

GUIDANCE NOTE GN700

CODE SERIES FS700: PARAGRAPHS 1.1 AND 1.2

EXEMPTION FROM THE ACCESS TO FINANCIAL SERVICES ELEMENT (FS700)

1. Introduction

This Guidance Note (GN700) provides clarification on the exemption provisions under Code Series FS700 (Access to Financial Services) applicable to Measured Entities, who are wholesalers and/or retailers of financial products and services, whose business models do not support the direct provision of financial products or services to the targeted Access Products consumers. The Note aims to assist measured entities, verification professionals, regulators, and stakeholders in understanding exemption criteria, evidence requirements, sectoral distinctions, and the legal foundations underpinning such exemptions.

Paragraphs 1.1 and 1.2 of the Amended Financial Sector Code expressly recognise that certain types of financial institutions lack the operational, infrastructural, or regulatory capability to comply with the Access requirements. This Guidance Note elaborates on those provisions and provides an expanded, sector-specific interpretation.

2. Definitions

2.1 Wholesalers

Wholesalers are financial institutions that operate exclusively or predominantly at an institutional, intermediated, or business-to-business level. These entities provide specialised, large-scale, or complex financial services, products, or risk solutions through or for other regulated financial institutions, large corporate entities, or intermediaries; thereby do not interact directly with the first-order consumers of their products and/or do not possess the appropriate distribution networks, licensing permissions, product structures, or operational systems necessary for first-order consumer-facing financial services.

2.2 Retailers

Retailers are financial institutions licensed and structured to provide first-order financial services directly to individuals, households, micro-enterprises, or small businesses. They maintain customer-facing infrastructure including branches,

agents, call centres, digital platforms, mobile channels, and client servicing units. They also comply with market conduct rules designed to protect retail consumers.

Retailers may be eligible for exemption where their business models are inherently specialised, restricted, or targeted at specific non-low-income market segments. Examples include high-net-worth private banking, and corporate-only group risk solutions.

3. Terms of Exemption Approval

An exemption may be considered where a measured entity demonstrates that its operating model, distribution capability, product structure, regulatory permissions, or target market make it inappropriate, impossible, or inconsistent to extend financial services to low-income consumers under the requirements of FS700.

Applications must include:

- A formal, signed motivation letter explaining the business model constraints.
- A report prepared by an independent, competent professional detailing:
 - A full description of the measured entity's business model, operational functions, and licensing.
 - A list of product offerings and identification of primary and secondary target markets.
 - A materiality assessment quantifying the proportion of wholesale versus any retail activities.
 - Confirmation of regulatory scope and any licensing restrictions.

4. Exemption Period

Approved exemptions remain valid for a maximum of three (3) years, subject to annual declarations. Declarations must confirm that the business model, licensing conditions, and target markets remain unchanged for the duration of the exemption.

The FSC Council retains the right to review compliance with exemption conditions and may revoke the exemption where substantive changes to business operations occur or where declarations are not submitted.

5. Annexure A: Illustrative Examples

Subsector	Wholesale Entities (Typically Exempt Automatically)	Retail Entities Eligible for Exemption (Restricted Models)
Banking	• Corporate & Investment Banking (CIB) divisions	• Private banking / wealth banking units for HNW clients
	• Treasury: FX, liquidity, capital markets desks	• SME-only banks (no individual retail products)
	• Structured finance, securitisation SPVs	• Retail units with high minimum balance requirements
	• Syndicated loan platforms	• Digital/neo banks with restricted product suites
	• Infrastructure/project finance units	• Corporate card-only or business lending-only units
	• Warehouse funding vehicles	
	• Foreign bank branches with wholesale-only licences	
	• Development finance vehicles funding institutions only	
Life Insurance (Long-Term)	• Life reinsurers	• High-net-worth life insurers (estate planning, succession solutions)
	• Corporate group benefits life reinsurers	• Funeral insurers limited to employer groups (closed schemes)
	• Institutional investment-linked life carriers serving funds only	• Credit life insurers serving only middle- to high-income borrowers
	• Group pension/life risk providers to employer schemes only	• Life offices offering only bespoke or high-value investment-linked products with minimum premiums
	• Cell captive life insurers for corporates	
Non-Life Insurance (Short-Term)	• Reinsurers (non-life)	• Niche short-term insurers serving specific high-end markets
	• Captive insurers (corporate-owned risk cells)	• Marine/aviation intermediaries advising only on commercial products
	• Commercial/Corporate-only insurers (aviation, marine, engineering, liability, cyber)	• Specialist brokers in engineering/industrial risk with no individual clients
	• Alternative risk transfer (ART) entities	• High-value asset insurers (luxury vehicles, art collections)
	• Specialist UMAs serving insurers/brokers only	
	• Cell captive facilities insuring only businesses	
	• Lloyd's cover holders with wholesale mandates	

**The examples outlined in this Annexure serve only as a guide and are not an exhaustive list*