

A CONSULTATION DOCUMENT



Isle of Man Gambling Supervision Commission

ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM (GAMBLING) BILL 2017

[May 2017]

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PART 1; Background

1. Introduction

The Gambling Supervision Commission (GSC) is the regulator that supervises the gambling sectors' compliance with Isle of Man "Gambling Acts" and Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) legislation.

This consultation seeks views on the draft Anti-Money Laundering and Countering the Financing of Terrorism (Gambling) Bill 2017 ("the Bill") which seeks to provide the GSC with clear powers in law to conduct supervisory oversight of the gambling sectors compliance with AML/CFT legislation and to provide a range of effective and proportionate sanctions for non-compliance in line with international standards.

2. International Requirements

The Island and the GSC remain committed to meeting international obligations. The FATF Recommendations¹ require regulators to –

Implement risk-based supervisory regimes

Following the Isle of Man's National Risk Assessment, the GSC committed to a risk-based approach to AML/CFT supervision. AML/CFT supervision of the online gambling sector has been risk-based since August 2016. The GSC plans to move the terrestrial sectors to risk-based programmes in 2018.

Require regulated businesses to identify, assess and take effective action to mitigate their money laundering and terrorist financing risks

This is a requirement of the AML/CFT Codes made under the *Proceeds of Crime Act 2008*.

Have effective mechanisms to cooperate with other authorities;

The Bill uses the same information sharing powers as provided under the *Gambling Supervision Act 2010*.

Prevent criminals from owning or controlling regulated businesses;

Entry controls are provided for in the Gambling Acts.

¹ the 40 Recommendations set out in the Financial Action Task Force ("FATF") document 'International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation', adopted by the FATF in February 2012.

Have adequate powers to supervise or monitor, and ensure compliance be authorised to compel production of any information;

Addressed by Part 2 of the Bill.

Have a range of effective, proportionate and dissuasive sanctions available to deal with businesses, their directors and senior management.

Addressed by Part 3 of the Bill.

3. Deficiencies in Current Legislation

It was identified in the Island's first AML/CFT National Risk Assessment² (published in March 2016) and the MONEYVAL Mutual Evaluation Report (published in January 2017) that the GSC did not have clear powers in primary law to conduct AML/CFT oversight and had limited sanctioning powers available.

The Bill sits alongside the existing primary law that sets out the GSC's powers in respect of general compliance, the "Gambling Acts".

The Bill-

- a) provides the GSC with formal powers in primary legislation to conduct supervisory oversight of gambling operators with the AML/CFT legislation; and
- b) provides the GSC with a wider range of administrative sanctions designed to dissuade licensees from failing to comply with AML/CFT legislation.

4. GSC's Objectives

The GSC's regulatory objectives are set out in the *Gambling Supervision Act 2010* and include:

- (a) ensuring that gambling is conducted in a fair and open way;*
- (b) protecting children and other vulnerable persons from being harmed or exploited by gambling; and*
- (c) preventing gambling from being —*
 - (i) a source of crime or disorder,*
 - (ii) associated with crime or disorder, or*
 - (iii) used to support crime.*

² <https://www.gov.im/media/1350893/isle-of-man-national-risk-assessment-2015.pdf>

And, where the GSC's objectives are not comprised –

- Ensuring that gambling products promoted by operators in the Island can compete effectively throughout the world; and
- Facilitating competition and the provision of modern products and services.

The GSC aims to work in a collaborative manner with the gambling sector in order to meet its objectives. Further detail is provided in the GSC's draft Enforcement Strategy.

PART 2; Provisions of the Bill

1. Introductory (clauses 1 to 4)

c.1 Short title

This clause introduces the Bill.

c.2 Commencement

This clause states that the Bill shall come into force on a day specified in an order.

c.3 Interpretation

This clause provides definitions for terms used throughout the Bill.

c.4 Restrictions on scope of application

The Bill does not apply to businesses without a proper licence, permit or certificate issued under the Gambling Acts (as defined under clause 3).

2. Supervision and Oversight of Compliance with AML/CFT Requirements (clauses 5 to 19)

c.5 Duty to provide AML/CFT regulation and oversight

Requires the GSC to regulate the AML/CFT compliance of the gambling sector in line with its regulatory objectives and in accordance with the powers set out in part 2 of the Bill.

c.6 Power to restrict holders of permits or licences

Bookmaker permit holders and betting office licences issued under the Gambling Betting and Lotteries Act 1988 do not include conditions meaning that the GSC cannot restrict activities via amendments to licence or permit conditions.

This clause provides the GSC with the power to restrict all or part of a bookmaker's activities in relation to AML/CFT compliance failings. The GSC must notify the permit or licence holder in writing. Such notification must include details of the alleged failing and provide for the permit or licence holder to make representations in order to show cause why the Commission should not restrict the activity.

The GSC must consider any representations made when deciding whether or not to exercise the power to restrict the activity.

c.7 Licence conditions

The GSC has the necessary powers to restrict Online Gambling and Casino licences for AML/CFT reasons at any time. It can restrict activities until appropriate controls are in place and can require an operator to comply with certain recommendations or guidance. These powers are in addition to the provisions of the relevant sections of the Online Gambling Regulation Act 2001 and the Casino Act 1986.

c.8 Supervisory powers

The GSC may conduct onsite inspections of compliance with the AML/CFT legislation during normal business hours at any premises where gambling is conducted. The powers also extend to premises which the GSC has reasonable cause to believe are or have been used for any purpose connected with gambling. (Such premises could include Corporate Service Providers or Customer Service Centres). When undertaking such onsite inspections the GSC may request information and inspect books, accounts and documents.

An operator that does not comply with requests for information, compliance returns or access to premises commits an offence. The payment of a civil

penalty may be offered as an alternative to prosecution, failing which the operator will be prosecuted.

c.9 Compliance returns

The GSC may require operators to submit a compliance return of AML/CFT information. The GSC must prescribe by order the frequency with which a return must be submitted. (Note that this matter is currently under discussion with the MLRO Forum to establish the most practicable method and frequency to obtain the required information.)

The GSC may use information contained within the compliance returns to assist in a National Risk Assessment. An operator must include in a return such information as the GSC prescribes. Failure, without reasonable excuse, to comply is a criminal offence.

c.10 Access to premises

The GSC may conduct inspections at an operator's premises to access and take copies of relevant information, including computer records. These powers also extend to premises where any operator is acting under a temporary exemption issued under the Gaming Betting and Lotteries Act 1988.

c.11 On-site inspections and investigations

The GSC may carry out inspections and investigations to assess the extent to which an operator complies with the AML/CFT legislation. In assessing compliance, the GSC must take into account the operator's own procedures for achieving compliance.

The GSC has suitable powers of entry and access as may be necessary and may inspect, take copies of or take possession of, for as long as may be necessary, all books, accounts and documents. The GSC's rights of entry and access may only be exercised during reasonable hours.

c.12 Obligations for staff to assist

This clause states that every member of staff of an operator must cooperate with inspections, must answer questions and provide explanations of records. A person who contravenes this or who provides false or misleading information commits an offence.

This clause also provides that no member of staff is under an obligation to disclose any information that is subject to legal privilege.

c.13 Offences in connection with inspections and investigations

This clause provides that a person who knows or suspects that an inspection, information request or search warrant is being carried out, or is likely to be carried out under clauses 11, 14 and 16 and who –

falsifies, conceals, destroys or otherwise disposes of, or causes or permits the falsification, concealment, destruction or disposal of information that the person knows or suspects would be relevant to such an inspection, information request or search warrant,
commits an offence, unless that person proves that he or she had no intention of concealing the facts.

c.14 Search warrants

The GSC may obtain a search warrant in accordance with clause 15 (Procedural provisions on search warrants) to enter an operator's premises.

c.15 Procedural provisions on search warrants

This clause sets out the procedure for obtaining a search warrant for the entry to premises and the taking possession of documents.

A judge may issue a search warrant if satisfied by information on oath laid by the GSC that a person has failed to comply with an information request, it is not practicable to serve a notice under clause 18 or that the service of such a notice might seriously prejudice the investigation.

The warrant may authorise a person named in it to enter (using reasonable force) and search the premises and to take possession of documents appearing to be documents of the description specified in the information or documents that appear to contain evidence of an offence. The person may take the documents or take any other steps which may be necessary for preserving them and preventing interference with the documents.

A person exercising a warrant issued under this clause must be accompanied by a constable.

c.16 Power to request information

The GSC has necessary powers (in accordance with the procedures in clause 17) to request information from any person it has reasonable grounds to believe is in possession of information the GSC reasonably requires to enable it to better supervise compliance with AML/CFT legislation.

An operator must comply with a request made under this clause within a reasonable timeframe as specified by the GSC in the request or subsequent correspondence.

c.17 Procedure and further details for requesting information

The GSC may request information about the affairs of a customer of an operator, any partnership of which the person is or has at a relevant time been a member, or any body corporate that has at any relevant time been connected by common ownership to the operator.

The GSC may issue a direction (under clause 21) to an operator in relation to a request made under this clause or clause 16 (Power to request information). Such a direction must include a statement of reasons for its issue. A statement made in response to such a direction may not be used as evidence against the person in respect of criminal proceedings except for proceedings in relation to breaches of Schedule 2 to the Gambling Supervision Act 2010.

c.18 Power to require persons to attend before the Commission, etc.

The GSC may request - and a justice of the peace may by written instrument authorise - the GSC to require a person to attend before the Commission to answer questions, furnish information, produce documents or copies of documents relevant to an investigation.

If the person fails to provide the requested documents the GSC may require that person to state to the best of their knowledge or belief where the documents are. If documents are produced the GSC may take possession of them for as long as necessary, take copies of them or require the person producing them to provide an explanation of any of them.

A statement made by a person in response to a request made under this clause may not be used in evidence against them in criminal proceedings except in proceedings in relation to a contravention of subsection 2(a) of section 13 (Offences in connection with inspections or investigations) or Schedule 2 to the Gambling Supervision Act 2010.

c.19 Information sharing

The GSC may share non-aggregated data with parties set out in Schedule 2 to the Gambling Supervision Act 2010 or with parties prescribed in an order approved by Tynwald.

3. Sanctions (clauses 20 to 39)

c.20 Sanctioning powers

The GSC may impose sanctions in relation to AML/CFT failings and this clause states that civil penalties cannot be imposed where either a criminal prosecution or licence revocation is being pursued.

The clause also lists additional actions that may be taken through its risk-based supervisory programme, working relationship with the Financial Services Authority and referral to the Attorney General's Chambers.

c.21 Directions

The GSC may issue written directions to operators to require them to undertake a specified action, to impose requirements or to require an operator to provide a report to the GSC.

Failure to comply with a direction is a criminal offence and in addition to the penalties for the criminal offence, the operator may also be subject to a public statement under clause 22 (Public statements), an injunction or remedial order under section 24 and consideration of whether the operator's controllers are "not-fit-and-proper" persons.

The GSC must issue a statement or reasons for a direction and also for decisions made to vary or revoke a direction.

c.22 Public statements

The GSC may issue a public statement regarding a direction issued under clause 21 or concerning a person that has contravened a direction or AML/CFT legislation. The statement must relate to gambling activities and be in the public interest.

If a public statement will identify an operator or person the GSC must, if practicable to do so, serve notice on the operator or person. The notice must include reasons for the decisions, provide the date and a copy of the statement.

c.23 Notice period for public statements

This clause requires the GSC to wait one month from the date of a notice issued under section 22 until its publication. The GSC may publish a statement earlier if the subject of that statement consents to an earlier date or if an earlier date is in the public interest.

If an appeal is made to the Tribunal and the Tribunal orders that the statement must not be published earlier than the specified date then the GSC must not publish the statement earlier.

c.24 Injunctions and remedial orders

The GSC may apply to the Court for an injunction or remedial order if it is satisfied that a person will contravene a requirement under clauses 21, 28, 29, 31 or the AML/CFT legislation to prevent the contravention or further contravention. The Court may also make an order requiring the person to take specified remedial actions.

c.25 Civil penalties

The GSC may require an operator to pay a civil penalty for contraventions of the provisions of the Bill, AML/CFT legislation or in relation to false, inaccurate or misleading information provided to the GSC. When imposing a civil penalty,

the GSC must give notice in writing of the amount of the penalty and the reasons for the decision.

The GSC may not impose a civil penalty if it intends to revoke the operator's permit, licence or certificate or if criminal proceedings have commenced. The GSC may not impose a civil penalty in relation to a contravention of clause 9 (Compliance returns). Instead the GSC may direct the operator to comply within a specified timeframe.

The GSC may make further provisions about civil penalties by an order made under this clause. Any amount paid is paid to the General Revenue of the Island.

c.26 Warning notice

The GSC may issue a warning to an individual and an operator of possible future action that could be taken in relation to that person's fitness and propriety with respect to AML/CFT legislation.

c.27 Procedure in respect of warning notices

Before making a direction under section 21 or whenever it considers appropriate to do so, the GSC may give a written warning notice to a person that is or has been a director, senior manager or controller of an operator. The warning notice may request the person to undertake an action within a specified timeframe.

Where a warning notice has been issued, the GSC must consider the person's response to the warning notice before taking further action under clauses 21, 28 or 32.

The GSC's powers under clauses 31 and 33 are not limited by issuing a warning notice and a warning notice is not required before the GSC may take action under those clauses.

A warning notice may have effect for up to three years and the circumstances of the notice may be disclosed to an employer, prospective employer or company of which the person is, or is likely to become an officer.

c.28 Direction to appoint appropriate expert

The GSC may require an operator to appoint or contract an expert to remedy compliance failings regarding the AML/CFT legislation. The operator must appoint the expert based on their knowledge, expertise and ability to adhere to the timescale for the remedial action to be undertaken.

c.29 Direction not to appoint an individual

The GSC may direct an operator not to allow a person who it deems is a not-fit-and-proper person from carrying out a role as specified in the conditions of the direction.

c.30 Persons unfit to be directors, controllers, or senior managers

The GSC may direct that a person is not permitted to be appointed or continue as a director, senior manager or controller of an operator without the GSC's consent where the GSC finds that the person is not a fit and proper person.

The GSC must provide written notice to the person concerned and provide a statement of reasons for the decision. Subject to an appeal being made to the Tribunal, the direction will take effect on the date specified in the notice. If the GSC is of the opinion that the direction should have immediate effect, the reason for that decision must also be included in the notice.

A direction made under this clause may be subject to conditions, varied or revoked.

The person concerned must not accept a role or continue as a director, senior manager or controller and an operator must not appoint a person in contravention of this clause.

c.31 Prohibition of "not fit and proper" persons

The GSC may, in accordance with clause 32, prohibit a not-fit-and-proper person from performing a function in relation to one operator or a class of operators.

c.32 Procedure in respect of prohibitions

Before prohibiting a not fit and proper person from one or more functions in relation to regulated activity, the GSC must issue notice to the person and give the person an opportunity to make representations regarding the proposed prohibition. Subject to an appeal to the Tribunal, the prohibition will come into force on the date specified in the notice.

If the prohibited person performs, or agrees to perform, an activity that they are prohibited from performing, the person commits an offence.

c.33 Prohibitions procedure

The notice to a person regarding a proposed prohibition under clause 32 must include the details and terms of the prohibitions, the reason for the decision, that the person may make representations to the GSC in such a manner as specified in the notice and that the person may appeal the decision.

The GSC must have regard to any representations made in response to the notice before imposing the prohibition.

c.34 Prohibitions: variation and revocation procedure

The GSC may vary or revoke a prohibition on application by a prohibited person. The GSC must give the person reasons for any decision made.

c.35 List of prohibitions

The GSC must maintain and publish a list of prohibitions including the names of the prohibited persons and details of the prohibitions.

c.36 Suspension or revocation

Where the GSC is not satisfied that an operator is under the ownership, management and control of fit and proper persons or where the operator has failed to comply with requirements under clauses 6, 7, 21, 28, 29 or the AML/CFT legislation, the GSC may suspend or revoke the operator's licence, permit or certificate.

Where an operator has a licence, permit or certificate that relates to more than one regulated activity, the GSC may suspend or revoke in relation to any or all of those activities.

c.37 Conditions and limitations on the right to suspend or revoke

When suspending or revoking a licence, permit or certificate under clause 36, the GSC must give written notice including reasons for the decisions. Where the GSC suspends a licence, permit or certificate it must review the decision on a regular basis.

c.38 Offences

This clause states that if an operator or officer of an operator contravenes a requirement of the Bill, they are guilty of an offence.

c.39 Liability of officers of bodies corporate

Where an offence under the Bill is committed by a body corporate with the consent or connivance or was attributable to neglect on the part of an officer of the body, the officer as well as the body commits an offence.

4. Miscellaneous (clauses 40 to 41)

c.40 Offences and penalties

Where no penalty is specified elsewhere in the Bill, a person is liable, on summary conviction, to a fine of up to £5,000, or to a custody term of up to 6 months, or to both.

Criminal proceedings may not be initiated where a person has been required to pay a civil penalty.

Criminal proceedings may commence with the consent of the Attorney General and such signed consent is admissible as *prima facie* evidence without further proof.

c.41 Appeals to the Tribunal

Appeals against decisions made under this Bill may be brought to the Tribunal in accordance with procedure set out in section 6 (The Gambling Appeals Tribunal) of the Gambling (Amendment) Act 2006.

The remit of the Tribunal does not yet include decisions made under the Bill. An order is required to amend the scope and form the Tribunal.

In the absence of the Tribunal, appeals may be brought to Court.

PART 3; Consultation

1. Consultation Process

The GSC seeks views on the draft Bill within the timeframe specified below. The GSC recognises that obtaining these new powers in law is not the same as deciding those powers are to be applied and has therefore decided to split its consultation into two parts.

The first part seeks to obtain the powers but a second consultation, planned for 2018 will consider how those powers will be applied. The GSC is happy to accept feedback on this later matter during this consultation although no formal feedback will be given at this stage. To assist consideration on this second consultation in 2018, the GSC has outlined its enforcement strategy for AML/CFT separately.

Comments should be submitted in writing (by post or email) to the following:

Helen Ault CAMS MICA Int. Dip (AML)
Deputy Director – AML/CFT,
Gambling Supervision Commission
Ground Floor, St Georges Court, Myrtle St.
Douglas, Isle of Man, IM1 1ED
helen.ault@gaming.gov.im

please cc. email submissions to
Mark.Rutherford@gaming.gov.im

The consultation on the Bill will be open until the close of business on:

8th June 2017

When submitting your views please-

- indicate whether you are responding on behalf of an organisation; and
- clarify whether your views relate to the draft Bill or to the GSC's policy on its use.

For additional hard copies please contact the Gambling Supervision Commission by telephoning 01624 694331. Hard copies will also be available from the Central Reference Library, Government Offices, Bucks Road, Douglas.

Electronic copies of this document are also available at <https://www.gov.im/consultations>

To ensure that the process is open and in line with the Government's Code of Conduct on Consultation responses can only be accepted if you provide your name with your response.

Unless specifically requested otherwise, any responses received may be published either in part or in their entirety. Please mark your response clearly if you wish your response and name to be kept confidential. Confidential responses will be included in any statistical summary and numbers of comments received.

A summary of the responses received will be published within 3 months of the closing date for this consultation, and will be made available on the Government website or by contacting the above named Officer.

The purpose of consultation is not to be a referendum but an information, views and evidence gathering exercise from which to take an informed decision on the content of proposed regulation changes. In any consultation exercise the responses received do not guarantee changes will be made to what has been proposed.

Having previously consulted informally (January 2016) on the policy behind the Bill the GSC (in line with the Consultation Code of Practice) will be expediting the consultation process relating to the Bill.

Issued on 12th May 2017

Appendix A

A list of stakeholders consulted

Members of Tynwald

The general public of the Isle of Man

Central Government via chief officers

The Isle of Man Law Society

The Isle of Man Chamber of Commerce

GSC licence, permit and certificate holders

The Money Laundering Reporting Officers Forum

The Government's AML/CFT Technical Group

The Manx e-Gaming Association

Appendix B

Consultation Code of Practice

This consultation follows the Code of Practice on Consultation the criteria for which are set below.

The Six Consultation Criteria

1. Consult widely throughout the process, allowing a minimum of 6 weeks for a minimum of one written consultation at least once during the development of the legislation or policy.
2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
3. Ensure your consultation is clear, concise and widely accessible.
4. Give feedback regarding the responses received and how the consultation process influenced the policy.
5. Monitor your Department's effectiveness at consultation.
6. Ensure your consultation follows best practice, including carrying out an Impact Assessment if appropriate.

The full Code of Practice is available at www.gov.im/cso

Appendix C

Impact Assessment

Following the publication of MONEYVAL's mutual evaluation report, the Isle of Man has entered a process of enhanced follow-up. This means that the Island will be reporting more frequently to MONEYVAL on the progress that is being made to address the issues identified. While the majority of jurisdictions that have been through this round of evaluations to date have entered the enhanced follow-up process, it is important that the Island demonstrates it is able to address the issues in order that it can revert to a standard reporting cycle.

The risks

The GSC has identified two risks that are connected with the changes to legislation.

The first is the risk of failing to respond to the evaluators' observations.

The second is the risk of increasing the compliance burden on industry to the point that operators relocate.

RISK 1: The risk of failing to respond to the evaluators' observations

The GSC is satisfied that failure to acquire a range of proportionate powers for sanctioning non-compliance will result in future mutual evaluations and national risk assessment exercises identifying the shortcoming again. Further, it believes that a failure to acquire the powers as a matter of urgency will be negatively perceived by future evaluators.

This in turn could suggest that the gambling sector is not as well supervised as it could be, which could in turn cause financial institutions to decline offering services to Isle of Man licensees and could cause other jurisdictions (particularly those with whom we share licensing) to place less store in the Island's regulation and increase their own regulatory components.

RISK 2: The risk of increasing the compliance burden on industry

The GSC divides this risk into three separate questions:

Risk 2.1: What is the risk that business will find the Isle of Man an unattractive jurisdiction because the regulator has a FATF-compliant range of powers to sanction non-compliance with AML/CFT legislation?

Assessment: Low

Evidence: After the national risk assessment exercise in 2015, the GSC explained the requirement for administrative sanctions to industry and in all cases the operators' representatives indicated they understood that the GSC could not be seen to be falling below international standards.

An informal pre-consultation exercise in 2017 invited opinions on the intention of introducing the powers. The responses indicated that industry understood and was content with the introduction of the powers.

Response: none

Risk 2.2: What is the risk that business will find the Isle of Man an unattractive jurisdiction because the regulator's range of powers create additional burdens for industry?

Assessment: Low

Evidence: By their nature, the powers (for the most part) only create additional burdens on a business when the business is not complying with AML/CFT requirements, which are legal requirements.

AML/CFT compliance licensees will not be affected by the vast majority of the powers acquired because compliance is generally satisfactory and deficiencies are typically corrected quickly.

However, if an operator is not complying with AML/CFT law then the burden created by supervisory interventions is necessarily subordinate to the efforts required by all concerned to manage the risk that money laundering or terrorist financing could occur.

The powers do however contain the ability for the GSC to gather AML/CFT information for the purposes of conducting NRA exercises. This will of course place a burden on industry.

Response: Industry to date has accepted the need to accumulate data for these periodic exercises but the GSC and industry are working in collaboration to determine the least intrusive way to harvest meaningful data.

Risk 2.3: What is the risk that business will find the Isle of Man an unattractive jurisdiction because once the regulator acquires the new powers, the enforcement attitudes of the GSC will change and become more adversarial and less committed to education and auditing?

Assessment: Medium

Evidence: Industry has indicated to the GSC that it is interested in the details of the new powers and the GSC recognises that this could reflect a concern that the new powers could herald a change to the GSC's attitudes towards obtaining AML/CFT compliance.

Response: The GSC has enclosed a summary of its enforcement strategy with this consultation so that industry can see the broad principles behind when the GSC would likely intervene with new powers and when it wouldn't.

The GSC has also indicated that it intends to consult in detail on the application of the new powers in late 2017/ early 2018 and it is at this stage that licensees will be able to explain their concerns and suggestions. Prior to implementation of the new powers the GSC intends to publish guidance on the enforcement

policy so that licensees can understand when a power is likely to be used and how the power would be applied.

While the consultation on this policy is scheduled for late 2017/ early 2018, the GSC will be happy to take feedback on this specific area during this consultation. While such feedback won't be responded to in the post-consultation response, it will nevertheless be taken into account as the GSC starts to translate its new powers across to its current enforcement strategy.

Conclusions

The GSC considers the impact of not acquiring the powers to be detrimental to future national risk assessments, future mutual evaluation exercises and ultimately harmful for the reputation and regulated business environment of the Isle of Man.

The GSC considers that its current enforcement strategy is highly effective in its aim of achieving AML/CFT compliance and that a misapplication of the new powers could damage that dynamic and therefore the overall effectiveness of the effort. For this reason, it will consult in late 2017/ early 2018 to ensure that it balances the persuasive nature of the new sanctions with the current policy of education, audit and mutual interest in full compliance.