

**Guidance for the
AML/CFT Statistical return
Year ended 31 December 2016**

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Guidance

Introduction to CASCADE

Over the course of the last 18 months the Authority has been working towards defining and developing a single supervisory support system through which all of the Authority's supervisory and oversight activities are captured and managed. This system will encapsulate CASCADE, the Authority's new online portal through which it is envisaged that all secure communications with our firms will be undertaken ensuring that information need only be communicated once irrespective of the number of permissions held.

In carrying out its regulatory functions the Isle of Man Financial Services Authority (the 'Authority') seeks to understand the business of, and risks posed by regulated entities; this allows us to prioritise our work, focus on what truly matters and take actions proportionate to the benefits received.

In seeking to understand the Authority gathers and analyses information from a variety of sources the most important of which is gathered from the regulated entities and designated businesses themselves.

The Authority is currently developing a non-financial return which will complement and sit alongside the annual financial returns received. This return will be launched through CASCADE and will collate information necessary for effective risk based supervision, informing the Authority of the firm's position relative to its peers as well as the overall risk profile of the financial services and designated businesses and the identification of threats to and vulnerabilities within the Island's financial systems.

Primarily statistical in nature, the non-financial return will collate statistical information in respect of:

- the firm's products and services,
- the size and complexity of the operating business model,
- corporate governance arrangements, including internal oversight functions,
- the information and technological systems of the firm,
- sources of business and distribution channels,
- payment processes,
- customer profiles, including political connections,
- geographic location of customers and beneficial owners,
- number, nature and underlying cause of complaints,
- AML/CFT monitoring and screening processes,
- STR reporting and sanction reports

It is the intention of the Authority to issue a detailed consultation in 2018 on the composition and details of this new return which will likely replace the Annual Regulatory Return for licenceholders under the Financial Services Act 2008 and to provide further information in respect of CASCADE.

Acceleration of AML/CFT aspects of the non-financial return

In April 2016 a MONEYVAL evaluation team undertook an evaluation of the level of compliance with the FATF 40 Recommendations and the level of effectiveness of the Isle of Man's AML/CFT system. As part of that evaluation a number of recommendations were made as to how the system could be strengthened.

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MONEYVAL confirmed in paragraph 433 of the Mutual Evaluation Report¹ that in general the ML/TF risks in the financial and designated business sectors are understood by the Authority with this understanding being facilitated by long-standing and thorough supervision (including on-site visit programme and access to SARs) over most of the sectors.

However MONEYVAL further noted that the Authority, through the National Risk Assessment², had highlighted that there are gaps in statistics and information collected by the Authority. For example, the Authority does not routinely collect and aggregate information across all sectors on customer risk classifications, numbers of PEPs, residence of beneficial owners of customers, or extent to which exemptions or simplified CDD measures are applied under the AML/CFT Code. Whereas the NRA considers and assesses the ML/TF risk of each financial sector, the Authority does not currently identify and maintain an understanding of the ML/TF risk between different sectors and type of institution, or allocate resources based on such an understanding.

The Authority concurs with MONEYVAL's assessment in this regard, and as a result is accelerating the AML/CFT aspects of the non-financial return through the publication of this AML/CFT statistical return.

Going forward the information set out in the AML/CFT statistical return will be required from all regulated entities and designated business on an annual basis with the intention to fully reabsorb these requirements into the non-financial return upon the launch of CASCADE.

AML/CFT statistical return in respect of the calendar year 2016

This paper sets out the statistical information requested from all firms regulated or overseen by the Authority for ML/TF purposes in respect of the calendar year 2016.

Why is this data useful to the Authority?

An analysis of trends of the above information over time within an individual firm and against peer groups or industry sectors allows the Authority to verify or reassess a firm's profile relative to its peers. Any variations to this profile can then be identified and queried to understand the root cause.

Variations in data may arise for a number of legitimate business reasons which may include (but are not limited to):

- changes to the distribution network of products;
- entry into new or withdrawal from existing products or markets;
- additions to or removal from the sanctions lists;
- technological advancements that assist the firm in the identification of risk factors and / or screening of customers and their relationships;
- technological advancements which results in changes to the risk of abuse by criminals;
- changes to the training regime for new or existing staff;
- changes to the processes and procedures of the firm;
- changes to key personnel;
- new criminal or regulatory investigations may result in increased number of enquires received which in turn leads to an increase in the level of disclosures made;
- changes to the focus of criminals intent on the abuse of the financial system.

¹ [Anti-money laundering and counter-terrorist financing measures Isle of Man Fifth round mutual evaluation report](#)

² [Isle of Man Government National Risk Assessment of Money Laundering and the Financing of Terrorism](#)

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Variations in trends could indicate a shift in the ML/FT risk profile of the individual firm or indeed the wider industry.

The information in this return is primarily going to be utilised by the Authority in the assessment of supervisory risk of individual entities, peer groups, sectors and cross industry analysis of risk. Risk and threat analysis performed by the Authority at the industry level will, in future, be fed into the National Risk Assessment facilitating consistency of approach.

The conclusions of the analysis of 2016 data will be shared with industry and published on our website early in 2018.

Completion of the form

It is recognised by the Authority that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. If this is the case the Authority seeks to understand ‘a picture’ of the firm and requests that the firm provide the information on a best endeavour’s basis using its detailed understanding and knowledge of its customers and new business processing.

Firms are requested to respond to all questions in full. Where a question is considered by a firm to be not applicable to the firm’s own unique position, the Authority requests that this is stated and details are provided in the comments box found at the end of each form. Alternatively where a firm feels that the way a question is posed would result in a significant manual burden to respond the firm is encouraged to consider the objective of the question which is set out in this guidance and enter into discussion with the Authority on how best the objective may be satisfied.

Returns are required to be completed and submitted to: business.change@iomfsa.im by 10 November 2017. Early submissions are welcome and encouraged.

Glossary

AML/CFT Code	Anti-Money Laundering and Countering the Financing of Terrorism code 2015 [SD 2015/0102]
ATCA	Anti-Terrorism and Crime Act 2003 [2003 c.6]
CIS	Collective Investment Schemes
DMLRO	Deputy money laundering reporting officer, an individual appointed under paragraph 25(3) of the AML/CFT Code
DNFBP	Designated non-financial business or profession
External disclosure	A report made under paragraphs 26(1)(f) and 28 of the AML/CFT Code
FIU	Financial Intelligence Unit
FSA08	Financial Services Act 2008 [2008 c.8]
FTE	Full time equivalent
IA08	Insurance Act 2008 [2008 c.16]
IBSA 1892	Industrial and Building Societies Act 1892 [1892 c.6]
Internal disclosure	A report made under paragraphs 26(1)(c) and 27 of the AML/CFT Code
IOM	Isle of Man
Legal arrangement	Has the same meaning as in the AML/CFT Code
Legal person	Has the same meaning as in the AML/CFT Code
Managed	In the context of insurers means an insurer who is managed by an insurance manager registered under the IA08
ML	Money Laundering
ML SAR	A suspicious activity report where the suspicious activity (as defined in the AML/CFT Code) is related to money laundering
MLRO	Money laundering reporting officer, an individual appointed under paragraph 25 of the AML/CFT Code
NPO	Not for profit organisation
POCA	Proceeds of Crime Act 2008 [2008 c.13]
RBSA 2000	Retirement Benefits Schemes Act 2000 [2000 c.14]
Regulated person	Has the same meaning as in the AML/CFT Code
Sanctions lists	The Island's list of persons and entities affected by the various sanctions regimes available on the Customs and Excise website.

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Sanctions officer	An officer of the Customs and Excise Division of the Treasury
Self managed	In the context of insurers means an insurer who is not managed by an insurance manager registered under the IA08
Suspicious activity report	An internal or external disclosure
TF	Terrorist Financing
TF SAR	A suspicious activity report where the suspicious activity (as defined in the AML/CFT Code) is related to terrorist financing
Trigger event	In the case of long term insurers – as defined by paragraph 5.1 of the Guidance Notes on Anti-Money Laundering and Preventing the Financing of Terrorism.

Company information sheet / DNFBP information sheet

This sheet records the permissions / business activities of the firm and based on the input the list of required forms is updated to reflect the forms required to be completed by the firm.

Incidental in the context of AML/CFT is where the customers of the incidental business are drawn from the customer base of the principal activity of the firm. For the purposes of this form a business activity cannot be considered to be incidental to an activity outside of the regulated sector.

Firms may wish to explain the basis of inclusion of a business activity as incidental in the comments section in question 3.

Question 3 is provided to allow firms to provide any commentary that is relevant to the completion of this form, including, where relevant, an explanation of the basis of inclusion of a business activity as incidental to the principal activity.

Form A – Understanding the firm

Background

Form A provides certain background information in relation to the size of the firm and the extent of operations locally as well as some high level insight into the compliance and control mechanisms adopted by the firm which assist the governing body of the firm in managing AML/CFT risks.

A-1. Employee and contractor information

a) The Authority is seeking to understand the number of Isle of Man resident directors, officers, employees, workers and contractors in respect of the Isle of Man business operations and how many positions were vacant as at 31 December 2016.

Except for firms which are long term insurance companies, information in respect of employees resident outside the Island is not requested at this time.

In obtaining this information the Authority wishes to understand how many of these individuals are directors or other officers or employees (within the meaning of the Employment Act 2006) of the firm (*'Number of officers and employees directly employed by the firm'*) and how many may be contractors undertaking work or services in relation to the regulated or designated business of the firm whether or not engaged through an entity within the same group (*'Number of individuals contracted through a contract for services'*).

This information will assist the Authority to form a view of the extent of operations undertaken in the Island and with the provision of the *'Number of compliance personnel – including the MLRO'* the Authority can, over time, monitor trends in the proportion of compliance personnel compared to the overall workforce for each sector.

For the avoidance of doubt outsourced services should not be included within the above statistics.

b) This section is required only where the firm is a long term insurance company

In addition to the information requested in a) of the number of Isle of Man resident directors, officers, employees, workers and contractors b) requests similar information in respect of persons resident outside the Island in respect of the worldwide operations of the Isle of Man headquartered firm as at 31 December 2016.

Whilst firms are asked to indicate the extraction basis for this information it is expected that the majority of firms should be able to provide this information on an actual basis.

A-2. Outsourced activities

In respect of each of the specified activities please indicate whether the activity was undertaken by the firm or was outsourced at any point throughout 2016. Where activities were both undertaken by the firm and a outsourced provider then this should be shown by selecting "Yes" for all applicable instances.

A-3. AML/CFT training

Through question A-3 the Authority seeks to gain statistics of the various types of training provided to firms over the course of the calendar year 2016 and to how many individuals.

In considering this the Authority has classified training into three categories. Firms are asked to consider into which category the training provided best fits.

'Induction or detailed training' being detailed training of the firm's AML/CFT obligations and the control and compliance framework in place at the firm to manage ML/TF risk and to ensure compliance with those legal and regulatory obligations.

'Refresher training' being the annual training provided to all employees of a more general nature, designed to refresh memory and to update in relation to changes to the regulatory and internal frameworks.

'Specialist training' is the training provided to individuals who have decision making responsibility or oversight for the AML/CFT risk and control framework adopted by the firm.

Through an analysis of this data the Authority can understand the development of training in conjunction with changes to the legal and regulatory obligations, ML/TF typologies pertinent to the sector and any other industry wide changes that may have an impact on the type and frequency of training provided to individuals.

It is expected that all firms should be able to provide this information on an actual basis.

A-4. Oversight for AML/CFT by an overseas regulator

Where the firm has regulatory permissions to conduct business in a jurisdiction other than the Isle of Man, the firm may also be required to comply with AML/CFT requirements of that overseas jurisdiction. If this is the case please indicate this by placing a 'Y' in the box provided, otherwise please insert an 'N'.

Where this is the case please also provide details of the overseas regulator, the relevant jurisdiction any 'registration or authorisation number' issued to the firm by the overseas regulator and, where applicable, the name of the contact responsible for the relationship with the firm at the overseas regulator.

For the avoidance of doubt where the Isle of Man operations consist of a branch of a firm headquartered elsewhere, only the lead regulator details are required.

Further, where designated businesses are overseen for AML/CFT purposes by an SRO this information is only required where the business undertakes activities outside of the Isle of Man.

It is expected that all firms should be able to provide this information on an actual basis.

A-5. Monitoring and testing compliance of internal control environment (para 29 of AML/CFT Code)

The Authority wishes to understand who undertakes the monitoring and testing of compliance of the AML/CFT internal control environment and whether that person or persons:

- have appropriate independence from AML/CFT operational functions;
- reports its findings direct to the governing body of the firm or audit committee; and
- has sufficient status within the organisation.

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Firms **may** wish to include within the comments section in A-7 any additional information that may be relevant to the assessments made.

A-6. Payment methods

The Authority is seeking to understand the payment methods accepted or utilised by the business for incoming and outgoing transfer of wealth to and from customers in respect of regulated or designated business carried on.

The Authority appreciates that some payment methods are utilised or accepted as part of ‘business as usual’, others are accepted on a case by case basis after due consideration of the risks presenting and others are not acceptable by policy of the business.

For each payment method please indicate for each of the incoming and outgoing flows whether the firm utilises the payment method and the frequency from the following:

- *Usual* – This method is used frequently as part of business as usual
- *Occasional* – Whilst considered to be a method within business as usual the frequency is less
- *By exception* – Not a method utilised within business as usual and requires consideration of risk and senior sign off before accepted
- *Never* – Method is not utilised by the business
- *Unknown*

A-7. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form A, including, where relevant, any material assumptions made in the collation of the data.

Form B – Monitoring and screening procedures

Background

Form B provides the Authority with statistical information about the monitoring and screening procedures adopted by the firm as well as some information about the risk categorisation of customers.

In this return the risk categories of higher, standard and lower are utilised as the majority of firm adopt a three tier categorisation of risk. Question B-3 seeks information from the firm about its own categories of risk. **In all instances a firm is requested to ensure that only items categorised as higher under the AML/CFT Code should be categorised as higher in this return.**

B-1. Monitoring and screening procedures undertaken by an Isle of Man regulated entity or designated business

Where the firm adopts the monitoring and screening procedures of another regulated entity or designated business then the Authority will obtain the required information for Form B from the return of the indicated entity or business and the firm need not complete the remainder of Form B.

B-2 Screening for PEPs, sanctions, links to terrorism or negative press matches

Screening of customers and other parties to the business relationship is a key component of the customer due diligence process, the nature and extent of which will vary according to risk.

This question seeks to collate statistical information about the timing and frequency of four different screening objectives in respect of each risk category.

PEP screening is where a firm seeks to establish whether a customer is or is associated with a PEP by comparing the identity of the customer and other parties to the business relationship to a database of politically exposed persons.

Sanction screening is where a firm compares the identity of the customer and other parties to the business relationship to sanction lists in issue in order to identify a person or entity on any sanctions list.

Terrorism screening is where a firm seeks to establish whether a customer or any other party to the business relationship has links to terrorism.

Negative press matching is where a firm seeks to establish whether a customer or any other party to the business relationship is negatively portrayed in the press or other public arena.

- a) The firm is asked to indicate, for each risk category of customer and each of the four screening objectives, whether it undertakes screening at the commencement of the business relationship. Firms should respond “Y” where procedures have been in place for the whole of 2016 and “N” where this is not the case.

It is expected that all firms should be able to provide this information on an actual basis.

Questions b) to f) are in respect of existing customers:

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- b) The firm is asked to indicate the frequency at which it undertakes screening of existing clients for each risk category of customer and each screening objective. Please select the frequency that best reflects the frequency adopted by the firm.
- c) – f) Screening may also be applied when certain events occur. The Authority is interested to understand whether additional screening is applied in addition to the frequency of screening applied under b) above when sanction lists are updated or published, at the occurrence of a trigger event, at an unusual activity event (as defined by the AML/CFT Code) or suspicious activity event (as defined by the AML/CFT Code).

Firms should respond “Y” where procedures have been in place for the whole of 2016 and “N” where this is not the case.

It is expected that all firms should be able to provide this information on an actual basis.

B-3. Risk categories

The questions in this return categorise the customer risk as being **higher**, **standard** or **lower**. It is recognised that the AML/CFT Code only considers higher risk customers and non-higher risk customers. The Authority also recognises that the majority of firms categorise the risk of their customers into one of three categories. As a result the questions are framed to reflect this.

This question enables the firm to explain to the Authority the risk categories used by the firm and how they map to the three categories shown thereby enabling firms to respond to the questions in a manner that reflects their risk categorisation.

When mapping risk categories firms should ensure that where the customer risk of ML/FT has been assessed as higher in accordance with the AML/CFT Code that these customers, and only these customers, are shown within the higher risk category within the return.

B-4. Payment screening - Licenceholders regulated under FSA08 under CLASS 1, Class 8(2)(a) or Class 8(4) only

This question should only be completed by deposit takers, and those firms with Money Transmission Service permissions within Class 8(2)(a) and Class 8(4).

In addition to the screening of customers, parties to payments are also screened to identify persons or entities on sanctions lists thereby reducing the risk of payments being made to or received from a person on a sanctions list or relating to restricted activities.

- a) This question seeks to understand for each of SWIFT, BACs and FASTER payment types, whether the sender, beneficiary or other party to the payment is screened and if so, if the screening is performed on a real time transactional basis, prior to the transaction occurring or after the transaction completing. Information is also sought as which sanction lists are utilised for both incoming and outgoing payments.
- b) Where screening is undertaken subsequent to the payment transaction completing please detail in the box provided the timeframe in which screening is performed.

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- c) Where published lists are used other than the sanction lists published by the Isle of Man, United Kingdom, European Union or United States please state in the box provided which public lists are referred to.

B-5. On-going monitoring

Ongoing monitoring is the scrutiny of transactions and other activities to determine whether they are consistent with the firm's knowledge of the customer and the nature and purpose of the product or service provided and the business relationship. Monitoring also involves identifying changes to the customer profile (for example, their behaviour, use of products and size and frequency of transactions), and keeping it up to date, which may require the application of new, or additional, CDD measures. On-going monitoring is an essential component in identifying activities that are unusual or suspicious.

The nature and extent of on-going monitoring procedures can vary according to the customer risk and type of customer. This question seeks to understand for each customer type listed below and the risk categorisation of that customer the type of ongoing monitoring performed and the frequency of that monitoring.

The customer types are split into:

- i. **PEPs** being those customers who are associated with a PEP, within the meaning of paragraph 14(1) of the AML/CFT Code, whether the customer is an individual or legal person or legal arrangement.
- ii. **Individuals not associated with PEPs** – being any customer that is an individual or a number of individuals that are not associated with a PEP.
- iii. **Other customers not associated with PEPs** – being any customer who is not a natural person who is also not associated with a PEP.

The responses required are to indicate for each of the ongoing monitoring activities listed (review of customer risk assessment, review of customer due diligence and scrutiny of transactions) the frequency of monitoring by risk categorisation. The possible responses are:

- At least annually
- At least once every three years
- At trigger events only
- Constant automated review

B-6. Scrutiny of transactions - Licenceholders regulated under FSA08 under CLASS 1, Class 8(2)(a) or Class 8(4) only

This question should only be completed by deposit takers, and those firms with Money Transmission Service permissions within Class 8(2)(a) and Class 8(4).

This question provides a more in-depth analysis of the response to B-5 in respect of on-going monitoring and scrutiny of transactions.

In this question the firm is requested to indicate whether for each category of customer transactions are scrutinised:

- i. Constantly via a transactional monitoring system;

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- ii. Through system generated exception reports;
- iii. At trigger events;
- iv. With reference to a pre-determined value limit;
- v. As a result of cash activity;
- vi. By reference to the geographic origin or destination of transaction;
- vii. As a result of an external event, e.g. the update by FATF of the high-risk jurisdictions list;
- viii. As a result of scheduled periodic reviews and sampling.

B-7. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form B, including, where relevant, any material assumptions made in the collation of the data.

Form C0 – Understanding the customer base

This form should only be completed by firms with the following permissions / designated business activity:

- Crowdfunding platforms (FSA08 - Class 6)
- Management or administration services (FSA08 – Class 7)
- Money transmission services (FSA08 – Class 8(2)(a) and Class 8(4))
- General insurance intermediary (IA08)
- Insurance manager of long term insurers (IA08)
- All DNFBP's excluding legal services (DBROA15)
- Credit Union (IBSA 1892)

Customer should be interpreted as having the same meaning as the AML/CFT Code.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.

C0-1. Size and significance of customer base of the firm

The Authority has detailed information about the size of the firm in the context of financial information through the annual returns submitted. However, in most cases information about the customer base is obtained mainly through the on-site visit process.

The Authority seeks to obtain some high-level information about the size and changes within the firm's customer base during the year ended 31 December 2016 including information of the number of applicants for business declined, and existing customers terminated for ML/FT purposes.

The Authority seeks to establish how many customers as at 31 December 2016 are material to the firm's income. In this context the Authority is interested to understand how many customers exist which alone or with associates account for more than 20% of the firm's income.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C0-7.

C0-2. AML/CFT risk profile of customers

This question seeks to understand the ML/FT risk profile of the firm's customers as assessed by the firm.

Please indicate how many customers, as at 31 December 2016, fall within each risk category.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C0-7.

C0-3. PEPs

This question seeks to understand how many customers are PEP's or are associated with a PEP. The firm is asked to indicate how many customers (as at 31 December 2016) are, or are associated with, a domestic PEP and how many are, or are associated with, a foreign PEP.

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Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C0-7.

C0-4. Use of simplified due diligence

Part 6 of the AML/CFT Code allows firms to apply concessions in the CDD procedures applied to customers with the use of each concession being subject to certain qualifying criteria.

The Authority is seeking to understand the extent of application of the concessions allowed across industry sectors. Whilst providing valuable information over time of the trends in application, this information will also be of immediate value to the Authority and the Island as it will assist in the understanding of use at a sector level, an essential aspect when considering the risk of ML/FT from a national perspective.

In respect of each of the concessions applicable to your firm and available under Part 6 of the AML/CFT the Authority requests firms to indicate whether the concession has been utilised by the firm **throughout 2016** and if so how many customers was it applied to?

It is recognised that for some customers with a number of related parties that more than one concession may be applied when considering CDD at the customer level (eg. No CDD applied for party A, acceptable applicant concession for parties B and D and eligible introducer concession for party C). In this example for the single customer the form would be completed as follows:

	Do you use this concession	How many customers No.
Acceptable applicants [para 20]	Y	1
Acting on behalf of [para 21]	N	
Generic designated business [para 22]	N	
Eligible introducers [para 23]	Y	1
Insurer concessions [para 24(1)-(5)]	N	
Scheme concessions [para 24(7),(8),(11)]	N	

Firms should indicate the basis on which responses to this question have been provided.

C0-5. Residency of customers

Firms are asked to provide a breakdown of the country of residence of customers split between natural persons and non-natural persons (legal persons or legal arrangements). This information should be provided on Form F.

The aggregate percentage must total 100%. To assist the firm in completion the total percentage is shown in the header of Form F. The Authority has utilised the list of country codes as issued by the International Organisation for Standardisation.

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Firms should indicate on Form F the basis on which responses to this question have been provided.

CO-6. Residency of beneficial owners of customers

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of customers where the customer is not a natural person. This information should be provided on Form G.

Since it is possible for a customer to have more than one beneficial owner and since the information requested is only in respect of a subset of the customer base (non-natural persons only), then it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

CO-7. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form CO, including, where relevant, any material assumptions made in the collation of the data.

Form C1 – Understanding the customer base – deposit taking

This form should only be completed by firms with deposit taking permissions (FSA08 - Class 1).

Form C provides the Authority with statistical information about the customers and products of the firm. This form is industry specific and firms are asked to ensure that they complete the correct form relevant for the permissions held remembering that where a firm holds a number of permissions that the relevant form for each permission is required except where the permission is incidental to the firm's principal activity.

Client should be interpreted as being the account holder.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.

C1-1. Size and significance of client base of the firm

The Authority has detailed information about the size of the firm in the context of financial information through the annual returns submitted. However, in most cases information about the customer base is obtained mainly through the on-site visit process.

a) Clients

The Authority wishes to understand the number of clients with non zero accounts as at 31 December 2016 and this information is requested in i). In this context 'non-zero' means accounts with a balance of value.

Question ii) seeks to establish how many clients as at 31 December 2016 are material to the firm's income. In this context the Authority is interested to understand how many clients exist which alone or with associates account for more than 20% of the firm's income.

b) Accounts

Through question i) the Authority seeks to obtain some high-level information about the number of non-zero accounts as at 31 December 2016, the number of new accounts opened in the year [ii]) and the number of accounts closed in the year [iv]) (ons and offs).

The Authority is also seeking to understand how many new applications were declined for ML/FT purposes [iii]) and how many existing accounts were terminated for ML or FT purposes in the year [v]).

It is recognised that some deposit takers collate information at a client level and some at an account level and therefore the firm may choose to respond to b)ii)-b)v) (ons and offs) at a client level or account level. Please indicate the basis used.

The information requested in a) and b) above should be classified according to the following customer types:

- IOM resident natural persons
- Natural persons not resident in the IOM
- IOM charities or NPOs
- Non IOM charities or NPOs

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- Corporates and trusts managed by IOM TCSPs
- Other corporate and trust customers (other than banks)
- Other clients, including banks and the public sector

Where it is unclear into which customer categorisation a client falls, the firm is asked to use its best judgement and apply a consistent methodology in the allocation basis.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C1-6.

C1-2. AML/CFT risk profile of clients

This question seeks to understand the ML/FT risk profile of the firm's clients as assessed by the firm.

For each of the client types considered in C1-1, please indicate how many customers, as at 31 December 2016, fall within each risk category using the same mapping of risk categories to higher, standard and lower [as in B-2].

For this question Charities and NPO's should be included within the 'Other clients' category.

Where it is easier for the firm to answer this question from the perspective of the number of client accounts as opposed to the number of clients please do so, clearly indicating in the box provided the basis utilised.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C1-7.

C1-3. PEPs

This question seeks to understand how many clients are PEP's or are associated with a PEP. The firm is asked to indicate how many clients (as at 31 December 2016) are, or are associated with, a domestic PEP and how many are, or are associated with, a foreign PEP.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C1-7.

C1-4. Use of simplified due diligence

Part 6 of the AML/CFT Code allows firms to apply concessions in the CDD procedures applied to customers with the use of each concession being subject to certain qualifying criteria.

The Authority is seeking to understand the extent of application of the concessions allowed across industry sectors. Whilst providing valuable information over time of the trends in application, this information will also be of immediate value to the Authority and the Island as it will assist in the understanding of use at a sector level of the current application of simplified due diligence, an essential aspect when considering the risk of ML/FT from a national perspective.

In respect of each of the concessions applicable to your firm and available under Part 6 of the AML/CFT the Authority requests firms to indicate whether the concession has been utilised by the firm **throughout 2016** and if so how many clients was it applied to?

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Guidance

It is recognised that for some clients with a number of related parties that more than one concession may be applied when considering CDD at the client level (eg. No CDD applied for party A, acceptable applicant concession for parties B and D and eligible introducer concession for party C). In this example for the single client the form would be completed as follows:

	Do you use this concession	How many customers No.
Acceptable applicants [para 20]	Y	1
Acting on behalf of [para 21]	N	
Eligible introducers [para 23]	Y	1
Scheme concessions [para 24(7),(8),(11)]	N	

Firms should indicate the basis on which responses to this question have been provided.

C1-5. Residency of clients

Firms are asked to provide a breakdown of the country of residence of customers split between natural persons and non-natural persons (legal persons or legal arrangements). This information should be provided on Form F.

The aggregate percentage must total 100%. To assist the firm in completion the total percentage is shown in the header of Form F. The Authority has utilised the list of country codes as issued by the International Organisation for Standardisation.

Firms should indicate on Form F the basis on which responses to this question have been provided.

C1-6. Residency of beneficial owners of clients

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of clients where the customer is not a natural person. This information should be provided on Form G.

Since it is possible for a customer to have more than one beneficial owner and since the information requested is only in respect of a subset of the client base (non-natural persons only), then it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

C1-7. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form C1, including, where relevant, any material assumptions made in the collation of the data.

Form C2 – Understanding the customer base – investment business

This form should only be completed by firms with investment business permissions (FSA08 - Class 2).

Form C provides the Authority with statistical information about the customers and products of the firm. This form is industry specific and firms are asked to ensure that they complete the correct form relevant for the permissions held remembering that where a firm holds a number of permissions that the relevant form for each permission is required except where the permission is incidental to the firm's principal activity.

Customer should be interpreted as having the same meaning as the AML/CFT Code.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.

C2-1. Size and significance of customer base of the firm

The Authority has detailed information about the size of the firm in the context of financial information through the annual returns submitted. However, in most cases information about the customer base is obtained mainly through the on-site visit process.

a) Clients

The Authority wishes to understand the number of clients to which the firm provides services as at 31 December 2016 and this information is requested in i).

Question ii) seeks to establish how many clients as at 31 December 2016 are material to the firm's income. In this context the Authority is interested to understand how many clients exist which alone or with associates account for more than 20% of the firm's income.

b) Accounts

Through question i) the Authority seeks to obtain some high-level information about the number of investment business accounts as at 31 December 2016, the number of new accounts opened in the year [ii] and the number of accounts closed in the year [iv] (ons and offs).

The Authority is also seeking to understand how many new applications were declined for ML/FT purposes [iii] and how many existing accounts were terminated for ML or FT purposes in the year [v].

The information requested in a) and b) above should be classified according to the following customer types:

- IOM resident natural persons
- Natural persons not resident in the IOM
- Corporates and trusts managed by IOM TCSPs
- Other corporate and trust customers
- Other customers, including the public sector

Where it is unclear into which customer categorisation a customer falls, the firm is asked to use its best judgement and apply a consistent methodology in the allocation basis.

AML/CFT Statistical return – Year ended 31 December 2016

Guidance

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C2-7.

C2-2. AML/CFT risk profile of customers

This question seeks to understand the ML/FT risk profile of the firm's customers as assessed by the firm.

For each of the client types considered in C2-1, please indicate how many customers, as at 31 December 2016, fall within each risk category using the same mapping of risk categories to higher, standard and lower [as in B-2].

Where it is easier for the firm to answer this question from the perspective of the number of client accounts as opposed to the number of customers please do so, clearly indicating in the box provided the basis utilised.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C2-7.

C2-3. PEPs

This question seeks to understand how many clients are PEP's or are associated with a PEP. The firm is asked to indicate how many clients (as at 31 December 2016) are, or are associated with, a domestic PEP and how many are, or are associated with, a foreign PEP.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C2-7.

C2-4. Use of simplified due diligence

Part 6 of the AML/CFT Code allows firms to apply concessions in the CDD procedures applied to customers with the use of each concession being subject to certain qualifying criteria.

The Authority is seeking to understand the extent of application of the concessions allowed across industry sectors. Whilst providing valuable information over time of the trends in application, this information will also be of immediate value to the Authority and the Island as it will assist in the understanding of use at a sector level of the current application of simplified due diligence, an essential aspect when considering the risk of ML/FT from a national perspective.

In respect of each of the concessions applicable to your firm and available under Part 6 of the AML/CFT the Authority requests firms to indicate whether the concession has been utilised by the firm **throughout 2016** and if so how many customers was it applied to?

It is recognised that for some customers with a number of related parties that more than one concession may be applied when considering CDD at the customer level (eg. No CDD applied for party A, acceptable applicant concession for parties B and D and eligible introducer concession for party C). In this example for the single customer the form would be completed as follows:

	Do you use this concession	How many customers No.
Acceptable applicants [para 20]	Y	1
Acting on behalf of [para 21]	N	
Eligible introducers [para 23]	Y	1
Scheme concessions [para 24(7),(8),(11)]	N	

Firms should indicate the basis on which responses to this question have been provided.

C2-5. Residency of customers

Firms are asked to provide a breakdown of the country of residence of customers split between natural persons and non-natural persons (legal persons or legal arrangements). This information should be provided on Form F.

The aggregate percentage must total 100%. To assist the firm in completion the total percentage is shown in the header of Form F. The Authority has utilised the list of country codes as issued by the International Organisation for Standardisation.

Firms should indicate on Form F the basis on which responses to this question have been provided.

C2-6. Residency of beneficial owners of customers

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of customers where the customer is not a natural person. This information should be provided on Form G.

Since it is possible for a customer to have more than one beneficial owner and since the information requested is only in respect of a subset of the customer base (non-natural persons only), then it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

C2-7. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form C2, including, where relevant, any material assumptions made in the collation of the data.

Form C3A – Understanding the collective investment schemes

This form should only be completed by firms with the services to collective investment scheme permissions (FSA08 - Class 3 – all sub classes) and seeks to collate information about the risk profile of the schemes themselves (as opposed to the investor profile which is considered in Form C3B).

Form C provides the Authority with statistical information about the customers and products of the firm. This form is industry specific and firms are asked to ensure that they complete the correct form relevant for the permissions held remembering that where a firm holds a number of permissions that the relevant form for each permission is required except where the permission is incidental to the firm's principal activity.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.

C3A-1. Size and significance of scheme base

The Authority has detailed information about the size of the firm and the schemes to which it provides services to in the context of financial information through the annual returns submitted. However, in most cases information from an AML/CFT perspective is obtained mainly through the on-site visit process.

Through question a) the Authority seeks to obtain some high-level information about the number of schemes to which the firm provides services as at 31 December 2016, the number of new schemes on boarded in the year [c] and the number of schemes with whom contracts were terminated in the year [e] (ons and offs).

The Authority is also seeking to understand how many potential new schemes were declined for ML/FT purposes [d] and how many existing scheme relationships were terminated for ML or FT purposes in the year [e].

Finally question b) seeks to establish how many schemes as at 31 December 2016 to which the firm provides services are material to the firm's income. In this context the Authority is interested to understand how many schemes exist which alone or with sub or umbrella funds account for more than 20% of the firm's income.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C3A-6.

C3A-2. AML/CFT risk profile of schemes

This question seeks to understand the ML/FT risk profile of the schemes to which the firm provides services as assessed by the firm.

Please indicate how many customers, as at 31 December 2016, fall within each risk category using the same mapping of risk categories to higher, standard and lower [as in B-2].

Responses to this question should be split into those schemes which are IOM schemes and those which are non IOM schemes.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C3A-6.

C3A-3. PEPs

This question seeks to understand how many schemes are associated with a PEP. The firm is asked to indicate how many schemes as at 31 December 2016 are associated with a domestic PEP and how many are associated with a foreign PEP.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C3A-6.

C3A-4. Residency of schemes

Firms are asked to provide a breakdown of the country of residence of the management shareholder of the schemes split between natural persons and non-natural persons (legal persons or legal arrangements). This information should be provided on Form F.

The aggregate percentage must total 100%. To assist the firm in completion the total percentage is shown in the header of Form F. The Authority has utilised the list of country codes as issued by the International Organisation for Standardisation.

Firms should indicate on Form F the basis on which responses to this question have been provided.

C3A-5. Residency of beneficial owners

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of the management shareholder of schemes where the shareholder is not a natural person. This information should be provided on Form G.

Please indicate using Form G the % of the beneficial owners of management shareholders resident in each jurisdiction as at 31 December 2016 by total population of management shareholders.

Since it is possible for a management shareholder to have more than one beneficial owner it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

C3A-6. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form C3A, including, where relevant, any material assumptions made in the collation of the data.

Form C3B – Understanding the investor base investing in funds

This form should only be completed by firms with the permissions to undertake services to collective investment schemes (FSA08 - Class 3) within the subclasses (1), (2), (9), (10), (11) and (12). Form C3B seeks to collate information about the risk profile of the investors into the funds (as opposed to the risk profile of the scheme itself which is considered in Form C3A).

Form C provides the Authority with statistical information about the customers and products of the firm. This form is industry specific and firms are asked to ensure that they complete the correct form relevant for the permissions held remembering that where a firm holds a number of permissions that the relevant form for each permission is required except where the permission is incidental to the firm's principal activity.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.

C3B-1. Size and significance of investor base of the firm

The Authority has detailed information about the size of funds in the context of financial information through the annual returns submitted. However, in most cases information about the investor base is obtained mainly through the on-site visit process.

Through question a) the Authority seeks to obtain some high-level information about the number of investors investing in schemes to which the firm provides services as at 31 December 2016, the number of new investors subscribing in the year [b]) and the number of investors who redeemed their entire holdings in schemes in the year [d]) (ons and offs).

The Authority is also seeking to understand how many new investors were declined business for ML/FT purposes [c]) and how many existing investors were terminated for ML or FT purposes in the year [d]).

The above information is requested across the investor base with investors being classified into the specified investor types.

Where it is unclear into which investor categorisation an investor falls, the firm is asked to use its best judgement and apply a consistent methodology in the allocation basis.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C3B-7.

C3B-2. AML/CFT risk profile of investors

This question seeks to understand the ML/FT risk profile of the investor base investing into schemes as assessed by the firm.

The firm is asked to indicate how many investors as at 31 December 2016 have been assessed by the firms as being a higher, standard or lower risk for ML/FT purposes.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C3B-7.

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Guidance

C3B-3. PEPs

This question seeks to understand how many investors are associated with a PEP. The firm is asked to indicate how many investors as at 31 December 2016 are or are associated with a domestic PEP or foreign PEP and how many do not.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C3B-7.

C3B-4 Use of simplified due diligence

Part 6 of the AML/CFT Code allows firms to apply concessions in the CDD procedures applied to customers with the use of each concession being subject to certain qualifying criteria.

The Authority is seeking to understand the extent of application of the concessions allowed across industry sectors. Whilst providing valuable information over time of the trends in application, this information will also be of immediate value to the Authority and the Island as it will assist in the understanding of use at a sector level of the current application of simplified due diligence, an essential aspect when considering the risk of ML/FT from a national perspective.

In respect of each of the concessions applicable to your firm and available under Part 6 of the AML/CFT the Authority requests firms to indicate whether the concession has been utilised by the firm **throughout 2016** and if so how many investors was it applied to?

It is recognised that for some customers with a number of related parties that more than one concession may be applied when considering CDD at the customer level (eg. No CDD applied for party A, acceptable applicant concession for parties B and D and eligible introducer concession for party C). In this example for the single customer the form would be completed as follows:

	Do you use this concession	How many customers No.
Acceptable applicants [para 20]	<input type="text" value="Y"/>	<input type="text" value="1"/>
Acting on behalf of [para 21]	<input type="text" value="N"/>	<input type="text"/>
Eligible introducers [para 23]	<input type="text" value="Y"/>	<input type="text" value="1"/>
Scheme concessions [para 24(7),(8),(11)]	<input type="text" value="N"/>	<input type="text"/>

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C3B-7.

C3B-5. Residency of investors

Firms are asked to provide a breakdown of the country of residence of investors as a percentage of the overall investor base by number of investors split between natural persons and non-natural persons (legal persons or legal arrangements). This information should be provided on Form F.

Firms should indicate on Form F the basis on which responses to this question have been provided.

C3B-6. Residency of beneficial owners of investors

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of investors where the customer is not a natural person. This information should be provided on Form G.

For each jurisdiction in which a beneficial owner of investors investing in schemes resides as at 31 December 2016, please indicate using Form G the % of the investor base by number of investors which have a beneficial owner resident in that jurisdiction.

Since it is possible for an investor to have more than one beneficial owner and since the information requested is only in respect of a subset of the customer base (non-natural persons only), then it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

C3B-7. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form C3B, including, where relevant, any material assumptions made in the collation of the data.

Form C4 – Understanding the customer base – trust and corporate providers

This form should only be completed by firms licenced to undertake Class 4 or Class 5 activities under the FSA08 (trust and corporate service providers).

Form C provides the Authority with statistical information about the customers and products of the firm. This form is industry specific and firms are asked to ensure that they complete the correct form relevant for the permissions held remembering that where a firm holds a number of permissions that the relevant form for each permission is required except where the permission is incidental to the firm's principal activity.

This form considers the trust and corporate services provided by firms from two separate perspectives. From the perspective of the **Principal** being the person with who the firm contracts for the provision of services. The Principal may be acting on his own behalf or acting under the instructions of another. The other perspective considered is from the perspective of the **client entities** being the corporate and trust entities for which services are provided.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. *If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.*

C4-1. Size and significance of customer base of the firm

The Authority has detailed information about the size of the firm in the context of financial information through the annual returns submitted and certain other information about the client entities in the annual compliance return. However, in most cases information about the principals with whom the firm contracts is obtained mainly through the on-site visit process.

Through question a) the Authority seeks to obtain some high-level information about the number of client entities to which the firm provides services as at 31 December 2016.

The Authority requests that client entities are classified into the following categories for this purpose:

- Corporate entities – fully managed basis
- Corporate entities – mixed board basis
- Corporate entities – registered office or registered agent basis only
- Trusts – fully managed basis
- Trusts – joint trustee basis
- Trusts - administration only
- Exempt schemes

Where it is unclear into which categorisation a client entity falls, the firm is asked to use its best judgement and apply a consistent methodology in the allocation basis.

Questions b) through to e) are in relation to the principals with whom the firm contracts. Question c) requests the number of new principals on boarded in the year and question e) requests detail of the number of principals who ceased business with the firm in the year (ons and offs).

The Authority is also seeking to understand in question d) how many principals were declined business for ML/FT purposes and in question e) how many existing principals with whom business was terminated for ML or FT purposes in the year.

Finally question b) seeks to establish how many principals as at 31 December 2016 are material to the firm's income. In this context the Authority is interested to understand how many principals exist which alone or with associates account for more than 20% of the firm's income.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C4-10.

C4-2. AML/CFT risk profile of customers

This question seeks to understand the ML/FT risk profile of the firm's client entities as assessed by the firm.

For each of the client types considered in C4-1, please indicate how many customers, as at 31 December 2016, fall within each risk category using the same mapping of risk categories to higher, standard and lower [as in B-2].

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C4-10.

C4-3. PEPs

This question seeks to understand how many client entities are associated with a PEP.

The firm is asked to indicate how many client entities as at 31 December 2016 are associated with a domestic PEP and how many are associated with a foreign PEP.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C4-10.

C4-4. Use of simplified due diligence

Part 6 of the AML/CFT Code allows firms to apply concessions in the CDD procedures applied to customers with the use of each concession being subject to certain qualifying criteria.

The Authority is seeking to understand the extent of application of the concessions allowed across industry sectors. Whilst providing valuable information over time of the trends in application, this information will also be of immediate value to the Authority and the Island as it will assist in the understanding of use at a sector level of the current application of simplified due diligence, an essential aspect when considering the risk of ML/FT from a national perspective.

In respect of each of the concessions applicable to your firm and available under Part 6 of the AML/CFT the Authority requests firms to indicate whether the concession has been utilised by the firm **throughout 2016** and if so how many principals and client entities it was applied to.

It is recognised that for some customers with a number of related parties that more than one concession may be applied when considering CDD at the client entity or principal level (eg. No CDD applied for party A, acceptable applicant concession for parties B and D and eligible introducer concession for party C). In this example for the single customer the form would be completed as follows:

	Do you use this concession	How many customers No.
Acceptable applicants [para 20]	<input type="text" value="Y"/>	<input type="text" value="1"/>
Eligible introducers [para 23]	<input type="text" value="Y"/>	<input type="text" value="1"/>
Scheme concessions [para 24(7),(8),(11)]	<input type="text" value="N"/>	<input type="text"/>

Firms should indicate the basis on which responses to this question have been provided.

C4-5. Legal form of client entities

Whilst it is appreciated that question 7 of the Annual Regulatory Return collates certain information about the number of client entities in respect of which a firm carries on Class 4 activities, this question requests this information to be presented in a different form and in more detail than that shown in the Annual Regulatory Return. Further this information is sought from all Class 4 licenceholders as at 31 December 2016 to allow for comparison at a single point of time across all entities.

Firms should indicate the basis on which responses to this question have been provided.

C4-6. Assets under management

In order to assess the size and significance of the firm's business it is necessary, in addition to understanding the number of client entities to which services are provided, to also understand the level of assets under management.

Using the balance sheets of the client entities to which services are provided, where the balance sheet date falls within the calendar year 2016, please indicate the aggregate value of the total assets of the client entities to which services are provided. Where this is not possible please provide an estimate of the value of assets under management, perhaps based on the value that the firm provides to the PI insurers.

Firms should indicate the basis on which responses to this question have been provided.

C4-7. Principal activity of client entities

The Authority is interested in understanding the principal activity of each client entity to which services are provided. Using the following high level categorisation the firm is asked indicate the principal activity between trading, asset holding, charitable activities and other activities and to apply a consistent methodology in the allocation basis.

Firms should indicate the basis on which responses to this question have been provided.

C4-8. Residency of principals

Firms are asked to provide a breakdown of the country of residence of principals split between natural persons and non-natural persons (legal persons or legal arrangements). This information should be provided on Form F.

Guidance

The aggregate percentage must total 100%. To assist the firm in completion the total percentage is shown in the header of Form F. The Authority has utilised the list of country codes as issued by the International Organisation for Standardisation.

Firms should indicate on Form F the basis on which responses to this question have been provided.

C4-9. Residency of beneficial owners of client entities

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of client entities. This information should be provided on Form G.

Since it is possible for a customer to have more than one beneficial owner and since the information requested is only in respect of a subset of the customer base (non-natural persons only), then it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

C4-10. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form C4, including, where relevant, any material assumptions made in the collation of the data.

Form CLT – Understanding the customer base – long term insurers

This form should only be completed by firms who are authorised to undertake long term insurance business under the IA08.

Form C provides the Authority with statistical information about the customers and products of the firm. This form is industry specific and firms are asked to ensure that they complete the correct form relevant for the permissions held remembering that where a firm holds a number of permissions that the relevant form for each permission is required except where the permission is incidental to the firm's principal activity.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.

CLT-1. Size and significance of customer base of the firm

The Authority has detailed information about the size of the firm in the context of financial information through the annual returns submitted. However, in most cases information about the customer base is obtained mainly through the on-site visit process.

a) Policyholders

The Authority wishes to understand the number of policyholders with inforce policies as at 31 December 2016 and this information is requested in i).

Question ii) seeks to establish how many policyholders as at 31 December 2016 are material to the firm's income. In this context the Authority is interested to understand how many policyholders exist which alone or with associates account for more than 20% of the firm's income.

b) Policies

Through question i) the Authority seeks to obtain some high-level information about the number of policies in issue as at 31 December 2016, the number of new policies issued in the year [ii]) and the number of policies surrendered matured or lapsed in the year [iv]) (ons and offs).

The Authority is also seeking to understand how many new applications were declined for ML/FT purposes [iii]) and how many existing policies were terminated for ML or FT purposes in the year [v]).

The information requested in a) and b) above should be classified according to the following product types:

- Single premium investments
- Portfolio bonds (where private company shares are **not** a permissible investment type)
- Portfolio bonds (where private company shares are a permissible investment type)
- Single premium capital redemption bonds
- Regular premium capital redemption bonds
- Regular premium savings
- Pure protection contracts

Where it is unclear into which product categorisation a policy falls, the firm is asked to use its best judgement and apply a consistent methodology in the allocation basis.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CLT-7.

CLT-2.AML/CFT risk profile of policies

This question seeks to understand the ML/FT risk profile of the firm's policies as assessed by the firm.

For each of the product types considered in CLT-1, please indicate how many policyholders / policies, as at 31 December 2016, fall within each risk category using the same mapping of risk categories to higher, standard and lower [as in B-2].

Where it is easier for the firm to answer this question from the perspective of the number of policies as opposed to the number of policyholders please do so, clearly indicating in the box provided the basis utilised.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CLT-7.

CLT-3.PEPs

This question seeks to understand how many policyholders are PEP's or are associated with a PEP.

The firm is asked to indicate how many policyholders as at 31 December 2016 are, or are associated with, a domestic PEP and how many are, or are associated with, a foreign PEP.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CLT-7.

CLT-4.Use of simplified due diligence

Part 6 of the AML/CFT Code allows firms to apply concessions in the CDD procedures applied to applications with the use of each concession being subject to certain qualifying criteria.

The Authority is seeking to understand the extent of application of the concessions allowed across industry sectors. Whilst providing valuable information over time of the trends in application, this information will also be of immediate value to the Authority and the Island as it will assist in the understanding of use at a sector level, an essential aspect when considering the risk of ML/FT from a national perspective.

In respect of each of the concessions applicable to your firm and available under Part 6 of the AML/CFT the Authority requests firms to indicate whether the concession has been utilised by the firm throughout 2016 and if so how many policyholders was it applied to?

It is recognised that for some policyholders with a number of related parties that more than one concession may be applied when considering CDD at the customer level (eg. No CDD applied for party A, acceptable applicant concession for parties B and D and eligible introducer concession for party C). In this example for the single customer the form would be completed as follows:

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	Do you use this concession	How many customers No.
Acceptable applicants [para 20]	<input type="text" value="Y"/>	<input type="text" value="1"/>
Eligible introducers [para 23]	<input type="text" value="Y"/>	<input type="text" value="1"/>
Insurer concessions [para 24(1)-(5)]	<input type="text" value="N"/>	<input type="text"/>
Scheme concessions [para 24(7),(8),(11)]	<input type="text" value="N"/>	<input type="text"/>

Firms should indicate the basis on which responses to this question have been provided.

CLT-5. Residency of policyholders

Firms are asked to provide a breakdown of the country of residence of policyholders split between natural persons and non-natural persons (legal persons or legal arrangements). This information should be provided on Form F.

The aggregate percentage must total 100%. To assist the firm in completion the total percentage is shown in the header of Form F. The Authority has utilised the list of country codes as issued by the International Organisation for Standardisation.

Firms should indicate on Form F the basis on which responses to this question have been provided.

CLT-6. Residency of beneficial owners of customers

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of policyholders where the policyholder is not a natural person. This information should be provided on Form G.

Since it is possible for a policyholder to have more than one beneficial owner and since the information requested is only in respect of a subset of the customer base (non-natural persons only), then it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

CLT-7. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form CLT, including, where relevant, any material assumptions made in the collation of the data.

Form CGI – Understanding the customer base – self managed non-life insurer

This form should only be completed by self-managed authorised insurers undertaking non-life insurance business within classes 3-9, 11-13.

Form C provides the Authority with statistical information about the customers and products of the firm. This form is industry specific and firms are asked to ensure that they complete the correct form relevant for the permissions held remembering that where a firm holds a number of permissions that the relevant form for each permission is required except where the permission is incidental to the firm's principal activity.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.

CGI-1. Size and significance of customer base of the firm

The Authority has detailed information about the size of the firm in the context of financial information through the annual returns submitted. However, in most cases information about the customer base is obtained mainly through the on-site visit process.

a) Policyholders

The Authority wishes to understand the number of policyholders with inforce policies as at 31 December 2016 and this information is requested in i).

Question ii) seeks to establish how many policyholders as at 31 December 2016 are material to the firm's income. In this context the Authority is interested to understand how many policyholders exist which alone or with associates account for more than 20% of the firm's income.

b) Policies

Through question i) the Authority seeks to obtain some high-level information about the number of policies in issue as at 31 December 2016, the number of new policies issued in the year [ii]) and the number of policies surrendered matured or lapsed in the year [iv]) (ons and offs).

The Authority is also seeking to understand how many new applications were declined for ML/FT purposes [iii]) and how many existing policies were terminated for ML or FT purposes in the year [v]).

The information requested in a) and b) above should be classified according to the stated policyholder categorisations. Where it is unclear into which categorisation a policyholder falls, the firm is asked to use its best judgement and apply a consistent methodology in the allocation basis.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CGI-8.

CGI-2. AML/CFT risk profile of policyholders

This question seeks to understand the ML/FT risk profile of the firm's policyholders as assessed by the firm.

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The firm is asked to indicate how many policyholders as at 31 December 2016 have been assessed by the firms as being a higher, standard or lower risk for ML/FT purposes.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CGI-8.

CGI-3. PEPs

This question seeks to understand how many policyholders are associated with a PEP. The firm is asked to indicate how many policyholders as at 31 December 2016 are or are associated with a domestic PEP or foreign PEP and how many do not.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CGI-8.

CGI-4. Use of simplified due diligence

Part 6 of the AML/CFT Code allows firms to apply concessions in the CDD procedures applied to customers with the use of each concession being subject to certain qualifying criteria.

The Authority is seeking to understand the extent of application of the concessions allowed across industry sectors. Whilst providing valuable information over time of the trends in application, this information will also be of immediate value to the Authority and the Island as it will assist in the understanding of use at a sector level, an essential aspect when considering the risk of ML/FT from a national perspective.

In respect of each of the concessions applicable to your firm and available under Part 6 of the AML/CFT the Authority requests firms to indicate whether the concession has been utilised by the firm throughout 2016 and if so how many customers was it applied to?

It is recognised that for some customers with a number of related parties that more than one concession may be applied when considering CDD at the customer level (eg. No CDD applied for party A, acceptable applicant concession for parties B and D and eligible introducer concession for party C). In this example for the single customer the form would be completed as follows:

	Do you use this concession	How many customers No.
Acceptable applicants [para 20]	<input type="text" value="Y"/>	<input type="text" value="1"/>
Eligible introducers [para 23]	<input type="text" value="Y"/>	<input type="text" value="1"/>
Insurer concessions [para 24(1)-(5)]	<input type="text" value="N"/>	<input type="text"/>
Scheme concessions [para 24(7),(8),(11)]	<input type="text" value="N"/>	<input type="text"/>

Firms should indicate the basis on which responses to this question have been provided.

CGI-5. Residency of policyholders

Firms are asked to provide a breakdown of the country of residence of policyholders as a percentage of the overall policyholder base by number of policyholders split between natural persons and non-natural persons (legal persons or legal arrangements). This information should be provided on Form F.

Firms should indicate on Form F the basis on which responses to this question have been provided.

CGI-6. Residency of beneficial owners of policyholders

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of policyholders where the policyholder is not a natural person. This information should be provided on Form G.

For each jurisdiction in which a beneficial owner of the customer of the firm (as at 31 December 2016) resides, please indicate using Form G the % of the policyholder base by number of policyholders which have a beneficial owner resident in that jurisdiction.

Since it is possible for a policyholder to have more than one beneficial owner and since the information requested is only in respect of a subset of the policyholder base (non-natural persons only), then it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

CGI-7 Classification of insurer

Firms are asked to indicate the classification of insurer type best reflects the firm.

Self insurer – a firm that underwrites the insurance risks of its own group.

Producer owned – a firm that underwrites the risks of customers of a company within the same ownership structure of the firm. The insurance may be written through a fronting insurer in the first instance.

Third party writer – a firm that underwrites the insurance risks of parties that are not related parties.

Combination

CGI-8. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form CGI, including, where relevant, any material assumptions made in the collation of the data.

Form CIM – Understanding the customer base – insurance manager of non-life insurers

This form should only be completed by firms which are registered as an insurance manager and which manage insurers which write non-life insurance business.

Form C provides the Authority with statistical information about the customers and products of the firm. This form is industry specific and firms are asked to ensure that they complete the correct form relevant for the permissions held remembering that where a firm holds a number of permissions that the relevant form for each permission is required except where the permission is incidental to the firm's principal activity.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.

CIM-1. Size and significance of customer base of the firm

Through question a) the Authority seeks to obtain some high-level information about the number of insurers which the firm manages as at 31 December 2016, the number of new insurers taken on in the year [c)] and the number of insurers which ceased to be managed by the firm in the year [e)] (ons and offs).

The Authority is also seeking to understand how many new insurers were declined business for ML/FT purposes [d)] and how many existing insurer were terminated for ML or FT purposes in the year [e)].

Finally question b) seeks to establish how many insurers as at 31 December 2016 are material to the firm's income. In this context the Authority is interested to understand how many insurers alone or with associates account for more than 20% of the firm's income.

The information requested in a) and b) above should be classified according to the stated insurer categories.

Where it is unclear into which categorisation an insurer falls, the firm is asked to use its best judgement and apply a consistent methodology in the allocation basis.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CIM-6.

CIM-2. AML/CFT risk profile of customers

This question seeks to understand the ML/FT risk profile of the firm's customers as assessed by the firm.

The firm is asked to indicate how many insurers as at 31 December 2016 have been assessed by the firms as being a higher, standard or lower risk for ML/FT purposes.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CIM-6.

CIM-3. PEPs

This question seeks to understand how many insurers are associated with a PEP. The firm is asked to indicate how many insurers as at 31 December 2016 are associated with a domestic PEP or foreign PEP and how many are not.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C3B-7.

CIM-4 Residency of insurers

Firms are asked to provide a breakdown of the country of residence of insurers. This information should be provided on Form F.

For each jurisdiction in which an insurer managed by the firm resides as at 31 December 2016, please indicate using Form F the % of the client base by number of insurers.

Firms should indicate on Form F the basis on which responses to this question have been provided.

CIM-5. Residency of beneficial owners of insurers

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of the insurers. This information should be provided on Form G.

Since it is possible for an insurer to have more than one beneficial owner then it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

CIM-6. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form CIM, including, where relevant, any material assumptions made in the collation of the data.

Form CPEN – Understanding the customer base – registered schemes administrators

This form should only be completed by firms who are registered as a scheme administrator under the RBSA00.

In this form client is interpreted according to whether the scheme is an occupational or personal scheme. Where the scheme is an occupational scheme client means the employer(s) and where the scheme is a personal schemes client should be interpreted as meaning the member.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. If this is the case the Authority seeks to understand ‘a picture’ of the firm and requests that the firm provide the information on a best endeavour’s basis using its detailed understanding and knowledge of its customers and new business processing.

CPEN-1. *Size and significance of customer base of the firm*

In this question the Authority seeks to obtain some high-level information about the number of retirement benefits schemes which the firm administers as at 31 December 2016 and the number of members of the schemes. Consideration is given separately to master trust arrangements and schemes that are not master trust arrangements.

Section a) asks the firm to provide information of the number of master trusts administered and scheme members within those master trusts as at the 31 December 2016 split between the categories of scheme shown.

The number of new members admitted to the master trust [a)iii)] and the number of members who left the master trust in the year [a)v)] are also requested (ons and offs).

The Authority is also seeking to understand how many applicants for membership to master trusts were declined business for ML/FT purposes [a)vi)] and how many existing members of master trust arrangements were terminated for ML or FT purposes in the year [a)vi)].

Question b) seeks similar information as that in a) except in respect of schemes which are not master trusts. In this instance the ‘ons and offs’ are requested at scheme level as opposed to member level.

Finally question b)vii) seeks to establish how many schemes which are not master trusts as at 31 December 2016 are material to the firm’s income. In this context the Authority is interested to understand how many schemes which are not master trusts account for more than 20% of the firm’s income.

The information requested in a) and b) above should be classified according to the following policyholder categorisation:

- **QROPS – QROPS**
- **Domestic personal schemes – IOM resident members** - personal schemes approved under the Income Tax Act 1989 which are not QROPS where the scheme members are IOM residents (recognising that all domestic schemes are capable of having IOM resident members)

- **Other domestic personal schemes** - personal schemes approved under the Income Tax Act 1989 which are not QROPS where the scheme members are not IOM residents (recognising that all domestic schemes are capable of having IOM resident members)
- **Domestic occupational schemes** - occupational schemes which are approved under the Income Tax (retirement Benefits Schemes) Act 1978 and which have five or more members.
- **Domestic personalised occupational schemes** - occupational schemes which are approved under the Income Tax (retirement Benefits Schemes) Act 1978 and which have less than five members.
- **International schemes – less than 5 members** - schemes approved under s50B of the Income Tax Act 1970 which have less than five members or are a personal master trust arrangement offered by the scheme provider.
- **International schemes – 5 or more members** – other scheme providers

Where it is unclear into which categorisation a policyholder falls, the firm is asked to use its best judgement and apply a consistent methodology in the allocation basis.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CPEN-7.

CPEN-2. AML/CFT risk profile of clients

This question seeks to understand the ML/FT risk profile of the firm's clients as assessed by the firm.

The firm is asked to indicate how many clients as at 31 December 2016 have been assessed by the firms as being a higher, standard or lower risk for ML/FT purposes.

As stated above, where the scheme is an occupational scheme client means the employer(s) and where the scheme is a personal schemes client should be interpreted as meaning the member.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CPEN-6.

CPEN-3. PEPs

This question seeks to understand how many clients are associated with a PEP. The firm is asked to indicate how many clients as at 31 December 2016 are or are associated with a domestic PEP or foreign PEP and how many are not.

As stated above, where the scheme is an occupational scheme client means the employer(s) and where the scheme is a personal schemes client should be interpreted as meaning the member.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in C3B-7.

CPEN-4 Use of simplified due diligence

Part 6 of the AML/CFT Code allows firms to apply concessions in the CDD procedures applied to customers with the use of each concession being subject to certain qualifying criteria.

The Authority is seeking to understand the extent of application of the concessions allowed across industry sectors. Whilst providing valuable information over time of the trends in application, this

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information will also be of immediate value to the Authority and the Island as it will assist in the understanding of use at a sector level, an essential aspect when considering the risk of ML/FT from a national perspective.

In respect of each of the concessions applicable to your firm and available under Part 6 of the AML/CFT the Authority requests firms to indicate whether the concession has been utilised by the firm **throughout 2016** and if so how many schemes was it applied to?

It is recognised that for some customers with a number of related parties that more than one concession may be applied when considering CDD at the customer level (eg. No CDD applied for party A, acceptable applicant concession for parties B and D and eligible introducer concession for party C). In this example for the single customer the form would be completed as follows:

	Do you use this concession	How many customers No.
Acceptable applicants [para 20]	Y	1
Eligible introducers [para 23]	Y	1
Scheme concessions [para 24(7),(8),(11)]	N	

Firms should indicate the basis on which responses to this question have been provided.

CPEN-5. Residency of customers

Where the scheme is an occupational scheme, firms are asked to provide a breakdown of the country of residence of employers. Where the scheme is a personal scheme, firms are asked to provide a breakdown of the country of residence of members of the scheme. This information should be split between natural and non-natural persons and provided on Form F and provided in percentage form.

Firms should indicate on Form F the basis on which responses to this question have been provided.

CPEN-6. Residency of beneficial owners of customers

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of employers of occupational schemes. This information should be provided on Form G.

For each jurisdiction in which a beneficial owner of the employer of a scheme resides, please indicate using Form G the % of the total client base resident in that jurisdiction.

Since it is possible for a customer to have more than one beneficial owner and since the information requested is only in respect of a subset of the customer base (non-natural persons only), then it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

CPEN-7. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form CPEN, including, where relevant, any material assumptions made in the collation of the data.

Form CLS – Understanding the customer base – legal services

This form should only be completed DNFBP's who undertake legal services as defined by Schedule 4 of POCA.

In completing this form firms are requested to only provide information relevant to regulated business. Where the control environment of the firm does not differentiate between business within and outwith the regulated sector then the firm may provide statistical information firm wide provided this is clearly stated within the comments section of the form.

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. *If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.*

CLS-1. Size and significance of customer base of the firm

The Authority is seeking to understand the client base of the firm, insofar as it relates to designated business activities within the regulated sector.

This section seeks to understand the firm from two perspectives: the client themselves and from the perspective of the services provided.

Client type

Clients of the firm have been classified into the following client types:

- IOM resident natural persons
- Natural persons not resident in the IOM
- Corporates, trusts and nominees managed by IOM financial institutions
- Other corporate and trust customers
- Other customers, including charities and the public sector

Designated service provided

Through this classification of clients of the firm, the firm is requested to classify clients according to the designated service provided as set out in Schedule 4 to POCA and reproduced below:

- managing any assets belonging to a client;
- the provision of legal services which involves participation in a financial or real property transaction (whether by assisting in the planning or execution of any such transaction or otherwise) by acting for, or on behalf of, a client in respect of —
 - the sale or purchase of land;
 - managing bank, savings or security accounts;
 - organising contributions for the promotion, formation, operation or management of bodies corporate;
 - the sale or purchase of a business; or
 - the creation, operation or management of a legal person or legal arrangement.

Where it is unclear into which categorisation a client of the firm falls, the firm is asked to use its best judgement and apply a consistent methodology in the allocation basis.

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Through question a) the Authority seeks to obtain some high-level information about the number of matters for regulated activity the firm opened in the year ended 31 December 2016, and in b) the number of clients that were represented in those matters.

The Authority is also seeking to understand how many new engagements were declined for ML/FT purposes [d)] and how many engagements were terminated for ML or FT purposes in the year [e)].

Finally question c) seeks to establish how many clients as at 31 December 2016 are material to the firm's income. In this context the Authority is interested to understand how many clients exist which alone or with associates account for more than 20% of the firm's income.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CLS-7.

CLS-2A. AML/CFT risk profile of clients

This question seeks to understand the ML/FT risk profile of the firm's clients as assessed by the firm.

The firm is asked to indicate how many clients as at 31 December 2016 have been assessed by the firm as being a higher, standard or lower risk for ML/FT purposes.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CLS-7.

CLS-3. PEPs

This question seeks to understand how many clients are associated with a PEP. The firm is asked to indicate how many clients as at 31 December 2016 are or are associated with a domestic PEP or foreign PEP and how many are not.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in CLS-7.

CLS-4. Use of simplified due diligence

Part 6 of the AML/CFT Code allows firms to apply concessions in the CDD procedures applied to customers with the use of each concession being subject to certain qualifying criteria.

The Authority is seeking to understand the extent of application of the concessions allowed across industry sectors. Whilst providing valuable information over time of the trends in application, this information will also be of immediate value to the Authority and the Island as it will assist in the understanding of use at a sector level, an essential aspect when considering the risk of ML/FT from a national perspective.

In respect of each of the concessions applicable to your firm and available under Part 6 of the AML/CFT the Authority requests firms to indicate whether the concession has been utilised by the firm throughout 2016 and if so how many clients was it applied to?

It is recognised that for some clients with a number of related parties that more than one concession may be applied when considering CDD at the client level (eg. No CDD applied for party A, acceptable applicant concession for parties B and D and eligible introducer concession for party C). In this example for the single customer the form would be completed as follows:

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	Do you use this concession	How many customers No.
Acceptable applicants [para 20]	Y	1
Generic designated business [para 22]	N	
Eligible introducers [para 23]	Y	1
Scheme concessions [para 24(7),(8),(11)]	N	

Firms should indicate the basis on which responses to this question have been provided.

CLS-5. Residency of clients

Firms are asked to provide a breakdown of the country of residence of clients split between natural persons and non-natural persons (legal persons or legal arrangements). This information should be provided on Form F.

This information should be split between natural and non-natural persons and provided on Form F and provided in percentage form.

Firms should indicate on Form F the basis on which responses to this question have been provided.

CLS-6. Residency of beneficial owners of clients

Firms are asked to provide a breakdown of the country of residence of the beneficial owner of client where the client is not a natural person. This information should be provided on Form G.

For each jurisdiction in which a beneficial owner of the client of the firm (as at 31 December 2016) resides, please indicate using Form G the % of the client base by number of clients which have a beneficial owner resident in that jurisdiction.

Since it is possible for a customer to have more than one beneficial owner and since the information requested is only in respect of a subset of the client base (non-natural persons only), then it is not likely that the total will aggregate to 100%.

Firms should indicate on Form G the basis on which responses to this question have been provided.

CLS-7. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form CLS, including, where relevant, any material assumptions made in the collation of the data.

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Form D – Reliance on third parties

This form should be completed by all regulated entities and designated businesses except managed non-life insurers as this information is provided by the insurance manager.

Form D provides information to the Authority of to the face to face nature of the business and the extent to which reliance is placed on third parties for the collection of CDD.

In this form customer should be interpreted in accordance with the table below:

Regulated activity / designated business	Meaning of customer
Deposit takers (FSA08 – Class 1)	Account holder
Investment business (FAS08 – Class 2)	Account holder
Services to collective investment schemes (FSA08 – Class 3(3) – 3(8))	Management shareholder
Services to collective investment schemes (FSA08 – Class 3 –all sub classes)	Investors
Corporate Services (FSA08 – Class 4)	Ultimate beneficial owner of client entity
Trust Services (FSA08 – Class 5)	Settlor / protector of client entity
Crowdfunding platforms (FSA08 - Class 6)	The same meaning as the AML/CFT Code
Management or administration services (FSA08 – Class 7)	The same meaning as the AML/CFT Code
Money transmission services (FSA08 – Class 8(2)(a) and Class 8(4))	The same meaning as the AML/CFT Code
Authorised insurer – long-term business (IA08 Classes 1, 2 or 10)	Policyholder
Authorised insurer – non-life insurance business (IA08 Classes 3-9, 11-13), self managed	Policyholder
Insurance manager of non-life insurers (IA08)	Insurers to which insurance management services are provided
Insurance manager of long term insurers (IA08)	The same meaning as the AML/CFT Code
General insurance intermediary (IA08)	The same meaning as the AML/CFT Code
Professional registered schemes administrators (RBSA00)	In respect of occupational schemes: the employer In respect of personal schemes: the member
Credit Union (IBSA 1892)	The same meaning as the AML/CFT Code
All DNFBP's excluding legal services (DBROA15)	The same meaning as the AML/CFT Code
Legal Services (DBROA15)	The same meaning as the AML/CFT Code

It is recognised that some of the information requested on this form may not be in an easily extractable form from the systems of the firm. [If this is the case the Authority seeks to understand 'a picture' of the firm and requests that the firm provide the information on a best endeavour's basis using its detailed understanding and knowledge of its customers and new business processing.](#)

D-1. Face to face business

In this question the Authority requests information about the face to face nature, or otherwise, of the regulated or designated business undertaken by the firm. Firms are asked to indicate, in respect of new customer relationships entered into in the calendar year 2016, the number of customers which the firm met face to face split between those customers met by the firm and those met by a related party of the same group.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in D-7.

D-2. Reliance on third parties for CDD collection

This question seeks to understand the extent of reliance on third parties for the collection of CDD and verification of identity of the customer of the firm.

In relation to the calendar year 2016, firms are asked to indicate the number of third parties onto whom the firm has placed reliance in the collection of CDD or verification of identity, the number of customers to which this relates and whether the firm understands in all cases who has met the customer on a face to face basis. This information is requested in the following categories:

Where *reliance is placed on third parties* – in this category CDD has been collected by a third party and:

- where the firm collects, via the third party, CDD to verify the identity of the customer and the evidence of identity has been certified and the firm holds an original certification of the copy of the original documents;
- where the firm collects, via the third party, CDD to verify the identity of the customer and the evidence of identity has been certified and the firm holds a copy of the original certification of the copy of the original documents; or
- is retained by the eligible introducer, through the utilisation of the concession permitted by paragraph 23 of the AML/CFT Code.

Where *no reliance is placed on third parties* – in this category the CDD is collected by the firm direct from the customer and:

- the CDD is provided to the firm via remote means (not on a face to face basis) likely by email or the postal service; or
- the CDD is provided to the firm on a face to face basis.

Where *no reliance is placed on third parties as other concessions are utilised* – in this category the firm utilises concessions which permit the delay of verification of identity or do not require the verification of identity.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in D-7.

D-3. Use of electronic due diligence verification methods

Through this question firms are requested to indicate whether they utilise electronic AML verification technics such as credit checks etc. Where such methods are employed further details are requested.

It is likely, depending on the extent of use across the industry, that future returns will explore this further.

D-4. Cross dependency of Isle of Man institutions

This questions seeks to understand the extent of introductions from other Isle of Man entities and the extent of cross investment between Isle of Man entities.

Firms are asked to indicate the number of Isle of Man entities by type which have introduced customers to the firm. Firms are also requested to provide the number of accounts controlled by Isle of Man entities. This information is required in respect of business received over the course of 2016.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in D-7.

D-5. Significance of intermediaries

This question seeks to establish how many intermediaries as at 31 December 2016 are material to the firm's income. In this context the Authority is interested to understand how many intermediaries which alone or with associates have introduced more than 20% of the firm's new customers over the course of 2016.

Firms should indicate the basis on which responses to this question have been provided. If any question is considered to be N/A the rationale should be clearly shown in D-7.

D-6. Residency of intermediaries

In relation to the intermediaries analysed in question D-5, firms are asked to provide a breakdown of the country of residence of intermediaries split between natural persons and non-natural persons (legal persons or legal arrangements). This information should be provided on Form H.

Firms should indicate on Form H the basis on which responses to this question have been provided.

D-7. Comments

This section is provided to allow firms to provide any commentary that is relevant to the questions on Form D, including, where relevant, any material assumptions made in the collation of the data.

Form E – Suspicious activity reports, etc.

E-1. Suspicious activity reports

Both firms regulated by the Authority and those firms overseen by the Authority for compliance with the AML/CFT Code are required under POCA and ATCA to submit a suspicious activity report to the FIU in respect of information that comes to them in the course of their business, if they know, or suspect or have reasonable grounds for knowing or suspecting, that a person is engaged in, or attempting, money laundering or terrorist financing.

This requirement is also set out in Part 7 of the AML/CFT Code.

A suspicious activity report, or external disclosure, must be submitted to the FIU as soon as practicable.

An external disclosure will usually, but not always, follow an internal disclosure to the MLRO of the firm.

E-2. ML and FT enquiries

Paragraph 36 of the AML/CFT Code requires firms to maintain a register of ML and FT enquiries received from law enforcement or other competent authorities.

Financial sanctions

Individuals and firms have an obligation to notify the sanctions officer if they are aware of the presence of funds or other assets owned or controlled by, or on behalf of, a person or entity on any sanctions list. Firms regulated by the authority have specific obligations including an obligation to check whether they maintain accounts for any individual or organisation on the sanctions list, and if so freeze or block the accounts and report findings to the Customs and Excise Division.

Form F – Residency of customer

Form F records a breakdown of the firm’s customers (in respect of regulated activities and designated business) by jurisdiction so that a picture of the geographical location of the firms’ customer base can be understood. This data is requested as at 31 December 2016.

F-1. Basis of completion

Where a firm undertakes more than one regulated activity the firm can choose how best to complete this form either at an aggregate level of the entire customer base where customer in this context has the meanings as set out below, or to populate a Form F for each Form C completed.

Relevant Form C	Regulated activity / designated business	Meaning of customer
Form C0	<ul style="list-style-type: none"> • Crowdfunding platforms (FSA08 - Class 6) • Management or administration services (FSA08 – Class 7) • Money transmission services (FSA08 – Class 8(2)(a) and Class 8(4)) • General insurance intermediary (IA08) • Insurance manager of long term insurers (IA08) • All DNFBP’s excluding legal services (DBROA15) • Credit Union (IBSA 1892) 	The same meaning as the AML/CFT Code
Form C1	<ul style="list-style-type: none"> • Deposit takers (FSA08 – Class 1) 	Account holder
Form C2	<ul style="list-style-type: none"> • Investment business (FAS08 – Class 2) 	Account holder
Form C3a	<ul style="list-style-type: none"> • Services to collective investment schemes (FSA08 – Class 3(3) – 3(8)) 	Management shareholder
Form C3b	<ul style="list-style-type: none"> • Services to collective investment schemes (FSA08 – Class 3 –all sub classes) 	Investors
Form C4	<ul style="list-style-type: none"> • Corporate Services (FSA08 – Class 4) • Trust Services (FSA08 – Class 5) 	Principal with whom the firm contracts
Form CLT	<ul style="list-style-type: none"> • Authorised insurer – long-term business (IA08 Classes 1, 2 or 10) 	Policyholder
Form CGI	<ul style="list-style-type: none"> • Authorised insurer – non-life insurance business (IA08 Classes 3-9, 11-13), self managed 	Policyholder
Form CIM	<ul style="list-style-type: none"> • Insurance manager of non-life insurers (IA08) 	Insurers to which insurance management services are provided

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Form CPen	<ul style="list-style-type: none">Professional registered schemes administrators (RBSA00)	In respect of occupational schemes: the employer In respect of personal schemes: the member
Form CLS	<ul style="list-style-type: none">Legal Services (DBROA15)	The same meaning as the AML/CFT Code

Firms are asked to indicate on the form the population basis used to complete.

F-2. Basis of completion

In respect of the indicated population basis, for each jurisdiction in which a customer of the firm as at 31 December 2016 resides, please indicate the number of customers resident in that jurisdiction as a percentage of the total number of customers of the chosen population split between natural and non-natural persons.