



Designated Business Annual Return Guidance

1. Glossary of Terms

In this document and within the annual return, the following references are made to legislation as follows:

“the Act” means the [Designated Businesses \(Registration and Oversight\) Act 2015](#)

“the Code” means the [Anti-Money Laundering and Countering the Financing of Terrorism Code 2019](#)

In this document and within the annual return the following terms can be defined as follows:

“The Authority” mean the Isle of Man Financial Services Authority

“Registered person” means the Designated Business which is registered under section 9 of the Act

“AML/CTF” means anti-money laundering and countering terrorist financing

“FTE” means full-time equivalent

“PEP” means politically exposed person (See Paragraphs 3 and 14(7) of the Code for definition of PEP)

“domestic PEP” means a PEP who is or has been entrusted with prominent public functions in the Island and any family members or close associates of the PEP, regardless of the location of that PEP, those family members or close associates

“foreign PEP” means a PEP who is or has been entrusted with prominent public functions outside of the Island and any family members or close associates of the PEP, regardless of the location of that PEP, those family members or close associates

“Face-to-face” means meeting a customer (not limited to) in person face to face contact. It also includes the use of visual communication mediums over the internet, such as full motion video conferencing. The party meeting the customer must clearly

see the customer's face and their image on a passport (or other acceptable means to verify identity as per section 4.7.1) at the same time to demonstrate that the identity document actually belongs to the customer and the customer is who they claim to be. A non-visual medium such as a telephone call does not qualify as meeting the customer. Essentially the relevant person must be satisfied the customer is who they say they are.

2. Introduction

Paragraph 13(1)(a) of the Act requires a Registered person to submit an annual return as specified by the Authority. The purpose of the annual return questions is to assist the Authority in its ongoing monitoring of designated businesses. The annual returns are available from 1st October each year and must be submitted to the Authority on or before 1st November. Failure to submit the specified annual return by this date will result in a civil penalty being issued in accordance with the [Designated Businesses \(Civil Penalties\) Order 2015](#).

The annual return is to be submitted to the Authority by each registered person using the [Designated Business Website](#). To assist with navigation of the portal please refer to the [user guide](#).

The responses provided as part of the annual return questions will be used by the Authority in line with its regulatory functions. The data will assist the Authority in taking a risk based approach in targeting relevant thematic risk profiles, based on the metrics provided, for the purpose of planning future inspections and oversight. The information provided will also assist the Authority in contributing accurate data when reviewing the Island's National Risk Assessment.

3. Annual Return questions and guidance

The annual return consists of 19 questions and 2 declarations. The below table gives some guidance on answering each question.

Question	Guidance
Are the existing details submitted to the Isle of Man Financial Services Authority ("the Authority") as part of the registered person's registration current and correct? If in doubt check the forms which have been submitted via the website www.iomdnfbp.co.im	Review the Business Details Form and Specified Persons Questionnaires to ensure the information within is accurate and up to date. If the information is correct, select yes.

	<p>If the information is incorrect, select no with the understanding new forms are to be submitted within 14 days of the annual return submission.</p>
<p>Have you identified any areas where the registered person does not comply with the AML / CTF Legislation in relation to any areas of the designated business activities? If so provide details below.</p>	<p>When reviewing your processes, procedures or the day to day operation of the designated business activities, have you identified any areas of non-compliance with the Code?</p> <p>If not, select no.</p> <p>If so, select yes and give a summary of the areas of non-compliance and the remedial action taken, or currently being taken, to resolve. *</p>
<p>Are there currently any actions (civil or criminal) being undertaken against or by the registered person? If yes, please provide details</p>	<p>If there are currently any actions for or against the registered person select yes and provided details of each action. *</p> <p>If there are no current actions select no.</p>
<p>Have all officers of the registered person, any other persons involved in its senior management, appropriate employees and workers received AML / CFT training and refresher training within the last 12 months? If not please state why this has not taken place.</p>	<p>If AML/CFT training has been delivered to all within the last 12 months select yes.</p> <p>If not, select no and provided the reasons why training has not been completed. *</p> <p>As per Paragraph 32(1) of the Code, AML/CFT training must be provided at least annually to all officers, senior management and employees of the Registered person.</p>
<p>How many employees are employed by the registered person: Resident on the Isle of Man Resident outside of the Isle of Man</p>	<p>Please input the number of employees the registered person employs both on and off Island. This should never be 0.</p> <p>This is the number of employees who carry out designated business activities, not FTE. I.e. if two on Island employees spend half a day each on designated business activities, input 2 as the answer.</p> <p>An 'employee' of a registered person has the same meaning of employee as defined in the Employment Act 2006. To summarise an employee is a person who:</p> <ul style="list-style-type: none"> - Works under a contract of employment or any other contract of service. - Practises alone or with others under the terms of a partnership agreement

	<p>- Is otherwise engaged within the designated business where the individual undertakes or performs (directly or indirectly) work or services in relation to the designated business.</p> <p>- is an appointed Director of the Registered Person</p>
Total number of new business relationships established in the past 12 months	Input the number of new business relationships which have been established in the past 12 months.
Of the new business relationships, how many have been identified as: High Risk Standard Risk Low Risk	<p>For the new business relationships referred to above, input the number of which have been risk rated in each category, high medium and low.</p> <p>The Authority does not mandate firms to use these three categories however, the majority of firms adopt a three tier categorisation of risk. Please input your customers risk rating to the best of your ability using these three categories. If further clarification is required please contact us.</p>
Of the new business relationships, how many have been identified as: Domestic PEP Foreign PEP	<p>Input the number of new business relationships which have been identified in each PEP category.</p> <p>See Paragraph 3 of the Code for the definition of PEP.</p> <p>Also see Paragraph 14(7) of the Code for specific definitions of Domestic and Foreign PEP</p>
Total number of customers	Input the total number of customers (new business relationships plus existing customers)
How many customers across the whole customer base have been identified as: High Risk Standard Risk Low Risk	<p>For the whole customer base, input the number which have been risk rated in each category, high, medium and low</p> <p>The Authority does not mandate firms to use these three categories however, the majority of firms adopt a three tier categorisation of risk. Please input your customers risk rating to the best of your ability using these three categories. If further clarification is required please contact us.</p>
How many customers across the whole customer base have been identified as: Domestic PEP Foreign PEP	<p>Input the number of customers which have been identified in each PEP category.</p> <p>See Paragraph 3 of the Code for the definition of PEP.</p> <p>Also see Paragraph 14(7) of the Code for specific definitions of Domestic and Foreign PEP</p>

<p>What percentages of customers across the whole customer base are based in the following geographical locations:</p> <p>Isle of Man UK and Channel Islands EU Rest of the World</p>	<p>For each geographical location noted, input the percentage of customers from each to the nearest whole percent.</p>
<p>Considering the overall customer base, please indicate whether any of the following concessions are used by the firm:</p> <p>Acceptable applicant Eligible introducer Generic designated business</p>	<p>Input the number of customers where each concession has been used. If you have not used a concession for any customers please input 0.</p> <p>There are some paragraphs of the Code that outline certain scenarios whereby simplified measures may be applied. For further information on each of these please see: Acceptable applicants – Paragraph 16 Eligible introducers – Paragraph 19 Generic designated business – Paragraph 18</p>
<p>Do you use any introducers (as a conduit) to facilitate the collection of CDD from any underlying customers?</p>	<p>This question is referring to the use of a third party (e.g. an introducer) when collecting CDD from a customer.</p> <p>If you do not use an introducer to facilitate the collection of CDD, and it is obtained directly from the client, please select No.</p> <p>If you do use introducers to facilitate collection of CDD select yes. You will then be asked to input the number of clients where an introducer was used in the business relationship. Also, please input the total number of different introducers who have provided CDD to you when establishing a business relationship.</p> <p>This should be answered accurately if this data is collected. If not, to be answered on a best endeavours basis.</p> <p>See Paragraph 9 of the Code for further information on introduced business.</p>
<p>What percentage of the overall customer base is non-face to face?</p>	<p>Input the percentage of non-face to face business.</p> <p>See glossary of terms for more information on face-to-face business.</p>
<p>Number of customers who account for > 20% of business fees</p>	<p>Input the number of customers who's fees exceed 20% of the Registered person's income</p>

Number of declined or terminated relationships due to Money Laundering / Terrorist Financing concerns?	Input the numbers of customer relationships that have either been declined or terminated due to Money Laundering or Terrorist Financing related concerns in the past 12 months.
For the past 12 months, please confirm the number of: Internal disclosures External disclosures Any other disclosure to the Financial Intelligence Unit Money Laundering / Terrorist Financing enquiries from competent authorities	For the past 12 months input the number of disclosures / enquiries on each register. Paragraphs 26 – 29 of the Code detail the types of registers each registered person must maintain.
Please indicate the income received over the past 12 months from Designated Business activities	Input the income received (in GBP) relating to the provision of designated business activities. If no audited accounts are held, input the approximate income for the time period.
Please tick this box to confirm that you are aware of the requirement to notify the Authority of any change in the information given to the Authority under section 8 of the Act (application for registration) within 14 days of the change.	Tick the declaration to confirm you are aware of this requirement.
Please tick this box to confirm that you are aware of the requirement to pay the annual fee to the Authority on or before 1st November and that if payment is not received on or before 1st November a civil penalty for late payment will be issued accordingly.	If you have selected to be overseen for compliance with the AML/CFT legislation by the Authority an annual fee is due to the Authority before 1 st November each year. If you have selected oversight to be carried out by a delegated professional body, the annual fee is made payable to the relevant third party.

* If you reach the character limit please send an e-mail with additional information to dnfbp@iomfsa.im.

4. Contacting the Authority

If you require any assistance on the portal or come across any system issues please contact the Authority on 01624 646000 and ask to speak to a member of the Designated Business Team. Alternatively please send an e-mail to dnfbp@iomfsa.im and the team will get back to you.

Please note, the Authority cannot give any advice (other than the guidance provided above) on how to answer the questions within the annual return. It is the responsibility of each registered person to ensure each question is answered accurately. If you are unsure on how to answer a question you may wish to seek independent legal advice.