



**ISLE OF MAN
FINANCIAL SERVICES AUTHORITY**

Lught-Reill Shirveishyn Argidoil Ellan Vannin

WINTER UPDATE

NEWSLETTER – ISSUE 3 – FEBRUARY 2017

FOREWORD BY THE CHIEF EXECUTIVE

2016 seems long behind us and our attention now turns to the completion of key projects and the setting of our strategic focus for the coming years. Process review work is moving forward and we expect to engage with the industry later this spring with some planned changes to our vetting processes. At the same time the Authority, in conjunction with the Gambling Supervision Commission, is preparing a set of specifications for a new data system which, upon completion, will introduce more optionality and ease to file information with the Authority and enhance our analytical capacity. Although the project completion is a few years out, consistent with our goal to have early and ongoing dialogue, we will start discussions with industry later this spring to share the proposed key elements of the system.

Throughout 2017/18 we will also be reviewing our supervisory approach with a view to introducing some incremental changes as we consider a more fundamental review. Our goal will be to provide a bit more certainty to regulated entities on the type of engagement they should expect over the next 12 months and to ensure that our work in the year ahead positions us well to better understand the business of and risks within the regulated sector.

As some may have noted, the tempo of the Insurance Core Principle ('ICP') Project has increased with a number of the work streams moving to implementation issues. At the time of writing, a core element, the Insurance (Amendment) Bill, received its second reading in Tynwald with a target implementation date of later this spring. The insurance

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Keep up-to-date with all of the latest developments from the Authority using the following methods:



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FOREWORD BY THE CHIEF EXECUTIVE (CONT.)

industry will also be aware that in January 2017 we published an interim roadmap with the intent to publish more regular updates given that the project, in some key areas, is moving into the implementation phase. Nothing, however, replaces face-to-face dialogue with the industry and we will continue our regular engagement with key stakeholders and associations.

As you will also be aware, the Authority, as well as many others across government, has dedicated a considerable amount of time and effort to the MONEYVAL evaluation and is now positioned to move forward. The outcome of the report confirmed many of the gaps that we collectively knew existed and identified through the IoM National Risk Assessment process. Looking ahead, the Authority will continue to support, at a strategic level, the efforts of government, in ensuring that we have a coordinated approach to dealing with the findings. At the same time the Authority will also consider what work it will need to undertake around its own processes. Hopefully our planned industry session on 20 March 2017 (see Moving Forward Section) will be seen as an

opportunity for industry to share their views on the findings and some early thoughts on our proposed next steps.

In relation to AML we from time to time fielded inquiries and comments relative to the Authority's role and approach as it relates to customer due diligence and, in particular, the treatment of certain sectors. We will be publishing some additional guidance and Q&As as it relates to this subject, which will hopefully provide some additional clarity.

Finally, the Authority will be starting to put more structure around our oversight role as it relates to the Beneficial Ownership register. While we expect to leverage some of our existing processes, there will be some discrete and additional work for the Authority, particularly in relation to the development of guidance, maintenance of statistics in relation to the oversight work and oversight processes outside the regulated sector.

Karen Badgerow
Chief Executive

GENERAL UPDATE (1/3)

IOMFSA Annual Report 2015/16

The Authority's first **Annual Report** was published on 22 September 2016. Further information can be found in the associated **Press Release**.

New Appointments at the Authority

On 8 November 2016, the Authority announced that the following appointments would take place with effect from 1 January 2017 as part of ongoing work to identify efficiencies and

opportunities to enhance processes:

- **Michael Weldon** – Director of Emerging Risks and International
- **Andrew Kermode** – Director of Banking, Funds and Investment Services
- **Colin Manley** – Director of Insurance, Pensions and Fiduciary Services.

Further detail can be found in the **Press Release**.

GENERAL UPDATE (2/3)

IOMFSA on Twitter and Linked-In

During October 2016, the Authority established a presence on both [Twitter](#) and [Linked-In](#). These new social media accounts will be used for press releases, public warnings and relevant events as well as the advertisement of job vacancies at the Authority. For the avoidance of doubt, these accounts will not replace the [RSS Feed](#).

Financial Services Rule Book 2016 ('2016 Rule Book')

On 15 November 2016, Tynwald approved the [2016 Rule Book](#), which came into effect on 1 January 2017. For further information on the 2016 Rule Book, please refer to the [consultation](#) webpage.

New Clients' Assets Report ('CAR')

Following receipt of additional feedback from Financial Services Act 2008 ('FSA08') licenceholders, the Authority has finalised the new [CAR](#), which can be found on the [Compliance Support](#) and [Forms](#) webpages on the Authority's website. The CAR will apply for financial years ending on or after 1 January 2017.

In 2017, all FSA08 licenceholders controlling clients' assets will need to complete the CAR and arrange for it to be reviewed by their auditors and submitted it to the Authority within 6 months of the licenceholder's financial year end in accordance with rule 5.18 of the [2016 Rule Book](#).

The Authority is available to assist with any queries during licenceholders' initial completion of the CAR procedures. Please contact either of the following individuals:

- Emma.Cuddy@iomfsa.im / 01624 689370
- Shirley.Corlett@iomfsa.im / 01624 689323.

Modification of Financial Services Act 2008 Licences following 2016 Rule Book

The Authority is in the process of reissuing licences under the Financial Services Act 2008 ('FSA08') to reflect changes made by the 2016 Rule Book from 1 January 2017. The exercise covers modifications to rules which have been made through licence conditions and directions under the FSA08. The objective is to maintain existing modifications whilst updating references to the relevant rules. Draft revised licences were sent to affected licenceholders in December 2016.

Financial Services (Civil Penalties) (Amendment) Regulations 2016

Following a [recent consultation](#), the Financial Services (Civil Penalties) (Amendment) Regulations 2016 were made by the Authority, approved by Tynwald on 17 January 2017, and came into effect on 20 January 2017. The Amendment Regulations amended the Financial Services (Civil Penalties) Regulations 2015 to reflect changes to the rule numbers made by the 2016 Rule Book. The Amendment Regulations do not make any changes to the penalties themselves.

MONEYVAL Mutual Evaluation Report

On 27 January 2017, the Cabinet Office issued a [Press Release](#) regarding publication of the MONEYVAL Fifth Round Evaluation Report of the Isle of Man. For further information regarding MONEYVAL, please see the [MONEYVAL FAQs](#).

GENERAL UPDATE (3/3)

Regulatory Guidance – Cyber Security

The Authority published [Regulatory Guidance in relation to Cyber Security](#) on 16 December 2016 to help regulated entities understand the Authority's expectations and comply with existing requirements in the context of cyber security. Please see the associated [Press Release](#) for further details.

Pension Scams and Risky Pension Investments

The Authority published some consumer awareness information in relation to pension scams and risky pension investments on 17 January 2017, which can be found [here](#). Further information can be found in the associated [Press Release](#).

Public Notices

- 19 Jan 17: [W8 Trustees Limited \(FSA08 Licence Issued\)](#)
- 4 Jan 17: [First Names \(FT\) Limited \(FSA08 Licence Surrender\)](#)
- 4 Jan 17: [Schulte Corporate Services Limited \(FSA08 Licence Surrender\)](#)
- 23 Dec 16: [The Eco Resources Fund PCC plc \(Controller Appointment\)](#)
- 20 Dec 16: [Barclays Private Clients Int. Ltd \(FSA08 Licence Surrender\)](#)
- 9 Dec 16: [UK Secured Finance Fund plc \(Change of Joint Liquidator\)](#)
- 8 Dec 16: [The New Earth Group of Funds \(Change of Joint Liquidator\)](#)
- 18 Nov 16: [CARDANO FOUNDATION \(DNFBP De-Registration\)](#)
- 9 Nov 16: [EXCEL SOLUTIONS \(DNFBP De-Registration\)](#)
- 9 Nov 16: [Aspire Resources Limited \(DNFBP De-Registration\)](#)
- 9 Nov 16: [Jonathan Latham \(DNFBP De-Registration\)](#)

- 1 Nov 16: [BlackRock \(Isle of Man\) Limited \(FSA08 Licence Surrender\)](#)
- 20 Oct 16: [First Charge Finance Limited \(De-registration\)](#)
- 20 Sep 16: [Chan Fiduciary Limited \(FSA08 Licence Surrender\)](#)

Public Warnings

- 9 Nov 16: [Acumen Finance & Loans \(I.O.M\)](#)
- 20 Sep 16: [Bogus E-mails](#)

Sanctions Updates

- 18 Jan 17: [North Korea, Iran \(Nuclear Proliferation\), Iraq, Terrorism and Terrorist Financing, Isil and Al Qaida](#)
- 19 Dec 16: [Democratic Republic of the Congo](#)
- 9 Dec 16: [Syria](#)
- 16 Nov 16: [Ukraine](#)
- 20 Oct 16: [Afghanistan](#)
- 11 Oct 16: [OFAC – PacNet Group](#)
- 6 Oct 16: [Yemen, Libya](#)
- 28 Sep 16: [FARC \(Columbia\)](#)
- 7 Sep 16: [Central African Republic](#)

INSURANCE AND PENSIONS

Non-Life Insurance Sector – QIS3

On 2 September 2016, the Authority launched the 3rd Quantitative Impact Study ('QIS3') (CP16-04) for life insurers. The consultation closed on 31 December 2016 and responses are currently being reviewed. Further information can be found on the [CP16-04 webpage](#).

Insurance (Amendment) Bill 2016 ('Bill')

On 30 September 2016, the Authority issued a **second consultation** on the Bill (CP16-06). The purpose of the Bill is to implement changes needed to take account of developments in international insurance regulatory standards. The consultation closed on 11 November 2016. A **summary of responses to CP16-06** was published on 31 January 2017. The Bill received its Second Reading in the House of Keys on the same day. Further information can be found on the [CP16-06 webpage](#).

Life Insurance Sector – QIS3

On 4 October 2016, the Authority launched the 3rd Quantitative Impact Study ('QIS3') (CP16-05) for life insurers. The consultation closed on 31 December 2016 and responses are currently being reviewed. Further information can be found on the [CP16-05 webpage](#).

Discussion Paper – General Insurance Intermediaries

On 28 October 2016, the Authority published a discussion paper (DP16-07) setting out initial views on developing the existing regulatory framework for the supervision of general insurance intermediaries. The discussion period closed on 23 December 2016 and responses are currently being reviewed. Further information can be found on the [DP16-07 webpage](#).

2017 Roadmap for Updates to the Insurance Regulatory Framework

On 31 January 2017, the Authority issued its **2017 Roadmap** for updating the Island's regulatory framework for insurance business as well as a consultation paper on **Conduct of Business for non-life insurance (CP17-01/T01)**. Further information can be found in the associated **Press Release**.

Managing Conflicts in the Insurance Sales Process (Long-term business) (CP16-03)

A **summary of responses to CP16-03** was published on 31 January 2017. Further information can be found on the [CP16-03 webpage](#).

BANKING (1/2)

Quarterly Banking Statistics – 30 Jun 2016

Deposit base figures and **quarterly banking statistics** for the period to 30 June 2016 were published on 15 and 20 September 2016, respectively.

Quarterly Banking Statistics – 30 Sep 2016

Deposit base figures and **quarterly banking statistics** for the period to 30 September 2016 were published on 2 December 2016.

BANKING (2/2)

New Capital Rules and Reporting Requirements from 1 July 2017

The Authority plans to provide an update to deposit takers in Q1 2017 on preparations for the new capital rules and reporting requirements due to come into effect from 1 July 2017. Reporting under the new regime will commence for the September 2017 returns.

Domestic-Systemically Important Banks ('D-SIBs')

On 11 October 2016, the Authority issued a [summary of responses](#) to its consultation on proposals for a regulatory and supervisory framework for D-SIBs. The draft policy statement is expected to be published in Q1 2017. Please refer to the [consultation webpage](#) for background information.

FUNDS AND INVESTMENT SERVICES

The New Earth Group of Funds – Change of Joint Liquidator

On 8 December 2016, the Authority issued a [Press Release](#) regarding a change in one of the Joint Liquidators appointed in respect of the following funds –

- New Earth Recycling and Renewables (Infrastructure) plc
- The Premier Investment Opportunities Fund Protected Cell Company plc
- The Eclipse Investment Fund Protected Cell Company plc.

Quarterly Fund Statistics – 30 Jun 2016

The [quarterly fund statistics](#) for the period to 30 June 2016 were published on 20 September 2016.

Quarterly Fund Statistics – 30 Sep 2016

The [quarterly fund statistics](#) for the period to 30 September 2016 were published on 2 December 2016.

UK Secured Finance Fund plc ('UKSFF') – Change of Joint Liquidator

On 9 December 2016, the Authority issued a [Press Release](#) in respect of a change in one of the Joint Liquidators appointed in respect of UKSFF.

The Eco Resources Fund PCC plc ('Eco') – Appointment of Inspector and Person to Control the Affairs of the Scheme

On 16 December 2016, His Honour the Deemster Doyle sitting in the High Court of Justice of the Isle of Man granted an application from the Authority to appoint Paul Shimmin of Shimmin Wilson & Co as Inspector of Eco. Further information can be found in the [Press Release](#).

On 22 December 2016, the Authority extended the appointment of Mr Gordon Wilson, of CW Consulting Limited, to assume control of the affairs of the scheme. Further information can be found in the [Press Release](#).

UPDATES FROM OUR REGULATED SECTORS (3/3)

FIDUCIARY SERVICES

GIFCS Plenary Meeting – November 2016

In November 2016, Authority staff attended a plenary meeting of the **Group of International Finance Centre Supervisors** ('GIFCS'). The GIFCS is an international group which addresses both banking and trust and corporate service provider ('TCSP') matters. The plenary was linked to the International Conference of Banking Supervisors ('ICBS') at which the GIFCS represents the smaller jurisdictions and raises their viewpoint on banking matters as regulators that are predominantly "host" rather than "home" supervisors.

In 2014, the GIFCS published a standard for regulation of TCSP business which set out a basis for international comparison. The GIFCS will start a process of peer group evaluations in 2017, beginning with mutual evaluations of Jersey, the British Virgin Islands and Panama. The GIFCS is also promoting regulatory co-operation through the formation of supervisory colleges and through a common Memorandum of Understanding.

Further information can be found in the GIFCS's **Press Release**, which was issued on 12 December 2016 following the Plenary meeting.

UPDATES ON AML/CFT (1/2)

GENERAL AML/CFT UPDATES

AML and Financial Fraud Conference – 1 November 2016

The Authority's annual AML and Financial Fraud Conference took place in the Royal Hall of the Villa Marina on 1 November 2016. The five speakers at the conference provided an update on the latest fraud techniques and trends and to highlight national and international developments in the area of AML/CFT. The conference was attended by 344 delegates from all sectors of industry and appears to have been well-received. Information on the speakers can be found in the associated **Press Release**.

AML/CFT Enquiries

For any AML/CFT enquiries, please email aml@iomfsa.im.

AML/CFT Handbook Update

On 29 November 2016, the Authority issued a **Press Release** in relation to an amendment to Appendices D(a) and D(b) of the Anti-Money Laundering and Countering the Financing of Terrorism Handbook.

MONEYVAL 5th Round Evaluation

On 16 December 2016, the Authority issued a **Press Release** in relation to the MONEYVAL 5th Round Mutual Evaluation Report on the Isle of Man, which was discussed at the MONEYVAL Plenary on 8 December 2016.

The report was published on 27 January 2017. Further information can be found in the **Press Release** issued by the Cabinet Office.

UPDATES ON AML/CFT (2/2)

DESIGNATED BUSINESSES

Registration Update and Visit Cycles

There are currently 308 registered designated businesses and work continues to process the remaining applications. External accountants currently represent the largest designated business sector, comprising 51% of existing registrants. Any changes to businesses must be made at the time on the designated businesses

system, and any new businesses set up in the designated business sector must register prior to business commencing.

The Authority has now commenced its first cycle of visits to designated businesses, and this will continue during 2017 .

For any queries regarding designated businesses, please email dnfbp@iomfsa.im.

MOVING FORWARD (1/2)

UPCOMING EVENTS

MONEYVAL Mutual Evaluation Report – 20 March 2017

The Authority is due to host an information session on 20 March 2017 in relation to the MONEYVAL Fifth Round Mutual Evaluation Report, which was published on 27 January 2017. The session is due to take place in the Royal Hall, Villa Marina, Douglas from 9.00 am to approximately 12.00 pm. Interested parties are asked to contact the Authority by 20 February 2017 to register their interest. Unfortunately, due to anticipated numbers, attendance at this event is limited to one officer per class of licence held by an entity.

Please contact events@iomfsa.im to reserve your space providing your name, position and entity name (and if applicable which class of licence you are representing).

ACSP Seminar: The new Rule Book and Clients' Assets Report – Feb/Mar 2017

Representatives from the Authority are due to provide an overview of the new Rule Book and Clients' Assets Report to the [Association of Corporate Service Providers](#) ('ACSP') seminars on the following dates —

- Thursday 16 February 2017
- Thursday 9 March 2017.

COMMUNITY AND CHARITY INITIATIVES

Charity Fundraising Initiatives

The Authority's staff raised over £2,500 in charity fundraising initiatives during the year which was shared equally between the Authority's two nominated charities for 2016, the [Isle of Man](#)

[branch of the UK Parkinson's Disease Society](#) and the [Isle of Man Food Bank](#). Staff also arranged a third collection of food items for the Isle of Man Food Bank in time for Christmas 2016.

The Authority's nominated charity for 2017 is the Guide Dogs for the Blind Association.

MOVING FORWARD (2/2)

CONSULTATIONS

Isle of Man Government Consultations

The Government's central consultation register can be accessed [here](#). Current consultations that may be of interest are listed in the table at the bottom of this page. Information on closed consultations issued by the Authority, including summaries of responses, may be found [here](#).

Consultation Process

In December 2016, the Cabinet Office announced that it was reviewing the Isle of Man Government's ('IOMG's') process for consultation

and public engagement. The Authority currently follows the IOMG Code of Practice on Consultation, which was adopted in June 2008, and plans to review its own consultation process once the Cabinet Office's review is complete. It is hoped that this will provide further clarity on the strategy the Authority will adopt when undertaking consultations in relation to the financial services sector.

CURRENT CONSULTATIONS

DEPARTMENT	CONSULTATION TOPIC	STATUS	LINK / CONTACT
IOMFSA	CP17-01/T01 Conduct of Business for non-life insurance	31 Jan to 14 Mar 2017	Mrs Nicola Igoea Nicola.Igoea@iomfsa.im

Have feedback?

The Authority welcomes feedback on its 'Update' newsletter. Please click the link below to email us with any suggestions or comments you might have.

[Email Feedback](#)

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