

THE FSC'S "KNOWN TO THE COMMISSION" (KTC) CONCEPT

A Step Forward in Regulatory Efficiency



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For years, financial services regulation has been built around a familiar operating principle: *ask again, verify again, submit again*.

The Financial Services Commission's newly introduced "Known to the Commission" (KTC) concept signals a meaningful shift away from that mindset and towards a more mature, risk-based regulatory model.

Stemming from the policy measures announced in the 2025/2026 National Budget and issued under Circular Letter CL050126, the KTC concept, at its core, seeks to improve regulatory efficiency by streamlining regulatory processes without compromising supervisory or compliance standards.

WHAT IS THE KTC FRAMEWORK?

Under the KTC framework, the FSC is able to leverage existing information already submitted and assessed in respect of certain applicants and their key individuals. Rather than requiring repetitive submissions of the same documentation, the FSC can place reliance on previously assessed and validated information, provided strict eligibility criteria are met.

WHO CAN BENEFIT FROM KTC STATUS?

At this initial stage, the KTC concept applies to entities that hold, or are applying for, the following FSC licences:

- Investment Fund licences
- Investment Adviser (Restricted) licences
- Investment Adviser (Unrestricted) licences

KTC status does not only apply at the entity level. It may also extend to the entity's relevant officers and beneficial owners, subject to satisfaction of the applicable criteria.

WHEN IS AN APPLICANT "KNOWN TO THE COMMISSION"?

An applicant (together with its relevant officers and beneficial owners) may be considered as "Known to the Commission" where all of the following conditions are met:

- The applicant has held at least one valid FSC financial services licence for the past three (3) years
- The applicant is in good standing with the FSC, including full compliance with filing, reporting, and fee obligations
- There are no adverse findings, red flags, or negative screening results relating to the applicant or its individual officers or beneficial owners
- The FSC already holds relevant, satisfactory, and up-to-date due diligence documentation in respect of the applicant and its officers or beneficial owners

WHAT CHANGES IN PRACTICE?

1. Extended Validity of Personal Questionnaires (PQs)

One of the most significant changes under the KTC regime relates to the validity period of Personal Questionnaires (PQs).

For applicants qualifying as KTC:

- PQs may remain valid for up to two (2) years from the date of initial submission, provided that no material changes have occurred.

However, a fresh PQ will still be required where:

- There are material changes affecting the individual; or
- The existing PQ exceeds the two-year validity period.

While the KTC status streamlines the process, the FSC retains full discretion to request updated PQs at any time, including in respect of any beneficial owner, controller, officer, or shareholder, where it considers this necessary.

2. Letter of Confirmation and Undertaking

Applicants relying on the KTC framework must submit a Letter of Confirmation and Undertaking in the form prescribed by the FSC.

The Letter must confirm that:

- The applicant has held a valid FSC licence for at least three (3) years
- The applicant and its relevant officers and beneficial owners remain in good standing with the FSC
- All relevant PQs are not older than two (2) years and remain unchanged
- Customer Due Diligence (CDD) documentation is valid and up to date
- Passports of relevant officers and beneficial owners are valid
- Screening has been conducted and can be provided to the FSC upon request

Applicants must also undertake to promptly submit updated PQs or CDD documentation if any relevant changes occur. The FSC may request additional information at any time where it deems this necessary.



WHY THIS MATTERS

The introduction of the KTC framework is expected to deliver several practical benefits, including:

- Reduced duplication of regulatory filings for eligible applicants
- Faster processing of licence applications and variations
- Increased regulatory efficiency for well-established, compliant entities

KTC status does not dilute ongoing compliance obligations. Entities remain fully responsible for ensuring that all information held by the FSC is accurate, complete, and kept up to date at all times.

The KTC concept reflects a positive evolution in the FSC's regulatory approach, signalling a willingness to place greater trust in entities that have demonstrated sustained compliance and strong governance standards.

For eligible entities, now is the time to ensure strong internal controls, disciplined documentation, and proactive monitoring processes to support KTC reliance. These are no longer just compliance tools; they are becoming strategic assets that will enable eligible entities to fully benefit from the efficiencies offered by the framework, while continuing to meet the FSC's expectations for transparency and accountability.

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