



ISLE OF MAN FINANCIAL SERVICES AUTHORITY

Lught-Reill Shirveishyn Argidoil Ellan Vannin

SUMMER UPDATE

IOMFSA NEWSLETTER – ISSUE 6 – AUGUST 2018

APPOINTMENT OF NEW CHAIR AND MEMBERS

New Chair Appointment

The Authority is delighted to announce the appointment of Lillian Boyle as its new Chair with effect from 1 July 2018. Lillian previously served as Deputy Chair of the Authority. She is a Scottish lawyer, a Trust & Estate Practitioner and a Fellow of the Chartered Institute for Securities & Investment ('CISI'), the Chartered Insurance Institute ('CII') and the Institute of Directors. Lillian has extensive financial services experience following a long career working within the regulated sector in the Isle of Man and UK. Lillian has been UK President of the CII, a member of the UK Financial Reporting Council's Conduct Committee, Chairman of the Manx Insurance Association and President of Isle of Man CISI and CII branches. In her spare time, she is heavily involved with the Isle of Man MS Society to the

extent of even doing a couple of abseils off the TT tower to raise funds but otherwise she just sticks to walking as an outdoor pursuit. For the Authority's full press release on Lillian's appointment, please click [here](#).

Changes to Board and Executive

In addition to our new Chair, we welcome two new Board Members to the Authority. Jane McAndry and Leam Thompson joined the Board in July 2018 and attended their first Board meeting in August 2018. Full profiles of our new members are available on our website [here](#).

We are also pleased to announce that Tom Maher has joined the Authority in the newly created position of General Counsel and Head of Corporate Governance. For the Authority's full press release on Tom's appointment, please click [here](#).

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APPOINTMENT OF NEW CHAIR AND MEMBERS (CONTD.)

Finally, the Authority would like to express its thanks to its outgoing Chair, Geoff Karran, for his years of dedicated service and leadership. We also express our thanks to retiring members Alan Smith and Roger Butler for their invaluable contribution to the Authority.

GENERAL UPDATE

Procurement: New Supervisory System

On 26 January 2018, the Isle of Man Government instigated a procurement process for the development of a comprehensive Supervisory System for the Isle of Man Financial Services Authority and Gambling Supervision Commission. Further details can be found in the [Press Release](#). We are pleased to advise that the contract has been awarded to Isle of Man-based Antelle IT Ltd, which has experience of successfully delivering software solutions to both the public and private sectors. The development of the new system is now underway and we will be providing further details as the project progresses.

Unlicensed Regulated Activity

On 26 January 2018, the Authority made a Public Statement noting that it would be conducting a pro-active initiative to identify persons conducting regulated activity without a relevant licence. Further information can be found in the [Press Release](#).

Regulatory Fees from 1 April 2018

On 5 February 2018, the Authority published a [Consultation Response](#) (CR18-01/T14) to its consultation on proposed changes to regulatory fees. Further information can be found in the [Press Release](#). The new [Fees Orders and Regulations](#) commenced on 1 April 2018.

Criminal Records Check Guidance

The Authority updated its Vetting Guidance in respect of regulated entities undertaking criminal records checks on 5 February 2018. Further information can be found in the [Press Release](#). See also the details below on F&P assessments.

Changes to F&P Assessments

The Authority issued a [Consultation Paper](#) (CP18-01/T12) on 5 March 2018 to seek views on changes to the process for assessment of individuals' fitness and propriety ('F&P') in respect of all regulated entities. The responses were considered and the Authority issued a [Consultation Response](#) (CR18-03/T12) on 21 May 2018. The Financial Services (Amendment) Rule Book 2018 was approved by Tynwald on 18 July 2018 and came into effect on 1 August 2018 alongside the changes to F&P assessments. Please refer to the [first](#), [second](#), [third](#) and [fourth](#) Press Releases and the [Consultation Webpage](#) for further information.

Financial Sanctions Reports

On 3 April 2018, the Authority published information issued jointly by the Treasury's Customs and Excise Division and the Financial Intelligence Unit with regard to financial sanctions. Please see the [Press Release](#) for further information.

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2018 Industry Survey

On 12 March 2018, the Authority announced its first independent industry survey to obtain the views of firms, which it regulates or oversees, of the effectiveness of the Authority in the performance of its functions as well as the views of industry on the interaction and engagement between firms and the Authority. The survey is being coordinated by Island Global Research Limited. Further information can be found in the initial [Press Release](#). A subsequent [Press Release](#) was issued on 5 April 2018 to confirm that the closing date of the survey had been extended by 1 week to 13 April 2018.

The survey responses were reviewed by the coordinator and a sample of respondents were selected for interview around key areas identified. The interviews have now been completed and the Authority expects to receive the final report from the coordinator shortly. The Authority will analyse the responses and provide feedback on proposed outcomes in early autumn.

European Union GDPR

The EU [General Data Protection Regulation](#) ('GDPR') now applies to all entities in the Isle of Man. For more information, please see the [New Data Protection Regulations Approved](#) Press Release issued by the Information Commissioner on 18 July 2018.

Updated Privacy Policy

On 23 May 2018, the Authority published an updated Privacy Policy on its website explaining what information the Authority collects about individuals, its reasons for doing so and how it holds, uses and discloses that information. The Policy explains what rights individuals have in

relation to their personal data. Further information can be found in the [Privacy Policy](#) and the associated [Press Release](#).

Pension Matters – Consumer Awareness Campaign

The Authority, in conjunction with the [Personal Finance Society](#), has conducted an extensive consumer campaign to raise awareness of the importance of pension planning. The campaign started with a leaflet circulated by Isle of Man Newspapers and has included regular coverage in local print, radio and Manx.net TV, a free consumer seminar and other promotional activities and social media. All of the materials to date are accessible via the website www.pensionmatters.im. Feedback on the campaign has been positive.

Isle of Man Pension Matters Survey

As part of the Pension Matters campaign, the Authority launched a consumer survey on 18 July 2018 to get a picture of Isle of Man residents' attitudes to, and knowledge of, pensions on the Island. Further information, including a link to the survey, can be found in the [Press Release](#).

Regulatory Guidance on Cyber Security

The Authority recognises that cyber security is a significant business risk for most regulated businesses and that they should have appropriate risk management and controls in place. The Authority reminds firms that it issued [Regulatory Guidance on Cyber Security](#) in December 2016.

Certain cyber security incidents are reportable to the Authority as a regulator. For example, the Authority's guidance includes: "regardless of regulatory requirements, the Authority expects

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regulated entities to promptly notify the Authority of any serious or significant incident involving data loss, financial loss, disruption to services or denial of services type attacks.”

Code of Conduct for Authority Members

On 29 June 2018, the Authority announced the publication of the new **Code of Conduct** for Members of the Authority. The Code of Conduct is complementary to the Isle of Man Government Code and is intended to set out in more specificity the standards that Members are required to adhere to in the discharge of their duties. Further information can be found in the **Press Release**.

Subscribe to the RSS Feed

The **Rich Site Summary ('RSS') Feed** on the Authority's website is the Authority's main method of issuing general communications to entities regulated by, or registered with, the Authority:

 <https://iomfsa.im/rss/>

According to the recent Independent Industry Survey, only 69% of regulated entities and 57% of designated businesses who responded are subscribed to the RSS Feed. Make sure you do not miss an important update by subscribing to the RSS Feed or checking the Authority's website regularly.

UPDATES FROM OUR REGULATED SECTORS (1/4)

PENSIONS

Enhancing the Regulatory Framework for Pension Schemes and Providers

On 7 March 2018, the Authority issued a **Discussion Paper** (DP18-02/T15) to seek views on proposals to enhance the regulatory framework for pension schemes and pension providers. Responses were requested by 27 April 2018. The Authority issued a **Feedback Statement** (FS18-01/T15) on 22 August 2018. The Authority plans to issue further consultations to set out the full details of the proposals in due course. Please refer to the **first** and **second** Press Releases and **Consultation Webpage** for further information.

CROWDFUNDING

Possible Expansion of Class 6 to Include Limited Secondary Trading Facilities

On 24 August 2018, the Authority issued a **Consultation Paper** (CP18-04/T16) to seek views on the possible expansion of Class 6 (Crowdfunding Platforms) to include limited secondary trading facilities. Further information can be found in the **Press Release** and **Consultation Webpage**.

INSURANCE

Roadmap for updating the regulatory framework for insurance business

On 31 January 2018, the Authority issued its January 2018 Roadmap for updating the Isle of Man's regulatory framework for insurance business. The [Press Release](#) refers.

Subsequently, on 5 March 2018, the Authority issued a further [Press Release](#) stating that its proposed implementation date for the updated capital and solvency framework for non-life insurance business would be deferred by 12 months from 30 June 2019 to 30 June 2020. The Authority has continued its engagement with industry, including presentations to Non-Executive Directors of non-life insurance companies in March 2018.

The Authority issued its July 2018 Roadmap on 31 July 2018. The [Press Release](#) refers.

Implementation of provisions of the Insurance (Amendment) Act 2017

A small number of provisions of the Insurance (Amendment) Act 2017 came into effect on 1 February 2018. Further information can be found in the [Press Release](#) of 31 January 2018.

The majority of provisions in the Amendment Act came into force on 30 June 2018 and covered the following key areas:

- Long-term insurance capital requirements
- Transfer of long-term insurance
- Financial risk and governance
- Authorisation of insurers and surrender
- Registration of insurance managers and intermediaries and updated requirements
- New regulatory powers for prohibitions and remediation measures
- Consolidation of tribunal functions.

ICP Project – General Insurance Intermediaries Consultation Response

On 11 April 2018, the Authority published a [Consultation Response](#) (CR18-02/T08) in respect of its consultation on general insurance intermediaries, which ran from 28 July to 6 October 2018. Further information can be found in the [Press Release](#) and [Consultation Webpage](#).

Insurance Intermediation – registration exemptions and cross border business

On 19 April 2018, the Authority issued a [Consultation Paper](#) (CP18-02/T08) setting out its proposals in relation to the current exemptions from registration as an insurance intermediary in the Isle of Man and the allowances for insurance intermediaries providing services on a cross border basis into the Island from another jurisdiction. Responses were requested by 28 June 2018. Further information can be found in the [Press Release](#) and [Consultation Webpage](#).

Corporate Governance Code of Practice for Insurers

On 28 June 2018, the Authority published a [Consultation Response](#) in respect of its consultation on proposals to enhance the existing Corporate Governance Code for Insurers. Further information can be found in the [Press Release](#) and on the [Consultation Webpage](#).

Insurance (Long Term Business Valuation and Solvency) Regulations 2018 and Insurance Regulations 2018

On 29 June 2018, the Authority published responses to consultations on the [Insurance \(Long Term Business Valuation and Solvency\) Regulations 2018](#) and the [Insurance Regulations](#)

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2018. Both sets of Regulations commenced on 30 June 2018. Further information can be found in the [Press Release](#) and on the respective consultation webpages.

QIS5 for Non-Life Insurers

On 13 July 2018, the Authority issued a [Consultation Paper](#) (CP18-03/T04) setting out its current thinking in respect of the assessment of the capital adequacy of insurers and reinsurers undertaking non-life insurance business, including the valuation of the assets and liabilities for insolvency purposes. Further information can be found in the [Press Release](#) and [Consultation Webpage](#).

BANKING

Quarterly Banking Statistics – 31 Dec 17

[Deposit base figures](#) and [quarterly banking statistics](#) for the period to 31 December 2017 were published on 5 March 2018.

Quarterly Banking Statistics – 31 Mar 18

[Deposit base figures](#) and [quarterly banking statistics](#) for the period to 31 March 2018 were published on 31 May 2018 and 4 June 2018.

Bank Recovery & Resolution Framework

The Authority is continuing to work alongside the Treasury on the introduction of a Bank Recovery and Resolution ('BRR') framework for the Isle of Man. Banks on the Island and their professional advisers have been consulted during this process and invited to participate in an advisory group to provide input to the development of a draft Bill covering BRR matters. It is anticipated that proposed legislation will be brought forward by Treasury during the 2018-19 parliamentary year.

Later this year the Authority also intends to move forward with formalising Recovery Planning obligations for Isle of Man-incorporated banks. Initially, this will be piloted with banks who are already undertaking recovery planning to meet

their own group requirements, after which proposed guidance will be circulated to all banks for comment, prior to finalisation. The Authority believes the early introduction of recovery planning obligations will be of assistance to all stakeholders, ahead of the formal introduction of a BRR regime in due course.

Bank ICAAP Guidance

The Authority issued updated Internal Capital Adequacy Assessment Process ('ICAAP') guidance to Isle of Man-incorporated banks in June 2018. The guidance is available on the Authority's website together with an 'ICAAP summary sheet' to assist banks in presenting the output of their ICAAP in a consistent format to ensure that Pillar 1, Pillar 2 and buffer requirements have been adequately considered.

SEPA changes for certain deposit takers

The [Payment Services \(Amendment\) Regulations 2018](#) were approved by Tynwald on 16 May 2018 and came into effect on 1 June 2018. The updated [Payment Services Regulations 2015 \(as amended 2018\)](#) can be found on the [Legislation & Guidance for Deposit Takers](#) webpage on the Authority's website. Further details can be found in the [Press Release](#).

FUNDS AND INVESTMENT SERVICES

Pension Advice Questionnaire

The Authority conducted a survey of financial advisers to ascertain their approach to advice on pensions. In total, the Authority received 22 responses, of which 5 confirmed they did not (and did not intend to) provide pensions advice. Of the 17 respondents who are involved in pension advice:

- The majority already advise on pension transfers
- All have received enquiries about pension freedoms
- 14 licenceholders confirmed they have advisers who already have or are working towards pension specialist qualifications.

Pension Guidance for Financial Advisers

The Authority is currently working with industry to update and refine the guidance for advisers regarding pensions and, in particular, where

advising on pension transfers including transfers from defined benefit schemes.

The Premier Group (Isle of Man) Limited (in liquidation) (Licence Revocation)

[Issue 5 of the 'Update' Newsletter](#) listed a [Public Notice](#) issued on 13 December 2017 in relation to The Premier Group (Isle of Man) Limited (in liquidation) ('Premier'). The original listing stated that Premier's licence had been surrendered, however the Newsletter was updated on 15 March 2018 to clarify that Premier's licence had been revoked by the Authority, not surrendered.

Quarterly Fund Statistics – 31 Dec 2017

The [quarterly fund statistics](#) for the period to 31 December 2017 were published on 5 March 2018.

Quarterly Fund Statistics – 31 Mar 2018

The [quarterly fund statistics](#) for the period to 31 March 2018 were published on 4 June 2018.

FIDUCIARY SERVICES

Clients' Asset Reports ('CARs')

The Authority is progressing its reviews of CARs submitted to date, including those for December 2017 year-ends. The Authority will look to issue a feedback statement by the end of Quarter 4 2018. To date, the Authority has communicated more than 60 frequencies for auditor review, to the primary contact of individual licenceholders. All licenceholders that hold clients' assets with a financial year-end up to 30 June should have received communication of their frequency for auditor review by email. Please see the [Risk-Based Approach to Clients Assets Reporting](#)

[\(Auditor Review\)](#) for further information. If any relevant licenceholders have not received a communication, they should contact their Relationship Manager in the first instance.

Audits of Isle of Man Companies

On 13 July 2018, the Authority issued a reminder to all corporate service providers of the statutory qualification requirements for auditors appointed to companies incorporated under the Companies Act 1931 or Companies Act 2006. Further information can be found in the [Press Release](#) and on the [Auditors webpages](#) of the Authority's website.

UPDATES ON AML/CFT

GENERAL AML/CFT UPDATES

Updates to the AML/CFT Handbook

The Authority published amendments to the Anti-Money Laundering and Countering the Financing of Terrorism ('AML/CFT') Handbook on **26 January 2018**, **1 May 2018** and **3 July 2018**. Further details on the changes, including tracked change versions of the Handbook, can be found in the Press Releases.

DESIGNATED BUSINESSES

Registration update and visit cycle

There are currently 336 designated businesses registered under the Designated Businesses (Registration and Oversight) Act 2015. External accountants represent the largest sector, comprising 48% of registered entities. Any changes to businesses must be made at the time of the change on the **Designated Business Website** 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 throughout 2018.

General Update Seminar – 20 Nov 18

See **Upcoming Events** on page 9 for details of the Authority's plan to hold a General Update Seminar on 20 November 2018.

General enquiries

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

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](#)

PUBLIC NOTICES, WARNINGS AND SANCTIONS

Public Notices

- 23 Aug 18: **Hanover Fiduciaries Limited (Licence Issue)**
- 7 Aug 18: **Credit Suisse Custodial Services (Isle of Man) Limited (Licence Surrender)**
- 16 Jul 18: **SMP Fund Managers Limited (Licence Surrender)**
- 6 Jul 18: **Sabre Fiduciary Limited**
- 13 Jun 18: **Bryan Michael Darroch (Licence Issue)**
- 18 Apr 18: **Stabitrust Fiduciaries Limited (Licence Surrender)**
- 18 Apr 18: **Douglas Aviation (Isle of Man) Limited (Licence Surrender)**
- 20 Feb 18: **Merrill Lynch Bank & Trust Company (Cayman) Limited (Licence Surrender)**
- 22 Jan 18: **Nationwide Building Society (Licence Surrender)**

Sanctions Updates

- 2 Aug 18: **Syria, Iraq, North Korea, Terrorism and Terrorist Financing, ISIL (Da'esh) and Al Qaida, Ukraine, Lebanon**
- 9 Jul 18: **Iran, Libya, Burma/Myanmar, Venezuela**
- 6 Jun 18: **Yemen, Central African Republic, North Korea**
- 3 May 18: **Democratic Republic of the Congo**
- 16 Apr 18: **Somalia, Belarus, Egypt, Sudan**
- 15 Feb 18: **Export Control (Libya and Syria), Tunisia, South Sudan**
- 17 Jan 18: **Guinea Bissau**

Designated Business (de-registrations)

- 22 Aug 18: **Q Accounting Services**
- 1 Aug 18: **Lombard Manx Limited**
- 1 Aug 18: **Lombard Manx Leasing Limited**
- 24 Jul 18: **Alpha Fortress Limited**
- 11 Jul 18: **Propfin PCC Limited**
- 11 Jul 18: **Virtue Technology Limited**
- 23 May 18: **Apex Lending Limited**
- 23 May 18: **RepuX Limited**
- 9 Apr 18: **AM Personnel Ltd**
- 9 Apr 18: **AML Contracts Limited**
- 9 Apr 18: **AML Management Ltd**
- 9 Apr 18: **Principal Contracts Ltd**
- 9 Apr 18: **SP Management Limited**
- 29 Mar 18: **CJM Advocates Limited**
- 13 Mar 18: **Black Grace Cowley International Real Estate Limited**
- 1 Feb 18: **Maval Trading Limited**

Public Warnings

- 22 Jun 18: **Al-Khawam Investment Limited**
- 22 Jun 18: **Juwelz Holdings Limited**
- 20 Feb 18: **Skye Security International**
- 7 Feb 18: **Banque Louis – Louis Group Isle of Man**

MOVING FORWARD

UPCOMING EVENTS

General Update Seminar – 20 November 2018

On 20 November 2018, the Authority will be hosting a general update seminar for all regulated and registered entities at the Villa Marina in Douglas to talk about recent developments and emerging matters with the Authority. This event will be open free of charge to all regulated entities and firms registered under the Designated Businesses (Registration and Oversight) Act 2015, although seating will be limited. Invitations will follow in the coming weeks.

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 table below.

CURRENT CONSULTATIONS

DEPT / REF	CONSULTATION TOPIC	STATUS	LINK / CONTACT
IOMFSA CP18-04/T16	Possible expansion of Class 6 Regulated Activity (Crowdfunding Platforms)	23 Aug 18 to 5 Oct 18	Dan Johnson Dan.Johnson@iomfsa.im
IOMFSA CP18-03/T04	5th Quantitative Impact Study for Non-Life Insurers	13 Jul 18 to 30 Oct 18	Sian Eltman Sian.Eltman@iomfsa.im

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