

MINUTES

MINUTES OF THE MEETING OF THE AML/CFT ADVISORY GROUP HELD AT 14.00, WEDNESDAY 12 MAY 2021 IN THE KING ORRY ROOM, GOVERNMENT OFFICE

- Present:** Karen Ramsay, Head of AML/CFT Policy, Cabinet Office (Chair)
Paul Heckles, AML/CFT Advisor, Cabinet Office (Minutes)
Sean Gavin, AML/CFT Policy Manager, Cabinet Office
John Atherton, Chair, Association of Corporate Service Providers
Graeme Snape, Chair, Alliance of IOM Compliance Professionals
Ian Spence, Head of AML/CFT, IOM Financial Services Authority
Ashley Whyte, Senior Manager – AML Unit, IOM Financial Services Authority
Elisabeth Rattigan, Lead Legal Officer, International Co-operation & Asset Recovery Team
Sinead O'Connor, Representative, IoM Captive Association
Bill Mummary, Director, Chamber of Commerce
Jon Whiting, IOM Society of Chartered Accountants Representative
Phil Hunkin, Director, Financial Intelligence Unit
Iain MacMillan, Operations Manager, Financial Intelligence Unit
A representative from the Gambling Supervision Commission's AML Forum
Michael Crowe, CEO Finance IOM, Department for Enterprise
Nic Libreri, Technical Specialist, Gambling Supervision Commission
Kevin Taylor, Chair – Compliance Committee, Manx Insurance Association
Lucie Kennedy, Team Leader – Legislation & Policy, Customs & Excise (Virtual)
Andrew Gosnell, Senior Risk and Compliance Officer, IOM Post Office (Virtual)
Nathan Holden, Committee Member, Chartered Institute and Investment (Virtual)
Katherine Garrod, Chair, IOM Wealth & Funds Services Association (Virtual)
Lucy Hendy, Assistant Manager – AML Unit, IOM Financial Services Authority (Virtual)
- Apologies:** Dave Dobbie, Detective Chief Inspector – ECU, IOM Constabulary
Linda Watts, Director, International Co-operation & Asset Recovery Team
Dougie Elliot, Chair, Association of Pension Scheme Providers
Helen Ault, Director, Gambling Supervision Commission

01/21 MINUTES OF AML/CFT ADVISORY GROUP MEETING HELD ON 1ST DECEMBER 2021

Having been previously circulated, the minutes of the AML/CFT Advisory Group ("the Group") meeting held on 1st December 2020 were agreed and signed by the Chair.

02/21 MATTERS ARISING FROM THE MINUTES

015/20 & 016/20 Beneficial Ownership – Update & International Co-operation (Protection from Liability) Bill 2020.

Mr Heckles reported that the Beneficial Ownership (Amendment) Bill, the International Co-Operation (Protection from Liability) Bill and the Companies (Amendment) Bill were all now awaiting Royal Assent.

03/21 AML/CFT ADVISORY GROUP ACTIONS LOG 2021

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The actions log had previously been circulated. There was no discussion on the log at this time as the two items on it were to be discussed later in the meeting.

04/21 BENEFICIAL OWNERSHIP – UPDATE

Mrs Ramsay gave a presentation on the latest position regarding the Beneficial Ownership Register and the steps being taken to change it to a publically accessible register. Mrs Ramsay's slides are attached and following the meeting were circulated to members of the group.

05/21 STRATEGIC UPDATE ON GLOBAL AML/CFT MATTERS

Mrs Ramsay gave a presentation on global AML/CFT developments which could impact on the IOM in the future. Mrs Ramsay's slides are attached and following the meeting were circulated to members of the group.

Ms O'Connor asked if the UK's new global corruption sanctions covered the territorial sea of the IOM. Ms Kennedy attempted to answer the question but unfortunately she was a virtual participant in the meeting and connection problems meant she was undecipherable. She was able to communicate that she would reply to Ms O'Connor in writing outside of the meeting.

06/21 MONEYVAL & FATF – UPDATE

Mr Heckles first updated members with key points form the MONEYVAL Plenary held in April 2021. The main points were:

- MONEYVAL had changed its rules to allow Mutual Evaluations to be carried out on a totally remote/virtual basis, if due to the COVID pandemic they could not be carried out physically or in a hybrid process of some assessors taking part physically while others remotely.
- The Plenary adopted the Mutual Evaluation Reports (MERs) of San Marino and the Holy See (Vatican). The reports are now in their final stages and should be made public in the near future.
- The IOM had been appointed to act as one of the rapporteurs on Gibraltar's first enhanced follow-up report to MONEYVAL.
- It had been agreed that the IOM would move from an annual to a three year reporting cycle under the enhanced follow-up process with MONEYVAL. A government press release had recently been issued on this point.
- MONEYVAL was still holding the possible upgrading of the IOM's marking against FATF Recommendation 23 in abeyance, whilst FATF continue to consider amending the Recommendation and other, cross-connected Recommendations.
- MONEYVAL's work plan is falling behind slightly due to the effects of the COVID pandemic and resulting restrictions. The mutual assessments of Croatia and Poland are to be delayed.

Mr Heckles then updated members present with key points coming from recent FATF meetings. The main points were:

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- FATF has also changed its rules to allow for mutual evaluations to be carried out on a full virtual basis as a last resort, if physical or hybrid assessments cannot take place. The assessments of France, Indonesia, Germany, Luxembourg and the Netherlands will now be carried out on a full virtual basis, due to numerous cancellations previously taking place in their scheduling as a result of the COVID pandemic.
- FATF is currently in the final stages of finalising the MERs of Japan and South Africa. New Zealand's MER was published in April 2021.
- FATF has instructed their regional counterparts such as MONEYVAL, that they must complete their first mutual evaluation under the next round of such evaluations, by December 2025.
- Due to FATF's problems in keeping to its schedule in evaluating its members, it will no longer be able to expend resources to finalise its review of strategy by its next Plenary in June 2021. The finalisation of the strategy is now scheduled to be at its February 2022 Plenary. The strategy will contain the details of how FATF and its regional counterparts, will conduct the next round of mutual evaluations. Including how it will select jurisdictions as to when they will next be evaluated and to what extent.
- At FATF's upcoming June Plenary Malta's position over whether it should be placed on the FATF's "grey list" will be decided.
- FATF continues to work on amending Recommendation 24 on beneficial ownership. The changes made to the Recommendation will not be implemented in this round of mutual evaluations and will be applied in the next round.
- Under the German presidency, FATF will focus on the following issues;
 1. The financing of ethnically or racially motivated terrorism.
 2. People/migrant smuggling.
 3. The links between illicit arms trafficking and terrorist financing.
 4. Continuing its work on the illegal wildlife trade by focusing on a wider range of environmental crimes.

07/21 **AML/CFT CODE & GAMBLING CODE – GUIDANCE UPDATE**

Ms Libreri began first for the GSC. She explained the new guidance was now finalised and issued. It had been developed after a lot of consultation with industry and presentations were given prior to it being made public. Industry comments had been taken on-board. So it is not surprising that the GSC had received little feedback from industry after its adoption. What feedback had been received was mostly positive.

Ms Libreri further explained that a number of queries had been received from the terrestrial gambling operators mostly to do with clarification of definitions. However, this was not unexpected as the new guidance for the first time included this sector. It also included elements on best practice, GDPR and responsible gambling.

Ms Libreri concluded by noting that the GSC had also issued guidance to software developers who service the gambling industry, to assist them in their work. This is despite them not being caught by the AML/CFT Code itself.

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Mrs Whyte then spoke for the IOMFSA. She explained that the IOMFSA is close to finalising its guidance which is currently being circulated internally for final revision and proof-reading. It will be very different to the previous version, as it is now truly risk based and has an entirely different layout. There will now be a core part dealing with fundamental issues and requirements that apply to all IOMFSA licence-holders and registers persons. This will be supplemented with sections on areas which need more detail such as CDD, risk assessments etc. To cut down on text and duplication links will now be provided to other department sites where areas cross-over such as for sanctions and SARs/STRs. Instead of reproducing the requirements specific to other departments in the Handbook, the links will take the reader directly to the source department's website.

Mrs Whyte hoped that the guidance would be published very shortly along with about 75% of the revised sector specific guidance which was also almost finalised. However, unlike the GSC, the IOMFSA does not consult on its guidance but it is a living document and the IOMFSA is always open to any comments that industry may have. She invited industry to provide any comments, points or observations to the IOMFSA for consideration once it is published. A press release would be issued when the guidance goes live.

Mr Atherton asked if when sector specific guidance is issued the IOMFSA could indicate when the remaining sectors guidance would follow. Mrs Whyte said the next sector to be finalised would be that for the TCSP sector and the scheduled date for publication would be notified to the ACSP.

Mrs Whyte then updated the meeting regarding some other matters related to the IOMFSA. The first being that they were starting the process of being assessed by the Group of International Finance Centre Supervisors (GIFCS). The focus being on supervision of TCSPs but there would also be included an element on financial crime. Mrs Whyte explained that COVID restrictions permitting, there would be an international team coming to assess the IOMFSA onsite in August 2021. She was giving members prior notice as the assessment team would like to meet and talk to some people from industry and not just government officials.

Mr Atherton asked that prior to the assessment team arriving the IOMFSA provide a briefing to those likely to be interviewed, so that industry people knew exactly what the assessment was for and its scope. Mrs Whyte said she would arrange that and would also circulate a report from GIFCS assessment on Jersey so that they could see what the final product might look like.

Action Point: Mrs Whyte to organise a briefing session to selected industry participants prior to the GIFCS inspection and circulate Jersey report.

Ms O'Connor requested that the IOMFSA look at widening the definition of DNFBPs that could be treated as acceptable applicants in the AML/CFT Code, beyond just lawyers and accountants. Mrs Whyte said that would be noted for consideration when the AML/CFT Code was next scheduled to be amended.

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Mrs Whyte then spoke regarding the two outstanding action log items referred to at item 03/21 in these minutes. The first action point related to the AOBO ("acting on behalf of") working group. She asked that this outstanding action be noted as now complete. Legislative changes had been made to meet international standards and there has been no subsequent international developments in this area. However, the IOMFSA would continue to monitor the situation.

The second outstanding action on the log related to the Digital ID working group. Mrs Whyte explained that the group had met and its views had helped in the drafting of relevant parts of the IOMFSA's Handbook. Now that the drafting was complete, it was not envisaged that the Digital ID working group would reconvene at this time.

The meeting agreed that the two action points now be considered as completed.

08/21 ANTI-BRIBERY AND CORRUPTION

Mrs Ramsay informed the meeting that internal government interviews would shortly take place to select someone to carry out a 12-month project in respect of the IOM's approach to bribery and corruption. Key areas of focus for the project would include how national responsibility for and oversight of Anti-Corruption measures should be established. This could include establishing a specific oversight body and the drafting of a national Anti-Bribery and Corruption Strategy document.

Mrs Ramsay explained that it is envisaged that as well as engaging with government officials the selected project manager would engage actively with non-governmental organisations, including industry representative bodies. Mrs Ramsay invited any members who knew of good policies and procedures in place to contact her, as it was hoped to get as much industry involvement in the project as possible.

09/21 INDUSTRY ROUND TABLE

Nobody raised any matters.

10/21 ANY OTHER BUSINESS

Ms Libreri informed the meeting that the GSC would shortly begin the licensing process for the new cannabis sector.

Mr MacMillan informed those present that corruption related to COVID contracts and the like, was still very relevant at the moment. He asked industry to look out for any incidences and report them to the FIU. If there were no suspicions of ML or TF, the use of S. 24 of the FIU Act was an appropriate method for reporting.

Mr Spence then gave a brief introduction regarding himself and the new role he would be carrying out with the IOMFSA as Head of AML/CFT.

DATE OF NEXT MEETING

The date of the next meeting will be circulated by Mr Gavin

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The meeting ended at 15:35pm

K Ramsay
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Karen Ramsay, Head of AML/CFT Policy, Cabinet Office (Chair)

6 July 2021
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Date