



**ISLE OF MAN  
FINANCIAL SERVICES AUTHORITY**

*Lught-Reill Shirveishyn Argidoil Ellan Vannin*

# WINTER UPDATE

IOMFSA NEWSLETTER – ISSUE 5 – JANUARY 2018

## FOREWORD BY THE CHIEF EXECUTIVE

Firstly Happy New Year to all. As we enter 2018, the Authority remains focused on completing some high priority initiatives and welcoming more attention on others that are currently in train. During the latter part of 2017, most of you were involved in efforts to complete some core delivery items for MONEYVAL, most notably the AML statistical returns. Workshops were held through September culminating in delivery of these returns in late November. We want to thank everyone for their cooperation and commitment to getting this done, recognising that for many that this was on a best endeavours basis. Following our work to support the completion of the MONEYVAL report being prepared by the AML Policy Group, we will turn our attention to provide industry with some high-level results and observations from the AML statistical returns and

feedback on your comments received in respect of the process. We will shortly be reaching out to industry to schedule these updates. Related to this is the work of the Authority along with the Gambling Supervision Commission to develop a new information system: CASCADE. We are in the process of seeking Expressions of Interest and are hopeful that we will be in full swing of system development later this year. The system is intended to streamline how industry interfaces with the Authority and facilitate the use of information by the Authority throughout its key processes. Once the tender process is complete, we will be reaching out to industry to inform them of timelines and milestones so that can provide sufficient lead time for industry to respond to any new requirements.

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## Keep Up-to-Date

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



**WEBSITE**



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## FOREWORD BY THE CHIEF EXECUTIVE (CONTD.)

For those in the banking industry, you will be aware of the start of work around the Recovery and Resolution regime for the Isle of Man. In mid-2017 we welcomed John Coyle to the team, who has been engaged to lead the Isle of Man's work in this area. This new framework will be informed by international standards such as the Financial Stability Board's 'Key Attributes of Effective Resolution Regimes for Financial Institutions', adjusted where necessary to be appropriate and proportionate to the needs of the Isle of Man.

During the first quarter of 2018, the Authority will take the opportunity to canvass the industry for views on the topics most important to them. Continuing the success of last year's series of luncheons, the Board of the Authority will once

again host sessions with industry representatives on a series of topics commencing at the end of January. As well, in mid-2018 we will be launching an industry survey which is intended to provide anonymous feedback on our processes and interactions with industry. Originally scheduled for the latter part of 2017, this initiative was pushed back into 2018 in recognition of the heavy engagement required of industry relating to the AML work. We look forward to sharing the results of this survey following its completion.

Wishing you all a productive and successful 2018.

**Karen Badgerow**  
Chief Executive

## GENERAL UPDATE

### **Draft Orders to amend the information gateways under various Acts**

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On 16 August 2017, the Authority published a **Consultation Response (CR17-03/T07)** in relation to its **Consultation Paper (CP17-06/T07)** on changes to the information gateways under various enactments. Further information can be found on the [consultation webpage](#).

### **Re-launched website**

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The Authority re-launched its website on 22 August 2017 in order to provide improved navigation and structure. Please refer to the **Press Release** for details of the improvements made.

### **FSA Annual Report 2016/17**

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On 11 September 2017, the Authority published its **Annual Report** for the year to 31 March 2017.

### **Changes to the Financial Services Act 2008 Regulated Activities Order and Exemptions Regulations**

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On 13 November 2017, the Authority published a **Consultation Response (CR17-05/T10)** in respect of its **Consultation Paper (CP17-09/T10)** on changes to the Regulated Activities Order 2011 and Financial Services (Exemptions) Regulations 2011. The **Regulated Activities (Amendment) Order 2017** and **Financial Services (Exemptions) (Miscellaneous Amendments) Regulations 2017** commenced on 1 January 2018. Amended versions of the **Regulated Activities Order 2011** and **Financial Services (Exemptions) Regulations 2011** were uploaded to the Authority's website on 3 January 2018. Further details can be found in the **Press Release**.

## GENERAL UPDATE (CONTD.)

### **New Isle of Man Fraud Legislation**

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On 5 October 2017, the Department of Home Affairs ('DHA') issued a [Press Release](#) regarding the Fraud Act 2017, which came into effect on 1 November 2017. Please refer to the [DHA's website](#) for more information.

### **Prohibitions under section 10A of the Financial Services Act 2008 ('FSA08')**

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On 16 November 2017, the Authority issued a [Public Statement](#) in relation to prohibitions imposed on two individuals under section 10A of the FSA08. These were the first occasions that the Authority had used this power in support of its statutory objectives. Further details can be found in the statement.

### **Consultation on Regulatory Fees 2018**

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On 17 November 2017, the Authority issued a [Consultation Paper \(CP17-13/T14\)](#) on proposed changes to regulatory fees from 1 April 2018. The

consultation closed on 5 January 2018 and a summary of responses and next steps will be published shortly.

### **Initial Coin Offerings – Q&As**

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On 21 December 2017, the Authority issued [guidance](#) in respect of Initial Coin Offerings, in the form of a series of questions and answers. The guidance can be found on the Authority's [Consumer Awareness webpage](#).

### **Imposition of a discretionary civil penalty under section 16 of the FSA08**

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On 11 January 2018, the Authority issued a [Public Statement](#) concerning the imposition of a discretionary civil penalty under section 16 of the FSA08. This represents the first occasion that the Authority has imposed such a penalty on a licenceholder in support of its statutory objectives. Further information can be found in the statement itself.

## UPDATES FROM OUR REGULATED SECTORS (1/4)

### INSURANCE AND PENSIONS

#### **Consultation on General Insurance Intermediaries**

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On 28 July 2017, the Authority issued a [Consultation Paper \(CP17-07/T08\)](#) setting out its views on developing the Isle of Man's existing regulatory framework for the supervision of general insurance intermediaries. The consultation closed on 6 October 2017 and a summary of responses and next steps will be published in due course.

#### **QIS4 – Non-Life Insurers**

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On 31 July 2017, the Authority issued a [Consultation Paper \(CP17-08/T09\)](#) on the 4th Quantitative Impact Study ('QIS4') for non-life insurers. Submissions were requested by the end of October 2017. A response will be published in due course.

## INSURANCE AND PENSIONS (CONTD.)

### **Non-Executive Director Forum – Non-Life**

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As part of its communication and engagement strategy supporting the Insurance Core Principles ('ICP') Project developments, the Authority proposes to run a forum in the first quarter of 2018 with Non-Executive Directors of Non-Life Insurers. The forum will provide an opportunity for the Authority to outline the proposed changes to the Non-Life Insurance framework and to discuss the same. Further information and invitations will be issued directly to Non-Executive Directors.

### **Consultation on Corporate Governance Code of Practice for Insurers**

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On 30 August 2017, the Authority issued a **Consultation Paper (CP17-10/T11)** in respect of the corporate governance of insurance companies. The original deadline of 27 October was extended to 17 November 2017. A summary of responses and next steps will be published in due course.

### **Consultation on Group Supervision**

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On 19 October 2017, the Authority issued a **Consultation Paper (CP17-12/T13)** in respect of group supervision requirements for life insurance companies which belong to groups of which the Authority anticipates being the Group Supervisor. The consultation closed on 1 December 2017. A summary of responses and next steps will be issued in due course.

### **Consultation on Conduct of Business Code for Long Term Insurance**

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On 14 November 2017, the Authority published a **Consultation Response (CR17-04/T06)** in relation

to its **Consultation Paper (CP17-05/T06)** on the Conduct of Business Code for Long Term Insurance. Further information can be found on the **consultation webpage**.

### **Conduct of Business Code for Non-Long Term Insurance**

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On 14 November 2017, the Authority issued a further **Consultation Paper (CP17-11/T01)** on the draft Insurance (Conduct of Business) (Non-Long-Term Insurance) Code 2017. The closing date for comments is 2 February 2018.

### **Conduct of Business Code for Non-Long Term Insurance**

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On 12 December 2017, the Authority issued Consultation Papers on new **Insurance Regulations (CP17-14/T15)** and **Solvency Regulations (CP17-15/T12)**. Feedback on the consultations is requested by 16 February 2018.

The Authority also published a **Guidance Note on the Principal Control Officer** to support new provisions in respect of the Principal Control Officer, which will be brought into effect on 1 February 2018. Further information can be found in the **Press Release**.

### **Survey for businesses selling insurance alongside other goods and services**

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On 15 January 2018, the Authority issued a **Discussion Paper and survey** for businesses that sell insurance alongside other goods and services. The survey is not targeted at businesses that are registered with the Authority as insurance intermediaries. Responses are requested by 28 February 2018. Further information can be found in the **Press Release**.

## BANKING

### Payment Flow Data

Following the formation of a working group with the banking sector, the Authority has engaged with banks to understand what payment flow data could be available (showing where money comes from, and where money goes to, by country) and the challenges around obtaining such data. As a result of this work, the Authority agreed with banks a reporting form and asked for flow data for the quarter ended 30 September 2017, to be received by 31 December 2017 where possible. Some data is still to be received. The flow data is intended to cover all flows through SWIFT, CHAPS, BACS and Faster Payments systems.

### Quarterly Banking Statistics - 30 Jun 2017

[Deposit base figures](#) and [quarterly banking statistics](#) for the period to 30 June 2017 were published on 8 September 2017.

### Quarterly Banking Statistics - 30 Sep 2017

[Deposit base figures](#) and [quarterly banking statistics](#) for the period to 30 September 2017 were published on 18 December 2017 and 5 January 2018, respectively.

### SEPA changes affecting certain deposit takers

The [Payment Services \(Amendment\) Regulations 2017](#) commenced on 13 January 2018 and implemented changes to mirror relevant provisions of the European Union's Payment Services Directive 2 for the Isle of Man's SEPA (Single Euro Payments Area) membership. Further information can be found in the [Press Release](#).

## FIDUCIARY SERVICES

### Assets of client companies and trusts

As reported in the previous issue, the Authority's 2017/18 visit programme for the Trust and Corporate Service Provider ('TCSP') sector is emphasising themed visits on the securing and

protection of non-monetary client assets. On-site work is underway. Once the visits have been completed the Authority expects to provide feedback which will summarise its observations both in terms of good practice and risk areas.

### Have feedback?

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

[Email Feedback](#)

## UPDATES FROM OUR REGULATED SECTORS (4/4)

### FUNDS AND INVESTMENT SERVICES

#### Draft Legislation: Collective Investment Schemes – CEICs and Other Matters

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On 9 August 2017, the Authority published a **Consultation Response (CR17-02/T05)** in relation to its **Consultation Paper (CP17-04/T05)** on Draft Legislation: Collective Investment Schemes – Closed-Ended Investment Companies and Other Matters. Further information can be found on the **consultation webpage**.

The final legislation was made by the Authority and approved by Tynwald on 17 October and came into effect on 1 November 2017 —

- CIS (Definitions) Order 2017
- CIS (Regulated Fund) Regulations 2017
- CIS (Recognised Schemes) (Ireland) Order 2017
- Financial Services (Exemptions) (Class 3) (Amendment) Regulations 2017.

#### Governance of Collective Investment Schemes ('CISs') – Guidance Note

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On 23 October 2017, the Authority issued a **Feedback Statement (FS17-01/T02)** in response to its **Discussion Paper (DP17-01/T02)** on the draft Guidance Note on Governance of Collective Investment Schemes. The final **Guidance Note** was published on 24 October 2017. Please refer to the **Press Release** for further information.

#### Quarterly Fund Statistics – 30 Jun 2017

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The **quarterly fund statistics** for the period to 30 June 2017 were published on 8 September 2017.

#### Quarterly Fund Statistics – 30 Sep 2017

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The **quarterly fund statistics** for the period to 30 September 2017 were published on 5 January 2018.

### PUBLIC WARNINGS AND SANCTIONS UPDATES

#### Public Warnings

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- 21 Dec 17: **Global Parrots and More – [www.globalparrotsandmore.com](http://www.globalparrotsandmore.com)**
- 12 Oct 17: **MJ Fiduciary and Management Services**
- 27 Sep 17: **Bogus Website – <http://conisterbnk.com>**
- 25 Jul 17: **Temple Side Investments Limited**

#### Sanctions Updates

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- 20 Dec 17: **North Korea, Venezuela, Russia, Libya, Terrorism and Terrorist Financing, Iraq, Ukraine, Sudan**
- 24 Oct 17: **Mali**
- 12 Oct 17: **Isil Da'esh, Al Qaida, Syria**



## PUBLIC NOTICES

### Public Notices

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- 11 Jan 18: **Discretionary civil penalty under s.16, Financial Services Act 2008**
- 29 Dec 17: **Corporate Management & Business Services Limited (Licence Surrender)**
- 20 Dec 17: **Permanent Bank International Limited (Licence Surrender)**
- 13 Dec 17: **The Premier Group (Isle of Man) Limited (in liquidation) (Licence Revocation<sup>1</sup>)**
- 11 Dec 17: **Privilege Management Services Ltd (Licence Surrender)**
- 30 Nov 17: **W8 Trustees Limited (Licence Surrender)**
- 16 Nov 17: **Prohibitions – Mr Richard Maurice Dixon, Mr Brian Charles James Monk**
- 6 Nov 17: **Duncan Lawrie (IOM) Limited (Licence Surrender)**
- 6 Oct 17: **Manntax C.S.P. Limited (Licence Surrender)**
- 3 Oct 17: **Vantage Corporate Services Limited (Licence Surrender)**
- 7 Aug 17: **Capita Retail Financial Services (Isle of Man) Limited (Licence Surrender)**
- 7 Aug 17: **ABN AMRO Fund Services Custodial Limited (Licence Surrender)**
- 7 Aug 17: **ABN AMRO Fund Services Limited (Licence Surrender)**
- 2 Aug 17: **OCRA (Isle of Man) Limited (Licence Surrender)**
- 2 Aug 17: **KSi Hawk Limited (Licence Surrender)**

- 1 Aug 17: **Frank Scott Limited (Licence Surrender)**
- 26 Jul 17: **John Cleator (Licence Surrender)**
- 26 Jul 17: **Mona Limited (Licence Surrender)**
- 26 Jul 17: **The Eco Resources Fund PCC plc (in liquidation)**

### Designated Business (de-registrations)

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- 22 Dec 17: **MBC Limited Trading as: GoCoin**
- 14 Dec 17: **Chan Law LLC**
- 14 Dec 17: **Purple Accounts Ltd**
- 7 Dec 17: **Miyella Limited**
- 7 Dec 17: **Alexandra M Potts Solicitor**
- 7 Dec 17: **TGBEX Limited**
- 17 Nov 17: **Pixie Loans Limited**
- 15 Nov 17: **Peter Dawson**
- 2 Nov 17: **Miyella Limited**
- 1 Nov 17: **Accounts 4 You Limited**
- 30 Oct 17: **Paul & Co**
- 30 Oct 17: **Hadyn M Rutter Solicitor**
- 27 Oct 17: **Fire Capital Ltd**
- 27 Oct 17: **JB Quirk**
- 26 Oct 17: **Paul Carpenter**
- 9 Oct 17: **Manntax Ltd**
- 8 Sep 17: **Jim Cowell**
- 3 Aug 17: **Euro Marketing & Management Consultants Limited**
- 28 Jul 17: **ICM Tax Consultants Limited**

<sup>1</sup>Correction made on 15 March 2018 to clarify that the licence was revoked, not surrendered.

# UPDATES ON AML/CFT

## GENERAL AML/CFT UPDATES

### **Anti-Money Laundering ('AML') & Financial Fraud Conference – 14 Nov 17**

The Authority's annual AML & Financial Fraud Conference took place on 14 November 2017 at the Royal Hall, Villa Marina, Douglas. The event was attended by representatives from financial institutions and designated non-financial businesses and professions operating in the Island and appeared to be well-received. Details can be found in the associated [Press Release](#).

### **2017 AML/CFT Return**

On 14 November 2017, the Authority issued a reminder of the deadline for submission of the first annual AML/CFT Statistical Information Return by regulated entities and designated businesses, which was 29 November 2017. High-level results and observations from the returns will be shared in due course. Further information can be found in the [Press Release](#).

### **POCA and ATCA Orders 2017**

On 17 November 2017, the Cabinet Office issued a [summary of responses](#) received to the consultation on the draft Anti-Terrorism and

Crime Act (Compliance with International Standards) Order 2017 and Proceeds of Crime Act (Compliance with International Standards) (Amendment) Order 2017. Details of a change made to the draft ATCA Order 2017 following the consultation may be found in the summary. The Orders were laid before Tynwald at the November 2017 sitting and approved at the December sitting. The Orders commenced on 15 December 2017.

### **Proliferation financing and sanctions notices**

On 20 December 2017, the Authority issued a [Press Release](#) in respect of notices published by Isle of Man Customs & Excise regarding proliferation financing and sanctions.

### **Updates to the AML/CFT Handbook**

On 4 January 2018, the Authority issued a [Press Release](#) in respect of recent amendments to the [Anti-Money Laundering and Countering the Financing of Terrorism \('AML/CFT'\) Handbook](#). Further details, including a tracked change version of the Handbook, can be found in the [Press Release](#).

## DESIGNATED BUSINESSES

### **Registration update and visit cycle**

There are currently 325 designated businesses registered under the Designated Businesses (Registration and Oversight) Act 2015. External accountants represent the largest sector, comprising 47% of registered entities. Any changes to businesses must be made at the time of the change on the [DNFBP Portal](#) and any new designated businesses must register prior to business commencing. Additionally, businesses

must inform the Authority if they cease trading.

The Authority, and the professional bodies to whom it has delegated oversight powers to, are continuing with the first round of visits to designated businesses into 2018.

### **General enquiries**

For any queries regarding designated businesses, please email [dnfbp@iomfsa.im](mailto:dnfbp@iomfsa.im).



# MOVING FORWARD

## COMMUNITY AND CHARITY INITIATIVES

### Charity fundraising initiatives

Staff raised over £3,800 in fundraising initiatives during the year for **The Guide Dogs for the Blind Association**, the Authority's nominated charity

for 2017. The Authority's nominated charity for 2018 is **Naseem's Manx Brain Tumour Charity** and staff are looking forward to raising funds during the year to support the charity.

## CONSULTATIONS

### Consultation Hub – <https://consult.gov.im>

Consultations undertaken by the Authority are hosted on the Isle of Man Government's **Consultation Hub**. There is a Mailing List Signup for users to be alerted when new consultations are published. The Authority continues to publish details of consultations in its website **Press**

**Releases**, which can be monitored by **RSS Feed**.

Consultations undertaken by the Authority since January 2017 can be found **here**. Consultations which closed prior to 1 January 2017 can be found in the **archive**. Current consultations that may be of interest to regulated entities are listed in the below table.

## CURRENT CONSULTATIONS

DEPT / REF	CONSULTATION TOPIC	STATUS	LINK / CONTACT
IOMFSA CP17-11/T01	<b>Conduct of Business Code for Non-Long Term Insurance</b>	14 Nov 17 to 2 Feb 18	Mrs Nicola Igoea <a href="mailto:Nicola.Igoea@iomfsa.im">Nicola.Igoea@iomfsa.im</a>
Cabinet Office AML/CFT Policy	<b>Anti-Money Laundering and Other Financial Crime (Misc. Amd.) Bill 2017</b>	18 Dec 17 to 5 Feb 18	Ms Sinead King <a href="mailto:amlcft@gov.im">amlcft@gov.im</a>
IOMFSA CP17-14/T15	<b>Insurance Regulations 2018</b>	12 Dec 17 to 16 Feb 18	Mr Paul Ellison <a href="mailto:Paul.Ellison@iomfsa.im">Paul.Ellison@iomfsa.im</a>
IOMFSA CP17-15/T12	<b>Insurance (Long-Term Business Valuation and Solvency) Regulations 2018</b>	12 Dec 17 to 16 Feb 18	Ms Sian Eltman <a href="mailto:Sian.Eltman@iomfsa.im">Sian.Eltman@iomfsa.im</a>
IOMFSA DP18-01/T08	<b>Survey for businesses selling insurance alongside other goods and services</b>	12 Jan 18 to 28 Feb 18	Mrs Nicola Igoea <a href="mailto:Nicola.Igoea@iomfsa.im">Nicola.Igoea@iomfsa.im</a>

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