



**ISLE OF MAN  
FINANCIAL SERVICES AUTHORITY**

*Lught-Reill Shirveishyn Argidoil Ellan Vannin*

# SUMMER UPDATE

IOMFSA NEWSLETTER – ISSUE 8 – JULY 2019

## FOREWORD BY THE CHIEF EXECUTIVE

In the spring of 2019 we said farewell to one of our long-serving staff members, Michael Weldon, who had been with the Authority over 30 years. Many of you will know Michael from his work as Head of Supervision and in the last few years Michael provided us with his much-needed support and guidance on strengthening our enterprise risk management system as well as overall project support.

Michael has been with the Authority through its ups and downs, and just before his departure regaled the staff with an overview of his lessons learned over the last 30 years, not to be soon forgotten.

Never to rest on his laurels, in his retirement Michael re-joined the team to take on the National Three Peaks Challenge and help raise money for charity. True to his character, Michael provided quiet encouragement to all and came well prepared for the challenge.

I wish you all a wonderful summer and time with family and friends.

**Karen Badgerow**

**Chief Executive**

## Contents

- Foreword by the CEO ..... 1
- General Update.....2-3
- Public Notices, Warnings and Sanctions Updates ....3
- Sector Updates.....4
- Banking .....4
- Funds and Investment Services.....4
- Insurance .....4
- AML/CFT Update .....5
- Designated Businesses .....5
- Moving Forward.....6
- Community/Charity .....6
- Consultations.....6

## 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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## GENERAL UPDATE

### **Global Financial Innovation Network ('GFiN') – One Year On**

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On 4 February 2019, the Authority announced that it had joined GFiN which was formally launched on 31 January 2019. Further information can be found in the [Press Release](#).

The Authority issued a [Press Release](#) on 25 June 2019 announcing the publication of GFiN's 'One Year On' report.

### **Fees from 1 April 2019**

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Following the [Consultation on Fees 2019](#), the 2019 Fees under the Collective Investment Schemes Act 2008, Designated Businesses (Registration and Oversight) Act 2015, Financial Services Act 2008, Insurance Act 2008 and Retirement Benefits Schemes Act 2000 commenced on 1 April 2019.

### **New Regulatory Regime for Credit Unions and Amendment to Loan Interest Rate**

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On 8 February 2019, the Authority published its [Consultation Response](#) (CR19-03/T03) to its [Consultation Paper](#) (CP18-06/T03) on the new regulatory regime for credit unions and the amendment to the loan interest rate. Please refer to the [Press Release](#) and [Consultation Webpage](#) for more details.

Following Tynwald approval in March 2019, the new regulatory regime came into effect on 1 April 2019. Please refer to the [Press Release](#) for more information.

### **Clients' Assets Report ('CAR') – Update**

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On 25 March 2019, the Authority published its

[Thematic Feedback](#) on the first round of CAR submissions made for financial years ending on or after 1 January 2017 to 31 December 2017. Please refer to the [Press Release](#) for more information.

### **Credit Unions – Deferred Shares**

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On 17 July 2019, Tynwald approved the Credit Unions (Deferred Shares) Order 2019, which will come into operation on 1 August. A summary of the consultation results will be published on the [Consultation Webpage](#) in due course.

### **Award for Consumer Finance Outreach**

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The Authority was delighted to announce on 30 April 2019 that Claire Whitelegg, Senior Manager at the Financial Authority, received a prestigious award at the Chartered Insurance Institute, Building Public Trust Awards 2019; the "Building Public Trust, Consumer Marketing and Awareness Award". Further information can be found in the [Press Release](#).

### **Enforcement Decision-Making Process**

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The Authority will be introducing its new enforcement decision-making process to industry during a series of seminars in Q3 2019. Please see the related [Press Release](#) for more information. Details on the seminars will be released shortly.

### **F&P Assessments – updated documents**

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On 28 June 2019, the Authority published updated versions of the Fitness and Propriety ('F&P') assessment documents for use from 1 July 2019. Links can be found in the [Press Release](#) and on the [F&P Assessment Forms webpage](#).

## GENERAL UPDATE (CONTD.)

### Update on System/Portal Development

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Following on from previous engagement with industry, the Authority is continuing development of the new Supervision System and Portal. Over the summer we will be writing to industry associations to invite volunteers to participate in a stakeholder working group. The aim of this is to engage with industry during the development of the Portal in order to obtain valuable feedback from industry users.

## PUBLIC NOTICES, WARNINGS AND SANCTIONS

### Public Notices

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- 15 Jul 19: **Isle of Man Bank Limited (Licence Surrender)**
- 12 Jun 19: **Adrian Jones (Licence Surrender)**
- 31 May 19: **Chartwell Financial Planners Limited (Licence Issued)**
- 8 May 19: **NatWest Markets Plc (Licence Surrender)**
- 18 Apr 19: **Duncan Lawrie Offshore Services Limited (Licence Surrender)**
- 25 Feb 19: **Cains Fiduciaries Limited (Licence Surrender)**

### Sanctions Updates

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- 1 Jul 19: **Burma/Myanmar, Terrorism and Terrorist Financing, Iraq, Central African Republic, Syria, ISIL Da'esh and Al Qaida, Maldives, Iran, Cyber Attacks**
- 25 Apr 19: **Afghanistan, Ukraine**
- 7 Mar 19: **Guidance on Sanctions Screening—the Wolfsberg Group**
- 4 Feb 19: **Tunisia, Burundi, Libya, Chemical Weapons, North Korea**

### Public Warnings

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- 11 Apr 19: **Beside Asset Management**
- 10 Apr 19: **@capital-ion.com**

### Designated Business (de-registrations)

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- 28 Jun 19: **AHS & Co Limited**
- 28 Jun 19: **TCCT Retail Limited**
- 28 Jun 19: **132051C Limited**
- 21 Jun 19: **Edwards & Hartley Limited**
- 18 Jun 19: **Coin Ltd**
- 9 May 19: **Island Credit Limited**
- 9 May 19: **Oliver Pearce Chartered Accountant**
- 1 May 19: **Luckbox Limited**
- 26 Mar 19: **PS Bookkeeping**
- 1 Mar 19: **Quanta Trading Limited**
- 28 Feb 19: **Richard Sowler trading as Isle of Man Tax Chambers**
- 27 Feb 19: **Excellent Development IOM Limited**
- 14 Feb 19: **Rachel Beattie**

# UPDATES FROM OUR REGULATED SECTORS

## BANKING

### Quarterly Banking Statistics – 31 Dec 18

[Deposit base figures](#) and [quarterly banking statistics](#) for the period to 31 December 2018 were published on 28 February and 25 March 2019, respectively.

### Quarterly Banking Statistics – 31 Mar 19

[Deposit base figures](#) and [quarterly banking statistics](#) for the period to 31 March 2019 were published on 30 May and 4 July 2019, respectively.

## FUNDS AND INVESTMENT SERVICES

### Quarterly Fund Statistics – 31 Dec 18

[Quarterly fund statistics](#) for the period to 31 December 2018 were published on 12 February 2019.

### Quarterly Fund Statistics – 31 Mar 19

[Quarterly fund statistics](#) for the period to 31 March 2019 were published on 24 May 2019.

## INSURANCE

### Group Supervision Regulations 2019 and Corporate Governance Code of Practice for Designated Insurers

On 7 May 2019, the Authority issued a [Consultation Response](#) (CR19-04/T13) to its [Consultation Paper](#) (CP18-07/T13) in respect of the draft Insurance (Group Supervision) Regulations 2019 and the draft Corporate Governance Code of Practice for Designated Insurers. The Regulations and Code of Practice came into effect on 1 July 2019 which, together with primary legislative provisions already in force, brought into effect the group supervision framework for long-term business.

The Regulations and Code only apply to insurers where the Authority is Group Supervisor (of which there is a limited number). Requirements are introduced at group level in the areas of solvency, fitness and propriety, conduct of business, governance and reporting.

Please refer to the [Press Release](#) and [Consultation Webpage](#) for more information.

### Insurance Business Roadmap – Jan 2019

On 31 January 2019, the Authority issued its updated Roadmap for the regulatory framework for insurance business. A copy of the Press Release and Roadmap can be found [here](#).

### Changes to the Capital Framework for Non-Life Insurers and Class 12 Proposals

On 22 July 2019, the Authority issued Consultation Papers on proposed regulations for an updated risk-based capital framework for non-life insurers ([CP19-05/T04](#)) and on proposals to amend the criteria by which an insurer might qualify for a reduced or simplified level of regulation under a Class 12 authorisation ([CP19-04/T04](#)). Feedback on the consultations is requested by 13 September 2019.

# UPDATES ON AML/CFT

## GENERAL AML/CFT UPDATES

### Guidance on Sanctions Screening

The Authority announced on 7 March 2019 that its AML/CFT Handbook will be updated to take account of the **recent publication** of guidance on sanctions screening by the Wolfsberg Group.

### Updates to the AML/CFT Handbook

On 3 May 2019, the Authority published amendments to the AML/CFT Handbook. Details of the changes can be found in the **Press Release**.

### Changes to AML/CFT Legislation

On 13 February 2019, the Authority and Department of Home Affairs issued a **Consultation Paper** (CP19-01/T19) on proposed changes to the Island's AML/CFT Framework. A **Consultation Response** was issued on 15 May 2019. Further information can be found in the **First** and **Second** Press Releases.

In tandem with the above, the Authority issued a **Consultation Paper** (CP19-02/T19) on the AML/CFT (Specified Non-Profit Organisations ('SNPO')) Code 2019. A **Consultation Response** was issued

on 15 May 2019. Further detail can be found in the **First** and **Second** Press Releases.

The **AML/CFT Code 2019** and the **AML/CFT (SNPO) Code 2019** came into effect on 1 June 2019. Information on the changes can be found on the **AML/CFT Legislation** webpage. Guidance will follow in due course. Schedule 4 to the Proceeds of Crime Act 2008 ('POCA') has also been amended to improve its layout and flow, and some definitions have been amended. A copy of the amended Schedule 4 can be found **here**.

### AML/CFT Statistical Returns

On 1 July 2019, the Authority issued a **Press Release** stating that the filing date for the AML statistical return for the year ended 31 December 2018 would be extended to 31 December 2019.

### Civil Penalties Regulations 2019

On 4 July 2019, the Authority announced that the **AML/CFT (Civil Penalties) Regulations 2019** had been brought into force following a consultation earlier in 2019. Further information can be found in the **Press Release**.

## DESIGNATED BUSINESSES

### Updates to AML/CFT Framework

Schedule 4 to POCA (which sets out what is business in the regulated sector) was amended as part of recent updates to the AML/CFT framework. The layout and certain definitions were amended:

- External Accountant – to include the provision of insolvency services;
- Payroll Agent – expanded definition;
- Specified Non-Profit Organisations ('SNPO')

– in order to be defined as an SNPO an organisation must now remit £2,000 rather than 30% of annual income.

In addition, Schedule 1 to the Designated Businesses (Registration and Oversight) Act 2015 has been amended to reflect the changes made to Schedule 4 to POCA and include the designated business definitions in the body of the Schedule.

If you have any questions regarding the amended Schedules please email **aml@iomfsa.im**.

# MOVING FORWARD

## COMMUNITY AND CHARITY INITIATIVES

### Charity Fundraising Initiatives – National Three Peaks Challenge

An intrepid team of Authority staff undertook the National Three Peaks challenge on 15 June 2019. Self-arranged and self-funded, the staff climbed the highest mountains of Scotland, England and Wales within 24 hours and raised over £1,900 in sponsorship for the Authority's nominated charity of the year, **Bridge the Gap**. This is the largest amount raised from any single fundraising event by staff and is testament to the strong will and dedication of the team, who walked over 23 miles and ascended 3,064 meters in a single day. Well done to all involved!

## 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**. 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 CP19-04/T04	<b>Insurer Class 12 Authorisation</b>	22 Jul 19 to 13 Sep 19	Alan Rowe <a href="mailto:Alan.Rowe@iomfsa.im">Alan.Rowe@iomfsa.im</a>
IOMFSA CP19-05/T04	<b>Insurance (Non Long Term Business Valuation and Solvency) Regulations 2020</b>	22 Jul 19 to 13 Sep 19	Paul Ellison <a href="mailto:Paul.Ellison@iomfsa.im">Paul.Ellison@iomfsa.im</a>

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