



**BANK VAN DE NEDERLANDSE ANTILLEN
(CENTRAL BANK)**

DIRECTIVES

for the implementation of the
**National Ordinance on the Supervision of Investment
Institutions and Administrators**

(N.G. 2002, no. 137)

Also referred to as

“Directives on the Supervision of Investment Institutions
and Administrators”

(“DSIIA”)

WILLEMSTAD, January 2003

§1 Introductory Provisions

Article 1

The following terms referred to in these directives are defined as follows:

- a) the National Ordinance: the National Ordinance on the Supervision of Investment Institutions and Administrators (N.G. 2002, No. 137)
- b) the Bank: the Bank van de Nederlandse Antillen
- c) constituting documents of the investment institution: the articles of association of the investment company, the stipulated rules of the investment fund, the agreement between the investment institution and the depositary with regard to administration and safe-keeping as well as all other terms and conditions of administration and safe-keeping.
- d) large investor: a (natural or legal) person who holds, directly or indirectly, at least 25 percent of the non-repurchased outstanding participating interests or of the voting rights in an investment institution, its management company or its subsidiaries or a (natural or legal) person who is able, directly or indirectly, to exercise a comparable degree of control in an investment institution, its management company or its subsidiaries. A (natural or legal) person whose participating interests, voting rights or comparable control, whether directly or indirectly, add up to less than 25 percent but who is able, together with one or more persons to reach that percentage if they pursue a common policy in the exercise of their voting rights or comparable control.

§2 Directives for the implementation of article 4 of the National Ordinance

I. LICENSING REQUIREMENTS FOR INVESTMENT INSTITUTIONS

A Competence and integrity

Article 2

1. A director and a member of the Supervisory Board, if there is a Supervisory Board, of the investment institution or the depositary shall, in the Bank's opinion, have sufficient expertise with respect to the management of the investment institution or the depositary, respectively. A director shall be understood to be anyone who, by virtue of the law, the articles of association or the stipulated rules, represents the investment institution or the depositary, or who within the investment institution or depositary, determines or helps determine the policy.
2. Based on the intentions or antecedents of the persons referred to in paragraph 1 and of other persons who are directly or indirectly authorized to appoint or dismiss the directors of the investment institution or the depositary as referred to in paragraph 1, it must, in the Bank's opinion, not be likely that serious risks exist that the interests of the participants will be endangered or that business is conducted in contravention of the provisions laid down by or under the National Ordinance.
3. A proposed appointment of persons as referred to in paragraph 1 shall be reported to the Bank. Such an appointment cannot be legally valid unless the Bank's approval has been granted.

B Financial securities

Article 3

1. The investment institution shall have an equity capital of at least NAf. 500,000 or an equivalent amount in another currency. The investment institution shall immediately inform the Bank if its equity capital is less than this amount.
2. The depositary shall have an equity capital of at least NAf. 250,000 or an equivalent amount in another currency. The investment institution or the depositary shall immediately inform the Bank if the equity capital of the depositary is less than this amount.
3. The depositary shall provide sufficient guarantee in view of its liability for losses which may result from fire, transportation of money and valuable documents, fraud and robbery. The investment institution or the depositary shall immediately inform the Bank in the event that changes in the guarantee cause the guarantee to be no longer sufficient.

C Conduct of business

Article 4

The day-to-day policy within the investment institution and within the depositary shall be determined by at least two persons and, if existent, the Supervisory Board must comprise of at least 3 members. The investment institution shall immediately inform the Bank, in case this stipulation cannot be complied with and shall take the necessary measures to ensure that this stipulation is complied with.

Article 5

1. The constituting documents of the investment institutions shall at least contain the provisions stated in Annex A of these directives.
2. If there is a depositary employed by the investment institution, an agreement regarding administration and safe-keeping must be concluded between the investment institution and the depositary in which both parties undertake to observe the constituting documents as referred to in paragraph 1, to the extent that these constituting documents concern the relationship between the investment institution and the depositary.
3. The Bank has the authority to impose additional requirements with respect to the constituting documents of the investment institution if the investment institution entrusts a third party by agreement with tasks pertaining to the administration, re-purchase, sale or safe-keeping of the participating interests issued by it.

Article 6

The administrative organization of the investment institution and of the depositary, as far as the assets entrusted for safe-keeping are concerned, shall provide such safeguards that the size and composition of and the changes in the equity of the investment institution are truly and completely accounted for.

Article 7

The investment institution that freely purchase and sell its participating interests at the request of the participants, shall calculate its net asset value at least as often as the repurchase and sale of the participating interests is permitted, however at least once a month.

D Provision of information

Article 8

1. The investment institution shall have a prospectus available concerning the investment institution's offer.
2. The prospectus shall contain the information that is necessary for the investors to form an informed opinion of the investment institution's offer and shall at least contain the information referred to in Annex B of these directives.
3. When making an offer of its participating interests outside a restricted circle or when making a written announcement that an offer will be made outside a restricted circle, the investment institution shall make a prospectus free of charge available to the public, no later than the day preceding the day of issue, or the day of subscription of the participating interests or the day of the written announcement of the subscription. Each announcement in which participating interests are offered shall state the locations where the prospectus can be obtained by the public.
4. The investment institution shall update the essential information in the prospectus as soon as there is reason to do so.
5. With respect to the information to be furnished pursuant to paragraph 4 of this article, article 2 shall apply correspondingly.
6. The prospectus and the updated information shall only be made available to the public after being sent to the Bank.
7. With regard to the prospectus as referred to in paragraph 1 or 2, the Bank has the authority to demand, based on the proposed distribution of the prospectus, that the prospectus be published in one or more languages to be determined by the Bank, if the Bank deems it necessary for an adequate provision of information to the public.

II. LICENSING REQUEST BY INVESTMENT INSTITUTIONS

Article 9

1. When applying for a license, the investment institution shall submit:
 - a) the extracts from the Chamber of Commerce;
 - b) the names of the persons as referred to in article 2, as well as documents and information enabling the Bank to assess whether these persons comply with the requirements as referred to in article 2;
 - c) an external auditor's statement or the annual accounts of the last book year certified by an external auditor, evidencing that the requirements of article 3, paragraph 1 and 2 have been satisfied;
 - d) information and documents evidencing that the requirement contained in article 3, paragraph 3 has been satisfied;
 - e) the constituting documents of the investment institutions as referred to in article 5, paragraph 1 and, if applicable, the agreement as referred to in article 5, paragraph 2;
 - f) the prospectus as referred to in article 8, paragraph 1, and in occurring cases,

- information showing the applicability of article 8, paragraph 3 or 4;
 - g) to the extent that they have been published, the annual accounts of the last three book years with their respective certification and the most recent semi-annual figures;
 - h) information showing that the requirements as referred to in article 4, paragraph 2 and article 6 of the National Ordinance, as far as these stipulations are applicable, are satisfied;
 - i) other information and documents which the Bank deems reasonably necessary for the assessment of the application;
 - j) a proof of payment of the non-refundable application fee.
2. to meet the requirements of paragraph 1, sub c, the information and documents referred to in this sub-paragraph may be submitted directly by the depositary to the Bank.

§3 Directives for the implementation of article 8 of the National Ordinance

Article 10

1. The investment institution shall submit to the Bank on a quarterly basis the reporting forms pertaining to its business, containing the following information:
 - a) the balance sheet and the profit and loss account of the investment institution;
 - b) statements of changes in the equity capital of the investment company or in the net worth of the investment fund as well as changes in the investments;
 - c) the equity capital or net worth of the investment institution, the number of outstanding shares and the net asset value per share.
2. The Bank may instruct an investment institution to submit an external auditor's certification of the information referred to in paragraph 1.
3. The form in which the information referred to in paragraph 1 shall be submitted, the period of time to which it shall relate and the term within which it shall be submitted, are determined in the reporting guidelines issued by the Bank.
4. An investment institution shall, on an annual basis, prepare the annual accounts and report of its operations. Annually within four months of the end of the book year, the investment institution shall make its annual accounts certified by an external auditor available to the participants. This certification shall state that the annual accounts give a true and fair view of the financial position of the investment institution and of the results for the relevant book year.
5. Simultaneously with the publication of the annual accounts as referred to in paragraph 4, the investment institution shall made known the location where the annual accounts as well as the annual report can be obtained at the address of each participant, or if the address information is unknown, on the website of the investment institution, or if the investment institutions does not have a website, through an advertisement in the official pricing publication of the securities exchange where the participating interests of the investment institution are listed. Simultaneously with the publication, the investment institution shall send a copy of the annual accounts, annual report and management letter to the Bank.
6. Annually, within two months of the end of the first half of the book year, the investment institution shall publish its semi-annual figures and make these free of charge available. Simultaneously with the publication, the investment institution shall send within the same aforementioned period a copy of the semi-annual figures to the Bank.

Article 11

1. The explanatory note to the balance sheet and the profit and loss account of the investment institution shall contain at least the following information:
 - a) a balanced overview of the change of the investments during the book year, with the investments broken down by type;
 - b) the composition of the investments at the end of the book year, broken down on the basis of criteria which best match the investment policy of the investment institution;
 - c) a comparative overview, covering the last three years, of the net worth of the investment institution, the number of outstanding shares and the net asset value per share, additional information as of the end of the book year;
 - d) a statement as to the extent to which investments, except investments in securities listed on a securities exchange, have been appraised by a sworn appraiser, the method by which the appraisal was made, as well as the frequency by which these appraisals are made;
 - e) the amount of liabilities, broken down by type, as of the end of the book year, arising from hedging transactions related to price and exchange rate risks in connection with the investments, to the extent that such commitments are not included in the balance sheet and the profit and loss account;
 - f) a specified statement of those investments of the investment institution for which the investment institution has a 20% or more participation in the equity of the individual investment.
2. the investment institution shall state as part of the other information of its annual accounts:
 - a) the total personal interest which the members of the Managing Board and, if existing, of the Supervisory Board of the investment institution have or have had at any time during the book year, in an investment institution;
 - b) the total number of large investors that have invested in the investment institution or its subsidiaries;
 - c) the total number of transactions of the investment institution or its subsidiaries with the large investors, as well as the total amount involved in these transactions.
3. The obligation referred to in paragraph 2, sub c, shall not apply to transactions related to the sale and redemption of participating interests in the investment institution or its subsidiaries, nor shall it apply to transactions related to the sale and purchase of securities listed on a generally recognized securities exchange. The statement shall distinguish between transactions related to the investment institution's investment portfolio and other transactions.
4. If the investment institution is unable to comply with one of the disclosure requirements referred to in paragraph 2, sub b and c, the investment institution should indicate this under the other information of its annual accounts.
5. The disclosure requirements referred to in paragraph 2, under b and c, with respect to subsidiaries shall not be applicable if the investment institution is the sole large investor in its subsidiary.

Article 12

1. The semi-annual figures of the investment institution as indicated in article 10, paragraph 6, shall contain at least the following information:
 - a) the balance sheet and the profit and loss account, as well as an overview of the changes in the equity capital of the investment company or the net worth of the investment fund;

- b) an overview of the composition of the investment portfolio as referred to in article 11, paragraph 1, sub b;
 - c) a statement of the equity capital or net worth of the investment institution, the number of outstanding shares and the net asset value per share;
 - d) the information referred to in article 11, paragraph 2, sub b and c, whereby article 11, paragraph 4 of corresponding application is;
 - e) where applicable, the statement referred to in article 11, paragraph 3. Any additional information as per the end of the first half of the book year.
2. If the investment institution has paid an interim dividend or plans to do so, it shall state this in the semi-annual figures.
 3. If the semi-annual figures have been audited by an external auditor, his certification shall be added to the documents referred to in paragraph 1.

§4 Directives for the implementation of article 15 of the National Ordinance

I. LICENSING REQUIREMENTS FOR ADMINISTRATORS

A Competence and integrity

Article 13

1. A director and a member of the Supervisory Board, if there is a Supervisory Board, of the administrator shall, in the Bank's opinion, have sufficient expertise with respect to the management of the administrator. A director shall be understood to be anyone who, by virtue of the law, the articles of association or the stipulated rules, represents the administrator or who within the administrator determines or helps determine the policy.
2. Based on the intentions or antecedents of the persons referred to in paragraph 1 and of other persons who are directly or indirectly authorized to appoint or dismiss the directors of the administrator as referred to in paragraph 1, it must, in the Bank's opinion, not be likely that serious risks exist that the interests of the stakeholders will be endangered or that business is conducted in contravention of the provisions laid down by or under the National Ordinance.
3. A proposed appointment of persons as referred to in paragraph 1 shall be reported to the Bank. Such an appointment cannot be legally valid unless the Bank's approval has been granted.

B Conduct of business

Article 14

The day-to-day policy within the administrator shall be determined by at least two persons and, if existent, the Supervisory Board must comprise of at least 3 members. The administrator shall immediately inform the Bank in case this stipulation cannot be complied with and shall take the necessary measures to ensure that this stipulation is complied with.

Article 15

1. The administrator shall enter into agreements with all the investment institutions for which it provides administrative services, whereby the parties undertake to adhere to the stipulations in the agreements.
2. If the administrator delegates all or part of the administrative services that it provides to a third party, the administrator shall enter into an agreement with the third party.

Article 16

The administrative organization and internal control of the administrator shall incorporate such safeguards that no risk exists that the interests of the stakeholders are endangered.

II. LICENSING REQUEST BY ADMINISTRATORS

Article 17

When applying for a license, the administrator shall submit:

- a) the extracts from the Chamber of Commerce;
- b) the names of the persons as referred to in article 13, as well as documents and information enabling the Bank to assess whether these persons comply with the requirements as referred to in article 13;
- c) the articles of association of the administrator;
- d) an external auditor's statement with respect to the capital at the time of application or the audited annual accounts of the last three years, and if applicable, the audited annual accounts of the parent institution of the last three years;
- e) information regarding the group structure of the administrator, insofar it is applicable;
- f) a business plan, applicable only to newly established administrators;
- g) a description of the framework of the administrative organization including an appropriate financial administration and internal control;
- h) sample of administration and management agreements as well as, if applicable, sample of administration delegation agreements with third parties;
- i) other information and documents that the Bank deems necessary for the assessment of the application;
- j) a proof of payment of the non-refundable application fee.

§5 Directives for the implementation of article 17 of the National Ordinance

Article 18

1. The administrator shall submit to the Bank on a quarterly basis a compliance report.
2. The Bank may instruct an administrator to submit an external auditor's certification of the compliance report referred to in paragraph 1.
3. The form in which the compliance report referred to in paragraph 1 shall be submitted, the period of time to which it shall relate and the term within which it shall be submitted, are determined in the reporting guidelines issued by the Bank.
4. An administrator shall, on an annual basis, prepare the annual accounts of its operations. Annually, within four months of the end of the book year, the

administrator shall submit its annual accounts certified by an external auditor as well as the management letter to the Bank. The certification shall state that the annual accounts give a true and fair view of the financial position of the administrator and of the results for the relevant book year.

§6 Final Provision

Article 19

These directives came into force as of January 1, 2003.

ANNEXES

The Annexes A and B form part of the directives for the implementation of the supervision on investment institutions and administrators.

ANNEX A

Annex A contains minimum requirements relative to the articles of association, rules and other terms and conditions of administration and safe-keeping. It is not always sufficient to literally include the content of Annex A in the constituting documents, since these constituting documents serve mainly as a framework within which the objectives of the National Ordinance should be complied with. Sections I and II contain provisions that are applicable to all investment institutions. These provisions provide clarity on, amongst others, the value of the participating interests, the manner in which the assets are valued, the investment activities, the compensations and the consequences of amendments to the constituting documents. Section III contains the directives that are applicable to investment institutions that have concluded an agreement with a depositary. The main objective of these directives is to describe the tasks and responsibilities of the depositary. It should be noted that the term “safe-keeping” does not necessarily need to be interpreted in a physical sense. The task of safe-keeping may be entrusted to a third party under the responsibility of the depositary. To prevent any misunderstandings, it should be noted that the provisions mentioned in Annex A should not necessarily be included in the articles of association or the rules of the institutions; reference in this respect is made to the explanatory note to article 1, sub c.

ANNEX B

Annex B contains a list of the information that must be included in the prospectus to be published by the investment institutions. The requirements related to the prospectus do not imply that all the required information should be contained in one document. The information may also be presented in different documents, such as the most recently published annual report. An explanation of some of the individual captions is presented below.

- 2.4 The statement of the external auditor ascertains that the prospectus contains the information stipulated in the directives for the execution of the supervision on investment institutions and administrators.
- 3.2 If no literal reproduction of the text required by this provision is given, a summary may be sufficient. This summary must, however, be sound, which means that no important information must be omitted and that the information must be clear. The summary can of course be accompanied by an offprint of the main provisions of the documents referred to here, related to the objective and legal form of the institution, the rights of the participants and the appointment of directors.
- 3.5 The investment institution must indicate whether its participating interests are embodied in original documents, certificates or subscriptions in a participants' register; or whether the participating interests are registered or are denominated in bearer form with a declaration of the participating interests' size; the rights that are attached to the participating interests and whether there are any restrictions with respect to their transferability and marketability, and if so, what these restrictions entail.
- 3.6 The investment institution should indicate whether it is open-ended or closed-ended; whether the participating interests are issued continuously or periodically; the period open for subscriptions; the issue price and the payment thereof and any

- charges; whether any intermediaries are used for the issue and whether the issue can be postponed, and if so, under what circumstances.
- 3.7 The term by which redemption must be effected at the latest, the manner of surrendering the participating interests, the way they will be redeemed and the costs that will be off-set against them and whether redemption can be postponed, and if so, under what circumstances. Closed-ended investment institutions are not subject to this obligation.
- 3.10 The declaration of the fees and expenses shall contain a specification of the different factors that make up the fees and expenses, such as managerial, administrative and printing expenses. These amounts may be totaled and balanced for each category.
- 3.18 The description should indicate the manner in which the net profit and the profit distribution are determined; whether the profit can be allocated for reinvestment; whether the profit distribution is made in cash payments or in participating interests.
- 3.21 The information should give insight into the fiscal position of the investment institution within the framework of the applicable tax system and the related status of the investment institution's profit. If changes in the applicable tax system are certain to take effect, for example following an officially announced but not yet valid law, treaty or amendment to an existing treaty, this information must also be provided. In case the investment institution has participants all over the world, practical problems may impede the institution's efforts to meet this obligation. In such cases, the investment institution can suffice with a concise description in the prospectus of the investment institution's fiscal position in the Netherlands Antilles and the ensuing consequences for the participants and the position in the country, if other than the Netherlands Antilles, where the institution is domicile. These investment institutions must however state in their prospectus that further concise information about the tax deductions on the payments to participants, not covered by the description in the prospectus, can be obtained, on request, from the investment institution.

ANNEX A

I. THE CONSTITUTING DOCUMENTS OF THE INVESTMENT INSTITUTIONS SHOULD CONTAIN THE FOLLOWING:

- 1.1 The rules for the calculation of the issue, selling, purchasing, or redemption price of the participating interests.
- 1.2 The rules applicable when purchasing and selling, as well as redemption of the participating interests by the investment institution. In occurring cases, the rules applicable when the investment institution by agreement entrusts a third party with the task of purchasing, selling, administration, or safe-keeping of participating interests issued by the investment institution.
- 1.3 For investment institutions that are obliged to purchase and redeem participating interests: the cases when in the interest of the participants the purchase of the participating interests or redemption of the value of the participating interests can be delayed or suspended.
- 1.4 If applicable, the securities exchanges and other regulated, regularly operating recognized open markets where securities are traded and wherein the investment institution invests.
- 1.5 The rules for asset valuation.
- 1.6 A) The allowances and expenses which the management company of the institution can charge the institution as well as the calculation of these allowances.
B) Nature of the costs charged to the investment company.
- 1.7 The way to determine whether the profits of the investment institution will be reinvested or paid out as dividends.
- 1.8 The circumstances under which participants' meetings could or should be held, the rules for the calling of these meetings, and the voting right policy of the institution.
- 1.9 The way in which changes could be made to the constituting documents of the investment institution and to what extent the participants' meeting will be involved in such decisions.
- 1.10 The rules and conditions applicable when replacing the management company of the investment institution.
- 1.11 The rules and conditions applicable when replacing the depository of the investment institution.

II. IN THE CONSTITUTING DOCUMENTS OF THE INVESTMENT INSTITUTION SHOULD BE INDICATED THAT:

- 2.1 Each participating interest of the same kind gives right to the same proportional share of equity in the investment institution as far as the participants are entitled to these.
- 2.2 For investment institutions of which the participating interests, on request of the participants, are freely bought and sold, there should be sufficient guarantee to comply with this obligation. This should, however, not be in violation of any legal stipulation or in conflict with the cases mentioned above under I 1.3.
- 2.3 Except in cases of free issuance, participating interests will only be emitted if the net issuance price is deposited in the investment institution's equity within the stipulated period.
- 2.4 If certificates of participating interests are issued, these certificates should be duly signed.

- 2.5 Payment of dividends to participants, the composition of these dividends, and the way the payment will be effectuated should be made known at the address of each participant. If the address is unknown to the institution, this information should be put on the institution's website. Should the institution not have a website, then this information should be announced through an advertisement in the official pricing publication of the securities exchange on which the participating interests of the institution are listed.
- 2.6 Notification of participants' meetings should be sent to the address of each participant at least fourteen days prior to the meeting. If the address of the participant is unknown to the institution, use can be made of the means mentioned under 2.5.
- 2.7 Propositions to change or modify the constituting documents of the investment institution should be made known to the address of each participant. For other ways to make this information known to the participant if the participant's address is unknown to the institution, refer to 2.5.
- 2.8 Changes to the constituting documents can be made only with (fore) knowledge of the participants' meeting.
- 2.9 Changes to the constituting documents that lessen the rights and securities of the participants or the imposing of certain expenses, will be in effect only three months after the Bank's approval of the proposed modifications. During this 3-month period, the participants should be allowed to cancel their participating interests under the usual terms and conditions.
- 2.10 A proposal to discontinue the investment institution should be announced during the participants' meeting.
- 2.11 The participants must be informed if the institution requests the Bank to withdraw its license. This information should be made known to the address of the participants. If the participants' addresses are unknown to the institution, use can be made of the means mentioned under 2.5.
- 2.12 In carrying out its duties, the management company of the investment institution acts solely in the interests of the participants.
- 2.13 Whenever a management company announces its intention to resign, a participants' meeting should be held within 4 weeks of this announcement to appoint a new management company.
- 2.14 By settlement of the equity referred to in article 12, paragraph 2 of the National Ordinance, the management company of the investment institution, prior to making any payments, gives account to the participants.

III. IN THE EVENT THAT AN INVESTMENT INSTITUTION HAS A DEPOSITARY, THE AGREEMENT BETWEEN THESE TWO PARTIES SHOULD AT LEAST INDICATE THE FOLLOWING:

- 3.1 In carrying out its duties, the depositary should act solely in the interest of the participants.
- 3.2 The valuables given to the depositary for safe-keeping on behalf of the investment institution can be disposed of only by the depositary and the investment institution jointly.
- 3.3 The valuable under safe-keeping can be released only by the depositary after receipt of a declaration of the investment institution indicating that the release of such is necessary in connection with the practicing of its regular safe-keeping responsibilities.

- 3.4 The depositary is, in accordance with the laws in the state of incorporation of the investment institution, liable to the investment institution and its participants for any damages they suffered so far as these damages are the result of culpable noncompliance or poor fulfillment of his safe-keeping duties; this also will be the case if the depositary partially or completely entrusts the assets given to it for safe-keeping to a third party.
- 3.5 Where certificates of participating interests (as referred to under 2.4) are issued, these also should be signed by the depositary.
- 3.6 Any proposal of the management company to change or modify the constituting documents of the investment fund should be made together with the depositary.
- 3.7 If the depositary announces its intention to resign, a participants' meeting should be held within 4 weeks after this announcement to appoint a new depositary.

ANNEX B

I. INFORMATION CONCERNING THE PERSONS RESPONSIBLE FOR THE PROSPECTUS:

- 1.1 The name and function of the natural person or name and domicile of the legal person(s) responsible for the prospectus or section(s) thereof; in the latter case, the section(s) should be specified. In case a legal person is responsible for the prospectus or a section thereof, the names of the natural persons who determine the policy of this legal person, should be provided.
- 1.2 A statement by the responsible persons listed in 1.1 that, as far as reasonably known to them, information in the prospectus or sections thereof for which they are responsible are in accordance with reality, and that no information was omitted, which, in the event that they were mentioned in the prospectus, would have changed the purpose of the prospectus.

II. INFORMATION CONCERNING THE EXTERNAL AUDITOR WHO PROVIDED AN OPINION ON THE INFORMATION INCLUDED IN THE PROSPECTUS AS WELL AS THE NATURE OF THE PROVIDED INFORMATION:

- 2.1 The name and address of the external auditor who audited the annual accounts of the investment institution over the last book year.
- 2.2 The auditor's report related to the annual accounts should be included in its entirety in the prospectus. If the report contains reservations or a disclaimer of opinion, the reasons should be stated in the report and included in their entirety in the prospectus.
- 2.3 Any other information audited by the external auditor should be reported in the prospectus. Provide the name and office address of that auditor.
- 2.4 A statement by the external auditor that the prospectus contains information that is in accordance with the stipulation in this annex. The name and office address of the external auditor should be provided.

III. GENERAL INFORMATION ON THE INVESTMENT INSTITUTION

- 3.1 The name and legal form of the investment institution, the statutory domicile and address of the head office of the investment company, as well as the date of incorporation of the investment company or the date of formation of the investment fund, and the intended period of time for which the investment company or the investment fund was respectively established or formed, if it was not established or formed for an indefinite period of time.
- 3.2 A literal reproduction or thorough summary of the applicable text of the constituting document of the investment institution as well as mention of the places where these documents and the annual accounts of the investment institution (if these documents are not attached to the prospectus) are available to the public.
- 3.3 The total equity of the investment institution's management company.
- 3.4 The names of managing, and if existing, supervisory directors of the investment company or of the investment fund's management company and the names of the natural persons who ultimately determine the investment company's or the management company's policy as well as mention the main activities exercised by the

- aforementioned persons outside the investment institution's activities as far as these activities are associated with the activities of the investment institution.
- 3.5 The nature and primary characteristics of the participating interests of the investment institution as well as the form in which and limitations under which they can be traded.
 - 3.6 The way in and conditions under which the issuance of participating interests takes place.
 - 3.7 The investment institutions that on demand of the participants are obliged to repurchase participating interests: the way in and conditions under which the purchase and the repayment of the value of participating interests takes place, as well as the circumstances under which, respectively, the purchase and repayment can be suspended.
 - 3.8 If applicable, the determination of selling, purchase, and redemption price as well as the sales charge when repaying the value of the participating interests, specifically:
 - the method and frequency of price calculation;
 - the manner, location, and frequency of price publication;
 - the expenses in connection with sale, emission, purchase, or redemption of the participating interests.
 - 3.9 A description of the asset valuation of the investment institution and frequency of these valuations as well as mention of the currency in which the net asset value of the investment institution is calculated. The valuation of assets and liabilities must be conducted according to standards which are considered generally acceptable.
 - 3.10 A specification of the total amount of all fees chargeable to the investment institution or the participants, respectively, by the management company of the investment fund or by the directors of the investment company. This relates to the managing, executive and/or supervisory bodies of the company as well as expenses payable or paid to the depositary or third parties. If these expenses or compensations are expressed in percentages, a specification and calculation basis hereof is required.
 - 3.11 A description of the investment objectives including financial objectives, such as capital gain, investment portfolio, and investment policy.
 - 3.12 If limits are set to the investment activities, the manner in which these limits can be altered, as well as specification of the authority to borrow money as debtor should be stated.
 - 3.13 In occurring case, the specification of the exchanges or markets where the participating interests are traded or allowed to be listed.
 - 3.14 The reporting date of the annual accounts and semi-annual figures in light of the investment institution's constituting documents or the NOSIIA; specification of the date and locations where these accounts and reports are available to the public.
 - 3.15 A description of the directives for the profit determination and destination, as well as the method and frequency of profit distribution
 - 3.16 If possible, the comparison of the equity as well as profit and loss position of the investment institution over the last three years.
 - 3.17 A description of the manner in which the results will be determined and compared to preceding years, as well as the frequency with which these results will be made available to participants and the public.
 - 3.18 A short description of the applicable taxation scheme; whether income or capital gain taxes must be retained before distribution of dividends to participants, as well as other fiscal information important to participants.

- 3.19 The circumstances under which participants' meetings could or should be held, rules for the calling of these meetings, and the voting rights policy of the investment institution.
- 3.20 A description of procedures and conditions for the discontinuance and termination of the investment institution, particularly to protect the rights of the participants.
- 3.21 The names of third parties to whom the investment institution has delegated management activities, as well as the names of advisers and advisory companies whose services the investment institution uses for its investments.
- 3.22 The manner in which the investment institution periodically provides information.
- 3.23 The number of large investors and the total volume of the participations of the large investors in the investment institution or its subsidiaries, as well as a reference to the semi-annual figures and other data for additional and more actual information relating to large investors; this does not apply to the total volume of participations of the large investors. If the investment institution cannot comply with one of the above-mentioned information requirements, it should be stated in the prospectus.

IV. INFORMATION ON THE MANAGEMENT COMPANY OF THE INVESTMENT INSTITUTION

- 4.1 The name, legal form, statutory domicile, and address of the head office of the management company, if the latter differs from the address of the statutory domicile.
- 4.2 The date of association and the intended period of time for which the legal person fulfilling the function of management company was established if it was not established for an indefinite period of time.
- 4.3 If the management company is established under Netherlands Antillean law structure (NANV or NABV), provide the business registration number.
- 4.4 The statutory reporting date of the annual accounts of the management company.
- 4.5 A literal reproduction or thorough summary of the applicable text of the articles of association of the management company as well as mention of the places where these documents and annual accounts of the management company, as far as they are not attached to the prospectus, are available to the public.
- 4.6 Remaining investment institutions for which the management company provides management services.

V. INFORMATION ON THE DEPOSITARY

- 5.1 The name, legal form, statutory domicile, and address of the head office of the depositary, if the latter differs from the address of the statutory domicile.
- 5.2 The date of association and the intended period of time for which the legal person fulfilling the function of depositary was established if it was not established for an indefinite period of time.
- 5.3 If the depositary is established under Netherlands Antillean law structure (NANV or NABV), provide the business registration number and the place of establishment.
- 5.4 The name of the managing and, if existing, supervisory directors of the depositary, and the name of the natural persons who ultimately determine the policy of the depositary.

- 5.5 The main activities of the persons mentioned under 5.4 outside the function they fulfil at the depositary as far as these activities are related to the activities of the depositary or the investment institution with whom the depositary is associated.
- 5.6 The statutory reporting date of the annual accounts of the depositary.
- 5.7 A literal reproduction or thorough summary of the applicable text of the articles of association of the depositary as well as mention of the places where these documents and the annual accounts of the depositary, as far as they are not attached to the prospectus, are available to the public.

EXPLANATORY

INTRODUCTION

The National Ordinance on the Supervision of Investment Institutions and Administrators (N.G. 2002, No. 137), hereafter referred to as “The National Ordinance”, creates a licensing system for all investment institutions that receive pecuniary means or other property outside a restricted circle to be used for collective investment, as well as a licensing system for administrators of investment institutions. The NOSIIA is applicable to both investment institutions and administrators (see the definitions in article 1 of the NOSIIA).

The Bank’s Directives on the Supervision of Investment Institutions and Administrators, hereafter to as “DSIIA”, contain provisions for the implementation of articles 4 and 15 of the National Ordinance, in which reference is made to requirements and rules to be stipulated in the Bank’s directives as well as provisions for the implementation of articles 8 and 17 of the National Ordinance. In view of the fact that these directives contain new rules for investment institutions and administrators, linked to the rapid national and international developments within the financial markets, will the content and consequences of these directives be further reviewed after they have been in force for some time.

Structure of the DSIIA

Investment institutions are prohibited from offering their participating interests without a license from the Bank. To obtain a license, an investment institution shall demonstrate that the investment institution and its depositary, if associated with the investment institution, satisfy a number of requirements as laid down in the National Ordinance. The requirements that all investment institutions must comply with pursuant to article 4 of the National Ordinance relate to:

- competence and integrity;
- financial securities;
- conduct of business;
- the provision of information to the public.

Administrators are prohibited to provide administrative services without a license from the Bank. To obtain a license, the administrator shall demonstrate that it satisfies a number of requirements as laid down in the National Ordinance. The requirements that all administrators must comply with pursuant to article 15 of the National Ordinance relate to:

- competence and integrity; and
- conduct of business.

Pursuant to article 4, paragraph 2 of the National Ordinance, all investment funds must have an independent depositary, as described in article 6 of the National Ordinance.

However, if an investment company, that is not obliged to have a depositary, chooses to appoint a depositary, then the provisions in the National Ordinance and these directives, to the extent that they (partly) relate to the depositaries, likewise apply to the depositary associated with the investment company. This means, amongst other, that the Bank will assess the competence and integrity of these depositaries and that the investment company and the depositary must conclude an agreement on administration and safe-keeping that

comply with the requirements laid down in these directives. The ratio of the applicability of the NOSIIA and the DSIIA on the depositaries that are not legally required is twofold. First, it is important that investors in an investment company which has a depositary are offered the same level of protection as participants in investment funds. Secondly, the same competitive terms should as much as possible apply among investment institutions that have depositaries.

The DSIIA are arranged as follows:

Section I	Introductory Provisions
Section II	Directives for the implementation of article 4 of the NOSIIA
Section III	Directives for the implementation of article 8 of the NOSIIA
Section IV	Directives for the implementation of article 15 of the NOSIIA
Section V	Directives for the implementation of article 17 of the NOSIIA
Section VI	Concluding Provision
Annex A	This annex contains the provisions which pursuant to article 5 of the DSIIA must be incorporated in the constituting documents of the investment institution.
Annex B	This annex stipulates the information that must be contained in the prospectus pursuant to article 6 of the DSIIA.

Pursuant to article 2 of the NOSIIA, the provisions of the NOSIIA and the DSIIA, insofar as they relate to investment funds, are directed towards the management company. In essence, this means that whenever provisions are stated with respect to investment funds, the management company must ensure the implementation of and compliance with these provisions.

It should be noted that the management company of an investment fund or an investment company is permitted to delegate parts of the administration to a third party. If that is the case, the management company of the investment fund or the investment company remains as the holder of the license, fully responsible for the executed administration. If for example, the third party is not considered integral, this can have consequences for the assessment of the license holder's own expertise and integrity.

For the sake of completeness it should also be noted that not all investment institutions and administrators will be continually able to comply with all the requirements and rules laid down in these directives. If an applicant for a license demonstrates that it cannot be reasonably expected to fully satisfy certain requirements laid down by or pursuant to the National Ordinance, and if the objectives intended by the National Ordinance are sufficiently realized, the applicant may still be granted a license.

Supervision

On a periodic basis and at random, for example if a suspicion of non-compliance is evident, will be assessed whether the provisions of the National Ordinance and the DSIIA are complied with. The findings of an external auditor may be used for the purpose of the assessment.

If an examination reveals that the investment institution or administrator is acting contrary to the provision of the National Ordinance and DSIIA, the Bank may issue an instruction to the institution (article 33 NOSIIA) and/or revoke the license (article 11 or 22 NOSIIA). If special circumstances threaten the adequate functioning of the investment institution or the depositary or respectively the administrator, the Bank can or may send a written

notification of the fact that from a certain point in time all or certain bodies of the investment institution or of the depositary or respectively the administrator shall only be allowed to exercise their powers after the approval of one or several persons appointed by the Bank and duly observing the instructions by such persons (article 34 NOSIA). Furthermore, the violation may be reported to the Public Prosecutor.

EXPLANATION OF THE INDIVIDUAL ARTICLES OF THE DIRECTIVES

§1

Article 1

In sub (c) are the articles of association of the investment company, the stipulated rules of the investment fund, the agreement between the investment institution and its depository, if existent, and all other terms and conditions of administration and safe-keeping, defined as the constituting documents of the investment institution. The background to this description is that these directives stipulate requirements as to the content of the investment institution's own policies. Unless a provision explicitly states that an investment institution must include a required provision in the articles of association or the stipulated rules, it is at the investment institution's discretion to include it in the articles of association or the stipulated rules, or in the other terms and conditions of administration and safe-keeping set by the investment institution.

§2

Article 2

Paragraph 1 provides the basis for the assessment of the expertise of persons who, according to the information provided by the applicant, hold important positions within the business of the investment institution or of the depository. This refers to persons, who by virtue of the National Ordinance, the articles of association or the stipulated rules represent the investment institution or the depository as well as persons who determine or help determine the policy (including the daily policy) of the investment institution or depository. Persons that in this respect may also be regarded as directors are the investment managers and/or investment advisers of the investment institution, insofar as these persons, in the Bank's opinion, determine or help determine the (daily) policy of the investment institution. Investment managers and/or investment advisers that independently execute the investment policy of the investment institution, shall in the Bank's judgement be regarded as persons who determine or help determine the (daily) policy of the investment institution.

The integrity assessment, as laid down in paragraph 2, refers to both the above-mentioned persons and the persons who are directly or indirectly authorized to appoint or dismiss the directors. The Bank may refuse to grant a license if, in its judgement, there are serious risks evident that the interests of the participants will be endangered or that business will be conducted in contravention of the provisions laid down by or under the National Ordinance. The terms "directly" or "indirectly" subject everyone who, in material sense and otherwise, through the exercise of his or her authority to dismiss or appoint directors exert influence on the management of the institution, to the integrity assessment. This entails amongst other that, in principle, also the participants of an investment institution can be assessed for their integrity, since they often times have the authority to dismiss and appoint directors.

The supervision of investment institutions, pursuant to the National Ordinance, is self-evidently not immediately performed on the participants of an investment institution. Nonetheless, the Bank has the right to, in some cases, subject the participants to an assessment of their integrity, in case it is deemed necessary for the adequate supervision on

the basis of the National Ordinance or to assure the integrity and adequate functioning of the financial markets.

Furthermore, the integrity of other persons with the authority to appoint and dismiss (such as the shareholders of management companies and depositaries) may also be assessed.

Article 3

At the time of application and thereafter, the investment company or the management company of an investment fund must have an equity capital of at least NAf. 500,000. The interpretation of the term “equity capital” will be determined by generally recognized commercial and accounting rules.

The depositary must have an equity capital of at least NAf. 250,000. Furthermore, the depositary must provide sufficient guarantee in view of possible liability for losses. Such a guarantee may primarily be provided through an agreement with an insurance company. However, it may be possible that the depositary offers sufficient (additional) guarantee, if necessary in combination with a policy, through its internal provisions, such as reserves.

Article 4

This article provides for the “four-eyes principle”, which entails that for the continuity and adequate functioning of an investment institution, it is not prudent for the day-to-day policy to be determined by only one person.

Article 5

If administrative tasks are delegated to a third party, the underlying agreement must meet the requirements of Annex A. As stated previously, the investment institution remains at all times responsible for the activities performed by third parties on its behalf.

Paragraph 3 relates particularly to cases whereby the management company of an investment fund or an investment company makes use of an entity, which is legally separate from the holder of a license, to conduct transactions on behalf of the participants.

Article 6

This article obliges both the investment institution and the depositary to maintain a sound administrative organization. This is essential for three reasons. First, the administrative organization determines to a great extent the manner in which the investment institution operates. Second, a sound administrative organization is indispensable for a proper registration of the interests of the participants and consequently reduces the risk for lack of clarity in dealings between the investment institution and its participants, for example in the context of a civil proceeding. Third, an adequate administrative organization is necessary for the proper exercise of supervision.

Article 7

This provision is addressed to both open-end and semi-open-end investment institutions that in practice fully operate as open-ended. A distinctive characteristic of an open-end investment institution is that the participants must be able to join or withdraw at the moment that the purchase or sale of the participating interests is allowed. This right would become illusive, if at that moment, the net asset value of these participating interests is not up-to-date. For these reasons, the article stipulates that open-end investment

institutions shall calculate their net asset value at least as often as the repurchase and sale of the participating interests is permitted, however at least once a month. Investment institutions that (partly) invest in real estate, may, given the illiquid nature of these investments, make use of an extrapolation of the most recent valuation of the real estate while calculating their net asset value.

Article 8

The prospectus that the investment institution intends to publish must be submitted to the Bank when applying for a license. Pursuant to paragraph 2, the prospectus must contain the information included in Annex B to these directives. The submission of the prospectus serves to enable the Bank to establish the existence of a prospectus and to check whether it contains the required information.

Pursuant to paragraph 3 a prospectus shall be made available not later than the day preceding the day that the investment institution solicits money outside a restricted circle or, if the investment institution utilizes an advanced written announcement, not later than the day that the investment institution announces that it is to solicit money outside a restricted circle. With regard to the prospectus, paragraph 4 refers to both closed-end and open-end investment institutions. The update referred to in this paragraph can, for example, be done by means of an insert in the existing prospectus. With respect to the requirement that pursuant to paragraph 6 the prospectus and updated information must be sent to the Bank in advance, it must be noted that the Bank does not perform an advance assessment of the content of the prospectus or the updated information in the prospectus. Consequently, the Bank may not be held responsible for the content of the prospectus or the updated information.

Furthermore, on the basis of paragraph 7, the Bank may give instruction as to the language to be used. This provision enables the Bank to prevent the investment institution from on the one hand making an offer (whether or not with a supplementary publication other than a prospectus) in a language familiar to investors, while on the other hand issuing the prospectus, which due to the requirements set in these directives provides enough information for an informed opinion, in a language that the investors do not understand. Under certain circumstances this can lead to an offer that is not transparent. For the remaining details it is referred to the explanatory notes on annex B of these directives.

Article 9

The investment institution will have to submit the information and documents mentioned in this article along with its application for a license. The Bank has the authority to request the submission of other documents if it finds that the submitted documents do not satisfactorily support the application. This could, for example, involve the request of documents regarding the requirements on competence and integrity contained in article 2; in some cases there may be a need for further information along with the usual references. For the sake of completeness, it should be noted that if an investment institution has a depositary, it is in principle responsible for submitting, along with its application for a license, documents relating to the depositary's compliance with the requirements. Paragraph 2 of this article is an exception to this rule, created because given the depositary's relations with clients other than the applicant, it may be preferable for it to submit information with respect to its internal arrangements directly to the Bank.

§3

Article 10

In order to satisfactorily perform its tasks and competencies, it is essential that the Bank receive information from the supervised investment institutions on a regular basis. This is particularly important for the assessment of the information that is to be provided to the public. The Bank has by virtue of this article, amongst others, the authority to determine the frequency and the form of the information to be furnished to the Bank, after consultation with the representative organization. With respect to the testing of the reliability of this information, paragraph 2 provides the Bank with the possibility to require that one or more of the reports be certified by an external auditor.

The stipulations of paragraph 4 seeks to accomplish that all the necessary information will be provided to its participants and the Bank in order for them to form an opinion about the developments and outcomes of the investment institution. Paragraph 4 also states that the annual accounts must be accompanied by a certification of an external auditor indicating their fairness and truthfulness. The period of four months was chosen after proper consideration of, on the one hand, the interest of the investors and the Bank to dispose as soon as possible of the information contained in the annual accounts, and, on the other hand, the importance of the practical implementation.

In paragraph 6 of this article is stipulated a period of two months after the end of the first half of the book year, within which the investment institutions shall make their semi-annual figures available to the participants and the Bank. The period is also chosen after considering the aforementioned interests.

Article 11

Article 11 contains requirements with regard to the content of the explanatory notes to the annual accounts, specifically tailored to investment institutions. Paragraph 1(a) requires a balanced overview of the change of the investments during the book year, with the investments broken down by type. A balanced overview must contain at least the sum of the purchases, the sales, the revaluation and the price differences. The term “type” refers to the different types of securities, such as: shares, bonds, options, futures, forwards, and other types of investment, such as real estate.

The information related to the composition of the investment portfolio referred to in article 11, paragraph 1(b), may be presented in a condensed manner. There is no need for an exhaustive account of each separate investment. The investments may, for example, be broken down into volume and/or types.

Paragraph 1(d) prescribes that insight be given into the manner in which the investments are appraised, since the various appraisal methods used in practice can produce different results.

Paragraph 1(e) provides that insight be given into certain “off-balance sheet” obligations. Paragraph 1(f) requires a specified statement of the investments of the investment institution in which it exerts, or can exert, a significant degree of influence on the commercial and financial policy. This provision aims to disclose this form of conflict of interests in the reports of the investment institution, since the investor does not expect the investment institution to operate as an entrepreneur, but rather expects the investment institution to assess the investments from a certain distance. Therefore, if an investment institution exerts, or can exert, a significant degree of influence on an investment, the aforementioned information must be disclosed to the (potential) investors.

Paragraph 2 of this article is formulated in view of the reporting of cases where there is a potential conflict of interests because a member of the Management or of the Supervisory Board is not solely involved in a transaction in that capacity. It should be noted that this involvement may be evident through both a financial and a controlling interest. The situations referred to here are not subject to restrictions; the aim is simply to promote openness, in an effort to keep the (potential) investor informed of the situation.

Article 11, paragraph 2, sub b and c and paragraph 3

Based on this stipulation, the investment institution must state as part of the other information, the total number of large investors, the number of transactions with them and the amount involved in these transactions (including additional costs). Transactions related to the investment portfolio and other transactions must be listed separately. Transactions involving the sale or redemption of participating interests in the investment institution or its subsidiaries, do not have to be reported. Transactions related to the sale and purchase of securities listed on securities exchanges are also exempted, provided that they are effected on generally recognized securities exchanges. The reason for this exemption is that the investment institution does not know the counterparty since these transactions are effected through mediation.

It should be noted that the investment institution should not disclose the names of the large investors. This article does not seek to identify the large investors, but merely to disclose their existence and the number of transactions.

Finally, it should be mentioned that it often occurs in practice that within a group, a large participation is held by the initiator during the initial phase of the investment institution. Such an example is the participation of a bank in a newly, self-managed fund founded by the bank. The objective of such participation is to give the investment institution sufficient momentum and viability from the outset, which will be to the advantage of the investors who invest in the fund after the formation. Transactions between the investment institution and its initiator, who or which is also a large investor are part of the normal course of business.

The participation generally decreases as other investors join the investment institution. If an investment institution can make it plausible that in such cases the participation is indeed temporary (two years the most) and that the participation does not harm the interests of the other investors, the investment institution will be, in principle, eligible for a dispensation from this requirement, in light of article 9, paragraph 3 of the National Ordinance.

Article 11, paragraph 3 and Article 12 paragraph 1, sub e

Large investors will generally be known to the investment institution and, if existent, its subsidiaries. Certain listed investment institutions could have this information, since the shareholders of listed institutions are obliged to disclose their interests when these reach certain levels, including the 25% limit. The non-listed investment institutions can through their registers identify their large investors. In the event that the large investors for whatever reason are not known to the investment institution, the investment institution shall state as part of the other information that it is not in a position to meet the disclosure requirements with respect to large investors. When an investment institution does not know its large investors, the danger of conflict of interests is virtually non-existent.

Article 11, paragraph 4

The definition of a large investor entails that the investment institution is itself a large investor in its subsidiary. Consequently, information must be provided about transactions between an investment institution and its subsidiary. However, this is not necessary if there are no other large investors besides the investment institution itself; it is less likely in such cases that investors in the subsidiary would be able to exert their influence to allow any transactions to be conducted through the subsidiary that could harm the interests of the participants in the investment institution. Article 11, paragraph 4 contains an exemption to the disclosure requirement and consequently eases the burden involved in the reporting of intra-concern transactions.

Article 12

This article specifies the information that should be included in the semi-annual figures. The valuation bases and the profit determination should correspond with the relevant bases in the annual accounts. If the term “book year” is being used in connection with the semi-annual figures, it should be obvious that reference is in those cases being made to the preceding reporting period. Given the interim nature of this report, its content is restricted to what is minimally required to give insight into the developments of the investment institution.

The investment institution should provide information on its large investors both in its annual accounts and in its semi-annual figures. This will ensure that transactions conducted with large investors during the first half of the book year are being made public in the semi-annual figures. This helps to keep the information about large investors up to date.

§4

Article 13

Paragraph 1 provides the basis for the assessment of the expertise of the persons who, according to the information provided by the applicant, hold important positions with the administrator. This refers to persons, who by virtue of the National Ordinance, the articles of association or the stipulated rules represent the administrator as well as other persons who determine or help determine the policy of the administrator.

The integrity assessment, as laid down in paragraph 2, refers to both the above-mentioned directors and the persons who are directly or indirectly authorized to appoint or dismiss the directors. The Bank may refuse to grant a license if, in its judgement, there are serious risks evident that the interests of the stakeholders will be endangered or that business will be conducted in contravention of the provisions laid down by or under the National Ordinance. The terms “directly” or “indirectly” subject everyone who, in material sense and otherwise, through the exercise of his or her authority to dismiss or appoint directors exert influence on the management of the administrator, to the integrity assessment.

Article 14

This article provides for the “four-eyes principle”, which entails that for the continuity and adequate functioning of an administrator, it is not prudent for the day-to-day policy to be determined by only one person.

Article 15

In this article it is stipulated that the administrator should ensure that an agreement is entered into with all investment institutions for which it provides administrative services and all those institutions to which it has entrusted certain services relative to the management, administration or representation, respectively delegation.

Article 16

The administrator shall ensure that there is adequate control regarding compliance with laws and regulations and internal procedures as well as a proper administrative organization that guarantee the integrity and sound management of the administrator.

Article 17

The administrator must submit the information and documents mentioned in this article along with its application for a license. The Bank has the authority to request the submission of other documents if it finds that the submitted documents do not satisfactorily support the application. This could, for example, involve the request of documents regarding the requirements on competence and integrity contained in article 11; in some cases there may be a need for further information along with the usual references.

Article 18

In order to satisfactorily perform its tasks and competencies, it is essential that the Bank receive information from the supervised administrator on a regular basis. This is very important for the assessment of the administrator’s compliance with the directives, laws and regulations. The Bank has by virtue of this article, amongst others, the authority to determine the frequency and the form of the information to be furnished to the Bank, after consultation with the representative organization. With respect to the testing of the reliability of this information, paragraph 2 provides the Bank with the possibility to require that the information contained in the compliance report be certified by an external auditor.

Pursuant to paragraph 4, the administrator must submit annually within four months of the end of the book year, its certified annual accounts to the Bank together with the auditor’s opinion and the eventual management letters issued. The period of 4 months was chosen after proper consideration of, on the one hand, the interest of the stakeholders and the Bank to dispose as soon as possible of the information contained in the annual accounts and, on the other hand, the importance of the practical implementation.