged to provide the benefits to beneficiaries in accordance with the provisions set out in the trust deed. A master trust structure sets up a trust, under which separate pools of benefits can be managed for specified beneficiaries under sub-trusts.

contributions, may, without such an exclusion, face dual regulation as a Fund.

See draft GEN Rule 2.2.2 and 2.30 at Appendix 1, draft COB Rule 12.2.3 at Appendix 2 and draft CIR Rule 2.1.20 at Appendix 6.

Acting as an Administrator of an Employee Money Purchase Scheme

17. The proposed Financial Service of Acting as an Administrator of an EMP Scheme covers a range of core activities that are essential for the operation and administration of such schemes. These encompass:
- (a) technical operational functions relating to the scheme (e.g., processing and administering employer contributions and the payment of member benefits);
 - (b) providing member communications (e.g. information about investment choices available to members and scheme information) and support services (complaints and inquiries handling);
 - (c) operating an investment platform on which investment choice is offered to members; and
 - (d) reporting (including regulatory reporting).
18. An Administrator conducts the majority of the above activities for and on behalf of the Operator, that is, as the delegate of the Operator. The Administrator may, with the permission of the Operator, sub-delegate any of the activities which are assigned to it as the Administrator.
19. We also propose that an Administrator's licence is a composite licence that covers other Financial Services with which it overlaps. This removes the need for additional authorisation for such other Financial Services.

See draft GEN Rule 2.31 at Appendix 1.

The Financial Services Prohibition

20. The Financial Services Prohibition in the Regulatory Law⁷ will prevent a person without a DFSA Licence from Operating or Acting as an Administrator of an EMP Scheme, if our proposal to define the two activities as Financial Services is adopted.
21. We propose to exempt an EMP Scheme itself from the Financial Services Prohibition, if established in the DIFC as a legal person. However, our proposals require such an EMP Scheme to be approved by the DFSA and have a DFSA Licensed Operator, and an Administrator, for the scheme to benefit from both the exemptions. This is because both entities play a pivotal role in running an EMP Scheme (with the Operator's role being more in the nature of an oversight provider and the Administrator providing the majority of activities that form the core of operating such a scheme).
22. If an Operator or an Administrator provides their Financial Services to a foreign EMP Scheme, the Scheme itself may not require such an exemption, as it is located outside the DIFC. This approach also provides greater flexibility for DIFC-based Operators and Administrators to provide their financial services to EMP Schemes outside the DIFC.

See draft GEN Rule 2.30.3 and 2.31.2 at Appendix 1.

⁷ See Article 41(1) of the Regulatory Law.

The Financial Promotions Prohibition

23. The Regulatory Law prohibits the conduct of Financial Promotions in or from the DIFC, unless certain requirements are met.⁸ The prohibition in Article 41A is cast widely to cover any communications that invite or induce persons to enter into agreements in relation to the provision of a Financial Service, or to exercise rights conferred under a financial product. Such communications include marketing material.
24. We propose to apply the Financial Promotions Prohibition to persons undertaking financial promotions relating to EMP Schemes. Similarly, we also propose to apply the general prohibition in Article 41B of the Regulatory Law against misconduct. This is to ensure that communications and conduct relating to EMP Schemes, whether they are established in the DIFC or outside the DIFC, are carried out properly. We propose to expand the current definition of a 'financial product' to include 'rights under an EMP Scheme'.

See draft GEN Rule 2A.1.1 and 3.3.1 at Appendix 1.

Issues for consideration

- Q1. Do you have any concerns relating to our proposed definitions of the two new Financial Services? If so, what are they, and how should they be addressed?**
- Q2. Do you have any concerns relating to our proposals relating to Operators and Administrators? If so, what are they, and how should they be addressed?**
- Q3. Are there any concerns that need to be addressed in relation to the proposed application of the Financial Promotions Prohibition and the prohibition against misconduct to EMP Scheme-related financial promotions and conduct? If so, what are they, and how should they be addressed?**

Part III – The general obligations of Operators and Administrators of EMP Schemes

25. The GEN module of the DFSA Rulebook contains requirements that are applicable to all Authorised Firms. We propose to apply these provisions to both an Operator and an Administrator of an EMP Scheme. We have highlighted below some changes needed, while also highlighting some of the key general requirements that an Operator and an Administrator will need to meet, as Licensees. This is to enable persons wishing to obtain such licences to be able to identify any practical difficulties that may arise in conducting their business, if licenced.

Legal entity status of an Operator and an Administrator

26. We propose to apply the authorisation requirements in GEN Chapter 7 in full to persons applying for a licence to be either an Operator or an Administrator of an EMP Scheme, with the following change.
27. Under the current regime, an applicant for a DFSA licence can be either a Body Corporate⁹ or a Partnership (except an Insurer or Fund Manager who can only be a Body Corporate). We

⁸ GEN Chapter 3 contains those requirements.

⁹ A Body Corporate can be either a DIFC company or a company established in another jurisdiction (see the GLO definition of that term).

propose to require an applicant for a Licence to be an Administrator of an EMP Scheme to be a DIFC incorporated Company. An applicant for a Licence to be an Operator of an EMP Scheme may be a Body Corporate established in the DIFC or outside the DIFC (i.e. a Branch).

28. Our proposals reflect the respective roles played by an Operator and an Administrator of an EMP Scheme. As noted before, the Operator's role is that of an oversight provider, with the overall responsibility for ensuring that the EMP Scheme is managed and operated in accordance with the applicable legislation. This activity can be conducted by a DIFC incorporated Company or a branch of a body corporate. In contrast, as the Administrator's role constitutes the core of the activities in operating and administering the scheme (although most of those activities are conducted for or on behalf of the Operator as the delegate of the Operator), we propose that the Administrator of an EMP Scheme be a DIFC incorporated Company.

See draft GEN Rule 7.2.2(1) and (5) at Appendix 1.

Core principles

29. GEN Chapter 4 contains the Core Principles that are applicable to Authorised Firms and their Authorised Individuals.¹⁰ These are overarching principles that must be observed by regulated firms and their senior management. These include obligations to observe high standards of integrity and fair dealing, to apply due skill, care and diligence, to observe high standards of corporate governance and to have an open and co-operative approach when dealing with the regulator.¹¹
30. These Core Principles will apply to an Operator and an Administrator of an EMP Scheme as a Licensee, and also to their authorised individuals. A reference to a 'customer' in the Core Principles will in this context include members of an EMP Scheme, and their beneficiaries and employers.

Management, Systems and Controls

31. GEN Chapter 5 contains the systems and controls requirements applicable to all regulated firms. These are designed to ensure the prudent and sound management of an Authorised Firm's business, and include requirements relating to the business plan and strategy of the firm, risk management (including financial and operational risks), internal audit, outsourcing and corporate governance. These are cast in wide terms to apply taking into account the nature, scale and complexity of the type of business conducted by an Authorised Firm.
32. As a result of becoming a Licensee, these requirements in GEN chapter 5 will apply to an Operator and an Administrator of an EMP Scheme. We also propose to expand some of these requirements as part of the proposed conduct of business and prudential requirements applicable to Operators and Administrators (see Parts IV and V).
33. Under GEN Chapter 6, there is a range of discrete general requirements, such as those relating to dealing with emergencies, the disclosure of regulatory status of a firm and the manner of communications with the DFSA. Again, as a result of being a Licensee, these provisions will apply to an Operator and Administrator of an EMP Scheme.

¹⁰ These are the individuals who must be authorised by the DFSA to carry on licensed functions within a regulated firm, such as its CEO, director, partner, MLRO. See GEN section 7.4.

¹¹ GEN sections 4.2 – 4.4.

Accounting and Audit requirements

34. GEN Chapter 8 contains the accounting and audit requirements, according to which an Authorised Firm must prepare its accounts and have those accounts audited, and include them in the annual returns filed with the DFSA. While these requirements will apply to an Operator and an Administrator of an EMP Scheme as a Licensee, as the EMP Scheme itself is not covered by the requirements in Chapter 8, additional requirements relating to the scheme accounting and audit are included in our Conduct of Business (COB) proposals (see CP paragraphs 80 – 81).

Complaints handling and dispute resolution requirements

35. GEN Chapter 9 contains the procedures that must be followed by Authorised Firms to deal with customer complaints and disputes. These will apply to an Operator and an Administrator of an EMP Scheme as Licensees. However, in practice, the Administrator will be providing this service, on behalf of the Operator. The Operator's obligation would be to ensure that member complaints and disputes are effectively addressed.
36. In addition, our proposals under COB will require the Operator to ensure that the Administrator has in place adequate arrangements to deal efficiently and effectively with enquiries from members and employers.

See draft GEN Rule 9.2.2 at Appendix 1 and COB Rule 12.3.12 at Appendix 2.

Supervision requirements

37. We propose to apply to the Operator and an Administrator of an EMP Scheme the supervision-related requirements in GEN Chapter 11.¹² See CP paragraphs 80 – 81 for EMP Scheme related reporting.

Business Transfer Schemes

38. GEN Chapter 12 contains provisions dealing with business transfer schemes of Authorised Firms and Domestic Funds. These modify and supplement the requirements in Part 9 of the Regulatory Law, which deals with business transfers. The combined effect of these provisions is that a transfer of banking or insurance business can only be made with the sanction of a Court order. Authorised Firms conducting the other types of Financial Services may transfer their business either with a Court order or without the sanction of a Court order in specified circumstances such as where all of their clients affected by the transfer have given their consent or the DFSA has given its prior consent (which is only given if certain conditions are met).
39. In line with the current approach to business transfer schemes, we propose to allow the transfer of the business of an Operator of an EMP Scheme with the consent of clients or with DFSA consent and without a Court Order sanctioning it, if to do so would be appropriate and proportionate, and also is in the overall interest of the members and participating employers of the scheme. In other cases, any business transfer scheme of an EMP Scheme will require a Court order.
40. For clarity we also propose to amend Article 107 of the Regulatory Law to ensure that the

¹² The current requirements include a range of information which a firm must provide to the DFSA, and include changes to its Authorised Individuals or Controllers, core information relating to the firm, its legal structure and fitness and propriety of its Authorised Individuals, and matters that have a significant regulatory impact on the firm (such as serious contraventions of applicable laws by it or its employees, matters affecting the capital adequacy of the firm) and frauds and errors.

definition of a transfer scheme in that Article includes the transfer of an EMP Scheme from one operator to another.

See the proposed amendment to the Regulatory Law at Appendix 7.

Issue for consideration

Q4. Do you have any concerns relating to the manner in which we propose to apply the requirements in the GEN module to an Operator and an Administrator of an EMP Scheme? If so, what are they, and how should they be addressed?

Q5. Are there any provisions in the GEN module that would raise difficulties for an Operator or an Administrator? If so, what are they, and how should they be addressed?

Part IV – Application of current COB requirements to Operators and Administrators

41. We set out first how we propose to apply most of the conduct requirements in COB that are generally applicable to all Authorised Firms, with some modifications and adjustments. Then we propose to set out, in a bespoke chapter in COB, the additional requirements for Operating and Acting as an Administrator of an EMP Scheme. This recognises the unique nature of conduct requirements applicable to Operators and Administrators of EMP Schemes, and the administrative convenience for such persons to have most of their conduct requirements in one place.

Client classification requirements

42. COB Chapter 2 contains the client classification requirements applicable to all Authorised Firms (other than Representative Offices and Credit Rating Agencies). These require an Authorised Firm to classify the persons to whom they provide their Financial Services as Retail Clients, Professional Clients or Market Counterparties. The conduct requirements applicable to a firm when providing its services to a Retail Client are more detailed and stringent than for Professional Clients, in line with international standards and best practice.
43. We propose to treat members of an EMP Scheme as the clients of an Operator, and of an Administrator, of the scheme. Our proposed requirements, including the bespoke requirements, are designed taking into account:
- (a) the retail nature of most employees who are members of an EMP Scheme;
 - (b) the mandatory contributions from participating employers arising out of employment-related obligations of employers, rather than consensual arrangements which normal Authorised Firms have when entering into agreements with Clients to provide their services; and
 - (c) the need to minimise, where possible, the administrative costs in operating EMP Schemes, as these are low cost services to be provided to members.
44. Therefore, we propose to exempt an Operator and an Administrator from having to classify members of an EMP Scheme as retail or professional. We also propose to exempt an Operator or Administrator from entering into a Client Agreement with each member of an EMP Scheme. For the purposes of the DFSA Rules, we propose that all the members and their beneficiaries and employers are to automatically be treated as Retail Clients.

See draft COB Rules 2.1.2 at Appendix 2.

Core Rules and Investment Business-related requirements

45. COB Chapter 3 contains a range of requirements that apply to firms conducting Investment Business, Taking Deposits, Providing Credit, Providing Trust Services and Operating a Crowdfunding Platform. We propose to apply these Core Rules to firms Operating, or Acting as the Administrator of, an EMP Scheme, by including these Financial Services under the definition of Investment Business in GLO. As a result, a number of those Core Rules and specific Rules applicable to firms conducting Investment Business would apply to an Operator and an Administrator of an EMP Scheme.¹³ However, some of those requirements would not apply due to the very nature of the activities undertaken by an Operator or an Administrator of an EMP Scheme. These include the Client Asset Provisions, as bespoke provisions are designed for handling EMP Scheme assets (see paragraphs 71 and 72).

See draft COB Rules 3.1.1, 3.3.1, 3.4.1, 6.1.1, 12.3.3 and 12.3.4 at Appendix 2.

Issue for consideration

Q6. Are there any areas in COB which should be disapplied to Operators and Administrators of an EMP Scheme? If so, why?

Part V – The proposed new COB requirements for Operators and Administrators

A bespoke COB chapter

46. We propose to include a new COB Chapter setting out additional bespoke requirements for an Operator and an Administrator of an EMP Scheme. This chapter would form the centrepiece of our proposed regulation of their activities in relation to an EMP Scheme.

See the proposed COB Chapter 12 at Appendix 2.

The types of EMP Schemes

47. We propose that a person must not act as an Operator of an EMP Scheme unless it is constituted under a DIFC Law or, if it is constituted outside the DIFC, it is constituted under the applicable laws of a Jurisdiction recognised by the DFSA.¹⁴
48. We also propose that an Operator obtains the DFSA's prior written approval for an EMP Scheme before it operates the EMP Scheme in or from the DIFC. We do not propose a similar requirement for a person proposing to Act as an Administrator because it has to be appointed by an Operator of a DIFC EMP Scheme.

See draft COB Rules 12.2.2 and 12.2.3 at Appendix 2.

General duties of Operators and Administrators

¹³ Some of the Core Rules that will apply to an Operator and an Administrator of an EMP Scheme include COB section 3.2 – which requires communications to clients (members) to be clear, fair and not misleading and not attempt to avoid any duty or liability owed to the client by the firm; conflicts of interests in COB section 3.5; record keeping requirements in COB section 3.6; personal account transaction provisions in COB section 6.2.

¹⁴ The DFSA will issue a Recognised Jurisdictions list, based on the equivalence of regulation and the ease of cooperation with the relevant regulator in those jurisdictions, relating to employee money purchase schemes and other pension schemes.

49. We propose that an Operator and an Administrator of an EMP Scheme, in exercising their respective powers and carrying out their duties:
- (a) act in the best interests of the members of the EMP Scheme and, if there is a conflict between the interests of the Operator or Administrator and the interests of the Members of the scheme, give priority to the interests of Members;
 - (b) not improperly make use of information acquired through being the Operator or Administrator of a Scheme to:
 - (i) gain an advantage for itself or another person; or
 - (ii) cause detriment to Members of the Scheme;
 - (c) ensure that their officers, employees and agents do not improperly make use of information acquired through being officers, employees or agents of the Operator or Administrator of an EMP Scheme to:
 - (i) gain an advantage for themselves or another person; or
 - (ii) cause detriment to Members of the Scheme;
 - (d) ensure that any Related Party Transaction is carried out on arm's length commercial terms; and
 - (e) report to the DFSA any breach or potential breach of legislation administered by the DFSA, or other applicable laws that relate to the EMP Scheme, where such a breach or potential breach has had, or is likely to have, a materially adverse effect on the interests of Members of the scheme, as soon as practicable after they become aware of the breach or potential breach.

See GEN chapter 4, in particular, GEN Rules 4.2.1 and 4.2.2, and draft COB Rules 12.2.1 at Appendix 2.

Constitution of an EMP Scheme

50. An EMP Scheme may be constituted by a trust deed, or other legal structure, such as an incorporated company. The constituent documents of an EMP Scheme are the trust deed,¹⁵ or the articles of association if it is a body corporate.
51. We propose to require that an Operator of an EMP Scheme:
- (a) operates the scheme, and the property of the scheme, in accordance with the terms of the Constitution of the scheme, and the applicable legislation;
 - (b) performs the duties and functions conferred on it under the Constitution and the applicable legislation; and
 - (c) ensures that the Administrator carries out the functions and duties delegated to it by the Operator in accordance with the Constitution and applicable legislation.
52. In addition to the above, we propose that an Operator ensures that the Constitution of an EMP

¹⁵ In the case of a trust, other documents, such as any agreements between the settlor and the trustee, may also form part of the trust deed.

Scheme that it operates or proposes to operate:

- (a) does not contain any provisions that are inconsistent with the requirements of legislation administered by the DFSA that apply to the Operator, Administrator or any Third Party Service Provider;
- (b) requires the property of the scheme to be held irrevocably for the benefit of the Members of the scheme; and
- (c) does not permit the payment of benefits except in the circumstances prescribed in the applicable legislation.

53. To the extent there are any provisions in the Constitution of an EMP Scheme which conflict with or negate the provisions of the DFSA regime, such provisions will be overridden by the DFSA regime, and the provisions of the DFSA regime will prevail.

See draft COB Rules 12.2.4, 12.2.5 and 12.2.6 at Appendix 2.

Payment Schedule

54. Having an up-to-date payment schedule relating to an EMP Scheme enables an Operator (and the Administrator on behalf of the Operator) to ascertain and monitor the flow of contributions from participating employers in respect of members, which forms a critical aspect of EMP Schemes. Therefore, we propose that an Operator of an EMP Scheme ensures that a Payment Schedule is prepared and kept up-to-date by the Administrator, setting out:

- (a) the rates, including the due dates, of all contributions payable to the EMP Scheme by each participating employer;
- (b) each member's name, address and nominated beneficiaries; and
- (c) amounts payable by a member (or, where applicable, by their employer on behalf of a member) in respect of expenses likely to be incurred in the scheme year in accordance with the Constitution and applicable legislation.

55. We propose to require an Administrator of an EMP Scheme to give to the Operator of the scheme, and to the members of the scheme in respect of whom contributions are due from a participating employer, a notice:

- (a) if a payment under the Payment Schedule is not paid on the due date; and
- (b) the effect on the member's account balance as a result of the non-payment.

56. We also propose that any outstanding contributions payable by a participating employer in respect of a member should be recoverable, by or on behalf of the relevant member of an EMP Scheme by the Operator, or through another mechanism provided under the applicable legislation.¹⁶

See draft COB Rules 12.3.7 and 12.3.8 at Appendix 2.

¹⁶ For example, for DIFC EMP Schemes, the DIFC Employment Law may include a provision to this effect and the Constitution of the scheme may provide that an Operator may recover the amount due. If no provision is to be made to this effect, we propose to include in our regime a provision to this effect.

Fees and charges relating to the EMP Scheme

57. Fees and charges relating to the operation of an EMP Scheme are generally borne by members of an EMP Scheme (although an employer may, on its own volition, agree to bear some or all such costs). Such costs and charges can have a significant impact on members' entitlements (i.e. the member account balance). Sometimes, the returns on the investments that are chosen by a member may not be sufficient to absorb such fees and charges, depleting the account balance of the employee below contribution levels. Therefore, schemes of this nature are generally required, under their Constitution, to maintain costs and charges below a specified ceiling. Through economies of scale, Operators are able to maintain costs within relevant limits.
58. We propose to require that an Operator of an EMP Scheme ensures that no fees, charges or other levies are imposed on the members of the scheme, relating to the operation and management of the scheme, unless those fees and charges:
- (a) represent good value for members of the EMP Scheme;
 - (b) can be demonstrated by the Operator to be reasonable, taking into account the fees and charges of similar schemes in comparable jurisdictions;
 - (c) do not exceed any specified ceiling on fees and charges that are set out in the Constitution or any applicable legislation;
 - (d) are expressly permitted under the terms of the Constitution or applicable laws or agreements;¹⁷
 - (e) are clearly communicated to the members of the EMP Scheme; and
 - (f) are not increased, in a material way, unless the DFSA has given its prior written consent to such an increase.¹⁸

See draft COB Rules 12.3.5 and 12.3.6 and associated Guidance at Appendix 2.

Investment options offered on an Investment Platform

59. Although members of an EMP Scheme are unable to access their end-of-service gratuity benefits until the exit trigger, which is usually the termination of employment (voluntary or otherwise), they have a degree of control over how their benefit entitlements are invested, by being able to select from the underlying investment options that are offered on the Investment Platform (the facility through which investment choice is offered to members).
60. However, members do not select the investment options that are to be available to them on the Investment Platform. Instead, the Operator is responsible for selecting those options. Therefore, it is important that the Operator makes those choices in a transparent and prudent manner, taking into account the risk profile of members of an EMP Scheme, who are mainly retail.
61. In comparable jurisdictions, an Operator selects underlying investment options that are to be offered on an Investment Platform with the support of a Professional Adviser. Such an adviser needs to have appropriate skills to develop investment menus/choices for similar schemes, and

¹⁷ In the case of a trust, a separate written agreement between the settlor and the trustee may contain the fees and charges of the trustee (the Operator).

¹⁸ We propose to include in the RPP Sourcebook the procedures for obtaining the prior approval of the DFSA for proposed changes to fees, charges and other levies of the scheme, including the time by when the DFSA approval should be sought, and, if such approval is granted, the minimum advance notice that should be given to the scheme members before implementing the changes.

is appropriately regulated and supervised in relation to their activities.

62. To ensure that members of an EMP Scheme have a range of suitable investment options offered to them, we propose that an Operator of an EMP Scheme, in consultation with a Professional Adviser:
- (a) establishes a range of investment options that are suitable for the investment objectives and risk profile of the classes of members of the EMP Scheme;
 - (b) ensures that the options include investments that are suited for members who are:
 - (i) highly risk averse and for whom, therefore, capital preservation is essential; and
 - (ii) seeking Shari'a compliant options;
 - (iii) has adequate systems and controls to monitor the performance of the investment options against the established criteria;
 - (iv) takes appropriate action to remove any investment options that are not meeting the applicable criteria; and
 - (v) implements adequate measures to protect the interests of Members when an investment option is to be removed from the Investment Platform.
63. We also propose that a Professional Adviser be a person who:
- (a) has appropriate skills and expertise relating to the type of investment options that are to be offered on the Investment Platform;
 - (b) is independent of the Operator and Administrator of the EMP Scheme; and
 - (c) holds a DFSA Licence or is regulated by a Financial Services Regulator in a Jurisdiction recognised by the DFSA for giving advice.
64. If an Operator does not act on a recommendation provided by the Professional Adviser, we propose that it must do so on reasonable grounds, which are clearly documented.
65. We also propose that an Operator of an EMP Scheme ensures that there is an agreement with each relevant investment option provider, whose investment is to be offered on the Investment Platform, that:
- (a) sets out, among other things:
 - (i) the criteria to be met by the investment option provider;
 - (ii) the fees and charges of the investment option provider;
 - (iii) a requirement that such fees and charges are reasonable compared to similar investments;
 - (iv) the obligation on the investment option provider to give information relating to its investment in accordance with the DFSA requirements;
 - (v) the circumstances and procedures applicable when an investment option is to be removed from the investment platform; and

(vi) the measures to protect the interests of the members of the EMP Scheme whose contributions are invested in the investment option, including when that investment option is to be removed from the Investment Platform; and

(b) undertakes to make available to members and prospective members of the scheme information relating to their investment option, in accordance with the disclosure prescribed by the DFSA.

66. We also propose that an Operator of an EMP Scheme makes available to members, generally through the Administrator, a facility to switch their investments, between options offered on the Investment Platform, free of charge at specified intervals.

See draft COB Rules 12.3.9 and 12.3.10 at Appendix 2.

Key information about the EMP Scheme to members

67. There are two types of information which a member or prospective member of an EMP Scheme needs to be given:

(a) the information relating to the EMP Scheme itself (e.g. who are the Operator and the Administrator of the scheme, the fees and charges of the scheme and what investment choices are offered under the scheme); and

(b) the information relating to the underlying investment options offered on the Investment Platform.

68. Sometimes, the providers of the underlying investment options that are offered on the Investment Platform would prepare and provide information that is to be provided to the members of the EMP Scheme. Where a provider does so, it remains responsible for ensuring that the information it provides is clear, fair and not misleading. However, an Operator of an EMP Scheme needs to ensure that the key information, specified below, which is provided to a member or prospective member of the scheme (through the Administrator) is, and remains, clear, fair and not misleading.

69. We propose that an Operator of an EMP Scheme ensures that, before any contributions are accepted for and on behalf of a member, the Administrator provides to that member the following key information:

(a) the name of the EMP Scheme;

(b) the name and address of the Operator and Administrator of the EMP Scheme and how they can be contacted;

(c) the Participating Employer of the EMP Scheme relevant to the member;

(d) a short description of the:

(i) investment options that are offered on the Investment Platform, and comparative risk ratings of those options if available;

(ii) the investment objectives of those options, the strategy for achieving those objectives and any associated risks; and

(iii) how detailed information relating to each option on the Investment Platform can be obtained, and who is responsible for providing that information;

- (f) how the member can obtain up-to-date information about the Participating Employer's contributions in respect of that member;
 - (f) how and when the member can switch their investments;
 - (g) costs for which a member is responsible, showing separately:
 - (i) costs and charges associated with the administration of the EMP Scheme; and
 - (ii) the management fees and charges of the options offered on the Investment Platform;
 - (h) whether voluntary contributions by Members are permitted and, if so, how such contributions will be managed, including associated fees and charges;
 - (i) the events upon which member benefits are payable, and how those benefits are calculated; and
 - (j) details relating to how member inquiries and complaints will be handled, and the contact details for inquiries and complaints.
70. We also propose that an Operator of an EMP Scheme ensures that the above information remains up-to-date, so that if there are any changes to it, not only the new members but also the existing members are given, or have access to, updated information.

See draft COB Rules 12.3.1 and 12.3.2 at Appendix 2.

Obligations relating to Scheme property

Segregation of EMP Scheme property

71. We propose that an Operator of an EMP Scheme ensures that the property of the EMP Scheme is:
- (a) clearly identified as the property of the scheme;
 - (b) held separately from the property of the Operator, the Administrator and any other Third Party Service Provider to the EMP Scheme, and their associates; and¹⁹
 - (c) held by an Eligible Custodian, except in the circumstances where the DFSA has given its prior written consent.
72. An Operator of an EMP will be considered as meeting the above requirements where the Administrator of the EMP Scheme fully complies with them.

See draft COB Rules 12.3.3 at Appendix 2.

Valuation of EMP Scheme Property

73. There are two types of valuation of property in relation to an EMP Scheme, i.e.:

¹⁹ We propose to define in GLO an 'associate of the Operator of an EMP Scheme' broadly to include any person with whom the Operator has a legal or commercial relationship, which is likely to create a community of interests between that person and the Operator that conflicts with the interests of the scheme and of its members and beneficiaries.

- (a) a valuation of the assets held by the EMP Scheme (e.g. the portfolio of investments held for and on behalf of members of the scheme, and any unallocated returns from existing investments as well as unallocated employer contributions and reserves, if any); and
 - (b) a valuation of each member's entitlements in the member account (i.e. the contributions and returns, minus costs charged to the account).
74. We propose that an Operator of an EMP Scheme ensures that there is a valuation of:
- (a) the property of the scheme referred to in paragraph 73(a), at least annually, for the purposes of the annual report of the EMP Scheme; and
 - (b) the property of the scheme specific to each member's benefits referred to in paragraph 73(b), which is carried out for each valuation period set out in the Constitution of the EMP Scheme, and make such valuation available to the respective Member as soon as possible after the valuation.

See draft COB Rules 12.3.4 at Appendix 2.

Conflicts of interests

75. Both an Operator and an Administrator of an EMP Scheme are subject to overarching obligations requiring them to avoid or manage effectively conflicts of interests to ensure that their customers (in this case members of the scheme) are not adversely affected by such conflicts (See GEN 4.2.7 – the Core Principle, and COB 3.5). As these existing obligations are of a general nature, we propose to require an Operator of an EMP Scheme specifically to ensure that:
- (a) any dealings or transactions relating to the property of the EMP Scheme (e.g. contracts to sell underlying investments) are carried out without any conflict of interests between the interests of the Operator or Administrator, and the interests of the scheme and its members; and
 - (b) any related-party transaction relating to scheme property is carried out on terms as favourable to the EMP Scheme as any comparable arrangement negotiated at arm's length with an unrelated party.

See draft COB Rules 12.2.1 at Appendix 2.

Delegation and outsourcing

76. An Operator of an EMP Scheme would be delegating to the Administrator most of the core operational activities relating to the scheme. In practice, this arrangement would include the Administrator arranging or assisting the Operator to delegate to Third Party Service Providers certain functions and activities relating to the operation of the scheme. For example, the Administrator may arrange for an Eligible Custodian to be appointed by the Operator, and similarly, may arrange for the Operator to appoint investment managers, whose investments are to be offered on the Investment Platform.
77. As operating and administering of an EMP Scheme involves many delegation and outsourcing arrangements, in addition to the overarching requirements in GEN Rules 5.3.21 and 5.3.22, we propose that an Operator or Administrator ensures that, where there is a delegation of an activity which constitutes a Financial Service, it is carried on by a person who is, either:
- (a) Licensed by the DFSA; or

- (b) regulated and supervised by a Financial Services Regulator in a jurisdiction recognised by the DFSA.

See draft COB Rules 12.2.7 at Appendix 2.

Maintaining a Register of Members

- 78. We propose that an Operator of an EMP Scheme ensures that a register is maintained, containing up-to-date information relating to members, and the participating employers who contribute on behalf of such members. This register will generally be maintained by the Administrator, at its place of business, on behalf of the Operator.
- 79. Access to the register by members and their participating employers should be restricted to the information relating to them, and not to information relating to any other members and their participating employers. Access to members and participating employers should be free of charge and available during normal working hours.

See draft COB Rules 12.3.11 at Appendix 2.

Financial Statements and Audit Requirements

- 80. GEN Chapter 8 contains the accounting and audit requirements applicable to an Authorised Firm, with respect to their Financial Services business. These do not extend to the accounting and audit requirements relating to an EMP Scheme itself. Therefore, we propose that an Operator of an EMP Scheme ensures that:
 - (a) financial statements relating to the EMP Scheme are prepared in respect of each financial year, and also each interim report period, of the scheme; and
 - (b) an Auditor is appointed for the EMP Scheme and that Auditor:
 - (i) conducts an audit of the annual financial statements of the scheme in accordance with IFRS; and
 - (ii) produces an Auditor's Report on the audited financial statements of the scheme.
- 81. For the purposes of the requirements above, we propose that an Operator of an EMP Scheme ensures that the Administrator of the scheme:
 - (a) keeps accounting records in sufficient detail to enable the financial statements of the scheme to be prepared for the relevant financial year that shows the financial position of the EMP Scheme, including:
 - (i) records of contributions received in respect of members of the scheme; and
 - (ii) investment earnings of the investments attributable to member accounts;
 - (a) costs, fees and other charges of the scheme, showing separately:
 - (i) the Operator's overall fees and charges, with a breakdown of the amounts paid to the Administrator, Eligible Custodian and other Third Party Service Providers and, the fees and charges of the Professional Adviser; and
 - (iii) the fees and charges of the investment managers whose investments are offered on the Investment Platform;

- (iv) transactions in respect of property of the scheme; and
 - (v) any other matters as prescribed by the DFSA;
- (b) retains the accounting records for at least six years from the date to which the record relates; and
- (c) have the accounting records open for inspection by the Auditor of the scheme.

See draft COB Rules 12.4.1, 12.4.2 and 12.4.5 at Appendix 2.

Annual Statements and Exit Statements

82. We propose that an Operator of an EMP Scheme ensures that the Administrator of the scheme produces and provides (or makes available) to each member of the scheme an annual statement for the relevant financial year, setting out:
- (a) the mandatory contributions received for or on behalf of the member;
 - (b) if additional voluntary member contributions are received, those contributions;
 - (c) the value of investments attributable to the member as per the investment choice made by the member, or under the default option if no member choice was made;
 - (d) earnings attributed to the member in respect of that member's investment choice;
 - (e) fees and charges deducted from the Member's account; and
 - (f) any other information required under the Constitution of the scheme or by the DFSA.
83. We also propose that an Operator of an EMP Scheme ensures that the Administrator of the EMP Scheme provides to a member of the scheme (or his beneficiary) an exit statement as soon as practicable upon becoming aware that a member has left, or is to leave, the scheme, setting out:
- (a) the amount of the benefit payment;
 - (b) any deductions made from the payment; and
 - (c) any other relevant information (e.g. whether the member can leave the benefit in the scheme if that is permitted under the Constitution of the scheme and applicable legislation).

See draft COB Rules 12.4.3 and 12.4.4 at Appendix 2.

Issues for consideration

- Q7. Do you have any concerns relating to the proposed bespoke requirements relating to the operation and administration of EMP Schemes? If so, what are they, and how should they be addressed?**
- Q8. Are there other issues that are not addressed in our proposals? If so, what are they and how should they be addressed?**

Part V Proposed prudential regime for Operators and Administrators

84. The DFSA's PIB module contains the prudential regime applicable to most Authorised Firms. This includes the prudential categorisation of Authorised Firms based on the type of Financial Services they conduct, the capital adequacy requirements applicable to such firms, including systems and controls they need to have to ensure compliance with the applicable capital adequacy requirements and how capital is calculated.
85. We propose to categorise an Operator and Administrator of an EMP Scheme as a prudential Category 3B firm, alongside firms Providing Custody to a Collective Investment Fund or Acting as the Trustee of a Fund. We consider this to be appropriate given the importance of safeguarding member contributions and returns on investments, which are mandatory and over which members have no right of access or control, until the trigger event for exit (e.g. cessation of their DIFC employment), which would rest solely upon both an Operator and Administrator of an EMP Scheme. However, we propose to apply a lower Base Capital Requirement to an Operator or Administrator than for the other Category 3B firms. We propose to set this at USD 1 million, with an Expenditure Based Capital Minimum (EBCM) calculated as 18 weeks expenditure for the Administrator (as it undertakes all the core operational functions), and 13 weeks for the Operator (as its role is more of an oversight function), calculated against the actual or projected annual expenditure of the firm.
86. As noted in paragraph 27, we propose to permit an Operator to be either a company incorporated in the DIFC, or a branch of a body corporate established in a Recognised Jurisdiction. In the case of a branch, we rely on the adequacy of the prudential regime that is applied to the legal entity in its home jurisdiction. An Administrator, as a DIFC incorporated company, will be required to meet the DFSA regime. These include the requirements relating to Operational Risk and Group Risk. These provisions are cast widely and flexibly, so that they can be applied taking into account the nature, scale and complexity of the firm's business.
87. We also propose to make available appropriate prudential returns that need to be filed by the Operator and Administrator of an EMP Scheme, both in relation to their own affairs, and disclosure required relating to the Scheme itself (as discussed above).

Duties relating to financial resources and liquidity risk management of the Scheme

88. We also propose to require an Operator of an EMP Scheme to ensure prudent and sound management of the financial resources within a scheme, by maintaining sufficient liquid assets to meet:
- a. the payment of member benefits; and
 - b. fees and other charges relating to the operation of the EMP Scheme.
89. For the purposes of the above, we propose to require the Operator and the Administrator to have well documented and detailed policies and strategies relating to the property of the EMP Scheme, which includes appropriate liquidity buffers (including any reserves), limits on illiquid assets, and the availability of other resources (such as lines of credit), to meet member benefit payments and costs and other charges of the scheme. In doing so, we propose the Operator to take into account of:
- (a) the nature of the liquidity of the underlying investments in which member contributions and earnings are invested;
 - (b) if the investment options are traded on-exchange, the liquidity in those markets;

- (c) the benefit payment schedule, including any contingencies;
 - (d) reserves established to meet charges and other outgoings of the scheme as set out in the trust deed and in accordance with these Rules; and
 - (e) any other factors that affect, or have the potential to affect, the liquidity of the assets available for payment of benefits.
90. We expect the Operator of an EMP Scheme to adopt and implement appropriate mechanisms to measure, monitor, stress test and manage the matters referred to in paragraph 89, and to assess whether they are adequate, and are operating as intended in both normal and stressed conditions and the procedures available to the Operator and Administrator to address any gaps and failures identified.
91. We propose to require an Operator to:
- (a) clearly identify measures available to the Operator or Administrator to address liquidity stresses, and clear triggers that require the exercise of those measures; and
 - (b) report to the DFSA of any liquidity stresses identified, and of any action taken, or to be taken.

See draft COB section 12.5 at Appendix 2 and Draft PIB Rules 1.3.4, 3.6.2, 3.7.2 and 6.1.1 at Appendix 4.

Issue for consideration

Q9. Do you have any concerns relating to the proposed prudential regime? If so, what are they, and how should they be addressed?

Part VI Regulatory Fees

92. We propose to impose the following regulatory fees on an Operator and an Administrator of an EMP Scheme:
- (a) an authorisation fee of USD 20,000 and an annual fee of USD 15,000 in respect of a person Operating an EMP Scheme; and
 - (b) an authorisation fee of USD 25,000 and an annual fee of USD 25,000 in respect of a person Acting as an Administrator of an EMP Scheme.
93. Our proposed fees are designed to be proportionate to the regulatory costs in authorising and supervising the Operator and the Administrator of an EMP Scheme, taking into account that the Administrator would be undertaking, although as the delegate of the Operator, the core operational functions relating to the Scheme.

See draft FER Rules 2.1.1 and 3.2.1 at Appendix 5.

Issue for consideration

Q10. Do you agree with our fee proposals? If not, why not?

Appendix 8

Questions in this Consultation Paper

- Q1.** Do you have any concerns relating to our proposed definitions of the two new Financial Services? If so, what are they, and how should they be addressed?
- Q2.** Do you have any concerns relating to our proposals relating to Operators and Administrators? If so, what are they, and how should they be addressed?
- Q3.** Are there any concerns that need to be addressed in relation to the proposed application of the Financial Promotions Prohibition and the prohibition against misconduct to EMP Scheme-related financial promotions and conduct? If so, what are they, and how should they be addressed?
- Q4.** Do you have any concerns relating to the manner in which we propose to apply the requirements in the GEN module to an Operator and an Administrator of an EMP Scheme? If so, what are they, and how should they be addressed?
- Q5.** Are there any provisions in the GEN module that would raise difficulties for an Operator or an Administrator? If so, what are they, and how should they be addressed?
- Q6.** Are there any areas in COB which should be disapplied to Operators and Administrators of an EMP Scheme? If so, why?
- Q7.** Do you have any concerns relating to the proposed bespoke requirements relating to the operation and administration of EMP Schemes? If so, what are they, and how should they be addressed?
- Q8.** Are there other issues that are not addressed in our proposals? If so, what are they and how should they be addressed?
- Q9.** Do you have any concerns relating to the proposed prudential regime? If so, what are they, and how should they be addressed?
- Q10.** Do you agree with our fee proposals? If not, why not?