

SIGNED MINUTES

MINUTES OF THE MEETING OF THE AML/CFT ADVISORY GROUP HELD AT 2.00PM, TUESDAY 13TH NOVEMBER 2018 IN THE KING ORRY ROOM, CABINET OFFICE, ISLE OF MAN GOVERNMENT

Present: Paul Heckles, AML/CFT Advisor, Cabinet Office (Acting Chair)
Carlos Phillips, Interim AML/CFT Policy, Cabinet Office (Minutes)
Julian Lalor-Smith, Deputy Chief Executive, DHA
Lindsey Bermingham, Director, FIU
Karen Badgerow, Chief Executive Officer, IoMFSA
Mark England, Risk Manager, IoM Post Office
Sandra Skuszka, Collector, Customs & Excise
John Atherton, MLRO, ACSP
Mark Denton, Chair, ACSP
Graeme Snape, Chair, AICP
Dougie Elliott, Chair, APSP
Jon Barwood, Committee Member, FPIBA
Phil O'Shea, Chair of Risk & Compliance Committee, IoMBA & Institute of Directors
Sinead O'Connor, Representative, IoMCA
Jon Whiting, Representative, IoMSCA
Paul Clague, IoM Wealth & Funds Association
Joe Hughes, Director, MeGA
David Griffin, Director of Enforcement, IoMFSA
Iain MacMillan, Operations Manager, FIU
Gillian Marples, MIA
Juan Moore, CEO IoM Law Society
John Hunter, Head of Banking and Fiduciaries, Finance Isle of Man
Dave Dobbie, IoM Constabulary
Chris Wilson, IoM Crypto currency
Nathan Holden, CISI
Michael Crowe, CEO, Finance Isle of Man
Charles Garside, RICS, IoM Estate Agents Association
Kurt Roosen, CEO Manx ICT Association

Apologies: Karen Ramsay, Head of AML/CFT Policy Office, Cabinet Office
Bill Mummery, Director IoMCoC & Vice Chair ICT Committee
Simon Pickering, Head of Financial Services, Dept. of Economic Development
Helen Ault, Deputy Director AML/CFT, GSC
Lucie Kennedy, Senior Officer, Customs & Excise Division
Elisabeth Rattigan, Advocate, HM Attorney General's Chambers

39/18 MINUTES OF AML/CFT ADVISORY GROUP MEETING HELD ON 18 SEPTEMBER 2018

Having been previously circulated, the minutes of the AML/CFT Advisory Group ("the Group") meeting held on 18 September 2018 were reviewed, and the following changes advised: (i) Mr Mark England's job title to be corrected to "Risk Manager" and (ii) Mr Lalor-Smith's apologies to be noted.

40/18 MATTERS ARISING FROM THE MINUTES

34/18 (iii) EU AML/CFT List of High Risk Third Countries for AML/CFT Purposes

Regarding the EU's proposed AML/CFT list of third countries for AML/CFT; Mr Heckles advised it was reported that a provisional priority list has been

SIGNED MINUTES

circulated to Member States. The priority list was understood to have included the Isle of Man. Mr Heckles advised it was expected that relevant jurisdictions would be contacted for further engagement leading up to a recommendation to include in a final list or not. More information was actively being sought and the Group would remain updated.

The list was originally expected to be published in the last quarter of 2018.

There was a query as to whether "effectiveness" and Mutual Evaluation Reports (MERs) would comprise part of the EC assessment. It was confirmed that MERs will form part of the evidence base used. The Group noted that the EC had participated in a recent assessment of the progress made by the IoM for FATF and expressed the hope that recent achievements may inform the EU's view.

It was further noted that 'candidate countries' for EU membership were excluded from consideration for EU blacklisting.

It was commented that, with the IoM often a 'first mover' on international cooperation matters, it was unfortunate that the IoM was now on the EC priority list as part of this latest initiative. The Group also noted that, whilst fellow CDs Jersey and Guernsey were identified on the initial list drawn up by the EC, it did not appear that they were identified as priority countries for assessment, presumably because they had not had a recent assessment by MONEYVAL.

The Group requested information on the official methodology for avoiding and exiting the final 'blacklist'. Mr Heckles advised that methodology would be shared when it was available.

Mr Heckles also noted the forthcoming visit of the TAX3 Committee to the IoM, with expected areas of interest comprising VAT, customs, beneficial ownership and financial crime.

Action: AML Policy Office to monitor the EU AML/CFT list of third countries and update at the next meeting. (PH)

41/18 ACTIONS LOG 2018

Noted as tabled. Actions to be further reviewed at the next meeting.

42/18 REPORT ON FATF PLENARY & MONEYVAL ENHANCED FOLLOW UP POSITION

Mr Heckles updated the Advisory Group concerning the consideration by the FATF Joint Group of progress made by the IoM on its effectiveness. He advised that it had been unanimously agreed that the IoM had made positive and tangible progress in all of the areas required. The IoM had been commended for the high level of communication and cooperation provided and had been recognised for an "impressive performance [...] at short notice", especially in regard to recent alterations made to the AML Code where the Island was recognised as being very cooperative.

Although consensus was achieved, there remained three specific areas where further work was required. These will be progressed with MONEYVAL via its 'compliance enhancing procedures'. This was considered to provide a sensible way forward and the IoM was supportive of the approach.

Mr Heckles conveyed the thanks of the AML/CFT Policy Office to all of the bodies represented at the Group for their significant assistance in reaching this point.

SIGNED MINUTES

43/18 AML/CFT CODE & HANDBOOK & AML (GAMBLING) CODE

Mr Griffin advised that an informal consultation had begun and that a formal public consultation would commence early in 2019. Mr Griffin advised of a timetable to enable progress ahead of the next MONEYVAL plenary (scheduled for early July 2019). The Code would be updated to cover required MONEYVAL amendments.

Mr Griffin advised that IOMFSA was working closely with industry on these matters. He advised of updates in respect of discretionary civil penalties, and the drafting of a separate specified non-profit organisation code, amongst others.

The Group noted that "tipping off" offences in the Proceeds of Crime Act was an issue and indicated that this was an area in which sight should be maintained.

44/18 DIGITAL ID WORKING GROUP

Mr Heckles advised that a Digital ID Working Group would shortly be established and noted work by DfE colleagues in respect of research and evaluation of Digital ID initiatives. He extended an invitation to members of the AML/CFT Advisory Group to join the Digital ID Working Group, and to please advise interest via email.

Mr Heckles also noted this area was of interest to FATF, who were looking to develop guidance on digital ID; focusing on reliability and dependability of systems.

The meeting concurred that Digital ID was a growth area, and advised this was noted as a direction of travel at a recent AML Professionals Conference in London.

45/18 ANY OTHER BUSINESS

a) Customs and Excise – Aircraft VAT

Ms Skuszka advised that the EU had raised infringement procedures against the UK regarding application of VAT to aircraft, and noted the UK intended to respond in full.

In respect of the Isle of Man, Ms Skuszka advised that Isle of Man Customs and Excise had applied the correct policies and procedures, however the matter was now led by HM Treasury in the UK for review, and their response was awaited.

b) TAX3 Committee visit

Mr Denton noted the forthcoming visit of the TAX3 Committee and that various businesses and associations had been approached for a meeting. He suggested that coordination would be helpful when addressing TAX3.

Mr Crowe advised that Finance Isle of Man Executive Agency / DfE would facilitate a briefing for any businesses invited to speak with TAX3 Committee.

46/18 DATE OF NEXT MEETING

The date of the next meeting was to be 05 February 2019, which would be confirmed.

SIGNED MINUTES

The meeting closed at 3.00pm

K Ramsay
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Head of AML/CFT Policy Office, Cabinet Office

27 Feb 2019.
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Date