



British Virgin Islands Financial Services Commission

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**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.

3. High and Medium Grade Rating

The Commission will be utilising the following ratings to assess whether an investment is high or medium grade. These ratings presented in the table below are based on the ratings provided by the credit assessment institutions recognised by the Commission.

GRADES	RATINGS		
	MOODY'S	STANDARD & POORS	FITCH
High Grade	Aaa – Aa	AAA – AA	AAA – AA
Medium Grade	A – Baa	A – BBB	A - BBB

Moody's modify their ratings with numbers while Standard & Poors and Fitch modify their ratings with a minus sign to show relative standing within a rating category.

The Official Seal of the Commission is affixed hereto this 29th day of August, 2006.



Robin Gaul
Chairman of the Board of Commissioners
Financial Services Commission



APPENDIX 1 – Members of the World Federation of Exchanges

AMERICAN STOCK EXCHANGE
ATHENS EXCHANGE
AUSTRALIAN STOCK EXCHANGE
BERMUDA STOCK EXCHANGE
BME SPANISH EXCHANGES
BOLSA DE COMERCIO DE BUENOS AIRES
BOLSA DE COMERCIO DE SANTIAGO
BOLSA DE VALORES DE COLOMBIA
BOLSA DE VALORES DE LIMA
BOLSA DE VALORES DO SÃO PAULO
BOLSA MEXICANA DE VALORES
BORSA ITALIANA SPA
BOURSE DE LUXEMBOURG
BOURSE DE MONTRÉAL
BSE THE STOCK EXCHANGE, MUMBAI
BUDAPEST STOCK EXCHANGE LTD.
BURSA MALAYSIA
CHICAGO BOARD OPTIONS EXCHANGE
COLOMBO STOCK EXCHANGE
COPENHAGEN STOCK EXCHANGE
DEUTSCHE BÖRSE AG
EURONEXT AMSTERDAM
EURONEXT BRUSSELS
EURONEXT LISBON
EURONEXT PARIS
HONG KONG EXCHANGES AND CLEARING
IRISH STOCK EXCHANGE
ISTANBUL STOCK EXCHANGE
JAKARTA STOCK EXCHANGE
JSE LIMITED
KOREA EXCHANGE
LJUBLJANA STOCK EXCHANGE
LONDON STOCK EXCHANGE
MALTA STOCK EXCHANGE
NASD
NATIONAL STOCK EXCHANGE OF INDIA
LIMITED
NEW YORK STOCK EXCHANGE
NEW ZEALAND EXCHANGE LTD,
OMX EXCHANGES LTD.
OSAKA SECURITIES EXCHANGE
OSLO BØRS
PHILIPPINE STOCK EXCHANGE
SHANGHAI STOCK EXCHANGE
SHENZHEN STOCK EXCHANGE
SINGAPORE EXCHANGE
STOCK EXCHANGE OF TEHRAN
STOCK EXCHANGE OF THAILAND
SWX SWISS EXCHANGE
TAIWAN STOCK EXCHANGE CORP.
TEL-AVIV STOCK EXCHANGE
TOKYO STOCK EXCHANGE
TSX GROUP
WARSAW STOCK EXCHANGE
WIENER BÖRSE AG

This list may vary. A current list is available on the World Federation of Exchanges website <http://www.world-exchanges.org/WFE/home.Asp?nav=ie> .