



ISLE OF MAN
FINANCIAL SERVICES AUTHORITY

Lught-Reill Shirveishyn Argidoil Ellan Vannin

WINTER UPDATE

IOMFSA NEWSLETTER – ISSUE 9 – FEBRUARY 2020

FOREWORD BY THE CHIEF EXECUTIVE

Late last year I was asked to participate in **KPMG Isle of Man’s 30 Voices on 2030** initiative, capturing views of 30 local voices on what 2030 might bring. I must say it was a lot of fun as it is not often that I take the time to put to paper my thoughts on 10 years out, what it might mean for how we deliver services, how we will change what we do and its impact on those we serve. Surprisingly though, a lot of what we do on a day-to-day basis is looking out and around to see what is the next best thing and how it can impact us and the financial sector. We rely on our stakeholders to help inform our views and work with global colleagues to keep abreast of these changes and developments. This Winter Newsletter has tried to focus on some of the things that we are doing around change and innovation and how we are partnering with others to get

better at it. I hope it resonates with a few of you and as always we welcome the feedback.

Change is always afoot at the Authority and late 2019 marked the retirement of one of our inaugural board members, David Stacey. David was appointed to the Insurance and Pensions Authority (‘IPA’) in April 2012 and then appointed to the Isle of Man Financial Services Authority (‘the Authority’) at its inception in 2015. Although retired from the Authority, David will continue his much enjoyed other personal and professional pursuits. Prior to joining the regulatory world in 2012, David was Managing Director of Tower Insurance Company Limited and had previously spent his career in various senior management roles within RSA Insurance Group, Tower’s parent.

Contents

- Foreword by the CEO ...1-2
- General Update.....2-4
- Sector Updates.....4-5
- Banking4
- Pensions.....4
- Insurance5
- Funds and Investment Services.....5
- AML/CFT Update.....6
- Public Notices6
- Public Notices, Warnings and Sanctions.....7
- Moving Forward.....8-10
- Innovation Update.....8
- Community/Charity9
- Consultations..... 10

Keep Up-to-Date

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



[WEBSITE](#)



[RSS FEED](#)



[TWITTER](#)



[LINKED-IN](#)

FOREWORD BY THE CHIEF EXECUTIVE (CONTD.)

David's good judgement, support and fine sense of humour will be missed within the Authority.

Finally, I am pleased to report that my term as Chief Executive, which was due to complete in November 2020, has been extended by agreement with the Board for another two years to 2022. I am proud of what we have been able to achieve as a team to date and look forward to

this extra time to fully embed some of the changes we have introduced and to continue to support emerging priorities both within the Authority and Isle of Man Government at large.

Karen Badgerow
Chief Executive

GENERAL UPDATE

New Enforcement Decision-Making Process and Settlement Procedure

The Authority presented its new Enforcement Decision-Making Process ('DMP') and Settlement Procedure to industry at the Manx Museum, Douglas on 30 September 2019. Further information can be found in the [Press Release](#) of 21 August 2019. The [presentation slide deck](#) was published on 9 October 2019. The DMP was [published](#) on 4 December 2019.

Proposals for a Financial Services (Amendments) Bill and Feedback

On 30 August 2019, the Authority issued a [Discussion Paper](#) (DP19-01/T20) seeking views on initial proposals to amend its primary legislation through a Financial Services (Amendments) Bill. The consultation closed on 31 October 2019 and a [Feedback Statement](#) was published on 23 December 2019. The Authority is progressing with the preparation of draft primary legislation, and when the draft is prepared the Authority will issue a consultation setting out the full details of the proposals.

Annual Report 2018/19

The Authority published its [Annual Report for 2018/19](#) on 5 September 2019.

World Investor Week 2019

The Authority linked up for the second successive year with the Personal Finance Society for World Investor Week ('WIW') from 30 September to 6 October 2019. WIW is a global campaign promoted by the International Organization of Securities Commissions ('IOSCO') to raise awareness about the importance of investor education and protection and highlight the various initiatives of securities regulators in these two critical areas. Please see the [Press Release](#) of 16 September 2019 for more details.

As part of WIW, the Authority [published](#) additional consumer information: [How to be a Smart Investor](#); and [What type of product or service do you need and who can provide it?](#) round-up of the Authority's open event with the Personal Finance Society at Tynwald Mills, St John's on 5 October 2019 can be found [here](#).

GENERAL UPDATE (CONTD.)

Brexit Preparations

During the middle of 2019, the Authority had ongoing dialogue with industry participants on the potential impact of Brexit. Despite ongoing uncertainties, the dialogue has proved useful in understanding the likely implications. The Isle of Man Government has set up a dedicated Brexit preparations page which readers may find useful: <https://www.gov.im/brexit>.

MTCSL – appointment of receiver, manager and inspectors

The Authority has made three Public Statements regarding the appointment by the Isle of Man High Court of a receiver, manager and inspectors in respect of Montpelier (Trust and Corporate) Services Limited ('MTCSL'): **8 October 2019**; **11 October 2019**; and **5 November 2019**. MTCSL continues to be licensed to conduct Class 4 (Corporate Services) and Class 5 (Trust Services) business under the Financial Services Act 2008.

Recruitment for new Authority Members

On 8 October 2019, the Authority issued a **Press Release** announcing that the Treasury was seeking applications for the appointment of two Members to the Authority. The closing date for applications was 20 October 2019.

Fees from 1 April 2020

On 15 November 2019, the Authority issued a **Consultation Paper** (CP19-07/T14) on proposed changes to fees payable to the Authority from 1 April 2020. The consultation closed on 10 January 2020 and a **Consultation Response** (CR20-01/T14) was published on 21 January 2020. The new fees are due to come into operation in April 2020.

Imposition of a Discretionary Civil Penalty under Section 16 of the FSA08

On 21 November 2019, the Authority made a **Public Statement** in respect of the imposition of a discretionary civil penalty under section 16 of the Financial Services Act 2008 ('FSA08').

Cyber Security – Establishing an Information Sharing Community

On 27 November 2019, the Authority issued a **Press Release** on publication of the Isle of Man's National Cyber Security Strategy ('NCSS') by the Office of Cyber Security and Information Assurance ('OCSIA'), and OCSIA's intention to establish a network of organisations within the financial and professional services sectors with whom it can share intelligence, advice and warnings. The Authority, along with Finance Isle of Man, is supportive of OCSIA's aim to establish the information sharing community and views this as a positive development for organisations' risk awareness and risk management. The Authority encourages all regulated and registered entities to participate.

Company, Business and Domain Names Guidance

On 12 December 2019, the Authority issued **Guidance on How the Authority Considers Proposed Company, Business and Domain Names Referred to it by the Companies Registry**. Please see the **Press Release** for more details.

The Authority and Corlytics

On 24 December 2019, the Authority **announced** that it had recently agreed to make its website

GENERAL UPDATE (CONTD.)

content available to [Corlytics](#), a leading provider of regulatory risk intelligence. Corlytics collates, categorises, interrogates and analyses regulatory notices from global regulators with a view to ensuring better regulatory outcomes for regulated firms, regulators and ultimately consumers.

Imposition of a Discretionary Civil Penalty under Section 37 of the IA08

On 17 January 2020, the Authority made a [Public Statement](#) in respect of the imposition of a discretionary civil penalty under section 37 of the Insurance Act 2008 ('IA08').

UPDATES FROM OUR REGULATED SECTORS (1/2)

BANKING

Quarterly Banking Statistics – 30 Jun 19

[Quarterly banking statistics](#) and [deposit base figures](#) and for the period to 30 June 2019 were published on 26 September and 17 October 2019.

Deposit Base Figures – 30 Sep 19

[Deposit base figures](#) for the period to 30 September 2019 were published on 9 January 2020. The quarterly banking statistics will follow.

Bank Recovery and Resolution

The Authority has been working jointly with the Treasury on the introduction of a formal legal framework for bank recovery and resolution, which will bring the Isle of Man in line with international standards and expectations in this important area of regulation. A Public

Consultation on the draft Bank (Recovery and Resolution) Bill 2020 was recently undertaken by Treasury and the feedback statement is available [here](#).

The Authority and Treasury are grateful to the members of the Isle of Man Bankers Association and to their professional advisers, who provided useful input and comment not only during the consultation period, but also during the period in which the legislation was under development. It is anticipated that, subject to some non-material changes to the consultation draft version, the Bill will be introduced to the branches of Tynwald in the very near future. In the months ahead, the Authority will be preparing to take on its new responsibility as the Resolution Authority for the Isle of Man and will be engaging with banks in due course about the operational and practical aspects of the new resolution framework.

PENSIONS AND PENSION PROVIDERS

Enhancing the Regulatory Framework for Pensions Business

On 16 October 2019, the Authority published a [Press Release](#) to provide an update on work to enhance the regulatory framework for pensions and pension providers in the Isle of Man.

INSURANCE

Regulatory Framework Roadmap – Jul 19

On 31 July 2019, the Authority issued its July 2019 Roadmap for updating the Island’s regulatory framework for insurance business. Further information can be found in the [Press Release](#).

Auditor Confirmations in Applications for Insurance Authorisation by PCCs and LPs

On 15 November 2019, the Authority issued a [Consultation Paper](#) (CP19-06/T17) in relation to the removal of auditor confirmations in the insurance authorisation application process in respect of protected cell companies (‘PCCs’) and limited partnerships (‘LPs’). The closing date for comments was 3 January 2020. The responses are being reviewed and a Consultation Response will be published in due course. Please refer to the [Consultation Webpage](#) for more information.

Regulatory Framework – Intermediaries

On 4 December 2019, the Authority issued a [Consultation Paper](#) (CP19-09/T08) on the final draft legislation supporting proposals to enhance

existing regulatory requirements for general insurance intermediaries. The closing date for comments is 28 February 2020. Please refer to the [Consultation Webpage](#) for details.

Corporate Governance Code of Practice

On 24 December 2019, the Authority issued a [Consultation Paper](#) (CP19-10/T11) on proposed changes to the current Corporate Governance Code of Practice for Commercial Insurers (which came into operation on 1 January 2019), including extending the proposed amended code on a proportionate basis to all Isle of Man authorised insurers. The closing date for comments is 14 February 2020. Please refer to the [Consultation Webpage](#) for details.

Gone away clients – Thematic feedback

On 14 January 2020, the Authority published thematic feedback on the management of gone away clients in the long term insurance sector. Please refer to the [Press Release](#) for further information.

FUNDS AND INVESTMENT SERVICES

Quarterly Fund Statistics – 30 Jun 19

[Quarterly fund statistics](#) for the period to 30 June 2019 were published on 12 August 2019.

Quarterly Fund Statistics – 30 Sep 19

[Quarterly fund statistics](#) for the period to 30 September 2019 were published on 21 November 2019.

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 ON AML/CFT

GENERAL AML/CFT UPDATES

AML/CFT Statistical Returns

On 19 August 2019, the Authority issued **updated return templates and associated guidance** for the Annual AML/CFT Statistical Returns, applicable to both regulated entities and designated businesses (subject to certain exceptions). Further information can be found in the [Press Release](#).

On 16 December 2019, the Authority issued a **reminder** to regulated entities and designated businesses that the Annual AML/CFT Statistical Return should be submitted by 31 December 2019.

Amendments to the AML/CFT Handbook

The Authority published amendments to the Anti-Money Laundering and Countering the Financing of Terrorism ('AML/CFT') Handbook on the following dates:

- **2 September 2019**
- **27 November 2019**
- **10 January 2020.**

AML/CFT Guidance Updates

On 7 October 2019, the Authority published guidance in relation to the new, or substantially altered, areas of the amended AML/CFT Code 2019, which came into operation on 1 June 2019. Further information can be found in the [Press Release](#).

Long-Term Insurers – AML/CFT Guidance

On 31 December 2019, the Authority published a revised guidance document for long-term insurers, which should be read in conjunction with the [AML/CFT Handbook](#). Please see the [Press Release](#) for more information.

PUBLIC NOTICES

Public Notices

5 Dec 19: **Advisory notice from OCSIA on cyber hygiene**

21 Nov 19: **Imposition of a Discretionary Civil Penalty under Section 16 of the Financial Services Act 2008**

5 Nov 19: **UPDATE: Montpelier (Trust and Corporate) Services Limited (Appointment of Receiver, Manager and Inspectors)**

11 Oct 19: **UPDATE: Montpelier (Trust and Corporate) Services Limited**

(Appointment of Receiver, Manager and Inspectors)

8 Oct 19: **Montpelier (Trust and Corporate) Services Limited (Appointment of Receiver, Manager and Inspectors)**

13 Aug 19: **CIB Limited (Licence Issue)**

12 Aug 19: **Maitland Investment Services (IOM) Limited (Licence Surrender)**

8 Aug 19: **Cains Corporate Services Limited (Licence Issue)**

31 Jul 19: **Capricorn Management Services Limited (Licence Surrender)**

PUBLIC NOTICES, WARNINGS AND SANCTIONS

Designated Business (de-registrations)

31 Jan 20: **Alternative Payments Bulgaria EOOD**

30 Jan 20: **Alternative Payments Limited**

6 Nov 19: **Manx Financial Solutions PCC PLC**

6 Nov 19: **Estera Specialist Services Limited**

1 Nov 19: **Apollinaria Limited**

29 Oct 19: **123 Accountancy Services**

29 Oct 19: **Sterling Locations Limited**

25 Oct 19: **Mortha Limited**

25 Oct 19: **Idoui Limited**

24 Oct 19: **Balancing the Books Ltd**

24 Oct 19: **Businessmann Limited**

24 Oct 19: **IFPSP Limited**

22 Oct 19: **Stuart Smalley & Co LLC**

17 Oct 19: **The Lighthouse Limited**

16 Oct 19: **Northbrook Services Limited**

14 Oct 19: **Waterman Capital (Subsidiary 107) Limited**

14 Oct 19: **Waterman Capital (Subsidiary 108) Limited**

14 Oct 19: **Waterman Capital (Subsidiary 110) Limited**

10 Oct 19: **Crypto Balance Services Limited**

9 Oct 19: **S H Book-keeping**

9 Oct 19: **Trafalgar Asset Management Limited**

7 Oct 19: **Castellum Advisory Services Limited**

3 Oct 19: **Anitra 2004 Ltd**

2 Oct 19: **IM TAX LLC**

2 Oct 19: **Booked Up Limited**

20 Sep 19: **Harley Consultants Limited**

30 Jul 19: **Manx Escrow Services Limited**

30 Jul 19: **Xribum Limited**

Public Warnings

26 Sep 19: **Moroneys International Law Firm Ltd**

16 Sep 19: **Edge Point Financial Group**

Sanctions Updates

10 Jan 20: **Export Control Sanctions, Venezuela, Mali**

16 Dec 19: **ISIL (Da'esh) and Al-Qaida, Nicaragua, Turkey, Terrorism and Terrorist Funding, Iraq, Iran (Nuclear Proliferation)**

7 Nov 19: **Central African Republic, Terrorism and Terrorist Financing**

20 Sep 19: **Libya, Financial Sanctions – Links to UK Consolidated List, Syria, Ukraine**

26 Jul 19: **Terrorism and Terrorist Financing Iran, South Sudan, North Korea, Iran**

MOVING FORWARD

INNOVATION UPDATE

One of the Authority's strategic objectives is to encourage innovation and continuous improvement in all that it does. Our innovation strategy, therefore, is to welcome the financial sector embracing, developing and evolving their products and services in innovative ways, where this is in the best interests of the consumer, the business, the sector and the Island.

“ENCOURAGE INNOVATION AND CONTINUOUS IMPROVEMENT IN ALL THAT WE DO”

*IOMFSA Strategic Plan 2018-2021
Strategic Objective No. 3*

To support this strategy, the Authority has taken steps in a number of areas in the last year:

- The first phase of the Authority's new database system, ATLAS, went live. The ATLAS data system is being developed in conjunction with the Gambling Supervision Commission and the first phase will enhance internal functionality around capturing key information related to Fitness and Propriety assessments and supervisory activities. Future phases will be more outward-facing and engagement with industry in this regard is planned for mid-2020.
- The Authority has formed an internal innovation working group to facilitate knowledge and sharing of information on innovative matters among officers of the Authority. When an innovative enquiry is received, members of the group can be drawn upon to provide their expertise and views as required.
- The Authority became a member of the Global Financial Innovation Network ('GFIN'). GFIN is an international group of financial regulators and related organisations committed to supporting financial innovation in the interests of consumers. Since becoming one of the early members, the Authority has attended a number of teleconferences and workshops and has provided its views on practical approaches to encouraging innovation.
- In support of other related Government initiatives, the Authority has been providing regular input and technical support to **Blockchain Isle of Man** including providing guidance on regulated activities and the regulatory perimeter. Most recently the Authority welcomed a short-term secondment from Blockchain Isle of Man to work with us to develop literature for technology businesses to help them clarify what could sit within the regulatory perimeter. We also hope to produce some literature on funding avenues for new enterprises.
- In December 2019, the Authority hosted a series of presentations and meetings with Professor Philip Treleven (who is a Professor of Computer Science and Director of the Centre for Doctoral Training in Financial Computing and Analytics at University College London) on the subject of

MOVING FORWARD

INNOVATION UPDATE (CONTD.)

the use of Artificial Intelligence and Machine Learning. The morning presentation was well attended by staff of the Authority and also representatives from Government departments. Further meetings were held with interested parties to explore possible project opportunities with the Professor and his graduate students. In this regard, the Authority hopes to pursue some future projects with Professor Treleaven and his team.

The Authority has been considering whether any updates are needed in the AML/CFT Handbook in relation the use of technology when collecting and verifying customer due diligence information and documentation. Both the AML/CFT Code and Handbook do not prevent verification of identity using electronic means. It is however recognised the AML/CFT Handbook could benefit from an update in this area to make it clear electronic methods of verification and the use of electronic signatures are acceptable practices.

A working group comprising representatives from industry was formed to discuss electronic methods already utilised in this area and experiences encountered, as well as discussing barriers and issues that may have been encountered. Further work on this topic is expected in the new year. The revised AML/CFT

Handbook is due to be published at the end of Q2 2020.

Although the Authority does not have an official 'sandbox', it has the ability to be flexible. For example, it can modify the application of the Rule Book by licence condition to allow for flexible approaches where appropriate and necessary; and similar powers to modify the Corporate Governance Codes of Practice in relation to insurance business will be included in the forthcoming Financial Services (Amendments) Bill.

The Authority encourages existing regulated entities, as well as potential new applicants with innovative ideas to discuss their ideas with the Authority at an early stage. This engagement has taken place across most of the sectors supervised by the Authority. Some common examples of entities' innovations include developing electronic due diligence systems and blockchain-based systems among various others. The Authority helps enquirers to establish an appropriate way forward, and where queries have a wider public interest, the Authority may publish guidance to assist other potential applicants or regulated entities, such as the Initial Coin Offering ('ICO') perimeter guidance published in 2017.

COMMUNITY AND CHARITY INITIATIVES

Charity Fundraising Initiatives

The Authority's staff raised over £5,200 in donations during the year for the Authority's nominated charity for 2019, **Bridge the Gap**. Staff also arranged for a collection of food items for the Isle of Man Food Bank in time for Christmas 2019 and supported the toy appeal run by the Salvation Army's Christmas Relief Programme – all toys collected were provided to Children in the Isle of Man. The Authority's nominated charity for 2020 is **Mannin Sepsis**.

MOVING FORWARD

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 CP19-09/T08	Regulatory Framework for General Insurance Intermediaries	4 Dec 19 to 28 Feb 20	Paul Ellison Paul.Ellison@iomfsa.im
IOMFSA CP19-10/T11	Corporate Governance Code of Practice for Insurers	23 Dec 19 to 14 Feb 20	Alan Rowe Alan.Rowe@iomfsa.im

ISLE OF MAN FINANCIAL SERVICES AUTHORITY

P O Box 58, Finch Hill House
Bucks Road, Douglas
Isle of Man, IM99 1DT

Phone: +44 (0)1624 646000
Fax: +44 (0)1624 646001
E-mail: info@iomfsa.im
Website: www.iomfsa.im



[RSS FEED](#)



[TWITTER](#)



[LINKED-IN](#)