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REPORT 88

Overview of decisions on relief applications (July to September 2006)

January 2007

Group tax audit insurance held by accountants

1.6 We refused to grant licensing relief to accountants holding a tax audit insurance policy for dealing in a financial product on the basis that relief was unnecessary. However, we granted relief for the avoidance of doubt relating to the provision of custodial and depository services.

The policy covered the cost of the accountants' services in acting for any client being audited by regulatory authorities, either:

- by providing a blanket cover for all clients of the accountants at any point in time (blanket cover); or
- through the accountants acquiring the policy, then for their clients electing whether or not they wished to take the cover (declaration cover).

We considered relief from dealing unnecessary because, on the facts of this case, we accepted the applicant's submission that the activity was an incidental component of the accounting service to which it related, and therefore not a financial product for the purposes of Chapter 7: s763E.