

**CAPITAL MARKETS INDUSTRY COMMENTS ON FIMA GENERAL STANDARD 10.10 -2024
(OUTSOURCING OF FUNCTIONS AND RESPONSIBILITIES BY FINANCIAL INSTITUTIONS AND FINANCIAL
INTERMEDIARIES)**

Company Name:	STD/REG No. & Section:	Comment/Description of issue:	Proposed Amendment/Solution:	Accepted (Comments):	Rejected (Comments):
Apex Fund Services (Namibia)	General	In assessing the benefits of outsourcing and impact of a restriction on outsourcing, we submit that permitting collective investment schemes to outsource their fund administration to independent third-party fund administrators mitigates risk to the industry, and that the development of in-country independent third-party fund administrators offers resilience and capacity to the industry.			Declined. Fund administration is the principal business of a collective investment scheme.

	Schedule 2 (4) (iii)	<ul style="list-style-type: none"> • Collective Investment Schemes: Fund administration ((includes pricing and reporting) included as “principal business” that may not be outsourced. • Pricing and reporting are not defined in the standard. 	<p>Remove fund administration under 4(iii). Refer to supporting comments in cover letter to these comments.</p> <ul style="list-style-type: none"> • We submit that fund administration for collective investment schemes is a material business function in accordance with the definition provided in the standard for the following reasons: <ul style="list-style-type: none"> ✓ The FIMA definition of a collective investment scheme, in our opinion provides the criteria for determining principal business functions as it describes the functions performed by a collective investment scheme; ✓ The FIMA definition of “administration” read with the definition of “administrative service” under Chapter 4 and section (a) of the definition of “securities advice” under section 78, provide specific administrative functions which in our view are more aligned to the services typically provided by independent third-party fund administrators. These services typically fall within the definition of material business functions as contained in sections 1(c) and 6 of the draft Outsourcing 	<p>Note, pricing will be amplified to refer to the “pricing of participatory interests.”</p> <p>“Fund administration” to be amplified to read “administration as defined in section 168 of FIMA.”</p>	<p>Declined. Reporting is meant in the ordinary meaning of the duty of a CIS to report to NAMFISA and investors.</p> <p>Fund administration is the core business of a CIS because it is a function that only a CIS can administer and therefore cannot be classified as a material function.</p>
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			<p>Standard. It is thus our view that the inclusion of fund administration under Schedule 2 may lead to unintended consequences as administration does not ordinarily fall within the principal business activities undertaken by collective investment schemes.</p> <ul style="list-style-type: none"> ✓ Furthermore, the type of reporting ordinarily undertaken by fund administrators is expressly excluded from the definition of securities advice in the Act, and this type of reporting by fund administrators is not a principal business activity undertaken by an investment manager or collective investment scheme. ✓ Promote outsourcing of fund administration to Namibian based service providers through imposing minimum activities which should be performed in-country, which are permitted to be outsourced to a Namibian based fund administrator or through an in-sourcing arrangement to an in-country related service provider. This will support the leveraging of skills and skills 		
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			transfer required to develop the local fund administration industry.		
Apex Fund Services (Namibia)	Schedule 2 (6) (i)	Fund administrator: "Functions and duties outsourced to a fund administrator may not be outsourced".	Do not implement a blanket prohibition on outsourcing by fund administrators. Allow a fund administrator through their outsourcing policy to determine those business functions which are principal and material to their operations and allow the outsourcing of material business functions accordingly. Amend the Act to include fund administrators of collective investment schemes in Chapter 8 and issue relevant standards and regulations accordingly for these types of fund administrators.	Accepted. Fund Administrator is deleted under item 8 of Schedule 2 "Financial Institutions" and provided for under item 8 of Schedule 2 under "Financial Intermediary".	
Apex Fund Services (Namibia)	FIMA s1(g)		Motivate to the Minister of Finance that fund administrators of collective investment schemes be declared as financial intermediaries in accordance with s(1)(g) of the Act and thus subject to ambit of NAMFISA regulation through the requirements prescribed for financial intermediaries in the Act.		Noted section 1(g) of FIMA is applicable to Chapter 7 Medical Aid Funds only. However, in future the Registrar may consider registering fund administrators

					as financial intermediaries.
FirstRand Namibia Limited	<p>Article 1(1)(b)</p> <p>Definition of “in-sourcing” and “service provider”</p> <p>“in-sourcing arrangement” means the outsourcing of a material business function by a financial institution or financial intermediary to a related service provider such as a subsidiary, affiliate, or associate</p> <p>“service provider” means a person who</p>	<p>The definitions seem to exclude other services that are insourced or are those automatically allowed to be insourced? i.e. Compliance, Risk, Legal, Human Capital, IT services etc.</p> <p>Or alternatively, Article 6 provides that all business functions are relevant as it relates to “in-sourcing”.</p>	<p>To remove “material” from the definitions.</p> <p>“in-sourcing arrangement” means the outsourcing of a material business function by a financial institution or financial intermediary to a related service provider such as a subsidiary, affiliate, or associate</p> <p>(i) “service provider” means a person who provides a material business function to a financial institution or financial intermediary.</p> <p>The intention of the standard is to provide a distinction as it relates to material business function and not all business functions for the purposes of seeking NAMFISA approval.</p> <p>We further propose the standard completely removes in-sourcing from the provision as many companies leverage off their local holding company for shared services which ultimately has financial benefits for front end user/client.</p>	<p>Clarification the Standard does not prohibit the in-sourcing of a material business function. So because support functions are not the principal business functions they may be in sourced to a subsidiary, affiliate or associate.</p>	

	provides a material business function to a financial institution or financial intermediary;				
FirstRand Namibia Limited	“material business function”	<p>The definition is very subjective and may be difficult to apply.</p> <p>Reputation for example as a measuring stick for business materiality is too subjective. The definition and the catch all provisions in article 6 of the Standard makes it applicable to almost every single aspect of the business functions.</p>	We require the materiality aspect to be narrowed down much more to avoid stringent, unintended consequences to the industry and its customers.	Clarification. The Standard does not prohibit the in sourcing of a material business function. So because support functions are not the principal business functions they may be in sourced to a subsidiary, affiliate or associate.	
FirstRand Namibia Limited	Article 2 Applicability	There is currently uncertainty to the extent the standard would apply to banks that render services which form the subject matter of this standard.	Between Namfisa and BON there needs to be exact clarity on how the regulators roles would be demarcated under the applicable legislation considering BID-34 and the standard.	Clarification. The Standard applies to all financial institutions and financial intermediaries as defined in section 1(1) of FIMA and	

				<p>who are registered with NAMFSIA. Therefore, should the bank meet the definition of a financial institution or financial intermediary it should comply with this Standard.</p>	
<p>FirstRand Namibia Limited</p>	<p>Article 4 (c) Role of Board and Senior Management</p>	<p>This is a vague and cumbersome requirement.</p> <p>It creates a subjective element – risks should be identified in accordance with its policy and taking into consideration the prominent risks associated with the industry or nature of service.</p> <p>It would be impossible for an institution to identify all (real and perceived) risks at any given time.</p>	<p>Consider narrowing it down to risks that can be directly linked backed to materiality.</p>		<p>The Standard does not stipulate that all risks should be identified before completion of agreement, but rather that board and senior management have an appreciation for the risks the outsourcing arrangement may pose to the financial institution or financial intermediary.</p>

FirstRand Namibia Limited	Article 6(2)(e)	<p>The standard fails to consider the cost implication associated with bringing certain services in-house. Larger groups of companies leverage off their larger holding companies locally for shares services support.</p> <p>Furthermore, it refers to “in-house” but it could be argued that in-house constitutes within a group of companies with a common shareholder.</p>	The cost element needs to be taken into account by the standard as well as clarity on the extent to which in-house could be applied to a group of companies.	Clarification. Section 6(2)(e) is one of the factors to determine whether a function is material or not. In accordance with risk-based supervision the onus is on the board and senior management to make the determination that bringing in the functions in house would qualify that function to be a material business function or not. The cost factor is provided for in section 6(2)(f).	
FirstRand Namibia Limited	Article 7	What informs the degree of materiality? There is no clear guideline and it may be that this could be applied differently to different institutions depending on their size etc.	There needs to some form of uniformity on what constitutes the degree of materiality to ensure consistent application amongst industry role players.		<p>Declined.</p> <p>The Standard is in line with NAMFISA’s risk based supervisory approach and international best practice. It is</p>

		<p>The 7 principles furthermore introduce new operational requirements which may or may not require changes to systems, people and processes which will directly increase operational costs.</p>		<p>accepted that because regulated entities vary in size, complexity, products and services, and activities, that the extent to which they use outsourcing will differ. Therefore, the application and implementation of the Outsourcing Principles by the board and senior management should be proportional to and suitable for the size, complexity and risks outsourcing poses to the regulated entity i.e. the application of the Outsourcing Principles should be tailored to fit the specific characteristics and challenges posed by the regulated entity.</p>
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FirstRand Namibia Limited	Article 11	<p>The provisions contained in this article will be subordinate to the Data Protection Bill provisions and therefore the financial institutions and intermediaries would apply the data privacy provisions in the primary legislation.</p> <p>Furthermore, the use of the word “ensure” creates the expectation of the financial institution or intermediary guaranteeing the integrity and safety of confidential information. This creates an impossibility on the part of the financial institution or intermediary.</p>	<p>We propose that the requirement be that the specific SLA with service providers sufficiently covers for data protection and liability in the event of breaches. There is no way for a financial institution or intermediary to guarantee the safety of data and at best can apply their best endeavours to ensure risk mitigation controls are put in place.</p>		<p>Declined. We will retain this section to ensure that entities continue to uphold data protection standards.</p>
FirstRand Namibia Limited	Article 13	<p>Is the requirement that maintenance of records mean that these documents be electronic or physical documents? Further, is the requirement that the primary place of these documents be in-country? The standard is silent on cloud-base services.</p>	<p>With regards to data management and systems – is the requirement that this data be in country? Or is cloud computing allowed?</p>	<p>Clarification. The information may be maintained physical or electronic format provide NAMFISA and the auditors of the financial institution or intermediary have</p>	.

		<p>Furthermore, what is the nature of the records that NAMFISA requires the financial institution or intermediary to maintain? How long should this data be retained after the services have been terminated? These are all questions that need to be addressed with precise clarity.</p> <p>The requirement for NAMFISA auditors to approach financial institutions and have direct access to their systems premises etc. There is no relationship between NAMFISA auditors and the company and as such exposes the company's confidential information and other data which may be subject to compromise.</p>		<p>prompt access to the information whether in cloud format or not</p> <p>Clarification, the auditors referred to in this provision are the auditors of the financial institution or intermediary and not NAMFISA's auditors.</p> <p>Accepted. The provision will be amended to require financial institutions and intermediaries to maintain records</p>	
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				for the duration of the arrangement and five years from the date of termination of the arrangement.	
FirstRand Namibia Limited	Article 16 In-sourcing arrangements	<p>A financial institution or financial intermediary must be able to demonstrate, through supporting documentation which includes a due diligence report, the selection criteria, the outsourcing agreement and a service level agreement with the service provider, submitted to NAMFISA as and when required, that in assessing the options for an in-sourcing arrangement, they have taken into account.</p> <p>We further propose that in-sourcing be specifically excluded in its entirety from the standards for the reasons provided above.</p>	<p>A request is that this section refers to material business functions if the definition is aligned, and human capital services for instance provided in a group setting would not have to pass through an assessment as required? This also avoids any uncertainty around other services that are in-sourced i.e. compliance, etc.</p>	<p>Clarification, a financial institution or financial intermediary may in source a material business function. Material business function is defined in section 1(1)(c). Therefore, provided human capital services are material to the financial intermediary or institution they may be outsourced.</p>	

<p>FirstRand Namibia Limited</p>	<p>Article 17</p>	<p>Article deals with “off-shoring” but in contrast refers to “off-sourcing”.</p> <p>Article 17(2) is especially problematic. There should be a distinction to instances where approval is sought and instances where the regulator (NAMFISA) should only be notified.</p> <p>We are concerned that this will create immense backlogs in the office of the regulator if companies have to wait for approval which may take months, and in the meantime business cannot proceed thereby directly impacting the customer who ultimately benefits from the services.</p> <p>What are contractual obligations to the financial institution and intermediary if the agreement is concluded and NAMFISA is notified? The Standard is silent on whether or not NAMFISA can force a company to exit the agreement / SLA or introduce additional terms.</p>	<p>We propose this section be significantly reconsidered and all the eventualities considered.</p> <p>Please provide further consideration on implications post notification of exiting SLA's.</p>	<p>Accepted. Off-sourcing to be substituted with off-shoring.</p> <p>Consider bringing an administrative penalty for breach of the section</p>	<p>Declined. The requirements under section 17(2) require approval from NAMFISA and not merely notification because the onus is on the financial institution or financial intermediary to justify why the function or activity cannot be feasibly conducted in Namibia.</p> <p>NAMFISA a will be guided by the financial institutions/intermediaries' risk management framework and that of the service provider in deciding if the institution can manage the risk.</p>
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FirstRand Namibia Limited	Article 19 Existing outsourcing arrangements	No transitional period is provided for existing agreements.	Noting the time and costs associated with some of these agreements the request is to provide a 6- or 12-month transitional agreement to bring all existing agreements into compliance.	Clarification. A 12 month transitional period will be offered to allow existing arrangements time to comply with the Standard.	
Momentum Metropolitan Namibia Group	<p>1.The MMN Group extends its appreciation to the Regulator for considering its previous comments herein. However, there still remain a number of key concerns with this third draft, which we firmly believe can only be resolved in a meaningful manner with in-person discussions and/or engagements. Such in-person engagement will allow industry to better articulate the practical implications and consequences of implementing the Standard in its current form and will enable industry and the Regulator to collaborate more effectively to achieve the strategic goals that this Standard proposes to achieve.</p> <p>2. In addition to requesting for in-person engagements, it is also our belief that every entity impacted by this Standard faces unique challenges in complying therewith, but also that every entity has considered unique proposals to address these challenges. It is therefore critical that NAMFISA be willing to engage with each entity separately to consider these. Every industry participant has a different business and operating model, and it is suggested that, in line with the risk based approach, the regulator reach an agreement with each participant around timelines and manner of implementation of the Standard. We therefore recommend adopting a flexible approach to implementation that considers the size and risk profile of each institution.</p>			1. We are open to considering face-to-face consultations with industry before finalizing the feedback, provided that these consultations focus on refinement rather than altering the core policy objective of the Outsourcing Standard.	

	<p>3. MMN has undertaken an Outsourcing Assessment to identify those key areas under its current business model that are impacted by this Standard and have considered potential proposals to the Regulator that will enable MMN to be largely compliant with this Standard, and that will also demonstrate to the Regulator our commitment to local capacity building and skills development. MMN herewith kindly requests that NAMFISA avail itself for receipt of such individual proposals and to consider these, in order to minimize the impact of this Standard on industry.</p> <p>4.The FIMA seeks to introduce a risk-based approach to supervision. The Outsourcing Standard largely aligns with such an approach insofar as entities are expected to implement Outsourcing Risk Management frameworks and principles in respect of material functions that are outsourced. This is very much aligned with International best practice and standards. MMN does not object to the introduction of a risk-based approach. It is rather the blanket prohibition on outsourcing of principal business that is problematic and that does not align with international practice.</p> <p>By following the same materiality and risk-based test as is introduced for material business functions – it is our respectful view that we will be able to manage the risks related to outsourcing of principal business functions and that the regulator will be able to effectively supervise those functions under the same framework introduced for material business functions. It is our proposal to treat principal business in the same/similar vein as material functions – ie. that there should not be an outright prohibition, but rather that a risk-based approach be employed in this regard as well.</p> <p>5.The potential consequences of the blanket prohibition on outsourcing of principal business include, but is not limited to:-</p>	<p>2. Each entities application will be dealt with on the merits and thus on a case-by-case basis.</p>	<p>3. Declined. Outsourcing of principal business is prohibited because a regulated entity obtains a license to conduct its principal business which inherently carries regulatory obligations. Therefore, these regulatory obligations cannot be delegated to a third party. This is in line with international best practice.</p> <p>4. As explained in point 3 above Principle business should not be outsourced. The intention or expectation is that they get capacitated and the size or lack</p>
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	<ul style="list-style-type: none"> • <p>Localizing functions is expensive. To achieve skills development and a local talent pool at the scale required to consistently and reliably perform these functions autonomously within the borders of Namibia, requires time and significant investment/resources.</p> <ul style="list-style-type: none"> • <p>6. Given the skills shortage of certain functions, it places industry at a significant risk if any of these functions are no longer available. For example, it remains a fundamental risk that where an investment manager loses its portfolio manager or an insurer loses a specialized risk expert and there is no option to outsource the function, albeit for a short period, the absence of these specialized skills will adversely affect the investors and clients.</p> <p>7. Consideration for economies of scale should be part of the regulator’s RBS framework. In-sourcing of principal business (ie. outsourcing between entities of the same group of companies) should be allowed given the economies of scale benefit obtained from shared resources as well as protection afforded to investors/customers for services performed within the same group of companies. The benefits of economies of scale in successfully running any business should not be overlooked. Consideration should be given to industry size, business size and type of specialized skills required.</p> <p>8. Even if specialized skills are developed, many smaller entities will still face “key-man” risk as entities will only have one or two key individuals, performing these specialized roles, due to economies of scale and the size of the economy.</p> <p>9. With regard to localization of portfolio management, the challenge largely stems from the small size of the Namibian market. In 2023 the industry total AuM in Namibia was approximately a mere N\$ 200 Billion. This total AuM is managed by over 20 or so locally registered Asset Managers in Namibia. On average therefore, give or take, a single fund</p>		<p>of system cannot be the reason why the principal business should not be outsourced. We also want to combat issues around entities with no/minimal operational activity , thus if all services are outsourced, who is actually running the core business?</p> <p>5. Clarification.</p> <p>The Standard envisions that all existing Outsourcing arrangements should comply with the Standard. Therefore, the Standard applies retrospectively.</p>
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	<p>manager manages about 10 billion in Namibia. In absolute terms, there are fund managers locally which manage as little as N\$1 billion or less. Compare this to our SA counterparties' AuM, where an average fund manager typically manages in excess of 500 Billion each. A large sized fund manager in SA manages more than double the total Namibian AuM size. The margins are very low in investment management, and as such – economies of scale are critical in ensuring that the front office, middle office and back-office functions are executed in line with international best practices.</p> <p>Therefore, whereas localization is encouraged, a complete divorce of co-functions such as portfolio management will have significant impact on the industry. Complete localization will impact the quality of the execution of portfolio management, and will compromise the benefit currently enjoyed of economies of scale in co-managing SA funds.</p> <p>As such, we strongly advise a middle ground: where companies employ local resources to work with SA/London/Singapore/Isle of Man etc. teams and not a complete divorce as the market size is not sufficient to enable such.</p> <p>10. Lastly, we request that NAMFISA define and set a clear transition period for all existing outsourcing arrangements, within which financial institutions or intermediaries can put in place the necessary measures to achieve compliance. Unfortunately, it is not possible for most institutions to perform the principal business currently outsourced, often within a greater group structure, without a certain amount of planning and in-country skills development. Without a sufficient grace period within which to prepare for localizing principal functions, it could well be that institutions are unable to comply. It will take time to identify which services may not be outsourced, then assess how to perform the functions and negotiate existing contracts.</p>				<p>7. This is one of the modalities of building capacity in house or in country that will be rectified over time as scale increases.</p> <p>8. Clarification.</p> <p>A 12 month transitional period will be offered to allow existing arrangements time to comply with the Standard.</p>
Momentum Metropolitan Namibia Group	Clause 3 Principal business	As explained in the general comments above, our proposal is that all requirements applicable to outsourcing of material business functions in the	We propose either deleting this section so that principal business will be dealt with in a similar vein as material business.	Declined. Outsourcing of principal business is prohibited because a regulated entity	

	<p>“A financial institution or financial intermediary may not outsource its principal business.”</p>	<p>Standard shall apply to outsourcing of principal business.</p> <p>Outright or blanket prohibition of outsourcing of principal business is problematic for the following reasons:</p> <p>1) It is not in line with international best practice which seeks to regulate outsourcing, not prohibit it;</p> <p>It ignores the group structure of most regulated entities wherein a company within the group has a certain function and insourcing arrangements mean these functions can leveraged by the rest of the group without duplication of staffing and cost which ultimately enable it not only to be competitive within the Namibian market but also as a Namibian entity internationally.</p> <p>3) It means that many players in the Namibian market would need to greatly reduce their service offering because</p>	<p>Alternatively, we propose that clause 3 be amended to make provision for exceptions. In other words, that outsourcing of principal business is prohibited, but that a financial institution or intermediary that insources its principal business to a related party, may do so, subject to proper risk management practices being employed.</p> <p>In the further alternative, we propose that if principal business should remain prohibited from being outsourced, that</p>		<p>obtains a license to conduct its principal business which inherently carries regulatory obligations. Therefore, these regulatory obligations cannot be delegated to a third party. This is in line with international best practice.</p> <p>Declined.</p> <p>Given the operational implications of this Standard on a regulated entity, full compliance to the Standard is excepted. Hence, the Standard does not make provision for regulated entities applying to NAMFISA for an exemption or exception.</p>
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		<p>they can't leverage off expertise in other jurisdictions which is in today's world and in most international markets common practice.</p> <p>4) In the case of investment management, it means all investment management must be done locally. i.e. only segregated portfolio offering can be done locally, unless a local manager can find local staff with expertise in offshore markets (which is very limited) and in sufficient quantities to manage key man risk.</p> <p>5) It may even mean that certain businesses will close for business or drastically shrink their AUM/revenue as it is no longer financially viable to operate in Namibia as either;</p> <p>6) the staff compliment required to perform and compete with global players to perform special functions such as active offshore portfolio</p>	<p>we should be allowed to apply for exemption from NAMFISA or to obtain dispensation or reach an agreement/arrangement with the Regulator in respect thereof.</p>		<p>Exemptions must be dealt with in accordance with the NAMFISA Act.</p>
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		<p>management is not viable given the relatively small size of the local industry; or</p> <p>7) clients chose to contract with global service providers directly. The potential consequence is a smaller investment management industry with less skills transfer, less local taxes and less NAMFISA levies.</p> <p>8) It impacts outsourcing agreements between Namibian entities in the same group of companies.</p>			
Momentum Metropolitan Namibia Group	Clause 6(2)(g) affiliation, association or other relationship between the financial institution or financial intermediary and the service provider;	It is unclear how an affiliation between a financial institution and the service provider would impact the analysis on whether a business function is considered material or not. This determination is separate from the relationship with a specific service provider which is dealt with in later clauses.	We suggest deleting 6(2)(g).		<p>Declined.</p> <p>The affiliation or association between the financial institution /intermediary and service provider is relevant to determining whether a business function is material or not because:</p>

					<p>a) The risks associated with outsourcing tasks to an affiliated service provider may be different to those encountered in outsourcing to an unaffiliated external service provider.</p> <p>b) the affiliated or associated relationship may restrict the ability of the regulated entity to control or influence the service provider, and, by extension, of NAMFISA's ability to effectively supervise the regulated entity.</p>
Momentum Metropolitan Namibia Group	Clause 11: Principle 4: Confidentiality issues	"Issues" implies problematic behavior by service providers.	We propose the following heading: Principle 4: Confidentiality issues	Accepted	
Momentum Metropolitan	Clause 13(1): Principle 6: Access to data, premises	This clause is too far reaching and it needs to	We propose: "A financial institution or financial intermediary must ensure that		Declined. The intention of this clause is to allow NAMFISA and the

<p>Namibia Group</p>	<p>and personnel A financial institution or financial intermediary must ensure that NAMFISA, their auditors (if applicable) and the financial institution or financial intermediary themselves can promptly obtain, upon request, information concerning the outsourced material business function and where necessary, there must be prompt access to the data, information technology systems, premises and</p>	<p>make provision for the access to be reasonable. Access to be limited for the purposes of supervisory powers and subject to Part 5 of Chapter 10 of the Act.</p>	<p>NAMFISA, their auditors (if applicable) and the financial institution or financial intermediary themselves can promptly obtain, upon request, information concerning the outsourced material business function that are relevant to undertake regulatory oversight functions and where necessary, there must be prompt reasonable access to the data, information technology systems, premises and personnel of the service provider.”</p>		<p>auditors of the regulated entity upon their request, prompt access to information, data, IT systems, premises and personal related to the outsourced material business function. This is inline with sections 3 and 4 of the NAMFISA Act No. 3 of 2021.</p>
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	personnel of the service provider.				
Momentum Metropolitan Namibia Group	Clause 16 (b) the cost of the services being provided and that the financial institution or financial intermediary has taken steps to ensure that the cost is commensurate to the fair value of like services that could be provided by an arm's-length service provider;	Kindly note that the rationale behind insourcing is to take advantage of economies of scale applied to shared products, policy administration systems, resources, etc. It's unlikely that there would be a reliable open market for this in order for us to determine fair value at all times.	We propose deleting of 16(b).		Declined. The intention of this clause is for the regulated entity to demonstrate that the price is fair for the services or that there was a consideration of the pricing when entering in-sourcing arrangements.
Momentum Metropolitan Namibia Group	Clause 17(2) A financial institution or financial intermediary must, prior to entering into	The Standard is silent on the process to be followed for existing off-shoring arrangements. To avoid confusion and uncertainty in the industry, we suggest that	Suggested wording as follows: 17(2) A financial institution or financial intermediary must, prior to entering into an off-shoring arrangement with a service provider, unless the off-shoring arrangement is already in place prior to	Clarification. A 12 month transitional period will be offered to allow existing arrangements	Declined, detailed justification is

	<p>an off-shoring arrangement with a service provider:</p> <p>(a) Seek written approval from NAMFISA and provide detailed justification why the function or activity cannot be feasibly conducted in Namibia.</p>	<p>NAMFISA clarify its intention here.</p> <p>Furthermore, whilst we are not averse to seeking approval from NAMFISA for off-shoring arrangements in principle, there should not be a presumption that the only situation where offshoring is permissible is where the function cannot be conducted in Namibia. There may be other good reasons why an offshoring arrangement makes sense to the particular financial institution.</p>	<p>the commencement date of this Standard:</p> <p>(a) Seek written approval from NAMFISA and provide detailed justification why the function or activity cannot be feasibly conducted in Namibia.</p>	<p>time to comply with the Standard</p>	<p>necessary for the Registrar to approve the offshoring arrangement for a material business function.</p>
<p>Momentum Metropolitan Namibia Group</p>	<p>Clause 18(1) A financial institution or financial intermediary must notify NAMFISA, in writing not later than 30 business days after entering into an outsourcing</p>	<p>The Standard is silent on the process to be followed for existing outsourcing arrangements. To avoid confusion and uncertainty in the industry, we suggest that NAMFISA clarify its intention here.</p> <p>If NAMFISA's intention is that it be notified of existing outsourcing arrangements, we suggest that the Standard</p>	<p>Suggested wording as follows:</p> <p>"A financial institution or financial intermediary must notify NAMFISA, in writing not later than 30 business days after entering into an outsourcing agreement, of such agreement or in the case of an existing outsourcing agreement, within 12 months of the commencement date of this Standard."</p>	<p>Clarification.</p> <p>A 12-month transitional period will be offered to allow existing arrangements time to comply with the Standard</p>	

	agreement, of such agreement.	stipulate this and a include a timeframe.			
Momentum Metropolitan Namibia Group	Clause 19: All existing outsourcing arrangements must comply with the requirements of this Standards.	<p>This therefore means that the Standard will apply retrospectively? Surely that is not reasonable nor legally sound?</p> <p>We request, a transitional timeframe to comply with the Standard. There will be uncertainty and confusion in the industry if there is no time for the financial institutions and financial intermediaries to comply with the Standard as there is no clarity on an effective date.</p>	We propose that the Regulator allow for a grace period within which to align existing arrangements with the provisions of the Standard.	Clarification. A 12-month transitional period will be offered to allow existing arrangements time to comply with the Standard	
Momentum Metropolitan Namibia Group	<p>Schedule 2 (4) CIS</p> <p>i) stablishing collective investment scheme</p> <p>ii) stablishing portfolios</p> <p>iii) Fund administration (includes</p>	It is the CIS management company that establishes and operates the CIS. The CIS itself is the mechanism through which the investments are pooled and managed, but all decisions, from the fund's establishment to its daily operation, are made by the management company. This company also bears the responsibility for the fund's compliance,	We propose to delete the CIS entirely from schedule 2 or amend the related principal business function to "Not Applicable".		Declined, this Standard applies to all financial institutions and a CIS is defined as a financial institution in FIMA.

	pricing and reporting)	performance, and adherence to its stated investment objectives. The CIS itself is not a legal entity nor does it have employees. Functions are performed by the Manager (which is a financial intermediary separately listed in this schedule) as stipulated in its deed.			
Momentum Metropolitan Namibia Group	8. Fund Administrators Functions and duties outsourced to a fund administrator	Note that fund administrators are defined as financial intermediaries.	Kindly delete.	Accepted and deleted.	
Intermediaries:					
Momentum Metropolitan Namibia Group	3. Investment Manager Portfolio Management	Portfolio Management is vague.	We propose that the functions be clarified as follows: <ul style="list-style-type: none"> • Performing Domestic Investment Strategy Development; • Performing Domestic Portfolio Construction; • Overseeing performance monitoring of client portfolios in their entirety; 		Declined, portfolio management is a generally accepted term in the investment management industry.

			<ul style="list-style-type: none"> Overseeing client reporting; and Performing in person report-backs to clients on portfolio performance. 		
Momentum Metropolitan Namibia Group	<p>Linked Investment Service Provider</p> <p>Portfolio Administration</p> <p>Portfolio administration</p>	<p>“Portfolio Administration” is not defined in FIMA, nor in this standard and it is unclear what exactly is included and excluded in this term.</p>	Kindly clarify.	<p>Accepted.</p> <p>Amended to read “ implementing or capturing investment instructions on behalf of a client or another person”.</p>	
Momentum Metropolitan Namibia Group	<p>4. Manager of Collective Investment Scheme</p> <p>Operating Collective Investment Scheme</p>	<p>‘Operating Collective Investment scheme’ is very broad and from the term “operating” it is not clear what is actually prohibited.</p> <p>Traditionally, while CIS managers are required to oversee and hold primary responsibility for the administration of CIS portfolios, they do not perform administration directly. They typically have a handful of employees and their sole job is to oversee</p>	<p>We propose the following be listed as functions under this part:</p> <ul style="list-style-type: none"> Establish collective investment scheme Establish portfolios Appointment of Investment Managers and Other Service Providers Oversight of Valuation Processes including pricing and reporting 	<p>Accepted to be amended as follows:</p> <p>i) Operating, controlling and managing Collective Investment Scheme.</p> <p>ii)receiving, paying or investing money or other assets including income accruals</p>	

		<p>the functions of outsourced service providers.</p> <p>It is furthermore important to point out that it is common for the Manager of Collective Investment Schemes to appoint the Investment Manager to perform certain functions when the Investment Manager is part of the same group and brand due to the fact that its highly practical and streamlines operations, reduces overhead costs, and focuses on strategic management rather than day-to-day administrative tasks, ensuring that Namibian unit trust schemes are able to compete with international investment offerings. Independence stems for the regulatory roles of the Independent Trustees and Custodians.</p>		<p>iii) selling, repurchasing, issuing or cancelling of a participatory interest and giving financial advice or disclosing information on any matters to investors or potential investors.</p> <p>iv) buying and selling of assets or the handing over the assets to a trustee or custodian for safe custody.</p>	
Momentum Metropolitan Namibia Group	6. Fund Administrator i) Functions and duties outsourced to	There are ancillary functions related to IT and administration systems that allow fund administrators to administer funds and which are typically outsourced by	Kindly confirm/clarify.	Correct. Ancillary functions and tools used to perform the	

	<p>a fund administrator may not be outsourced</p> <p>ii) Providing financial advice</p>	<p>the fund administrator to a 3rd party. To our understanding these ancillary type functions would constitute material functions and are not prohibited from being outsourced.</p> <p>It is also our understanding that investment management type functions would not constitute the principal business of a fund administrator, and are therefore not prohibited from being outsourced.</p>		<p>functions are not the functions outsourced to the fund administrators. Therefore, they are not prohibited from being outsourced.</p> <p>Further, investment management is not the principal business of a fund administrator as defined in the Act.</p>	
NASIA	Definitions	<p>General comment:</p> <p>Please confirm whether the Schedule Part 1: Preliminary published before the other Standards under Chapter 10 which contains definitions, remains a part of the regulations issued by NAMFISA under FIMA. For clarity, they appear on page 421 of the STANDARDS UNDER THE FINANCIAL INSTITUTIONS AND MARKETS ACT, 2021 (ACT NO. 2 OF 2021) SCHEDULE</p>		<p>Note this Standard overrides all previously issued Standards.</p>	

		<p>PART I: PRELIMINARY published on NAMFISA’s website on 10 February 2022. If indeed it remains part, the schedule includes definitions, namely “material business function”, “outsourcing”, “outsourcing arrangement”, “outsourcing agreement”, and “service provider” which are now duplicated, which will create confusion if different definitions exist under the standards.</p>			
NASIA	<p>Clause 1(1)(h): “principal business” means the functions or activities that are defined in Schedule 2;</p>	<p>The concept of creating outright prohibitions on outsourcing principal business is highly problematic for the reasons set out under description of issue under clause 3 below.</p>	<p>See our proposed changes under clause 3</p>		<p>Declined. Outsourcing of principal business is prohibited because a regulated entity obtains a license to conduct its principal business which inherently carries regulatory obligations. Therefore, these regulatory obligations cannot be delegated to a third party. This is in line with</p>

					international best practice
NASIA	<p>Clauses 3 Principal business</p> <p>“A financial institution or financial intermediary may not outsource its principal business.”</p>	<p>As explained in the cover letter, our proposal is that exceptions be allowed in clause 3 for the outsourcing of principal business functions. For the avoidance of doubt, in such instances, all requirements applicable to outsourcing of material business functions in the Standard shall apply to outsourcing of principal business.</p> <p>We propose that in-sourcing of principal business functions be allowed in instances when the outsourcing is to a service provider located in Namibia.</p> <p>Outright or blanket prohibition of outsourcing of principal business is problematic for the following reasons:</p> <p>1) It is not in line with international best practice which seeks to regulate outsourcing, not prohibit it;</p>	<p>Amend clause 3 to reflect our concerns raised in the cover letter and under general comments. We propose the following wording:</p> <p>3 (1). A financial institution or financial intermediary may not outsource its principal business unless:</p> <p>(a) It in-sources its principal business to a related service provider such as a subsidiary, affiliate or associate, provided that such service provider is located in Namibia; or</p> <p>(b) A financial institution or financial intermediary has applied for and has been granted written consent by NAMFISA in terms of sub-clause (2) below.</p> <p>(2) For purposes of clause 3(1(b) above, a financial institution or financial intermediary must, prior to entering into an outsourcing arrangement with a service provider:</p> <p>(a) Seek written approval from NAMFISA and provide detailed justification why the function or activity</p>		<p>Declined.</p> <p>Outsourcing of principal business is prohibited because a regulated entity obtains a license to conduct its principal business which inherently carries regulatory obligations. Therefore, these regulatory obligations cannot be delegated to a third party. This is in line with international best practice.</p> <p>Clause 16 provides for the in-sourcing arrangements of material business functions.</p>

		<p>2) It ignores the group structure of most regulated entities wherein a company within the group has a certain function and insourcing arrangements mean these functions can be leveraged by the rest of the group without duplication of staffing and cost which ultimately enable it not only to be competitive within the Namibian market but also as a Namibian entity internationally.</p> <p>3) It impacts outsourcing agreements between Namibian entities in the same group of companies.</p> <p>4) It means that many players in the Namibian market would need to greatly reduce their service offering because they can't leverage off expertise in other jurisdictions which is in today's world and in most international markets common practice. In the case of investment management, it means all investment management must be done</p>	<p>cannot be feasibly conducted in Namibia; and</p> <p>(b) Assess and ensure that the risks of the outsourcing arrangement are adequately addressed in the financial institution's or financial intermediary's risk management framework.</p>		
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		<p>locally. i.e. only segregated portfolio offering can be done locally, unless a local manager can find local staff with expertise in offshore markets (which is very limited) and in sufficient quantities to manage key man risk. This is worsened by the fact that nothing prevents local asset owners from contracting directly with foreign managers with no presence in Namibia, which will not develop any Namibian skills. This goes against NAMFISA's goal of creating a globally competitive financial services sector. It may even mean that certain businesses will close for business or drastically shrink their AUM/revenue as it is no longer financially viable to operate in Namibia as the staff compliment required to perform and compete with global players to perform special functions such as active offshore portfolio management is not viable</p>			
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		given the relatively small size of the local industry.			
NASIA	Clauses 4(2) The board and senior management of a financial institution or financial intermediary must designate employees responsible for continuously identifying, reporting and mitigating risks strategies of outsourced activities	The term “outsourced activities” is not a defined term.	For clarity, we suggest using the term “outsourcing arrangements” such that the clause reads as follows: “The board and senior management of a financial institution or financial intermediary must designate employees responsible for continuously identifying, reporting and mitigating risks strategies of outsourced activities outsourcing arrangements.”	Accepted.	
NASIA	Clause 4(3) (3) The designated employees referred to in sub-clause (2), must timeously inform the board and	The requirement to notify the board of risks related to outsourcing seems operational and employees should only be tasked to notify the senior management who will then take it further.	Proposed rewording: “(3) The designated employees referred to in sub-clause (2), must timeously inform the board and or senior management of the financial institution or financial intermediary about those risks.”	To be amended to read “The designated employees referred to in sub-clause (2), must timeously inform the board and/ or senior management of	Declined, subclause 2 requires the board and senior management to designate the employees responsible for identifying, reporting and

	senior management of the financial institution or financial intermediary about those risks.			the financial institution or financial intermediary about those risks.”	mitigating risk strategies of outsourced activities. Hence, subclause 3 requires that those employees designated by the board and senior management to report to them. To be amended to read
NASIA	Clause 6(2) (a) financial, reputational and operational impact if the material business function is disrupted, deteriorates or fails;	The word ‘material’ should not be here as these factors are to establish whether a business function is material or not.	Suggested edits as follows: (a) financial, reputational and operational impact if the material business function is disrupted, deteriorates or fails;		Declined, material is added here for completeness’ sake.
NASIA	Clause 6(2)(g) affiliation, association or other	It is unclear how an affiliation between a financial institution and the service provider would impact the analysis on	We suggest deleting 6(2)(g) and (h).		Declined. The affiliation or association

	<p>relationship between the financial institution or financial intermediary and the service provider;</p> <p>Clause 6(2)(h) regulatory compliance status of the financial institution or financial intermediary and, if applicable, of the service provider;</p>	<p>whether a business function is considered material or not. This determination is separate from the relationship with a specific service provider which is dealt with in later clauses. The same is true for the regulatory status.</p>		<p>between the financial institution /intermediary and service provider is relevant to determining whether a business function is material or not because:</p> <p>a) The risks associated with outsourcing tasks to an affiliated service provider may be different to those encountered in outsourcing to an unaffiliated external service provider.</p> <p>b) the affiliated or associated relationship may restrict the ability of the regulated entity to control or influence the service provider, and, by extension, of NAMFISA's ability to effectively</p>
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					supervise the regulated entity.
NASIA	Clause 11: Principle 4: Confidentiality issues	“Issues” is contentious and implies problematic behavior by service providers.	We propose the following heading: Principle 4: Confidentiality issues	Accepted	
NASIA	Clause 13(1): Principle 6: Access to data, premises and personnel A financial institution or financial intermediary must ensure that NAMFISA, their auditors (if applicable) and the financial institution or financial intermediary themselves can promptly obtain, upon request, information concerning the outsourced	We believe this clause to be too far reaching as currently worded. It also needs to make provision for the access to be reasonable. Access to be limited for the purposes of supervisory powers and subject to Part 5 of Chapter 10 of the Act.	Our suggested edits as follows: “A financial institution or financial intermediary must ensure that NAMFISA, their auditors (if applicable) and the financial institution or financial intermediary themselves can promptly obtain, upon request, information concerning the outsourced material business function function that are relevant to undertake regulatory oversight functions and where necessary, there must be prompt reasonable access to the data, information technology systems, premises and personnel of the service provider.”	Accepted	Declined. The intention of this clause is to allow NAMFISA and the auditors of the regulated entity upon their request, prompt access to information, data, IT systems, premises and personal related to the outsourced material business function. This is in line with sections 3 and 4 of the NAMFISA Act No. 3 of 2021.

	material business function and where necessary, there must be prompt access to the data, information technology systems, premises and personnel of the service provider.				
NASIA	Clause 13(3) A financial institution or financial intermediary must keep records of all outsourced functions.	“Outsourced functions” is not a defined term. We assume what is meant here is “outsourcing arrangements”.	For clarity, we suggest using the term “outsourcing arrangements” such that the clause reads as follows: “A financial institution or financial intermediary must keep records of all outsourced functions outsourcing arrangements.”	Accepted.	
NASIA	Clause 16 (b) the cost of the services being provided and that the financial institution or financial	We insource due to the economies of scale applied to shared products, policy administration systems, resources, etc. It’s unlikely that there would be a reliable open market for this in order	We propose deleting of 16(b).		Declined. The intention of this clause is for cost effectiveness to be considered when entering in-sourcing arrangements.

	intermediary has taken steps to ensure that the cost is commensurate to the fair value of like services that could be provided by an arm's-length service provider;	for us to determine fair value at all times. Cost considerations are provided for under 6(2)(f).			
NASIA	Clause 17(2) A financial institution or financial intermediary must, prior to entering into an off-shoring arrangement with a service provider: (a) Seek written approval from NAMFISA and provide detailed justification	The Standard is silent on the process to be followed for existing off-shoring arrangements. To avoid confusion and uncertainty in the industry, we suggest that NAMFISA clarify its intention here. It is unclear if the intention is that existing off-shoring arrangements need approval from NAMFISA. We drafted the suggestion with the understanding that existing agreements do not need written approval. If NAMFISA is of a different view, this	Suggested wording as follows: 17(2) A financial institution or financial intermediary must, prior to entering into an off-shoring arrangement with a service provider, unless the off-shoring arrangement is already in place prior to the commencement date of this Standard: (a) Seek written approval from NAMFISA and provide detailed justification why the function or activity cannot be feasibly conducted in Namibia.	Clarification. Existing off-shore arrangements must comply with this Standard.	Declined, detailed justification is necessary for the Registrar to approve the offshoring arrangement for a material business function.

	<p>why the function or activity cannot be feasibly conducted in Namibia.</p>	<p>needs to be stipulated and a timeframe included.</p> <p>Offshoring certain functions is standard practice globally. Clarity is needed of the Regulator's intention in including the phrase "and provide detailed justification why the function or activity cannot be feasibly conducted in Namibia". Location of a service provider is but one consideration in assessing the risks from outsourcing.</p> <p>While we are not averse to seeking approval from NAMFISA for off-shoring arrangements in principle, we don't think there should be a presumption that the only situation where offshoring is permissible is where the function can't be conducted in Namibia. There may be other good reasons why an offshoring arrangement makes sense to the particular financial institution. For example, the ability to access better service delivery or products and obtain lower rates when transacting as</p>			
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		part of a larger Group which ultimately benefits the service experience of the Namibian customer.			
NASIA	Clause 17(3) If the off-shoring arrangement involves risks that the financial institution or financial intermediary is not managing, or will not be able to manage appropriately, NAMFISA may require the financial institution or financial intermediary to make alternative arrangements for the performance of the material business function if the financial	<p>This clause suggests NAMFISA to be fettering with the freedom to contract as it forces a financial institution or financial intermediary to terminate its outsourcing arrangements.</p> <p>We suggest NAMFISA should be able to penalize non-compliance with the Act and standards, but not to dictate where or which entity provides services to a Financial Institution.</p>	Suggest clause 17(3) is deleted completely		<p>Declined, this clause applies when the financial institution or intermediary has entered into an off-shore arrangement and is not adequately managing the risks associated with the off-shore arrangement.</p> <p>Naturally in that instance and because the Registrar approved the off-shore arrangement he must be able to require the financial institution or intermediary to appoint an alternative service provider to</p>

	institution or financial intermediary cannot satisfy such concerns within the period specified by NAMFISA.				adequately manage the risk.
NASIA	Clause 18(1) A financial institution or financial intermediary must notify NAMFISA, in writing not later than 30 business days after entering into an outsourcing agreement, of such agreement.	The Standard is silent on the process to be followed for existing outsourcing arrangements. To avoid confusion and uncertainty in the industry, we suggest that NAMFISA clarify its intention here. If NAMFISA's intention is that it be notified of existing outsourcing arrangements, we suggest that the Standard stipulate this and include a timeframe.	Suggested wording as follows: "A financial institution or financial intermediary must notify NAMFISA, in writing not later than 30 business days after entering into an outsourcing agreement, of such agreement or in the case of an existing outsourcing agreement, within 12 months of the commencement date of this Standard. "	Clarification. A 12 month transitional period will be offered to allow existing arrangements time to comply with the Standard	
NASIA	Clause 19: All existing outsourcing arrangements must comply with the requirements	We request, a transitional timeframe to comply with the Standard. There will be uncertainty and confusion in the industry if there is no time for the financial institutions and financial intermediaries	Please include the following wording: "All existing outsourcing arrangements must comply with the requirements of this Standards within 5 years of the	Clarification. A 12-month transitional period will be offered to allow existing arrangements	

	of this Standards.	to comply with the Standard as there is no clarity on an effective date.	commencement date of this Standard or as agreed with the Regulator.”	time to comply with the Standard	
NASIA	Schedules				
	<p>General comment:</p> <p>1. Schedule 2 refers to several functions and activities by using general terms – for obvious reasons there is a need for certainty and accurate wording when describing activities or functions that constitute principal business.</p> <p>2. We wish to point out that Collective Investment Scheme (CIS) and its management company (Manager of Collective Investment Schemes (MCIS)) are intrinsically connected, functioning in a relationship where the MCIS orchestrates the operational and strategic aspects of the CIS, ensuring its alignment with regulatory requirements and investment objectives. The CIS itself is a pooled legal arrangement and does not have its own staff or infrastructure which is performed under law by the approved MCIS. The MCIS provide all the necessary services for the operation of the CIS and functions are performed by the Manager as stipulated in its deed. Functions such as iii) ‘fund administration’ are not performed by the CIS itself. It is thus proposed to amend the Schedule 2 by deleting the reference to “Collective Investment Scheme” entirely or to update its principal business function/activity to be “Not Applicable”.</p> <p>3. It is furthermore important to point out that it is common for the Manager of Collective Investment Schemes to appoint the Investment Manager to perform certain functions when the Investment Manager is part of the same group and brand due to the fact that its highly practical and streamlines operations, reduce overhead costs, and focuses on strategic management rather than day-to-day administrative tasks ensuring that Namibian unit trust schemes are able to compete with international investment offerings. Independence stems for the regulatory roles of the Independent Trustees and Custodians. As such the amendments specifically to Schedule 2 have been adjusted to cater for these elements.</p>				
NASIA	Schedule 2: 3. Central Securities Depository	Safekeeping (custody) of securities Is the intention that local banking institutions would no longer be custodians of securities? If not, this	We seek clarity clarify.	Clarification. A CSD registered under FIMA must ensure that it is responsible for	

		exemption should be specified.		the custody of securities.	
NASIA	Schedule 2: 3. Investment Manager	Portfolio Management is vague.	<p>We propose that the functions be clarified as follows:</p> <ul style="list-style-type: none"> • Performing Domestic Investment Strategy Development; • Performing Domestic Portfolio Construction; • Overseeing performance monitoring of client portfolios in their entirety; and • •Overseeing client reporting; and • •Performing in person report-backs to clients on portfolio performance.. 		Declined, portfolio management is a generally accepted term in the investment management industry.
NASIA	Schedule 2: Financial Institutions - 4. Collective Investment Scheme	It's the CIS management company that establishes and operates the CIS. The CIS itself is the mechanism through which the investments are pooled and managed, but all decisions, from the fund's establishment to its daily operation, are made by the management company. This company also bears the responsibility for the fund's compliance, performance, and adherence	<p>We propose to delete the CIS entirely from schedule 2 or amend the related principal business function to "Not Applicable". Functions and activities listed under Financial intermediary 4 Manager of CIS deal with many of these items.</p> <p>Please refer to general comment section, specifically general comment number 5.</p>		Declined, this Standard applies to all financial institutions and a CIS is defined as a financial institution in FIMA.

		to its stated investment objectives. The CIS itself is not a legal entity nor does it have employees and functions are performed by the Manager (which is a financial intermediary separately listed in this schedule) as stipulated in its deed.			
NASIA	Schedule 2: Financial Intermediary - Linked Investment Service Provider Portfolio Administration	“Portfolio Administration” is not defined in FIMA nor in this standard and it is unclear what exactly is included and excluded in this term.	We propose that the principal business of a LISP be limited to the following: 1. Account Setup and Maintenance: This includes the creation and ongoing maintenance of investor accounts, ensuring that all client information is up to date and accurately reflected in the LISP’s systems. 2. Transaction Processing: Handling buy and sell orders for the various investment products available on the LISP platform. This includes processing purchases, redemptions, switches between funds, and any regular investment plans such as systematic investment plans. 3. Reconciliation and Reporting:	Accepted. Amended to read “implementing or capturing investment instructions on behalf of a client or another person”.	

			Ensuring that all transactions are accurately recorded and reconciled against third-party statements from fund managers.		
NASIA	Schedule 2- Financial Intermediary – 4. Manager of Collective Investment Scheme	Operating Collective Investment scheme is very broad and the term “operating” is not clear as to what is actually prohibited.	We propose the following be listed as functions under this part: <ul style="list-style-type: none"> • Establish collective investment scheme • Establish portfolios • Appointment of Investment Managers and Other Service Providers • Oversight of Valuation Processes including pricing and reporting 	Accepted to be amended as follows: <ul style="list-style-type: none"> i) Operating, controlling and managing Collective Investment Scheme. ii)receiving, paying or investing money or other assets including income accruals iii) selling, repurchasing, issuing or cancelling of a participatory interest and giving financial advice or disclosing information on any matters to investors or 	

				<p>potential investors.</p> <p>iv) buying and selling of assets or the handing over the assets to a trustee or custodian for safe custody.</p>	
<p>Namibian Stock Exchange</p>	<p>Section 3 (Principal Business)</p> <p>A financial institution or financial intermediary may not outsource its principal business.</p>	<p>Section 3 prohibits a financial institution from outsourcing its principal business.</p> <p>Schedule 2 of the Standard defines the principal business function or activity that may not be outsourced.</p> <p>For purposes of the Exchange, the principal business function or activity of “Operating and maintaining the infrastructure for the buying, selling and matching of securities” is of concern. This is because the buying, selling and matching of securities currently runs off the JSE infrastructure, an arrangement that has been in</p>	<p>The principal business function or activity definition applied to the Exchange in this regard needs to be considered carefully to ensure that the Exchange can remain sustainable.</p> <p>It is proposed that a discussion is held with NAMFISA to consider the definition and determine the way forward in this regard, with the initial proposal to define this activity as a “material business function or activity” that may be outsourced in accordance with the terms and conditions of the Standard.</p>	<p>Accepted.</p> <p>Amended to read “Facilitating the infrastructure for the buying, selling and matching of securities.”</p>	

		place since the NSX's establishment 32 years ago, which has greatly assisted with running the Exchange at a low-cost base. If the definition is implemented in its current form, the impact on the NSX will be unimaginable given the costs associated with operating and maintaining infrastructure of this nature.			
Namibian Stock Exchange	Section 3 (Principal Business) A financial institution or financial intermediary may not outsource its principal business.	For purposes of the Central Securities Depository, the principal business function or activity of "Safekeeping (custody) of securities" is of concern. This is because it may become cost-effective to outsource the safekeeping of securities to a reliable and trustworthy market participant like Strate. Similar to the arrangement with the JSE, securities kept in custody would be run off, for example, Strate's infrastructure.	The principal business function or activity definition applied to the CSD in this regard needs to be considered to cater for sustainable business opportunities that may arise in the future. It is proposed that a discussion is held with NAMFISA to consider the definition and determine the way forward in this regard, with the initial proposal to define this activity as a "material business function or activity" that may be outsourced in accordance with the terms and conditions of the Standard.	Accepted, to be amended as "facilitating the safekeeping (custody) of securities."	
Simonis Storm	Section 6 (g)	Any affiliation, association or cooperation between the financial institution or	(Possible better word than relationship?)		Declined, relationship is an all

		financial intermediary and the service provider;			encompassing word.
Simonis Storm	Section 9 (1)	A financial institution or financial intermediary and the service provider must enter into a written and signed outsourcing agreement in respect of each outsourcing arrangement, covering, at a minimum, the requirements contained in this Standard and the Schedule attached to this Standard.	(Just for added context as per the schedule)	Accepted.	
Simonis Storm	Section 17(3)	If NAMFISA determines the off-shoring arrangement involves risks that the financial institution or financial intermediary is not managing, or will not be able to manage appropriately, NAMFISA may require the financial institution or financial intermediary to make alternative arrangements for the performance of the material business function if the financial institution or financial intermediary cannot satisfy such concerns within	(Just to add context on who decides if the risk is manageable or not)	Accepted.	

		the period specified by NAMFISA.			
Simonis Storm	Schedule 1 (t)(i)	An explanation of the nature of breach experienced.		Accepted.	
Simonis Storm	Schedule 1 (t)(ii)	a statement of when the breach was discovered, the manner in which it was discovered and how long it had existed before being discovered and reported;		Accepted.	