



ISLE OF MAN
FINANCIAL SERVICES AUTHORITY

Lught-Reill Shirveishyn Argidoil Ellan Vannin

CONSULTATION RESPONSE

CR19-01/T19

AML/CFT FRAMEWORK

Issue Date: 15 May 2019

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GLOSSARY

Term	Meaning in this document
AML	Anti-Money Laundering
Authority	Isle of Man Financial Services Authority
CFT	Countering the Financing of Terrorism
FATF	The Financial Action Taskforce
Guidance	AML/CFT Handbook
Guidance Notes	The Guidance Notes on Anti-Money Laundering and Preventing the Financing of Terrorism – for Insurers (Long Term Business)
ML	Money Laundering
POCA	The Proceeds of Crime Act 2008
Regulations	Anti-Money Laundering and Countering the Financing of Terrorism (Civil Penalties) Regulations 2019
Relevant person	Means a person carrying on business in the regulated sector, which is included in paragraphs 2(6)(a) – (t) of Schedule 4 to the Proceeds of Crime Act 2008.
TF	Terrorist Financing
The 2015 Code	The Anti-Money Laundering and Countering the Financing of Terrorism Code 2015 (as amended 2018)
The 2019 Code	The Anti-Money Laundering and Countering the Financing of Terrorism Code 2019
TOCFR	Terrorism and Other Financial Crime (Financial Restrictions) Act 2014

1 BACKGROUND TO CONSULTATION

This Consultation Response is issued by the Isle of Man Financial Services Authority ('the Authority') following Consultation Paper CP19-01/T19¹. The Consultation was issued by the Authority in conjunction with the Department of Home Affairs and the Isle of Man Treasury. The Authority is the regulatory body for financial services, and the oversight body for Designated Non-Financial Businesses and Professions in relation to compliance with AML and CFT obligations.

The purpose of the consultation was to obtain views in relation to proposed changes to the Island's AML/CFT framework.

The consultation was relevant to:

- All persons that are licensed, authorised or registered under the Financial Services Act 2008, Insurance Act 2008, Retirement Benefits Schemes Act 2000, Designated Businesses (Registration and Oversight) Act 2015 or that have responsibility for collective investment schemes under the Collective Investment Schemes Act 2008. It was also relevant to advisers to those persons, or potential applicants for permissions under these Acts or their advisers.
- The consultation was also relevant to a society registered as a credit union within the meaning of the Credit Unions Act 1993, a building society within the meaning of section 7 of the Industrial and Building Societies Act 1892, and, the Post Office in respect of certain activities.
- Schedule 4 to POCA includes a proposed new definition of "payroll agent" which may bring new businesses into the regulated sector. If you believe your business will be affected by this proposed change please contact the Authority.
- Additionally, the sections of the consultation regarding Schedule 4 to POCA were also relevant to all persons supervised in relation to AML/CFT by the Isle of Man Gambling Supervision Commission.

2 BACKGROUND TO PROJECT

The Authority has been undertaking a comprehensive project to update the Island's current AML/CFT framework. This update encompassed remediation action identified by MONEYVAL in their evaluation of the Island, and also amendments identified by the Authority's officers over time through supervisory activities and discussions with relevant persons. This update also included the AML/CFT framework currently applicable to insurers, which was last updated in 2008.

¹ <https://consult.gov.im/financial-services-authority/aml-cft-framework/>

Additionally, the areas of the 2015 Code which dealt with the Specified Non-Profit Organisation sector and the Gambling sector have been removed from the 2019 Code. Separate AML/CFT Codes have now been developed for these sectors. These new Codes were considered in separate consultations.²

The updated framework needs to be in force by July 2019 in order to coincide with the Island's next follow up report to MONEYVAL and its consideration at their plenary scheduled for July 2019.

The documents included in the consultation were:

- the Anti-Money Laundering and Countering the Financing of Terrorism Code 2019 (Department of Home Affairs legislation);
- section 157 of the Proceeds of Crime Act 2008 and section 68 of Terrorism and Other Crime (Financial Restrictions) Act 2014 (Department of Home Affairs legislation);
- the Anti-Money Laundering and Countering the Financing of Terrorism (Civil Penalties) Regulations 2019 (Isle of Man Treasury legislation);
- Schedule 4 to the Proceeds of Crime Act 2008 (Department of Home Affairs legislation); and
- Schedule 1 to the Designated Businesses (Registration and Oversight) Act 2015 (Isle of Man Treasury legislation).

3 INDUSTRY ENGAGEMENT

An informal consultation exercise began in May 2018. Since this time there have been numerous meetings and workshops held with various industry sectors and representatives. Various working copies of the 2019 Code were shared with industry and focused discussions were held in relation to those areas that were considered would have an impact on businesses. The draft that was consulted on was published in February 2019.

During the consultation period the Authority offered a number of meeting slots to businesses who wished to discuss particular areas of the 2019 Code. There was a favourable uptake to this and some constructive discussions were held which have resulted in changes being made to the 2019 Code.

There have also been some amendments made to the Anti-Money Laundering and Countering the Financing of Terrorism (Civil Penalties) Regulations 2019 and Schedule 4 to the Proceeds

² SNPO consultation: <https://consult.gov.im/financial-services-authority/anti-money-laundering-and-countering-the-financing/>

Gambling consultation: <https://consult.gov.im/gambling-supervision-commission/gambling-anti-money-laundering-and-countering-the/>

of Crime Act 2008 / Schedule 1 to the Designated Businesses (Registration and Oversight) Act 2015. These changes are explained further in section 6.

4 SUMMARY OF RESPONSES

Responses were received from 29 parties which included comments across all documents listed above. The responses received were broadly supportive of the update to the framework and respondents understood the rationale behind the update.

However, there were some issues raised which will be summarised under specific headings below. Also, there were a number of questions asked in the consultation, a summary of responses is included below.

Question 1	
Do you have any comments regarding the layout and order of the provisions of the 2019 Code?	
Responses received (in summary)	Authority's response
No significant comments were received in response to this question.	The 2019 Code is in a different order to the previous Code. Also, it should be noted there have been some further paragraph number amendments due to additional changes made since the consultation closed.
Question 2	
Do you have any comments regarding the extent to which you use the introducer provisions contained within the 2019 Code (in the Introduced Business paragraph) and will these changes affect business?	
Responses received (in summary)	Authority's response
<p>There were a number of comments received in this area, the main concerns were:</p> <ul style="list-style-type: none"> The increased requirements would put the Island at a competitive disadvantage due to the inconsistencies in this area with other jurisdictions; 	<p>Certain provisions of the introduced business paragraph have been redrafted since the consultation closed due to comments received and also following numerous discussions with industry representatives.</p> <p>Please see additional detail in relation to this area in section 5 of this document.</p>

<ul style="list-style-type: none"> • The requirements in this area appeared to go further than the FATF Standards; • The requirements did not allow for a risk based approach; • The additional requirements would slow down the customer take on process; and • It would not always possible to meet the customer (even if it was a “virtual” meeting). 	
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Question 3

Do you have any comments in relation to the 2019 Code?

Responses received (in summary)	Authority’s response
<p>There were a number of comments received in this area, the main areas were:</p> <ul style="list-style-type: none"> • Technological risk assessment – comments from several respondents were received stating that as the paragraph refers to “any technology” this could imply that the risk of all available technologies would have to be considered by the relevant person. • Business risk assessment – concerns were raised by a number of respondents in relation to the proposed new requirement to consider the national risk assessments of jurisdictions where a relevant person may have significant connections. • Source of funds and source of wealth – there were a number of responses in relation to the new 	<ul style="list-style-type: none"> • The 2019 Code wording has not been amended, however it will be made clear in associated guidance the requirements are in relation to technology that is used or encountered by that relevant person in relation to AML/CFT. • The requirement to consider national risk assessments of other jurisdictions has been removed from the 2019 Code. However, this may be included in the Guidance as a consideration when undertaking the business risk assessment. • There is a revision planned to the Guidance in due course and there will be a revised section considering

<p>definitions of source of funds and source of wealth that have been included in the 2019 Code. In particular there were questions around how “reasonable measures” to establish each of these could be demonstrated i.e. the evidential requirements.</p> <ul style="list-style-type: none"> • Politically Exposed Person (“PEP”) – there were concerns raised from a number of respondents in relation to the proposal to include “close personal relationships” within the PEP definition to align with the FATF PEP Guidance³. Concern was also raised in relation to the inclusion of the existing requirement to include “honorary consul”. • Controlling interest – some respondents commented that the 2019 Code used the term “controlling interest” within the paragraph of beneficial owner and control which was not defined. • FIU Act / Themis – a number of respondents expressed concern that the 2019 Code cross-referenced a requirement from section 24 of the Financial Intelligence Unit Act 2016 in relation to reporting matters that 	<p>source of funds and source of wealth including the provision of examples to demonstrate what would be considered to be “reasonable measures”.</p> <p>Also, the guidance will explain that source of funds does not necessarily have to be established for all deposits or transactions in relation to an established business relationship. If the account activity is in line with expectations of that customer a risk based approach may be taken going forward once source of funds is established at the outset.</p> <ul style="list-style-type: none"> • The comments have been considered and this wording has been removed from the definition of PEP within the 2019 Code. Reference to honorary consul has also been removed from the PEP definition. • This is term will be defined and explained further in Guidance which will be developed in due course. • The comments received have been considered, and this wording has been removed from the 2019 Code.
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³ <http://www.fatf-gafi.org/media/fatf/documents/recommendations/Guidance-PEP-Rec12-22.pdf>

<p>could assist the Financial Intelligence Unit. Concern was also raised regarding the 2019 Code stipulating that relevant persons must register on the designated reporting platform (Themis).</p> <ul style="list-style-type: none"> • Shell entities – several comments were received that were concerned with the widening of the definition of “shell bank” to “shell entity” as this would capture business relationships that involved any corporate service providers that may be undertaking registered office only business. • A response was received suggesting that the exemptions in the Code in relation to insurers should be put in a specific paragraph rather than be included in the miscellaneous exemptions paragraph. 	<ul style="list-style-type: none"> • The initial reason for the expansion of the definition was to take into account revised definitions that were included in the FATF Risk Based Guidance Paper on Securities⁴. The comments received have been considered and the definition of “shell banks” has been expanded to include “shell securities providers” rather than “shell entity”. It is therefore not as wide as in the consultation version which we believe will address the concerns that were raised. • This comment was considered and further re-drafting of the 2019 Code has taken place to the exemptions paragraph. It is now split into three separate paragraphs: <ul style="list-style-type: none"> - Insurance related exemptions; - Miscellaneous exemptions; and - Transfer of business.
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Question 4

Are there any specific areas of the Code where you would benefit from the development of additional guidance?

Responses received (in summary)

There were some suggestions received in relation to where additional guidance would be beneficial. These included:

Authority's response

⁴ <https://www.fatf-gafi.org/publications/fatfrecommendations/documents/rba-securities-sector.html>

<ul style="list-style-type: none"> • A query regarding the status of List C (equivalent jurisdictions) and whether it will be updated. • Further guidance in relation to the exemptions part of the Code, particularly in relation to the insurance related exemptions. • Several comments were received querying the new definitions inserted into the 2019 Code in respect of source of funds and source of wealth and what would be deemed to be “reasonable measures” to establish each of these. In particular, guidance has been requested in relation to where there is a third party funding involved in a business relationship. 	<ul style="list-style-type: none"> • The current List C is out of date. Going forward this list will be maintained by Cabinet Office and the methodology underpinning the list will be published in due course. • There is a revision planned to the Guidance in due course and this suggestion will be considered. Also, sector specific guidance is being developed for the insurance sector. • There is a revision planned to the Guidance in due course and there will be a revised section considering source of funds and source of wealth including the provision of examples to demonstrate what would be considered “reasonable measures”.
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Question 5

Do you have any views regarding the currency which should be used within the Code (which is currently EUR)?

Responses received (in summary)

Only a small number of responses were received in relation to this question, those that did respond did not have a strong view either way.

Authority’s response

As no strong views were expressed it has been decided the 2019 Code will continue to refer to Euros in order to remain consistent with the FATF Recommendations irrespective of currency exchange rate fluctuations.

Question 6

Do you have any comments regarding the repealing of the Insurance AML regulations and Guidance Notes?

Responses received (in summary)	Authority's response
<p>During the consultation period a range of responses have been received in relation to this matter which is an area very specific to the insurance sector. Broadly respondents were supportive of the work undertaken to streamline the framework. Others however would prefer for the sector to retain the current position and use Insurance AML Regulations and the Guidance notes.</p>	<p>A number of conversations and working group meetings have been held with the sector concerning this matter since before the consultation period.</p> <p>A decision was made (before the consultation period) and discussed with industry representatives that the sector would begin to use the general AML/CFT Handbook when the new framework is implemented and would have sector specific guidance drafted in due course.</p> <p>The Insurance AML Regulations and the Guidance Notes have been reviewed against the 2015 Code and the AML/CFT Handbook in order to identify any differences.</p> <p>Any requirements that were deemed to be mandatory have been included in the 2019 Code and include:</p> <ul style="list-style-type: none"> • A specific part of the customer definition which refers to customers of insurers; • Specific requirements for Money Laundering Reporting Officers of insurers, registered insurance managers, and insurance intermediaries; and • Specific requirements in relation to beneficial ownership and control in relation to a customer of a life assurance firm.
Question 7	
Do you have any comments in relation to the AML/CFT Civil Penalties regulations?	
Responses received (in summary)	Authority's response

A variety of responses were received in this area, some respondents commented that introducing civil penalties as an alternative to a criminal penalty seemed a fair approach. However, others commented they did not support the implementation of the new regime. Some comments in relation to specific areas included:

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| <ul style="list-style-type: none"> • A number of responses were concerned in relation to the amount of a Level 1 breach (£50) and the fact this was applicable to each contravention. In summary, how the penalties would be applied in practice. There was concern that if a “per breach” penalty was applied an entity with a larger client base would be disadvantaged in comparison to a smaller entity. • Comments were also received regarding the publication of guidance in this area in particular concerning the decision making process. • Further comments were received regarding the Financial Services Tribunal, which is the appeals body, and these comments related to how appeals will be dealt with and the independence of the tribunal. | <ul style="list-style-type: none"> • In the draft Regulations which were consulted on, the amount of penalty imposed for a Level 1 contravention was set at £50 per contravention. In response to the comments received during consultation the Authority has amended the Level 1 penalties, to address the concerns. Level 1 penalties will now be issued where the contraventions are systemic and the aggravating factors which would contribute to a Level 2 penalty are not present. The amount levied for a Level 1 penalty will be up to 5% of the relevant person’s income. • The Authority will be publishing a guidance document, which will provide greater clarity regarding when penalties will be imposed, in due course. • The Financial Services Tribunal is independent from the Authority and the guidance document, which will be published in due course, will provide greater clarity regarding the appeals process. |
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Question 8

Do you have any comments in relation to Schedule 4 to POCA?

Responses received (in summary)

Authority’s response

<ul style="list-style-type: none"> • A number of responses were received to say this document is now clearer and more user friendly. • Further comments received related to the definition of 'legal professional'. There was concern that the re-formatting of the definition had unintentionally captured the wider legal sector, rather than the relevant sub-sets within the legal sector. In addition, there were concerns that the re-formatting meant that all of the business undertaken by a legal professional would be captured, rather than just the specific activity listed in the Schedule. 	<ul style="list-style-type: none"> • This was the aim of the redraft therefore the Authority is pleased to have achieved this. • The Authority acknowledged that the re-formatting had created some ambiguity therefore the definition of 'legal professional' was re-drafted. This was to ensure that only legal professionals undertaking the specific activity listed in the definition would be captured and that only that specific activity would be captured, not the rest of a firm's business which may be outside of 'business in the regulated sector'.
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Question 9

Do you have any comments in relation to Schedule 1 to the DBROA?

Responses received (in summary)	Authority's response
<ul style="list-style-type: none"> • A number of responses were received to say this document is now clearer and more user friendly. • Comments were received in relation to the definition of legal professional which have been addressed above in question 8. 	<p>This was the aim of the redraft therefore the Authority is pleased to have achieved this.</p> <ul style="list-style-type: none"> • See above response.

Question 10

Do you have any comments in relation to section 157 of POCA and section 68 of TOCFR?

Responses received (in summary)	Authority's response
<p>No comments were received.</p>	<p>Since the consultation closed, it has been determined a consequential amendment to the Designated Businesses (Registration and Oversight) Act 2015 is required to make reference to both civil and criminal sanctions (not just civil sanctions).</p>

	<p>The result of this is that the amended paragraph 5(b) will state:</p> <p><i>“where any breach of that legislation is found, conducting investigations into any <u>potential liability</u> arising from that breach.”⁵</i></p>
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5 AML/CFT CODE – INTRODUCED BUSINESS

A number of respondents expressed concerns with the proposed amendments in relation to the paragraph which covered the Introduced Business provisions (paragraph 9). This area of the Code was first introduced in October 2018 and the matter arises out of the 2016 Mutual Evaluation Report.

During the course of responding to the recommended actions set by MONEYVAL this was a matter that the FATF joint group review in October 2018 significantly focussed on. The concern was that the actions that had been undertaken by the IoM authorities in responding to the Mutual Evaluation Report still did not fully meet the MONEYVAL recommendation that the *“Authorities should further limit the circumstances in which CDD information and evidence of identity presented by a third party can be used.....”* . The IoM therefore gave an undertaking to the FATF that this would be addressed and it was agreed that the outcome would be assessed by MONEYVAL.

The Island is now in a process with MONEYVAL called Compliance Enhancing Procedures through which remaining actions arising out of the FATF are being monitored. The Island is scheduled to report back to the MONEYVAL Plenary in July 2019 and must demonstrate that significant progress has been made in relation to the recommended action concerning introduced business.

The additional amendments that have been made in this area of the Code are specifically to address this outstanding recommendation in the Mutual Evaluation Report. However it is important that the additional requirements are both effective and feasible, therefore following feedback to the consultation process from a number of respondents, and several meetings held some further amendments have been made to the wording, the detail of which is included in section 6 of this document.

⁵ Current wording: *where any breach of that legislation is found, conducting investigations into any potential criminal liability arising from that breach*

6 CHANGES TO THE PROPOSALS

Tracked changes version of the documents that were consulted on and the final versions are included in the Appendices to this document.

2019 Code - changes

A main summary of the changes since the consultation closed is as follows:

- General and definitions

Throughout the document wording in relation to undertaking verification of identity has been amended to ensure it is in-line with FATF wording and is consistent within the document.

AML/CFT legislation definition – now includes reference to financial sanctions which have effect on the Island.

PEP definition – removal of close associate. This will however be included as a suggestion in the Guidance. It should be noted, for completeness, we have however added a sibling-in-law into the definition of a PEP.

Director and Officer definitions – the wording has been revised to bring the definition up to date and in-line with other Manx legislation.

Convertible virtual currency – definition added which cross references to the definition included in Schedule 4 to POCA.

Customer definition – removal of “(d)” which stated beneficial owner was included in the definition where the context was appropriate. During the consultation period a full review of the 2019 Code took place to ensure all references to customer and / or beneficial owner were correct depending on the context, therefore some wording changes have taken place throughout the 2019 Code as a result of this.

Customer due diligence and enhanced due diligence definitions – the definitions have been made consistent and have been updated to ensure they refer to the correct paragraph numbers.

Insurance intermediary, insurance manager and life assurance policy – definitions added as these terms are now used in the 2019 Code.

Eligible introducer and introducer definitions – amendments made to reflect changes that have been made to the introduced business paragraph (see section 5 of this document) and to ensure consistency between the two definitions where possible.

Trusted person definition – amended to reflect changes made to definition of external regulated business and to ensure consistency throughout the 2019 Code.

- Introduced business (paragraph 9) - As explained in section 5 of this document there have been a number of changes made to the provisions in this area. The paragraphs that have been amended are copied below:

(6) If more than one third party located outside of the Island is involved in the process, as specified in sub-paragraph (4), sub-paragraph (7) applies.

(7) Without limiting paragraph 8 or 11 (whichever is applicable), the relevant person must verify the identity of the customer using reliable, independent source documents, data or information obtained, either –

- (a) directly from the customer;*
- (b) from the introducer, but only if the introducer has obtained such evidence of verification of identity –*
 - (i) directly from the customer;*
 - (ii) directly from a third party who has met the customer; or*
- (c) directly from a third party who has met the customer.*

(10) For the purposes of this paragraph, a third party “involved in the process” does not include a third party in the same group as –

- (a) the relevant person; or*
- (b) the introducer,*
provided that the third party is a trusted person.

(11) For the avoidance of doubt, if further elements of customer due diligence other than evidence of verification of identity are obtained by the relevant person under sub-paragraph (7) then this should be reflected in the customer risk assessment carried out in accordance with paragraph 6 and sub-paragraph (4).

Please note that additional guidance on this area will be provided in due course within the Guidance.

- Paragraph 4 (Procedures and controls) - whole paragraph tidied up to make clearer and reduce repetition. Also, removal of reference to registering on the designated reporting platform provided by the Financial Intelligence Unit.
- Paragraph 5 (Business risk assessment) – removal of reference to the national risk assessments of other jurisdictions with which the relevant person has significant connections. This however maybe referred to in the Guidance.
- Paragraph 6 (Customer risk assessment) – now includes a cross reference to the risk assessment undertaken under paragraph 9 (introduced business) if relevant.

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- Paragraph 12 (Beneficial ownership and control) – the opening sub-paragraph now cross refers to part 3 (risk based approach) as well as parts 4 (customer due diligence and ongoing monitoring), 5 (enhanced measures) and 6 (exemptions and simplified measures). Also, at sub-paragraph (8) the requirement to verify the beneficiaries' identity at (a) has been removed. This was a typographical error in the consultation version of the 2019 Code.
 - Paragraph 16 (Acceptable applicants) – the whole of paragraph 12(2)(a) is disapplied if the conditions are met rather than just disapplying verification requirements (paragraph 12(2)(a)(ii)). This was a typographical error in the consultation version of the 2019 Code.
 - Paragraph 18 (Generic designated business) – a new definition has been drafted which has been discussed and agreed with certain industry representatives, the revised definition is:

“generic designated business” for the purpose of this paragraph means designated business carried on by a relevant person where the relevant person –

- (a) does not participate in financial transactions on behalf of a customer; and*
- (b) does not administer or manage a customer’s funds, with its own funds or other customer’s funds, on a pooled bank account basis.*

- Paragraph 21 (Miscellaneous) – for clarity, the previous paragraph on exemptions has now split into three separate paragraphs covering insurance related exemptions, miscellaneous exemptions and the exemption in relation to transfer of block of business. Some wording has also been amended to ensure there is consistency across the three paragraphs.
- Paragraph 23 (Money laundering reporting officer) – a new requirement has been inserted to require the money laundering reporting officer to retain responsibility for all external disclosures (including those from branches and subsidiaries).
- Paragraph 24 (Money laundering reporting officer (insurance)) – there were some errors in the cross references to other legislation in the consultation version of the Code, these have now been amended in the 2019 Code.
- Paragraph 25 (Reporting procedures) – a new requirement has been inserted to ensure any registers required by the 2019 Code are populated.

- Paragraph 27 (External disclosures) – the cross reference to section 24 of Financial Intelligence Unit Act has now been removed.
- Paragraphs 34 and 35 (Record keeping) - for clarification the wording has been amended to ensure the requirements in these paragraphs apply to former relevant persons.
- Paragraph 36 (Financial groups) – a new paragraph in the 2019 Code as required by FATF Recommendation 18. Only applies to class 1 / class 2 Financial Services licenceholders and insurers where they have an IoM head office. The paragraph requires group wide programmes and policies in respect of AML/CFT. The programmes / policies must cover:
 - monitoring / testing compliance;
 - staff appointments and training;
 - group level compliance and audit;
 - provision of group level customer account / transaction information; and;
 - safeguards of information exchanged.
- Paragraph 37 (Branches, subsidiaries and agents) - now applies to any agents of a Class 8(2)(a) licenceholder (provision of payment services directly). Also, clarification has been inserted in this paragraph to clarify that the requirements only apply where the branch, subsidiary or agent is undertaking activities equivalent to those included in Schedule 4 POCA.

7 IMPLEMENTATION

Dates legislation is due to come in:

Statutory document	Purpose	Date to come in
Proceeds of Crime Act (Compliance with International Standards) Order 2019 SD: 2019/0206	The Order empowers the Authority, after consulting any person or body that appears to be appropriate, to make regulations requiring a person who has contravened a code to pay a civil penalty. Includes a consequential amendment to the Designated Businesses (Registration and Oversight) Act 2015 to make reference to both civil and criminal sanctions.	If approved by Tynwald, this order comes into operation when approval is given (approx. 18 June 2019 – depending on Tynwald meeting).

<p>Terrorism and Other Crime (Financial Restrictions) Act (Section 69A) Order 2019</p> <p>SD: 2019/0205</p>	<p>The Order empowers the Authority, after consulting any person or body that appears to be appropriate, to make regulations requiring a person who has contravened a code to pay a civil penalty.</p>	<p>If approved by Tynwald, this order comes into operation when approval is given (approx. 18 June 2019 – depending on Tynwald meeting).</p>
<p>Anti-Money Laundering and Countering the Financing of Terrorism (Civil Penalties) Regulations 2019</p> <p>SD: 2019/0201</p>	<p>The regulations specify the circumstances in which the Authority may impose a civil penalty on a relevant person for a contravention of the main Code.</p>	<p>If approved by Tynwald, these regulations come into operation the day after approval is given (approx. 19 June 2019 – depending on Tynwald meeting).</p>
<p>Anti-Money Laundering and Countering the Financing of Terrorism Code 2019 (“the main code”)</p> <p>SD:2019/0202</p>	<p>The main code has been amended in order to address recommended actions from the Mutual Evaluation Report, and other deficiencies identified by the Authority.</p> <p>The main code also revokes the Insurance Anti-Money Laundering Regulations 2008 and the Guidance Notes on Anti-Money Laundering and Preventing the Financing of Terrorism for Insurers (Long-Term Business) 2008. Where appropriate provisions specific to insurance business have been incorporated into the main code.</p>	<p>The main code is due to come into operation on 1 June 2019.</p>
<p>Anti-Money Laundering and Countering the Financing of Terrorism (Specified Non-Profit Organisations) Code 2019 (‘the SNPO Code’)</p>	<p>The SNPO Code has been created in order for the sector to have legislation that is appropriate to them. This code mirrors the main code as much as appropriate in order to have consistency for industry.</p>	<p>The SNPO code is due to come into operation on 1 June 2019.</p>

SD:2019/0200		
Proceeds of Crime Act (Business in the Regulated Sector) Order 2019 SD:2019/0204	Replacing Schedule 4 to the Proceeds of Crime Act 2008. The layout of the Schedule has been amended to provide clarity that the activity in the Schedule is subject to three separate Codes. A number of definitions have been amended to take into account identified scope gaps, in particular the definition of payroll agent has been expanded.	If approved by Tynwald, this Order comes into operation on 1 June 2019
Designated Businesses (Amendment) Order 2019 SD:2019/0203	Replacing Schedule 1 to the Designated Businesses (Registration and Oversight) Act 2015 in light of the update to Schedule 4 to the Proceeds of Crime Act 2008.	If approved by Tynwald, this Order comes into operation on 1 June 2019

8 NEXT STEPS

The legislation is due to come in as per the table above. The Authority would like to thank those who responded to the consultation, and those who have attended the numerous meetings held during the course of the project.

In case of any query, please contact the undersigned —

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APPENDIX A – LIST OF REPRESENTATIVE GROUPS WHO HAVE BEEN SENT THIS CONSULTATION RESPONSE

- Alliance of Isle of Man Compliance Professionals
- Association of Chartered Certificated Accountants (as oversight body)
- Association of Corporate Service Providers
- Chartered Institute for Securities and Investment
- Finance Isle of Man
- 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
- Institute of Financial Accountants (as oversight body)
- International Association of Bookkeepers (as oversight body)
- Isle of Man Wealth & Funds Association
- Isle of Man Association of Chartered Certified Accountants
- 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 Insurance Institute
- Isle of Man Law Society (as oversight body)
- Isle of Man Post Office
- Isle of Man Society of Chartered Accountants
- Isle of Man Wealth Management Forum
- London Institute of Banking and Finance
- Manx Insurance Association
- Society of Trust and Estate Practitioners