ISLE OF MAN
FINANCIAL SERVICES AUTHORITY
Lught-Reill Shirveishyn Argidoil Ellan Vannin

Feedback Statement

Funding Financial Regulation and Designated Business Oversight

FS21-01

Issue Date: 14 May 2021

Contents

Glossary

Authority / IOMFSA	Isle of Man Financial Services Authority
Designated Businesses	Designated non-financial businesses and professions
FSA08	Financial Services Act 2008
ICP	Insurance Core Principles
PIFM	Predominantly Industry-Funded Model
Regulated Entities	Persons licensed, authorised, registered or otherwise regulated under the Financial Services Act 2008, the Collective Investment Schemes Act 2008, the Insurance Act 2008 or the Retirement Benefits Schemes Act 2000
Regulation and oversight	Financial regulation and Designated Businesses oversight
Treasury	Isle of Man Treasury
VAT	Value Added Tax

1. Background

This Feedback Statement is issued by the Isle of Man Financial Services Authority following Discussion Paper DP20-01/T14 on Funding Financial Regulation and Designated Business Oversight[1]. The Discussion Paper sought views on moving the Authority towards a predominantly industry-funded model ('PIFM') in the future.

The purpose of the Discussion Paper was to consider the funding arrangements for financial regulation and Designated Business oversight in the Isle of Man and seek feedback from stakeholders on proposals to achieve a greater degree of industry funding. The Discussion Paper was issued on 30 October 2020 and closed on 22 January 2021. Please refer to the Discussion Paper for further information on the proposals and background information on the questions asked.

This Feedback Statement provides a summary of responses received, highlights the key themes raised, other comments made and questions posed. Responses are being considered and, therefore, this document does not set out the Authority's views on points made by respondents. Views of respondents will be addressed as part of the next steps of the engagement process.

This Feedback Statement also sets out the next phase for the PIFM development and the future plans for further engagement with stakeholders to help shape the PIFM and determine the most appropriate course for implementation.

2. Summary of Responses

2.1 Overview

The Authority received 48 separate responses to the Discussion Paper, with some responses representing a number of different entities. The following table breaks down the primary business or purpose of those entities:

No.	Category
31	**Regulated Entities**
9	Financial Services – Deposit Taking
4	Financial Services – Investment Business
4	Financial Services – Corporate Services
2	Financial Services – Trust Services
8	Insurance – Authorised Insurer – Life
1	Insurance – Insurance Manager
3	Professional Retirement Benefits Schemes Administrator
7	**Designated Businesses – Registered**
7	**Industry Associations** • Alliance of Isle of Man Compliance Professionals

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

No.	Category
	• Association of Corporate Service Providers • Isle of Man Association of Pension Scheme Administrators • Isle of Man Captive Association • Isle of Man Chamber of Commerce • Isle of Man Wealth and Funds Association • Manx Insurance Association
2	**Professional Body** • Chartered Institute for Securities and Investment (Isle of Man Branch) • Isle of Man Society of Chartered Accountants
1	**Designated Business Oversight Body** • Association of Chartered Certified Accountants

As at 14 May 2021, the Authority was responsible for the regulation of 178 licenceholders under the FSA08, 32 collective investment schemes, 113 authorised insurers, 14 authorised permit holders, 18 registered insurance managers, 21 registered insurance intermediaries, 48 retirement benefits schemes administrators, and the registration of 325 designated businesses. It is noted that the responses submitted by industry associations and professional bodies were made on behalf of their respective memberships.

In addition to the above, the Authority considered comments submitted by respondents in response to Consultation Paper CP20-03/T14 on Fees from 1 April 2021 and 1 April 2022[2]. The Consultation Paper sought views on proposed increases to fees payable by all Regulated Entities and Designated Businesses from 1 April 2021 and 1 April 2022. Those increases were proposed as an interim measure pending development of the PIFM. Some respondents to the Consultation Paper gave feedback on the proposals covered in the Discussion Paper and asked for their views to be considered.

2.2 Responses on the Discussion Topics

2.2.1 Overview

The following section of this Feedback Statement summarises the responses received to the questions raised in the Discussion Paper. Each question is listed along with the response rate, which is the proportion of respondents that gave an answer to the question. Some respondents structured their responses differently to the order of questions, and so the response rate is an approximation following a review of the content of their responses. The responses are summarised in terms of key themes identified, along with other comments made and questions posed by respondents.

2.2.2 Predominantly Industry-Funded Model ('PIFM')

Question 1: Do you consider the cost of regulation and oversight should continue to be subsidised by Isle of Man taxpayers? Please give reasons for your answer. If you wish to suggest an alternative approach, please explain it and how you think it could be achieved.

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

Response rate: 81%.

Of those who responded: **66.7%** supported a blended funding model such as a PIFM, which would result in more industry funding but keep some degree of taxpayer funding[3]; **30.7%** supported a continuation of a significant level of taxpayer funding (e.g. either similar to the current 50:50 split or not too far beyond); and **2.6%** supported full funding by industry.

The key themes arising from responses were as follows:

- The majority of respondents believed it was **appropriate for industry to provide a greater degree of funding and reduce the current level of taxpayer subsidy**, however most believed there should still be some subsidy due to the significance of the financial services sector to the Isle of Man economy.
- A large number of respondents noted the **significant contribution that Regulated Entities and Designated Businesses give to the Isle of Man economy**, and that such entities (and their employees) are material taxpayers (e.g. in terms payroll taxes, local VAT, business rates and economic spend).
- Some respondents noted the Discussion Paper **did not go into detail regarding the future operating model of the Authority** and that it would be useful to understand if further detail would be included in future consultations.
- Some respondents specifically mentioned that it was **essential the Isle of Man remains an attractive and competitive jurisdiction** for financial services.
- A small number of respondents believed that **the Authority should be fully-funded by fee payers**.

Other comments made by respondents, in no particular order, were as follows:

- **Fee payers should not be expected to cover the cost of matters not directly related to regulation and oversight**, or where those matters have a wider benefit to the Isle of Man as a whole, e.g. Isle of Man Government costs in meeting international initiatives, such as those relating to climate change.
- **More information is needed on the Authority's expenditure and its overall funding requirements**, e.g. what does a PIFM mean in quantitative terms? Fee payers should not be expected to provide a 'blank cheque' without further transparency around, or input into, Authority expenditure.
- There **should be more transparency around the allocation of Authority resources and the budgeting process**, including the demonstration of value added.
- The **move to a PIFM is understood and does not appear to be out-of-line with similar jurisdictions** with strong financial services sectors.
- It is **important that any fee increases are made for the right reasons**, not just because businesses may have capacity to absorb more costs.
- There is a **limit to the cost that can be passed on to clients**.

[3] The term 'taxpayer funding' was used in the Discussion Paper and is taken to be synonymous with Government funding or public funding for the purposes of this paper.

- Fee increases are **likely to have a disproportionate impact upon smaller entities**, which may lead to the consolidation of businesses and fewer fee payers overall.
- The importance of the Authority having **budgetary independence from the Isle of Man Government is recognised** – the **governance around this arrangement is key**.
- **Taxpayer subsidy may be appropriate** for: new classes of business and/or new businesses; businesses in temporary financial difficulties (e.g. breaches of solvency requirements); or sectors that provide a wider benefit to the Island's economy (including the need to remain competitive).
- There is a **risk of driving up the cost of regulation for local businesses servicing local clients**, which could lead to a potential gap in the provision of services in the Island.
- **Some other areas of the Authority's activities should be covered by fee income from industry**, e.g. director disqualifications and undertakings.
- The move to a PIFM is supported, but **the timing coincides with a particularly challenging trading environment**.
- The **financial services sector does not receive support from the Isle of Man Government like other sectors** (e.g. in terms of marketing, financial support due to the COVID-19 pandemic).
- It was **understood in the past that the regulation of financial services in the Isle of Man would be supported financially by the Isle of Man Government** for economic development purposes.
- The **proposed engagement of an independent third party to assist with development of a PIFM is welcomed** and it is important for proposals to be benchmarked against models in other jurisdictions in terms of service levels as well as fees.
- **Where there is a wider benefit to the Island, funding should come from the taxpayer rather than cross-sector subsidisation**.
- It **would be helpful to get an early indication of the extent of industry funding and the timeframe proposed** for achieving a PIFM.

Some questions posed by respondents were as follows:

- Has **any modelling been done to assess the impact of the move to a PIFM** on the financial services sector or the wider economy?
- **How will conflicts of interest be dealt with** if the Authority becomes more reliant on industry funding?
- Has any **consideration been given to fee increases leading to an increase in unregulated businesses**?
- **What input will fee payers have in future cost increases**? What procedures will be in place to judge the Authority is providing a **meaningful return**? **Independent scrutiny of the Authority's cost base and fees** would go some way to allaying these concerns.
- **Who is responsible for ensuring the Authority's expenses are industry-related and that it is operating efficiently**?

Question 2: Do you agree with the four main elements identified for determining the PIFM? If not, please explain what you consider the main elements should be.
Response rate: 71%.

The key themes arising from responses were as follows:

- The majority of respondents **agreed with the four main elements identified for determining the PIFM** and believed they seemed a reasonable starting point.
- A small number of respondents **disagreed with the elements** but did not provide any alternative suggestions.

Comments made by respondents in relation to the four main elements (including some from other questions) were as follows:

(1) The Authority's costs:
- There should be increased transparency around the Authority's costs and independent oversight with some link to industry representatives.
- The Authority's costs are increasing and need to be explained and verified.
- Early visibility of the Authority's longer-term plan is key.

(2) Risk and impact in relation to the Authority's objectives:
- There should be transparency around the Authority's risk assessment methodology.
- It would be helpful to have a model indicating activities considered to be high risk.
- Entities should have the ability to challenge the Authority's risk assessment of their businesses.
- Higher risk businesses should bear a higher cost.

(3) Affordability:
- This should consider the long-term effects of increased regulatory costs on businesses that service local (i.e. Isle of Man-based) clients.
- Respondents differed on whether there should be any cross-sector subsidisation.
- This should consider the competitive landscape.
- Fees should not be a barrier to entrepreneurs.
- Not-for-profit organisations should either be subsidised by the taxpayer or charged a nominal fee.
- This factor is not relevant – entities should have sufficient capital, be well-run and able to afford a licence – fees should be a barrier to entry to regulated activity.
- It is recognised that smaller firms may have difficulties in moving towards a PIFM – consideration could be given to the following: (a) calculating fees on a tiered basis; (b) whether to charge fees in arrears or for a forthcoming period; (c) charging fees more frequently or in instalments to help spread the cost; (d) use sector-specific fees for targeted work more frequently; and (e) set out the consequences in the event a firm is unable to pay.

(4) Benefits of regulation to the wider finance sector and economy:
- There should still be some taxpayer funding due to the wider benefits to the Isle of Man economy.
- The Isle of Man Government should continue to make a contribution to the Authority's running costs.
- There is justification for some Isle of Man Government funding, e.g. for enforcement action, amongst other things.

Other comments made by respondents, in no particular order, were as follows:

- **Some sectors are very price sensitive** to benchmarking and jurisdictional selection.
- **Apportioning fees to entities requiring a higher level of supervision or oversight** should take into account the importance of certain sectors to the wider economy.
- There should be **increased transparency on expenditure as well as regular reporting of activities**.
- It is not certain quality clients will be attracted to the Isle of Man just because it is well-regulated – **other factors are more important** (e.g. quality and availability of financial and professional services).
- The **PIFM should only relate to the cost of regulation and oversight** (e.g. other activities that the Authority undertakes should not be funded by industry).
- **Fees charged by other jurisdictions with similar financial services sectors** to the Isle of Man should be included in the list of key elements.

Some questions posed by respondents were as follows:

- Does the move to a PIFM equate to a **tax on financial services providers**?
- How will **civil penalty income** feature in a PIFM?
- **To what extent will fee payers be engaged in the process or able to challenge the outcome**?
- What **accountability** will there be on spending?
- What transparency is anticipated around **third party engagements** as a whole?
- **What else will be included in the PIFM in future** apart from the cost of regulation and oversight?
- **In terms of the longer-term plan in respect of fees and Authority costs: (a) to what extent would industry be engaged or consulted?; (b) to what extent would the industry be able to challenge the Authority's efficiency?; (c) what will be the extent of any regular engagement with the industry on progress and changes?; and (d) would consideration be given towards the increased use of industry experts to better understand risks and opportunities for development works?.**

Question 3: Do you have any comments or suggestions on the relative importance of the main elements?
Response rate: 69%.

The key themes arising from responses were as follows:

- Many respondents had **no comments on the relative importance of the four main elements**.
- Most of those respondents who did have comments believed that **the elements should be weighted primarily according to risk**.

Other comments made by respondents, in no particular order, were as follows:

- **All four main elements are important**.
- The Authority **should be more accountable to its stakeholders**.
- The Authority **should review its own costs and streamline them as much as possible** – it should be accountable to value-for-money examinations.
- **Activities not related to regulation or oversight matters should be funded by alternative means**.
- A **cost calculation** should be added for each element.
- **Affordability is a key issue** – consideration should be given to new business start-ups.
- The **competitive landscape** should be considered.
- The **cost of any independent scrutiny of the Authority** will need to be considered.
- Funding of the Authority's enforcement activity under a PIFM may create **conflicts of interest** – this should be explored.
- It is **important that any changes are gradual**.
- Larger organisations **derive more income and/or profit from operating in a well-regulated market** than smaller firms.
- A **'user pays' system based on risk and impact is the most equitable basis for setting fees**, but it is recognised that some cross-sector funding will be required.
- There is merit in a 'user pays' system, but **sector diversity has benefits**.
- The relative importance of the four main elements **should be considered as part of the independent third party review**.
- The **move to align fees to areas of heightened supervision and oversight is supported**, but there needs to be a transparent methodology behind it (e.g. the use of timesheet records).
- A **transparent, sector-consistent approach to risk assessment** is a key element to support the PIFM.
- Consideration should be given for **more specific protection for smaller service providers** in a PIFM.
- There should be **more transparency on how the Authority intends to allocate its resources** across different sectors.

Some questions posed by respondents were as follows:

- Does (1) (the Authority's costs) mean that **only direct costs of regulation and oversight will be considered in the PIFM**?
- **Which sectors and practices are driving a rise in risk appetite**?
- **Will the Isle of Man Government commit to spending more funds on marketing the financial services sector** as a result of the PIFM?

Question 4: Are there any of the Authority's functions or activities that you specifically consider should be excluded from a PIFM? If so, please give details and your reasoning.
Response rate: 69%.

The key themes arising from responses were as follows:

- A large proportion of respondents **did not believe there should be any exclusions from a PIFM**, e.g. all costs should be considered when developing a model.
- There was a consensus that **the cost of day-to-day supervision and oversight should be covered by industry**.
- There was a **difference of opinion over funding for enforcement costs**. Some believed such costs should be covered by the taxpayer (on the basis that enforcement activity is key to maintaining credibility of the Isle of Man's regulatory framework), whereas some believed such costs should be borne by the entities that incur those costs (either in whole or in part). Some respondents queried why compliant entities should cover the costs for actions against non-compliant entities.
- Some respondents were of the view that **costs related to the development of new areas of regulated activity, general policy development and work relating to compliance with international standards should be covered by the taxpayer**; the reason being that these areas of work relate to the effectiveness of the regulatory framework as a whole.
- Some respondents did, however, note that **insurance businesses have made additional contributions in recent years (though annual fees and one-off levies)** to support the Authority's work on implementing the Insurance Core Principles ('ICPs').

Other comments made by respondents, in no particular order, were as follows:

- **Regulatory deterrents are already at a credible level**, e.g. civil penalties, directions, director disqualifications and undertakings.
- It **does not seem appropriate for other businesses to suffer the cost of failings of other businesses** that may have different risk appetites.
- There **should be a cap on the fees Designated Businesses are required to pay**, i.e. costs related to activities that are for the overall benefit of the Island are excessive for such businesses to bear.
- **Civil penalty income should continue to be paid to the Treasury** [i.e. into the general revenue of the Isle of Man] to avoid any potential conflicts of interest.
- **Civil penalty income should be allocated to the cost of enforcement**, with any surpluses being paid to the Treasury.
- It is **difficult to answer this question without more information**.
- **Enforcement costs should be borne by the financial services sector as a whole**, not on a sector-by-sector basis.
- **Costs resulting from failures by the Authority should not be included in the PIFM [i.e. covered by industry]**, e.g. unsuccessful outcomes from enforcement action.
- The question has been presented too soon – **the Authority and the Treasury need to agree what the level of costs is first**.

- **Suggest an Isle of Man Government subsidy for new application fees and possibly reduced annual fees** for an initial period (to reduce business start-up costs).

Some questions posed by respondents were as follows:

- **Could more high-level information be provided to assist respondents in answering this question**?

Question 5: What weighting should risk (in terms of both likelihood and impact) have in influencing the Authority's fee model to achieve a PIFM? *Response rate: 77%.*

The key themes arising from responses were as follows:

- The majority of respondents **specifically mentioned risk/impact as a key factor for fee calculation** (e.g. they believed fees should be risk/impact sensitive), with many saying this should be the factor with the highest weighting.
- Many respondents specifically said **they should be able to understand how the Authority assesses risk and allocates resources** (e.g. Supervisory Approach and the actual cost of each sector to regulate).

Other comments made by respondents, in no particular order, were as follows:

- The **overall cost of compliance for businesses needs to be borne in mind**; fees are only one part of that cost.
- A **PIFM should not price the Isle of Man out of the market** for financial services businesses or drive business to less well-regulated jurisdictions.
- There **should be appropriate transparency around the Authority's risk assessments**.
- The **limited weighting of risk by sector is supported, but not weighting based on the *perceived* risks of firms** (as this could adversely impact upon innovation).
- Different **business models and associated risks within sectors** should be considered.
- Risk assessing individual businesses for determining fees is not felt to be fair or practical, but **using risk on a sector basis appears a viable alternative**.
- The economic size of each sector should be considered in terms of a PIFM.
- The **allocation of the Authority's resources (e.g. time spent) could be used as an alternative basis for weighting fees**.
- The **revocation of licences, authorisations or registrations and civil penalties do not sufficiently reimburse the Authority** for enforcement costs.
- The **inability to quote a clear fee basis** may make it difficult to attract new business.
- Risk is an important consideration, but **new business written versus ongoing (renewal) income and overall turnover is just as important**.
- Risk weighting makes sense, but **the size of the entity and importance to the economy should be taken into account**.
- There **should be a better balance in terms of fees between bigger and smaller organisations** within a high risk sectors.

- **Risk weighting fees should be considered but must be used proportionately** (not all businesses conduct business in the same manner).

> **Question 6:** If you currently pay any annual or periodic fees to the Authority —
> (a) how much are your fees in total; and
> (b) what is your total fee as a percentage of your current business turnover?
> *Response rate: 67%.*

Of those who responded, the current fees of: **69%** of respondents accounted for 1% or less of business turnover; and **10%** of respondents accounted for between 1% and 4% of business turnover. The remaining **21%** did not provide sufficient data to answer the question but provided additional comments.

Other comments made by respondents, in no particular order, were as follows:

- The **use of turnover as a metric in terms of affordability is inappropriate** as there is no direct correlation between turnover and profit.
- **Profitability of businesses should factor into the PIFM**, however a revenue-based approach may be more appropriate over time once business models have had time to adapt.

> **Question 7:** How would you describe the impact on your business if your annual or periodic fees payable to the Authority were to double? Please explain the reason for your response.
> *Response rate: 67%.*

Of those who responded: **41%** said a doubling of their current fees would have a low or immaterial financial impact on their business, subject to any fee increases needing to be justified; and **38%** said a doubling would have a significant financial impact on businesses and that cost savings would need to be made somewhere. The remaining **21%** provided additional comments.

Other comments made by respondents, in no particular order, were as follows:

- **Increased fees will reduce profits and businesses will need to identify where cost savings can be made**.
- Increased fees **may lead to businesses being priced out of the market**.
- The **resulting need for cost savings may lead to reduced innovation, capital investment and employment**.
- The use of turnover is unequitable– if moving to a more risk-based approach, **the use of a flat percentage turnover calculation would be more equitable**.
- Any **fee increase for businesses currently suffering losses due to difficult trading circumstances may have an effect on that business's long-term viability** in the Island.
- **The financial services sector is a major employer in the Isle of Man and should be supported by the Government due to the wider benefits to the economy**. If 100%

of the cost of regulation and oversight is placed on fee payers, and the number of fee payers declines, the sector and economic activity will decline.
- For businesses operating in multiple jurisdictions, **fee increases across those jurisdictions may begin to have an impact**, e.g. material margin compression and increased costs of doing business.
- **If some businesses were to pass all of their compliance costs onto their clients, they would make themselves less competitive** and have to consider relocating their businesses.

Question 8: How should cross-subsidisation between sectors for the cost of regulation and oversight feature in a PIFM? Please give reasons.
Response rate: 79%.

Cross-subsidisation (or cross-sector subsidisation) is the concept that some of the Authority's fee income from one sector may be used to support work undertaken in respect of other sectors that may not be directly linked to each other.

The key themes arising from responses were as follows:

- The **majority of respondents did not agree with cross-sector subsidisation in a general sense**; they believed each sector should cover its own costs for regulation and oversight.
- Some respondents went on to say that, **where a sector is unable to cover its own costs, either the Isle of Man Government should make a financial contribution to support regulation and oversight of the sector or it should be allowed to fail**.
- Some respondents said that **cross-sector subsidisation may be appropriate if the sector provides a benefit to the financial services sector as a whole**.
- A couple of respondents were in favour of **some form of subsidisation for start-ups within sectors**, e.g. where a new entrant pays lower fees in the first couple of years before it starts to pay full fees to allow time for it to establish itself.

Other comments made by respondents, in no particular order, were as follows:

- **New regulatory initiatives and developments should be funded through central taxation**.
- It is **difficult to answer this question without more information** – some sectors may complement each other but it is difficult to accept that existing entities should fund costs relating to the regulation of new sectors.
- **Development of new areas should be driven by a centralised new business function for the Isle of Man**, with a fully-quantified cost/benefit analysis or feasibility study carried out in each case.
- **Funding contributions should be proportionate across sectors** – it is uncertain why the life sector bears a disproportionate level of fees compared to others.
- **Sector contributions to new sectors should be proportionate to affordability**.
- The **development of a framework for Class 6 (Crowdfunding Platforms) regulated activity under the FSA08 is a good example of an exercise that incurred significant**

cost but has not generated any tangible benefit for the Isle of Man [due to their currently being no licensed entities].
- **Cross-sector subsidisation for community-based services (e.g. credit unions) may be appropriate**.
- **It is understood that fees from larger entities will subsidise costs for others** – regulation and development of new industries will benefit the Isle of Man as a whole but there should be some contribution from the Isle of Man Government.
- **Larger firms should shoulder a greater percentage of the fee base** as they carry on more diverse activities over a broader range of clients.
- **Cross-sector subsidisation can encourage new developments, but safeguards are required**, as are additional transparency measures and input from fee payers.
- Any decision on **cross-sector subsidisation should be considered along with the Authority's longer-term strategy**.
- Cross-sector subsidisation **may be appropriate where a sector benefits from the existence of others**.
- Cross-sector subsidisation **could form part of the PIFM where focused on customer and stakeholder value**.
- The Authority's **resources should be aligned with sector fee income**.
- Fee payers **should not have to subsidise seemingly unrelated sectors or industries**.
- **It is not for fee payers to consider equitable cross-subsidy** (unless the fee allocation for each sector is provided along with associated sector risks and costs).

Question 9: Do you consider that, within a PIFM, it may be acceptable for some types of business to pay a nominal fee (i.e. a fee that does not reflect the real cost of that activity), e.g. where that type of business is new and less well-established, or provides some form of intangible or longer-term benefit to society?
Response rate: 67%.

The key themes arising from responses were as follows:

- Almost half of respondents **agreed that it may be acceptable for some types of business to pay a nominal fee, but that the cost of regulation or oversight should be subsidised by the Isle of Man Government** and only where there is a wider benefit to the Isle of Man.
- Some respondents **believed entities should cover the full cost of their regulation or oversight**.

Other comments made by respondents, in no particular order, were as follows:

- The use of **nominal fees may be acceptable in some circumstances**, e.g. if suitably defined and for a fixed period.
- There is **room for such an approach, but there must be a cost/benefit analysis**.
- Nominal fees could be used **provided a sector becomes self-sustaining** in the near future.
- **Tiered fees for new start-up businesses** could be considered.

- It is **difficult to answer this question without more information** – some sectors may complement each other but it is difficult to accept existing entities should fund costs relating to the regulation of new sectors.
- If fee payers are being asked to subsidise nominal fees, **funding requirements for new sectors should be laid out by the Authority to allow relevant industry bodies to review and conclude on commercial viability**.
- Use of nominal fees for **community-based services (e.g. credit unions)** may be appropriate.
- **Innovation and entrepreneurship should be encouraged** and perhaps supported by an Isle of Man Government contribution.

2.2.3 International and domestic comparison

Question 10: Please provide any comments or suggestions you may have on the funding models adopted by other financial regulators or other regulatory bodies in the context of this Discussion Paper.
Response rate: 67%.

The key themes arising from responses were as follows:

- A number of respondents emphasised that **some sectors are more sensitive to jurisdictional fee comparisons than others**.
- Many respondents **had no comments on this question** or said they did not have enough information to make jurisdictional comparisons.

Other comments made by respondents, in no particular order, were as follows:

- **Current fees are too low compared to other jurisdictions and should be trebled**.
- **Regulators in many other jurisdictions are entirely industry-funded**, so the move to a PIFM makes sense.
- It is **important to retain a competitive advantage** and for fees to remain proportionate and in-line with other jurisdictions.
- A **mix of public and private funding will give the Government (and therefore the taxpayer) some involvement in regulatory processes** and systems.
- **Comparison of fee levels paid in other jurisdictions is not a valid consideration** due to no assessment being made of the cost base or wider economic benefits.
- The **doubling of fees would make the Isle of Man more expensive than other jurisdictions** for some types of business.
- The **Isle of Man cannot achieve the economies of scale present in other jurisdictions and by other sectors** – increased fees may result in greater business consolidation and increased concentration risk.
- The **Isle of Man is generally competitive in respect of fees**.
- The **Isle of Man is too cheap by comparison to other jurisdictions and the regulator is significantly underfunded**.
- A jurisdictional fee comparison is interesting but **the Isle of Man must make its own decisions**.

- The **lack of knowledge of the Authority's activities** makes it difficult to answer this question.
- The Authority should **make sure fee levels compare favourably with other jurisdictions**.
- **Implementation of a PIFM should not proceed until a detailed comparison with similar jurisdictions and a more detailed consultation has been performed**.
- Some jurisdictions raise considerable **funds from regulatory fines – this is not supported**.
- The **value of a more expensive regulatory regime should be demonstrable to customers** of entities.

Question 11: If you carry on a regulated activity or Designated Business in the Isle of Man, do you carry out the same type of activity in any other jurisdictions? If so, and if you are able to do so, please confirm what fees you pay in those other jurisdictions and any relevant details (e.g. if the nature and scale of activities carried out across jurisdictions is the same or different).
Response rate: 54%.

Of those who responded: **50%** only carried out business in the Isle of Man and so could not provide any comparison data with other jurisdictions; and **45%** carried on business in the Isle of Man and other jurisdictions. The remaining **5%** did not specify but made general comments (e.g. they would be interested in the findings from this question). The majority of entities that did carry on the same type of activity in other jurisdictions either did not provide details of fees paid in those other jurisdictions were unable to provide more detail. Of those entities that provided data, the sample size was too small and sector-specific to draw any significant conclusions.

2.2.4 Fee structure and calculation methodology

Question 12: What are your views on the current types of fees and fee calculation methodology for your regulated activity or Designated Business?
Response rate: 65%.

The key themes arising from responses were as follows:

- Of those who responded, **30%** specifically said they were **satisfied with the current calculation method for their fees**.
- Some respondents suggested **there should be more gradation in fees**, e.g. through additional bandings or fee categories.

Other comments made by respondents, in no particular order, were as follows:

- **Fees could be based on turnover**, e.g. rather than the number of entities managed.
- **Current fees do not give sufficient consideration to entity risk** and the risk sensitivity of fees should be increased.
- Fees **should be supported with an explanation as to how they are derived** – presenting costs without a full explanation does not sit well.

- The **fee calculation methodology should be kept simple**, e.g. to avoid fluctuations.
- There **should be greater transparency around the fee calculation methodology**.
- There **should be a closer alignment of fees and work undertaken by the Authority**, e.g. ‘pay as you go’ fees, such as for inspections.
- A **move to risk-based fee categories has merit**.
- Current **calculations are overly-simplistic and do not take account of all relevant factors**.
- **Class 1 (Deposit Taking) and Class 2 (Investment Business) fee calculation methodologies under the FSA08 are clear**.
- The **Class 2 (Investment Business) fee calculation methodology under the FSA08** for financial advisers is unfair as the fee difference for larger businesses is negligible.
- The **Class 3 (Services to Collective Investment Schemes) fee calculation methodology under the FSA08 is not clear** and should be reviewed.
- If **application fees do not cover the full cost associated with processing an application**, how will the actual cost be recovered?
- The **Designated Business fee bandings should be reviewed** to account for the fact that companies incorporated under the Companies Act 1931 are required to have two directors, which automatically places them in a higher fee band.
- **Designated Business fees are currently too low** to support effective oversight.
- The fee basis for insurers has worked satisfactorily to date, but **if insurer fees are increased, more graduated step changes should be made**.
- Introducing **new fees could be detrimental to businesses when coupled with other costs of compliance**.
- **Introducing activity-based charges** may allow fees to be imposed more equitably.
- **Minimum fees should be higher** with a scale that increases with business size and complexity.
- The **current types of fees and fee calculation methodology needs to be reviewed, and made more transparent and proportionate**.
- Using funds under management (‘FUM’) for some types of business means **some higher risk businesses holding fewer assets may pay lower fees** than lower risk businesses holding more assets.

Question 13: Please provide any suggestions you have for an alternative fee calculation methodology for your regulated activity or Designated Business.
Response rate: 67%.

Suggestions made by respondents, in no particular order, were as follows:

- **Fees could be based on turnover** rather than the number of managed entities.
- The **risk sensitivity of fees should be increased**.
- Any model **should be transparent and risk-based whilst taking into account affordability and competitiveness**.
- **More fees could be charged on a ‘pay as you go’ basis**, e.g. change of ownership, change of corporate structure.
- **Consideration should be given to allocating civil penalty income** to cover costs related to non-compliance.

- **For Class 1 (Deposit Taking) regulated activity under the FSA08**, total assets and risk profile are proportionate – balance sheet size bandings may assist. Consolidated income bands could also be considered.
- Consideration should be given to **additional charges for Class 1 (Deposit Taking) subsidiaries to reflect additional requirements**.
- **Different calculation methodologies could be used for different sectors**.
- Fees for **closed book insurers should be lower than those of open book insurers**.
- **Fees should be consistent** to avoid significant variations and spikes.
- Consideration should be given to **applying an industry-wide transaction levy on all financial activity** in place of the current fee structure.
- Fees **should be based on fixed amount with variable amount** based on level of business undertaken during year.
- **Skilled person reviews could be used as much as possible** to ensure additional costs sit with the institutions.
- A **fee multiplier based on risk assessments** could be considered.
- A **more sophisticated fee calculation methodology could be used to ensure fixed and variable costs are allocated to sectors/entities**, with this being based on risk of the underlying book of business and profitability.
- Suggest **use of one-off payments to cover the costs of specific projects** (e.g. as with the ICP Project for insurers).
- Would like to see **alternative methodologies to revenue or profit**, e.g. number of employees, profitability per employee.
- Consideration should be given to a **fee structure based on client residency**.
- Consideration should be given to **varying the funding structure between branches and subsidiaries for Class 1 (Deposit Taking)** regulated activity under the FSA08.

Question 14: To what extent do you believe the Authority should consider new types of fees to cover the cost of routine and / or non-routine work carried out?
Response rate: 65%.

The key themes arising from responses were as follows:

- Most respondents appeared to **agree with the possible introduction of transactional fees for significant one-off pieces of work** (such as changes of control). However, there was a sense that the fee structure could become overly complicated if transactional fees were introduced for smaller pieces of work.
- Reflecting on the proposals as a whole and the different elements that would need to be considered, **most respondents sought a fee structure that is easy to understand and not susceptible to significant fluctuations**.
- Many respondents **advocated further gradation in terms of fees** (e.g. in terms of fee bands) to better reflect the level of activity being undertaken and the risk to the Authority's objectives.
- Some respondents suggested a **combination of fixed fees, variable fees (standard) and variable fees (non-standard)**.

Other comments made by respondents, in no particular order, were as follows:

- The **concepts of 'routine' and/or 'non-routine' work need to be defined** for respondents to consider further.
- **Additional costs should be borne by the sectors that require the additional work**, e.g. new types of licences.
- Moving to a **combination of fixed and variable fees could be favourable** to the Island in terms of competitiveness and attracting new business.
- The **introduction of new fees should be considered very carefully** as it will create barriers to entry, which will be to the detriment of small, local businesses as well as innovation and competition.
- Introducing **minor charges for administrative actions is not supported**.
- Introducing **new fees will create greater uncertainty and more scope for challenge**.
- Greater **use of transactional fees where they can be attributed to additional activity** is supported.
- The **Authority should consider its overhead structure**, which may be overweight for its current workload.
- **The Authority should have agreed service level standards** for activity-based fees.

Question 15: Please provide any suggestions for new types of fees that the Authority could charge to reduce the overall cost of application/registration and annual/periodic fees. *Response rate: 48%.*

Suggestions made by respondents, in no particular order, were as follows:

- **Approval of Key Person / Controlled Function appointments.**
- **Changes of control.**
- **Changes of ownership.**
- **Fees for enhanced oversight due to breaches, issues and enforcement action.**
- **Inspection visits.**
- **Late filings.**
- **Regulatory oversight for merger and acquisition activity.**
- **Remediation actions.**
- **Submission of other changes (e.g. significant changes to licences / authorisations or registrations).**
- **Submission of returns.**
- **Thematic reviews for specific sectors.**
- **Waiver or special request fees (e.g. linked to regulatory or oversight requirements).**

Other comments made by respondents, in no particular order, were as follows:

- **More information is needed** to help respondents answer this question, e.g. which areas use the most Authority resources?
- The introduction of new fees is not supported – **activity-based charges should be included within the estimation of fixed fees** (e.g. annual and application fees).

- Fees or other costs should be considered for **firms not regulated in the Isle of Man but are 'flying in' and 'flying out' and competing against locally regulated firms**.
- Fees for **additional licence / authorisation / registration types** should be considered.
- The Authority should **consider the cost of exceptional non-routine work outside of annual fees and bill entities separately**.
- The Authority should consider **additional fees for when insurers elect to adopt an internal model for solvency calculation** and this incurs significant and costly additional actuarial resource.
- The **concepts of 'routine' and/or 'non-routine' work need to be defined** for respondents to consider further.
- Moving to a **combination of fixed and variable fees could be favourable** to the Island in terms of competitiveness and attracting new business.
- It would be **preferable to see an improvement in service levels** rather than a reduction in the overall cost of application/registration and annual/periodic fees.
- A **variety of fee types could be used to cater for new and smaller companies** that may struggle with comparatively significant fee obligations.
- There **may be merit in considering a discount model for any initial calculation of fees**, e.g. an initial fee calculation against assets under management ('AUM') but a discount taking into account specified contributions to the wider Isle of Man economy.

2.2.5 Transition period and implementation

Question 16: Bearing in mind that the Authority is currently funded approximately 50:50 by industry and the Isle of Man taxpayer, what do you believe is a reasonable timeframe in which to move to a PIFM? For example, do you think the transition should be made quickly or over a longer period of time?
Response rate: 71%.

The key themes arising from responses were as follows:

- Of those who responded: **75%** believed any move to a PIFM should be done over a longer period of time, e.g. 3 or more years; whereas **25%** believed it should be done in a shorter timeframe, e.g. 2 years or less. Generally speaking, larger organisations preferred a shorter transition timeframe, whereas smaller organisations preferred a longer transition timeframe.
- The majority of respondents said that **the financial impact of the COVID-19 pandemic should be borne in mind** when devising an implementation timeframe.

Other comments made by respondents, in no particular order, were as follows:

- There should be a **gradual change over a longer period** to avoid sudden increases.
- The implementation timeframe **should take into account uncertainty created by the COVID-19 pandemic and the effects of Brexit**.
- **2021 will be a far more uncertain year than 2020** in terms of the financial impact of COVID-19.

- The **PIFM will need to be quantified** in order to allow respondents to answer this question.
- A **longer implementation timeframe will help businesses manage costs**.
- **Entities should be given a set period to make adjustments to their business models** – businesses are currently adjusting to the impact of COVID-19.
- The **implementation speed should not erode the Isle of Man's competitive position**.
- No objection to a **quick move subject to ability of other entities** to adopt the same approach.
- It is **not possible to predict the financial impact of the move to a PIFM** due to uncertainty over the Authority's costs (post-2021/22) and the risk that each sector is believed to carry.
- **Those faced with larger increases should be given more time to adjust**.
- A **short implementation timeframe could risk damaging the financial services sector**.
- A **scaled but not unduly lengthy period is preferable**.
- There could be a **quick transition if there is a move to a turnover-based fee**.
- **Changes should be based on the risks posed by businesses**.
- **Consideration should be given to a more phased introduction due to the challenging trading environment**.

Some questions posed by respondents were as follows:

- **Has the move to a PIFM already been decided**?

Question 17: Please provide any suggestions you have on how fees should be adjusted on an annual basis to ensure cost recovery.
Response rate: 54%.

The key themes arising from responses were as follows:

- A large number of respondents said **certainty around fees is very important for fee payers to enable them to budget effectively** and noted that the PIFM should avoid heavy fluctuations.

Other comments made by respondents, in no particular order, were as follows:

- **Unbudgeted Authority costs should either be absorbed by the Treasury or the Authority's reserves**.
- The Authority **should be run as a business with a full and transparent budgetary process**.
- The Authority should **consider its longer-term funding requirements and share expectations** with fee payers.
- **Annual adjustments to fees should not exceed inflation (e.g. the Retail Price Index) but should take any adjustment in regulatory activity into account where this benefits society**.

- There needs to be a **process for forecasting and analysing over- and under-spends** annually.
- The Authority should **manage anticipated costs and allocate any anticipated spikes across a five-year basis with minimal adjustment to annual fees** to allow businesses to manage.
- The Authority's **budgeting process should identify the need to recover costs year-on-year and consult on increases**.
- **If a significant change to costs is identified this should be discussed** with the affected industry.
- The Authority should **consider introducing a Customer Relationship Management ('CRM') application for timesheet analysis and invoicing for each entity**.
- **Cost should be recovered on proportionate basis** to target those sectors that have caused increases to overall costs.
- Consideration should be given to **charging for 'core costs' and then charging for 'unexpected costs' in arrears**, following approval of the Authority's financial statements.
- **Variable fees (non-standard) could be invoiced monthly in arrears**.

Some questions posed by respondents were as follows:

- **Who should benefit from any surplus fee income** (e.g. if taxpayers are liable for overspends they should also benefit from underspends)?

2.2.6 Transparency measures

Question 18: Please provide any comments you have on the Authority's existing transparency measures.
Response rate: 56%.

The key themes arising from responses were as follows:

- Of those who responded: **50%** specifically provided positive feedback on the Authority's existing transparency measure and suggested some enhancements; **46%** had no significant comments on existing transparency measures but suggested improvements; and **4%** were of the view that the Authority's existing measures were not transparent enough and suggested improvements.
- A proportion of respondents **specifically commented on the need for the Authority to be more accountable** to fee payers as a result of a move to a PIFM. For example, some believed there should be more transparency over how the Authority's resources are allocated, and some said that fee payers should be able to input into, or influence, resource allocation.

Other comments made by respondents, in no particular order, were as follows:

- **Steps have been taken to improve the Authority's transparency measures, but there are still limitations**.

- There is **little / no transparency on the Isle of Man's whistleblowing regime**, e.g. report statistics and what action results from whistleblowing.
- A **new oversight body should be created or given responsibility for handling whistleblowing matters** and providing reports on resulting action in order to improve the protection of whistle blowers in the Isle of Man.
- The Authority's **transparency measures appear to have reduced in recent years**, e.g. changes we are told are taking place do not happen, such as the publication of a new supervisory approach and the implementation of a new online reporting system.
- It is a cause for concern **that the move to a PIFM could diminish the Treasury's influence (in terms of holding the Authority to account) over time**.
- The Authority **operates well and is very transparent**.
- **Appropriate controls, checks and balances should be put in place** – fee payers should see transparency around expenditure, see accountability for fee increases and have a level of predictability for planning and budgetary purposes.
- **Current transparency measures are consistent with those in other jurisdictions**.
- **More attention should be given to real problem cases**.
- The **Authority seems to be increasingly unaccountable**.
- **More feedback from the Authority as its Strategic Plan unfolds** would be appreciated.
- The Authority should **publish its risk assessment methodology for risk-based supervision**.
- It is **unclear how the Authority is externally reviewed on its performance**.
- There should be **regular updates to roadmaps and industry engagement** through Authority staff speaking at industry events.
- The Authority's **Annual Report and Public Notices** are the most useful measures.

Question 19: What additional transparency measures might be considered for the Authority as a result of a move to a PIFM?
Response rate: 63%.

The key themes arising from responses were as follows:

- A number of respondents specifically said that **a value-for-money framework should be considered**, as people need to see value for their fees.
- Several respondents said that, if the Authority is to obtain more funding from industry, they would **expect to see more engagement between the Authority and relevant industry bodies**.

Other comments made by respondents, in no particular order, were as follows:

- There should be **full oversight of all expenses and income** so it can be seen that the industry's contribution is spent effectively.
- There should be **ongoing transparency around the calculation of the PIFM and the Authority's expenditure**.
- **More information is needed** on the Authority's expenditure in order to help respondents to answer this question.

- It would be **helpful to see the costs to regulate specific sectors**.
- As part of the Authority's Annual Report, **benchmarks should be set and compared against similar authorities**.
- Businesses **should understand the reasons for any increased spending and have the ability to control it**.
- Civil penalties should be set at a credible level to encourage appropriate behaviour, but the Authority **should not seek to recover costs through civil penalties** due to the conflict of interest.
- **Entities will expect to see improvements in service**. A lack of published service standards can be problematic for businesses planning transactions and change.
- **Entities will expect more accountability and transparency over the Authority's budgeting process and performance**. There should be oversight by another body.
- The **fee calculation methodology under the PIFM should be published, with an annual refresher** for any refinements.
- In terms of financial reporting, **greater segmental reporting by types of fee(s) and sectors should be considered**.
- The Authority should have sufficient time, resource and inclination to **engage in strategic partnership with industry and the Isle of Man Government** (e.g. sandbox thinking and initiative support), which should continue to be subject to some Government funding.
- **Higher fees will mean more accountability to entities but this should not be a cosy relationship** due to the need to demonstrate an appropriate degree of independence.
- **Internal assessments of performance against key metrics and activities could be more visible**.
- Mechanisms should be put in place to **ensure accountability for cost and efficiency**.
- There should be **more accountability and industry representation at the Authority's board level**.
- **More information should be provided following this discussion**, e.g. on the Authority's likely approach.
- The Authority should **publish its risk assessment methodology for risk-based supervision**.
- The **results of external assessments of the Authority's performance** could be reported in its Annual Report.
- **Quarterly spending reports** are suggested.
- **Quarterly reporting on performance against key metrics, regular management accounting style reporting and the publication of budget figures versus actual figures are suggested**.
- Further **clarity on the benefits for each sector** as a result of fee increases would be appreciated.

Some questions posed by respondents were as follows:

- **How can entities complain about the Authority if they think it is wrong?** Is it right to have to go to the courts after the Authority's complaints process?

- **How will the balance of regulation and the Authority's cost base be overseen? Who checks the checkers? How will the Authority be held to account for poor regulatory outcomes? How will the Authority be accountable? What are its measures of success?**

2.3 Other Responses

2.3.1 Impact assessment

Question 20: Please provide any other comments you may have on the impact of the proposal to move towards a PIFM for the cost of regulation and oversight.
Response rate: 42%.

The key themes arising from responses were as follows:

- The majority of respondents had **no further comments to make**.
- Some respondents **summarised the key points from their responses to questions covered earlier** in the Discussion Paper.

Other comments made by respondents that were not covered in response to the preceding questions, in no particular order, were as follows:

- It is **difficult to understand how independence will be improved with more industry funding**. Further clarification on this point would be appreciated.
- **Entities will expect to see some return for additional expenses**, e.g. to receive guidance and/or training on Authority expectations.
- **Banks headquartered in the Isle of Man should not be penalised by way of fees for their support of the local economy** (e.g. relative to a branch of a bank headquartered elsewhere).
- **The use of off-Island consultants (e.g. for the development of a PIFM) is a cause for concern**. Greater transparency is required over the use of such consultants.
- **Regulatory costs should be linked to customer and stakeholder value**, e.g. where the value is low, the costs should be low.
- **Entities operating under a group oversight framework should provide more comfort to the Authority** in terms of risk.
- There is a **concern that funding from the financial advice and general insurance community for the cost of regulation is going to get out of hand**. Fee increases must be sustainable and proportionate.
- Implementation of a PIFM **requires a fundamental change** to the way in which the Authority describes, accounts for and reports on its funding model.
- **Increased enforcement costs do not seem to have seen a corresponding increase in findings / successes**.
- The **proposed increases in fees for Designated Businesses in 2021/22 and 2022/23 are harsh** and will impact negatively on smaller businesses and start-ups.
- **Increased investment in the Authority's internal systems** should be considered to facilitate the move to a PIFM.

- Whilst high standards of compliance and regulation are of wider benefit to the Isle of Man, life insurers have fairly recently contributed to a one-off payment. It is **not clear what additional, specific benefits will be derived from the proposed annual increases**.

Some questions posed by respondents were as follows:

- **Are there statistics available for the Isle of Man in respect of relative value of funds spent in the economy**?
- **How can industry retain confidence in the Authority if it has no control over the costs that the Authority is able to levy**?
- **As part of the work of the independent third party, will there be further consultation on elements in scope of the PIFM**, e.g. jurisdictional comparison, one-off charges?

3. Next Steps

Respondents have expressed a broad range of views on the various questions posed in the Discussion Paper. Whilst there appears to be a general consensus on some of the broader issues, there are clear differences of opinion on some areas that require further consideration.

In the Discussion Paper, the Authority outlined the following six stages for the process of consulting on, developing and moving to a PIFM:

(1) Initial planning with the Treasury and discussions with other stakeholders on the engagement plan.
(2) Issue of a Discussion Paper on the funding arrangements for regulation and oversight (this document) after the launch of a separate Consultation Paper on proposed fee increases from 1 April 2021 and 1 April 2022.
(3) Meetings with industry associations and other interested parties to review key elements of the Discussion Paper and the Authority's approach to achieving a PIFM.
(4) Review of the current funding model, and development of a PIFM and new fee structure with the assistance of an independent third party.
(5) Consultation on the PIFM, new fee structure and calculation methodology, and subsequent refinement of those proposals.
(6) Phased implementation of the PIFM and new fee structure.

Stages (1) and (2) have been completed and stages (3) and (4) are now underway.

Prior to the publication of this Feedback Statement, the Authority met with a number of industry associations and other stakeholders in April and May 2021 to provide an overview of the key themes arising from the Discussion Paper.

Since the Discussion Paper was issued in October 2020, the Authority has been engaged in a procurement process for an independent third party with suitable experience to assist with the review of the Authority's funding model. That process has now completed and the independent third party will be assisting the Authority in the next stages of the project.

In terms of immediate next steps, all of the comments and suggestions submitted in response to the Discussion Paper will be considered to inform the development of the PIFM, new fee structure and calculation methodology.

Key focus areas are likely to include:

(a) the scope of the PIFM;
(b) jurisdictional comparison work in terms of regulatory funding models; and
(c) the fee calculation methodology.

The Authority, together with the independent third party, will be working with industry working groups (the focus and composition of which will be considered in due course) and a sub-committee of the Authority's Board to consider recommendations driven by responses to the Discussion Paper.

As noted in the Discussion Paper, the timeframe for the implementation period of the full PIFM is unknown, although the move to a PIFM must begin in 2023/24. The model itself is expected to be established in Q3 2022. The engagement process will allow for the issuance of further Discussion and/or Consultation Papers on discrete elements of the project and to undertake additional industry engagement as required. Responses to the initial Discussion Paper will inform the timetable for this project.

The Authority takes this opportunity to reiterate that, whilst the new bank recovery and resolution framework will have a direct costing impact on most Class 1 (Deposit Taking) licenceholders under the FSA08 it is a separate matter. Those issues were addressed in a separate consultation, which was issued on 8 February 2021 and closed on 21 March 2021. Please refer to the Consultation Webpage for further information.[4]

In case of any query, please contact the undersigned —

Mr Andrew Kniveton
Isle of Man Financial Services Authority
PO Box 58, Finch Hill House, Bucks Road, Douglas Isle of Man, IM99 1DT
Email: Policy@iomfsa.im
Telephone: +44 (0) 1624 64600

[4] https://consult.gov.im/financial-services-authority/admin-expenses-resolution-authority/consult_view

Appendix – List of Representative Groups to which this Feedback Statement has been sent

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