



# ISLE OF MAN FINANCIAL SERVICES AUTHORITY

*Lught-Reill Shirveishyn Argidoil Ellan Vannin*

## SUMMER UPDATE

IOMFSA NEWSLETTER – ISSUE 10 – AUGUST 2020

### FOREWORD BY THE CHIEF EXECUTIVE

Like many of you, we are now making our way back to work in what is our new normal. We have been fortunate to have weathered this in the Isle of Man, and in typical regulator style we continue to remain vigilant, alert and ready to respond to changes. We are thankful to those across the health system and Government who got us through some very difficult and uncertain times. We have kept moving ahead and throughout these past six months we have enhanced our engagement across industry to understand the impact of this unprecedented event. This was achieved with industry through thoughtful engagement and a shared common purpose. When we decamped from the office on 23 March, we did so with the hope, but no certainty, that we could keep working effectively during the pandemic crisis. Like many we had to test out some new technologies and ways of engaging both internal and external. We did it – and this is due in large part to the perseverance and commitment of the staff and with the cooperation of industry which also had to adjust to the new way of working. A great deal of thanks to all. Some things we are particularly proud of:

- Our Board and Board Committees met with increased frequency to consider new and emerging matters;
- We have established new working groups to consider a range of matters, including —
  - ◆ how we work through the crisis (the Operational BCP Team);
  - ◆ the risks our industry faces (the Regulated Sector BCP Team);
  - ◆ how we can support our colleagues (our Return to Work Team and the Keeping in Touch Team);
- We have recruited and inducted new staff members into

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### Keep Up-to-Date

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



[WEBSITE](#)



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## FOREWORD BY THE CHIEF EXECUTIVE (CONTD.)

our teams;

- We are undertaking remote visits to firms;
- We have continued our enforcement work;
- We have updated AML requirements and guidance to our entities;
- We continued consulting on legislative changes and working to support the Government on other important non-COVID matters such as Brexit;
- We have introduced some new monitoring tools to firms and supported them, with specific guidance and forbearance, in their efforts to cope with this situation;
- We have further developed our internal data system, Atlas (and have seen many benefits from Atlas when working remotely);
- We have authorised new firms, agreed changes of control;
- We have communicated with our

stakeholders and our colleagues;

- We have liaised with other regulators and Isle of Man Government on pandemic- and case-related matters;
- We have got together “socially” to support each other.

As I write this we are now back in the office and re-opening our doors. We are catching up and getting used to a bit more ambient noise in our work environments; people are happy to be back. We also know that we will likely live with some level of uncertainty over the foreseeable future and that we will need to stay responsible; a small price to pay for our very good fortune here.

Welcome back to all.

**Karen Badgerow**  
**Chief Executive**

## GENERAL UPDATE

### **MTCSL – appeal, application for winding-up, a winding-up order and meetings of contributors and creditors**

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The Authority has made four Public Statements over the past six months regarding an appeal by, an application for the winding-up of, a winding-up order for, and meetings of contributories and creditors in respect of Montpelier (Trust and Corporate) Services Limited (‘MTCSL’): **12 February**; **5 March**; **4 May**; and **12 June 2020**. MTCSL continues to be licensed to conduct Class 4 (Corporate Services) and Class 5 (Trust Services) regulated activity under the Financial Services Act 2008 and the manager, receiver and inspectors remain in place.

### **Transition from IBOR – Information for Regulated Entities**

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On 26 February 2020, the Authority issued a **Press Release** providing information for regulated entities on preparations for the replacement of various Interbank Offered Rates (‘IBOR’) with alternative Risk Free Rates (‘RFRs’).

### **New MOU with DFSA**

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The Authority entered into an updated Memorandum of Understanding with the Dubai Financial Services Authority on 2 March 2020. Further details can be found in the associated **Press Release**.

## GENERAL UPDATE (CONTD.)

### British Regional Airlines Group Pension Scheme

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On 5 March 2020, the Authority issued a [Press Release](#) regarding the British Regional Airlines Group Pension Scheme after the principal employer of the pension scheme, Flybe Limited, was entered into administration that same day.

### Fees from 1 April 2020

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On 1 April 2020, the Authority issued a [Press Release](#) on updates to fees payable 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.

### Loans to contractors – demands for repayment

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On 20 May 2020, the Authority issued a [Press Release](#) regarding requests from employee benefit trusts or similar structures for repayment of loans in whole or in part and the need to check whether the approach is genuine.

### Appointment of new General Counsel

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On 2 July 2020, the Authority issued a [Press Release](#) announcing the appointment of Paul Freeman to take up the role of General Counsel with effect from 6 July 2020.

### Update to Regulatory Guidance – Fitness and Propriety

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On 20 July 2020, the Authority published some minor updates to its Regulatory Guidance – Fitness and Propriety. Further information can be found in the [Press Release](#).

### Consultation on a proposal to increase the limit for savings (members' holdings of ordinary shares) in credit unions

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On 3 August 2020, the Authority issued a Consultation Paper (CP20-02/T03) on a proposal to increase the limit for savings (members' holdings of ordinary shares) in credit unions. Please refer to the [Consultation Webpage](#) for further information.

### Imposition of discretionary civil penalties under section 37 of the IA08

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The Authority issued three Public Statements on 5 August 2020 concerning the imposition of civil penalties under section 37 of the Insurance Act 2008 in respect of the following regulated entities:

- [Isle of Man Assurance Limited](#)
- [Isle of Man Insurance Management](#)
- [Citadel Insurance Company Limited](#).

Please refer to those Press Releases for further information.

### Have feedback?

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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](#)

## BANKING

### Deposit Base Figures – 31 Dec 19

**Deposit base figures** and **quarterly banking statistics for the period** to 31 December 2019 were published on 12 May and 12 June 2020.

### Quarterly Banking Statistics – 31 Mar 20

**Deposit base figures** and **quarterly banking statistics** for the period to 31 March 2020 were published on 12 May and 15 June 2020.

### Banking Sector – Lending Statistics

Information about banks' lending portfolios is available from the statistics section of the website (<https://www.iomfsa.im/statistics/>), and includes data up to 31 March 2020.

### Bank Recovery and Resolution

The Bank (Recovery and Resolution) Bill 2020 completed its legislative passage through the branches of Tynwald in June 2020, following an extensive period of development work undertaken by the Authority in collaboration with

the Treasury. At the time of writing Royal Assent is now awaited. Under the resultant Act, the Authority will be given an additional mandate, to act as the Resolution Authority of the Isle of Man. In carrying out this new role, the Authority is required to make and publish Regulations, setting out how its responsibilities for resolution matters will be carried out in a manner that is operationally separate from its existing responsibilities for banking supervision matters. During the period of development there has been ongoing engagement with the banking industry and its professional advisers.

The new Act is expected to come into force later this year and there will be further dialogue with the industry in the lead-up to implementation of the framework, to help make sure that the banking industry is prepared for the introduction of new regulatory requirements concerning Recovery and Resolution issues.

## FUNDS AND INVESTMENT SERVICES

### Quarterly Fund Statistics – 31 Dec 19

**Quarterly fund statistics** for the period to 31 December 2019 were published on 17 February 2020.

### Quarterly Fund Statistics – 31 Mar 20

**Quarterly fund statistics** for the period to 31 March 2020 were published on 20 May 2020.

## FIDUCIARY SERVICES

### Dear CEO Letter to TCSP Sector

On 16 March 2020, the Authority published a **Press Release** regarding the issue of 'Dear CEO' letters to licensed trust and corporate service providers. The letter addressed good practice in risk management and AML/CFT matters, and Board responsibility.

## INSURANCE

### **Auditor Confirmations in Applications for Insurance Authorisation by PCCs and LPs**

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On 5 February 2020, the Authority published a Consultation Response (CR20-06/T17) following its consultation in relation to the proposal to remove the requirement for auditor confirmations in the insurance authorisation application process in respect of Protected Cell Companies and Limited Partnerships. Please see the [Consultation Webpage](#) for more information.

### **Regulatory Framework Roadmap – Feb 20**

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On 28 February 2020, the Authority issued its February 2020 Roadmap for updating the Island's regulatory framework for insurance business. Further information can be found in the [Press Release](#).

### **Minimum Capital Requirements for Non Long-Term Business PCCs and ICCs**

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On 3 April 2020, the Authority published a Consultation Paper (CP20-01/T04) on proposed minimum capital requirements for Protected Cell Companies and Incorporated Cell Companies under the new valuation and solvency regime for non long-term business. The Consultation Response (CR20-05/T04) was published on 30 June 2020. Further information can be found on the [Consultation Webpage](#).

### **Draft Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2020**

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On 9 April 2020, the Authority published a Consultation Response (CR20-03/T04) to its consultation on the draft Insurance (Non Long-

Term Business Valuation and Solvency) Regulations 2020. Please see the [Consultation Webpage](#) for more information.

### **Draft Class 12 Insurance Business Authorisation Qualifying Criteria**

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On 17 April 2020, the Authority published a Consultation Response (CR20-04/T04) following its consultation on the draft Class 12 insurance business authorisation qualifying criteria. Further information can be found on the [Consultation Webpage](#).

### **Regulatory Framework for General Insurance Intermediaries**

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On 17 April 2020, the Authority published a Consultation Response (CR20-06/T08) following its consultation on the following draft legislation for general insurance intermediaries:

- Insurance Intermediaries (General Business) Regulations 2020
- Insurance Intermediaries (Conduct of Business) (General Business) Code 2020
- Insurance Intermediaries (Corporate Governance) (General Business) Code 2020
- Insurance Intermediaries (Restriction on Advertising) Regulations 2020.

The Authority will now progress the legislation with a view to introducing the new requirements in October 2020.

Further information can be found on the [Consultation Webpage](#).

# UPDATES ON AML/CFT

## GENERAL AML/CFT UPDATES

### Amendments to the AML/CFT Handbook

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

- **5 March 2020**
- **8 April 2020.**

Sector specific guidance has been issued for the following sectors:

- **Banking**
- **Investment Business**
- **Money Transmission Services – Bureau de change, Cheque cashing & Payment services as agent**
- **Money Transmission Services – Payment services as principal & E-money**
- **Authorised Insurers (Non-Life), Registered Insurance Managers, and Registered Insurance Intermediaries (General Business)**
- **Long-Term Insurers (Life)**
- **Private Pensions**
- **Accountants and Tax Advisors**
- **High Value Goods Dealers**
- **Moneylenders and Providers of financial guarantees/commitments**
- **Virtual Currency Business**

The Authority is currently working on re-issuing the AML/CFT Handbook. It is planned that this update will include changes to the current format of the guidance, proposals for this will be shared with industry via the AML/CFT Advisory Group prior to publication. Currently there is no proposed publication date for this guidance, we hope to provide an update shortly.

### Covid-19 ML Risk Assessment

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On 11 May 2020, the Authority issued a **Press Release** drawing attention to the **Covid-19 Money Laundering Risk Assessment** issued by the Isle of Man Financial Intelligence Unit as well as the Financial Action Task Force ('FATF') publication on **Risks and Policy Responses to Covid-19 Related Money Laundering and Terrorist Financing**.

### AML/CFT Statistical Returns: submissions in 2020

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On 5 June 2020, the Authority issued a **Press Release** to remind regulated entities and designated businesses that the annual AML/CFT statistical return (for data as at, and for the year ended, 31 December 2019) should be submitted by 31 December 2020 at the latest.

### Guidance for making SARs (and Other Disclosures) to the FIU

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On 30 June 2020, the Authority issued a **Press Release** to draw attention to an earlier press release published by the Isle of Man Financial Intelligence Unit on **Guidance for making Suspicious Activity Reports ('SARs') (and Other Disclosures) to the FIU**.

### Updated Regulatory Electronic Return templates for use by Life Insurers

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On 30 June 2020, the Authority published updated Regulatory Electronic Return templates for use by life insurers on its website. Use of the updated forms will be mandatory for submissions with a valuation date of 30 September 2020 and beyond. Please refer to the **Press Release** for more information.

# PUBLIC NOTICES AND WARNINGS

## Public Notices

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- 5 Aug 20: **Citadel Insurance Company Limited (Civil Penalty)**
- 5 Aug 20: **Isle of Man Insurance Management (Civil Penalty)**
- 5 Aug 20: **Isle of Man Assurance Limited (Civil Penalty)**
- 5 Aug 20: **Sovereign Trust (Isle of Man) Limited (Licence Extension)**
- 31 Jul 20: **Fjord Fund Management Limited (Licence Surrender)**
- 15 Jul 20: **CDAX Limited (Licence Granted)**
- 29 Jun 20: **SMP Partners Limited (Licence Surrender)**
- 26 Jun 20: **Amber Business Limited (Licence Surrender)**
- 24 Jun 20: **Capital For Business (IOM) Limited (Licence Surrender)**
- 20 May 20: **Douglas Trustees Limited (Licence Surrender)**
- 5 May 20: **Duncox Travel Limited (Licence Surrender)**
- 4 May 20: **Montpelier (Trust & Corporate) Services Limited – Court issues winding-up order**
- 23 Apr 20: **Freelance Professional Services Limited (Licence Surrender)**
- 5 Mar 20: **Montpelier (Trust & Corporate) Services Limited – Application for Winding-up**

- 12 Feb 20: **Montpelier (Trust and Corporate) Services Limited – Court dismisses appeal**

## Designated Business (revocations)

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- 19 Mar 20: **Crypto Meca Limited**
- 19 Mar 20: **LAE Technologies Ltd**

## Designated Business (de-registrations)

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- 08 Jul 20: **PMB IOM LIMITED**
- 12 Jun 20: **Galeaos Limited**
- 10 Jun 20: **Dental Medical Limited**
- 10 Jun 20: **AML Tax (IOM) Limited**
- 27 May 20: **Assured Accounting Limited**
- 27 May 20: **Michael Thompson & Co**
- 23 Apr 20: **MetaVault IOM Limited**
- 15 Apr 20: **OMIX VENTURES PVT LTD**
- 24 Mar 20: **Active Accounts Limited**
- 16 Mar 20: **Leading Locally Ltd**
- 16 Mar 20: **Gelling Johnson Farrant Limited**
- 4 Mar 20: **Jessup & Co**
- 24 Feb 20: **isleX Ltd**

## Public Warnings

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- 26 Feb 20: **Private Wealth Management LLP**

# SANCTIONS UPDATES

## Sanctions Updates

- 5 Aug 20: **ISIL Da'esh and Al Qaida, Yemen, Cyber Attacks, Libya, Venezuela, Maritime Sanctions Guidance, Terrorism and Terrorist Financing, Democratic People's Republic of Korea (North Korea)**
- 22 Jul 20: **Global Human Rights Regime, Syria**
- 01 Jul 20: **Syria, Central African Republic, Iran (Nuclear Proliferation)**
- 27 May 20: **Nicaragua, Coronavirus Related**

## Humanitarian Aid

- 1 May 20: **Burma/Myanmar, Iran, Afghanistan**
- 16 Apr 20: **Yemen**
- 30 Mar 20: **Ukraine, Democratic Republic of the Congo**
- 6 Mar 20: **Zimbabwe, Turkey, Financial Sanctions – Proliferation**
- 19 Feb 20: **Terrorism and Terrorist Funding, Iraq, Tunisia, Somalia**

# COVID-19 UPDATES

## COVID-19 Updates

The Authority has issued the following updates and guidance in relation to its response to COVID-19.

Please refer to the Authority's **COVID-19 webpage** for the most up-to-date information.

- 22 Jul 20: **Financial Services Authority – Pandemic – Office Arrangements**
- 9 Jun 20: **Public Statement—Business Interruption Insurance and Covid-19**
- 21 May 20: **Update on the FSA's work during the next phase of Covid-19 response**
- 13 May 20: **Press Release – Regulated Entities – New Draft Guidance from Isle of Man Government for return to the office where working from home is not possible**
- 11 May 20: **Press Release – Regulated Entities and DNFPBs – Covid-19 Money Laundering Risk Assessment for the Isle of Man**

- 4 May 20: **Press Release – COVID-19 update**
- 28 Apr 20: **Electronic Submissions of Returns – Reminder to Regulated Entities and Auditors**
- 7 Apr 20: **Press Release – Arrangements for submission of Audited Financial Statements and Annual Compliance Returns in response to Covid-19**
- 3 Apr 20: **Press Release – Covid-19 Update for Regulated Entities**
- 30 Mar 20: **Press Release – IOMFSA Update on Arrangements for COVID-19**
- 23 Mar 20: **Press Release – Coronavirus (Covid-19): Information for consumers**
- 20 Mar 20: **Press Release – IOMFSA Update on Arrangements for COVID-19**
- 17 Mar 20: **Press Release – Operational Resilience and Expectations of Regulated Entities**
- 26 Mar 20: **AML/CFT Frequently Asked Questions ('FAQs') in relation to COVID-19**



# MOVING FORWARD

## COMMUNITY AND CHARITY INITIATIVES

### Charity Fundraising Initiatives

The Authority's staff-nominated charity for 2020 is **ManninSepsis**. Due to the COVID-19 restrictions, however, it has not been possible for the Authority to fundraise as it would normally. With the Isle of Man now in a more positive situation, it is hoped that more fundraising can take place in the second half of the year.

Whilst not specifically related to the nominated charity, the Authority's staff have, by way of donations in lieu of collections for staff moves, given to a number of good causes including the Friends of Noble's Hospital.

### UNESCO Biosphere Isle of Man



The Authority is proud to have been accepted as an **environmental / cultural partner** of UNESCO Biosphere Isle of Man. The Isle of Man is the only 'entire nation' UNESCO Biosphere in the world. For more information please see: <https://www.biosphere.im/>.

## 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 CP20-02/T03	<b>Credit Unions – Savings Limit Change</b>	3 Aug 20 to 13 Sep 20	Susan Woolard <a href="mailto:Susan.Woolard@iomfsa.im">Susan.Woolard@iomfsa.im</a>

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