

Industry Update 2018

20 November 2018



ISLE OF MAN
FINANCIAL SERVICES AUTHORITY

Lught-Reill Shirveishyn Argidoil Ellan Vannin

Welcome

Dave Hodgson, Head of Operations - FSA



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FINANCIAL SERVICES AUTHORITY**

Lught-Reill Shirveishyn Argidoil Ellan Vannin

Submitting Questions

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Event code: **#FSAIndustryUpdate**



Agenda

08:30 - 09:00	Registration and Refreshments
09:00 - 09:10	Welcome
09:10 - 09:40	FSA Strategic Plan (followed by Q&As)
09:40 - 10:20	Industry Survey (followed by Q&As)
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FSA Strategic Plan

Karen Badgerow, Chief Executive - FSA



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FINANCIAL SERVICES AUTHORITY

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FSA Members

- Lillian Boyle – Chair
- Juan Clarke – Deputy Chair
- Karen Badgerow
- Paul Wright
- Mark Waterhouse
- David Stacey
- Leam Thompson
- Jane McAndry



FSA Strategic Plan - Why a Plan Now

- First FSA Strategic Plan launched on our website November 1st 2018
- Early 2016 work commenced on setting out our purpose, values and long-term goals
- Work evolved to consider strategic objectives that we want to achieve and the principles that guide the “how”
- Project methodology formalised through 2017 to create a framework to better manage how we run key projects



FSA Strategic Plan

- Key elements of the plan include:
 - Introduction from Our Chair and Chief Executive
 - Part 1 – About the Isle of Man Financial Services Authority and the Strategic Plan
 - Part 2 – Priorities in Support of our Strategic Objectives
 - Part 3 – How we intend to deliver this Plan
 - Appendix A – Plan on a Page



FSA Strategic Plan - Why a Plan Now

- Bringing it all together: The strategic plan is intended to increase focus on what we are trying to achieve as one organisation
- Increased visibility: What we consider priorities and how we plan to achieve these
- Mapping our everyday work to our long-term goals



Regulatory Objectives

The regulatory objectives are —

- a) securing an appropriate degree of protection for policyholders, members of retirement benefits schemes and the customers of persons carrying on a regulated activity;
- b) the reduction of financial crime; and
- c) the maintenance of confidence in the Island's financial services, insurance and pensions industries through effective regulation, thereby supporting the Island's economy and its development as an international financial centre.



FSA Strategic Plan

- Long-term Goals - where do we see ourselves in the next 10-15 years
 1. *Continue to develop our identity and culture and to operate as a forward looking integrated regulator;*
 2. *Continue to develop our framework to provide appropriate protection for the financial interests of consumers;*
 3. *Continue to develop our framework to ensure consumers are appropriately informed of products, services and their risks;*
 4. *Fully implement a risk based supervisory approach for every entity within our remit, including vulnerability to financial crime;*
 5. *Be an International Financial Centre which is recognised as effectively deterring financial crime;*
 6. *Undertake research and development alongside our stakeholders to enable a dynamic appropriately regulated financial sector;*
 7. *To remain operationally independent and free from interference in the performance of our statutory responsibilities and use of resources while remaining accountable to Treasury and Tynwald.*



Our Strategic Objectives

1. Enhance the framework to protect consumers and deter financial crime
2. Enhance clarity around our regulatory, supervisory and enforcement processes
3. Encourage innovation and continuous improvement in all that we do
4. Create an environment that enables staff to fulfil their potential



FSA Strategic Plan

- Strategic Objective 1: Enhance the Framework to Protect Consumers and deter financial crime
- Projects in support of this include:
 - Improvements to the legislation for retirement benefits schemes
 - Better AML data
 - Update to AML Code and Guidance
 - Looking at our compensation schemes



FSA Strategic Plan

- Strategic Objective 2: Enhance clarity around our regulatory, supervisory and enforcement processes
- Projects in support of this include:
 - Ongoing bank reform work – Basel requirements, Recovery Expectation, Resolution framework
 - Updating our supervisory methodology
 - Credit Union framework
 - Ongoing work to modernise the Insurance framework- ICP project



FSA Strategic Plan

- Strategic Objective 3: Encourage innovation and continuous improvement in all that we do
- Projects in support of this include:
 - Atlas/Cascade Development work
 - Our engagement program with our stakeholders
 - Building our relationship with other regulators



FSA Strategic Plan

- Strategic Objective 4: Create an environment that enables staff to fulfil their potential
- Work in support of this include:
 - Structured learning and development program
 - Complete enhancements suggested by employee survey- check the pulse
 - Ensure ongoing staff engagement, contribution to Atlas development



How we intend to deliver the plan

- **Our Core Purpose**

In carrying out its statutory objectives the Isle of Man Financial Services Authority aims to uphold trust, confidence and integrity

- **Our Core Values**

- Acting with Integrity
- Respecting Others
- Achieving Excellence



How we intend to deliver the plan

The Key Principles

- We seek 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 benefit received;
- We **welcome early dialogue** with the industry so that we **understand emerging risks** and also **new opportunities**: this helps us consider the potential impact and how best to address change;
- Regulation and regulators are only effective if they are understood: our aim is **not to overcomplicate matters**;
- We **intervene at an early justified stage** in issues to help prevent unacceptable risks crystallising;
- We seek to **understand, collaborate and follow a reasonable path of remediation** to achieve the right outcomes. **Enforcement is pursued where remediation is not possible** or not appropriate; and
- **Regulated entities are responsible for managing the risks** within their business. Our job is to design and advance a regulatory framework that promotes effective controls, good risk management and suitable disclosure; this is how we contribute to the soundness of our industry.



ISLE OF MAN FINANCIAL SERVICES AUTHORITY: STRATEGIC PLAN 2018-2021

Our core purpose
Why are we doing it?
In carrying out its statutory objectives the Isle of Man Financial Services Authority aims to uphold trust, confidence and integrity.
Our core values
How will we create the future?
Acting with integrity Respecting others Achieving excellence

Our key principles
How will we engage?
We seek 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 benefit relieved.
We welcome early dialogue with the industry so that we understand emerging risks and also new opportunities: this helps us consider the potential impact and how best to address change.
Regulation and regulators are only effective if they are understood : our aim is not to overcomplicate matters.
We intervene at an early justified stage in issues to help prevent unacceptable risks crystallising.
We seek to understand, collaborate and follow a reasonable path of remediation to achieve the right outcomes . Enforcement is pursued where mediation is not possible or not appropriate.
Regulated entities are responsible for managing the risks within their business. Our job is to design and advance a regulatory framework that promotes effective controls, good risk management and suitable disclosure : this is how we contribute to the soundness of our industry.

Our strategic themes
What will we do?

Enhance the framework to protect consumers and deter financial crime
1.1 Introduce Improvements to the Retirement Benefits Act
1.2 Enhanced AML/CFT reporting requirements for industry
1.3 Update AML/CFT Code
1.3 Review of Life Insurance Compensation Scheme

Enhance clarity around our regulatory, supervisory and enforcement processes
2.1 Banking Reform and Bank Recovery/Resolution - next phase
2.2 Update of the Supervisory/Methodology
2.3 Credit Union secondary legislation
2.4 Implementation of core elements of ICP project

Encourage innovation and continuous improvement in all that we do
3.1 Ongoing development of new regulatory data system - ATLAS
3.2 Continued Engagement

Create an environment that enables staff to fulfill their potential
4.1 Development of structured training and development program for staff
4.2 Continued enhancements suggested in the Employee Survey
4.3 Activities targeted staff engagement in the systems development project

Our long term goals
How will we focus on the right thing?

Continue to develop our identity and culture to operate as a forward looking integrated regulator.
--

Continue to develop our framework to provide appropriate protection for the financial interests of consumers.

Continue to develop our framework to ensure consumers are appropriately informed of products, services and their risks.

Fully implement a risk based supervisory approach for every entity within our remit, including vulnerability to financial crime.
--

Be an International Financial Centre which is recognised as effectively deterring financial crime.
--

Undertake research and development alongside our stakeholders to enable a dynamic appropriately regulated financial sector.

To remain operationally independent and free from interference in the performance of our statutory responsibilities and use of resources while remaining accountable to Treasury and Tynwald.



Next Steps

- How do we keep the plan evergreen?
 - Annual planning process at FSA to review priorities
 - Report against the priorities included as part of Annual Report
 - Strategic Plan refreshed and reissued every three years
 - Values, principles reflected in our day to day work
 - Checking on how we are doing through regular stakeholder engagement



Questions & Answers

- Karen Badgerow, Chief Executive - FSA
- Moderator: Dave Hodgson - FSA



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Industry Survey

Dr Lindsay Jefferies, Managing Director - Island Global Research
Francesca Signorio-Hooper, Head of Business Change - FSA



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INDUSTRY PERCEPTIONS STUDY

**ISLE OF MAN FINANCIAL SERVICES AUTHORITY
INDUSTRY UPDATE: 20 NOVEMBER 2018**

Dr Lindsay Jefferies
Managing Director

PHASE 1: INDUSTRY SURVEY

Online survey in March-April 2018 on:

- **Overall impression of the Authority:** its role, effectiveness and impact
- **Approach to supervision and oversight:** on-site visits, fitness and propriety assessments, authorisation, registration and enforcement
- **Engagement with the Authority:** staff, guidance, consultation, events, publications, website, statistical information

Received 186 responses (119 regulated entities and 67 designated businesses).
Approx. 43% response rate.

PHASE 2: IN-DEPTH INTERVIEWS

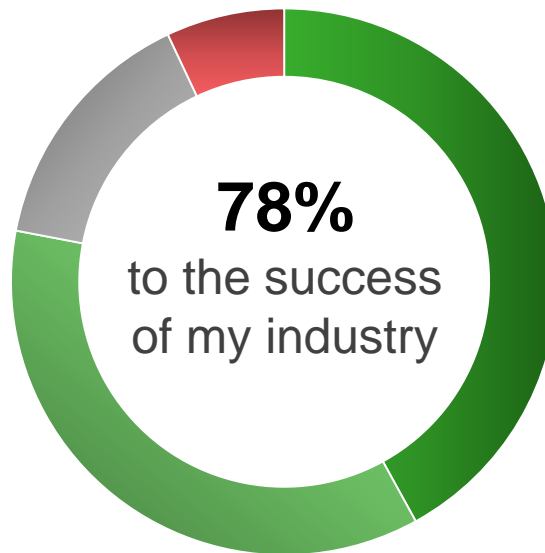
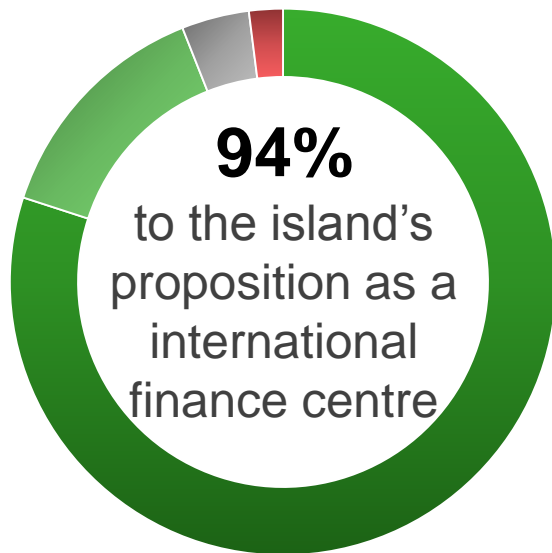
Semi-structured interviews on:

- **Role and effectiveness of the Authority**
- **Risk-based approach to supervision and oversight**
- **Developing effective guidance**
- **Optimising the consultation process**

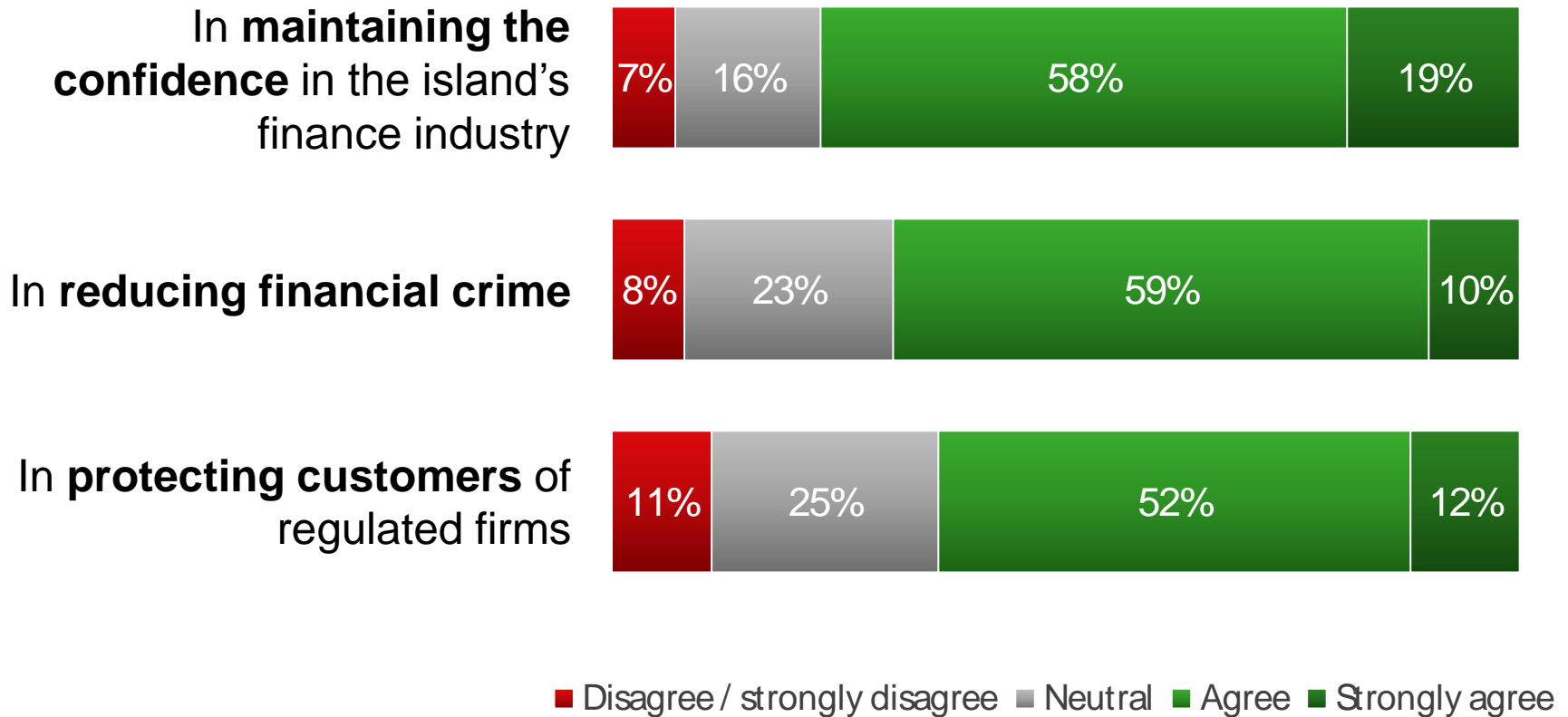
32 individuals from 23 firms participated in face-to-face and telephone interviews in May and June 2018. 19 firms were regulated entities and 4 were designated businesses

Over-sampled firms who had given negative responses in the survey, as specifically wanted to understand their views.

THE AUTHORITY IS IMPORTANT ...



THE AUTHORITY IS EFFECTIVE IN ...



SUPERVISION IN A CHANGING ENVIRONMENT

Changing environment for off-shore finance

- Increased scrutiny, and demand for disclosure and transparency (e.g. EU substance, beneficial ownership)
- New international standards and norms (e.g. AML/CFT)

Changes in the Isle of Man and response to global pressures

- Complying with demand for disclosure and transparency
- MONEYVAL assessment / high-profile cases
- Single regulatory body following FSC-IPA merger

Evolving and increasing regulatory requirements

- Strengthens international reputation but additional regulatory burden
- Uncertainty relating to new requirements

Impacts on competitiveness of the finance industry

- Impact on firms depends on business activity, client base and risk appetite



APPROACH OF THE AUTHORITY

Understands the business and risks of firms that it regulates/oversees



Is effective in identifying risks and issues impacting your firm



Takes actions proportionate to the risks / benefits involved



Has an early and productive dialogue with industry



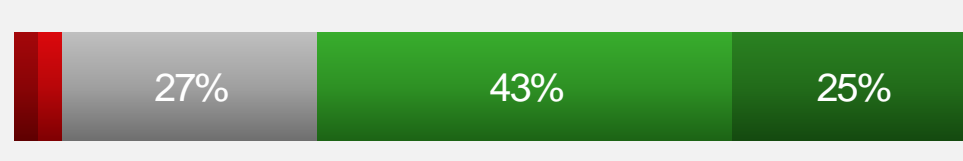
Understands emerging risks and new opportunities



Intervenes at an early stage to prevent unacceptable risks



Enforcement is only pursued when remediation is not possible/appropriate



Strongly disagree Disagree Neutral Agree Strongly agree



PROPORTIONATE REGULATION AND SUPERVISION

AUTHORITY'S PERSPECTIVE



FIRM'S PERSPECTIVE

• Nature of Business	(e.g. risk relating to range or complexity of products / services)
• Portfolio of Clients	(e.g. individual consumers or corporate clients)
• Prior experience	(e.g. FSC vs IPA, other jurisdictions, previous employment)
• Own role and responsibilities	(e.g. business development vs compliance)
• Own preferences	(e.g. approach to work, communication, attitude to risk)

FIRMS' RELATIONSHIP WITH THE AUTHORITY

- Firms that have a close relationship, regular interaction and feel supported.
- Firms that have limited interaction but are content.
- Firms that have limited interaction and would like more support.
- Firms that are unhappy are an important minority.

Access to support, guidance and advice

Experience of regulation in other jurisdictions

Perspective on MONEYVAL Assessment

Risk profile: business activity & client type

Nature and quality of the relationship

Personal & professional network

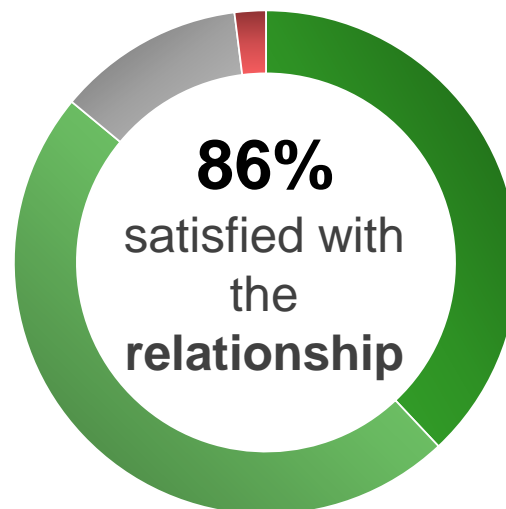
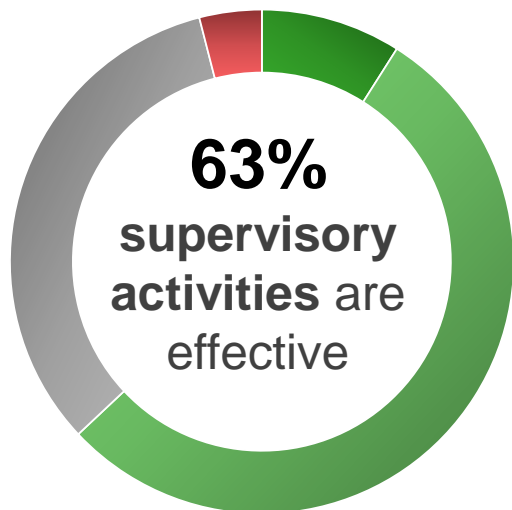
Firm size

Prior experience of supervision

Industry sector & degree of regulatory change



FEEDBACK ON THE AUTHORITY



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Industry Survey – next steps

Francesca Signorio-Hooper, Head of Business Change - FSA



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Supervision in a challenging macro environment

Survey results: **MoneyVAL**

Increased scrutiny

Improve understanding

Work underway or proposed

- Complete the work on the Code, handbook and guidance
- Continue to work with government to address external threats
- Enhance engagement with Supranational bodies
- *Leverage interaction with firms and other outreach*



Approach of the Authority

Survey results:

Identification of risk

Understand better the business undertaken

Understand expectations of the Authority

Work underway or proposed

- Consistent risk assessment methodology
- Development of CASCADE and supervisory approach
- Use of thematics – publication of results



Application of proportionality and a principled approach

Survey results: **Appropriate balance – objectives and burden**
Engaging with the Authority
Dissemination of information

Work underway or proposed

- Strategic plan
- Consistent risk assessment methodology and supervisory approach
- Scheduling of consultations and pre-engagement
- *Consultations to consider impact on smaller firms*
- *Small firms forum / drop in workshops*
- *Develop social media strategy*
- Develop targeted distribution mechanisms



Remediation and enforcement

Survey results:

Questions over focus of Authority

Feedback on remediation / enforcement actions

Updates requested for ongoing cases

Work underway or proposed

- Strategic plan
- Consistent risk assessment methodology and supervisory approach
- Use of thematic – publication of results
- Publication of enforcement actions
- *Publication of key learnings, where appropriate and possible*
- *Publication of high level enforcement guidance*



Questions & Answers

- Dr Lindsay Jefferies, Managing Director – Island Global Research
- Francesca Signorio-Hooper, Head of Business Change – FSA
- Moderator: Paul Ellison, Senior Manager – FSA



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Welcome back

Paul Ellison, Senior Manager - FSA



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The Current Environment - Supervision

Andrew Kermode, Head of Supervision - FSA

Colin Manley, Head of Supervision - FSA



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Agenda

- Introduction
- Key supervisory themes
 - AML/CFT
 - Client assets (including client money and client investments)
 - Importance of good governance and risk management
 - Engagement with the Authority
- Moving forward



Theme 1 - AML/CFT

Topic	Key Messages
Legislation and Guidance	<ul style="list-style-type: none">- Updated Guidance: finalise 2018- Amended Code etc: expected H1 2019- Amended Consolidated Guidance: Q2/Q3 2019
Data and intelligence	<ul style="list-style-type: none">- Annual returns: all sectors, due end 2018- Financial flows: banking (quarterly)- Information sharing: FSA / FIU
Thematic Work	<ul style="list-style-type: none">- Analysis of data: by sector and entity- On-site thematic reviews – to be based on analysis of data and other known information; will take into account timing of Code changes- Thematic feedback to industry: will highlight good practice and areas for improvement



Theme 2 – Client Assets / Money

Topic	Key Messages
TCSP thematic exercise – safeguarding of non monetary client assets	<ul style="list-style-type: none">- 21 visits focused on property, chattels (e.g. art, jewellery) and luxury assets (yachts and aircraft)- Good practice: luxury assets and property- Areas for improvement: more attention needed on management of chattels, and monitoring / evidence of insurance arrangements
Client Assets Reporting (“CAR”)	<ul style="list-style-type: none">- 1st round complete: 53% of CARs identified exceptions; 23% allocated an annual audit frequency (risk based approach)- Quality of submissions generally good- CAR has helped some firms enhance monitoring- Common findings include untimely reconciliations, lack of documenting and evidence of reconciliations- Going forward: feedback / guidance to be issued to industry, plus clarification of requirements to avoid misinterpretation
Insurance	<ul style="list-style-type: none">- Intermediaries: proposed changes, moving towards more prescriptive framework

Theme 3 – Good governance and risk management

Topic	Key Messages
Documentation and evidence	<ul style="list-style-type: none"> - Minutes, notes and recording of decisions: poor or no evidence is no defence - Good policies and procedures only go so far: demonstrating compliance is vital
Conflicts of interest	<ul style="list-style-type: none"> - Having them is not wrong, but not managing them effectively is a problem - Extra care needed where there is monetary value attached
Intragroup arrangements / outsourcing	<ul style="list-style-type: none"> - Intragroup: agreements should be in place, with transparent and consistent methods for cost sharing / recharges (where relevant) - Regulatory expectations and requirements may be different from accounting and audit - Oversight of delegated activity must be evidenced

SETTING THE TONE AND CULTURE

- *The role of the directors and CEO -*
- *Embedding compliance and risk management -*
- *Having a clear strategy and risk appetite -*



Theme 4 – Engagement with the Authority

Topic	Key messages
Open, honest and transparent – no surprises	<ul style="list-style-type: none">- Inform us early of developing issues – we want to hear from you first- A problem that you fix means regulatory action is less likely
Finding solutions, not defences	<ul style="list-style-type: none">- Focus on outcomes and how to put things right- Disputing everything is not helpful; finding the right balance is critical to a constructive relationship
Use of external parties	<ul style="list-style-type: none">- Use of third party reviews: why scope is so important- Engage directly with us: communication should come from you as much as possible- Audit quality: are you getting value for money?



Moving Forward

- The importance of our supervisory approach and assessment of risk
- Our new system
- Using our principles to drive our behaviours and how we engage with you



Fitness and Propriety Assessment Process Changes

Roxanne Oldham, Head of Policy & Authorisations - FSA



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Brief overview

- Changes took effect 1 August 2018
- New forms
- New Regulatory Guidance – Fitness and Propriety that-
 - Explains what F&P is made up of
 - The various ‘Controlled Functions’
- Some roles became ‘notified only’

Has already helped consistency and reduced duplication

Refresh of Regulatory Guidance with updated Questions & Answers will be issued in Spring 2019



Whistleblowing to the Authority

Roxanne Oldham, Head of Policy & Authorisations - FSA



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What is it?

A method by which workers can raise serious concerns about events or circumstances at their regulated entity with their regulated entity*, and if the worker remains dissatisfied despite raising it internally, the worker may then raise the concerns with the Authority if they are serious concerns / matters of material significance within a regulated entity

**All regulated entities are obliged to have an internal whistleblowing policy in place*



Points to note

- No regulatory protections – legal protections are under the *Employment Act 2006* – meaning that if an employment tribunal believes an individual has been dismissed as a result of a disclosure to the Authority (in good faith) that dismissal will be automatically unfair
- It is not without risk, if an individual has been complicit in the wrongdoing they will not be ‘immune’ from action because they tell us about it
- It is not for minor matters, or those which are malicious or vexatious
- The whistleblower may never know what action was taken as a result of the information – important to understand this



Is there any point?

- Yes
- Action is taken where warranted
- It can serve as very useful intelligence/information for the Authority
- Blowing the whistle is difficult and brave, but can protect consumers and the Island's reputation
- Individuals need to consider their position and act as they see fit



The role of the Authority1

- The Authority is a “Prescribed Person” under the Employment Act
- We treat communications sensitively
- We will ask for full details of the matter, but we will never ask for documentary evidence or ask a whistleblower to pursue covert enquiries
- We ask whether the individual is prepared for the entity to know who has raised the issue
- If an individual requires confidentiality we will do our best to protect the identity of the whistleblower (although this cannot be guaranteed)
- Information relating to regulated entities will be considered by that entity’s Relationship Manager, in liaison with Senior Management



The role of the Authority2

- However, if the information amounts to a Suspicious Activity Report the individual will be asked to make a report to the Financial Intelligence Unit – as in this way they will receive the most appropriate statutory protection
- We consider whether the allegation is of concern to us as a regulator – e.g. could it affect our view of the F&P of a director / controller? Does it suggest a material breach of regulatory requirements? Poor outcomes for consumers? Would action to deal with it fit within our regulatory objectives?
- Where appropriate, we will investigate the matter
- If public action is taken against a regulated entity this will be visible on our website, but the notice would not state the action resulted from whistleblowing



Enforcement

Nigel Boyde, Senior Manager - Enforcement - FSA



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ENFORCEMENT

- WHY? To help uphold trust, confidence & integrity in the financial services industry of the Isle of Man
- WHEN are enforcement investigations undertaken ? Key principle: Enforcement is pursued where remediation is not possible or not appropriate, e.g.
 - Unauthorised regulated activity
 - Serious breaches of legislation
 - Not fit and proper
 - Suspected corporate unfitness
- Toolkit for investigations:
 - FSA 2008 s15 and Schedule 2, Insurance Act 2008 s36 and Schedule 5, RBSA 2000 s.26
 - Inspection and investigation, compelled production of documents and interviews – only available for regulated activity
 - Company Officers (Disqualification) Act 2009, s 15 and Schedule 2
 - Virtually identical but available for use against any person the FSA suspects as being unfit to act as an officer of a company
 - Designated Businesses (Registration and Oversight) Act
 - Similar powers but only in respect of compliance with the Act and underlying AML/CFT legislation



ENFORCEMENT - Overview of sanctions

1. Punitive - Sanction for breach which has been committed - examples
 - Criminal prosecution
 - Regulatory civil penalty
2. Restorative
 - Regulatory civil penalty
 - Restitution (damages)
3. Protective - forward looking, aimed at protecting the public – examples
 - Licence revocation
 - Designated business deregistration
 - FSA sections 10, 10A, 11, Insurance Act section 29
 - CISA sections 11A, 11B and 11F
 - CODA



ENFORCEMENT – Issues/lessons learnt

- Failure to challenge dominant directors/controllers
- Lack of embedded compliance culture within organisation
- Failure of Board to act promptly on compliance officer recommendations
- Financial considerations holding sway over regulatory compliance
- Lack of understanding of directors duties – can delegate but not abrogate responsibility

Positives

- Early engagement and recognition of shortcomings
- Willingness to deploy resources to achieve satisfactory remediation
- Willingness to obtain appropriate additional education and training
- Increased whistleblowing
- Highlighted a need for further transparency around our decision-making process. This is being progressed as part of our strategic plan. Watch this space!



Questions & Answers

- Andrew Kermode, Head of Supervision - FSA
- Colin Manley, Head of Supervision - FSA
- Nigel Boyde, Senior Manager of Enforcement - FSA
- Roxanne Oldham, Head of Policy & Authorisations - FSA
- Moderator: Paul Ellison, Senior Manager - FSA



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Future Developments

Ros Lynch, Senior Advisor Supervisory Practices - FSA
Francesca Signorio-Hooper, Head of Business Change - FSA



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Enhancing the Authority's Supervisory Framework

Ros Lynch, Senior Advisor Supervisory Practices - FSA



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Introduction

- Major regulatory reform globally following financial crisis- including how to supervise
- Review of supervisory framework precedes the merger- now is a good time!
- Goal to create a unified Risk Based Supervisory framework which in turn Set expectations for the Authority and the Isle of Man Financial Services Industry



Where do we start?

- Research how other Jurisdictions have developed their Supervision Frameworks (big and small)



Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem



FINANCIAL
CONDUCT
AUTHORITY



SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



Guernsey Financial
Services Commission



GIBRALTAR FINANCIAL
SERVICES COMMISSION



How?

- Review FSA existing Supervision Process
 - Current supervision methodologies
 - Risk assessment frameworks
 - Firm engagement
- Engagement with staff and industry
- Select the most effective tools and processes currently deployed and add them to the revised framework, building on what we currently have
- Aligning with our Core Principles - We seek to understand the business of, and risks posed by, licenceholders: this allows us to prioritise our work, focus on what truly matters and take actions proportionate to the benefit received.



What is Risk Based Supervision 'RBS'?

- Fundamental principle – not all firms are equal
- Focus should be on the Firms who pose the biggest **risk to the Isle of Man** and on the most important **risks posed by a firm** to the Authority's supervisory objectives
- Supervisory engagement increases as the potential risk exposure escalates
- Allocates resources aligned to risk



What is Risk Based Supervision?

- Outcome and principles based
- Forward looking with greater use of supervisory judgment
- Identify areas of emerging risk – supervisors can intervene early and prevent risks from crystallising

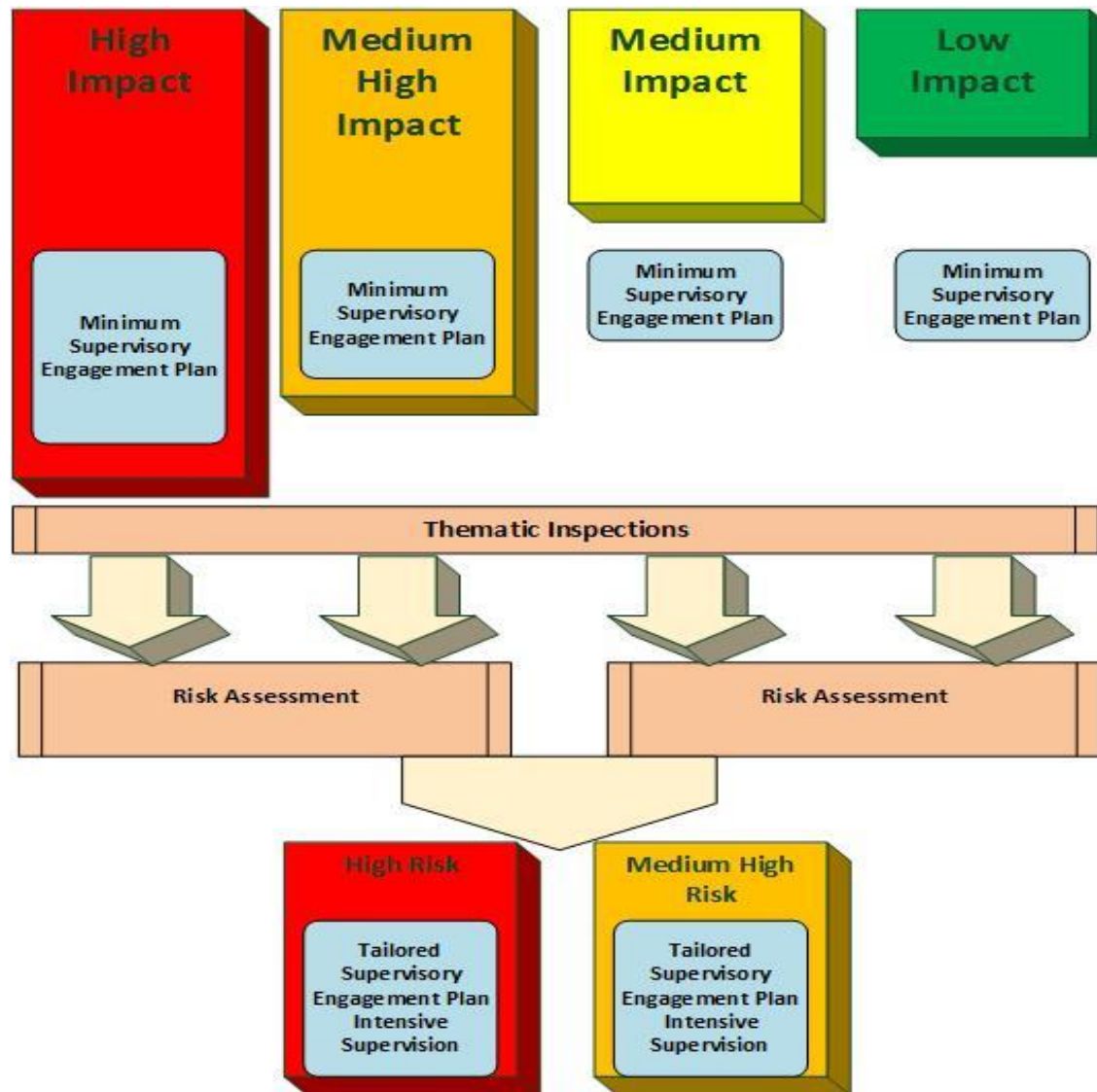


Impact

- **Higher impact = greater supervisory attention**
- Impact includes the size of the institution compared to sector peers
- Impact represents the degree of damage the disorderly failure of the firm will cause to:
 - Consumers; and/or
 - Financial stability of the Isle of Man; and/or
 - Reputation as a leading international financial centre.



Risk Based Supervision Principles



Benefits for Industry

- Focus on risk and what truly matters to both the Isle of Man and Industry
- Consistency in supervision
- Supervisors will know and understand firms better
- Provides a transparency to industry on the Authority's Expectations and Supervisory Programme
- More targeted supervisory engagement on risk and emerging risk
- Industry and the Authority will be communicating in the same language
- Well managed and well run firms will be supervised in line with our minimum supervisory engagement tasks



Benefits for the Authority

- Supervisors will spend less time and effort on satisfactory firms that are not deemed higher impact
- Intense supervision will become a deterrent for poorly managed firms
- Maximise use of scarce regulatory resources –the Framework will help with supervisory planning and enable the Authority to have a more defined understanding where priorities lie
- Increased probability that a significant problem is identified early and remediated effectively
- Provide a consistent and common methodology for the Authority to risk assess and supervise



Enhancing the Authority's systems

Francesca Signorio-Hooper, Head of Business Change - FSA



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Introducing ATLAS and CASCADE



ATLAS

All relevant knowledge of our entities stored in one place and presented in a focused manner to support our work and the forward-looking risk assessment helping us to focus on what truly matters



CASCADE

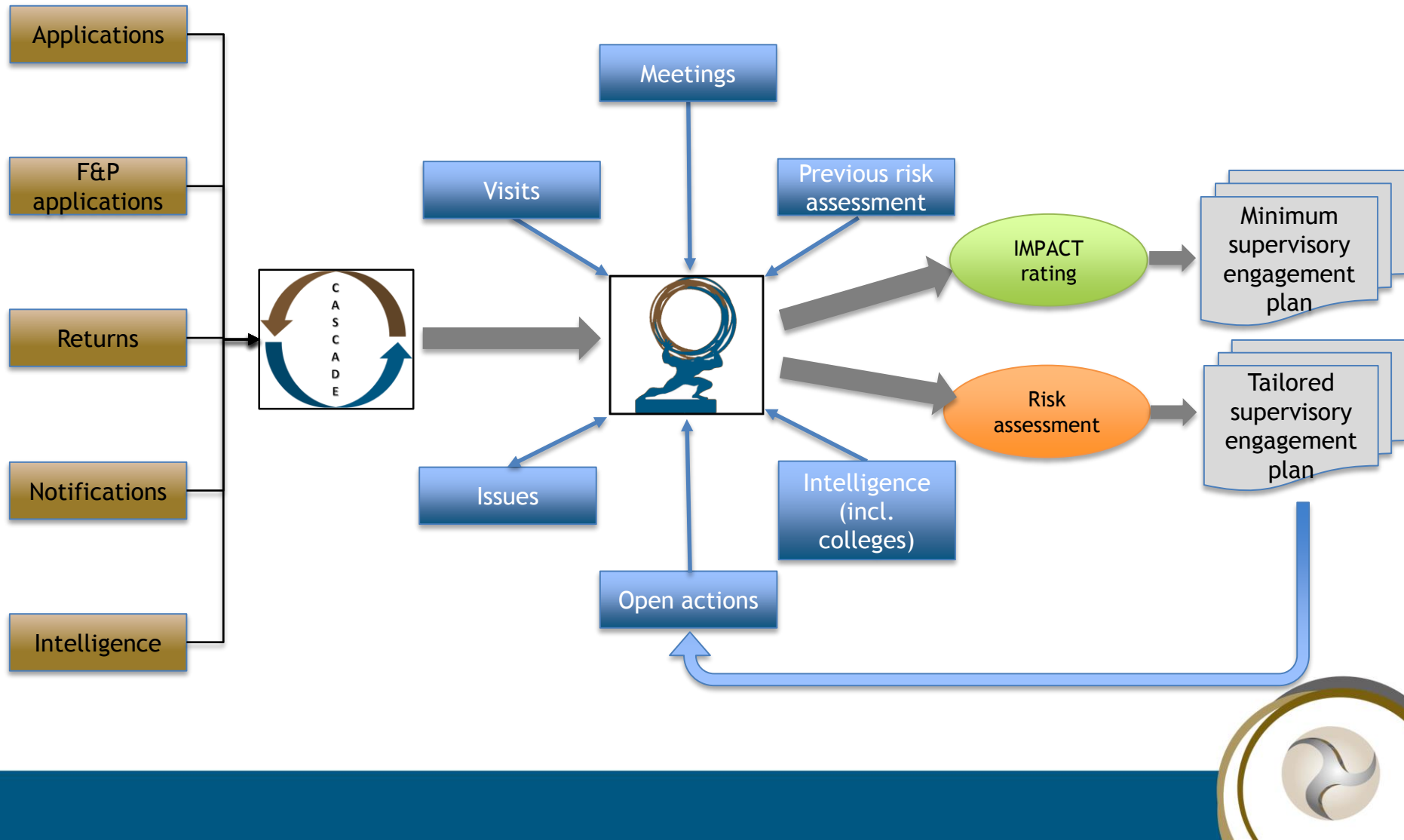
The secure communication portal through which we gather and cascade information.



Relationship to new RBS approach

- Significant project interdependencies between new approach, ATLAS and CASCADE
- New risk assessment methodology will be incorporated into ATLAS
- Data will be collated and presented in a risk focused manner
- Administrative tasks will be significantly reduced – freeing up time to focus on what truly matters

Supervision assisted by ATLAS and CASCADE



Benefits to industry

- Holders of multiple permissions or members of groups with multiple licences should find it less bureaucratic to communicate changes
- All forms will be able to be submitted online
- Secure means of communication
- Companies can be in control of their own standing data
- Data analysis will be assisted enhancing the feedback capability to industry and individual firms

Agenda

08:30 - 09:00	Registration and Refreshments
09:00 - 09:10	Welcome
09:10 - 09:40	FSA Strategic Plan (followed by Q&As)
09:40 - 10:20	Industry Survey (followed by Q&As)
10:20 - 10:50	Break
10:50 - 11:50	The Current Environment (followed by Q&As)
11:50 - 12:15	Future Developments
12:15 - 12:50	Listening to Industry (panel discussion)
12:50 - 13:00	Closing remarks



Listening to Industry

Mark Denton, Managing Director, SMP Partners

Peter Kenny, CEO, Old Mutual International

Lyle Wraxall, CEO, Digital Isle of Man

Karen Badgerow, CEO, FSA

Moderator: **Tom Maher**, General Counsel, FSA



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Overview

- Challenges facing industry
- Opportunities for the Isle of Man
- Blockchain office and sandbox
- What does the FSA do well
- What can the FSA do better
- Effective proportionate regulation and sustainable economic growth
- Questions and curveballs



Blockchain Office

- Digital Isle of Man initiative
- Supporting blockchain enterprises to translate technology into regulation
- Act as liaison with regulators (where appropriate)
- Provide thought leadership
- Exchanging views and expertise with regulators
- Horizon scanning to keep Island abreast of global emerging trends
- Looking at applications in regulated and unregulated sectors
- FSA engaged with DfE on Blockchain Office



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Closing Remarks

Lillian Boyle, Chair - FSA



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