ISLE OF MAN
FINANCIAL SERVICES AUTHORITY

Lught-Reill Shirveishyn Argidoil Ellan Vannin

Feedback Statement

Financial Services (Miscellaneous Provisions) Bill

FS26-04

Issue Date: 14 April 2026

Executive Summary

Purpose of the Feedback Statement

This Feedback Statement sets out the response of the Isle of Man Financial Services Authority ('the Authority') to consultation feedback on the **Financial Services (Miscellaneous Provisions) Bill**. The consultation sought views on proposed amendments to four core regulatory Acts:

- Financial Services Act 2008 ('FSA08')
- Collective Investment Schemes Act 2008 ('CISA08')
- Insurance Act 2008 ('IA08')
- Designated Businesses (Registration and Oversight) Act 2015 ('DBROA15').

The proposals aimed to modernise the legislative framework, strengthen regulatory effectiveness, and maintain alignment with international standards.

Consultation Overview

The consultation ran from **27 June to 1 September 2025**, following an extension from the original closing date. It generated **36 responses** from a broad range of stakeholders, including regulated entities, designated businesses, industry associations, professional bodies, and government agencies.

Stakeholder Engagement

Respondents provided detailed feedback on most clauses of the draft Bill. The Authority is grateful for the constructive engagement and remains committed to ensuring that the Isle of Man's regulatory framework is robust, proportionate, and internationally respected.

The Authority has worked with HM Attorney General's Chambers to revise the Bill and is hopeful that this Feedback Statement provides a comprehensive explanation of the post-consultation changes.

Key Themes from Responses

- **Support for Modernisation and International Alignment** – Some endorsement of efforts to update legislation and meet global standards (see 2.3.1).
- **Concerns About Scope and Proportionality** – Calls for clear definitions, safeguards, and proportional application of new powers (see 2.3.2).
- **Appeals and Due Process** – Emphasis on retaining accessible and fair appeal rights (see 2.3.3).
- **Transparency and Guidance** – Requests for clarity on processes and further consultations on secondary legislation (see 2.3.4).
- **Impact on Recruitment and Competitiveness** – Concerns that increased personal liability could deter senior professionals (see 2.3.5).
- **Technical and Drafting Suggestions** – Numerous points to improve clarity and consistency across Acts (see 2.3.6).

Main Outcomes and Changes to the Bill

Following review of consultation feedback, the Authority has made significant refinements to the proposals in the original Bill, including:

- **Civil Penalty Provisions:**
  - To incorporate more structure and requirements in the Acts (primary legislation) as opposed to civil penalty regulations (secondary legislation). Safeguards and implementation will require secondary legislation and associated guidance (see 3.2.1).
  - To define persons in-scope as those persons in Controlled Functions (or equivalent) for regulated entities and designated businesses (such as Controllers, Directors and Key Persons) (see 3.2.1).
- **Warning Notice Provisions** – Proposed extension to persons in non-Controlled Functions withdrawn and deferred for further consideration (see 3.2.2).
- **Appeal Provisions** – Retained right to appeal against directions to provide information under Schedule 2 to FSA08 (see 3.2.3).
- **Reasonable Grounds Provisions**– Reinstated in key provisions across Acts following unintended omission in drafting process (see 3.2.4).
- **Guidance Provisions** – Removed original proposals seeking to clarify impact of following / not following guidance to avoid unintended consequences (see 3.2.5).

Other proposals were clarified, narrowed, or deferred for future review.

Impact and Rationale

The Revised Bill aims to enhance the Authority's ability to act proportionately and effectively while maintaining alignment with international standards set by bodies such as the Financial Action Task Force, Basel Committee on Banking Supervision, International Association of Insurance Supervisors and International Organization of Securities Commissions. Changes reflect stakeholder feedback and aim to balance regulatory objectives with the Island's competitiveness and reputation.

Next Steps

The Authority is progressing the Revised Bill through the legislative process in Tynwald. The Bill was introduced into the branches of Tynwald on 31 March 2026. Work on the necessary secondary legislation for the revised civil penalty regime would be subject to separate consultation and parliamentary approval. Updated guidance will also be consulted on at the same time as the secondary legislation to support clarity and compliance.

Contents

Glossary

the Acts	Refers to the FSA08, CISA08, IA08 and DBROA15
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
Authority	Isle of Man Financial Services Authority
CISA08	Collective Investment Schemes Act 2008
Clause ('c.')	Clause (of the Draft Bill)
the consultation	Consultation Paper on the Financial Services (Miscellaneous Provisions) Bill, 27 June to 1 September 2025[1]
Controlled Function	Any of the Controlled Functions for a regulated entity set out in Appendix 2 of the Authority's Regulatory Guidance on Fitness and Propriety[2]
DBROA15	Designated Businesses (Registration and Oversight) Act 2015

[1] https://consult.gov.im/financial-services-authority/financial-services-miscellaneous-provisions-bill/
[2] https://www.iomfsa.im/media/3289/regulatoryguidancefitnessandpropriety.pdf

Draft Bill	Draft Financial Services (Miscellaneous Provisions) Bill V07 (2025 Consultation Version)
F&P	Fitness and Propriety
FSA08	Financial Services Act 2008
IA08	Insurance Act 2008
Paragraph ('p.')	Paragraph (of a Schedule to an Act)
RBSA00	Retirement Benefits Schemes Act 2000
Revised Bill	Financial Services (Miscellaneous Provisions) Bill V13 (Post-Consultation Version)
Schedule ('Sch.')	Schedule (to an Act)
Section ('s.')	Section (of an Act)

1. Background

This Feedback Statement is issued by the Isle of Man Financial Services Authority ('the Authority'), which is the regulatory body for financial services in the Isle of Man. This Feedback Statement follows the Consultation Paper (CP25-01) on the **Financial Services (Miscellaneous Provisions) Bill** ('the consultation').[3]

The consultation ran for nine weeks from 27 June 2025 until 1 September 2025. The original closing date was extended from 8 August 2025 to 1 September 2025 following requests from some respondents for additional time to consider the proposals and provide feedback.

The purpose of the consultation was to obtain views in relation to the draft Financial Services (Miscellaneous Provisions) Bill V07 ('Draft Bill'). The Draft Bill proposed amendments to the following Acts of Tynwald:

- Financial Services Act 2008 ('FSA08')
- Collective Investment Schemes Act 2008 ('CISA08')
- Insurance Act 2008 ('IA08')
- Designated Businesses (Registration and Oversight) Act 2015 ('DBROA15').

The proposed amendments sought to update the Acts and covered various matters. They were intended to clarify and enhance the Isle of Man's regulatory and oversight frameworks, reflect changes to international standards, and safeguard the Island's reputation as a well-regulated jurisdiction for financial services.

The Authority has contacted the recipients listed in Appendix A (List of Specific Recipients of this Feedback Statement) directly to provide a link to this Feedback Statement.

This Feedback Statement was published later than planned due to the high volume of comments received on the consultation version of the Bill, the resulting time taken to make post-consultation amendments to the Bill, and limited legislative drafting capacity due to a high volume of Bills being introduced into, and progressed through, Tynwald since 2025.

2. Summary of Responses

2.1 Overview

The consultation generated a significant number of responses, with detailed feedback received on most clauses of the Draft Bill. Respondents represented a broad cross-section of the Island's financial services sector, including deposit takers, insurers, trust and corporate service providers, law firms, industry associations, and Isle of Man Government agencies.

The Authority is grateful to all respondents for their valuable contributions and remains committed to maintaining a robust, fair, and internationally respected regulatory framework for the Isle of Man's financial services sector.

[3] https://consult.gov.im/financial-services-authority/financial-services-miscellaneous-provisions-bill/

2.2 Response Breakdown

The Authority received 36 separate responses to the consultation as follows:

Respondent Type	Responses
Regulated Entities	22
Designated Businesses	5
Industry Associations	6
Isle of Man Government Agencies	2
Other	1
Total	**36**

2.3 Main Themes

2.3.1 Support for Modernisation and International Alignment

Some respondents welcomed the Authority's efforts to modernise the Island's regulatory framework and many acknowledged the need for the Island to align with international standards, particularly in areas such as AML/CFT and the introduction of proportionate sanctions for individuals as required by international bodies.

2.3.2 Concerns About Scope and Proportionality

A recurring theme was the need for clarity and proportionality in the application of new powers, especially regarding civil penalties for certain individuals and the extension of warning notice powers. Respondents emphasised the importance of targeting enforcement at senior decision-makers and ensuring that penalties are reserved for serious or egregious breaches. There were calls for clear definitions in primary legislation, particularly around who may be subject to individual penalties, and for robust safeguards to prevent disproportionate or retrospective application.

2.3.3 Appeals and Due Process

Many respondents expressed concern about proposed changes to appeal rights, particularly the removal or narrowing of the right to appeal certain Authority decisions to the Financial Services Tribunal. Respondents stressed the importance of maintaining accessible and proportionate avenues for challenge.

2.3.4 Transparency and Guidance

Respondents requested greater transparency around the Authority's processes for the various provisions in the Bill, e.g. how fees are set, how public statements are made, and how guidance is issued and used in enforcement. There was strong support for further consultation on secondary legislation and for the publication of clear, practical guidance to accompany any new powers.

2.3.5 Impact on Recruitment and Competitiveness

Several submissions highlighted concerns that increased personal liability and uncertainty could deter experienced professionals from taking on key roles, potentially impacting the Island's ability to attract and retain talent in the financial services sector.

2.3.6 Technical and Drafting Suggestions

Numerous technical drafting points were raised, including requests for clarification of definitions, alignment of terminology across different Acts, and suggestions to ensure consistency with international best practice.

3. Outcome of Consultation and Resulting Actions

3.1 Overview

The Authority considered all consultation feedback received and worked with the drafting team at the Attorney General's Chambers to produce a Revised Bill. This section explains the Authority's review of consultation responses and sets out the resulting actions, including amendments to the Bill, clarifications, and provisions deferred for future consideration.

3.2 Key Outcomes

The following subsections summarise the most significant outcomes of the consultation, grouped by key areas of change and clarification.

3.2.1 Revised Civil Penalty Provisions

The Authority reviewed consultation feedback on the proposed extension of the civil penalty framework to bring certain individuals into scope. Respondents raised concerns about scope, proportionality, and potential impacts on the Island's competitiveness.

Authority Response

After careful consideration of consultation feedback, the Authority has revised the civil penalty framework to provide greater clarity, structure and reassurance around the scope and operation of these powers, particularly in relation to individuals.

In response to concerns about proportionality and personal liability, the revised approach places more substantive requirements and constraints in the primary legislation, rather than relying predominantly on secondary legislation. The revised penalty provisions are structured with three limbs: (1) penalties for regulated entities / designated businesses; (2) penalties for certain individuals; and (3) penalties for persons in breach of prohibitions.

Civil penalties for individuals are now expressly scoped to those performing Controlled Functions (or equivalent) for regulated entities and designated businesses, such as Directors, Controllers and Key Persons. This ensures that the regime is targeted at senior decision-makers and individuals with significant governance, compliance or risk management responsibilities, and does not apply to staff in non-Controlled Functions.

The revised provisions also clarify the statutory threshold for imposing a civil penalty on an individual in a Controlled Function (or equivalent). A civil penalty could only be imposed

where a firm has committed or caused a significant and material contravention, and where that contravention is attributable to the individual through their consent, connivance or negligence. This is intended to ensure that penalties are reserved for serious matters and that diligent individuals acting in good faith are not sanctioned for failures beyond their control.

Civil penalties are positioned as part of a tiered enforcement framework, generally sitting between supervisory tools (such as supervisory engagement, warning notices or directions) and more severe sanctions (such as prohibitions, revocation of authorisations, licences or registrations, or criminal prosecution). This provides the Authority with a proportionate enforcement option in cases where more intrusive sanctions would be inappropriate, while ensuring that meaningful action can be taken in response to serious misconduct.

In addition, the revised framework is subject to a comprehensive package of statutory, procedural and parliamentary safeguards designed to ensure fairness, transparency and appropriate oversight. These include, among other matters, prospective application of new powers, clear separation from criminal proceedings, governance and decision-making safeguards, rights of appeal, and requirements for consultation on secondary legislation and guidance, with the secondary legislation subject to Tynwald approval.

A full explanation of the revised civil penalty framework, including consultation feedback, thresholds, safeguards, international context and implementation arrangements, is set out in Appendix C (Revised Civil Penalty Provisions).

3.2.2 Revised Warning Notice Provisions

The Authority considered feedback on the proposed extension of warning notices to individuals who are, or have been, employees of a permitted person. Respondents raised concerns about scope, proportionality, and the need for clear definitions and safeguards. The proposal aimed to introduce warning notices as a proportionate regulatory tool, offering an alternative to severe measures such as individual prohibition.

Authority Response

After reviewing the feedback, the Authority has removed these provisions from the Bill. If, following consideration, the proposal is revisited, any proposed changes to legislation will be consulted on afresh.

3.2.3 Revised Appeal Provisions

The Authority considered feedback on the proposal to remove the right to appeal certain directions to the Financial Services Tribunal, specifically directions issued under paragraph 2 of Schedule 2 to the FSA08 (requiring information to be supplied to the Authority). Respondents expressed concerns about limiting appeal rights, which serve as an important safeguard within the regulatory framework.

Authority Response

While the Authority noted that appeals in this area have, at times, posed risks to regulatory effectiveness and consumer protection, it concluded that the appeal mechanism remains a critical safeguard. Accordingly, the proposed change has been withdrawn. Existing provisions continue to apply, meaning directions (including those restricting onboarding of new clients) remain subject to appeal under current legislation.

3.2.4 Reasonable Grounds Provisions

Respondents highlighted the removal of the 'reasonable grounds' standard from section 10(1) of the FSA08.

Authority Response

Whilst the Authority is under an ongoing obligation to act reasonably in exercising its functions (as a matter of public law), the Authority recognises that the 'reasonable grounds' wording provides an important safeguard and assurance, and expressly reflects established practice. The Bill has therefore been updated to reinstate the requirement that the Authority may act 'on reasonable grounds' when issuing a direction under section 10(1) FSA08. To maintain consistency across the regulatory framework, equivalent amendments have also been made to:

(a) Section 11A(1) (persons unfit to be members of governing body), CISA08;
(b) Section 29(1) (connected persons), IA08;
(c) Section 9(3) (grant or refusal of registration), DBROA15; and
(d) Section 26A (directions: persons unfit to be specified persons), DBROA15.

3.2.5 Guidance Provisions

The Authority considered feedback on proposed amendments to the following provisions to clarify the effect of a person following (or not following) guidance:

(a) Section 12 (guidance), FSA08;
(b) Section 20 (guidance), CISA08; and
(c) Section 51 (guidance notes), IA08.

Respondents expressed concerns that the changes could elevate guidance to quasi-legislative status, create uncertainty about its legal effect, and risk arguments over retrospective application. Several also suggested defining guidance and its publication requirements in law.

Authority Response

The original policy intent was to reinforce that guidance operates as a safeguard for entities that follow it, not to create binding obligations. Courts already have discretion to treat guidance as persuasive where relevant, and the proposed amendments sought to reflect this practice. However, consultation feedback highlighted risks of misunderstanding and unintended consequences. After review, the Authority has decided not to proceed with these proposed amendments. These provisions have been removed from the Bill, preserving the current legal position and avoiding unintended consequences.

3.3 Table of Proposed Amendments, Response Summary and Outcomes

Appendix B (Table of Proposed Amendments, Response Summary and Outcomes) lists the consultation proposals (original clause references in the Draft Bill (V07) and explanations), summarises consultation feedback, explains the Authority's response and lists new clause references in the Revised Bill (V13) (where appropriate).

3.4 Retirement Benefits Schemes Act 2000

The Draft Bill did not propose any changes to the RBSA00, which is the current enactment for the regulation of retirement benefits schemes (pension schemes). This is because the Authority is progressing a separate **Retirement Benefits Schemes (Amendment) Bill** as part of proposals to modernise the pensions regulatory framework, strengthen consumer protection and align with international standards.

The Authority ran a public consultation on the Retirement Benefits Schemes (Amendment) Bill ('Pensions Bill') from 4 July to 1 September 2025.[4] The Feedback Statement was published on 4 February 2026.[5] The Bill was finalised and introduced into the branches of Tynwald on 24 March 2026.[6]

As part of the post-consultation changes to the civil penalty provisions in the Financial Services (Miscellaneous Provisions) Bill, the changes to section 50 (civil penalties) of the RBSA00 were moved from the separate Pensions Bill into the Revised Bill. These changes are shown in Appendix B (Table of Proposed Amendments, Response Summary and Outcomes) against the new clause 98.

3.5 Other Matters Raised Not Related to Bill

The Authority received some feedback and suggestions in consultation responses that did not relate directly to the Bill. These items will be used to inform the Authority's future work. Below is a summary of the topics covered:

A. Consultation Process:

- Concerns the consultation period was too short, particularly given the complexity of the proposals and timing over the summer period.
- Feedback that supporting materials (including legislative mark-ups) were not always sufficiently clear or aligned, making review more challenging.

B. Regulatory Framework and Policy Development:

- Requests to clarify or formalise requirements relating to wind-down planning for regulated entities.
- Suggestions that the broader regulatory framework should be updated to better accommodate digital assets, tokenisation and fintech developments.

[4] https://consult.gov.im/financial-services-authority/retirement-benefits-schemes-amendment-bill/
[5] https://consult.gov.im/financial-services-authority/retirement-benefits-schemes-amendment-bill/results/feedbackstatement-retirementbenefitsschemesamendmentbill.pdf
[6] https://www.tynwald.org.im/business/bills

C. Collective Investment Schemes ('CISA08'):

- Concerns regarding section 8 of the CISA08 following recent case law, particularly in relation to limitations of liability and the potential impact on service providers and market competitiveness.
- Suggestions to amend the scope of Schedule 3 to CISA08 to exclude certain closed-ended limited partnerships.

D. Insurance Regulatory Framework ('IA08'):

- Suggestions to extend provisions relating to schemes of transfer to non-long-term (general) insurance business.
- Requests to include additional provisions analogous to those in the FSA08 and UK legislation.
- Queries as to whether powers similar to those proposed in the IA08 could be introduced into the FSA08.

E. AML/CFT and Supervisory Expectations:

- Requests for clearer guidance on the use of digital KYC/AML solutions.
- Concerns regarding requirements relating to commercially exposed persons ('CEPs'), including proportionality and alignment with international practice.

F. Enforcement Framework and Regulatory Approach:

- Concerns regarding the perceived proportionality of enforcement outcomes, including public statements and financial penalties.

G. Observations on the Enforcement Decision-Making Process, including:

- The discretion to suspend or adapt the process;
- The structure of settlement discussions;
- The requirement to waive appeal rights; and
- The involvement of members of the Authority's executive team in decision-making processes.

H. Financial Services Rule Book and Sector-Specific Requirements (including Class 8 (Money Transmission Services)):

- Suggestions for restructuring the Rule Book to improve clarity and usability.
- Recommendations regarding controlled functions, including residency requirements and conflicts of interest.

I. Detailed Technical Feedback on Electronic Money ('e-money') Provisions, including:

- Treatment of funds in transit;
- Safeguarding and multi-currency arrangements;
- Reconciliation requirements; and
- Treatment of dormant accounts.

J. Competitiveness and Attractiveness of the Jurisdiction

- Concerns that increasing regulatory and enforcement measures may impact the Isle of Man's attractiveness as a financial services jurisdiction.
- Observations regarding the cumulative cost and regulatory burden on industry.

Authority Response

The Authority acknowledges the feedback received in relation to the consultation period and supporting materials. The timescales for consultation were influenced by the need to progress the Bill within the current legislative timetable. The Authority recognises the challenges this presented and will take these considerations into account in planning future consultations. The Authority also notes the high level of engagement from industry and is grateful for the detailed and constructive feedback received.

The additional matters described fall outside the scope of this Bill and have therefore not been addressed through the legislative amendments proposed. However, the Authority acknowledges their importance and confirms that these points will be considered, where relevant, as part of future policy development, legislative reviews and ongoing supervisory and guidance work.

The Authority will continue to engage with industry stakeholders on these matters through its established consultation and engagement processes.

4. Impact Assessment

The legislative changes proposed in the Bill are intended to update, clarify and enhance the Isle of Man's frameworks for oversight of regulated entities and designated businesses. They aim to align the Island's legislation with evolving international standards and reinforce its standing as a well-regulated jurisdiction for financial services.

The scope and significance of the proposed changes vary. Some amendments are intended to harmonise existing provisions promoting greater consistency and coherence across the legislative framework. Others, such as enhancements to the Authority's ability to take regulatory action in place of criminal proceedings are focused on improving the efficiency, effectiveness, and proportionality of regulatory responses, while ensuring continued alignment with global best practice.

Given the broad application of the legislation across multiple sectors and business sizes, the impact of the proposals will differ depending on the nature and scale of each entity. The consultation provided stakeholders with an important opportunity to review the proposed changes and offer feedback to help ensure the final legislation is effective and proportionate.

In response to the consultation, the Authority has made changes to the Bill. Some proposals have been narrowed, some have been refined or clarified, some have been further explained, and others have been removed from the Bill.

5. Next Steps

Following consideration of responses to the consultation, the Authority has worked with the drafting team at HM Attorney General's Chambers to produce the Revised Bill, which incorporates post-consultation changes.

The revised **Financial Services (Miscellaneous Provisions) Bill 2026** has been approved by the Treasury and Council of Ministers, and was introduced into the branches of Tynwald on 31 March 2026. The Bill, which includes the Explanatory Memorandum, and the Authority's Explanatory Notes are available on the Bills webpage on the Tynwald website.[7]

The Revised Bill is included in Appendix D. The Bill details the changes it would make to other legislation. Updated versions of the following enactments have been prepared to show how they would read 'as amended' by the Bill. This helps show the context of each amendment:

- Appendix E – Financial Services Act 2008 (As Amended)
- Appendix F – Collective Investment Schemes Act 2008 (As Amended)
- Appendix G – Insurance Act 2008 (As Amended)
- Appendix H – Designated Businesses (Registration and Oversight) Act 2015 (As Amended)

6. Questions

In case of any query on this Feedback Statement please contact —

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If you have a query in relation to how the related consultation was carried out, please contact the Authority's Policy & Risk Division by email at Policy@iomfsa.im or by telephone on +44 1624 646000.

[7] https://www.tynwald.org.im/

Appendix A – List of Specific Recipients of this Feedback Statement

- Alliance of Isle of Man Compliance Professionals
- Association of Chartered Certified Accountants (as designated business 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)
- Finance Isle of Man
- Financial Planners & Insurance Brokers Association
- Institute of Certified Bookkeepers (as designated business oversight body)
- Institute of Chartered Accountants in England and Wales (as designated business oversight body)
- Institute of Directors (Isle of Man branch)
- Institute of Financial Accountants (as designated business oversight body)
- Insurance Institute of the Isle of Man
- Isle of Man Association of Pension Scheme Providers
- Isle of Man Bankers Association
- Isle of Man Captive Association
- Isle of Man Chamber of Commerce
- Isle of Man Government, Cabinet Office
- Isle of Man Government, Department for Enterprise
- Isle of Man Government, The Treasury
- Isle of Man Insurance Association
- Isle of Man Law Society
- Isle of Man Law Society (as designated business 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
- Society of Trust and Estate Practitioners (Isle of Man branch).

Appendix B – Table of Proposed Amendments, Response Summary and Outcomes

1. Amendments to the Financial Services Act 2008

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.1	N/A	Short Title of the Draft Bill.	No issues raised.	No further comments.	c.1
c.2	N/A	Commencement Provisions of the Draft Bill.	No issues raised.	No further comments.	c.2
c.3	N/A	Gives effect to the amendments to the FSA08.	No issues raised.	No further comments.	c.3
c.4	N/A	General amendment to replace references to 'sub-paragraph' with 'subparagraph'.	No issues raised.	No further comments.	c.4
c.5	**s.4 (general prohibition), FSA08**	This would amend s.4 FSA08 to explicitly state that the general prohibition to carrying on regulated activity without a licence also applies when a licence is suspended.	Respondents raised concerns about the practical and client-facing consequences of licence suspension. In particular, they noted that a suspended licenceholder may be unable to continue performing regulated activities for existing clients, including providing operational support or assisting with orderly transitions to alternative providers. It was also highlighted that clients who rely on those regulated services could themselves be prevented from operating effectively, potentially creating financial, operational and reputational risks across the sector. Respondents asked that these implications be clarified and appropriately reflected in the framework. Respondents also raised concerns about the potential commercial impact of licence suspension, noting that even temporary suspensions could render a business unviable, particularly in fast-moving sectors such as technology and financial services. Linked to this, questions were raised about how the prohibition on "holding out" as authorised would operate during a period of suspension, with some respondents noting that an inability to present as licensed could effectively halt all new business and create risks of inadvertent non-compliance. Several respondents emphasised the importance of procedural safeguards, querying whether licenceholders would have a meaningful opportunity to challenge a suspension before it takes effect and seeking clarity on the timeliness and structure of the appeal process.	**Outcome** The proposed amendments to s.4 will be retained without further change. **Explanation** Existing supervisory powers and safeguards address the issues raised, and c.5 provides necessary legal certainty. The amendment clarifies that when a licence is suspended, the holder cannot conduct regulated activity, and the general prohibition applies throughout the suspension. No further legislative change is required for the following reasons: • The legislative framework already provides mechanisms to manage client risk prior to suspension, including the use of targeted supervisory directions such as restricting new business. Once a licence is suspended, regulated activity is prohibited under the Act and any transitional or continuity arrangements must therefore be addressed in advance through the Authority's existing powers. • The Authority applies suspension only where it is necessary and proportionate, having regard to risks to clients and the wider market. Where continuity of operations is critical, the Authority may utilise alternative regulatory tools, including directions, the appointment of a reporting accountant or a business manager, to support orderly outcomes and safeguard affected parties. • The Authority considers that it must retain the ability to act immediately in urgent circumstances to protect consumers and maintain confidence in the regulatory regime. Procedural safeguards exist through the Enforcement Decision-Making Process and the right of appeal to the Financial Services Tribunal. Requiring suspensions to await the outcome of appeals would materially undermine the Authority's ability to intervene swiftly where risks arise. • Regarding the operation of the "holding out" prohibition during a suspension, a suspended entity must not present itself as authorised or as able to carry on regulated activity, which follows directly from the general prohibition in s.4 and reflects established regulatory practice in comparable jurisdictions. The Authority	c.5

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			One respondent expressed general agreement with the proposed amendment.	considers the current drafting to be clear and appropriate and does not propose any legislative change.	
c.6	**s.9 (revocation or suspension of a licence), FSA08**	The requirement for a licenceholder to be fit and proper to carry on regulated activity is a continuing requirement and is not only relevant at the time of application. This would amend s.9 FSA08 to make this point explicit by clarifying that a possible reason for revocation or suspension of a licence is because the licenceholder is no longer fit and proper.	Respondents raised a number of concerns in relation to the proposed insertion of s.9(1A) FSA08, with many comments focusing on the wider suspension and revocation framework rather than solely on the specific drafting amendment. Several respondents queried the proposal to make loss of fitness and propriety an explicit statutory ground for suspension or revocation. They suggested that, if included in legislation, the concept should be defined objectively in statute, noting that reliance on regulatory guidance could introduce subjectivity. Respondents also sought greater clarity on how fitness and propriety would be assessed in practice, the criteria that would inform suspension or revocation decisions, and the procedural safeguards available to licenceholders. Concerns were raised about the potential impact of suspension on client business continuity, including disruption to services and possible financial and reputational harm. It was noted that appeals would take effect only after a decision had been implemented, which could result in immediate consequences for businesses. Some respondents questioned how and when the Authority would exercise the power, whether the amendment would alter the threshold for regulatory intervention, and how disagreements over assessments of fitness and propriety would be resolved. One respondent expressed clear support for the proposed amendment.	**Outcome** Section 9(1A) will not be inserted. The Bill has been revised to remove the proposed amendment. **Explanation** Having considered the feedback raising concerns about interpretation, overlap, and potential uncertainty, the Authority determined that the amendment was not necessary. Section 9 already provides a general power to suspend or revoke a licence, and the proposed s.9(1A) was intended to illustrate that loss of fitness and propriety could be a basis for exercising that power, rather than to introduce a new ground or alter the statutory threshold. In relation to the definition of fitness and propriety, the Authority considers that a statutory definition is not appropriate. The existing approach applies principles-based and evaluative assessments, with expectations set out in regulatory guidance which can be updated as required. No legislative change is therefore being made in this area. With regard to procedural safeguards, the existing statutory requirements remain unchanged. These include the provision of written notice and reasons for any suspension or revocation decision, the Authority's established enforcement decision-making process, and the right of appeal to the Financial Services Tribunal. The Authority will consider whether additional non-legislative explanatory material may assist in providing further clarity. Concerns about the potential impact of suspension on client business continuity are addressed separately under c.5 of the Bill. The Authority considers that the current framework already provides flexibility in the use of supervisory and enforcement tools, and that no amendment to s.9 is required for this purpose. Finally, as the proposed s.9(1A) has been removed, the statutory threshold for suspension or revocation remains unchanged, and the Authority does not consider that the Bill alters when or how these powers may be exercised.	Removed
c.7	**s.10 (fitness and proprietary), FSA08**	This would amend s.10 FSA08 to clarify that the licenceholder must satisfy the Authority as to the fitness and propriety of a person to be appointed as a director or key person, or to become a controller, of the licenceholder – even if that person was previously approved.	Respondents generally welcomed the clarification of the fitness and propriety framework but raised a number of issues in relation to the proposed amendment to s.10(1) FSA08. One respondent questioned whether reliance on existing fitness and propriety guidance may have	**Outcome** Section 10(1) FSA08 has been further revised to reinstate the requirement that the Authority act on "reasonable grounds". Equivalent amendments have been made to s.9(3) DBROA15, s.11A CISA08 and s.7 IA08.	c.6

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		This would fully align the provision with the Regulatory Guidance on Fitness and Propriety (4 July 2024) and the associated fitness and propriety assessment processes for Controlled Functions within regulated entities.	been ultra vires and what implications this could have for historic enforcement activity. Several respondents suggested changes aimed at improving regulatory efficiency and reducing industry burden. These included the creation of a public register of approved individuals, similar to the approach used by the UK Financial Conduct Authority, and the introduction of a notification-only process for certain role changes within an existing approved class where no new concerns arise. A number of respondents expressed concern about the removal of the explicit "reasonable grounds" wording from s.10(1), viewing it as an important procedural safeguard and calling for its reinstatement. It was also proposed that previous acceptance of an individual should remain a relevant, though not decisive, consideration in future fitness and propriety assessments. Requests were made for further guidance on how the fitness and propriety process would operate in practice. One respondent expressed clear support for the proposed amendment.	The text "*(whether or not that person is or has previously been considered as such a fit and proper person)*" has also been removed from s.10(1) FSA08. **Explanation** In relation to concerns that reliance on regulatory guidance might have been *ultra vires* or could affect historic enforcement decisions, the Authority considers that the amendment does not alter the legal status of existing guidance or imply that past practice was outside statutory powers. The fitness and propriety framework has operated within the Authority's legislative remit, and the amendment was intended to clarify the respective roles of licenceholders and the Authority in the assessment process. Suggestions for a public register of approved individuals and for a notification-only process for certain role changes were noted. The Authority considers that these proposals fall outside the scope of this Bill and would require separate policy development and consultation. The existing framework, which assesses fitness and propriety in the context of each licenceholder and appointment, remains unchanged. Regarding the removal of "reasonable grounds" from the proposed wording of s.10(1), the Authority recognises that this wording provides clarity and reflects established regulatory practice. Section 10(1) has therefore been amended to reinstate this requirement, with equivalent changes made across related legislation. The Authority agrees that previous approvals may be taken into account but cannot be determinative, as each assessment must be made in the context of the specific role and circumstances. This approach will continue to be addressed through guidance and supervisory engagement rather than through statutory amendment. Finally, requests for additional guidance on the fitness and propriety process were noted. The Authority will continue to maintain and update regulatory guidance as appropriate. No further legislative changes are being made for this purpose.	
c.8	**s.11 (warning notices), FSA08**	Currently, the power to issue a warning notice applies only to individuals who are (or have been) directors, controllers or key persons of a permitted person. Warning notices state that the Authority has grounds to believe that activities or circumstances specified in the notice are prejudicial to the individual's F&P (s.11(2) FSA08). This would amend s.11 FSA08 to widen the warning notice power to include (only if appropriate) individuals who are, or have been, employees of a permitted person (defined in s.35(1) FSA08 as former and current licenceholders and persons who are exempt from the provisions of the FSA08).	Respondents broadly opposed the proposed extension of the warning notice regime to individuals who do not hold controlled functions, as well as the associated expansion of the disclosure power. A number of respondents highlighted difficulties in assessing culpability for individuals without defined regulatory responsibilities, fitness and propriety requirements, or formal authority within a regulated entity. It was noted that the consultation did not explain clearly how such assessments would operate in practice. Concerns were raised that the proposals could result in unfair attribution of responsibility to	**Outcome** Section 11(1A) (extending the warning notice regime to individuals in non-controlled functions) and s.11(7)(b)(iii) (expanding the disclosure power accordingly) will not be inserted. The Bill has been revised to remove the proposed amendment. Throughout s.11, references to "principal control officer" have been changed to "key person" to align with other changes made to the IA08. **Explanation** Respondents raised substantial and consistent concerns regarding the scope, fairness, and operation of the proposed extension of the warning notice regime, as well as the potential consequences for individuals and the wider market. While individuals who undertake regulated activities on behalf of permitted persons fall within the regulatory perimeter and can be subject to relevant obligations, the	c.7

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		The reason for the change is that the Authority sometimes faces situations where it may be appropriate to issue a warning notice to an individual who holds (or previously held) a non-Controlled Function with a permitted person. The Authority would not wish to review such an individual's F&P as a matter of course, nor have them treated as key persons etc. However, without the ability to issue a warning notice, the only action the Authority can take against the individual is to prohibit them from undertaking regulated activity. Prohibition is a public regulatory sanction and has a significant impact on individuals. A decision to prohibit an individual is not taken lightly. An individual who is not in a Controlled Function may have been involved in regulatory failure, but their actions may not warrant a prohibition. A warning notice that their actions are considered prejudicial to their F&P would allow the Authority to take a more proportionate response. This provision would also amend s.11(7)(b) FSA08 to permit the Authority to disclose the circumstances surrounding the warning notice to certain persons who — • have received an employment application from the individual who is subject to the warning notice, and • where the individual, if successful, would be in a Controlled Function or otherwise employed by the person. This can only take place if the warning notice is still in effect. No changes are proposed to: the right of appeal; the maximum permitted time the warning can remain in effect (three years years); and the warning remains a discrete (rather than public) matter.	junior staff or third parties for matters beyond their control, with associated risks of reputational harm and legal challenge. Some respondents also questioned whether the proposals would extend the Authority's remit beyond regulated persons and activities, including potential implications under human rights legislation. Several respondents considered the scope of the drafting to be overly broad, as it could capture all employees and external advisers such as lawyers and auditors. Many suggested that, if progressed, the regime should be limited to individuals with defined responsibilities or material involvement in regulatory failings. Respondents also pointed to potential impacts on employment and the wider market, including concerns that the proposals could deter individuals from working in the sector, affect recruitment and retention, particularly in support and mid-level roles, and discourage third parties from engaging with regulated firms. Strong opposition was expressed to the proposed disclosure of warning notices to current and prospective employers, due to the risk of long-term career consequences and the absence of clear standards, thresholds, and consequences associated with disclosure. Calls were made for clearer definitions and procedural safeguards, including clarity on what would constitute a "significant contribution" to a regulatory failing when disclosure would be considered appropriate, the seriousness of conduct giving rise to warning notices, and the rights of individuals to respond to, appeal, or challenge decisions. Finally, respondents identified drafting and terminology issues which they considered unintentionally widened the scope of the regime, including the introduction of new or inconsistent terms such as "notified person" and references to roles beyond those currently covered by the Act.	feedback highlighted significant risks of uncertainty and disproportionate impact where individuals do not hold controlled function roles. Warning notices are intended to operate as a proportionate and non-public supervisory tool, providing an alternative to 'not fit and proper' directions or prohibitions where concerns arose about conduct but did not warrant a more severe regulatory response. However, respondents identified a range of issues relating to objectivity, attribution of responsibility, employment impacts, and the breadth of the proposed drafting, as well as concerns about the disclosure of warning notices to current and prospective employers. In light of the strength and consistency of the feedback, the Authority has decided not to proceed with the proposed amendments at this stage. The provisions have therefore been removed from the Bill to allow time for further consideration of whether, and how, any future framework could be developed with clearer scope, defined safeguards, and appropriate procedural protections. The term "principal control officer" has been replaced by "key person" in the IA08 and thus is amended in other regulatory legislation.	

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.9	**s.12 (guidance), FSA08**	Section 12 FSA08 currently provides for the issuance of guidance (which is non-legislative), which can cover various matters, including how to comply with legislation. However, there is currently no provision in the FSA08 to indicate the effect of complying with guidance (or not). This would amend s.12 FSA08 to explain the effect of complying with guidance (or not). The provision enables (subject to certain conditions) reliance on the guidance and the guidance itself to be admissible in civil or criminal proceedings.	Respondents expressed significant concern about the proposed amendments to s.12 FSA08 relating to the admissibility and legal status of regulatory guidance. The issues raised were consistent across submissions and strongly expressed. Many respondents objected to the proposal to make guidance admissible "as of right", on the basis that this risked elevating guidance to a status comparable with legislation. It was noted that guidance does not undergo parliamentary scrutiny and can be amended administratively, and therefore should not be treated as having statutory force. Concerns were also raised about the express admissibility of guidance in civil and criminal proceedings. Respondents emphasised that guidance is interpretative and may vary depending on the licenceholder, business model, and circumstances, and should not be applied determinatively or as a quasi-regulatory rule. Several respondents observed that courts already take guidance into account where relevant, and questioned the need for express statutory provision. A strong theme in the feedback related to the potential retrospective application of guidance, with respondents expressing concern that amended provisions could be used to apply new or revised guidance to past conduct. Respondents also queried the definition and scope of what would constitute "guidance" for legal purposes, including how guidance would be formally identified, published, or recorded, whether a register would be required, and how historic versions would be preserved or verified. Some compared the proposed drafting unfavourably with clearer legislative approaches in other statutes, such as the Proceeds of Crime Act 2008. One respondent raised concerns about wording such as "render a person liable", suggesting that it was overly broad and should be aligned with	**Outcome** The proposed new s.12(3) to s.12(5) FSA08 will not be inserted. The Bill has been revised to remove the proposed amendment. The amendment to s.12(1) has been retained. **Explanation** Respondents raised consistent and substantive concerns about the potential effect of the proposed provisions on the status and use of regulatory guidance, including the risk that guidance could be treated as having statutory force, uncertainty regarding its admissibility in legal proceedings, and the possibility of retrospective application. The Authority confirms that the amendments were not intended to elevate guidance to legislative status. The drafting sought to reflect existing judicial practice whereby guidance may be considered where relevant. However, the feedback indicated that the provisions could be interpreted as formalising guidance in a way that was not intended and could give rise to uncertainty. In light of this, the Authority has decided not to proceed with the amendments. In relation to retrospective application, the Authority reiterates that guidance is not applied retrospectively, and that only guidance in force at the relevant time is considered. As this reflects the current legal position, no legislative change is being made in this area. Suggestions regarding the definition of guidance, publication requirements, and the maintenance of historic versions were noted. The Authority considers that these matters fall outside the scope of this Bill and remain subject to existing administrative practice, with the courts continuing to determine the weight to be given to guidance in individual cases. The amendment to s.12(1) has been retained, as it serves a separate purpose and does not alter the legal status of guidance. The concerns raised in consultation related specifically to s.12(3) to s.12(5).	c.8

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			defined terms within the Act, such as "permitted person". Several respondents questioned the necessity of the amendments altogether, given existing judicial practice of treating guidance as persuasive where relevant. They expressed concern that the proposals risked formalising guidance into a quasi-regulatory instrument without equivalent procedural safeguards. A small minority of respondents supported the aim of providing greater clarity but did not offer substantive comment on the drafting.		
c.10	**s.13 (public statements), FSA08**	Section 13 FSA08 currently covers the issue of public statements by the Authority concerning any matter relating to a regulated activity or persons carrying on a regulated activity etc, if in the public interest to do so. This would amend s.13 FSA08 to allow the Authority to issue a public statement in respect of any other matter or persons relating to any of the Authority's functions under any enactment.	Respondents raised significant concerns regarding the proposed amendment to expand the Authority's ability to issue public statements. Many respondents highlighted the risk of serious commercial and reputational harm arising from public statements made on the basis of belief or suspicion prior to any final regulatory determination. It was noted that such harm could be irreversible if allegations were later found to be unfounded, and that the proposals could deter individuals from accepting directorships or controlled roles in a sector already experiencing challenges in attracting suitably qualified personnel. Concerns were also expressed about the breadth and lack of clarity of the extended power, particularly the provision allowing public statements in relation to "any other matter or persons relating to any of the Authority's functions under any enactment". Several respondents observed that the consultation did not identify what other matters or legislative functions were intended to be captured. Some also raised potential implications under human rights legislation. Multiple respondents considered the concept of "public interest" to be too broad and insufficiently defined, with a risk of subjective application. Suggestions were made to limit the temporal effect of public statements or to specify factors	**Outcome** The proposed broad extension of s.13(4) FSA08 to permit public statements in relation to the Authority's functions under any enactment has not been progressed. Instead, s.13(4) has been revised to limit the power to matters relating to regulated activities and to the Authority's functions under FSA08 only. The remaining public statement provisions in s.13, including procedural requirements and safeguards, remain unchanged. **Explanation** The Authority considers that public statements remain an important regulatory tool and does not agree that such statements should be limited to situations where investigations or enforcement processes have concluded. In some circumstances, timely disclosure may be necessary to protect consumers, maintain market confidence, or address wider public interest considerations. However, the Authority accepts that extending the power to cover functions under any enactment is broader than necessary and could give rise to uncertainty and unintended effects. The Authority has therefore decided not to proceed with the wholesale expansion proposed in the Draft Bill. Section 13(4) has instead been amended to retain the existing scope relating to regulated activities, while limiting the additional limb of the provision to matters connected with the Authority's functions under FSA08 itself. This addresses concerns about excessive breadth while preserving the Authority's ability to issue public statements where appropriate within the regulatory framework of the Act.	c.9

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			relevant to determining whether publication would be in the public interest. A number of respondents commented on the Authority's past use of public statements relating to enforcement outcomes, noting that information on financial penalties had not always been accompanied by sufficient contextual explanation. They suggested that guidance or good-practice material should be provided alongside public statements to explain how conclusions were reached and to assist firms in improving compliance. Several respondents objected to the extension of public statement powers beyond the regulatory perimeter of FSA08. In particular, they considered the proposed drafting to be overly wide and sought clearer parameters or illustrative examples of how such powers would operate in non-regulated contexts. Finally, while some respondents supported the general principle of public statements as a regulatory tool, they remained concerned about proportionality and scope. Others observed that separate enactments governing the Authority's other regulatory functions already include their own public-statement provisions and questioned the need to extend the FSA08 framework to cover those areas.		
N/A	**s.14 (Directions), FSA08** **NEW POST-CONSULTATION**		N/A	**Outcome** Section 14(2)(a) and (c) has been amended to include "*or to refrain from taking such action*". **Explanation** This amendment has been introduced post consultation to improve consistency across the Authority's regulatory legislation and to provide additional clarity in relation to the scope of the Authority's directions powers. Equivalent provisions in the IA08 expressly confirm that the Authority may require a person to take action or to refrain from taking action, and this amendment aligns the FSA08 with that established approach. The Authority considers this to reflect the existing legal position and supervisory practice, and to provide greater certainty going forward. It is not considered to be material in nature.	c.10 NEW

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.11	**s.16 (civil penalties), FSA08**	International standards require financial services regulators to have the power to impose civil penalties (i.e. financial penalty) not only on regulated entities but also on certain individuals. This is essential for maintaining an effective sanctions regime and a credible deterrent. Currently, the Authority has the power to impose civil penalties on regulated firms, designated businesses, and, in limited cases, certain individuals. The CISA08, IA08 and DBROA15 already contain penalty provisions that could be applied to certain individuals, however the FSA08 (which covers most financial services) does not. The proposed revisions would help ensure a coherent and consistent framework across all core regulatory legislation and provide the statutory basis for new secondary legislation, which would set out a revised civil penalty framework that applied to regulated entities, designated businesses and certain individuals. This would amend s.16 FSA08 to enable the Authority to impose civil penalties on individuals who currently hold or have previously held key roles within regulated entities under the FSA08. In addition to enabling civil penalties for individuals, the proposed amendments aim to harmonise civil penalty provisions across the FSA08, CISA08, IA08 and DBROA15. This is intended to promote a more consistent and coherent regulatory approach. The proposed changes would enable the Authority to impose civil penalties on individuals who hold or have held key roles within regulated entities, such as directors and/or employees with significant decision-making power or control, where there is evidence of misconduct or regulatory failings. Importantly, these powers are intended to provide a proportionate enforcement tool and potential alternative to prohibition, enhancing the Authority's existing regulatory toolkit and fitting in with the Authority's overall enforcement approach of being reasonable, proportionate, and appropriate. They would also bring the Isle of Man's regime in line with international standards and practices in other jurisdictions. A decision to impose such a civil penalty would follow the Authority's Enforcement Decision-Making Process ('EDMP') and the governance and procedural	See Appendix C (Revised Civil Penalty Provisions).	See Appendix C (Revised Civil Penalty Provisions).	c.11

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		safeguards it affords. Such decisions would also be subject to appeal to the Financial Services Tribunal. The Draft Bill sets out the statutory basis for revised civil penalty provisions, while the detailed operation of the civil penalty framework (including thresholds, procedural safeguards, and guidance) would be developed through secondary legislation, which would be subject to a separate consultation in due course. Any revised civil penalty regulations or orders would be subject to their own Tynwald process. Please see the Revised Civil Penalty Provisions – Questions & Answers document for more information.			
c.12	**New s.23A (payments of persons appointed under section 21, 22 or 23), FSA08**	The proposed new s.23A FSA08 would clarify the Authority's powers to agree funding arrangements for certain appointments of professionals (e.g. receiver, business manager, reporting accountants) in order to fulfil statutory roles in respect of licenceholders, as may be prescribed in secondary legislation.	Respondents raised a number of concerns regarding the proposed new appointee and cost recovery provisions. A central theme was the reliance on further secondary legislation which had not yet been developed or published. Respondents indicated that, without sight of the supporting regulations, it was difficult to assess the scope, operation, and practical implications of the proposals. Several respondents therefore considered that the amendments should not proceed until further consultation had taken place on the detailed regulatory framework. Concerns were also expressed about the breadth of the proposed cost recovery powers. Respondents interpreted the drafting as permitting the Authority to appoint a person, incur associated costs, and subsequently require reimbursement from a licenceholder or other connected person, without clear statutory limits. In this context, respondents questioned what safeguards would apply to ensure that recovered costs would be fair, reasonable, and proportionate, and what mechanisms would exist to challenge the basis or amount of any recovery. Respondents further sought greater clarity on the intended scope of the appointment and cost recovery powers and the circumstances in which they would be exercised.	**Outcome** The proposed appointee and cost recovery provisions have been removed from the Bill and will not be progressed at this stage. The following provisions will therefore not be inserted: 1. s.23A FSA08 2. s.15B CISA08 3. s.41A IA08 4. Related changes to p.7 Sch.5 IA08. **Explanation** In light of the issues identified and the further policy development required to establish a clear and balanced framework, the Authority has decided not to proceed with these provisions at this time. Future consideration of this policy area to be taken forward through a separate legislative process.	Removed

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			A small number of respondents expressed general support for the proposals but did not provide detailed comment.		
c.13	**s.25 (compensation schemes), FSA08**	This would amend s.25 FSA08 to broaden the Treasury's regulation-making powers to allow those regulations to require deposit takers (banks) to submit data to the Authority in respect of the depositors' compensation scheme (currently this is achieved through the Financial Services Rule Book 2016). The amendment would allow such regulations to specify fees payable to the Treasury for the costs of software design and administration in respect of this data.	Respondents raised a number of points in relation to the proposed amendments to the compensation scheme provisions. One respondent queried the continued reference to the Banking Act 1975, noting that it appeared to be historic in nature and seeking clarification as to its ongoing relevance. Concerns were also expressed about the clarity of the drafting. Respondents indicated that it was difficult to interpret the scope of the payment and funding provisions and questioned whether the proposals could require licenceholders to meet all of the Treasury's costs associated with the operation of the compensation scheme. In addition, respondents noted that the proposed new paragraph (cb) within subsection (2) did not include an explicit reasonableness qualification, in contrast to paragraph (ca). They queried whether appropriate safeguards should apply to ensure proportionality in any payments or funding requirements. A small number of respondents expressed general agreement with the proposed amendments but did not provide detailed comment.	**Outcome** Section 25(2)(cb) has been revised to clarify the recipients of payments under the compensation scheme and the scope of costs that may be funded. Other proposed amendments will be retained without further change and reference to the Banking Act 1975 remains. **Explanation** In response to concerns raised, s.25(2)(cb) has been revised to make explicit that payments may be made to the Treasury, a relevant body, or a person involved in the administration of the scheme, thereby clarifying the intended recipients of scheme funding. Section 25(2)(cb) has also been amended to confirm that payments may relate to the provision of services, including systems, connected with the administration of the scheme more generally. These changes are intended to improve interpretive clarity regarding how the scheme may be funded and operated. In respect of the absence of an express reasonableness qualification in s.25(2)(cb), the Authority considers that proportionality and fairness continue to be governed by the broader statutory framework and public law principles. No additional wording has been inserted in this respect. In relation to the reference to the Banking Act 1975, the Authority acknowledges that this is historic in nature and will review its ongoing relevance as part of a future legislative programme.	c.12
c.14	**s.26 (action for damages), FSA08**	This would amend s.26 FSA08 to clarify that 'prescribed' means 'in an order by the Authority'. The amendment would clarify that the classes of persons who may be excluded from bringing a civil action under s.26 FSA08 must be prescribed by order made by the Authority. Such an Order would be subject to Tynwald approval under the procedure set out in s.45(3) FSA08, ensuring parliamentary oversight. There is currently no Order prescribing excluded persons, and the Authority has no intention to make such an Order at the current time.	Whilst a respondent agreed with the proposed amendment, another commented that the wide ability of the Authority to prohibit actions for damages is a potential concern. In particular, it was suggested that the scope of the power warranted careful oversight given its potential effect on legal rights.	**Outcome** Section 26(4) has been further revised so that the relevant order-making power is exercisable by the Treasury rather than by the Authority. **Explanation:** Having considered the feedback, the Authority has amended the provision so that any order restricting actions for damages will be made by the Treasury rather than by the Authority. This change provides for the power to be exercised independent of the Authority. The Authority considers that this amendment addresses the concern raised while preserving the underlying policy intent of the provision.	c.13

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.15	**New s.29A (Liability in respect of trusts), FSA08**	The proposed new s.29A FSA08 is a housekeeping matter to incorporate s.3 (liability in respect of trusts) of the Fiduciary Services Act 2005 into the FSA08. This is the sole remaining provision in the Fiduciary Services Act 2005. If the change is made, that Act can be repealed.	Respondents supported the principle of transferring the trust liability provision from the Fiduciary Services Act 2005 into the Financial Services Act 2008 but raised concerns regarding the drafting used to implement the change. In particular, respondents noted that the term "provider" did not align with the terminology used in the Fiduciary Services Act 2005, which referred to a "fiduciary" engaging in regulated activity, nor with the Financial Services Act 2008, which refers to a person "carrying on" a regulated activity. Respondents also highlighted that the meaning of "regulated activity" under FSA08 is wider than under the Fiduciary Services Act 2005 and queried whether the provision might unintentionally extend protection beyond corporate and trust services, for example to other financial services activities carried on without authorisation. Alternative wording was suggested to ensure that the provision clearly applied only to corporate and trust services activities undertaken in breach of s.4, while preserving the intended protection for trusts and trustees. A small number of respondents expressed general agreement with the amendment.	**Outcome** Section 29A has been further revised to refer to a person "carrying on a regulated activity" and to make explicit that the provision applies only where corporate services or trust services activities have been undertaken in breach of s.4. **Explanation** The revised drafting aligns the provision with the terminology of the FSA08 and clarifies that it applies specifically where corporate or trust services activities have been carried on in contravention of s.4. The provision clarifies that contracts, acts, and proceedings relating to a trust or its trustees are not invalidated solely by such a contravention, and that no civil right of action arises against the trust or trustees (other than the person carrying on the regulated activity) on that basis alone. The Authority considers that this wording reflects the intended effect of the original provision in the Fiduciary Services Act 2005 while avoiding unintended extension to other regulated activities under FSA08.	c.14
c.16	**New s.31A (Freedom of Information Act 2015), FSA08**	The proposed new s.31A FSA08 would clarify that, where disclosure of information is prohibited under the FSA08 (i.e. where information is 'restricted information'), such information is exempt from disclosure as 'absolutely exempt information' for the purposes of s.27 (information the disclosure of which is restricted by law) of the Freedom of Information Act 2015. It is based on s.38 (Freedom of Information Act 2015) of the Beneficial Ownership Act 2017.	Whilst one respondent supported the proposed amendment, another queried what the previous legal position had been, and specifically how Freedom of Information Act 2015 ('FOIA15') exemptions are currently applied by the Authority when responding to FOI requests. Respondents did not raise concerns about the amendment itself but sought clarity on how it interacts with the existing FOIA15 exemption framework.	**Outcome** Section 31A will be retained without further change. **Explanation** Under the current framework, when responding to Freedom of Information requests, the Authority assesses whether the information requested falls within any of the absolute or qualified exemptions under the Freedom of Information Act 2015 ('FOIA15'). **Absolute exemptions currently available include:** • **Section 25** – Absolutely exempt personal information • **Section 26** – Absolutely exempt information provided in confidence **Qualified exemptions currently available include:** • **Section 29** – International relations	c.15

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				• **Section 30** – Economy and commercial interests • **Section 34** – Formulation of policy • **Section 35** – Conduct of public business • **Section 39** – Qualified exempt personal information • **Section 40** – Legal professional privilege • **Section 41** – Information for future publication Qualified exemptions require the Authority to carry out a public interest test. **Effect of the amendment** The proposed amendment to the FSA08 would allow the Authority, when appropriate, to also rely on the absolute exemption at s.27 FOIA15 "Information the disclosure of which is restricted by law." This amendment does not alter the FOIA15 regime itself nor change what must or must not be disclosed. Instead, it ensures that where statutory restrictions on disclosure exist within the FSA08 (or other enactments), the Authority can apply s.27 FOIA15 clearly and efficiently. **Previous position** Before this amendment, the Authority could apply absolute or qualified FOIA15 exemptions as above, s.27 could not be utilised. The amendment ensures the interaction between FSA08 confidentiality provisions and FOIA15 is placed beyond doubt. The Authority considers this clarification helpful, proportionate, and consistent with the intention of FOIA15.	
c.17 Removed	**s.32 (appeals to the Financial Services Tribunal), FSA08**	Proposes to remove the issue of a direction under p.2, Sch.2 FSA08 (direction to supply information to the Authority) as a decision that may be appealed to the Financial Services Tribunal. Appeals purely against regulatory decisions to supply information (as opposed to supervisory or enforcement decisions) can reduce the effectiveness of the regulatory framework, compromise regulatory objectives and disadvantage consumers. Such information is required to enable the Authority to exercise its functions and fulfil its regulatory objectives. Appeals (which may be made at no cost to the appellant) have been used against requirements to supply information in some recent cases to delay	Respondents expressed strong opposition to the proposed removal of appeal rights to the Financial Services Tribunal in relation to information requests and the issue of directions. A consistent theme across responses was concern that the amendments would significantly reduce regulatory safeguards and require licenceholders to challenge Authority actions through the courts rather than a specialist tribunal. Respondents questioned the extent of the problem the amendment was intended to address and whether removing Tribunal appeals was proportionate. Several noted that the Tribunal already has powers to strike out unmeritorious or	**Outcome** Following consideration of consultation feedback, s.32 will no longer be amended. The Bill has been revised to remove the proposed amendment and as such the right of appeal to the Financial Services Tribunal in respect of the issue of directions under p.2 Sch.2 FSA08 (direction to supply information to the Authority) has been retained. Corresponding amendments have also been made to the IA08 to maintain consistency across the regulatory framework. **Explanation** The Authority originally proposed to amend the appeals framework to remove the right of appeal in relation to certain directions for information under p.2 Sch.2 FSA08 (direction to supply information to the Authority). This was intended to address an issue that had occurred, in some instances, where the appeals process could be used to delay, frustrate or otherwise hinder the Authority's ability to obtain information	Removed

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		and/or frustrate regulatory investigations and enforcement actions. This has led to increased time and cost in supervising and enforcing compliance with regulatory requirements for a small number of entities. There would continue to be a legal safeguard for recipients of a direction to supply information to the Authority, as they would still be able to appeal to the court (at their cost) if they believe a direction is outside of the Authority's powers or has been exercised in bad faith.	vexatious appeals and queried why these existing safeguards were not sufficient. Concerns were also raised regarding increased cost, delay and complexity associated with court proceedings, particularly given the specialist nature of regulatory matters. Respondents emphasised that information-gathering and direction-making powers are intrusive and should remain subject to independent review. In addition, respondents highlighted potential inconsistencies across the regulatory Acts, noting that appeal rights in relation to directions are expressly preserved in other legislation. Respondents also expressed concern that the Authority's wider proposed powers under the Bill made the retention of appeal mechanisms particularly important. Overall, respondents considered that the proposed amendment would disproportionately erode existing protections and undermine procedural fairness.	and act on that information promptly, potentially impacting regulatory effectiveness and consumer protection. Having considered the feedback received and concerns raised, the Authority has withdrawn the proposal from the Bill. The right of appeal is an important safeguard within the regulatory framework, supporting fairness and accountability in the exercise of the Authority's powers. The existing appeals framework, including the right to appeal directions for information, will remain unchanged.	
c.18	**s.33 (statutory indemnity), FSA08**	The amendment would insert an explicit reference in s.33 FSA08 to the Authority's functions under the Bank (Recovery and Resolution) Act 2020 ('BRRA20') to clarify that they are covered by the statutory indemnity. Currently s.15, BRRA20 applies s.33 FSA08 to the BRRA20 and provides for an amended definition of 'specified enactment'. The amendment would also reflect changes to Sch.4 FSA08 in relation to the Financial Services Ombudsman (see c.28).	A respondent supported the proposed amendment.	**Outcome** The proposed amendment to s.33 will be retained without further change.	c.16
c.19	**s.35 (registers), FSA08**	The proposed amendment to s.35 FSA08 would require the Authority to maintain details of former licenceholders on its register for 15 years. This would replace the current requirement, which is without limit. The proposed change seeks to provide greater certainty for the Authority and former licenceholders	Respondents suggested that consideration should be given to further reducing the period for which former licenceholders remain on the public register, noting that it may be appropriate to align this more closely with record retention requirements following the surrender of a licence. A small number of respondents expressed agreement with the amendments as proposed.	**Outcome** The proposed amendment to s.35 will be retained without further change. **Explanation** The amendments in this Bill introduce a defined retention period of 15 years for former licenceholders, where none previously existed in legislation. This change was intended to provide greater clarity and consistency in the operation of the register.	c.17

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		as to the timeframe in which details of former licenceholders would remain on the register.		While the Authority notes the suggestion that a shorter period may be appropriate, it considers that any further adjustment would require separate policy consideration. No additional amendment has therefore been made at this stage, and the issue will be reviewed as part of future work.	
c.20	**s.40 (offences in connection with information), FSA08**	The amendment creates a new offence for persons who, without reasonable excuse, contravene a direction to comply with a request for information under para.2(1) of Sch.2 FSA08. Currently the Authority can undertake an 'action for a breach', however the majority of those powers only extend to current or former licenceholders and not other persons who are within scope of inspection and investigation powers. The new offence would provide an additional means of securing compliance for persons who hold information relevant to the Authority's functions but are not a current or former licenceholders (e.g. persons suspected of undertaking regulated activity without a licence).	Respondents sought clarification on the scope of the proposed new offence, including whether it was intended to apply only to corporate entities or also to individuals. Concerns were also raised that, when read alongside the proposed extensions to the Authority's information-gathering powers in Sch.2, the offence could be perceived as conferring overly broad or potentially unrestricted powers. While some respondents acknowledged the rationale for strengthening enforcement of information requirements, they encouraged the Authority to revisit the drafting to provide greater clarity and to ensure that the offence remained appropriately limited and proportionate. A small number of respondents expressed general agreement with the proposal.	**Outcome** The proposed amendment to s.40 will be retained without further change. **Explanation** The Authority confirms that the offence applies in the specific circumstances set out in Sch.2 and relates to failure to comply with lawful information requirements or directions issued under the Act. The provision applies to the persons upon whom such requirements are lawfully imposed, which may include individuals as well as corporate entities, depending on the underlying power exercised. The Authority does not consider that the offence expands the scope of the information-gathering powers themselves. Rather, it provides a statutory consequence for non-compliance with requirements that are otherwise lawfully made under the Act. The drafting reflects the defined limits of those powers. Having considered the feedback received, the Authority remains satisfied that the provision is sufficiently clear and proportionate and does not confer broader powers than those already set out in the legislation.	c.18
c.21	**s.43 (contravention of statutory provisions), FSA08**	This amendment would clarify the Authority's ability to take action using its powers under the FSA08 to address contraventions under the FSA08. This would be in addition to existing powers under the FSA08 and would not alter the effect of existing powers.	Respondents expressed concern that the proposed amendments relating to contraventions of statutory provisions were overly broad and did not align clearly with the explanation provided in the consultation document. Several respondents questioned whether the redrafting achieved greater clarity, suggesting instead that it may make the provision more complex and harder to interpret than the existing wording. Respondents also queried whether the expansion of these powers was necessary, particularly in light of other reforms being introduced through the Bill, including civil penalties, warning notices and broader guidance on the Authority's statutory powers. A number of respondents expressed general disagreement with the proposal.	**Outcome** The proposed amendments to s.43 have been withdrawn. Corresponding and associated proposed provisions across the other regulatory Acts have been removed from the Bill as follows: 1. No new s.16A CISA08 has been inserted. 2. No new s.41B or s.53A IA08 have been inserted (with the previously proposed consolidation of those provisions no longer proceeding). 3. No new s.30A DBROA15 has been inserted. 4. References to "supervisory action" in the IA08 have been reverted to the current position, leaving only those references that already exist. **Explanation** The consultation proposed to amend s.43 by replacing the existing provision with a revised structure distinguishing between contraventions of statutory provisions under this Act and contraventions of other statutory provisions. The proposed text introduced a new subsection (1) addressing contraventions of provisions of or under this Act, and a revised subsection (2) addressing contraventions of other statutory	Removed

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				provisions, retaining the exclusion of the powers to impose a financial penalty under s.16 and to apply for an injunction or restitution under s.20. Following further review, the Authority has concluded that the existing provisions across the FSA08, IA08, CISA08 and DBROA15 are not fully harmonised. Having reviewed consultation feedback, the Authority also considers that the explanation provided in the consultation did not sufficiently set out the nature and effect of the proposed changes. In light of these issues, the Authority has determined not to proceed with the proposed amendments at this time and to retain the existing provision.	
c.22	**s.45 (Tynwald procedure), FSA08**	This is a housekeeping matter and seeks to correct a reference to order-making powers where the current Tynwald procedure conflicts.	A response was received, which supported the proposed amendment.	**Outcome** Section 45(1) to (3) and s.45(5) have been further revised to modernise the terminology used when specifying the applicable Tynwald procedure in respect of regulations, rules, the Rule Book and certain orders made under the FSA08. In respect of s.45(1) and (3) this is Tynwald procedure – affirmative. In respect of s.45(2) and (5) this is Tynwald procedure – approval required. Section 45(4) has been further revised such that the applicable Tynwald procedure is 'Tynwald procedure – affirmative', whereas previously the 'negative' procedure applied. **Explanation** The amendments to sections 45(1) to (3) and (5) do not introduce substantive policy changes. They restate the existing effect of those provisions using the standardised terminology introduced by the Legislation Act 2015, thereby improving clarity and consistency. Under the previous drafting: • provisions requiring instruments to be laid before Tynwald and to cease to have effect if not approved correspond to what is now termed the 'affirmative' procedure; and • provisions requiring prior approval before coming into effect correspond to what is now termed **'**approval required'. These have now been expressed explicitly by reference to s.30 and s.31 of the Legislation Act 2015. However, the amendment to s.45(4) makes a substantive change. Previously, instruments made under the relevant provisions of Sch.4 were subject to the 'negative' procedure, meaning they would remain in effect unless Tynwald resolved to annul them. They are now subject to the 'affirmative' procedure, meaning they must be positively approved by Tynwald (within the relevant sitting period) in order to continue in force.	c.19

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				This change increases the level of Tynwald oversight by: • requiring active approval, rather than relying on annulment; and • aligning the scrutiny applied to these instruments with that applied to other comparable secondary legislation-making powers under the Act.	
c.23	**s.46 (fees), FSA08**	This amendment would allow the Authority to prescribe fees in connection with the discharge of its wider functions (i.e. not just those relating to licenceholders under s.46(1) FSA08) provided those fees are reasonable and are intended to cover the cost of discharging those functions. This amended provision could then be used in future instead of the general fee-making power under s.81 (grant of power to the Treasury, Departments and Statutory Boards) of the Interpretation Act 2015.	Respondents raised extensive concerns regarding the proposed amendments to the fee-making provisions, particularly the introduction of powers to prescribe fees in connection with the Authority's wider functions. A consistent theme was a lack of clarity as to what activities the fees would apply to, who would be required to pay them, and how reasonableness would be assessed. Respondents considered the drafting to be overly broad and insufficiently transparent, noting that terms such as "wider functions" were not defined and that the consultation material did not clearly explain the intended scope of the power. Concerns were also raised regarding governance and oversight, with respondents emphasising the need for safeguards to ensure proportionality, accountability and independent scrutiny of fee levels and expenditure. Some respondents questioned whether such fees should be prescribed through regulatory legislation rather than under general fee-making powers, and suggested that the proposals should be removed or subject to separate consultation. A small number of respondents expressed general agreement with the amendments.	**Outcome** The proposed amendment to s.46 will be retained without further change. **Explanations** The Authority has carefully considered the feedback received in relation to the proposed expansion and harmonisation of fee-making powers across the regulatory Acts. The purpose of the amended provision in s.46 of the FSA08 is to enable the Authority to recover costs associated with specific regulatory functions that cannot reasonably be anticipated or calculated at the point annual licence fees are set. This includes, for example, costs arising from particular supervisory or enforcement activity where a general annual fee structure would not provide an appropriate or proportionate mechanism for recovery. Existing fee provisions focus primarily on application-based and annual licence fees. The amended provision is intended to complement, rather than replace, that framework by allowing the Authority to prescribe fees linked to the discharge of specific statutory functions where necessary. The Authority also notes that similar fee-making powers exist across regulatory regimes and that the amendments were introduced to ensure greater consistency and harmonisation across the Island's financial services legislation. Having reviewed the concerns raised, the Authority remains satisfied that the provision is appropriately framed to support proportionate cost recovery, is subject to established governance and oversight arrangements, and does not create an unrestricted charging power. No amendment has therefore been made to this provision as a result of the consultation.	c.20
c.24	**s.48 (interpretation), FSA08**	This would amend s.48 FSA08 to revise the definitions of 'associate', 'controller' and 'permitted person' and improve consistency between the Acts.	Respondents provided detailed comments on the proposed amendments to the statutory definitions of "controller", "associate", "key person" and "permitted person". A principal area of concern related to the proposed expansion of the definition of "controller", particularly the interaction between the existing 15% voting power threshold and the new limb referring to the ability to exercise	**Outcome** The proposed amendments to the definitions of "associate", "controller" and "permitted person" will be retained without further change. The definition of "director" has been amended at (c) regarding limited liability companies. Reference to "registered agent" has been removed and clarification provided that an LLC member is only treated as a "director" where management powers are not vested in a manager.	c.21

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			"significant influence" over management. Respondents queried whether these limbs were intended to operate independently or overlap, and whether their combined effect could introduce uncertainty. Similar concerns were noted in relation to equivalent amendments proposed across other regulatory Acts. Some respondents considered the concept of "significant influence" to be inherently uncertain and questioned whether it was necessary in light of the existing ownership-based test. It was suggested that this could make it more difficult for firms to determine with confidence whether a person falls within the controller definition. Concerns were also raised about the addition of references to the power to appoint directors to "other executive committees", which was considered potentially unclear in scope. Respondents queried whether the reference to executive committees was necessary beyond the board of directors. In relation to the proposed amendments to the definition of "associate", respondents highlighted potential ambiguity in paragraph (c)(i), particularly the reference to "a body corporate", and questioned how agreements relating to one body corporate might be relevant to another. A respondent also commented on the interaction between the statutory definition of "key person" and the use of the term "Key Person" within the controlled functions framework. It was suggested that the continued use of this terminology in guidance could give rise to confusion. Finally, concern was expressed regarding the broadened definition of "permitted person", in particular its extension to former licenceholders. Respondents queried whether the absence of an express time limitation could create uncertainty and noted potential inconsistencies with other provisions referring to "former permitted persons". One respondent observed that definitions across several regulatory Acts were being expanded but	No amendments are proposed to the existing definition of "key person". A definition of "Tribunal" has been inserted. Further related technical amendments have also been made to the interpretation provisions. **Explanation** Concerns regarding the scope of the definition of "associate" are acknowledged. When considered in isolation, the references within the revised definition to individuals and bodies corporate may appear broadly framed. However, the definition does not operate as a free-standing concept. In each instance where the term "associate" is used within the Act, it is qualified by the specific provision in which it appears, and its practical application is accordingly constrained by that statutory context. The definition does not therefore operate as broadly in practice as a standalone reading might suggest. On that basis, it is considered that the revised definition strikes an appropriate balance between flexibility and legal certainty, and no further amendment is required. In relation to the "controller" definition, the two additional limbs inserted into the definition reflect the Authority's policy intention to ensure that the regulatory framework captures persons who are able to exercise material influence over the management of a licenceholder, even where formal ownership thresholds are not met. Limb (e) addresses the position of a person who, through a shareholding or voting power entitlement, is able to exercise significant influence over management without crossing the 15% threshold in limb (d). Limb (f) addresses the position of a person holding the power to appoint or remove directors to the board or executive committees of a licenceholder or its parent. The power to determine board composition represents a meaningful form of control that could otherwise fall outside the existing limbs of the definition, and its inclusion closes a potential gap in the controller notification framework. Having considered the points raised during the consultation, the Authority is satisfied that both limbs are necessary to reflect the full range of persons who should properly be subject to controller requirements, and they are accordingly retained. Amendments to the "director" definition have been made to align the FSA08 definition with that of s.17 Limited Liability Companies Act 1996 ('LLCA96'). Accordingly, "registered agent" has been removed because they do not hold management powers and it has been clarified when LLC managers and members should be classed as directors. These amendments to the "director" definition have been made in s.26 CISA08, s.3 DBROA15 and s.54 IA08.	

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			did not express strong objection to the broader approach.		
c.25	**Sch.1 (functions of the Authority), FSA08**	This is a housekeeping amendment to update the list of enactments under p.2(2), Sch.1 FSA08. Paragraph 2(2) sets out the Acts under which the Authority has functions (as referenced in p.2(1)(h)). The proposals include adding the Bank (Recovery and Resolution) Act 2020. Additional minor amendments would correct punctuation and capitalisation.	A respondent supported the proposed amendment.	**Outcome** The proposed amendment to Sch.1 will be retained without further change.	c.22
c.26	**Sch.1A (transfer of business including deposit taking), FSA08**	The amendment seeks to rectify an ambiguity whereby Sch.1A FSA08 may have been misinterpreted as being limited to the deposit-taking business of a licenceholder. This is an issue because deposit takers tend to undertake wider regulated and non-regulated activities. The amendment would explicitly say that the 'relevant transfer scheme' is not only limited to the deposit-taking business of the entity and includes other matters under the universal succession principle.	A respondent agreed with the proposal. Another suggested that the opportunity should be taken to consider whether the court-sanctioned transfer of business provisions (currently applicable only to deposit-taking licenceholders) could be extended to other classes of regulated business.	**Outcome** The proposed amendments to Sch.1A will be retained without further change. **Explanation** The Authority notes the suggestion that the court-sanctioned transfer of business provisions could be extended beyond deposit-taking licenceholders to other classes of regulated entities. Sch.1A of the FSA08 was introduced by the Financial Services (Miscellaneous Amendments) Act 2013 specifically to align the Isle of Man with international practice in relation to the transfer of deposit-taking business. The regime reflects the systemic importance of deposit-taking institutions and the potential financial stability implications associated with transfers of their business. At this time, the Authority does not consider it necessary or proportionate to expand the court-sanctioned transfer mechanism to other regulated sectors. The current framework remains appropriate for its intended purpose and continues to provide a clear, robust process for transfers involving deposit-taking business.	c.23
c.27	**Sch.2 (inspection and investigation), FSA08**	The proposed amendments to Sch.2 FSA08 reflect issues encountered by the Authority in applying its inspection and investigation powers in recent years. The proposed amendments to Sch.2 FSA08 would: • Allow the Authority to exercise its inspection and investigation powers where they relate to any of the Authority's statutory functions. This means they could be used, for example, to provide a direct regulatory investigation power into collective investment schemes, rather than the current route of using company law provisions under the Company Officers (Disqualification) Act 2009, which is sub-optimal.	Respondents provided extensive and substantive feedback expressing significant concern about the scope, proportionality, clarity and potential practical consequences of the proposed amendments to Sch.2. A principal concern related to the extension of entry, inspection, seizure and information-gathering powers to apply to "any person". Respondents considered this to be overly broad and inappropriate, noting that it could capture private individuals unconnected to regulated activity. Several respondents observed that the drafting went significantly beyond the stated intention in the consultation, which had focused on addressing limitations in relation to collective investment schemes. It was suggested that any	**Outcome** The proposed broad expansion of the inspection, investigation and information-gathering powers in Sch.2 of FSA08 has not been progressed. Instead, Sch.2 has been amended in a targeted manner to extend the existing framework specifically to collective investment schemes and persons directly connected with those schemes, while retaining the established safeguards and focus of the powers. **Explanation** The Authority recognises that the consultation proposal was broadly drafted and had the potential to create uncertainty regarding the reach of the powers, including in relation to individuals and entities outside the regulated sector. One of the Authority's policy intentions behind the proposal was to ensure that it has a clear and effective inspection and investigation framework in relation to collective	c.24

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		• Clarify that the powers of inspection and investigation apply — ○ whether or not any breach is suspected, and ○ whether such breach (if suspected) would be criminal or civil in nature, as some breaches or suspected breaches are only identified after an inspection has taken place. • Ensure the Authority is able to use the inspection and investigation powers in situations involving non-permitted persons. For example, misleading statements and practices under ss.37-38 FSA08. In this example, it is often non-permitted persons that are most likely to issue statements to suggest they are licensed, or who are complicit in making statements that could amount to, for example, market abuse. • Decouple the 'attendance' and 'to answer questions' elements from each other in the power to require appearance before the Authority. This would permit the Authority to require attendance for a 'caution interview' / 'interview under caution' without also requiring the individual to answer questions.	perceived gaps could instead be addressed through targeted amendments, such as expressly including governing bodies or specific entities, rather than extending the powers universally. Respondents also raised concerns about the removal of existing threshold tests. In particular, the proposed wording no longer required suspicion of a contravention and instead permitted the exercise of powers where activity was undertaken "in performance of any of the Authority's functions". This was viewed as vague and overly permissive, with calls to retain a threshold such as reasonable grounds to suspect illegality or breach. Several respondents expressed concern that the broadened powers could result in regulatory over-reach and raise human rights compatibility issues. It was suggested that the amendments could expose private individuals and non-regulated businesses to intrusive regulatory action without sufficient justification or safeguards. Feedback also highlighted the interaction between the expanded powers and the proposed new offence for failure to comply with information requests. Respondents considered that, taken together, these measures could significantly increase the risk of inadvertent criminal liability without adequate statutory protections. Concerns were further raised about the lack of definition of key terms such as "inspection" and "investigation", which were said to have materially different implications, as well as unclear or circular drafting that made the practical operation of the powers difficult to understand. Finally, one respondent queried whether extending the scope of the powers could affect the availability of appeal rights in relation to directions issued under Sch.2.	investment schemes and persons involved in their governance and operation. In response, Sch.2 has been revised to remove the universal application to "any person" and instead to apply expressly to permitted persons, former permitted persons, collective investment schemes, members of scheme governing bodies, and recognised auditors. The amendments also retain existing threshold protections, including the requirement for reasonable suspicion where applicable and continued judicial oversight for compulsory investigative powers. The Authority considers that this revised approach addresses one of the main policy proposals effectively while responding to the concerns raised about breadth, proportionality and regulatory over-reach. The Authority will review its inspection and investigation powers to determine if any further changes may be needed as part of future legislative amendments.	
c.28	**Sch.4 (mediation and adjudication), FSA08**	Schedule 4 FSA08 relates to the Financial Services Ombudsman Scheme and financial services disputes, which are in the remit of the Isle of Man Office of Fair Trading ('OFT').	Respondents provided a mixture of concerns and observations about the proposed amendments to the Financial Services Ombudsman Scheme	**Outcome** The proposed amendments to Sch.4 regarding the Financial Services Ombudsman Scheme ('FSOS') in relation to:	c.25

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		The OFT has requested changes to Sch.4 FSA08 as follows: • To extend the time limit for complaints from two to three years (since the complainant was first aware of the act or omission). • To require complaints to be submitted to the OFT no more than six months after the date on which a supplier sends the complainant its final response (apart from in exceptional circumstances). • To increase the amount of possible award from £150,000 to £200,000.[8] • To clarify that any financial loss must be as a result of the actions or omissions of the financial provider being complained about. • To amend the term 'Adjudicator' to 'Ombudsman'.[9] • To provide that, in the event that the senior adjudicator is unable to act in a complaint, the senior adjudicator may appoint one of the other adjudicators, being suitably qualified, to determine a complaint.[10]	('FSOS') time limits and financial award limits. The key points raised were: **1. Objection to extending the complaint time limit** • One respondent stated that, without evidence or data from the Isle of Man Office of Fair Trading ('OFT') to justify change, the existing two-year time limit is already sufficient. • It was noted that the Ombudsman schemes in Jersey and Guernsey use a two-year period. • It was suggested that no clear case had been made to support extending the timeframe. **2. Concerns about increasing the FSOS's financial award limit** Several respondents expressed reservations about increasing the maximum award from £150,000 to £250,000[11], noting: • Raising the limit may give the Ombudsman powers comparable to those of a court, rather than of a financial adjudicator. • There is an established escalation route to the courts; therefore, significantly increasing the limit could encourage firms to default to litigation rather than engage with the Ombudsman process. • If the Ombudsman's award limit aligns with court-level financial exposure, firms may perceive no benefit in opting for the Ombudsman process. **3. Alignment with other Crown Dependencies** Respondents observed that Jersey and Guernsey both retain a £150,000 financial cap and questioned the rationale for diverging from the approach in the other Dependencies. Some	• extending the awareness time limit for bringing complaints from two years to three years; and • increasing the maximum financial award to £200,000, will be retained. **Explanation** The Authority has liaised with the OFT in respect of the proposed changes to Sch.4 FSA08 and the impact on the FSOS. **1. Time limit for bringing complaints** The proposal to extend the period to three years was informed by a comparison with other Ombudsman schemes operating in the British Isles: **Comparisons with other Ombudsman Schemes** / **FSOS** / **FOS (UK)** / **CIFO (Channel Islands)** / **FSPO (Ireland)** Time allowed for providers internal complaints procedure: 8 Weeks / 8 Weeks / 12 Weeks / 8 Weeks Time between final response from provider & brought to Ombudsman: No limit / 6 months / 6 months / No limit Time since first aware of act or omission: 2 yrs / 3yrs / 2yrs / 3yrs Time since the act or omission occurred: 6 yrs / 6 yrs / 6 yrs / 6 yrs The three-year awareness test maintains broad alignment with comparable schemes in the UK and Ireland. The unchanged six-year long-stop period aligns with all peer schemes and with the Limitation Act 1984. The OFT's Financial Services Ombudsman anticipates fewer than five additional cases per year would be eligible under a three-year rule.	

[8] Error identified and corrected on 4 July 2025. Previously said £250,000.
[9] Proposal removed on 4 July 2025. Change no longer required.
[10] Proposal amended on 4 July 2025 to reflect removal of proposal to amend the term 'Adjudicator' to 'Ombudsman'.
[11] Note this figure was amended 4 July 2025, the correct revised figure should state £200,000.

<table>
<tr><th>Draft Bill V07 Clause</th><th>Amending FSA08</th><th>Consultation – Original Explanation</th><th>Consultation – Feedback Summary</th><th>Authority Response</th><th>Revised Bill V13 Clause</th></tr>
<tr><td></td><td></td><td></td><td>respondents expressed a preference for the Isle of Man to remain aligned with Jersey and Guernsey.

5. General agreement

One respondent expressed simple agreement with the proposal.</td><td>2. Increase to maximum award (from £150,000 to £200,000)

A claim in the summary procedure within the Isle of Man Courts is up to £100,000 and anything above could be brought as a claim in the ordinary procedure within the Isle of Man Courts. The IOMFSOS would inform a complainant that when a claim exceeds the maximum the Scheme can award, they are able to bring the case to Court.

The Scheme is a free dispute resolution service for customers of the financial service provider based on the island; companies cannot use the Scheme. Case Officers within the Scheme aim to mediate a resolution and when this cannot be reached, the consumer is offered the opportunity for their case to be reviewed by an Adjudicator to the Scheme. This is not the decision of the supplier, it is the decision of the consumer who brought their complaint to the Scheme. OFT proposed to increase the total loss being claimed as this was last updated in 2012. It was decided £200,000 would be reasonable based on the Consumer and Retail Prices Indices. Comparable Schemes can award the following:

<table><tr><th>Comparisons with other Ombudsman Schemes</th><th>FSOS (Isle of Man)</th><th>FOS (UK)</th><th>CIFO (Channel Islands)</th><th>FSPO (Ireland)</th></tr><tr><td>Maximum Award</td><td>£150k</td><td>£455k</td><td>£150k</td><td>€500k</td></tr></table>
The proposed £200, 000 limit provides a modest and proportionate uplift reflecting changes in the value of money since the limit was last reviewed.

The court system remains available as an escalation route where claims exceed the FSOS maximum.

Conclusion

The OFT considers that:

• Extending the awareness time limit to three years aligns more closely with comparator schemes in the UK and Ireland and is expected to increase case volumes only marginally.

• Raising the maximum award to £200,000 is a proportionate update that remains within the range applied in other jurisdictions.

No further amendments are proposed at this stage.</td><td></td></tr>
<tr><td>c.29</td><td>Sch.5 (disclosure of information), FSA08</td><td>This would amend Sch.5 FSA08 to change the information sharing gateway between the Authority and the Isle of Man Office of Fair Trading (‘OFT’) to allow the Authority to disclose information that would</td><td>Whilst a respondent supported the proposed amendments, others expressed concerns.

A number of concerns were raised regarding the proposed voiding of NDAs in circumstances where</td><td>Outcome</td><td>c.26</td></tr>
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Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		enable or assist the OFT in carrying out any of its functions. This amendment would also void any non-disclosure agreements ('NDAs') between a licenceholder (or its group companies) and another person (whether employee, officer, skilled person, person providing services (such as cleaning) or client, including corporate persons as well as individuals) that purport to prevent that person from providing information to the Authority that is relevant to the exercise of the Authority's functions. Protected disclosures made to the Authority under the Employment Act 2006 (whistleblowing) are already protected, whether there is an NDA or not. This protection is a very important aspect of that legislation. Other protected disclosures to other bodies are, likewise, protected under the Employment Act 2006. However, protected disclosures only apply to workers (as defined under the Employment Act 2006). There is a possibility that NDAs could be used to silence individuals that do not fall within the employment law definition.	they purport to prevent disclosures to the Authority. While the measure may appear logical in principle, it was noted that such a broad provision could have unintended consequences. It was noted a similar proposal has been under consideration in the UK but has not yet resulted in legislative change, and several respondents suggested it may be prudent to await developments in the UK and other jurisdictions before progressing a change of this nature, to avoid unforeseen effects. Concern was also expressed that a statutory provision automatically voiding an NDA in its entirety could unduly restrict contractual freedom, and that decisions on the validity of NDAs should remain a matter for the courts applying the ordinary rules of evidence. Concerns were also expressed about the absence of exclusions for disclosures subject to legal professional privilege ('LPP') or disclosures that may be vexatious. Respondents considered the protections and tests contained in s.50 of the Employment Act 2006 such as the public interest test and express protection for LPP to be more appropriate benchmarks. The qualification that disclosures must relate to matters "relevant to the Authority's functions under any enactment" was viewed as too broad. One respondent queried why the Cabinet Office appeared twice in the list of exempt bodies. Some respondents emphasised that there should be clear separation of powers, noting that information-sharing with bodies performing legislative or judicial functions (e.g., the Cabinet Office and the OFT) should be subject to appropriate checks and balances. A further suggestion was made to add the Communications and Utilities Regulatory Authority ('CURA') to the list of exempted bodies, given its recently acquired competition law responsibilities.	The proposed new p.3 Sch.5 (contractual duties of confidentiality) regarding non-disclosure agreements, will not be inserted. The Bill has been revised to remove the proposed amendment. Sch.5 has also been further revised to: • Remove duplicate references to the Cabinet Office; • Add CURA as a recipient body; and • Replace the existing order-making framework so that the Treasury may amend the list of recipient authorities directly within Sch.5, specifying the relevant functions and any applicable conditions. **Explanation** **Non-disclosure agreements** The Authority accepts that the policy raises complex issues requiring further development to ensure proportionality, legal certainty and alignment with wider practice. The Authority has therefore decided not to proceed with this amendment in the current Bill. The NDA provision has been removed, and any future proposals in this area would be subject to further consultation. **Information-sharing gateways** The Authority agreed it was appropriate to remove unintended duplicate references to Cabinet Office and include CURA as a recipient body to reflect its new competition law responsibilities. In addition, replacing the order making framework consolidates arrangements previously implemented through separate Treasury Orders, improving clarity and consistency while leaving the underlying confidentiality safeguards and statutory tests unchanged.	

2. Amendments to the Collective Investment Schemes Act 2008

Draft Bill V07 Clause	Amending CISA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.30	N/A	Gives effect to the amendments to the CISA08.	No issues raised.	No further comments.	c.27
c.31	N/A	General amendment to replace references to 'sub-paragraph' with 'subparagraph'.	No issues raised.	No further comments.	c.28
c.32	**s.1 (meaning of collective investment scheme), CISA08**	This would clarify that, in the case of a collective investment scheme established as an open-ended investment company, the fact it enters liquidation does not result it in ceasing to be a collective investment scheme and does not mean that the CISA08 ceases to apply.	Overall, respondents considered the proposal required further review and clarification before proceeding. Respondents noted that when a Collective Investment Scheme ('CIS') enters liquidation, its core functions and regulatory purpose fundamentally change, and it should no longer be treated as a CIS. Liquidation ends all active investment activity – no new investors are accepted, assets are no longer managed for return and income is not distributed. The scheme's purpose becomes asset realisation and creditor repayment, which is outside the scope of CIS regulation. Concerns were raised that classifying a CIS in liquidation as an active scheme would impose unnecessary and potentially onerous regulatory obligations on administrators, custodians, directors and related parties. Respondents queried how such obligations would be managed in practice, whether exemptions would be needed, and whether directors would be expected to remain in place – potentially at significant cost. They considered this could also restrict Class 4 licenceholders operating on a "one fund at a time" basis. Respondents questioned whether liquidated schemes would remain "Relevant Persons" under the Code, which would be difficult and costly for firms, and whether the Authority's fees would continue to apply. They suggested that maintaining CIS status in liquidation could result in continued administrator, custodian, and auditor fees, as well as regulatory filings serving no meaningful purpose and eroding investor returns. Whilst it was acknowledged the proposal may stem from cases of schemes not winding up in an orderly manner, respondents noted these cases are a minority, and the amendment would negatively impact the majority of schemes that aim to wind up efficiently and at low cost to investors. They also noted an apparent inconsistency with current Authority guidance, which states that a scheme is considered ceased upon the appointment of liquidators, albeit with continued Authority interest. Some suggested that changes may be more appropriately made through amendment to the	**Outcome** Section 1(6) has been revised to clarify that an open-ended investment company ('OEIC') entering into liquidation, is to be treated as remaining a CIS for the purpose of the Authority exercising its inspection, investigation and enforcement powers in respect of it. The redraft states: "(6) *Where an open-ended investment company enters into liquidation, it shall be treated as remaining a collective investment scheme despite it no longer being open-ended in nature, for the purpose of the Authority exercising its inspection, investigation and enforcement powers in respect of it.*" **Explanation** The Authority acknowledges the original s.1(6) amendment may have resulted in several obligations inappropriately applying to schemes in liquidation. The amendment's objective was to ensure the Authority's inspection, investigation and enforcement powers remain exercisable for OEICs in liquidation (so technically ceasing to meet the "scheme" definition). While the objective remains valid, we agree the mechanism drafted was wider than required to achieve it. Accordingly, the amendment has been revised to enable the Authority to exercise its inspection, investigation and enforcement powers for OEICs in liquidation because for this purpose only, they are treated as schemes. They do not remain CISs in the wider sense, and as is currently the case, all other scheme requirements fall away. We also note that consequential amendments were made to several provisions of CISA08 to replace references to "open-ended investment company" with "company", namely: • Section 13(6)(c); • Section 26 - definition of "documents constituting the scheme";	c.29

Draft Bill V07 Clause	Amending CISA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			Collective Investment Schemes (Definition) Order 2017, as the Act does not stipulate that an OEIC is a CIS.	• Section 26 - definition of “governing body”; and • Section 26 - definition of “units”. These amendments related to the original draft proposal and have been removed from the Bill as they are no longer needed with the redrafted s.1(6).	
c.33	**s.11A (persons unfit to be members of governing body), CISA08**	The proposed amendment to s.11A CISA08 is consistent with c.7 (amending s.10 FSA08) and for the same reasons. The effect of the proposed amendment would make it clear that, when an individual is being presented for appointment to become a member of the governing body of a scheme, it is for that governing body to satisfy the Authority that the individual is fit and proper, rather than for the Authority to establish that they are not.	A respondent noted that no tracked-change amendment appeared in the version of the legislation provided, and therefore they were unable to comment further. Some respondents queried whether the proposed amendment could imply that the Authority has previously acted outside of its statutory remit when considering historic licenceholder failures to comply with guidance, particularly as the provision appears to apply only when an individual is being presented for appointment to Authorised and Regulated Funds. It was also noted that the amendment mirrors equivalent amendments proposed under the FSA08, and feedback on that provision applies equally here. In particular, respondents highlighted concerns that the revised wording removes the requirement for the Authority to have ‘reasonable grounds’ before issuing a direction and considered that this safeguard should be reinstated. Some respondents commented that prior approval of an individual should remain a factor in the Authority’s assessment, although not determinative, and suggested that this would be more appropriately addressed through guidance rather than primary legislation.	**Outcome** Section 11A(1) has been further revised to reinstate *“reasonable grounds”* and to remove the text “*(whether or not that person is or has previously been considered as such a fit and proper person)*”. This revised s.11A(1) has been incorporated into both the Bill and the CISA08 Keeling Schedule. **Explanation** The Authority confirms that s.11A(1) CISA08 amendment was not reflected in the consultation’s tracked-change (Keeling Schedule) version of the CISA08, which understandably caused confusion for respondents. The intention was to remove the original subsection and replace it with a revised provision aligned to the corresponding framework under the FSA08. This omission has been corrected with the revised versions of the Bill and CISA08 Keeling Schedule. The proposed amendment is to make it clear that, when an individual is being presented for appointment to become a member of the governing body of a scheme, it is for that governing body to satisfy the Authority that the individual is fit and proper, rather than for the Authority to establish that they are not. The decision still rests with the Authority (as to whether or not the Authority is satisfied that a person is ‘fit and proper’ to be appointed to a controlled function role). The proposed amendment is intended to clarify the respective roles of the governing body of a scheme and the Authority when an individual is being presented for appointment to a controlled function. In particular, it makes clear that it is for the governing body to satisfy the Authority that the individual is fit and proper, rather than for the Authority to establish that they are not. The Authority remains the statutory decision-maker as to whether it is satisfied that a person is fit and proper to be	c.30

Draft Bill V07 Clause	Amending CISA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				appointed to a controlled function, and this position is unchanged by the amendment. The Authority does not consider that the amendment gives rise to any implication that it has previously acted outside its statutory remit. The amendment is clarificatory in nature and is intended to remove ambiguity and promote consistency and alignment across the legislation, rather than to alter the underlying legal position. The Authority's historic consideration of fitness and propriety has been exercised in accordance with its statutory powers, with published guidance used to inform, but not to displace, those statutory decisions. Retaining the "reasonable grounds" requirement within the revised s.11A(1) maintains consistency across regulatory Acts. It also ensures the Authority must continue to hold reasonable grounds before issuing a direction, preserving an important safeguard and reflecting equivalent amendments to the FSA08. The Authority agrees that previous acceptance for a similar role may be a relevant factor in assessing an individual's fitness and propriety. However, it cannot be determinative, as fitness and propriety is assessed in the context of the specific appointment and circumstances at the time. This remains a matter addressed through guidance and supervisory engagement rather than through statutory amendment.	
c.34	**s.11F (warning notices), CISA08**	This amendment would remove an erroneous reference to 'permitted person', which is not a relevant term in the CISA08 (although it is under the FSA08). The amendment would also add appropriate references into the CISA08 to reflect the Authority's functions under the IA08.	Whilst a respondent agreed with the proposed amendments, another referred to their comments made in respect of c.8 and the widening of powers to issue Warning Notices to a broader range of individuals. See c.8 for further information.	**Outcome** Section 11F has been further revised as follows: • References to "principal control officer" have been amended to "key person" to align with other changes made to the IA08. • Section 11F(8) now includes a new definition of "*employment application*". **Explanation** Section 11F was and remains limited to persons who are or proposed should become a scheme governing body member. Accordingly, the concerns raised in respect of c.8 are not relevant to proposed amendments to s.11F CISA08. See c.8 for further information on those wider concerns under s.11 FSA08. The term "principal control officer" has been replaced by "key person" in the IA08 and thus is amended in other regulatory legislation.	c.31

Draft Bill V07 Clause	Amending CISA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				The amendment to s.11F(8) mirrors changes to s.19A (warning notice) RBSA00.	
N/A	**NEW s.12 (directions) amendment, CISA08** **NEW POST-CONSULTATION**	N/A	N/A	**Outcome** Section 12(1)(d) has been amended to include additional text as set out below: "*requiring any other action, or requiring that a governing body of a scheme refrain from taking such action, which the Authority believes is necessary to protect the participants or potential participants in the scheme*". **Explanation** The new amendment to s.12(1)(d) (directions) aligns the power to make directions with the equivalent provision already existing in the IA08, and new amendments to the FSA08 and DBROA15. This is intended to enhance the provision's clarity.	c.32 NEW
c.35	**s.13 (appointments), CISA08**	This is a housekeeping amendment flowing from changes previously made to the definitions of 'collective investment scheme' in the Collective Investment Schemes (Definition) Order 2017 and the Collective Investment Schemes (Regulated Fund) Regulations 2017, which included certain closed-ended investment companies within the definition of collective investment schemes.	A response was received, which supported the proposed amendment.	**Outcome** Section 13(6)(c) will no longer be amended. The text will revert back from "a company" to "an open-ended investment company". **Explanation** The amendment to s.13(6)(c) was an ancillary amendment to the proposed changes to s.1(6) (meaning of collective investment scheme). The redrafted s.1(6) means that it is no longer necessary to amend s.13(6)(c). See c.32 (now c.29) for further detail.	Removed
c.36	**New s.15A (winding up of incorporated schemes), CISA08**	The proposed new s.15A, CISA08 seeks to improve the provisions for the winding up of collective investment schemes. The grounds to apply for the winding up of a scheme are wider and more relevant to schemes under the CISA08 than the Companies Act 1931 ('CA31'). However, the process of winding up a scheme established as a company is only provided for under the CA31. In respect of winding up a scheme incorporated as a company, the winding-up process in the CISA08 does not provide for the appointment of an Official Receiver, nor the other multiple powers and duties detailed under the CA31 and the Companies (Winding-Up) Rules 1934. This means the winding-up must be applied for under the powers provided to the	A respondent sought clarification on the meaning of the term 'company' as used in the proposed amendment. They noted that CISA08 generally refers to a 'body corporate', and questioned whether 'company' in this context is intended to mean only a company registered under the CA31, or whether it also includes companies under the Companies Act 2006 ('CA06'). Additionally, they asked how the provision would apply to the winding up of limited partnerships, which are treated as unregistered companies under s.306 CA31.	**Outcome** No changes to the proposed new s.15A. **Explanation** The term 'company' in s.15A (c.36, now c.34) is intended to include companies incorporated under both the CA31 and CA06. Winding-up provisions under the CA31 apply to CA06 companies by virtue of s.182 CA06, which imports specified provisions of the CA31 for that purpose. Part X (winding up of unregistered companies) of the CA31 covers certain types of partnership. The Bill does not propose	c.33

Draft Bill V07 Clause	Amending CISA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		Authority under s.164(1)(d) CA31. However, the grounds for doing so are much narrower and less relevant to schemes (public interest) than if a winding up is applied for under the CISA08. The proposed new s.15A CISA08 would specify that, in the event the Authority applies for a winding-up order under the new section (due to the circumstances in s.11 CISA08), this would satisfy the 'public interest' test under s.164(1)(d) CA31. It would still fall to the court to assess whether the CISA08 test is satisfied and whether it is just and equitable for the court to order the winding up of the scheme. In addition, the new provision would specify that the CA31 winding-up powers, duties and obligations apply in the winding up of schemes that are bodies corporate. This would avoid the need to specify the powers, duties and obligations for winding up a corporate scheme in the order.		any changes to CISA08 in respect of the winding up of partnerships. While the Authority notes the comments in respect of winding up of partnerships, it considers that any further adjustment would require separate policy consideration. No additional amendment has therefore been made at this stage, and the issue will be reviewed as part of future work.	
c.36 (cont.)	**New s.15B (payment of person appointed under s.13 or 15(1)(b)(ii)), CISA08**	This new s.15B CISA08 would be similar to c.12 (new s.23A FSA08). It would clarify the Authority's powers to agree funding for certain appointments of professionals to fulfil statutory roles as may be prescribed in secondary legislation. This would help avoid situations where appointees (under statutory provisions) are potentially unable to secure settlement of their fees.	Whilst one respondent agreed with the proposal, others expressed concerns. Respondents noted their comments on equivalent proposals in s.23A FSA08 apply equally to the proposed CISA08 amendment. See c.12. They expressed concern that the amendment would allow the Authority to appoint a person, meet associated costs, and then require reimbursement from a licenceholder or other connected person, without clear statutory limits. Respondents queried what safeguards would exist to ensure any costs recovered would be fair, reasonable and proportionate, and what rights would be available to challenge the basis or amount of any recovery.	**Outcome** Section 15B will not be inserted. The Bill has been revised to remove the proposed amendment. The following provisions will also not be inserted and the Bill revised to remove the proposed amendments: 1. s.23A FSA08 2. s.41A IA08 3. Related changes to p.7 Sch.5 IA08 **Explanation** See c.12 for the Authority's full response. The Authority has reviewed the position and acknowledges concerns raised regarding the proposed fee-recovery powers. Given the complexity of these issues, and limited time remaining in the legislative process, the Authority considers that further detailed examination is required before any such powers could be progressed appropriately. Accordingly, these amendments have been removed from the Bill, to be reconsidered as part of a future legislative exercise.	Removed
c.37	**New s.16A (contravention of**	This new s.16A CISA08 would be similar to c.21 (amending s.43 FSA08).	See c.21 (Removed).	**Outcome**	Removed

Draft Bill V07 Clause	Amending CISA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
	statutory provisions), CISA08	It would clarify the Authority's ability to take action using its powers under the FSA08 to address contraventions under the CISA08. This would be in addition to existing powers under the CISA08 and would not affect existing powers.		Section 16A will not be inserted. The Bill has been revised to remove the proposed amendment. **Explanation** On reviewing the consultation feedback and drafting of the proposed amendments across the regulatory Acts, the Authority considers that these amendments should not proceed in the current Bill and will be considered as part of a future legislation programme. See c.21 (Removed) for further information.	
c.38	**s.19A (civil penalties), CISA08**	The proposed amendment to s.19A CISA08 is consistent with c.11 (amending s.16 FSA08). See c.11 for details. Please see the Revised Civil Penalty Provisions – Questions & Answers document for more information.	See Appendix C (Revised Civil Penalty Provisions).	See Appendix C (Revised Civil Penalty Provisions).	c.34
c.39	**s.20 (guidance), CISA08**	The proposed amendment to s.20 CISA08 is consistent with c.9 (amending s.12 FSA08) to explain the effect of complying with (or not complying with) guidance.	See c.9. No CIS-specific feedback was received on the proposed amendment to the Authority's CISA08 guidance powers. Respondents noted their comments on equivalent proposals in s.12 FSA08 (c.9) apply equally to the proposed CISA08 amendment.	**Outcome** Section 20(3) to (5) will not be inserted. The Bill has been revised to remove the proposed amendment. **Explanation** See c.9 for the Authority's full response.	Removed
N/A	**NEW s.20A (public statements),** **CISA08** **NEW POST-CONSULTATION**	N/A	N/A	**Outcome** A new s.20A (public statements) has been inserted into the CISA08, providing the Authority with an express public statement power in relation to matters arising under that Act. **Explanation** Consultation feedback on the proposed amendment to s.13 of the FSA08 highlighted concerns about the breadth of extending public statement powers to the Authority's functions under any enactment. The Authority has therefore revised the approach so that public statement powers are addressed on a targeted, Act-specific basis. Section 13 FSA08 has been amended to apply only to functions under that Act, and a corresponding public statement provision has been inserted into CISA08. New s.20A mirrors the structure and safeguards of the revised s.13 FSA08, adapted for the collective investment schemes framework. This ensures that the Authority has appropriate	c.35 NEW

Draft Bill V07 Clause	Amending CISA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				public statement powers in respect of CISA08 matters without extending the regime more broadly than intended. The Authority intends to address public statement powers under the Beneficial Ownership Act 2017 separately.	
c.40	**s.22 (public registers), CISA08**	This is a minor amendment to remove the need for public registers to be physically held in the Authority's offices. The proposal would modernise the public register requirement under the CISA08 and reflect the fact that electronic registers are accessible on the Authority's website. Copies of the electronic registers would still be available at the Authority's offices on request.	A response was received, which supported the proposed amendment.	**Outcome** The proposed amendment to s.22 will be retained without further change.	c.36
c.41	**s.23 (financial provisions), CISA08**	The proposed amendment to s.23 CISA08 is consistent with c.23 (amending s.46 FSA08). It would allow the Authority to prescribe fees in connection with the discharge of its wider functions under the CISA08 provided those fees are reasonable and are intended to cover the cost of discharging those functions. This amended provision could then be used in future instead of the general fee-making power under s.81 (grant of power to the Treasury, Departments and Statutory Boards) of the Interpretation Act 2015.	Whilst a respondent supported the proposed amendments, others raised concerns. Comments largely mirror those made about the FSA08 broader fee-making powers and the summaries below should be read with the fuller analysis at c.23. **Type of fees and categories of payers** Respondents noted the consultation did not set out the types of fees that might be prescribed under the new power, nor the categories of persons who may be liable to pay them. Without this information, they felt it was difficult to assess the amendment's reasonableness or proportionality. **Questioning the need for regulatory-based fee powers for non-licenceholders** Several respondents queried why a fee unconnected to licenceholders would be introduced under sector-specific financial services legislation, when general statutory powers exist elsewhere to impose fees on non-regulated persons. **Call for independent scrutiny of fee levels** Respondents reiterated concerns (also raised at c.23) that, given the Authority's transition to a licenceholder-pays funding model, there should be an independent mechanism for reviewing or assessing fee levels and the matters that attract fees. **CIS-specific issue – fees for overseas schemes** Respondents raised a general point about existing fees charged to overseas schemes, querying why the Authority charges a fee where the scheme is not regulated by the Authority. They expressed concern that the proposed amendment did not	**Outcome** The proposed amendment to s.23 will be retained without further change. **Explanation** As the feedback received regarding the proposed financial provisions under the CISA08 mirrors that for equivalent amendments under the FSA08, see c.23 (now c.20) for further information. Regarding existing fees for overseas schemes, this matter is addressed separately in the consultation on the Authority's fee structure. For further detail see the published fee consultation: Isle of Man Financial Services Authority (Fees) Order 2026. No further amendments are proposed to the financial provisions under CISA08.	c.37

Draft Bill V07 Clause	Amending CISA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			clarify this position and could potentially widen the fee-charging scope further. **Unclear purpose and operation of the new power** Respondents commented that the drafting does not explain the purpose of the new fee-making power, how it would operate in practice, or the circumstances in which it might be exercised.		
N/A	**NEW s.25 (Tynwald procedure) amendment,** **CISA08** **NEW POST-CONSULTATION**	N/A	N/A	**Outcome** Section 25 has been amended to require that orders and regulations made under CISA08 are subject to the Tynwald procedure – affirmative. **Explanation** The s.25 amendment does not substantively change the provision. It modernises the terminology on Tynwald procedure in accordance with the Legislation Act 2015.	c.38 NEW
c.42	**s.26 (interpretation), CISA08**	This would amend s.26 CISA08 to revise the definitions of 'associate', 'controller' and 'director' and improve consistency between the Acts. Also, some housekeeping changes have been included to reflect the fact that certain closed-ended investment companies have been included within the definition of 'collective investment schemes' since 2017.	Whilst one respondent supported the proposed amendments, others raised several points: • It was observed that definitions across the Acts are being broadened (e.g., "associate", "controller"). However, no strong views were expressed. • On the definition of "director", it was noted that a registered agent of an LLC should not be included as it has no management powers under s.17 LLCA96. Further, that an LLC member should only fall within the definition of director where management powers are not vested in a manager (s.17(3) LLCA96). • Comment was provided that references to open-ended investment companies should be removed from the definition of "fiduciary custodian". It was considered that various terms refer to appointments made by the governing body of a scheme, which may not reflect operational reality. They suggested wording that would enable appointments made "by or on behalf of a scheme", consistent with other definitions such as "fiduciary custodian" and "promoter".	**Outcome** Section 26 - the proposed amendments to the definitions of "associate" and "controller" will be retained without further change. Section 26 the proposed amended definition of "director" has been further revised at (c) regarding limited liability companies. Reference to "registered agent" has been removed and clarification provided that an LLC member is only treated as a "director" where management powers are not vested in a manager. Section 26 definitions of "documents constituting the scheme", "governing body" and "units" will no longer be amended. The text will revert back from "a company" or "a company which is a scheme" to "an open-ended investment company". **Explanation** Regarding the definitions of "associate" and "controller", the Authority considers the amendments are appropriate and will improve clarity and legal accuracy. The "director" definition has been further revised to align the CISA08 definition with that of s.17 Limited Liability Companies Act 1996 ('LLCA96'). Accordingly, "registered agent" has been removed because they do not hold management powers and they are already captured through Class 4(5) of the Regulated	c.39

Draft Bill V07 Clause	Amending CISA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				Activities Order 2011. It has also been clarified when LLC managers and members should be classed as directors. These amendment to the "director" definition have been made in s.48 FSA08 and s.3 DBROA15. – The amendments in Section 26 to the definitions of "documents constituting the scheme", "governing body" and "units" were ancillary amendments to the proposed changes to s.1(6) (meaning of collective investment scheme). The redrafted s.1(6) means that it is no longer necessary to amend these definitions in s.26. See c.32 (now c.29) for further detail. The Authority notes feedback received on the definition of "fiduciary custodian" and on possible changes to other scheme-related definitions (e.g. "administrator", "custodian", "manager"). These matters were not included within the scope of the amendments made in this Bill and were not part of the original drafting instructions. They may merit further consideration as part of a future legislative review but will not be progressed at this time.	
c.43	**Sch.2 (international schemes), CISA08**	The proposed amendment seeks to rectify ambiguity in relation to the status of an international collective investment scheme if it breaches regulations. The amendments would ensure that, once a scheme has been established, lack of compliance with a provision of the relevant regulations would: • not mean that the scheme ceases to be a scheme; • not remove the requirement to comply with the regulations; and • not remove the Authority's ability to enforce the regulations or the Act.	A response was received, which supported the proposed amendment.	**Outcome** The proposed amendments to Sch.2 will be retained without further change.	c.40

3. Amendments to the Insurance Act 2008

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.44	N/A	Gives effect to the amendments to the IA08.	No issues raised.	No further comments.	c.41
c.45	N/A	General amendment to replace references to 'sub-paragraph' with 'subparagraph'.	No issues raised.	No further comments.	c.42
c.46	**s.5 (authorised insurers), IA08**	This amendment seeks to replicate the equivalent provision under s.4 FSA08 by providing examples where a person may be treated as holding themselves out as carrying on insurance business in or from the Isle of Man. This would harmonise the approach to the general prohibition across the relevant Acts.	Whilst a respondent agreed with the proposed amendment. Another noted that though the Consultation Paper explains that s.5(3) seeks to harmonise when a person is treated as carrying on business in or from the Isle of Man with the FSA08, the IA08 does not include the equivalent of s.4(2)(a) FSA08 (in the Island). They noted that the equivalent of s.4(2)(b) (from the Island) is found at s.54(2) IA08. They also questioned the appropriateness of including "as an intermediary for another" in s.5(3) because acting as an insurance intermediary is a separate regulated activity, not within the insurance business definition. They considered that including these words risks putting registered insurance intermediaries in breach of the s.5 prohibition.	**Outcome** Section 5 has been further revised as follows: • New s.5(1A) and (1B) have been inserted. • New s.5(1A) replicates s.4(2) FSA08 with amendments to refer to insurance business. • New s.5(1B) is the text relocated from s.54(2) without further amendment. Section 54(2) has been removed. The proposed insertion of s.5(3) will be retained without further change including the text "as an intermediary for another". **Explanation** The addition of new s.5(1A) is intended to harmonise provisions within the IA08 in respect of 'insurance business' only with equivalent provisions in the FSA08. The new s.5(1B) relocating the current provision from s.54 ensures that related provisions previously found in different areas of the IA08 are now consolidated within s.5. The new s.5(1B) is a wider provision covering 'insurance business', 'insurance managers' and 'insurance intermediaries'. The word "intermediary" in s.5(3) is used in the general sense. As it is not "insurance intermediary" it is not the defined term and has the ordinary meaning.	c.43
c.47	**s.7 (circumstances in which authorisation will not be granted), IA08**	This would amend s.7 IA08 to include a description of the matters considered by the Authority when determining F&P. This is intended to improve consistency between the Acts. The proposed text is based on s.6(2) FSA08.	Whilst a respondent supported proposed amendments to s.7, others expressed broader concerns about how the fitness and propriety and controller provisions apply where control is acquired through shareholdings on recognised stock exchanges. It was suggested that investors in publicly traded shares of parent companies and groups should either be exempt from, or subject to reduced, fit and proper assessment requirements given the transparency associated with public markets. Alternatively, respondents recommended applying a higher control threshold (e.g. 25% effective control) in such circumstances.	**Outcome** The proposed amendments to s.7 will be retained without further change. In connection with s.7 and fit and proper issues, s.29(2) (connected persons) has been further revised so that the regulated entity ("A") is responsible for submitting the controller notification, rather than the controller or insurance manager. See c.59 (now c.54).	c.44

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			They noted that regulated Isle of Man entities may not be aware of share purchases on public exchanges until after the event, making prior approval impractical. Respondents proposed a post-event notification obligation based on a set number of working days after becoming aware, rather than a requirement for pre-approval. It was also highlighted that investors in listed companies are unlikely to know they have acquired an interest in an Isle of Man regulated entity or that they must complete F&P forms. Some respondents suggested that, for listed entities, the F&P requirements should be limited to a simple notification only, without the requirement to complete the full suite of F&P forms. They highlighted significant practical issues with obtaining detailed information from distant parent entities or minority shareholders, and noted that existing stock exchange disclosure requirements already provide transparency. Further comments noted that the current F&P assessment process is overly prescriptive and, in certain cases, intrusive or operationally burdensome. Specific challenges cited include pre-event notification being unrealistic, the difficulty in completing F&P forms for intermediate holding companies, concerns over the level of disclosure required for CEOs without day-to-day control, and the practical difficulties of collecting detailed information from new shareholders holding over 10%.	**Explanation** Regarding the broader concerns raised. The revision to s.29(2) addresses operational difficulties, aligns with the approach taken under the FSA08, and reflects current supervisory practice. See c.59 (now c.54) for further information on s.29. The Authority does not consider it appropriate to exempt controllers of listed entities from F&P requirements, nor to move to a purely "notified-only" controller regime in legislation for the following reasons: • While listed-entity controllers are subject to market disclosure obligations, these do not include any integrity assessment and therefore cannot replace the Authority's gatekeeping function. • In practice, pre-consent has been essential in preventing unsuitable persons from acquiring control, including cases involving serious criminality. • FATF Standards require jurisdictions to take measures to prevent criminals or unsuitable persons from gaining control of financial institutions. For these reasons, no legislative exemption or reduction of the F&P requirements is proposed. The Authority recognises that some lower-risk scenarios (such as captive insurers) already operate under a "notified-only" model agreed in writing under existing statutory flexibility. This remains the appropriate mechanism for applying a tailored approach where justified. The Authority can consider whether further updates to guidance including controller notification expectations, treatment of listed-entity controllers, and the handling of 10–15% control thresholds would be beneficial. The broader comments concerning the burden of F&P documentation are noted. However, a degree of scrutiny is inherent when a person seeks to acquire control of an Isle of Man insurer and aligns with international regulatory expectations. Accordingly, beyond those amendments already outlined, no further amendments to these provisions are proposed.	

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.48	**s.10 (withdrawal of authorisation in respect of new business), IA08**	This would amend s.10 IA08 to state explicitly that a withdrawal of authorisation in respect of new business may be due to an authorised insurer ceasing to be fit and proper. This is intended to improve consistency between the Acts.	See former c.6 (now removed). A respondent expressed reservations regarding the practical implementation of this amendment. Concerns were raised that the provision could place businesses in a difficult position if the Authority seeks to impose a withdrawal, cancellation, or restriction of a licence and the fitness and propriety grounds for doing so are contested. It was noted that the circumstances in which the Authority might apply this power are unclear, creating uncertainty for firms. While the power has existed by implication in previous versions of the Act, respondents considered that the proposed amendment may lower the threshold for its application, thereby increasing regulatory risk.	**Outcome** Section 10(1A) will not be inserted. The Bill has been revised to remove the proposed amendment. **Explanation** See also former c.6 (now removed) for further information. Following consideration, the proposed new s.10(1A) is no longer considered necessary. s.10(1A) was intended to clarify the Authority's existing powers, not introduce new ones. However, feedback indicated that the amendment could create uncertainty and appear to lower the threshold for action. To avoid confusion, the provision has been removed from the Bill. The Authority retains the ability to withdraw, cancel, or restrict an authorisation on fitness and propriety grounds under the existing framework.	Removed
c.49	**s.14 (accounts), IA08**	This would amend s.14 IA08 to introduce a regulation-making power so the Authority may change the time period in which financial statements are to be provided to the Authority in general (rather than in specific instances for a specific regulated entity). This is intended to provide additional flexibility in the provision of financial statements.	Whilst a respondent agreed with the proposed amendment, another commented they had no objection to the Authority being granted powers to amend the timeframe for submitting financial statements for all regulated firms. They requested the Authority clarify that this provision is intended to offer flexibility only on a case-by-case basis, and confirm that firms will be notified of changes to the submission timeframe with sufficient notice – specifically, not less than 3 months in advance.	**Outcome** Section 14(5) has been amended to include the text "this section or". Section 14(5) now reads "*The Authority may exempt in writing an insurer specified in the exemption from any provision contained in **this section or** regulations made under this Act relating to accounts.*" No further revisions have been made to the proposed amendments to s.14. **Explanation** The additional text in s.14(5) will enable the Authority to exempt an insurer from the s.14(3) audit requirement. This gives the Authority more comparable exemption scope under the IA08 as it has under the FSA08 (where audit requirements fall within secondary legislation). Changes to the timeframe for the submission of financial statements under s.14(6) would be prescribed in regulations which would be subject to consultation with industry and Tynwald consideration.	c.45
c.50	**s.18 (actuary), IA08**	This proposed amendment to s.18 IA08 is consistent with c.6 (amending s.10 FSA08) and for the same reasons. The amendment would make it clear that, when an individual is being presented for appointment as actuary of an insurer carrying on long-term business, it is for the insurer to satisfy	Whilst a respondent agreed with the proposed amendment, another commented that if someone has previously been approved this should be considered in a future fit and proper process, albeit they accepted that it should not be determinative of the decision. The respondent considered that	**Outcome** Section 18(4) has been further revised to remove the text *"(whether or not that person is or has previously been considered as such a fit and proper person)*".	c.46

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		the Authority that the individual is fit and proper, rather than for the Authority to establish that they are not.	this should remain a matter for guidance rather than primary legislation.	Section 18(13) has been removed (ancillary to this amendment, s.30(2) has been inserted for which further information is provided at c.62 (now c.57). **Explanation** The Authority agrees that previous acceptance for a similar role may be a relevant factor in assessing an individual's fitness and propriety. However, it cannot be determinative, as fitness and propriety is assessed in the context of the specific appointment and the circumstances at the time. This remains a matter appropriately addressed through guidance and supervisory engagement rather than through statutory amendment. Section 18(13), required the appointed actuary to notify the Authority that they have ceased their appointment with the insurer. This requirement will be removed because the insurer is obliged to notify the Authority of the cessation under s.18(11).	
c.51	**s.21C (group supervisor), IA08**	The proposed amendment to s.21C IA08 requires the Authority to specify, in regulations, the types or categories (including class or classes) of insurance business in respect of which it is not appropriate for the Authority to be the group supervisor of an insurance group. This would allow the Authority additional flexibility to determine where it is not appropriate for it to be the group supervisor, as the current provision is very narrow and does not cover other situations that may be relevant.	A respondent supported the proposed amendment.	**Outcome** The proposed amendment to s.21C will be retained without further change.	c.47
c.52	**s.21I (appointment of group actuary), IA08**	The proposed amendment to s.21I IA08 is consistent by c.6 (amending s.10 FSA08) and for the same reasons. The amendment would make it clear that, when an individual is being presented for appointment as actuary of a designated insurer, it is for the designated insurer to satisfy the Authority that the individual is fit and proper, rather than for the Authority to establish that they are not.	Whilst a respondent agreed with the proposed amendment, others observed that the provision mirrors equivalent amendment to s.10 FSA08. They considered that the fact an individual has previously been approved should remain a relevant factor in the Authority's assessment process, while recognising that prior approval should not be determinative of the decision. Respondents suggested that this issue is better addressed through guidance rather than primary legislation.	**Outcome** Section 21I(3) has been further revised to remove the text "(*whether or not that person is or has previously been considered as such a fit and proper person)*". Section 21I(11), has been removed (ancillary to this amendment, s.30(2) has been inserted for which further information is provided at c.62 (now c.57). **Explanation** The Authority agrees that previous acceptance for a similar role may be a relevant factor in assessing an individual's fitness and propriety. However, it cannot be determinative, as fitness and propriety is assessed in the context of the specific appointment and the circumstances at the time. This remains a matter	c.48

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				appropriately addressed through guidance and supervisory engagement rather than primary legislation. Section 21I(11), required the appointed group actuary to notify the Authority that they have ceased their appointment with the insurer. This requirement will be removed because the designated insurer is obliged to notify the Authority under s.21I(10).	
c.53	**s.23 (insurance managers), IA08**	This would amend s.23 IA08 to make the phrasing between the IA08 and FSA08 consistent.	Whilst a respondent supported the proposal, others felt that introducing a "by way of business" test for insurance managers and intermediaries is unnecessary. They noted that the revised drafting does not read clearly and that "carrying on a business" is an already well-established and distinct legal test under both Isle of Man and UK law. Respondents highlighted that existing statutory provisions, including s.5(1), s.23 and s.24 of the IA08, as well as s.7(1) of the DBROA15 already address the relevant concepts. On this basis, they considered the proposed amendments redundant and suggested the changes be omitted.	**Outcome** The proposed amendment to s.23 will be retained without further change. **Explanation** The concepts "in the course of a business", "carrying on a business" and "by way of business" carry different legal implications. "In the course of business" means doing an activity as part of the normal operation of a business. "Carrying on a business" generally implies a continuing or established presence in the Island, whereas "by way of business" is broader and can capture persons who carry out regulated activity in or from the Isle of Man without operating an ongoing business. Having reviewed this distinction, the Authority considers that retaining the change to "by way of business" is appropriate and necessary. This approach ensures that the legislation continues to capture persons carrying on insurance management or intermediary activity in circumstances where they may *not* be "carrying on a business" in the Isle of Man but are nonetheless acting by way of business. This alignment is also consistent with the definition of "insurance business", which already relies on a "by way of business" test, and therefore promotes coherence across the IA08. On the drafting clarity issues highlighted, the Authority sought legal advice, which considered the provisions to be sufficiently clear. The Authority also notes that both "carrying on a business" and "by way of business" appear at various points across the regulatory Acts. A wider alignment exercise may be considered in the future, but this falls outside the scope of the current Bill.	c.49
c.54	**s.24 (insurance intermediaries), IA08**	This would amend s.24 IA08 to make the phrasing between the IA08 and FSA08 consistent.	See c.53 (now c.49).	See c.53 (now c.49).	c.50

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.55	**s.25 (registration under this Part), IA08**	This would amend s.25 IA08 to add a description of the matters considered by the Authority when determining F&P. This change would improve consistency between the Acts. The proposed text is based on s.6(2) FSA08. There is a further amendment proposed and noted on the Keeling to remove 'registered insurance intermediary' and replace with 'insurance intermediary' to align with removal of 'registered' in respect of insurance managers.	Respondents agreed with the proposal. They sought assurance that any new guidance describing how the Authority assesses fitness and propriety would not represent a significant departure from the criteria already applied in practice. Respondents also queried whether such guidance would apply to insurers that are already registered. It was additionally noted that, following the amendment to s.6 FSA08, the requirement for a licenceholder to remain fit and proper is a continuing obligation, not one limited to the point of initial application.	**Outcome** The proposed amendment to s.25 will be retained without further change, though the noted proposal to replace "registered insurance intermediary" with "insurance intermediary" will not proceed. **Explanation** The Authority confirms that the intention behind this amendment is to provide clarity around the factors the Authority may consider when assessing fitness and propriety. Respondents are correct that no significant change to existing practice is anticipated. The Authority has no plans to materially change the current fit and proper guidance, other than minor clarificatory updates where helpful. The proposed statutory wording does not expand the existing assessment framework or introduce new substantive criteria. Consistent with the FSA08, any guidance issued under this provision would apply as part of the Authority's ongoing supervision of all registered insurers, noting that the requirement to remain fit and proper is a continuing obligation, not only at initial registration, as has always been the case.	c.51
c.56	**s.26 (cancellation or restriction), IA08**	This would amend s.26 IA08 to state explicitly that a cancellation of registration of an insurance manager or insurance intermediary may be due to that entity ceasing to be fit and proper. This is intended to improve consistency between the Acts.	A respondent supported the proposed amendment.	**Outcome** Section 26(1A) will not be inserted. The Bill has been revised to remove the proposed amendment. **Explanation** On internal review following the consultation, the Authority no longer considers this amendment to be necessary. See former c.6 (now removed) for further information.	Removed
c.57	**s.27A (accounts), IA08**	This would amend s.27A to introduce a regulation-making power so the Authority may change the time period in which financial statements are to be provided to the Authority in general (rather than in specific instances for a specific regulated entity). This is intended to provide additional flexibility in the provision of financial statements.	Whilst a respondent supported the proposed amendment without reservation, another noted that – though they had no objection to the amendment – they requested the Authority clarify that this provision is intended to offer flexibility only on a case-by-case basis, and confirm that firms will be notified of changes to the submission timeframe with sufficient notice – specifically, not less than 3 months in advance.	**Outcome** Section 27A(6) has been amended to insert "or" after s.27A(6)(a). No further amendments have been made to the proposed provision. **Explanation** Any change to the timeframe for submission of financial statements under s.27A(6) would be prescribed in regulations. Such regulations would be subject to consultation with industry	c.52

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				and Tynwald consideration, as such no further changes will be made to the proposed amendment.	
c.58	**s.28 (persons to whom this Part applies), IA08**	This would amend s.28 IA08 to introduce a shorthand reference by adding that 'a person to whom this Part applies' may also be referred to as 'A'. This is intended to streamline the drafting of subsequent provisions in the Part and clarify the application of the provision. There would be no change to the scope of persons covered or to the Authority's exemption power under s.28(2).	A respondent supported the proposed amendment.	**Outcome** The proposed amendment to s.28 will be retained without further change.	c.53
c.59	**s.29 (connected persons), IA08**	This would amend s.29 IA08 to introduce the 'notified only' appointment into primary legislation and provide for reduced notification periods for such Controlled Functions. This would improve consistency between the IA08 and the Regulatory Guidance on F&P. This would also amend s.29 IA08 to reflect the proposed changes under c.7 (amending s.10 FSA08) and for the same reasons. This would make it clear that, when an individual is being presented for appointment in certain Controlled Functions, it is for the regulated entity to satisfy the Authority that the individual is fit and proper, rather than for the Authority to establish that they are not. In addition, this would also amend the definition of 'manager' in s.29 IA08 to broaden its application to make it more consistent with the 'key person' term in the FSA08 and to provide additional flexibility. The change is intended to focus on the nature and reality of a role, rather than its title, to improve the effectiveness of the regulatory framework.	Several issues were raised in respect of the proposed amendments to s.29: • It was noted that IA08 notification periods are not always achievable in practice. For example, details of a change in controller of an insurance company may not be made available to the company in advance of a change. As such, an insurance manager may not have been made aware of the changes and not have sufficient time to notify the Authority within five days of the event for exceptional circumstances. • Regarding s.29(2) notification requirements, it was noted that under the FSA08 and Financial Services Rule Book the obligation to obtain consent for a change of control is on the licenceholder / regulated entity and it was unclear why the position differed for insurance entities. It was suggested that, unless there was a compelling reason for the difference, s.29(2) and the FSA08 requirements be aligned. • In respect of s.29(2A)(a), one respondent said they would expect all controllers and insurance managers to be 'notified and accepted' [i.e. as opposed to 'notified only']. As such, they suggested s.29(2A)(a) and s.29(3) could probably be removed, which would simplify the revised s.29. They suggested that, if this was not done, an alternative would be to change the numbering of s.29(3) to s.29(2B) for consistency of numbering, and change s.29(3) to refer to 'five days from the insurer becoming aware of the person becoming a controller', as it may not be aware at the time of the change. • In respect of s.29(3A), it was suggested that the fact someone has previously been approved for a role should still be a factor which is considered as part of the approval process. The respondent acknowledged that this should	**Outcome** Section 29(2) has been revised to replace "that controller or insurance manager, as the case may be" with "A". Section 29(3A) has been revised to remove the text "*(whether or not the person is or has previously been considered as such a fit and proper person)*" and to include "*on reasonable grounds*". Section 29(3B) has been revised to include "*on reasonable grounds*". No further changes have been made to the provision. **Explanation** • Regarding IA08 notification periods, the Authority notes that notification requirements for appointing connected persons under s.29 may not always be achievable. The requirements are a baseline for all entities to ensure the Authority is notified of key changes to the regulated entity's status in good time to be able to take required action. Where the notification period cannot be met, the Authority expects the regulated entity to notify it as soon as possible along with reasons for the delay. • Section 29(2) has been revised so that the regulated entity ("A") is responsible for submitting the controller notification, rather than the controller or insurance manager. This addresses operational difficulties, aligns with the approach taken under the FSA08, and reflects current supervisory practice. • Section 29(2A)(a) has been drafted to allow for circumstances where a controller or insurance manager Controlled Function may be subject to a 'notified only' requirement as opposed to 'notified and accepted'	c.54

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			not be the decisive factor in the decision. The respondent also considered that this should remain a matter for guidance rather than primary legislation. • It was suggested that the addition of a new '(b)' in the definition of "manager" is problematic in the context of s.29(1). This is because businesses could not ascertain (objectively) whether it (subjectively) appeared to the Authority that somebody falls within limb (b). The respondent suggested that this could be addressed by providing that (b) only applies for the purpose of s.29E IA08.	requirement. These requirements are laid out in the Regulatory Guidance on Fitness and Propriety.[12] No changes are proposed to the Bill. • In respect of s.29(3A), the Authority agrees that previous acceptance for a similar role may be a relevant factor in assessing an individual's F&P. However, it cannot be determinative as F&P is assessed in the context of the specific appointment and the circumstances at the time. This remains a matter appropriately addressed through guidance and supervisory engagement rather than primary legislation. • Including "reasonable grounds" within s.29(3A) and (3B) aligns the IA08 with other Authority legislation. This ensures the Authority must hold reasonable grounds before issuing a direction, an important safeguard. • Including '(b)' in the definition of "manager" in s.29(9), aligns with the "key person" definition proposed to be inserted at s.54(1) IA08 and the existing "key person" definition in s.48(1) FSA08. It is to ensure persons with significant powers or responsibilities are regarded as "managers" under s.29 and s.29E IA08, irrespective of formal title or position held.	
c.60	**s.29A (prohibitions), IA08**	This would amend section 29A IA08 to reflect the introduction of the defined term 'A' in c.58 (amending s.28 IA08) for the same reasons.	A respondent supported the proposed amendment.	**Outcome** Subject to technical redrafting of the clause, the proposed amendments to s.29A will be retained without further change.	c.55
c.61	**s.29E (warning notices), IA08**	The proposed amendments to s.29E IA08 are consistent with c.8 (amending s.11 FSA08) and for the same reasons. Warning notices state the Authority has grounds to believe activities or circumstances specified in the notice are prejudicial to the individual's F&P (s.29E(2) IA08). This would amend s.29E IA08 to widen the warning notice power to include (only if appropriate) individuals who are, or have been, employees of a person to whom Part 7 IA08 applies. The reason for the change is that the Authority sometimes faces situations where it may be appropriate to issue a warning notice to an individual who holds (or previously held) a non-Controlled Function with a permitted person.	See c.7.	**Outcome** The following amendments throughout s.29E will be retained without further change: • Replacing "principal control officer" with "key person"; • Replacing "a person to whom this Part applies" with "A"; and • Replacing "relevant" with "notified". Section 29E(1A) will not be inserted. The Bill has been revised to remove the proposed amendment. Section 29E(7)(b) – amendments will be further revised to remove the proposed s.29E(7)(b)(iii) enabling disclosure of	c.56

[12] https://www.iomfsa.im/media/3289/regulatoryguidancefitnessandpropriety.pdf

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		The Authority would not wish to review such an individual's F&P as a matter of course, nor have them treated as key persons etc. However, without the ability to issue a warning notice, the only action the Authority can take against the individual is to prohibit them from undertaking regulated activity. Prohibition is a public regulatory sanction and has a significant impact on individuals. A decision to prohibit an individual is not taken lightly. An individual who is not in a Controlled Function may have been involved in regulatory failure, but their actions may not warrant a prohibition. A warning notice that their actions are considered prejudicial to their F&P would allow the Authority to take a more proportionate response. This provision would also amend s.29E(7)(b) IA08 to permit the Authority to disclose the circumstances surrounding the warning notice to certain persons who — • have received an employment application from the individual that is the subject of the warning notice, and • where the individual, if successful, would be in a Controlled Function or otherwise employed by the person. This can only take place if the warning notice is still in effect. This could only take place if the warning notice was still in effect. No changes are proposed to: the right of appeal; the maximum permitted time the warning can remain in effect (three years years); and the warning remains a discrete (rather than public) matter.		warning notices in respect of prospective employees in non-controlled functions. **Explanation** See c.8 (now c.7).	
c.62	**s.30 (notice of cessation), IA08**	This would amend s.30 IA08 to update terminology to align with current definitions by replacing 'principal control officer' with 'key person', and substituting 'person to whom this Part applies' with the defined shorthand 'A', as detailed in c.58 (amending s.28 IA08). These changes are intended to improve consistency across the Acts. The substance of the notification requirement remains unchanged.	No comments	**Outcome** A new s.30(2) has been inserted which limits the notification requirement under s.30(1) such that it does not apply where cessation concerns a s.18 appointed actuary or a s.21I appointed group actuary. The initial paragraph has been renumbered as s.30(1). Other proposed amendments will be retained without further change. **Explanation**	c.57

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				Section 30(2) has been inserted to disapply the s.30 notification requirements for cessation of s.18 appointed actuaries and s.21I appointed group actuaries ancillary to the s.18 and s.21I amendments. Specific notification requirements for the cessation of s.18 appointed actuaries are at s.18(11) and for s.21I appointed group actuaries at s.21I(10). See c.50 (now c.46) and c.52 (now c.48) for information on s.18 and s.21I.	
c.63	**s.34 (publication of information and advice), IA08**	The proposed amendment to s.34 IA08 is consistent with c.8 [sic – c.9] (amending s.12 FSA08) to explain the effect of complying with (or not complying with) guidance.	Respondents generally supported the proposed amendment, with one expressing agreement. Another queried the purpose and effect of the newly inserted s.34(2A), noting that the Authority already has power to issue binding guidance under s.51 IA08. They considered the interaction between these two provisions to be unclear and suggested that clarification may be required to avoid confusion or overlap.	**Outcome** Section 34(1) – amendments will be retained without further change. Section 34(2A), (2B) and (2C) will not be inserted. The Bill has been revised to remove the proposed amendment. **Explanation** Though comments generally supported the proposed new s.34(2A) to (2C) IA08, the Authority acknowledges concerns raised in respect of equivalent amendments under the FSA08. See c.9 (now c.8) for further information.	c.58
c.64	**s.37 (Civil penalties), IA08**	The proposed amendment to s.37 IA08 is consistent with c.11 (amending s.16 FSA08). See c.11 for details. Please see the Revised Civil Penalty Provisions – Questions & Answers document for more information	See Appendix C (Revised Civil Penalty Provisions).	See Appendix C (Revised Civil Penalty Provisions).	c.59
N/A	**s.39B (appointment of business manager), amended,** **IA08** **NEW POST-CONSULTATION**	N/A	N/A	**Outcome** Section 39B(2)(b) has been amended to specify that an order made under s.39B(1) is subject to the Tynwald procedure – affirmative. **Explanation** The s.39B amendment does not substantively change the provision. It modernises the terminology on Tynwald procedure in accordance with the Legislation Act 2015.	c.60 NEW
c.65	**s.41 (application of sections 39 and 40), IA08**	This would amend s.41 IA08 to correct an error by clarifying that s.39 (restitution orders) and s.40 (action for damages) IA08 do not apply to contraventions relating to regulated investment business activities within the meaning of the FSA08.	Whilst a respondent agreed with the proposed amendment, another requested the Authority review the explanation in Appendix B of the Consultation Paper. They considered the Bill's proposal would significantly broaden this provision, which they considered may be an error. The current provision allows insurers an exclusion for Class 2 (Investment Business) regulated activities under the Regulated Activities Order 2011,	**Outcome** Section 41 will no longer be amended. The text will revert back from “shall not apply” to “shall apply only”. The Bill has been revised to remove the proposed amendment. **Explanation**	Removed

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		The change is proposed as the Authority would use its powers under the FSA08 in respect of contraventions relating to regulated investment business activities.	but probably only when insurers are carrying on such excluded activities.	The Authority notes the comments made and believes the proposed amendments were erroneous. The original provision will remain unchanged.	
c.66	**New s.41A (payments of persons appointed under section 39A or 39B), IA08**	This proposed new s.41A IA08 would be similar to c.12 (new s.23A FSA08). It would clarify the Authority's powers to agree funding for certain appointments of professionals to fulfil statutory roles as may be prescribed in secondary legislation. This would help avoid situations where appointees (under statutory provisions) are potentially unable to secure settlement of their fees.	Respondents raised concerns identical to those expressed in relation to the equivalent FSA08 provision at former c.12 (now removed). They noted the proposed amendment would allow the Authority to pay a third party and subsequently require repayment from the licenceholder. Respondents queried what safeguards would apply in such circumstances and what opportunity a licenceholder would have to challenge the amount or reasonableness of any fees charged. See c.12.	**Outcome** Section 41A will not be inserted. The Bill has been revised to remove the proposed amendment. **Explanation** The Authority notes that feedback mirrors concerns raised about the equivalent amendment at s.23A FSA08. On reviewing the position, the Authority considers the proposed fee-recovery powers require further policy development and are not suitable to progress within the current Bill. See former c.12 (now removed) for further information.	Removed
	New s.41B (contravention of statutory provisions), IA08	This proposed new s.41B IA08 would be similar to c.21 (amending s.43 FSA08). It would clarify the Authority's ability to take action using its powers under the IA08 to address contraventions under the IA08. This would be in addition to existing powers under the IA08 and would not alter the effect of existing powers.	See former c.21 (now removed).	**Outcome** Section 41B will not be inserted. The Bill has been revised to remove the proposed amendment. **Explanation** On reviewing the consultation feedback and drafting of the proposed amendments across the regulatory Acts, the Authority considers that these amendments should not proceed in the current Bill and will be considered as part of a future legislation programme. See former c.21 (now removed) for further information.	Removed
c.67	**s.45 (appeals to the Financial Services Tribunal)**	This would amend s.45 IA08 to add a table of appealable matters into the IA08, which is similar to that within s.32 FSA08. This is intended to provide greater clarity.	Whilst a respondent agreed with the proposed amendments, others commented that the introduced table of appealable matters excludes some matters, perhaps inappropriately e.g. Part 4A, s.35 and the proposed new s.41B. Respondents did not agree with the reduction of matters that can be appealed. They also noted that should the proposed s.41B proceed, it and the associated regulatory powers should be included within the table of appealable matters / decisions.	**Outcome** Section 45(3) has been further revised as follows: • Insert as an appealable decision s.26A "A requirement by the Authority that the insurance manager or insurance intermediary take action"; • Clarify reference to s.31 by inserting "to keep assets"; and • Insert as an appealable decision p.2(2) Sch.5 "The issue of a direction as to the provision of information". **Explanation**	c.61

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				Additional provisions have been listed in s.45 as appealable matters to align with other regulatory Acts, such as the FSA08. Part 4A relates broadly to supervision of a group including the definition of a group and the Authority's supervisory functions. Consequently, it would not be appropriate for Part 4A in its entirety to be listed within s.45. However, specific Authority decisions within Part 4A, such as under s.21I regarding appointments of group actuaries are appealable under s.45. Regarding s.35 (public statements), powers to issue public statements are typically not subject to appeal due to a potential need for immediacy. However, safeguards are built into the process for persons to be notified in advance (see s.35(4) IA08) providing the opportunity to make representations etc. Section 41B will not be inserted and the Bill has been revised to remove the proposed amendment. See former c.66 (now removed).	
c.68	**New s.46A (Freedom of Information Act 2015), IA08**	The proposed new s.46A IA08 would clarify that, where disclosure of information is prohibited under the IA08 (i.e. where information is 'restricted information'), such information is exempt from disclosure as 'absolutely exempt information' for the purposes of s.27 (information the disclosure of which is restricted by law) of the Freedom of Information Act 2015. It is based on s.38 (Freedom of Information Act 2015) of the Beneficial Ownership Act 2017.	A respondent supported the proposed amendment.	**Outcome** Section 46A will be retained without further change. **Explanation** Further information can be seen at c.16 (now c.15).	c.62
c.69	**s.47 (fees), IA08**	It would allow the Authority to prescribe fees in connection with the discharge of its wider functions under the IA08 provided those fees are reasonable and are intended to cover the cost of discharging those functions. This amended provision could then be used in future instead of the general fee-making power under s.81 (grant of power to the Treasury, Departments and Statutory Boards) of the Interpretation Act 2015.	A respondent commented with a similar query as to that received for the s.46 FSA08 amendment. A respondent supported the proposal.	**Outcome** Section 47 has been further revised as follows: s.47(3) - the applicable Tynwald procedures has been changed to 'Tynwald procedure – affirmative', whereas previously the 'negative' procedure was proposed; and s.47(5) – the text "*, except an application fee,*" has been removed. **Explanation** The revision to the proposed s.47(3) changing the applicable Tynwald procedure from the 'negative' procedure to the 'affirmative' procedure means that an order made under s.47(2) must be actively affirmed rather than actively annulled. This enhances safeguards on making secondary legislation and aligns	c.63

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				with the Tynwald procedures used for other secondary legislation making powers within the IA08. The revision to proposed s.47(5) means that the Treasury may sue for any type of fee prescribed in an order made under s.47(2) including application fees. See also c.23 (now c.20).	
c.70	**s.48 (registers), IA08**	The proposed amendment to s.48 IA08 would require the Authority to maintain details of former regulated entities on its register for 15 years. This would replace the current requirement, which is without limit. The proposed change seeks to provide greater certainty for the Authority and former regulated entities as to the timeframe in which details of former regulated entities would remain on the register.	A respondent supported the proposed amendment in respect of the IA08. Comments were also received in respect of equivalent proposals to amend s.35 FSA08 (registers). Refer to c.17 for further information.	**Outcome** The proposed amendment to s.48 will be retained without further change. **Explanation** No comments in respect of s.48 IA08. Refer to c.17 for further information in respect of amendment to s.35 FSA08.	c.64
c.71	**s.50 (regulations), IA08**	This is a housekeeping amendment to s.50 IA08 to reflect a new requirement to make civil penalty regulations under s.37(7) IA08 as part of the planned harmonisation of civil penalty powers across the Acts. Please see the Revised Civil Penalty Provisions – Questions & Answers document for more information.	A respondent supported the proposed amendment in respect of IA08.	**Outcome** Section 50 has been revised post-consultation as follows: • s.50(4) – the applicable Tynwald procedures have been changed to 'Tynwald procedure – affirmative', whereas previously the 'negative' procedure was specified; and • s.50(5) has been amended to modernise the terminology used when specifying that the applicable Tynwald procedure is 'approval required'. **Explanation** The amendment to s.50(4) changing the applicable Tynwald procedure from the 'negative' to the 'affirmative' procedure means that regulations made under s.50, other than those made under s.37(7) or p.1A Sch.7, must be actively affirmed rather than actively annulled. This enhances safeguards on making such regulations and brings the provision in line with the Tynwald procedures used for other secondary legislation making powers within the IA08. The amendment to s.50(5) does not substantively change the provision. It simply modernises the terminology on Tynwald procedure in accordance with the Legislation Act 2015.	c.65
c.72	**New s.50A (power of Authority to modify**	This would amend s.50A IA08 to replicate the equivalent provision under s.18 FSA08. This would allow the Authority to	Respondents queried why the power to modify binding guidance under s.51(1A) applies to all insurers, managers and	**Outcome**	c.66

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
	regulatory requirements), IA08	modify certain regulatory requirements on the application of, or with the consent of, the regulated entity. This is intended to provide additional flexibility on the application of regulatory requirements. For context, modifications to the Financial Services Rule Book under s.18 FSA08 are used where some of default regulatory requirements are not suitable for a particular regulated entity or business model. They allow the Authority to adapt the regulatory requirements to different activities and circumstances (e.g. in respect of finance sector innovation) without having to change the regulatory requirements themselves. Modifications would only be used in exceptional circumstances. Any changes required to regulatory requirements more generally would be made by changes to the regulatory framework.	intermediaries, while the separate modification power applies only to authorised insurers. Clarification was sought as to whether this distinction was deliberate. Additionally, respondents asked for clarification regarding the circumstances in which the proposed amendment would be used in practice. A respondent agreed with the proposal.	Section 50A has been amended to expressly include 'authorised insurers', 'registered insurance managers' and 'registered insurance intermediaries'. **Explanation** On review, the omission of managers and intermediaries from s.50A was not intentional. To ensure consistency and alignment across the Act, s.50A(1) and (2) IA08 have been amended so that the modification power applies to 'registered insurance managers' and 'registered insurance intermediaries', as well as 'authorised insurers'. This ensures the scope of s.50A is aligned with s.51(1A), and that all relevant entities are treated consistently under the Act.	
c.73	**s.51 (guidance notes), IA08**	This would amend s.51 IA08 to provide for exceptions from / modifications to the Corporate Governance Code in the same way exceptions from / modifications to the Financial Services Rule Book can be granted (i.e. on the application of or with the consent of the regulated entity). The Corporate Governance Codes of Practice are similar to the Financial Services Rule Book (which applies to all regulated entities under the FSA08). The replication of this provision in the IA08 would provide flexibility and also better equips the Authority to support innovation within the regulated sector where existing requirements may not work as intended.	Whilst a respondent supported the proposed amendment, another requested further information as to the proposed circumstance whereby this amendment may come into effect.	**Outcome** Section 51 has been amended as follows: New subsection (1A) has been retained, with slight refinement to specify that it applies to an "**authorised** insurer, **registered** insurance manager or **registered** insurance intermediary" Proposed amendment to subsection (2) to change 'shall' to 'may' has been withdrawn. The proposed omission of subsection (5) has been removed. **Explanation** This provision is intended to facilitate regulatory sandbox arrangements by allowing the Authority to temporarily modify or disapply guidance requirements for participating firms. Its scope was drafted broadly to ensure it can apply across different operational structures, including insurers operating through insurance managers, and to provide flexibility for potential future innovation involving intermediaries.	c.67
c.74	**s.53 (offences), IA08**	This would amend s.53 IA08 to remove some of the criminal offences created by the IA08 and make them civil/regulatory matters only. This is intended to reflect a more proportionate approach to regulation, where civil/regulatory powers are exercised as opposed to pursuit of criminal sanctions.	A respondent supported the proposed amendment.	**Outcome** The proposed amendments to s.53 will be retained without further change.	c.68

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.75	**New s.53A (supervisory action), IA08**	This new s.53A IA08 would provide the matters upon which the Authority would be able to take 'supervisory action'. Currently, many of these matters are only addressable as criminal offences. The Authority considers these matters should also be able to be addressed as civil / regulatory issues, which would help improve the effectiveness of the regulatory framework. The specification of matters in the IA08 that would allow the Authority to take supervisory action in place of pursuing criminal sanctions is intended to lead to more appropriate and proportionate regulatory outcomes. Under the proposals, certain breaches of the IA08 would, in future, only be addressable by supervisory action – they would no longer be offences (see c.75). For example, s.30 IA08 (not notifying the Authority that an individual has ceased to hold a Controlled Function).	Respondents raised a number of substantive concerns regarding the proposed introduction of "supervisory action" under new s.53A IA08 and related amendments. Several respondents noted confusion arising from the way the listed matters (a–m) were framed, observing that they primarily referenced other sections of the IA08, whereas the concept of "supervisory action" had historically been used in a narrower context (particularly in relation to binding Guidance Notes under s.51). This created uncertainty as to the intended scope and effect of the proposed changes. Concerns were also expressed about the proposed definition of "supervisory action" in s.54, particularly because it was not exhaustive. Respondents highlighted the potential for uncertainty as to which decisions would carry a right of appeal and suggested that any decisions taken under new s.53A IA08 should be expressly included in the table of appealable decisions in s.45(3). Questions were raised regarding the interaction between new s.53A and s.41B, with some respondents querying whether s.53A was necessary if s.41B were introduced. In addition, one respondent queried the necessity of s.53A(2), suggesting there may be overlap with existing provisions (including s.37), particularly given that "supervisory action" included the imposition of penalties. Overall, respondents considered that the drafting lacked sufficient clarity as to scope, interaction with existing provisions and appeal rights.	**Outcome** Section 53A will not be inserted. The Bill has been revised to remove the proposed amendment. Proposed amendments relating to "contravention of statutory provisions" and the associated introduction of new "supervisory action" provisions across the FSA08, CISA08, IA08 and DBROA15 have been removed from the Bill as follows: 1. No change has been made to s.43 FSA08. 2. No new s.16A CISA08 has been inserted. 3. No new s.41B or s.53A IA08 have been inserted (with the previously proposed consolidation of those provisions no longer proceeding). 4. No new s.30A DBROA15 has been inserted. 5. References to "supervisory action" in the IA08 have been reverted to the current position, leaving only those references that already exist. **Explanation** The Authority has carefully reviewed the consultation feedback and notes that the proposed amendments, particularly in the IA08, gave rise to uncertainty regarding the scope, structure and interaction of the new provisions. On further consideration, it has become clear that the approach taken in the consultation draft did not sufficiently harmonise the relevant provisions across the regulatory Acts. In particular, distinctions between: (a) the power to take regulatory action where a person contravenes another Act; and (b) the power to exercise a regulatory power under a specific Act for a breach of that Act were not clearly articulated and risked creating confusion. The Authority also acknowledges that the consultation explanation did not clearly set out the intended operation and interaction of the proposed provisions, particularly in relation to appeal rights and the definition of "supervisory action". In light of these issues, and in order to ensure that any future reforms are properly structured, clearly explained and fully	Removed

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				harmonised across the regulatory framework, the Authority has decided to defer these changes to a future Bill. This will allow additional time for policy refinement and development before any revised proposals are brought forward.	
c.76	**s.54 (interpretation), IA08**	This would amend s.54 IA08 to revise the definitions of 'associate' and 'director' and improve consistency between the Acts. The definition of 'principal control officer' would be amended to include 'money laundering reporting' and 'actuarial activities (where required by the Authority to have an actuarial function)'. The IA08 currently uses the term 'supervisory action' in s.51(2) but it is not fully defined. The amendment would insert a new s.54(1A) IA08 to define 'supervisory action'. This would be equivalent to an 'action for a breach' under the FSA08, which is an umbrella term used to define the exercise of various regulatory / civil powers. The list of actions has been chosen so as to mirror (as closely as possible) the actions that can be taken under the FSA08 as an 'action for a breach'. The amendment would list (in one place) the various supervisory actions already available under the IA08.	Respondents noted that, consistent with other Acts, the IA08 is being amended to broaden certain defined terms such as "associate" and "controller". While no strong objections were raised to the broader definitional approach in general, several specific issues were highlighted. **Breadth of "key person" and "key function"** Respondents considered these definitions to be particularly wide within the IA08. They queried whether the introduction of "key person" is intended to expand the existing understanding of controlled function roles and sought clarity as to whether this reflects a change in expectations for insurers, insurance managers and intermediaries. **Removal of "principal control officer"** It was observed that Appendix B refers to the term "principal control officer", whereas the draft legislation removes this in favour of "key person". Respondents requested clarification on whether this indicates a substantive policy shift. **Controller threshold change (10% → 15%)** Respondents asked whether individuals who cease to be controllers as a result of the threshold increasing from 10% to 15% would be required to notify the Authority under s.30 IA08. **Definition of "director"** Respondents suggested that the definition should continue to use the word "means" rather than "includes" for clarity, and that this approach should be applied consistently across all amended Acts. **Workability of "key person" definition** Significant concerns were raised about the subjective nature of the definition, particularly the phrase "appears to the Authority", which respondents considered would make it difficult for firms to determine who must be notified under ss.29, 30 and 53(6). Respondents queried whether the Authority intends to specify key persons individually for each insurer, manager or intermediary, and sought clarity on what	**Outcome** The amended definitions of "associate", "controller", "director", "key person" and "key function" have been retained, with targeted changes made following consultation. The proposed definition of "supervisory action" has been removed. The definition of "principal control officer" has been omitted. Section 54(2) has been moved to become a new s.5(1B). **Explanation:** The Authority has retained the revised definition of "associate", which modernises the language and maintains alignment with the approach taken in FSA08. The definition of "controller" has also been retained, including the revised formulation of control and the increase in the voting power threshold from 10% to 15%. The Authority acknowledges that, as a result of this change, some individuals may no longer fall within the definition of controller. The Authority will notify affected firms of prior to the change being brought into effect to explain the process for persons who would cease to be controllers. The definition of "director" has been refined following consultation. In particular, (c) clarifies the position for limited liability companies by distinguishing between structures where management is conferred on a manager and those where it is retained by members. The reference to registered agents included in the consultation draft has been removed. The use of "includes" has been retained, as this provides appropriate flexibility and is consistent with the approach taken in other regulatory legislation. The definitions of "key person" and "key function" have been retained. These replace the existing concept of "principal control officer" and align the IA08 with the updated controlled functions framework used across the regulatory Acts. This change is not intended to expand the scope of controlled functions, but rather to modernise terminology and provide a clearer and more consistent basis for identifying individuals with significant influence or responsibility.	c.69

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			"specified by the Authority" means in practice (e.g., whether this would be generic or entity-specific, and in what form). **Inappropriate cross-reference to "regulated activity"** Respondents noted that the term "regulated activity" is not applicable in the IA08 context and should be removed from the definition, as it had been carried over from the FSA08 definition. **Terminology around "supervisory action"** One respondent observed that the definition of "supervisory action" spans both enforcement decisions and supervisory interventions, and suggested that the term "regulatory action" might more accurately capture the full range of tools described. **Reference to comments under c.46 (now c.43)** Respondents noted that several of the same concerns raised here overlap with their earlier comments under c.6.	The consultation draft included a reference to "regulated activity" within the definition of "key person". This has been removed in the final drafting to ensure consistency with the IA08 framework. The consultation draft also included a definition of "supervisory action" and related provisions. Following consultation feedback and further policy consideration, these provisions have been removed and are not included in the final Bill. Subsection (2) has been omitted as this provision is now found at s.5(1B). New subsections (3) and (4) have been inserted to provide a power for the Authority to amend the definition of "key function" by regulations, subject to the Tynwald procedure under the Legislation Act 2015. This ensures the framework can be updated in a controlled and transparent manner as regulatory requirements evolve.	
c.77	**Sch.5 (inspection and investigation), IA08**	The proposed amendments to Sch.5 IA08 seek to replicate the changes made by c.27 (amending Sch.2 (inspection and investigation) FSA08) and for the same reasons. *Paragraph 2(1)* – removes the words *'…specified in subparagraphs (a) to (l) of paragraph 1(1) ("the requested person")…'* in order to widen the power to 'any person' to match paragraph 2(1) of Schedule 2 to the FSA08; and *paragraph 3(1)* – removes the word *'requested'* before *'person'* so that it reads *'…of any person so far as is necessary…'* in order to widen the power to 'any person' to match paragraph 3(1) of Schedule 2 to the FSA08. [p.]1A – This gives the Authority broad discretion to delegate its investigative and supervisory powers to an independent expert, enhancing its ability to oversee regulated persons or schemes efficiently. This does not introduce a new power but clarifies the existing position. The new s[.]7(4) clarifies the position in relation to the charges applied following the appointment of experts. This does not introduce a new charging power but clarifies the existing position and treatment of charges.	Respondents generally supported the intention to align Sch.5 IA08 with the updated Sch.2 FSA08. However, they strongly disagreed with the statement in the consultation that the amendment to p.1A (appointment of expert) did not introduce a new power. Respondents noted that, under the existing IA08 framework, the Authority may delegate only its inspection and investigation powers under Schedule 5. The consultation draft appeared significantly broader, as it would have permitted delegation of "powers and functions conferred by or under this Act, including… supervisory functions." This was viewed as potentially allowing delegation of core statutory decision-making powers (e.g. authorisation decisions, prohibitions, civil penalties), which respondents considered inappropriate and beyond the intended scope. Respondents therefore recommended that: • Paragraph 1A remains limited to delegation of Sch.5 inspection and investigation powers, consistent with the approach under Sch.2 FSA08; • Additional protective provisions equivalent to paragraphs 5(2) and 5(3) of Sch.2 FSA08 (and similar safeguards in the DBROA15) be included; and	**Outcome** **Paragraph 1A — appointment of expert** The consultation draft proposed an amendment to the existing p.1A, replacing the words "powers conferred by or under this Schedule" with "powers and functions conferred by or under this Act, including, for the avoidance of doubt, the Authority's supervisory functions." This proposed extension has not been carried forward. Instead, p.1A has been substituted in its entirety with a new three-subparagraph provision. The revised p.1A provides that: • the Authority may appoint an independent expert to investigate the business of any person mentioned in subparagraphs (a) to (i) and (k) to (l) of p.1(1), or of a scheme mentioned in subparagraph (j) of that paragraph, and to report to the Authority in such manner as the Authority may direct on that person's affairs or on that scheme (p.1A(1)); • for the purposes of an investigation or supervisory assessment under p.1A, the Authority may authorise the expert to exercise, on its behalf, such powers conferred by or under this Schedule and such other supervisory functions of the Authority as the Authority may specify (p.1A(2)); and	c.70

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			• The charging provisions relating to experts be clarified with appropriate safeguards.	• the costs incurred by the Authority in appointing an independent expert may be recovered in accordance with the Authority's general fee-charging powers or, where the costs are incurred in respect of an investigation into the affairs of a particular business, from that particular business (p.1A(3)). **Paragraph 7 — expenses of investigation** The consultation draft proposed: • amending p.7(1) to read "Subject to subparagraph (4), a person…"; • inserting new subparagraphs 7(4) to (7) providing for mandatory payment of expert costs by the investigated person (p.7(4)); • a discretionary Authority guarantee of expert costs where the Authority or the appointed expert considered that recovery from the investigated person was at risk (paragraphs 7(5) and 7(6)); and • an Authority power to direct the investigated person to reimburse any costs paid under the guarantee (p.7(7)). None of those proposed amendments have been carried forward in the final Bill. **Explanation** **Paragraph 1A** The Authority acknowledges the concerns raised in relation to the amendments to p.1A and notes that the consultation draft wording went beyond the intended policy objective, and that the statement in the consultation materials that the amendment did not introduce a new power did not adequately reflect the potential breadth of the original draft. The Authority's intention was to clarify and modernise the existing framework for the appointment of independent experts in support of inspection and investigation functions, not to permit delegation of primary regulatory decision-making powers. The revised p.1A(2) accordingly limits the expert primarily to exercising powers under Sch.5, while allowing the Authority to specify certain supervisory functions where appropriate and such other supervisory functions as the Authority may specifically	

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				authorise, preserving the Authority's responsibility for statutory enforcement and supervisory decisions under the Act. **Paragraph 7** The proposed paragraphs 7(4) to (7) were intended to provide a clear statutory basis for the recovery of expert costs and, where recovery from the investigated person was considered to be at risk, a discretionary Authority guarantee of those costs. On review, the Authority concluded that this structure was unnecessarily complex and introduced procedural difficulties. The simpler approach adopted in p.1A(3) of permitting recovery through general fee-charging powers or directly from the relevant business where the appointment is investigation-specific is considered more proportionate and achieves the same objective without those complications. The Authority considers that the revised drafting achieves the original objective of improving clarity and operational flexibility in the use of independent experts, while appropriately addressing the concerns raised regarding the scope of delegation and the fairness and proportionality of the cost recovery regime.	
c.78	**Sch.6 (restrictions on disclosure of information), IA08**	This would amend Sch.6 IA08 to: • Add a new information sharing gateway between the Authority and the Isle of Man Office of Fair Trading ('OFT') to allow the Authority to disclose information that would enable or assist the OFT in carrying out any of its functions. • Make the Authority's information sharing gateway with the Department for Enterprise under the IA08 read in the same way as under the FSA08, which is more specific and relevant to the Authority's role. • Adds information sharing gateways between the Authority and the Cabinet Office and the Financial Intelligence Unit to harmonise restricted information provisions across the FSA08 and IA08. • Replicate a provision from Sch.5 FSA08 to allow the Treasury to amend the list of information sharing gateways by order. • Make the same provision in Sch.6 IA08 in respect of non-disclosure agreements ('NDAs') as c.29 (amending Sch.5 FSA08).	A respondent supported the proposed amendment.	**Outcome** The proposed new p.3 Sch.6 (contractual duties of confidentiality) regarding non-disclosure agreements, will not be inserted. The Bill has been revised to remove the proposed amendment. Sch.6 has also been further revised to: • Refine drafting of paragraphs 2(1)(u), (z) and (za); and • Add the Communications and Utilities Regulatory Authority ('CURA') as a recipient body. **Explanation** In respect of non-disclosure agreements, readers are directed to c.29 (now c.26) for further information. Refinements made to paragraphs 2(1)(u), (z) and (za) align the provisions with others within Sch.6 IA08 and across other regulatory Acts. The Authority notes that following the transfer of OFT functions under the Competitions Act 2021 to CURA, the Authority should have a statutory gateway under the FSA08 to disclose information to that body. This statutory gateway is mirrored in	c.71

Draft Bill V07 Clause	Amending IA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				other Authority legislation including the FSA08 and the DBROA15.	
c.79	**Sch.7 (matters in respect of which regulations may be made), IA08**	This would amend Sch.7, IA08 to correct a typographical error.	A respondent supported the proposed amendment.	**Outcome** The proposed amendment will be retained without further change.	c.72

4. Amendments to the Designated Business (Registration and Oversight) Act 2015

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.80	N/A	Gives effect to the amendments to the DBROA15.	No issues raised.	No further comments.	c.73
c.81	N/A	General amendment to replace references to 'sub-paragraph' with 'subparagraph'.	No issues raised.	No further comments.	c.74
c.82	**s.3 (interpretation), DBROA15**	This would amend s.3 DBROA15 to revise the definitions of 'associate' and 'controller' and improve consistency between the Acts.	Whilst a respondent supported with the proposed amendments, another noted them and commented that they held no strong views.	**Outcome** Section 3 the proposed amendments to "associate" and "controller" definitions will be retained without further change. Section 3 New - the definition of "director" has been amended at (c) regarding limited liability companies. Reference to "registered agent" has been removed and clarification provided that "director" includes the company's manager is management of the LLC has been conferred on a manager, or the company's members, if management has not been conferred. **Explanation** Amendments to the "director" definition have been made to align the DBROA15 definition with that of s.17 Limited Liability Companies Act 1996 (LLCA96). Accordingly, "registered agent" has been removed because they do not hold management powers and it has been clarified when LLC managers and members should be classed as directors. These amendments to the "director" definition have been made in s.48 FSA08, s.26 CISA08 and s.54 IA08.	c.75
c.83	**s.5 (functions of authority) DBROA15**	This would amend s.5 DBROA15 to clarify the Authority's functions in respect of breaches of AML/CFT legislation, which are limited to any legislation made under: • s.157 (money laundering codes) of the Proceeds of Crime Act 2008, or • s.68 (codes relating to the financing of proliferation and terrorism) of the Terrorism and Other Crime (Financial Restrictions) Act 2014. The current s.5 DBROA15 may imply the Authority's functions are wider than they actually are.	Whilst a respondent supported the amendments another noted that s.5(2) was not referred to in the Consultation Paper. They considered it would be more suitably placed within s.6 (delegation of functions of Authority).	**Outcome** Section 5 is no longer numbered s.5(1) and (2) as proposed. Section 5(2) has been moved into s.6 to become s.6(2A) (delegation of functions of Authority) per c.84 (now c.77). Section 5(a) has been revised to remove reference to "breach". Section 5(a) has also been revised to retain reference to "AML/CFT legislation". ***However, this has subsequently been identified as a drafting error and efforts will be made to remove this reference in the provision during the legislative process.*** **Explanation** Reference to "breach" is considered superfluous to the intent of the provision, which is inherent with the words "assessing compliance".	c.76

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				Retention of the reference to "AML/CFT legislation" is in error and efforts will be made to remove this reference in the provision during the legislative process. The reason for this is that the Authority is responsible for assessing compliance by designated businesses with the DBROA15 and any codes made under s.157 the Proceeds of Crime Act 2008 and/or s.68 of the Terrorism and Other Crimes (Financial Restrictions) Act 2014 in respect of money laundering, terrorist financing and proliferation financing – not AML/CFT legislation generally, which is a much broader term covering some legislation outside of the Authority's remit. The Authority agrees with the suggestion that s.5(2) is more appropriate in s.6.	
c.84	**s.6 (delegation of functions of Authority) DBROA15**	This would amend s.6 DBROA15 to insert a new subsection to clarify that where the Authority delegates functions to another person, that person must: • Exercise the function in line with the Authority's requirements, and • Provide information the Authority reasonably requires about how the function is being exercised. This would enhance the Authority's oversight of delegated powers and reinforce accountability in the use of those powers.	Whilst a respondent supported the amendment another was concerned about the Authority delegating functions to a third party. They considered the Authority should interact with businesses and not rely on third-party providers or contractors. They were concerned that delegation to third parties (some of whom may be off-Island) would erode trust from businesses and weaken the Authority's accountability for decisions.	**Outcome** Section 5(2) as proposed has been moved to s.6(2A). The additional s.6(6) will proceed without further amendment. **Explanation** The power to delegate oversight is longstanding having existed since DBROA15 came into effect. It was an intended policy aim of the original legislation to provide a practical and cost-effective way of supervising designated businesses. Delegation is limited to oversight functions only, and the Authority is still responsible for managing the delegation. Registration and enforcement cannot be delegated. The Authority has only delegated oversight for certain designated business types (advocates and accountants) and only to professional bodies deemed appropriate to exercise the function. Designated businesses may choose, on registration, whether to be overseen by their professional body or by the Authority. They are not required to accept professional body oversight for AML/CFT purposes. Professional bodies exercising oversight must report back to the Authority. Section 6(2A) clarifies that the Authority remains responsible for ensuring oversight functions are only delegated to competent persons and that they are used appropriately. The Authority considers the additional provisions at s.6(6) are appropriate additional safeguards.	c.77

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.85	**s.7 (prohibition on carrying on a designated business if not registered), DBROA15**	This would amend s.7 DBROA15 to include the content of a web site or page or an internet site or page in the list of examples where a person may be treated as holding themselves out as carrying on designated business in or from the Isle of Man.	A respondent supported the proposed amendment.	**Outcome** The proposed amendments to s.7 will be retained without further change.	c.78
c.86	**s.9 (grant or refusal of registration), DBROA15**	This would amend s.9 DBROA15 to add a requirement for Designated Businesses to be managed and controlled in the Isle of Man. Currently this is achieved by way of the Authority's registration policy; however, this is a fundamental requirement that warrants a statutory basis. Without this requirement, the effectiveness of the oversight regime would be limited and presents significant reputational risk.	Several responses were received in respect of the proposed amendments to s.9(3) with varying views. Whilst a respondent agreed with the proposal, another queried the need for the amendment. A third commented that the Consultation Paper was incorrect as the concept of local management and control was only present for VASPs in the 'Designated Businesses Registration Policy' (DBRP). They noted that to require local management and control for all designated business types was a significant policy change. They commented that their concerns about s.9(3)(b) were also relevant to s.11(1)(g). A response received regarding s.9(4)(b) expressed concern about the impact proposed amendments to s.30 (civil penalties) would have on that provision. They noted that a s.30 civil penalty on an individual could cause the Authority to deem that person to be not fit and proper, with a statutory basis for doing so. This would effectively prohibit that individual from continuing to hold any regulated function, depriving them of the ability to earn a living. The respondent stressed the importance of making the primary legislation clear that civil penalties for individuals are reserved for the most serious cases such as where there is serious fault / neglect on the individual's part.	**Outcome** Section 9(3)(b) (managed and controlled) has been removed. The current s.9(3) remains, with the addition of "*reasonable grounds*". See c.81 in respect of 11(1)(g). See Appendix C (Revised Civil Penalty Provisions) in respect of amendments to s.30 (civil penalties). No amendments to s.9(4) (except changing "sub-paragraph" to "subparagraph"). **Explanation** Following consideration of consultation feedback, the Authority notes concerns raised in respect of the proposed new s.9(3)(b) (and s.11(1)(g)) and that the original draft would potentially result in a wider application than intended. The matter and issues raised have been deferred for further consideration as part of potential future changes to the DBROA15. No changes are proposed at this time. See Appendix C (Revised Civil Penalty Provisions) for further information regarding s.30 (civil penalties). Regarding 9(4)(b), the imposition of a civil penalty on a person under s.30 DBROA15 would not, on its own, mean an individual is considered 'not fit and proper' to carry on a role. The assessment of fitness and propriety is a separate process to regulatory sanctions. The circumstances / reasons behind a sanction being imposed on a person may be relevant to that person's fitness and propriety.	c.79
c.87	**New s.10A (References to registration), DBROA15**	The proposed new s.10A DBROA15 would provide the Authority with a power to prescribe (in regulations) the manner in which Designated Businesses may refer to their registered status, so as not to be misleading. This would assist in preventing misinterpretation by Designated Businesses and related consumer detriment.	A respondent agreed with the proposal. A respondent wished to understand the rationale for the proposed addition of s.10A. This respondent noted that they assumed the concerns it intended to address were that designated businesses might overstate the level of regulation they are subject to and noted that the provision could be clearer if that were so.	**Outcome** Section 10A has been amended from "prescribe by order" to "specify in regulations" and the procedure for making such regulations is now specified as 'approval required'. No further changes will be made to the proposed s.10A. **Explanation**	c.80

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
			This respondent considered that rather than providing further explanations at the secondary legislation stage, they would find it helpful to understand the Authority's concerns and proposals as part of this current consultation.	A regulation-making power enabling the Authority to specify how designated businesses may / must refer to their registered status is intended to enable the Authority to prevent designated businesses from misleading consumers by suggesting or implying that their DBROA15 registration is akin to being regulated, e.g. in terms of business conduct and prudential requirements as opposed to being overseen for compliance with AML/CFT requirements. Draft regulations will be subject to future consultation. The Tynwald procedure 'approval required' means that the regulations cannot come into operation without receiving Tynwald approval.	
	New s.10B (suspension of registration), DBROA15	The proposed new s.10B DBROA15 allows the Authority to suspend a designated business registration instead of, or before, revoking a registration under s.11 DBROA15. This would allow the Authority and the designated business additional flexibility to help resolve a serious compliance issue without resorting to the harsher option of revoking a registration.	A respondent agreed with the proposal. Another respondent commented that s.10B should make it clear that the Authority may only suspend a registration on the grounds listed at s.11(1). A respondent commented that the new s.10B fails to recognise that suspending a registration is effectively equivalent to forcing a business to close, even if the suspension is temporary or later found to be unwarranted. They suggested that compliance issues could be managed in a more proportionate and practical way. They also expressed concern that expanding the Authority's power to suspend – apparently with limited or no rights of appeal beforehand – implies that suspension could be used in practice to terminate a business without the scrutiny, appeals process or due process that would accompany full revocation.	**Outcome** The proposed new s.10B will be retained without further change. **Explanation** The Authority considers it would be too restrictive to limit the power to suspend a registration to the grounds listed in s.11 because there could be cases where it is appropriate, and in the wider interests of the Isle of Man, to suspend a registration that do not necessarily result in a reasonable suspicion of one of the specified grounds for revocation under s.11. The ability to suspend a designated business's registration immediately, if circumstances dictate, is necessary to the effectiveness of the Authority's functions under DBROA15. The Authority's use of the new s.10B provision is subject to safeguards including the Enforcement Decision-Making Process and appeal to the Tribunal, which is provided for as a new provision at s.33(1)(ba). This aligns with provisions in comparable jurisdictions.	c.80
c.88	**s.11 (revocation of registration), DBROA15**	This would amend s.11 DBROA15 to provide the ability for the Authority to revoke a registration for either of the following matters: failure to submit an annual return; or failure to pay a civil penalty.	**Proposed new s.11(1)(g) (revocation due to management and control not being in the Island):** Whilst one respondent agreed with the proposal, another considered that it would be inconsistent with the current statutory framework, particularly with s.7 (prohibition) and s.8 (application for registration).	**Outcome** Section 11(1)(g) (managed and controlled) and s.11(1)(h) (failure to submit annual return) will not be inserted. The Bill has been revised to remove the proposed amendments. Section 11(1)(i) (failure to pay a civil penalty) remains and has been renumbered s.11(1)(g).	c.81

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
		It would also clarify that the matters described in s.9(4) DBROA15 are used to determine if a person is not fit and proper for the purposes of s.11(1) DBROA15.	This respondent also noted that currently a person carrying on some, though not significant, activities in the Island, despite not being managed and controlled here (e.g. a branch of a UK operation) can be caught by the DBROA15. The respondent suggested including a prohibition not to "carry on, or hold itself out as carrying on, a designated business that is managed and controlled in or from the Island". **Proposed new s.11(1)(h) (revocation due to failure to submit an annual return):** Whilst a respondent agreed with the proposal, another considered that the inclusion of s.11(1)(h) (revocation due to failure to submit an annual return) appeared a little draconian subject to how it was intended to be dealt with in practice. **Proposed new s.11(1)(i) (revocation due to failure to pay a civil penalty):** A respondent agreed with the proposal. **Proposed new s.11(5):** No comments were received on the addition of s.11(5).	The proposed s.11(5) will be retained without further change. **Explanation** In respect of the proposed s.11(1)(g) (managed and controlled), the Authority notes the issues raised and has decided to defer the matter for further in-depth consideration as part of future potential changes to the DBROA15. Any future proposals will be subject to the consultation process. In respect of the proposed s.11(1)(h) (failure to submit an annual return), the Authority notes the issues raised and considers that where a designated business fails to submit an annual return, the Authority would impose a civil penalty for the late submission. Failure to pay the civil penalty would be a ground for revocation of registration.	
N/A	**NEW s.13**	Proposal to introduce a new provision under s.13 DBROA15 to create a power to specify additional returns by secondary legislation, e.g. Quarterly Financial Flow Returns from VASPs (Virtual Asset Service Providers). This provision would be drafted post-consultation. Any secondary legislation drafted in this respect will be subject to its own consultation in due course.	Whilst a respondent agreed with the proposal, other respondents considered that they did not have enough information regarding the intended proposals to comment. A respondent also considered that they would need to know the contents of the secondary legislation before they could comment on new enabling powers in the DBROA15.	**Outcome** Section 13 will not be amended. Instead, a new enabling power has been included as s.13A (other returns). This enables the Authority to specify by order other returns to be made to the Authority by registered persons, the frequency of such returns and any accompanying information / declaration. The procedure for making such orders is specified as ‘approval required’. **Explanation** The Authority notes the feedback received. It is normal practice to consult, and progress, enabling powers for secondary legislation within primary legislation without having the secondary legislation in draft. A power to enable secondary legislation is necessary for the Authority to provide for particular areas within the DBROA15 framework that require greater technical detail which would not be appropriate within the DBROA15 itself. Including such requirements in secondary	c.82 New

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				legislation, rather than in primary legislation, will provide greater flexibility to ensure such requirements remain up to date, appropriate and relevant. Draft orders will be subject to consultation. The Tynwald procedure 'approval required' means that such orders cannot come into operation without receiving Tynwald approval.	
c.89	**s.14 (on-site inspections and investigations), DBROA15**	This would amend s.14, DBROA15 to clarify that the Authority's inspection powers include remote or non-physical inspections. The amendment would reflect modern supervisory practices. The heading would also be updated from "On-site inspections" to simply "Inspections" to align with this broader scope.	A response was received which agreed with the proposed amendment.	**Outcome** The proposed amendments to s.14 will be retained without further amendment.	c.83
c.90	**s.15 (requests for information), DBROA15**	The proposed amendments to s.15 DBROA15 are consistent with c.29 (amending Sch.5 FSA08) in respect of non-disclosure agreements ('NDAs') and for the same reasons.	A response was received which agreed with the proposed amendment.	**Outcome** Section 15(2A) and s.15(2B) will not be inserted. The Bill has been revised to remove the proposed amendment. **Explanation** Readers are directed to c.29 (now c.26) for further information.	Removed
c.91	**s.18 (offences in connection with inspections and investigations), DBROA15**	This would amend s.18 DBROA to remove the specific reference to 'on-site' inspections. This would align the s.18 DBROA15 offence provision with the updated s.14 DBROA15, which would cover both physical and remote inspections. This would help ensure consistency across the Act regarding the Authority's inspection powers.	A response was received which agreed with the proposed amendment.	**Outcome** The proposed amendments to s.18 will be retained without further change.	c.84
c.92	**s.20 (offences in connection with supply of information), DBROA15**	This would amend s.20 DBROA15 to remove the offence for failure to notify under s.19(a) DBROA15.	A response was received, which agreed with the proposed amendment.	**Outcome** The proposed removal of s.20(1) will proceed without further change.	c.85
c.93	**New s.22A (Freedom of Information Act 2015), DBROA15**	The proposed new s.22A DBROA15 would clarify that, where disclosure of information is prohibited under the DBROA15, such information is exempt from disclosure as 'absolutely exempt information' for the purposes of s.27 (information the disclosure of which is restricted by law) of the Freedom of Information Act 2015. It is based on s.38 (Freedom of Information Act 2015) of the Beneficial Ownership Act 2017.	A response was received, which agreed with the proposed additional provision.	**Outcome** The proposed addition of s.22A will be retained without further change. **Explanation** See c.16 (now c.15) for further information.	c.86

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.94	**s.25 (report and action to be taken), DBROA15**	This would amend s.25 DBROA to remove the specific reference to 'on-site' inspections. This would align the s.18 DBROA15 offence provision with the updated s.14 DBROA15, which would cover both physical and remote inspections. This would help ensure consistency across the Act regarding the Authority's inspection powers.	A response was received, which agreed with the proposed amendment.	**Outcome** The proposed amendments to s.25 will be retained without further change.	c.87
N/A	**NEW s.26 (directions) amendment,** **DBROA15** **NEW POST-CONSULTATION**	N/A	N/A	**Outcome** Section 26(2)(a) has been amended to include additional text as set out below: "*or to refrain from taking such action,*" **Explanation** The new amendment to s.26 (directions) aligns the power to make directions with equivalent provision already existing in the IA08 and new amendment in the FSA08 and CISA08. This is intended to enhance the provision's clarity.	c.88 NEW
c.95	**New s.26A (directions: persons unfit to be specified persons), DBROA15**	The proposed new s.26A DBROA15 would introduce a power for the Authority to direct that an individual is not to be appointed as a specified person where that person is not fit and proper. The proposal wording is similar to s.10 FSA08. Currently, where an individual may not be fit and proper under the DBROA15 the only power available to the Authority is to revoke the registration of the registered business as a whole. Revocation of registration on the grounds of one individual being unfit is considered disproportionate, which is why the new direction power is sought. In order to extend appropriate protections for the individual, the additional safeguards included in the equivalent s.10 FSA08 (such as non-application of the direction while under appeal and a requirement to give reasons to all parties concerned) have been included in the proposed new s.26A DBROA15.	Whilst a respondent agreed with the proposed additional provision, another noted that the fact someone has previously been approved should still be a factor considered in the approval process (though not determinative) and that this should remain in guidance rather than primary legislation.	**Outcome** Section 26A(2) has been amended to include "*on reasonable grounds*" and to remove the text "*(whether or not that person is or has previously been considered as such a fit and proper person)*". Section 26A(3) has been revised to move the "on reasonable grounds" text within the paragraph. No further changes will be made to the proposed s.26A. **Explanation** Including "*on reasonable grounds*" within s.26A aligns the DBROA15 with other Authority legislation. This ensures the Authority must hold reasonable grounds before issuing a direction, an important safeguard. The Authority agrees that previous acceptance for a similar role may be a relevant factor in assessing an individual's fitness and propriety. However, it cannot be determinative as fitness and propriety is assessed in the context of the specific appointment and the circumstances at the time. This remains a matter appropriately addressed through guidance and supervisory engagement rather than through statutory amendment.	c.89

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
	New s.26B (warning notices), DBROA15	The proposed new s.26B DBROA15 would introduce a power for the Authority to issue a warning notice to an individual that their conduct may be prejudicial to their F&P (similar to the powers in the other Acts). There are currently no powers to sanction or warn an individual where the Authority has concerns as to the behaviour or conduct of an individual which are prejudicial to that individual's F&P. The DBROA15 currently only allows the Authority to revoke the registration of the business as a whole or take no action. Revocation of registration on the grounds of one individual being unfit is considered disproportionate, which is why the new warning notice power is sought. The power to issue formal warnings to individuals ahead of (or hopefully instead of) more serious action, where appropriate, would be consistent with the warning notice powers in the other Acts	Whilst a respondent broadly agreed with the proposed additional provision, concerns were raised that the proposed inclusion of "*any person connected to the registered person*" was too wide. Another respondent expressed concern that the process for communicating a warning notice was insufficiently formalised. They argued that, as drafted, a written notice of the warning appeared discretionary when it ought to be mandatory. They also suggested that the form and content of a warning notice should be prescribed with content guidelines. The respondent raised concerns that the Authority could issue a warning without notifying the registered person, undermining their ability to appeal, thereby eroding business confidence in the Authority's adherence to due process. They considered full discretion in this area questionable, potentially leading to ambiguity, inconsistency and unfairness in the warning process.	**Outcome** Section 26B(1) has been revised so that it now refers to "*a specified person*" instead of "*any person connected to the registered person*". Section 26B(8) has been revised to include a new definition of "*employment application*". No further changes will be made to the proposed s.26B. Section 33(1)(fb) inserted to include the giving of a warning notice or the terms of a warning notice given under s.26B as appealable decisions. See c.98 (now c.92) for further information. **Explanation** The Authority notes that "*any person connected to the registered person*" in this new power to issue warning notices could be too widely interpreted. Narrowing the provision to apply to "*specified person*" means warning notices are restricted to the roles defined at s.3 namely a sole practitioner who is a registered person or a person who is a director, controller, money laundering reporting officer or compliance officer of an applicant or a registered person. Consideration of expanding the application of Warning Notices to a wider group of individuals has been deferred for future consideration. Regarding concern that the process, form and content of warning notices is not sufficiently formalised, the Authority considers the respondent may have misunderstood the draft provisions. The Authority does not accept that s.26B enables it to issue a warning without giving the subject a written warning notice. The Authority's discretion in s.26B relates only to whether to give a "written warning notice" at all. The Authority may decide that the misconduct warrants directions under s.26A without a prior written warning notice under s.26B. A warning under s.26B is inseparable from the written warning notice, they are the same thing. If the Authority decides to issue a warning, it must be in the form of a written warning notice under s.26B(1). Under s.26B(2), the warning notice must specify	c.89

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				the activities or circumstances prejudicial to the person's fitness and propriety, and be accompanied by a statement of reasons. The Authority does not agree that the form and content of a written warning notice should be prescribed. The Authority does not consider that a template Warning Notice would be meaningful because its contents will vary according to the circumstances, activity type, individual and the matters involved. During the internal review, the Authority noted that the consultation draft DBROA15 did not include an ability to appeal a s.26B Warning Notice. Section 33 DBROA15 has been amended to include decisions to issue Warning Notices as appealable matters, as per other Authority legislation. For the reasons described above, with the right of appeal now included in s.33 DBROA15, the Authority does not agree that a person's ability to appeal a warning notice is fundamentally undermined, since the person must be provided with the written warning notice and a statement of reasons for the notice.	
N/A	**s.27 (public statements)** **DBROA15** **NEW POST-CONSULTATION**	N/A	N/A	**Outcome** Section 27(1) has been amended to enable the Authority to issue public statements regarding directions issued under the new proposed s.26A (Directions: persons unfit to be specified persons). **Explanation** On internal review following the consultation, the Authority noted that the consultation draft of the Bill did not amend the DBROA15 to include the ability to issue public statements regarding directions issued under the proposed new s.26A (Directions: persons unfit to be specified persons). Inclusion of the power to issue public statements regarding s.26A directions aligns the Authority's powers within the DBROA15 with those of other Authority legislation.	c.90 NEW
c.96	**s.30 (civil penalties), DBROA15**	The proposed amendment to s.30 DBROA15 is consistent with c.11 (amending s.16 FSA08). See c.11 for details. Please see the Revised Civil Penalty Provisions – Questions & Answers document for more information.	See Appendix C (Revised Civil Penalty Provisions).	See Appendix C (Revised Civil Penalty Provisions).	c.91

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.97	**New s.30A (contravention of statutory provisions), DBROA15**	This proposed new s.30A DBROA15 would be similar to c.21 (amending s.43 FSA08) and for the same reasons. It would clarify the Authority's ability to take action using its powers under the DBROA15 to address contraventions under the DBROA15. This is in addition to existing powers under the DBROA15 and does not alter the effect of existing powers.	A response was received, which agreed with the proposed insertion.	**Outcome** Section 30A will not be inserted. The Bill has been revised to remove the proposed amendment. **Explanation** Consideration of this change has been deferred to a future Bill.	N/A
c.98	**s.33 (appeals), DBROA15**	This would amend s.33 DBROA15 to make the following decisions of the Authority subject to appeal to the Financial Services Tribunal: Suspension of a registration under s.10B(1) Issue of a direction to the person under s.26A(1) or (2). This would follow the introduction of new powers to suspend registrations under s.10B(1) DBROA15 (see c.87) and to issue 'not fit and proper' directions under s.26A DBROA15 (see c.95).	Whilst a respondent agreed with the proposed additional provisions to s.33(1), another commented that increased suspension powers under s.10B could allow the Authority to circumvent the appeals process, depriving businesses of their appeal rights.	**Outcome** Section 33 further revised to insert a new subsection (1)(fb) to include giving a warning notice or the terms of a warning notice given under s.26B as appealable decisions. Other proposed amendments will be retained without further change. **Explanation** On internal review following the consultation, the Authority noted that the consultation draft of the Bill did not amend the DBROA15 to provide a right of appeal against a warning notice issued under the proposed new s.26B. Section 33 (appeals) has been revised to include decisions to issue s.26B warning notices as appealable matters, consistent with other Authority legislation. Concerning the interaction of s.10B (suspension of registration) with s.33 (appeals), the ability to suspend a designated business's registration immediately, if circumstances dictate, is necessary to the effectiveness of the Authority's functions under DBROA15. The Authority's use of the new s.10B provision is subject to safeguards, including the Enforcement Decision-Making Process and appeal to the Tribunal, which is provided for as a new provision at s.33(1)(ba). This aligns with provisions in comparable jurisdictions such as Jersey and Guernsey.	c.92
c.99	**New s.34A (fees), DBROA15**	The proposed new s.35A would allow the Authority to prescribe fees, by order, to recover costs associated with carrying out its functions under the Proceeds of Crime Act 2008 and the Terrorism and Other Crime (Financial Restrictions) Act 2014. This includes both direct costs and a reasonable share of administrative and overhead expenses. This amended provision could then be used in future instead of the general fee-making power under s.81 (grant of power to the Treasury, Departments and Statutory Boards) of the Interpretation Act 2015.	Whilst a respondent supported the proposed additional provision, others sought clarity on the purpose of the additional power and how it would operate in practice. In particular on which functions the Authority intended to charge designated businesses for, in addition to the annual and oversight fees under s.13. Respondents noted difficulty in commenting on the proposal without understanding the nature of additional charges and why this was not taken into account when the Authority moved to the industry funded model.	**Outcome** Section 34A has been revised to remove reference to the Authority's functions under the Proceeds of Crime Act 2008 and the Terrorism and Other Crime (Financial Restrictions) Act 2014, instead it now refers to the Authority's functions under the DBROA15. The text has also been amended to replace "cost of discharging the function" with "costs of the Authority".	c.93

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			A respondent considered the discretion too broad, with insufficient transparency or scrutiny over fee usage. They commented that, as written, fees could potentially be used by the Authority for inappropriate purposes, with insufficient safeguards. They argued this could undermine the Authority's objective decision-making and prudent use of resources. This respondent suggested replacing the amendment with a requirement for fees to be paid into the Island's General Revenue, which they considered would provide greater oversight.	**Explanation** On internal review following the consultation, the Authority considered s.34A should be revised to refer only to the DBROA15 and to make the provision more generalised as per other Authority legislation. See c.23 (now c.20) for further information.	
c.100	**s.35 (orders), DBROA15**	This would amend s.35 DBROA15 to clarify the Tynwald process regarding orders made under s.35 DBROA15. This would clarify that the 'affirmative' Tynwald procedure applies rather than having to cross-reference s.31 of the Legislation Act 2015.	A response was received, which supported the proposed amendment.	**Outcome** Section 35(3) has been revised to refer to the Legislation Act 2015 and confirms that orders made under DBROA15 are subject to the Tynwald procedure – affirmative. **Explanation** The s.35(3) amendment does not substantively change the provision. It modernises the terminology on Tynwald procedure in accordance with the Legislation Act 2015.	c.94
c.101	**Sch.1 (designated businesses and exemptions), DBROA15**	This would amend paragraph 8(g) [sic – p.5(g)] Sch.1 DBROA15 to specify that holders of a software supplier licence or a token-based software supplier licence, as defined in the Online Gambling (Exclusions) Regulations 2010, are not exempt from the requirement to register under the DBROA15. This would narrow the exemption (which was not intended to cover such entities) and ensure such entities remain within the scope of Designated Business oversight.	Whilst a respondent supported the proposal, other respondents queried whether the change could result in dual regulation by the Authority and the Gambling Supervision Commission ('GSC') for Online Gambling Regulation Act 2001 ('OGRA') licenceholders. Particular concerns included: • Who the regulating body would be for pure software licensees (i.e. companies with no ancillary designated business activities); and • How the change would affect groups where one company is pure software supply and other group companies conduct designated business activity. A respondent suggested the change could lead to a significant shift in licensing numbers as firms attempt to avoid dual regulation by the GSC and the Authority and associated additional costs.	**Outcome** The proposed amendment concerns p.5(g) Sch.1 and will be retained without further change. **Explanation** The p.5(g) Sch.1 amendment is intended to close a potential loophole. It does not result in dual AML/CFT supervision. Currently, software supplier or token-based software supplier licenceholders (per the Online Gambling (Exclusions) Regulations 2010) are not supervised for AML/CFT purposes by the GSC because they are not covered by the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019. Nor are they supervised for AML/CFT purposes by the Authority due to the current p.5(g) Sch.1 DBROA15 exemption which extends to designated business activity undertaken by such GSC licenceholders. Holders of a software supplier licence or a token-based software supplier licence were introduced after the DBROA15 was implemented in 2015. As they are not subject to AML/CFT oversight by the GSC, they were not intended to be outside the	c.95

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				scope of the DBROA15 where they also carry on designated business activity. Narrowing the exemption to exclude software supplier and token-based software supplier licenceholders will ensure any designated business activity carried on by those suppliers is overseen for AML/CFT purposes by the Authority. Software supplier and token-based software supplier licenceholders under OGRA would be required to register with the Authority where they also carry on designated business activity and are not subject to any other exemption from registration. Such licenceholders would not be required to register with the Authority under the DBROA15 if they do not undertake designated business activity. As such, there would not be dual supervision for AML/CFT purposes.	
c.102	**Sch.2 (exceptions to prohibition on disclosure), DBROA15**	This would amend Sch.2 DBROA15 to change the information sharing gateway between the Authority and the Isle of Man Office of Fair Trading ('OFT') to allow the Authority to disclose information that would enable or assist the OFT in carrying out any of its functions	Whilst a respondent agreed with the proposed amendment, another commented that the terms "enactment" and "written notice" should be defined terms.	**Outcome** Amendments to Sch.2 have been further revised as follows: • Paragraph 1(1)(m) wording now includes "*or assisting*" and refers to "*any*" of the Tribunal's functions "*under any enactment*". The amendments are not considered material. • Paragraph 1(1)(o) amendment will be retained without further change. • Paragraph 1(1)(u) has been further revised to refer to "*ombudsman to discharge their functions under any enactment*" replacing the list of enactments. • Paragraph 1(1)(v) referencing the Office of Fair Trading has been removed, as it duplicated 1(1)(u). • Paragraphs 1(1)(ab) and 1(1)(ac) have been revised to include "*or assisting*" and to refer to "*under any enactment*". • A new p.1(1)(ad) has been inserted to enable disclosures from the Authority to the Communications and Utilities Regulatory Authority (CURA) under the Competition Act 2021. Other proposed amendments will be retained without further change. **Explanation**	c.96

Draft Bill V07 Clause	Amending DBROA15	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
				Amendments to p.1(1) Sch.2 are intended to improve consistency with other subparagraphs and Authority legislation and remove duplication. The Authority agrees with comments that following the transfer of OFT functions under the Competition Act 2021 to CURA, the Authority should have a statutory gateway under the FSA08 to disclose information to that body. The Authority considered this statutory gateway should be mirrored in other Authority legislation including the IA08 and DBROA15. Regarding definitions: • "enactment" does not need defining. The purpose is to avoid specifying every Act that relates to an agency's functions. • "written notice" does not need defining. It is a notification that is given in writing and is already used across various Acts of Tynwald.	

5. Miscellaneous Amendments

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.103[13]	**s.266 (disposal of books and papers of company), Companies Act 1931**	This would amend s.266 of the Companies Act 1931 to prevent company books and papers from being destroyed following a court direction or by others (e.g. liquidators, creditors, committees) if the Authority has indicated such books and papers are required for regulatory or enforcement purposes. Key changes would include a requirement for the court to confirm that the Authority does not require the documents before authorising destruction. If the Authority has given notice that it requires said documents, the court must direct they be submitted to the Authority. A 14-day notice period would be required before any non-court direction to destroy documents, which would allow the Authority a timeframe to intervene. The Authority would be added to the list of parties who may make representations regarding the disposal of records.	A respondent raised a timing concern, asking whether there would be a time limit to address situations where a company could receive a direction from the Court and act immediately, only to subsequently receive a notification (post the direction) not to comply or not destroy the records.	**Outcome** The text at the former s.266(1C)(a) has been renumbered as s.266(1C). The text has also been revised such that it now refers to s.266(1B) instead of s.266(1)(b). ***However, this has subsequently been identified as a drafting error and efforts will be made to return the reference to s.266(1)(b) during the legislative process.*** The text at the former s.266(1C)(b) has been renumbered as a new s.266(1D) and has been redrafted. It now includes the additional text "*until the expiry of the period of retention specified by the Authority in its direction.*" Other proposed amendments will be retained without further change. **Explanation** ***The revision in s.266(1C) changing the reference from s.266(1)(b) to s.266(1B) is in error and efforts will be made to return the reference to s.266(1)(b) during the legislative process.*** On internal review following the consultation, the Authority considered that where (now under s.266(1D)) the Authority gives notice that it requires the books or papers of the company to be retained, that retention should not be indefinite as previously drafted. Accordingly, new s.266(1D) requires the Authority to specify a period of retention within the notice. In respect of the respondent's specific comment, the Authority considers that a company would have a suitable defence if it acted on a Court direction to destroy records prior to receiving a notification from the Authority to not destroy records.	c.97
N/A	**s.50 (civil penalties), Retirement Benefit Schemes Act 2000** **NEW POST-CONSULTATION**	N/A	N/A	**Outcome** Section 50 substituted with a new s.50 introducing revised civil penalty powers for the Authority, consistent with those introduced in other Authority Acts. **Explanation** See Appendix C (Revised Civil Penalty Provisions).	c.98

[13] Incorrectly referenced as c.142 in CP25-01.

Draft Bill V07 Clause	Amending FSA08	Consultation – Original Explanation	Consultation – Feedback Summary	Authority Response	Revised Bill V13 Clause
c.104[14]	**Fiduciary Services Act 2005**	This would repeal the Fiduciary Services Act 2005 given that the only remaining section of this would be incorporated into the FSA08 by this Draft Bill (see c.15).	No issues raised.	No further comments.	c.99
c.105[15]	**s.15 (limitation of Authority's liability), Bank (Recovery and Resolution) Act 2020**	This would remove a transitional provision concerning section 33 powers. Previously a 'deeming' provision was included to treat the Bank (Recovery and Resolution) Act 2020 as a 'specified enactment' under s.33 FSA08. This is no longer required, as the Act has now been formally added to the statutory definition. This is a tidying amendment with no change in practical effect.	No issues raised.	No further comments.	c.100

[14] Incorrectly referenced as c.143 in CP25-01.
[15] Incorrectly referenced as c.144 in CP25-01.

Appendix C – Revised Civil Penalty Provisions

1. Introduction

The Consultation Paper was an important opportunity to seek views from stakeholders on the Authority's proposed changes to the civil penalty provisions in the FSA08, CISA08, IA08 and DBROA15 and for the Authority to listen and respond to those views. The Authority has carefully considered the consultation feedback and proposed refinements to help ensure that civil penalty powers are proportionate, transparent, and aligned with international standards. The revised civil penalty provisions now also include the RBSA00.

2. Original Consultation Proposal

The Consultation Paper sought views on proposed amendments to the civil penalty provisions across the Authority's core regulatory legislation, namely the FSA08, CISA08, IA08 and DBROA15.

2.1 Policy Rationale

The rationale for the proposals was to modernise and harmonise the Island's civil penalty framework, strengthen regulatory effectiveness, and maintain alignment with international standards. The Consultation Paper explained that international standard-setting bodies expect financial services regulators to have access to a range of effective, proportionate and dissuasive sanctions applicable not only to regulated entities and designated businesses but also to certain individuals in positions of responsibility.

While the Authority already has civil penalty powers in respect of regulated entities and designated businesses, and limited powers relating to individuals under some enactments, the current provisions are inconsistent across the Acts.

2.2 Extension of Civil Penalties to Certain Individuals

The Consultation Paper proposed extending the civil penalty regime to enable the Authority to impose discretionary civil penalties on certain individuals holding, or previously holding, key roles within regulated entities or designated businesses. These proposals were intended to apply to individuals whose role, influence or responsibilities meant that they could materially affect compliance outcomes, governance standards, or risk management.

The Consultation Paper explained that the intent was not to impose penalties on junior staff or individuals acting in good faith, but to ensure accountability where significant and material contraventions could be attributed to individuals through misconduct, neglect, or failure to discharge their responsibilities appropriately. The proposed civil penalty provisions were presented as part of a range of effective, proportionate and dissuasive enforcement tools, which could, in some cases, provide an alternative to more severe regulatory sanctions such as prohibitions of individuals or revocations of authorisations, licences or registrations.

2.3 Harmonisation Across the Legislative Framework

A key feature of the original proposal was the harmonisation of civil penalty powers across the Authority's regulatory Acts. The Draft Bill sought to establish a consistent enabling

framework in primary legislation, allowing a single, coherent civil penalty regime to be implemented through secondary legislation applying across the FSA08, CISA08, IA08 and DBROA15.

The enabling powers proposed in primary legislation were intentionally high-level, with much of the substantive detail of the civil penalty framework to be specified later in civil penalty regulations.

The Consultation Paper emphasised that the detailed operation of the civil penalty framework (including thresholds, penalty calculation methodology, procedural requirements and mitigating or aggravating factors) would be set out in civil penalty regulations and supporting guidance. These secondary instruments were proposed to be subject to further consultation and Tynwald approval.

2.4 Process and Safeguards

The original proposal envisaged that any decision to impose a civil penalty would be taken in accordance with the Authority's established Enforcement Decision-Making Process ('EDMP') and be subject to existing procedural protections, including the right of appeal to the Financial Services Tribunal.

The Consultation Paper also highlighted high-level safeguards intended to apply to the use of civil penalties, including the distinction between civil and criminal enforcement, the application of penalties as administrative sanctions, and the role of proportionality in determining whether a civil penalty was appropriate in any given case.

3. Consultation Feedback Summary

3.1 Overview

While respondents generally recognised the need for the Authority to meet international standards, many expressed opposition to the proposed approach, including concerns about the scope and structure of the enabling powers and the level of detail left to secondary legislation.

Concerns focused on ambiguity in the Draft Bill defining 'key roles', lack of clarity on scope, thresholds, and penalty calculation, and fears of retrospective application. Many highlighted risks of disproportionate sanctions, quasi-criminal consequences without equivalent safeguards, and potential conflicts with principles of natural justice and the Human Rights Act. Some respondents stressed that without clear boundaries, examples of misconduct, and transparent penalty calculation methods, the regime could lead to uncertainty and unfairness.

3.2 Practical Implications and Impact

Practical implications were a recurring theme. Stakeholders warned that heightened personal liability could deter experienced professionals from taking on senior roles, exacerbate recruitment challenges, and increase costs through higher remuneration demands and insurance premiums. There were fears that the proposals could stifle local talent, discourage

graduates from pursuing senior positions, and foster excessive risk aversion, ultimately harming the Isle of Man's competitiveness as a financial centre. Respondents also noted that individuals often act in good faith, relying on internal systems and governance, and should not be penalised for failures beyond their control unless there is clear evidence of misconduct.

3.3 Enforcement Process

Concerns extended to the enforcement process. The current EDMP was criticised by some respondents for concentrating investigatory and penalty-setting powers within the Authority, and creating a perception of bias and inequality. Some respondents argued that individuals may lack access to key information held by firms and could feel pressured to accept penalties without independent adjudication. Some respondents suggested adapting the Financial Services Tribunal to act as an impartial decision-maker for civil penalties, as a way of ensuring fairness, transparency, and compliance with relevant international standards. Safeguards suggested by respondents included clearer statutory criteria, penalty bands, and independent review mechanisms.

3.4 Other Issues Raised

Additional points raised by respondents included the need for robust guidance, clear criteria for when personal liability will be pursued, and proportionality safeguards to restrict penalties to serious breaches. Some respondents questioned whether the Authority had sufficient expertise to assess individual circumstances and culpability, and some raised concerns about insurance coverage for legal costs and penalties. There were also calls to consider alternative remedies (such as warning letters, structured settlements, and director disqualification orders) before imposing financial penalties. Overall, stakeholders urged the Authority to reconsider the proposals or, at a minimum, commit to a structured impact assessment on recruitment, retention, and sector competitiveness before implementation.

4. Authority Response

4.1 Context for Revised Civil Penalty Provisions

Following consultation, the Authority reconsidered the structure of the proposed civil penalty framework in light of the feedback received. The revised provisions are based on:

(a) The current penalty provisions in the FSA08, CISA08, IA08, RBSA00 and DBROA15;
(b) The current penalty provisions in section 37 IA08, which already includes penalties for certain individuals; and
(c) Equivalent provisions in the Gambling Legislation (Amendment) Bill 2025.[16]

The revised provisions are intended to achieve greater consistency across regulatory Acts while ensuring appropriate thresholds and safeguards are set out in the primary legislation. The approach adopted in the final Bill reflects international standards, comparator regimes, and points raised during consultation about clarity, proportionality and due process.

[16] https://www.tynwald.org.im/business/bills

4.2 Structure of Revised Civil Penalty Provisions

In response to feedback over the original proposal for a broad enabling power in primary legislation, the revised civil penalty provisions in the Bill incorporate more structure and requirements in the primary legislation.

The civil penalty provisions would operate on a three-limb basis:

(1) **civil penalties may be imposed on regulated entities or designated businesses** (licensed, authorised or registered persons), as is already the case under existing legislation;
(2) **civil penalties may be imposed on individuals performing Controlled Functions (or equivalent)**, where statutory thresholds are met; and
(3) **civil penalties may be imposed on any person who breaches a prohibition** (for example, carrying on regulated activity or designated business without the required permission).

The revised proposal limits the scope of the second limb to individuals in Controlled Functions (or equivalent) for regulated entities and designated businesses, e.g. Directors, Controllers and Key Persons. This would help ensure accountability for senior decision makers, those with significant governance and compliance responsibilities, and those with significant responsibilities in relation to regulated activities and designated business. The revised scope would not cover any staff in non-Controlled Functions working for regulated entities or designated businesses. This approach would align with equivalent regimes in other jurisdictions and ensure that penalties are focused on senior decision-makers, individuals with significant responsibility for governance and compliance, and those performing other significant functions.

In relation to individuals in Controlled Functions, a civil penalty could only be imposed where:

(a) the firm has committed or caused a contravention to a significant and material extent; and
(b) the contravention was committed by, caused by, or attributable to the individual through consent, connivance or negligence.

The thresholds are designed to ensure that only significant and material contraventions are in-scope of the civil penalty power for individuals and that diligent individuals acting in good faith are not penalised for failures beyond their control. These provisions mirror international norms for individual accountability and are designed to protect diligent professionals while addressing misconduct effectively.

The inclusion of civil penalties for persons in breach of a prohibition is not an entirely new enforcement concept, but its explicit articulation as a third limb of the civil penalty framework arose through restructuring of the provisions following consultation (e.g. s.30 DBROA15). This limb reflects existing statutory prohibitions already enforceable under the Acts, rather than extending the categories of conduct subject to sanction.

4.3 Scope, Proportionality and Practicality

The Authority acknowledges concerns raised during the consultation regarding the scope, proportionality, and practical implications of extending civil penalty powers to individuals under the FSA08 and amending the existing civil penalty power for individuals under the CISA08, IA08 and DBROA15. The Authority recognises the importance of ensuring enforcement measures are targeted, fair, and consistent with international standards, while also maintaining the Island's competitiveness and ability to attract and retain skilled professionals.

The Authority considers it necessary to update the Isle of Man's framework to introduce civil penalty powers for individuals performing Controlled Functions (or equivalent) within regulated entities and designated businesses. This approach would align with global expectations for credible supervision and reinforce the Island's reputation as a well-regulated financial centre. Other agencies with enforcement responsibilities, such as the Gambling Supervision Commission, are proceeding with updates to their civil penalty frameworks for the same reasons.[17]

In response to feedback about fairness and proportionality, the revised provisions would require a clear link between a firm's contravention and the individual's conduct (as outlined in section 4.2).

4.4 Safeguards and Oversight

In response to consultation feedback, the revised civil penalty provisions include a comprehensive package of safeguards. These include:

- **Prospective application only** for new powers unless contravention is continuing at the time the powers commence.
- **Civil penalty or criminal proceedings** for a contravention that is also an offence, but not both for the same contravention.
- **Immunity from prosecution** for a contravention that is also an offence if a civil penalty is imposed and paid.
- **Time limit** so that a civil penalty may not be imposed more than six years after the Authority became aware of the contravention.
- **Secondary legislation is required** before implementation, must be consulted on and would be subject to Tynwald approval.
- **Associated guidance** must be consulted on and laid before Tynwald.
- **Right of appeal** to the Financial Services Tribunal.
- **No civil penalty income is retained** by the Authority in response to feedback over potential conflict of interest.
- **Procedural safeguards** include split of investigation and enforcement functions, internal governance processes, person's right to be heard and give evidence through Enforcement Decision-Making Process, and requirement to give notice and reasons.

[17] https://www.tynwald.org.im/business/bills – See Gambling Legislation (Amendment) Bill 2025

4.5 International Context and Rationale for Civil Penalties

Following consultation feedback, the Authority acknowledges concerns about extending civil penalties to certain individuals but remains of the view that such powers are necessary to ensure accountability and align with international expectations for credible supervision of regulated financial services and designated businesses. Most other jurisdictions have civil penalty regimes that include individuals in key roles as part of a range of effective, proportionate and dissuasive sanctions.

Global standard-setting bodies emphasise that supervisors should have a range of effective, proportionate and dissuasive sanctions to ensure compliance and accountability. For example, Financial Action Task Force ('FATF') Recommendation 35 calls for sanctions (criminal, civil, or administrative) applicable to both natural and legal persons (including directors and senior management) for breaches of AML/CFT requirements. Please see the Appendix C Annex for relevant international standards in relation to civil penalties from the FATF, the Basel Committee on Banking Supervision ('BCBS'), the International Association of Insurance Supervisors ('IAIS') Insurance Core Principles and the International Organization of Securities Commission ('IOSCO') Principles.

In practice, civil penalties for individuals are widely adopted as part of a broader regulatory toolkit in other jurisdictions, including the UK[18], Jersey[19], Guernsey[20], and Gibraltar[21]. These regimes demonstrate that such measures are considered an international norm for promoting accountability and effective governance, and deterring misconduct. If the Isle of Man is to remain a credible jurisdiction in terms of financial services regulation and applying measures to reduce the risk of financial crime, it needs to take steps to ensure its regulatory framework is effective and keeps pace with international developments.

The Isle of Man's existing regulatory framework already makes provision for civil penalties for individuals under section 19A CISA08, section 37 IA08, and section 30 DBROA15. However, the Authority has not imposed civil penalties on individuals in practice under these powers pending harmonisation across the relevant enactments. The proposed amendments would therefore build on this foundation, ensuring consistency and clarity across the framework, rather than introducing a completely new concept.

4.6 Civil Penalties as Part of a Range of Sanctions

The Authority recognises that the introduction of civil penalties for individuals is a sensitive issue, as these measures carry significant implications for personal accountability. Civil penalties are designed to deter significant and material contraventions, not minor or technical ones. The strong reaction reflected in consultation responses underscores the seriousness of these powers and their potential impact. For this reason, the Authority is committed to embedding robust safeguards, clear thresholds, and transparent processes to ensure that penalties are reserved for significant and material contraventions, not minor or technical ones, and applied proportionately.

[18] https://www.fca.org.uk/about/how-we-regulate/enforcement
[19] https://www.jerseyfsc.org/about-us/our-teams/enforcement/
[20] https://www.gfsc.gg/commission/enforcement
[21] https://www.fsc.gi/enforcement/Strategy

It is important to emphasise that civil penalties form part of a range of regulatory sanctions varying in intensity depending on the nature and seriousness of the regulatory issue. Civil penalties would be reserved for more serious matters (short of authorisation / licence / registration revocations) but more significant than matters typically addressed through supervisory engagement, warning notices, or 'not fit and proper' directions. This tiered approach seeks to ensure that enforcement action is effective, proportionate and dissuasive by aligning with the seriousness of the breach.

Concerns were expressed that the proposals could discourage individuals from seeking senior roles due to increased personal liability. Civil penalties would represent just one option within a wider range of enforcement measures and would be reserved for serious matters involving individuals performing Controlled Functions, where such action is considered appropriate. Other sanctions remain available, including warning notices, 'not fit and proper' directions in relation to individual appointments, prohibitions, and referrals to law enforcement for criminal prosecution. Civil penalties may, for example, be used for serious matters where a prohibition of an individual or referral for criminal prosecution are considered too severe an action in response to the failing.

4.7 Implementation by Secondary Legislation and Guidance

Further detail, including penalty criteria and other procedural requirements will be set out in secondary legislation (civil penalty regulations), subject to future consultation and Tynwald approval. Associated guidance will also be subject to future consultation and be laid before Tynwald. This staged approach seeks to ensure transparency, stakeholder engagement, and alignment with international best practice.

The current Guidance Note on Discretionary Civil Penalties (1 August 2015, Updated 20 December 2022)[22] was developed to support the existing framework for imposing civil penalties on firms. As part of the next stage of these proposals, this guidance will need to be reviewed and updated to reflect the revised civil penalty provisions.

The updated guidance would set out the Authority's approach to penalty calculation, proportionality criteria and other procedural requirements, ensuring clarity and predictability for stakeholders. This revision would be undertaken alongside the development of secondary legislation and associated policies, and the Authority would seek feedback from stakeholders through separate consultation prior to implementation.

The revised civil penalty provisions require published civil penalty guidance to be consulted on and subject to Tynwald approval.

4.8 Other Matters

Consultation feedback on how the civil penalty framework might operate in practice have been considered by the Authority and used to inform the revised civil penalty provisions. The

[22] https://www.iomfsa.im/media/1432/discretionarycpguidance.pdf

Authority values these contributions and they will inform development of the associated secondary legislation and related policies and guidance.

The secondary legislation and guidance will be subject to separate consultation with stakeholders prior to implementation of any revised civil penalty framework for individuals. This approach is consistent with regulatory practice elsewhere, where enabling powers are established first and detailed provisions are developed subsequently. The secondary legislation would be subject to Tynwald approval. The guidance would also be laid before Tynwald.

4.8.1 Regulatory Investigations and Enforcement Decisions

The Authority notes concern from some respondents that its enforcement process may be perceived as concentrating investigatory and decision-making powers.

The placing of investigatory and decision-making powers within a single regulatory body is common among financial services regulators globally and operates within a framework of checks and balances. In the Isle of Man, enforcement decisions follow the EDMP, which separates supervisory, investigatory, and decision-making functions. Individuals subject to enforcement action have the right to make representations at multiple stages, including to the Case Review Panel, and all decisions are subject to appeal to the independent Financial Services Tribunal. These safeguards ensure procedural fairness and transparency, consistent with international standards and the principles of natural justice.

4.8.2 Significant and Material Contraventions Not Minor or Technical Breaches

To address a perception outside the consultation that civil penalties are imposed for 'tick-box' breaches, the Authority wishes to clarify that these measures are reserved for significant and material contraventions and not applied for minor or technical ones. Discretionary civil penalties may be accompanied by a detailed Public Statement outlining the action taken, the background to the case, key findings from the inspection and investigation, and key learning points for industry. This depends on the circumstances of each case. This approach promotes transparency, reinforces deterrence, and provides practical guidance to help firms strengthen compliance and governance standards. While some may view AML/CFT requirements as a 'tick-box' exercise, these obligations exist to reduce the risk of financial crime and protect the integrity of the Isle of Man's financial system. Failures to undertake risk assessments and client due diligence, for example, expose the Island to material money laundering, terrorist financing, and proliferation risks. Effective implementation of these measures is therefore critical, and civil penalties play an important role (as part of a wider range of sanctions) in ensuring these standards are met.

4.8.3 Prospective Application, Not Retrospective

The expanded civil penalty regime would apply only to contraventions identified by the Authority after the regime has been implemented, unless the contravention is continuing at the point of implementation. It would not be applied retrospectively.

4.8.4 Perception of Increased Civil Penalty Activity

Some respondents expressed concern that civil penalties have been imposed with increasing frequency in recent years. The Authority acknowledges these views but considers that the data does not support the perception of a significant escalation in enforcement activity.[23]

Since discretionary civil penalty powers were introduced in 2015, the Authority has issued 21 civil penalties over a ten-year period, averaging around three penalties a year since 2019. While there has been some variation year-on-year, the figures do not show a recent surge in enforcement activity:

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Civil Penalties (Discretionary)	0	0	0	0	1	5	1	3	4	4	3

These figures exclude administrative civil penalties (for late returns etc.) and should be viewed in context, noting differences in sector size, supervisory risk profile and international expectations over time.

Details on discretionary civil penalties imposed are published on the Authority's Enforcement Action webpage. The Authority considers that the pattern demonstrates that civil penalties remain a targeted regulatory tool, reserved for serious failings, and are not applied routinely or excessively. The Authority will continue to ensure that enforcement action is proportionate, transparent, and consistent with international standards.

4.8.5 Civil Penalties or Criminal Proceedings

Under the current civil penalty provisions, the Authority may not impose a civil penalty for a contravention that is also a criminal offence where criminal proceedings have commenced in respect of that contravention. This position is maintained and strengthened in the revised civil penalty provisions. Therefore, where the Authority determines that a matter warrants referral for criminal investigation or prosecution, it could not impose a civil penalty in respect of that same contravention. This approach ensures compliance with principles of fairness and avoids any perception of double jeopardy for the same contravention.

Civil penalties are intended to address significant and material contraventions through a proportionate, administrative sanction, whereas criminal proceedings are reserved for conduct that meets the threshold for prosecution under applicable legislation. In practice, the Authority will assess each case on its facts and determine the most appropriate enforcement route, taking into account the nature and seriousness of the breach, available evidence, legal advice and public interest considerations.

This separation of civil penalty powers and criminal proceedings reflects international norms and reinforces the Authority's commitment to procedural fairness and transparency.

[23] https://www.iomfsa.im/enforcement/enforcement-action/

4.8.6 Funding Model and Treatment of Civil Penalty Income

The Authority operates under a predominantly industry-funded model, which some respondents noted could create a perception that civil penalties might be used as a revenue source. The Authority wishes to clarify that enforcement decisions are based solely on regulatory considerations and not financial benefit.

Since the current funding model took effect on 1 April 2023, discretionary civil penalty income received during a financial year has been offset against the Authority's enforcement costs.[24]

Following discussions with Treasury to align the accounting treatment for civil penalty income across Isle of Man Government agencies, the approach was changed for the financial year ending 31 March 2026. Income from both administrative (e.g. for late returns) and discretionary civil penalties is now paid directly to the Treasury. This change reduces complexity, removes any potential perception of financial incentive, and reinforces the Authority's commitment to impartial and fair enforcement.

4.8.7 Insurance Coverage

The Authority recognises that matters such as insurance arrangements are relevant considerations for individuals and firms, but these are outside the scope of primary legislation.

5. Revised Legislative Amendments

The revised civil penalty provisions are shown in Appendix D (Financial Services (Miscellaneous Provisions) Bill 2026) and Appendices E-H ('As Amended' versions of the Acts). The relevant Bill clause references are as follows:

Draft Bill V07 Clause	Amending	Revised Bill V13 Clause	Appendix
c.11	s.16 (civil penalties), FSA08	c.11	D and E
c.38	s.19A (civil penalties), CISA08	c.34	D and F
c.64	s.37 (civil penalties), IA08	c.59	D and G
c.96	s.30 (civil penalties), DBROA15	c.91	D and H
N/A	s.50 (civil penalties), RBSA00	c.98	D only[25]

6. Next Steps

The revised civil penalty provisions seek to address the feedback raised by consultation respondents by including more structure and requirements in the primary legislation. This includes the scope of the revised civil penalty powers as well as associated requirements and

[24] https://consult.gov.im/financial-services-authority/new-authority-funding-model-from-1-april-2023/ – The current treatment of civil penalty income was agreed following earlier consultations on the new funding model, where views were evenly split: around half of respondents supported the Authority retaining civil penalty income, while the other half expressed concerns about potential incentives. The resulting approach sought to balance these perspectives.

[25] As the Revised Bill is only amending s.50 RBSA00 no Keeling Schedule / 'as amended' version is required.

safeguards. The revised civil penalty provisions in the Bill are now progressing through the legislative process in Tynwald.

The Authority is now developing draft secondary legislation for civil penalties and associated guidance. These would set out the matters the Authority must consider before imposing a penalty, penalty bands, and proportionality criteria. Stakeholders would have the opportunity to provide feedback through a formal consultation process, and the regulations would be subject to Tynwald approval. The Authority will also review its guidance to ensure clarity and predictability for individuals and firms. Following consultation, the final guidance would be laid before Tynwald. This staged approach ensures that the regime is implemented in a way that is fair, transparent, and aligned with international best practice.

7. Questions

For any questions, please see Section 6 (Questions) of this document for contact information.

Annex – Relevant International Standards

Financial Action Task Force ('FATF') Recommendations and Guidance

FATF Recommendations (International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation) (October 2025)[26]
Recommendation 26 – Regulation and Supervision of Financial Institutions "Countries should ensure that financial institutions are subject to adequate regulation and supervision and are effectively implementing the FATF Recommendations. Competent authorities or financial supervisors should take the necessary legal or regulatory measures to prevent criminals or their associates from holding, or being the beneficial owner of, a significant or controlling interest, or holding a management function in, a financial institution. Countries should not approve the establishment, or continued operation, of shell banks. "For financial institutions subject to the Core Principles, the regulatory and supervisory measures that apply for prudential purposes, and which are also relevant to money laundering and terrorist financing, should apply in a similar manner for AML/CFT purposes. This should include applying consolidated group supervision for AML/CFT purposes. "Other financial institutions should be licensed or registered and adequately regulated, and subject to supervision or monitoring for AML/CFT purposes, having regard to the risk of money laundering or terrorist financing in that sector. At a minimum, where financial institutions provide a service of money or value transfer, or of money or currency changing, they should be licensed or registered, and subject to effective systems for monitoring and ensuring compliance with national AML/CFT requirements."
Recommendation 28 – Regulation and Supervision of DNFBPs "Designated non-financial businesses and professions should be subject to regulatory and supervisory measures as set out below. (a) Casinos should be subject to a comprehensive regulatory and supervisory regime that ensures that they have effectively implemented the necessary AML/CFT measures. At a minimum: ▪ casinos should be licensed; ▪ competent authorities should take the necessary legal or regulatory measures to prevent criminals or their associates from holding, or being the beneficial owner of, a significant or controlling interest, holding a management function in, or being an operator of, a casino; and ▪ competent authorities should ensure that casinos are effectively supervised for compliance with AML/CFT requirements. (b) Countries should ensure that the other categories of DNFBPs are subject to effective systems for monitoring and ensuring compliance with AML/CFT requirements. This should be performed on a risk-sensitive basis. This may be performed by (a) a supervisor or (b) by an appropriate self-regulatory body (SRB), provided that such a body can

[26] https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html

FATF Recommendations (International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation) (October 2025)[26]

ensure that its members comply with their obligations to combat money laundering and terrorist financing.

The supervisor or SRB should also (a) take the necessary measures to prevent criminals or their associates from being professionally accredited, or holding or being the beneficial owner of a significant or controlling interest or holding a management function, e.g. through evaluating persons on the basis of a "fit and proper" test; and (b) have effective, proportionate, and dissuasive sanctions in line with Recommendation 35 available to deal with failure to comply with AML/CFT requirements."

Recommendation 35 – Sanctions

"Countries should ensure that there is a range of effective, proportionate and dissuasive sanctions, whether criminal, civil or administrative, available to deal with natural or legal persons covered by Recommendations 6, and 8 to 23, that fail to comply with AML/CFT requirements. Sanctions should be applicable not only to financial institutions and DNFBPs, but also to their directors and senior management."

FATF Guidance for a Risk-Based Approach: Effective Supervision and Enforcement by AML/CFT Supervisors of the Financial Sector and Law Enforcement (October 2015)[27]

Paragraph 10, Section II (Financial Supervision Models)

"The role of supervision in the AML/CFT framework is to supervise and monitor financial institutions to ensure their effective assessment and management of ML/TF risk and compliance with AML/CFT preventive measures. Sometimes these measures need to be prescriptive, for example, for foreign politically exposed persons, while at other times they need to be risk-based, for example, customer due diligence measures on other types of customers. AML/CFT supervisors assess institution's policies, procedures and controls for identifying and managing ML/TF risk, and take remedial action where appropriate. It is not a "tick the box" approach; it requires judgement in understanding the characteristics and situation of every financial institution. In the event that weaknesses in risk management programmes or breaches of laws or regulations are identified, AML/CFT supervisors should apply a proportionate range of remedial actions to address the identified weaknesses including appropriate sanctions that may include financial penalties for more severe breaches of AML/CFT legal or regulatory requirements."

[27] https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/RBA-Effective-supervision-and-enforcement.pdf.coredownload.pdf

Basel Committee on Banking Supervision ('BCBS') Core Principles

BCBS Core Principles for Effective Banking Supervision (April 2024)[28]
Principle 11 – Corrective and Sanctioning Powers of Supervisors) "The supervisor acts at an early stage to address unsafe and unsound practices or activities that could pose risks to banks or to the banking system. The supervisor has at its disposal an adequate range of supervisory tools, that it can apply at its discretion, to bring about timely corrective actions. This includes the ability to revoke the banking licence or to recommend its revocation."

International Association of Insurance Supervisors ('IAIS') Core Principles

IAIS Insurance Core Principles (November 2015)[29]
ICP 10 – Preventive and Corrective Measures "The supervisor takes preventive and corrective measures that are timely, suitable and necessary to achieve the objectives of insurance supervision."
ICP 11 – Enforcement "The supervisor enforces corrective action and, where needed, imposes sanctions based on clear and objective criteria that are publicly disclosed."

International Organization of Securities Commissions ('IOSCO') Principles

IOSCO Objectives and Principles of Securities Regulation (May 2017)[30]
C. Principles for the Enforcement of Securities Regulation 10. The Regulator should have comprehensive inspection, investigation and surveillance powers. 11. The Regulator should have comprehensive enforcement powers. 12. The regulatory system should ensure an effective and credible use of inspection, investigation, surveillance and enforcement powers and implementation of an effective compliance program.

IOSCO Credible Deterrence Report (June 2015, Revised October 2023)[31]
Stresses the importance of individual accountability and strong sanctions, citing examples of civil penalties against individuals in some jurisdictions.

[28] https://www.bis.org/bcbs/publ/d573.pdf
[29] https://www.iaisweb.org/uploads/2022/01/181115-All-adopted-ICPs-updated-November-2015.pdf
[30] https://www.iosco.org/library/pubdocs/pdf/ioscopd561.pdf
[31] https://www.iosco.org/library/pubdocs/pdf/IOSCOPD758.pdf

The following appendices are accessible using the links below. They can be also be accessed through the relevant consultation webpage on the Isle of Man Government's Engagement Hub or the Authority's Consultations webpage.

Appendix D –

Financial Services (Miscellaneous Provisions) Bill 2026 V13

https://consult.gov.im/financial-services-authority/financial-services-miscellaneous-provisions-bill/results/20260413-fsmpb-feedback-statement-app-d-fsmpb26-v13_compressed.pdf

Appendix E –

Financial Services Act 2008 (As Amended)

https://consult.gov.im/financial-services-authority/financial-services-miscellaneous-provisions-bill/results/20260413-fsmpb-feedback-statement-app-e-fsa08-as-amended_compressed.pdf

Appendix F –

Collective Investment Schemes Act 2008 (As Amended)

https://consult.gov.im/financial-services-authority/financial-services-miscellaneous-provisions-bill/results/20260413-fsmpb-feedback-statement-app-f-cisa08-as-amended_compressed.pdf

Appendix G –

Insurance Act 2008 (As Amended)

https://consult.gov.im/financial-services-authority/financial-services-miscellaneous-provisions-bill/results/20260413-fsmpb-feedback-statement-app-g-ia08-as-amended_compressed.pdf

Appendix H –

Designated Businesses (Registration and Oversight) Act 2015 (As Amended)

https://consult.gov.im/financial-services-authority/financial-services-miscellaneous-provisions-bill/results/20260413-fsmpb-feedback-statement-app-h-dbroa15-as-amended_compressed.pdf