ISLE OF MAN
FINANCIAL SERVICES AUTHORITY

Lught-Reill Shirveishyn Argidoil Ellan Vannin

Consultation Response

Fees from 1 April 2021 and 1 April 2022

CR21-01

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Glossary

2020-21 Budget	Isle of Man Budget 2020-21
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
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Designated Businesses	Designated non-financial businesses and professions
Discussion Paper	Discussion Paper DP20-01/T14 on Funding Financial Regulation and Designated Business Oversight
Fintech	Financial technology
FSA08	Financial Services Act 2008
GDP	Gross Domestic Product
IA08	Insurance Act 2008
PIFM	Predominantly Industry-Funded Model
Regulated Entities	Persons licensed, authorised, registered or otherwise regulated under the Financial Services Act 2008, the Collective Investment Schemes Act 2008, the Insurance Act 2008 or the Retirement Benefits Schemes Act 2000
Treasury	Isle of Man Treasury

[1] https://consult.gov.im/financial-services-authority/fees-from-1-april-2021-and-1-april-2022/consult_view/

1. Background

This Consultation Response is issued by the Isle of Man Financial Services Authority following Consultation Paper CP20-03/T14 on Fees from 1 April 2021 and 1 April 2022[2]. The Consultation Paper sought views on proposed increases to fees payable by all Regulated Entities and Designated Businesses from 1 April 2021 and 1 April 2022.

The Consultation Paper proposed to increase all fees payable to the Authority by 20% from 1 April 2021 and by a further 20% from 1 April 2022. With the compound effect, this would amount to a 44% increase over a two-year period. The reasons for the increases were to cover the future cost of additional resources allocated to the Authority in the 2020-21 Budget and to start the transition towards a PIFM, further information on which can be found in Discussion Paper DP20-01/T14 on Funding Financial Regulation and Designated Business Oversight.

Drafts of the secondary legislation needed to bring the proposals into effect were included in the Consultation Paper:

(a) Collective Investment Schemes (Fees) Order 2021;
(b) Designated Businesses (Fees) Order 2021;
(c) Financial Services (Fees) Order 2021;
(d) Insurance (Fees) Regulations 2021; and
(e) Registered Schemes Administrators (Fees) Order 2021.

The proposed changes were shown in tracked to enable comparison with the fee amounts in current legislation.

2. Summary of responses

2.1 Overview

The Authority received 20 separate responses to the Consultation Paper, with some responses being joint, thus representing a greater number of different entities. The following table breaks down those entities (those holding multiple permissions counted separately):

No.	Category
26	**Regulated Entities**
5	Financial Services – Deposit Taking
6	Financial Services – Investment Business
2	Financial Services – Services to Collective Investment Schemes
5	Insurance – Authorised Insurer – Life
5	Insurance – Insurance Manager
1	Insurance – Intermediary
2	Insurance – Permit Holder – Life

[2] https://consult.gov.im/financial-services-authority/fees-from-1-april-2021-and-1-april-2022/consult_view/

No.	Category
1	**Designated Businesses – Registered**
4	**Industry Associations** • Alliance of Isle of Man Compliance Professionals • Association of Corporate Service Providers • Isle of Man Captive Association • Isle of Man Chamber of Commerce
1	**Professional Body** • Association of Chartered Certified Accountants
1	**Designated Business Oversight Body** • Institute of Chartered Accountants in England and Wales

Of the 20 separate respondents, three confirmed that they either had no comment on the proposed fee increases or that the proposals would not have a material impact on their businesses. Comments from the remaining 17 respondents covered the following themes: timing; amount; allocation of additional Authority resources; and impact on business competitiveness. These comments are summarised in section 2.2 below.

Most respondents noted the separate Discussion Paper and confirmed that they planned to submit a response by the closing date of 22 January 2021.[3] The Discussion Paper covers the broader topic of moving the Authority towards a PIFM. Given the crossover between the two papers on the concept of a PIFM, some respondents commented on the principle of moving the Authority to a PIFM and related considerations. These comments covered the following topics: awareness and proportionality of the long-term plan; the PIFM itself; future fee structure. These comments are summarised in section 2.3 below.

2.2 Responses relating to the Consultation Paper proposals

2.2.1 Timing of fee increases

Whilst some respondents noted that there is never a good time to increase fees, several expressed concerns over the timing of the fee increase proposals. These related to two issues: (1) the not yet fully-known financial impact of the COVID-19 pandemic; and (2) the proposals representing a significant increase in fees over a short period of time.

Those respondents who commented on the financial impact of the pandemic provided high-level commentary around its effects on society in general. One respondent noted that the Authority should share the burden of the impact of the pandemic and seek to reduce its own costs.

In terms of the proposals representing a significant increase in fees over a short period of time, most respondents focused on the significance of the increase in percentage terms over the course of two years.

[3] https://consult.gov.im/financial-services-authority/funding-financial-regulation-designated-business/consult_view/

Authority response:

The Authority notes the impact of the COVID-19 pandemic, both in financial and other terms, is not yet fully known and is a cause of concern. The financial impact in particular is difficult to quantify at this stage and those respondents who expressed concerns in this area did not provide any specific examples of how the pandemic has impacted on their businesses financially.

Whilst recognising the wider costs of compliance, the Authority and the Treasury need to strike an appropriate balance between the amount of taxpayer funding for regulation and oversight, and funding from Regulated Entities and Designated Businesses. In initiating a review of fees, the Authority and the Treasury recognise the current funding model and fee structure are not sustainable in the long-term and are therefore in need of updating. The Discussion Paper and corresponding industry engagement focus on that aspect. The development of a new PIFM and fee structure is intended to help redress the balance between businesses presenting a high impact or systemic risk, and those that may present a lower impact but a higher risk. Making fees more proportionate to the activity being undertaken and the associated regulatory costs will be an important part of this.

The Authority is mindful that its current fee levels and fee structure have not changed significantly in a number of years, with most increases in the past several years having been in line with inflation. The Authority believes that most entities have been subject to relatively low fees for regulation and oversight over the past several years when compared to other jurisdictions with similar types of business. The pandemic has not lessened the need for financial regulation or oversight, and certain risks are amplified as a result of these unprecedented times. Increases in fraud and money laundering have been noted globally and there is a continuing need to monitor and assess the longer term impacts of extended credit and lending facilities throughout the crisis and the transition back to the new normal. Public finances have also come under increased pressure as financial support schemes are rolled out to support businesses and workers.

Whilst each business will feel the impact of fee increases differently, the increase in Pound Sterling terms is relatively modest for most types of activity when considering the relatively low starting point. The Authority acknowledges, however, that these increases are significant in percentage terms.

In terms of controls over the Authority's expenses, the Authority is subject to the Isle of Man Government Financial Regulations, which establish the legal framework and requirements for the supervision and control of the Government's financial affairs.[4] The Authority is accountable to the Treasury for compliance with those regulations and engages with the Treasury at various points throughout the financial year as part of the budgeting process. The effective and efficient use of the Authority's resources is a vital element of this process, alongside consideration of the extent to which fee income covers expenditure.

In order to help address respondents' concerns over the timing of the fee increases and the not yet fully-known financial impact of the pandemic, the Authority has scheduled an early review of the second phase of fee increases that would apply from 1 April 2022.

[4] https://www.gov.im/media/1366335/2019-financial-regulations-april-2019-v4-updated-november-2019.pdf

Later in 2021, the Authority will review available financial information from Regulated Entities and Designated Businesses (e.g. revenue and expenses compared to previous years) to determine with the Treasury whether the rate of the second phase of fee increases remains appropriate in light of the impact of the pandemic on the business environment. An announcement will be made by Quarter 4 of 2021 to allow sufficient time for any amending legislation to be made if necessary.

2.2.2 Amount of fee increases

Three Regulated Entities confirmed that they either had no comment on the proposed fee increases or that the proposals would not have a material impact on their businesses.

Two industry associations, one Regulated Entity and one professional body commented that the amount of the percentage fee increases proposed was significant but that the impact (in Pound Sterling terms) was tolerable overall.

Two Regulated Entities (both representing larger financial services and insurance businesses in the Isle of Man) specifically expressed concern that their fees were already significantly higher than others (in Pound Sterling terms) and that they are potentially being asked to pay more because they have a higher capacity to absorb costs. Conversely, two industry associations believed that the fee increases may have a disproportionate effect on smaller fee payers due to their lower capacity to absorb costs.

One Regulated Entity commented specifically on the fee for non-United Kingdom, non-European Union permit holders under the Insurance Act 2008.

Authority response:

As noted in response to 2.2.1, the Authority notes that the fee increases are significant in percentage terms. Whilst each business will feel the impact of fee increases differently, the increase in Pound Sterling terms is relatively modest for most types of activity when considering the relatively low starting point. The Authority has undertaken some initial work around the affordability of its fees. This work identified that the current 2020/21 fees constituted 2% or less of turnover for over 85% of entities sampled. Whilst this indicates that fee increases should not create a major affordability issue for most entities, the limitations of the initial sample are noted. For example, turnover was used as a generic measure of the scale of an entity’s business, however profitability (and therefore affordability) may be quite different. The sample size was also limited to data that the Authority had readily available and did not include all sectors.

The Authority notes that potential improvements could be made to the current fee structure in order to make fees more proportionate to the activity being undertaken and the associated regulatory costs. However, for the interim period, the Authority considers it more equitable to increase all fees by the same percentage amount rather than subject certain sectors to lower or higher fee increases prior to the development of a new fee structure.

The concept of a PIFM refers to a *predominantly* industry-funded model, and it should not be assumed at this stage that a PIFM will equate to a *fully* industry-funded model (or as close to fully-funded as possible). The Authority is seeking input from industry and other stakeholders as part of the Discussion Paper with a view to developing a new PIFM and resulting fee structure, which will ultimately be subject to Treasury approval.

The Authority notes the specific concerns, raised by some representatives of larger financial services and insurance businesses, that entities with a higher capacity to absorb costs may be being asked to pay more (by virtue of their higher starting fees in Pound Sterling terms). There will always be some degree of larger entities paying higher fees, however it is intended that the development of a new PIFM and fee structure will help redress the balance between businesses presenting a high impact or systemic risk, and businesses that may present a lower impact but a higher risk.

Of those who responded to the Consultation Paper, data on the size of fees that would be payable from 1 April 2022 was provided in respect of 16 entities. Of those 16 entities, the future fees of 15 entities would be below 1% business turnover, whereas the future fees of 1 entity would be below 2% business turnover. The Authority notes, as some respondents pointed out, that turnover has been used as a generic measure of the scale of an entity's business, however profitability (and therefore affordability) may be quite different. As noted in the response to 2.2.1, the Authority will review relevant financial data from Regulated Entities and Designated Businesses later in 2021 to identify if the pandemic has had a material impact on the financial position of Regulated Entities and Designated Businesses, or led to a significant enough change to the business environment to warrant reducing the rate of the second phase of fee increases from 1 April 2022.

One respondent felt that it was being penalised by the fee increases, as it did not consider itself to be a driver for the additional resource allocation that the majority of the fee increases are intended to cover.

Authority response:

The additional permanent and contract staff to be allocated to the Authority on a phased basis over the next two years will be allocated to support key areas of the Authority's work, namely: regulatory supervision, regulatory enforcement and AML/CFT. The reason for adding resources in these areas is to improve the Authority's capacity in terms of supervision, enforcement and AML/CFT activity generally, with a view to maintaining the strength of the Island's regulatory framework as a whole. As such, the additional resource allocation is not specific to any individual sectors.

Based on current projections, the remaining element of the fee increases is intended to start the move from approximately 50% industry funding in 2019/20 to 56% industry funding by 2022/23.

One respondent said that the current regulatory fees for deposit takers and insurers appeared to be disproportionate to each other.

Authority response:

Deposit takers and life companies currently pay the highest fees to the Authority in Pound Sterling terms, which reflects the higher impact of those businesses in terms of customer base. The highest deposit taker fee is lower than the highest life company fee. The future allocation of fees between sectors will be reviewed as part of development of the new PIFM and fee structure. That being said, it should be noted that regulatory fees should not be analysed in isolation. For example, deposit takers pay tax at a rate of 10% and will also be taking on additional costs in the coming year relating to the ongoing costs of the new bank recovery and resolution framework. These factors, and others, will be taken into consideration alongside responses to the Discussion Paper.

2.2.3 Allocation of additional resources

Two respondents commented that not much detail had been provided on the nature of the additional resources to be allocated to the Authority over the next few years following the 2020-21 Budget. They also sought clarification as to what benefits the additional resources would bring.

Authority response:

The Treasury approved an increase to the Authority's resources in the 2020-21 Budget through the addition of the eight permanent roles and four contract roles to be phased in over the next couple of years. The additional headcount will be allocated to three key areas:

Additional Resource Allocation		
Area	Permanent	Contract
AML/CFT	4	0
Regulatory Supervision	3	2
Regulatory Enforcement	1	2

In agreeing the resource increase, the Treasury recognised that good regulation and economic growth go hand-in-hand as absent one, the other cannot be expected to flourish or be effective. Continued and growing attention around grey lists, black lists and external reviews have increased the focus on the effectiveness of regulation and supervision, acknowledging that this must be balanced against the continued need to maintain a proportionate approach.

One Regulated Entity said it would be helpful to have a greater understanding of the allocation of fees across the different sectors and the corresponding allocation of resources.

Authority response:

The current allocation of fees across the different sectors and the corresponding allocation of resources will form part of the development of a new PIFM and resulting fee structure. Further information will be provided in response to the Discussion Paper.

2.2.4 Impact on business competitiveness

Whilst recognising the backdrop of a move to a PIFM, two industry associations, one professional body and two Regulated Entities raised concerns over the impact of the flat percentage fee increases on the competitiveness of certain sectors. Most of these concerns focused on the longer-term competitiveness of the insurance sector (in terms of regulatory fees), whereas one general comment was made that the Authority should not seek to simply match the fees charged by regulators in similar jurisdictions.

Authority response:

The Authority and the Treasury recognise that the current funding model and fee structure are not sustainable in the long-term and are therefore in need of updating. The fee increases proposed in the Consultation Paper are an interim measure whilst work is carried out on development of a PIFM. The Authority and the Treasury both envisage that the future funding model and fee structure will require significant changes to the nature and amounts of fees charged for each sector. Whilst there will always be some element of entities with a higher capacity to pay bearing a greater burden of the costs, the intention of the review is to develop a more proportionate fee charging structure to better reflect the nature and scale of activities being carried out by Regulated Entities and Designated Businesses. Whilst it is too early to say what the outcome of that review will be, it is possible that the relative fee contributions made by each sector will change in future.

2.3 Responses relating to the Discussion Paper questions

2.3.1 Awareness and proportionality of the long-term plan

Three respondents (both representing larger financial services and insurance businesses in the Isle of Man) said that visibility and proportionality of the longer-term plan in terms of funding the cost of financial regulation was a key consideration for them.

Authority response:

The Authority notes that the longer-term plan for funding the cost of financial regulation and Designated Business oversight is a key consideration for all fee payers, as well as other stakeholders such as the Treasury and taxpayers. The focus of the review of the Authority's funding model is to develop a more proportionate fee charging structure to better reflect the nature, scale and (in some cases) risk of activities being carried out by Regulated Entities and Designated Businesses.

Three respondents, comprising several Regulated Entities and one industry association, sought further clarification as to what safeguards would be put in place for future changes to fees and also what opportunities fee payers would have to review the Authority's activity and influence its proposed activity and expenditure. The industry association also queried how income from civil penalties would be dealt with under the new funding model.

Authority response:

The Authority is accountable to the Treasury and Tynwald for the effective discharge of its functions and seeks to conduct its activities in a transparent manner such that stakeholders are aware of the Authority's core values, strategic objectives, key principles and long-term goals. As with other Departments and Statutory Boards, the Authority is subject to the Isle of Man Government Financial Regulations, which establish the legal framework and requirements for the supervision and control of the Government's financial affairs.[5] The Authority is accountable to the Treasury for compliance with those regulations and engages with the Treasury at various points throughout the financial year as part of the budgeting process. The effective and efficient use of the Authority's resources is a vital element of this process, alongside consideration of the extent to which fee income covers expenditure.

The Authority's accountability to Treasury and Tynwald will not change as part of the move to a PIFM. The Authority will still engage in its annual budgeting process with the Treasury, as with other Government Departments, Offices and Statutory Boards.

As part of the review of the Authority's funding model, the first step of which is covered by the Discussion Paper, consideration is being given towards the Authority's existing transparency measures and whether additional measures might be appropriate following the move to a PIFM.

2.3.2 Predominantly Industry-Funded Model

Several respondents commented on the overall principle of moving the Authority to a PIFM.

The professional body that responded to the Consultation Paper said that the Isle of Man Government had a vested interest in ensuring there was a suitable regulatory and compliance framework in place and, therefore, that some continued public funding of the Authority was desirable.

The Designated Business that responded noted that the financial services sector is not static and that some degree of public funding was likely needed in order to make provision for new areas of regulated activity, new business sectors and new technology. The respondent said that it may be difficult for the Authority to justify development of these areas if funding for such work came from fee payers, as it would be unfair on existing fee payers to cover the cost.

Authority response:

The financial services sector continues to evolve, as do international standards for regulation and AML/CFT requirements. The ongoing digitisation of the economy and the development of Fintech provide both opportunities and challenges. In order to maintain a suitable regulatory framework, the Authority needs sufficient resources to carry out its functions effectively and achieve its objectives. The prospect of the Authority being unable to support a compliant environment for Regulated Entities and Designated Businesses in the Isle of Man presents a significant risk to the economy. The financing of

[5] https://www.gov.im/media/1366335/2019-financial-regulations-april-2019-v4-updated-november-2019.pdf

the Authority's operations is therefore a key issue for the Treasury, the Authority and its stakeholders.

The level of costs to be recovered under a PIFM has not yet been determined and needs to be agreed between the Authority and the Treasury following input from industry. The Discussion Paper addresses this point and asks respondents if there are any of the Authority's functions or activities that they specifically consider should be excluded from a PIFM and, if so, what these are and why.

One industry association specifically mentioned that financial and professional services businesses make a significant contribution to the Isle of Man's GDP and that this should not be overlooked. Another industry association said that the move to a PIFM needed to be considered with the backdrop of increased regulatory costs, reduced turnover and reduced profit margins for Regulated Entities.

Authority response:

As noted in response to 2.2.1, the Authority and the Treasury need to strike an appropriate balance between the amount of taxpayer funding for regulation and oversight, and funding from Regulated Entities and Designated Businesses. As part of the review of the Authority's funding model, both the Authority and the Treasury will be considering a range of factors (including the wider contribution of financial and professional services businesses in terms of both the Isle of Man's GDP, employment and taxation).

One Regulated Entity implied that, by moving to a PIFM, there was a risk that the Authority would devolve from Isle of Man Government oversight.

Authority response:

As noted in response to 2.3.1, the Authority's accountability to Treasury and Tynwald will not change as part of the move to a PIFM. The Authority will still engage in its annual budgeting process with the Treasury, as with other Government Departments, Offices and Statutory Boards. There will still be Isle of Man Government oversight of the Authority's financial operations as well as consideration existing transparency measures and what additional measures might be needed as a result of a move to a PIFM.

2.3.3 Future fee structure

A number of respondents provided suggestions for potential changes to the fee structure.

One industry association, the professional body and one Regulated Entity suggested that the Authority should adopt a blended fee model for all sectors, comprising fixed fees and variable fees. Another Regulated Entity considered that the fixed fee they have to pay is inequitable, as there is no difference in fee according to the nature and scale of activities being undertaken.

One industry association and one Regulated Entity suggested that the Authority should consider moving to a system of transactional fees or introducing more fees for certain types of administrative work (which could serve to reduce the overall amount of annual fees).

One of respondents representing a number of entities in the life sector noted that there is currently only a single measure to determine whether certain life companies pay a higher fee or a lower fee. The respondent was of the view that this is no longer sufficient and should be reviewed.

Authority response:

As noted in response to 2.2.1, in initiating a review of fees, the Authority and the Treasury recognise the current funding model and fee structure are not sustainable in the long-term and are therefore in need of updating. The Discussion Paper asks respondents to comment on the Authority's fee structure and calculation methodology.

The majority of the Authority's fees are fixed, however some types of activity are subject to variable or banded fees in order to reflect the nature and extent of activity undertaken, and therefore the corresponding risk to the Authority's regulatory objectives. The Authority sees a more dynamic fee structure as an essential element in moving towards a PIFM where fees charged are more proportionate to work carried out. Whilst it is too early to say what the outcome of that review will be, the Authority envisages a mixture of fixed fees, banded fees and transactional fees.

3. Changes to the Proposals

3.1 Summer 2021 review of fees payable from 1 April 2022

In order to address respondents' concerns around the timing of the proposed fee increases and the pandemic, later in 2021 the Authority will review the fee increases planned to take place on 1 April 2022. The review will be against available financial data to identify if the pandemic has had a material impact on the financial position of Regulated Entities and Designated Businesses, or led to a significant enough change to the business environment to warrant changing the rate of the second phase of fee increases from 1 April 2022. . If so, amendment legislation would be produced.

3.2 Consequential updates to the Insurance (Fees) Regulations 2021

3.2.1 Registration, annual and pro rata fees

Unrelated to the Consultation Paper, the Authority has identified that updates are needed to the Insurance (Fees) Regulations to reflect changes to the previous requirement for insurance intermediaries to have to register with the Authority annually under the IA08. From 31 December 2020, insurance intermediaries only need to register with the Authority once and, once registered, will pay an annual fee to the Authority.

The annual fee will be the same amount as the registration fee. The majority of registered insurance intermediaries already use the annual payment date of 31 May, so it has been decided to use that date in the Insurance (Fees) Regulations. Any insurance intermediaries that do not use this annual payment date will be transitioned to the new payment date by the Authority using pro-rated annual fees (see below).

In view of the above, the draft Insurance (Fees) Regulations 2021 have been updated as follows:

- Insertion of regulation 4(h) (Application)
- Renaming of regulation 5 (Application fees)
- Removal of the previous regulation 6 (Application fees for registration as an insurance intermediary) and consequential renumbering of subsequent regulations and references to regulations
- Insertion of regulation 7(2)(c) (Pro rata annual fees) to specify the annual payment date for registration of an insurance intermediary as 31 May
- Insertion of a new row in Table 1 of Schedule 1 (Application Fees Payable) for the carrying on of business as an insurance intermediary (which specifies the same registration fee as was consulted on in the Consultation Paper)
- Insertion of a new row in Table 1 of Schedule 2 (Annual Fees in Respect of Authorisation or Registration) for the carrying on of business as an insurance intermediary (which specifies a new annual fee that is the same as the registration fee that was consulted on in the Consultation Paper).

A copy of the updated legislation can be found in Appendix B.

3.2.2 Disapplication of registration fees in respect of certain pure protection business

Also unrelated to the Consultation Paper, the Authority has identified an update needed to the Insurance (Fees) Regulations in order to reflect a change to the exemptions from the requirement of certain insurance intermediaries from having to register with the Authority under the IA08:[6]

- **Prior to 31 December 2020**, a person that held a Class 2(3) and (7) licence (i.e. a financial adviser) under the FSA08 which only sold insurance contracts of a pure protection nature did not need to register as an insurance intermediary under the IA08.
- **From 31 December 2020**, such persons were required to register with Authority under section 24 of the IA08. This matter was prefaced in section 3.1.2 of Consultation Paper (CP17-07/T08) on General Insurance Intermediaries (July 2017)[7]. Amongst other things, that Consultation Paper explained why it was appropriate for such intermediaries to be captured on the register of insurance intermediaries, but that appropriate exemptions (including relating to the payment of an additional fee for registration) would be applied to reduce duplication.

In view of the above, the draft Insurance (Fees) Regulations 2021 have been updated to disapply the registration and annual fees for licensed financial advisers selling pure

[6] By virtue of the Insurance Intermediaries (General Business) Regulations 2020. Regulation 5 refers.
[7] https://consult.gov.im/financial-services-authority/general-insurance-intermediaries-consultation-pape/

protection contracts. This has been achieved through the insertion of a new regulation 8 (Exemption from insurance intermediary application and annual fees). A copy of the updated legislation can be found in Appendix B.

3.2.3 Other matters

In addition to the above, the opportunity has been taken to make the following housekeeping updates to the Insurance (Fees) Regulations:

(a) Insert reference to section 47 of the IA08, alongside section 50, as the provisions under which the legislation is made;
(b) Replace all references to ‘regulated activity’ (which means something different under the FSA08) with ‘insurance activity’ and introduce an associated definition in regulation 3 (Interpretation);
(c) Insert the definition of ‘net premiums written’ from the Insurance Regulations 2018 (which are due to be replaced in 2021) into regulation 3 (interpretation) and correct the references to ‘net written premium’ in Schedule 1 and Schedule 2 to match the definition;
(d) Update regulation 4 (Application) to reflect the fact that insurance intermediaries are now required to pay annual fees (as opposed to having to re-register annually); and
(e) Rename regulation 7 to ‘Pro rata annual fees’ to better reflect the effect of that provision and clarify the wording of that regulation to match the terminology used in the IA08.

4. Next Steps

The draft fees legislation that was consulted upon, together with the revised draft Insurance (Fees) Regulations 2021, will be finalised for laying before Tynwald at the next available sitting, for commencement on 1 April 2021.

The fees payable from 1 April 2022 will be reviewed in the summer of 2021 to determine if the rate of those fee increases should be changed in light of data available at that time on the financial impact of the pandemic on the financial position of Regulated Entities and Designated Businesses, and the state of the business environment.

In case of any query, please contact the undersigned —

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Appendix A – List of Representative Groups to which this Consultation Response has been sent

- Alliance of Isle of Man Compliance Professionals
- Association of Chartered Certified Accountants (as oversight body)
- Association of Chartered Certified Accountants (Isle of Man branch)
- Association of Corporate Service Providers
- Chartered Governance Institute (Isle of Man branch)
- Chartered Institute for Securities and Investment (Isle of Man branch)
- Financial Planners & Insurance Brokers Association
- Institute of Certified Bookkeepers (as oversight body)
- Institute of Chartered Accountants in England and Wales (as oversight body)
- Institute of Directors (Isle of Man branch)
- Institute of Financial Accountants (as oversight body)
- Insurance Institute of the Isle of Man
- International Association of Bookkeepers (as oversight body)
- Isle of Man Association of Pension Scheme Providers
- Isle of Man Bankers Association
- Isle of Man Captives Association
- Isle of Man Chamber of Commerce
- Isle of Man Law Society (as oversight body)
- Isle of Man Society of Chartered Accountants
- Isle of Man Wealth & Fund Services Association
- London Institute of Banking and Finance (Isle of Man branch)
- Manx Actuarial Society
- Manx Insurance Association
- Society of Trust and Estate Practitioners (Isle of Man branch).