

Appendix B

Code part & paragraph changes – Quick reference table

2015 Part number	Title	2019 Part number	Title	Changes?
1	Introductory	1	Introductory	No changes
2	General requirements	2	General requirements	No changes
3	Risk assessment and ongoing monitoring	3	Risk based approach	New title – ongoing monitoring paragraph moved into the CDD part. This part just includes risk assessments.
4	Customer due diligence	4	Customer due diligence and ongoing monitoring	Now includes ongoing monitoring paragraph.
5	Specified non-profit organisations	5	Enhanced measures	New part that includes PEP/EDD (these paras were previously in CDD part)
6	Simplified customer due diligence	6	Exemptions and simplified measures	Title of part expanded to recognise some CDD measures are simplified and others are exemptions.
7	Reporting and disclosures	7	Reporting and disclosures	Now includes an MLRO para specific to insurers and also the registers are in this part.
8	Compliance	8	Compliance and record keeping	Part title changed to reflect this also includes record keeping provisions.
9	Miscellaneous	9	Miscellaneous	New paragraphs now included in relation to Financial Groups and responding to CDD requests.
10	Offences and revocations	10	Offences and revocations	No changes

2015 Code number	Title	2019 Code number	Title	Changes?
1	Title	1	Title	Amended accordingly to bring up to date.
2	Commencement	2	Commencement	Amended accordingly to bring up to date.
3	Interpretation	3	Interpretation	<p>Definitions added: beneficiary, business risk assessment, customer risk assessment, technology risk assessment, insurance intermediary, insurance manager, life assurance policy, national risk assessment, regulated activities order, source of funds, source of wealth, transaction</p> <p>Definitions removed: SNPO related definitions – now in own Code. Document & Information – as covered in the interpretation act. Evidence of identity – not needed.</p>

				<p>Currency – not needed, instead replaced with definition of convertible virtual currency</p> <p>AML/CFT Requirements – changed to AML/CFT Legislation and now references sanctions requirements.</p> <p>Beneficial owner definition now refers to “significant influence” as well as ultimate effective control.</p> <p>Business in regulated sector, relevant person, and external regulated business & exempted occasional transaction– amended to reflect paragraph changes to Sch 4 POCA.</p> <p>Business relationship – definition tweaked to remove (c)- not required.</p> <p>Competent Authority definition – brought up to date, Office of Fair trading removed.</p>
--	--	--	--	--

				<p>Correspondent Services and payable through account definitions – moved into specific paragraph on this topic (29).</p> <p>Customer definition - brought up to date to reflect customers of an insurer and also assignees. Removed references to EI – not needed.</p> <p>Customer due diligence definition – further clarity added.</p> <p>Designated business definition - brought up to date.</p> <p>Director and Officer definitions – updated to bring up to date.</p> <p>Introducer & Eligible introducer definitions amended to reflect changes to para 9.</p>
--	--	--	--	--

				<p>Enhanced due diligence definition – detail moved into actual paragraph rather than in definition.</p> <p>FATF Recommendations – brought up-to-date</p> <p>Legal arrangement – tweaked to include those persons who act for legal arrangements.</p> <p>List B – amended to state “may” pose a higher risk.</p> <p>List C – now references FATF standards.</p> <p>PEP – for completeness includes siblings-in-law. Honorary counsel removed. Domestic and foreign PEP paragraphs moved into main body of specific paragraph for this topic (14).</p> <p>Shell bank – extended to include shell securities provider.</p>
--	--	--	--	--

				<p>Trusted person – brought up to date, particularly in relation to designated businesses.</p> <p>References to assignees have been moved into definition of customer.</p>
4	General requirements	4	Procedures and Controls	<p>New title inserted for clarity.</p> <p>Whole paragraph tidied up to make clearer and reduce repetition.</p>
5	Specified non-profit organisations	5	N/A	Not required in 2019 code as SNPOs now have own code.
6	Business risk assessment	5	Business risk assessment	<p>New wording inserted to ensure details of any review are recorded. Paragraph 5(2)(c)</p> <p>New wording inserted to ensure references the Island's NRA. Paragraph 5(3)(b)</p>
7	Customer risk assessment	6	Customer risk assessment	New wording inserted to ensure details of any review are recorded.

				Paragraph 6(2)(c)
8	Technological developments risk assessment	7	Technology risk assessment	<p>New title inserted for clarity.</p> <p>New wording inserted to ensure details of any review are recorded.</p> <p>Paragraph 7(2)(e)</p>
9	Ongoing monitoring	13	Ongoing monitoring	<p>Amended to make reference to steps to be taken in respect of both unusual and suspicious activity.</p> <p>Paragraph 13(2) and 13(3)</p>
10	New business relationships	8	New business relationships	<p>Updated wording in relation to verification – used FATF wording “using reliable, independent source documents, data or information”</p> <p>Paragraph 8(3)(b)</p> <p>Also, requirement to take reasonable measures to establish source of funds. Not a new requirement but SOF now defined.</p> <p>Paragraph 8(3)(e)</p>

				Further requirements where funding is received by a third party. Paragraph 8(3)(e)
10A	Introduced business	9	Introduced Business	New requirements inserted in October 2019 to satisfy MONEYVAL obligations. These have now had to be strengthened to ensure the relevant person is obtaining elements of CDD directly from the customer, an introducer who has met the customer, or a third party who has met the customer. Paragraph 9(6) Detailed Guidance to be drafted.
11	Continuing business relationships	10	Continuing business relationships	Changes to terminology around verification bringing in line with FATF standards. Paragraph 10(3)
12	Occasional transactions	11	Occasional transactions	Updated wording in relation to verification – used FATF wording “using reliable, independent

				<p>source documents, data or information” Paragraph 11(3)(b)</p> <p>Also, requirement to take reasonable measures to establish source of funds. Not a new requirement but SOF now defined. Paragraph 11(3)(e)</p> <p>Further requirements where funding is received by a third party. Paragraph 11(3)(e)</p>
13	Beneficial ownership and control	12	Beneficial ownership and control	<p>Extended the provisions to also apply to Part 3 of the Code (Risk based approach) Paragraph 12(1)</p> <p>Completely new layout now covers:</p> <p>All customers 12(2) Legal arrangements 12(3) Foundations 12(4) Legal persons 12(5) All legal persons and arrangements 12(6)&12(7) Life assurance policies 12(8)-(10)</p>

				<p>Includes additional wording as required by FATF Recommendation 10. Paragraph 12(5)</p> <p>Where relevant also refers to “classes of beneficiary”.</p> <p>Where a payment or loan is made in relation to a legal person or arrangement the nature and purpose of the payment or loan must be understood. 12(7)</p> <p>Now includes requirements where a life assurance policy is assigned to an assignee. 12(8)(c)</p>
14	Politically exposed persons	14	Politically exposed persons	<p>Explicitly covers considering whether the beneficiary of a life assurance policy and any beneficial owner of the beneficiary is a PEP. Paragraph 14(1)(d)</p> <p>Honorary consul removed.</p> <p>Sibling in law added. Definition of PEP</p>

				<p>Insertion of definitions of foreign and domestic PEP into main paragraph. Paragraph 14(7)</p>
15	Enhanced customer due diligence	15	Enhanced customer due diligence	<p>Requirements of the steps to be taken moved from definition to main body. Paragraph 15(2)</p> <p>Added new step: further research into customer's background where necessary. Paragraph 15(2)(d)</p> <p>Previously stated to consider EDD when unusual or suspicious activity identified – now EDD must be undertaken in respect of unusual activity and should be undertaken in respect of suspicious activity unless it is believed it would tip off the customer. Paragraph 15(3)</p> <p>New risk factor – where relevant person has not met customer. Paragraph 15(7)(k)</p>

				Senior manager sign off needed for a relationship / transaction with a customer in List A country or a customer subject to a AML/CFT warning. Paragraph 15(6)
16 – 19	SNPOs	N/A		
20	Acceptable applicants	16	Acceptable applicants	Clarification inserted to state the customer must be acting on their own behalf. Paragraph 16(3)(e)(i)
21	Persons in a regulated sector acting on behalf of a third party	17	Persons in a regulated sector acting on behalf of a third party	Slight consistency wording amendments but nothing substantial at this time. Currently watching FATF arena to see if any developments before making any further amends.
22	Generic designated business	18		Revised definition. Paragraph 18(4)
23	Eligible introducer	19	Eligible introducer	Wording consistency amendments.
		20	Insurance contracts	Previous paragraph on exemptions now split into three:

				<ul style="list-style-type: none"> • Insurance; 20 • Miscellaneous; 21 and • Transfer of block of business. 22
24	Miscellaneous	21	Miscellaneous	<p>Previous paragraph on exemptions now split into three:</p> <ul style="list-style-type: none"> • Insurance; 20 • Miscellaneous; 21 and • Transfer of block of business. 22 <p>Wording tidied up.</p>
		22	Transfer of a block of business	<p>Previous paragraph on exemptions now split into three:</p> <ul style="list-style-type: none"> • Insurance; 20 • Miscellaneous; 21 and • Transfer of block of business. 22
25	Money laundering reporting officer	23	Money laundering reporting officer	<p>New requirement to retain responsibility for all external disclosures (including branches and subsidiaries). Paragraph 23(2)(d)</p>

		24	Money laundering reporting officer – Insurers, insurance intermediaries and insurance managers	New paragraph introducing sector requirements specifically for Insurers, insurance intermediaries and insurance managers. These requirements were previously in the AML Regulations.
26	Reporting procedures	25	Reporting procedures	New requirement to ensure registers are populated. Paragraph 25(g)
27	Internal disclosures	26	Internal disclosures	Only refers to suspicious activity rather than mentioning both unusual and suspicious activity.
28	External disclosures	27	External disclosures	Clarity added that a disclosure does not breach any obligation of confidence owed by the MLRO or any other restriction on the disclosure. Paragraph 27(3)
29	Monitoring and testing compliance	30	Monitoring and testing compliance	New requirement to submit an annual report describing the AML/CFT environment, any internal developments any

				<p>activities relating to compliance. Paragraph 30(2)</p> <p>A suitable person responsible for monitoring and testing Paragraph 30(3) and (4)</p>
30	New staff appointments	31	New staff appointments	No changes
31	Staff training	32	Staff training	<p>Tidied up wording.</p> <p>Training when any significant legislative amendments. Paragraph 32(3)</p> <p>Records to be maintained.</p>
32	Record Keeping	33	Record Keeping	<p>Wording consistency amendments to now explicitly refer to identification information, account files, business correspondence records and results of analysis in both (a) and (b) – previously was only in (b). Paragraph 32(a)</p>
33	Record retention	34	Record retention	For clarification added it that it applies to former relevant person.

				Paragraph 34(2)
34	Record format and retrieval	35	Record format and retrieval	For clarification added it that it applies to former relevant person. Paragraph 35(1)
35	Registers of internal and external disclosures	28	Registers of disclosures	New title.
36	Registers of money laundering and financing of terrorism enquiries	29	Registers of money laundering and financing of terrorism enquiries	No changes.
		36	Financial Groups	New para as required by FATF recommendations. Only applies to class 1 / class 2 licenceholders and insurers where they have an IOM head office. Requires group wide programmes and policies in respect of AML/CFT. The programmes / policies must cover: Monitoring / testing compliance; Staff appointments; and Staff training. Sharing of information; Group level compliance and audit; Provision of group level customer account /

				transaction information; and Safeguards of information exchanged.
37	Foreign branches and subsidiaries	37	Branches, subsidiaries and agents	Now applies to any agents of a Class 8(2)(a) licenceholder (provision of payment services directly) Paragraph 37(5) Scope change – requirements only apply where the branch, subsidiary or agent is undertaking activities equivalent to those included in Sch 4 POCA. Paragraph 37(1)
38	Shell banks	38	Shell banks	Now includes a shell securities provider. Definitions section.
39	Correspondent services	39	Correspondent services	Wording changes to make wording used consistent. Insertion of definitions specific to this paragraph. Paragraph 39(5) Explicit requirement to document information

				<p>about respondent institution Paragraph 39(3)(a) (c) and (e).</p> <p>Now includes reference to checking whether respondent institution is included on sanctions list. Paragraph 39(3)(b)(iv)</p>
40	Fictitious, anonymous and numbered accounts	40	Fictitious, anonymous and numbered accounts	No longer refers to IPA list of anonymous accounts.
		41	Responding to CDD requests – trustees	<p>New paragraph applicable to class 5 licenceholders. It is addressing a MONEYVAL recommendation.</p> <p>It states that if the conditions are met a trustee may disclose any information it holds relating to the trust, beneficiaries of the trust and assets of the trust. Paragraph 41(2)</p> <p>The trustee must maintain accurate and up to date records in writing regarding basic information on regulated agents of a</p>

				<p>service providers to the trust.</p> <p>Paragraph 41(5)</p> <p>A trustee must disclose its status when entering into a business relationship or carrying out an occasional transaction with another relevant person.</p> <p>Paragraph 41(6)</p>
41	Offences	42	Offences	<p>Civil penalties now referenced in a footnote.</p> <p>Footnote 7.</p>
42	Revocations	43	Revocations	<p>The following are revoked:</p> <ul style="list-style-type: none"> (a) the Anti-Money Laundering and Countering the Financing of Terrorism Code 2015; (b) the Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Code 2018; (c) Insurance (Anti-Money Laundering) Regulations 2008; and (d) Guidance Notes on Anti-Money Laundering and Preventing the Financing of Terrorism for

				insurers (Long term business).
--	--	--	--	--------------------------------