



British Virgin Islands Financial Services Commission

Pasea Estate, Road Town, Tortola, British Virgin Islands • Tel: 284 494 1324 • Fax: 284 494 5016 • Email: commissioner@bvifsc.vg

**Practice Direction Number 1 of 2006,
Issued under section 40 of the Financial Services Commission Act, 2001.**

Definition of Terms – Insurance Allowable Assets

Introduction

The Insurance (Amendment) Regulations, 2005 amend subregulations (2) and (3) of Regulation 8 of the Insurance Regulations, 1995 by expanding the list of allowable assets and non-allowable assets. The Insurance (Amendment) Regulations, 2005 refer to “credit assessment institutions” and “stock exchanges” recognised by the Commission. Reference is also made to a “high grade rating” and a “medium grade rating” in section 2(d)(iii)(A) and 2(d)(iii)(B) respectively of the Insurance (Amendment) Regulations, 2005. This Practice Direction serves to formally define these three terms.

1. Credit Assessment Institutions Recognised by the Commission

Standard and Poor’s, Fitch Ratings and Moody’s Investor Services represent credit assessment institutions recognised by the Commission for the purposes outlined in the Insurance (Amendment) Regulations, 2005. These internationally recognised institutions are subject to the code of conduct developed by the International Organisation of Securities Commissions (IOSCO), which offers guidance relating to the quality and integrity of their rating process, their independence, the level of transparency of their activities and disclosure of information.

2. Stock Exchanges Recognised by the Commission

Members of the World Federation of Exchanges¹ represent stock exchanges recognised by the Commission for the purposes outlined in the Insurance (Amendment) Regulations, 2005. In order for a stock exchange to be afforded membership into the World Federation of Exchanges they must meet certain criteria. For instance exchanges should have available an adequate organisational infrastructure which has in place a risk management system and specific rules and regulations that serve to protect investors. These rules and regulations must promote transparency, efficiency, accountability and adequate supervision of participants and the exchanges must have adequate operational resources to enable them to offer the proper tools for trading in securities.

¹ See Appendix 1 for a list of members of the World Federation of Exchanges.