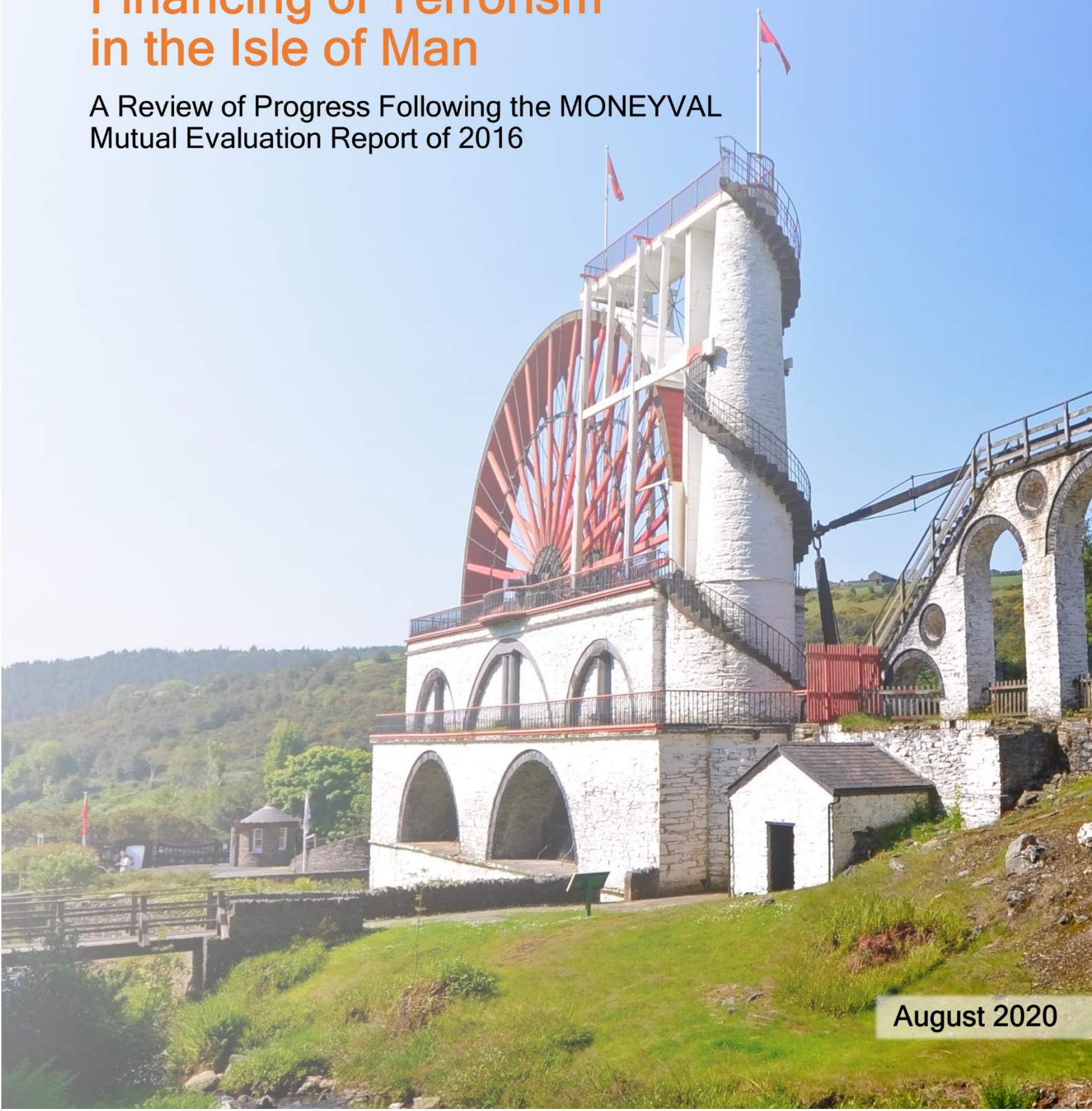


Anti-Money Laundering and Countering the Financing of Terrorism in the Isle of Man

A Review of Progress Following the MONEYVAL
Mutual Evaluation Report of 2016



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Foreword

The Isle of Man has an overarching responsibility to ensure that the activities of its finance and business sectors do not create or facilitate financial crime. Such crime is harmful to individuals and to other countries and is damaging to the best interests of the Isle of Man.

The 2016 MONEYVAL evaluation of the Isle of Man's compliance with international AML/CFT standards and the effectiveness with which these standards were implemented had mixed messages for the Island. Whilst the technical framework in place was assessed as being strong, the assessment found more work was required regarding effectiveness, notably in respect of financial intelligence, financial crime investigations and prosecutions and the confiscation of assets.

The past three years have seen an intense effort on the part of departments and agencies to address the findings of that MONEYVAL evaluation, enabled by high level political support and with progress reported annually to MONEYVAL.

Actions that have been taken by the Government, for example investment in an expanded Financial Intelligence Unit, the formation of an Asset Recovery Unit within the Attorney General's Chambers and the enactment of legislation dealing with money laundering, have been publicised. To date however there has been no comprehensive review published of the actions taken in response to the recommendations made in the MONEYVAL report.

This 'Review of Progress' provides details concerning the substantial progress that has been made. It evidences the extensive and ongoing political and officer commitment to delivering outcomes which frustrate and defeat financial crime, and the response of the wider Isle of Man community to this threat, underlining the Island's position as a responsible member of the international community.

Will Greenhow, Chief Secretary and Chair of the Financial Crime Strategic Board

July 2020

Glossary

AGC	Attorney General's Chambers
AML / CFT Code	Anti-Money Laundering and Countering the Financing of Terrorism Code 2019
ARU	Asset Recovery Unit
ATCA	Anti-Terrorism and Crime Act 2003
CDD	Customer / Due Diligence as defined in the AML/CFT Codes
CED	Custom and Excise Division (of Treasury)
CO	Cabinet Office
DBRO Act	Designated Businesses (Registration and Oversight) Act 2015
DfE	Department for Enterprise
DNFBP	Designated Non-Financial Business or Profession
DTA	Double Taxation Agreements
ECU	Economic Crime Unit (of the IoM Constabulary)
EDD	Enhanced Due Diligence
FATF	Financial Action Task Force
FCSB	Financial Crime Strategic Board
FIs	Financial Institutions
FIU	Financial Intelligence Unit
FSA08	Financial Services Act 2008
Gambling Code	Anti-Money Laundering and Countering the Financing of Terrorism (Gambling) Code 2019
GSC	Gambling Supervision Commission
ICART	International Cooperation and Asset Recovery Team
ILOR	International Letters of Request
IOMC	Isle of Man Constabulary
IOMFSA	Financial Supervision Commission
ITD	Income Tax Division (of Treasury)
LEAs	Law Enforcement Agencies
MER	Mutual Evaluation Report
MLA	Mutual Legal Assistance
MLRO	Money Laundering Reporting Officer
MONEYVAL	Council of Europe's committee of experts on money laundering and terrorist financing
MOU	Memorandum of Understanding
NRA	National Risk Assessment
OECD	Organisation for Economic Co-operation and Development
PEP	Politically Exposed Person
POCA	Proceeds of Crime Act 2008
SAR	Suspicious Activity Report
SNPO	Specified Non-Profit Organisation
TCSP	Trust and Corporate Service Provider
TIEA	Tax Information Exchange Agreement
TOCFRA 2014	Terrorism and Other Crime (Financial Restrictions) Act 2014
Tynwald	Parliament of the Isle of Man
UBO	Ultimate Beneficial Owner

IoM Agencies

The **AML/CFT Policy Office** works on behalf of the Financial Crime Strategic Board to ensure co-ordination of the AML/CFT regime across law enforcement and regulators. The AML/CFT Policy Office reports regularly on progress made against relevant action plans, including MONEYVAL and the Financial Crime Strategy. The Policy Office provides a central point of contact for AML/CFT matters and coordinates the National Risk Assessment Process.

The **Customs & Excise Division (CED)** is a division of the Treasury Department. CED is responsible for the administration of UN and EU financial and economic sanctions and export licensing controls in the IoM.

The **Economic Crime Unit (ECU)** investigates cases of money laundering, terrorist financing and other financial crime. The ECU is a specialist unit within the police (IoM Constabulary) and is led by the Detective Superintendent, Head of Financial and Cybercrime.

The **Financial Intelligence Unit (FIU)** is the national centre for the receipt and analysis of suspicious transaction reports and other information relevant to money laundering, terrorist financing and financial crime and for the dissemination of information resulting from that analysis. The FIU is an independent Unit with its own Board and is led by the Director, FIU.

The **Gambling Supervision Commission (GSC)** licences and regulates all gambling activities, including online gaming, which is a significant sector in the IoM and also conducts investigations into potential AML/CFT failings where required.

The **Income Tax Division (ITD)** is a division of the Treasury Department. ITD is responsible, amongst other things, for dealing with exchange of tax information requests at both a domestic and international level and all international matters affecting direct taxation, including liaison with the EU and OECD and negotiation of Tax Information Exchange Agreements (TIEAs) and Double Taxation agreements (DTAs).

The **International Cooperation and Asset Recovery Unit (ICART)** is a Directorate of the Attorney General's Chambers (AGC). ICART includes the Asset Recovery Unit, which identifies, restrains and recovers criminal assets in the IoM. ICART, on behalf of HM Attorney General, has conduct of all Mutual Legal Assistance Requests made by, and sent to, other jurisdictions in relation to criminal investigations and prosecutions, including obtaining evidence, restraining assets in the IoM and enforcing confiscation orders. ICART operates under the superintendence of HM Solicitor General.

The **IOM Financial Services Authority (IOMFSA)** regulates and supervises licenced Financial Institutions undertaking regulated activities and registers and provides oversight of Designated Non-Financial Businesses and Professions for AML/CFT purposes. The IOMFSA conducts investigations into any potential liability arising from breach of AML/CFT legislation by persons undertaking regulated activities.

The **Prosecutions Division** of the AGC, under the guidance of the Director of Prosecutions, prosecutes on behalf of HM Attorney General, all criminal offences in the IoM including money laundering and other financial crime.

Introduction

This review provides an outline of the work undertaken by the IoM Government in response to the findings of the 2016 international evaluation by MONEYVAL¹ of the Island's anti-money laundering (AML) and countering the financing of terrorism (CFT) regime. The review highlights what has been completed since that evaluation took place and also provides a more detailed analysis of actions taken against each of the recommendations made in the MONEYVAL Mutual Evaluation Report (MER).

Continued improvements have been made to the technical framework since the MONEYVAL evaluation took place. 92% of the issues identified concerning the technical framework have been addressed. Many of these changes have been assessed by members of MONEYVAL against the international standards (the 40 FATF Recommendations). The IoM has subsequently been re-rated in a number of these Recommendations and is now fully Compliant or Largely Compliant with 39 out of the 40 FATF Recommendations².

A full assessment of the actions taken aimed at improving the overall effectiveness of the Island's AML/CFT regime indicates that, at the time of drafting this review, 98% of the recommendations have been addressed.

Background

In 2016 the IoM took part in an international evaluation process designed to assess the Island's ability to prevent, identify and tackle money laundering (ML) and terrorist financing (TF). The results of the evaluation, which was conducted by an international team of assessors brought together by MONEYVAL, were published in December 2016.

The assessment reported that, whilst the IoM had a good technical framework for preventing and tackling ML and TF, more work was required to ensure that this framework was being used effectively. Financial intelligence, financial investigations, prosecutions and the confiscation of proceeds of crime were identified as areas particularly requiring attention.

The IoM Government moved swiftly to address the issues identified by MONEYVAL. A fully independent Financial Intelligence Unit (FIU) had already been established earlier in 2016³. In December 2016 the Attorney General created the Island's first dedicated Asset Recovery Unit (ARU), led by a Senior Prosecutor and staffed by experienced civilian investigators.

Further investment followed; over the past three years increased resources have been provided to agencies involved in fighting ML and TF. These include additional staff, new

¹ MONEYVAL is the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism. It is a Committee of the Council of Europe.

² The FATF or Financial Action Task Force is an international non-Governmental body which is responsible for setting the standards (the 40 Recommendations) which countries are expected to follow.

³ An FIU had been in place for a number of years; this was based within the Financial Crime Unit of the IoM Constabulary.

premises, new and improved technologies, training and professional development, investment in policy development and coordination and the introduction or increase in specialist roles such as data analysts.

The Government has also introduced a significant number of legislative changes, including 6 pieces of new or amending primary legislation and 45 pieces of secondary legislation, to address issues identified in the MER concerning both effectiveness and technical matters. A list of the most significant legislative changes are included at pages 9 and 10 of this report.

Delivering Results

High level political support has been critical to achieving the improvements MONEYVAL identified were needed. From the outset, the IoM Government made clear its commitment to introducing measures which would deliver the required results. Meeting MONEYVAL's recommendations was publically identified as a priority by two successive IoM Governments.

That political commitment has been underpinned by resources to fund new posts, new premises and facilities, IT and training.

A centrally coordinated delivery plan was drawn up to address the 62 recommended actions for improved effectiveness and the 152 technical matters which were also identified.

The AML Policy Office drafted a MONEYVAL delivery plan and monitored progress. Each authority was assigned responsibility for specific recommendations and the AML Policy Office liaised regularly with the lead officers.

The delivery plan was overseen by the Financial Crime Strategic Board (FCSB), the senior officer-led coordinating body for AML, meeting bi-monthly. The Chair of the Board⁴ held regular meetings with Chief Officers to discuss progress and agree how best to deal with identified difficulties as they arose.

Some of the most significant changes have required legislation. The legislative drafting team in the Attorney General's Chambers (AGC) has been a key delivery partner for lead authorities throughout, prioritising work linked to MONEYVAL, in line with the strategic objectives identified in the 'Programme for Government'⁵.

The significance of meeting the challenges identified by MONEYVAL was also recognised by Members of Tynwald, the Island's parliament, who have been highly supportive of the aim of Government, to ensure that the IoM is aligned with international AML and CFT standards.

The financial services industry in the IoM has been constructive and cooperative throughout the MONEYVAL process. Whilst many of the recommendations made by MONEYVAL concerned law enforcement and financial intelligence, a number also impacted directly upon the activities of industry. The authorities worked closely with representatives from industry, resolving

⁴ The Chair of the FCSB is the Chief Secretary, the senior Civil Servant for the IoM.

⁵ The Programme for Government 'Our Island - a special place to live and work' is the strategic plan, prepared by the IoM Council of Ministers.

sometimes complex matters in ways that were deliverable for business and addressed the issues identified in the MER.

Investment in AML/CFT

From 2016-2017 onwards investment of over £2.2 million in the FIU, the Economic Crime Unit (ECU) and International Cooperation and Asset Recovery Team (ICART)⁶ has taken place and over £500,000 was provided to establish a central AML/CFT Policy Office within the Cabinet Office.

An additional £1.5 million allocated to the ECU including £707,000 for new posts and an IT system to enable digital searching of information and an additional £93,000 to the FIU to help improve the depth and scale of investigations. £297,000 to ICART to establish the unit on a permanent basis.

The IOM Financial Services Authority has been provided with £480,000 of additional resource to contribute to the formation of a dedicated AML/CFT unit, increased inspections, enhanced use of AML/CFT related data collected from industry and increased supervisory and enforcement staffing.

Summary of Significant Developments

The summary below highlights some of the significant work that has taken place since the MER was published in December 2016. Full details of all actions undertaken in response to the recommendations contained in the MER can be found later in this report.

Data to Inform Risk

The MER made a number of comments and recommendations regarding data. Following extensive work the IoM authorities now have available a wide range of data at both national and industry level which informs the risk based approach for law enforcement, regulators and financial and non-financial institutions, including;

- Data on the monetary value and volume of inflows and outflows for banks, including origin and destination of funds, which is now collected by the Isle of Man Financial Services Authority (IOMFSA) and shared with the FIU for analysis;
- The introduction by the IOMFSA of a detailed annual AML/CFT return which is now completed by all regulated entities and Designated Non-Financial Businesses and Professions (DNFBPs);
- A legal requirement for gambling operators to provide AML/CFT returns to the Gambling Supervision Commission (GSC); returns are on a quarterly basis;

⁶ ICART, on behalf of HM Attorney General (the Central Authority), deals with all mutual legal assistance requests made by, and sent to, other jurisdictions in relation to criminal investigations and prosecutions.

- The introduction of new software into the Economic Crime Unit (ECU) to assist with data mining and related law enforcement activities;
- Continuing investment in the FIU SAR online system providing increased functionality.

Asset Recovery

The ICART has been successful in its aim of disrupting the activities of criminals, as well as using a number of previously untested methods of depriving criminals of their ill-gotten gains and disrupting multi-national organised crime. In particular, the ICART has used powers which had not previously been employed to enforce Orders of the Courts. From January 2019 to August 2020, the ICART has;

- Recovered £23,974,920.11, on behalf of foreign jurisdictions;
- Confiscated £213,063.53 domestically.

Notable results include;

- Use of powers, on the statute book since 1986, to achieve the first 'Condemnation for Forfeiture' in relation to two high value vehicles;
- First use of Enforcement provisions in matters where there was an historic certificate of benefit with a smaller figure ordered as confiscation; the applications were to increase the confiscation order to recoup more of the benefit figure certified by the Court. Three matters were successfully concluded;
- A first Warrant of Commitment for failing to pay a confiscation order in full within the time limit set by the Court; a further term of custody was upheld in the Staff of Government Division;
- Provisions in the Proceeds of Crime Act 2008 (POCA) permitting applications to be made for Search and Seizure warrants used for the first time, with 12 warrants being issued and defended at Court against challenges;
- Application for the Island's first production order in relation to a detained cash investigation; the order was granted;
- Evidence given from IoM Court by-way-of live video feed to comply with US Court rules so that the evidence obtained could be used in the USA. This resulted in a conviction for fraud and tax evasion amounting to US\$4.8M.

Policy and Strategy

- A review and restructuring of the AML/CFT national oversight framework to strengthen domestic cooperation and strategic leadership;
- A National Risk Assessment (NRA) updated and published in 2020, taking into account MONEYVAL findings;
- Extensive work on developing and publishing AML/CFT strategies, policies, procedures and guidance across the authorities, including financial crime investigations and

prosecutions policies, terrorist financing investigations and industry guidance on proliferation financing and sanctions.

Legislation, Regulation and Supervision

- Significant strengthening of AML/CFT primary and secondary legislation including new gambling sanctioning powers;
- Introduction of the Beneficial Ownership Act 2017;
- New AML/CFT Codes in 2019 for obliged financial institutions and DNFBPs, including specific Codes for Gambling and for Specified Non-Profit Organisations;
- Introduction by the IOMFSA of civil penalties powers for AML/CFT failures;
- Strengthened requirements around use of intermediaries;
- Fully implemented oversight of DNFBPs including registration of Convertible Virtual Currencies.

	Primary Legislation
June 2017	Beneficial Ownership Act 2017; creating a centralised database to enhance existing measures ensuring that adequate, accurate and timely beneficial ownership information is obtained and made available to the relevant government bodies and law enforcement agencies, including the FIU and international equivalents.
November 2017	Fraud Act 2017; creating provision for and in connection with, criminal liability for fraud and obtaining services dishonestly and for connected purposes.
January 2018	Gambling (Anti-Money Laundering and Countering the Financing of Terrorism Act 2018; giving the GSC detailed supervisory powers in respect of casinos, bookmakers and online gambling operators and providing a broad suite of administrative powers for dealing with issues of non-compliance.
March 2018	Customs & Excise Act; simplifying the reporting mechanism for suspicious activities; the FIU becoming a 'one stop shop' for reporting purposes.
June 2018	Anti-Money Laundering and Other Financial Crime (Miscellaneous Amendments) Act 2018; enables the introduction of new Codes for foreign trustees and unregulated trustees who are resident in the Isle of Man. The Act also includes a higher level of financial sanctions for failing to grant law enforcement authorities timely access to information.
June 2019	Charities Registration and Regulation Act 2019; updates the meaning of 'charity' and provides a modern register of charities within the island. The Act also ensures more effective regulation of charities by increasing reporting requirements and ensuring accountability within the Island on the part of all charities.

	Secondary Legislation (selected)
April 2018	Proceeds of Crime (Amendment of Schedule 4) Order 2018; widening the reach of the Act to include acting as a bookmaker, totaliser and providing better facilities on a racecourse.
May 2018	Customs and Excise Acts (Application) (Amendment) (No.3) Order; extending the powers of a Customs Officer to inspect, examine and take account of goods at any premises outside of designated areas such as airports, ports, etc.
Sept 2018	Anti-Money Laundering and the Countering of Terrorism (Unregulated Trustees) Code 2018; contains provisions to prevent money laundering and the financing of terrorism by unregulated trustees.
June 2019	Anti-Money Laundering and Countering the Financing of Terrorism (Civil Penalties) Regulations; giving the IOMFSA the power to issue civil penalties for breaches of the AML/CFT regime.
June 2019	Proceeds of Crime Act (Compliance with International Standards (No.2) Order 2019; changing the standard required before exercising powers in relation to restraint orders; adding 'financial investigator' as an "appropriate officer" in relation to confiscation, detained cash and money laundering investigations.
June 2019	Anti-Money Laundering & Countering the Financing of Terrorism Code 2019; contains provisions in line with the Financial Action Task Force's Recommendations on preventing money laundering and the financing of terrorism. Where appropriate provisions specific to insurance business have been incorporated.
June 2019	Anti-Money Laundering & Countering the Financing of Terrorism Gambling Code 2019; the removal of terrestrial gambling operators (casinos and bookmakers) from the Anti-Money-Laundering and Countering the Financing of Terrorism Code 2019 and into its own specific Gambling AML/CFT Code which will apply to terrestrial and online gambling operators.
June 2019	Anti-Money Laundering & Countering the Financing of Terrorism SNPO Code 2019; areas of the 2015 Code which deal with the Specific Non-Profit Organisation sector are removed from the 2019 AML/CFT Code and a separate SNPO Code is developed.

Law Enforcement

- Strengthening the role of the FIU as the national centre for information and intelligence relevant to money laundering and terrorist financing, with new technology and increased staffing numbers including data analysts;
- ECU established as a successor to the Financial Crime Unit, with new premises, technology and increased staffing numbers including a data analyst and a prosecuting lawyer;
- Successful ML prosecution in 2019 of an individual in the IoM where the predicate offence was committed overseas, and not prosecuted;
- Expert training provided to law enforcement and Financial Intelligence officers on terrorist financing; new process and procedures established;
- Increased powers for civilian financial investigators under POCA 2008.

Ongoing and Future Work

The worldwide FATF network, of which MONEYVAL is one part, has faced significant challenges in completing the current round of assessments. Consequently, no MONEYVAL follow up assessment of the IoM's effectiveness is scheduled to take place in the near future.

Since the MER the IoM has been positively re-rated by MONEYVAL on 12 Recommendations, evidencing that the Island has in place one of the strongest technical frameworks of any assessed country.

The authorities have now focussed on delivering successful outcomes in line with the actions identified in the Financial Crime Strategy 2017-2020. The completion of a new NRA in 2020 provides a strong foundation for reviewing progress, identifying areas that require more detailed attention and formulating responses. This will form the basis in 2020-21 for updating our strategies in respect of financial crime, terrorist financing and proliferation.

The IoM will continue to ensure that compliance is maintained with the FATF 40 Recommendations in line with Government policy and, where appropriate, resource additional measures which strengthen the AML/CFT framework. For example the planned introduction of public registers of beneficial ownership of companies, a political commitment made by the Chief Minister in June 2019.

The authorities will also be maintaining a high level of engagement internationally, learning from the experiences of others and offering help where we can be of assistance.

The MONEYVAL Recommendations

The following tables summarise the outcomes of the Delivery Plan used by the authorities. These are in 2 parts; the first part relates to the eleven Immediate Outcomes (IOs). The IOs test the effectiveness with which an AML/CFT regime is being applied in a country. The IOs are described in Table 1 below.

MONEYVAL made 62 recommendations for the IoM, linked to these IOs which are set out in Table 2 along with the relevant actions taken by the authorities.

Table 1: FATF Immediate Outcomes

	Immediate Outcomes
IO1	Money laundering and terrorist financing risks are understood and, where appropriate, actions co-ordinated domestically to combat money laundering and the financing of terrorism and proliferation.
IO2	International co-operation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.
IO3	Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CFT requirements commensurate with their risks.
IO4	Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.

IO5	Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.
IO6	Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.
IO7	Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.
IO8	Proceeds and instrumentalities of crime are confiscated.
IO9	Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.
IO10	Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.
IO11	Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.

There were 152 other actions identified by MONEYVAL related to the 40 FATF Recommendations. Some of these actions were straightforward, for example introducing additional guidance for industry; others were more complex, requiring the introduction of primary or secondary legislation. The actions taken are set out in Table 3 below.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
1	IO1	Completed	Identify, collect and maintain statistics on outgoing and incoming flows of funds in the financial sector. Then reassess threats using those statistics, mainly cross-border ML and FT threats.	IOMFSA/FIU	The IOMFSA now collects quarterly outgoing and incoming financial flow data from banks in the IoM. The data is shared with the FIU for analysis of cross-border threat and has informed the 2020 NRA. The aggregated results identify where financial flows are received from and are sent to, this includes higher risk jurisdictions which the FIU has reviewed and will continue to review by working with partner agencies and industry to understand these flows better and identify whether there is any attendant risks for the IoM. This has brought focus onto higher risk jurisdictions and perceptions of corruption.
2	IO1	Completed	Undertake a more detailed assessment of the risk resulting from the use by banks of CDD information provided by TCSPs who have in turn collected the information from a professional intermediary.	IOMFSA	In 2017 the IOMFSA introduced an AML/CFT return, now completed annually by FIs and DNFbps. Information on the level of use by TCSPs of professional intermediaries is included, which provides a greater understanding of the extent of reliance on third parties. The data assists in identifying trends and issues that may be prevalent to a particular sector or across a number of sectors; this can help in determining the supervisory approach required and where additional guidance or training / outreach may be needed. In September 2018 legislative changes to the AML/CFT Code strengthened requirements regarding risk assessment and ongoing monitoring of business relationships. On 1 June 2019 a fully revised AML/CFT Code included enhancements which significantly limit the circumstances in which a relevant person in the IOM can rely on CDD information and evidence which is presented by a third party. It particularly limits where that third party has collected information from another party. Further guidance on this matter was published in October 2019.
3	IO1	Completed	Re-assess the risk posed by lawyers, the real estate sector and the quality of border controls.	CO	A full re-assessment of risks posed by lawyers, the real estate sector and the quality of border controls was undertaken for the 2020 NRA. The FIU, IOMFSA, ECU, CED, Treasury and the Law Society all variously contributed to the re-assessment, which was coordinated by the AML Policy Office. The findings are included in the 2020 NRA.
4	IO1	Completed	Seek to understand where the beneficial owners of assets managed or held by regulated entities in the IoM are from and consider this information in the next iteration of the NRA.	IOMFSA	Data collected by the IOMFSA from the AML/CFT annual return from FIs and DNFbps includes information on the residency of the beneficial owners of assets managed or held by regulated entities in the IoM; this information has been included in the 2020 NRA.
5	IO1	Completed	Consider whether the exemptions, higher risk scenarios and lower risk scenarios, which support the application of the enhanced and simplified measures respectively, set out in the AML/CFT Code, are consistent with the ML/TF risks present in the country.	IOMFSA	When developing the new AML/CFT Code in June 2019 a detailed report of the concessions and exemptions in the Code was undertaken to ensure they were commensurate with risk. The work has been informed by the annual AML/CFT data collection returns to the regulator and the work undertaken for the 2020 NRA. The new AML/CFT Code 2019 is consistent with the findings from the report and the NRA.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
6	IO1	Completed	Going forward, it should be ensured that the objectives and activities of the FIU and LEAs are consistent with AML/CFT policies and the identified ML/FT risks	FIU	The IoM Financial Crime Strategy 2017-2020 sets out the approach for all law enforcement and other relevant authorities and is directly linked to risks identified in the NRA and MONEYVAL MER. The objectives and activities of the FIU and LEAs, which are published in annual delivery and operational plans, reflect the national AML/CFT policies and identified strategic aims and objectives.
7	IO1	Completed	Introduce or strengthen existing ones, as the case may be, co-operation mechanisms in those areas which are identified as missing in the report, including a formal PF policy.	CED	A 'Proliferation Protocol' was adopted by the Council of Ministers in May 2017. It was published on the CED website in May 2017 as Notice 1009 MAN. CED developed a 'Cross-Border Cash Control Mechanism' in cooperation with partner agencies, setting out the legislative powers, policy and operational process concerning the detection of falsely or undeclared cross-border movement of currency and BNIs and processes for confiscation or seizure if detected. MOUs have been established between the authorities to strengthen cooperation in relation to AML/CFT, and formalised information sharing with the Cabinet Office by statutory gateway.
8	IO2	Completed	Develop both a strategy and written policies to seek foreign assistance proactively through all available channels, upon suspicion of ML/TF or in relation to TFS.	ALL	The ICART strategic aims include (1) Prioritise identification, restraint and recovery of assets resulting from serious and organised crime, with particular focus on economic crime, both in the IoM and overseas; (2) Pursue, through all available statutory powers, the assets of all who profit from crime wherever committed, when it is proper to do so. The FIU and CED have policies which accompany the approach being taken in seeking foreign assistance. The ECU includes 'foreign assistance' in the Financial Crime Investigations Policy. The FIU proactively provides guidance on submission of ILORs when disseminating intelligence.
9	IO2	Completed	Review the MLA framework. Formal prioritisation criteria should be established, Additional resources should be allocated to the international cooperation unit once the number of proactive requests increases to ensure both effective investigation and prosecution of ML/FT and, in particular, restraint and confiscation of criminal proceeds especially in the early stages of a criminal investigation.	AGC	The ICART was established in December 2016; the team includes a Director (former senior prosecutor), a Specialist International Co-operation Legal Officer, an advocate, two civilian investigators and administrative support. A formal prioritisation criteria and process, approved by the Attorney General, for execution of all incoming LORs is adopted by ICART and includes triage (using a flowchart which produces a Red, Amber or Green rating) of all LORs upon date of receipt. Requests concerning TF or involving restraint of assets are automatically rated 'Red' and dealt with as a matter of urgency. Appropriate resources to enable proactive restraint, investigation and confiscation are in place and are monitored. In one case, the ICART processed a foreign restraint within 48 hours from another jurisdiction.
10	IO2	Completed	A more sophisticated case management system should be appropriately developed to ensure the timely prioritisation of all MLA requests.	AGC	Details of all MLA requests are now entered into the online IT system THEMIS by the FIU; this ensures that relevant data concerning the origin and nature of requests can be searched retrospectively for relevant intelligence pertinent to ML/TF risks for the IOM and that the system records progress of MLAs.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
11	IO2	Completed	The authorities should also use as a policy objective the existing powers to actively assist foreign jurisdictions in identification, repatriation, sharing or restitution of criminal proceeds and instrumentalities located in the IoM.	AGC	ICART policy and procedures clearly state that the authorities will use existing powers to actively assist foreign jurisdictions in identification, repatriation, sharing or restitution of criminal proceeds and instrumentalities located in the IoM. New jurisprudence now exists regarding confiscations.
12	IO2	Completed	The FIU should use the powers granted under the new FIU Law to effectively provide requested information, including information on BO, in the pre-investigative stage prior to MLA.	FIU	The FIU can evidence the use, on a regular basis, of its powers to gather further information, including to obtain BO information. Since June 2017, the FIU has predominantly used the powers vested in the Beneficial Ownership Act to obtain and disseminate evidence in respect of Beneficial Ownership.
13	IO2	Ongoing	The IoM should continue with its efforts to seek agreement from its international partners to provide information in relation to criminal requests to the FCU on a general basis and in the interim should continue with its current practice of seeking the express written consent of the treaty partner (TIEA OECD) as required under the confidentiality article of the relevant international agreement in appropriate cases.	ITD	The current practice of obtaining permission on a case by case basis is continuing and the competent authority (the Assessor, ITD of Treasury) has agreed a framework with the FIU as to the extent to which information is provided in relation to all criminal requests on a general basis. In parallel the IoM is continuing to seek agreement from its international partners to provide the information in line with this recommendation.
14	IO3	Completed	In accordance with findings of the NRA, the IOMFSA should collect statistics and information that will allow it to better consider ML/TF risk in the financial sector as a whole and at sector level; this includes information on the extent to which firms utilise concessions, including the use of introducers. In turn this should be used to enhance the IOMFSA's supervision of sectors, most notably TCSPs and banks, where the use of introducers and intermediaries is identified as an inherent risk in the NRA.	IOMFSA	In 2016-17 the IOMFSA worked with FIs to devise a dedicated AML/CFT return. The first cross-sectoral return was completed by all FIs and a number of DNFBS in 2017. The annual return was revised following feedback and further returns from all FIs and DNFBS submitted in 2018 (for 2017 data) and 2019 (for 2018 data). The returns are planned to continue annually, subject to refinement as required. The information is used to inform the NRA, updates to AML/CFT Codes and Guidance. The data will be used to undertake a high level prioritisation review of risk for entities and sectors, to help with the allocation of resources for AML/CFT full risk assessments (and oversight) on a risk basis and to target outreach and training. The GSC collects data from licence holders and uses this to inform outreach and supervision.
15	IO3	Completed	More staff should be available for the supervision of entities under the DBRO Act and Enforcement in the IOMFSA.	IOMFSA	In June 2017 two new members of staff were appointed to the Enforcement Division of the IOMFSA; one a full time Enforcement resource and the other a resource for beneficial ownership oversight and to assist the AML and Enforcement teams. An additional six staff deal with enforcement, including DNFBS enforcement. TCSPs are treated as FIs and supervised by a separate team; gambling is supervised by the GSC who appointed additional staff in 2018.
16	IO3	Completed	As identified in the NRA, additional supervisory and sanctioning powers should be given to the GSC.	GSC	The Gambling (AML/CFT) Act 2018 was enacted on 16 January 2018; the Act provides the GSC additional supervisory and broad sanctioning powers for tackling non-compliance. On 23 April 2018, the GSC issued an AML direction under S18 of the Act.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
17	IO3	Completed	The FSA should, in severe cases, make greater use of sanctions.	IOMFSA	The IOMFSA has used the full range of its sanctioning powers as and when required. Actions include; the disqualification of officers from acting in various capacities; revoking the registration of businesses and; criminal prosecution for failings under the AML/CFT Code. In June 2019 the AML/CFT (Civil Penalties) Regulations 2019 came into force, enhancing the range of sanctioning powers of the IOMFSA in relation to AML failings. The IOMFSA published guidance on the civil penalty regime on 7 October 2019.
18	IO3	Completed	Gaps in the scope of regulation and supervision of FIs and DNFBSs identified at c.26.1 and c.28.2 should be addressed.	IOMFSA	<p>The MER identified that the not all of the activities or operations listed in the FATF definition of a 'financial institution' were regulated or supervised by the IOMFSA. It was also identified that acting as a partner of a partnership was not regulated or supervised by the IOMFSA. Having reviewed the relevant legislation, the authorities have not identified any gap. All activities and operations are covered. In respect of partnerships, as these do not have a separate legal personality, acting as a partner is not a business activity in its own right and therefore does not require to be regulated and supervised by the IOMFSA.</p> <p>The MER also identified that the IOMFSA did not have the power to supervise compliance with AML/CFT requirements by the manager of a single exempt scheme (a private investment scheme). The IOMFSA addressed this deficiency by removing the exclusion and introducing an exemption. Article 4(3) of the Regulated Activities (Amendment) Order 2017 came into operation on 1 January 2018.</p>
19	IO4	Completed	Taking account of risk, authorities should further limit the circumstances in which CDD information and evidence of identity presented by a third party can be used, including where that third party has collected information from another party (an information chain).	IOMFSA	Legislative changes introduced into the AML/CFT Code in September 2018 limit the circumstances where CDD information and evidence of identity presented by a third party can be used, including where the third party has collected information from another party. Accompanying guidance was published in November 2018. On 1 July 2019 a fully revised AML/CFT Code came into operation which included enhancements to the section on Introduced Business (paragraph 9). The paragraph significantly limits the circumstances in which a relevant person in the IOM can rely on CDD information and evidence which is presented by a third party. It particularly limits where that third party has collected information from another party. Further guidance in relation to these provisions was published by the IOMFSA on 7 October 2019.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
20	IO4	Completed	Require FIs to take account of risks presented by underlying customers when applying CDD exemptions to intermediary customers under paragraph 21 of the AML/CFT Code. Application of the exemption should also be prohibited where specific higher risk scenarios apply. Requirements to sample test whether CDD and record-keeping requirements are appropriately applied to underlying third parties should be reviewed and alternative measures put in place, as necessary, to mitigate risk.	IOMFSA	Legislative amendments were introduced into the AML/CFT Code in September 2018 which required FIs to take account of risks presented by underlying customers when applying CDD exemptions to intermediary customers. The exemption was prohibited where specific higher risk scenarios applied. These changes were reiterated in the new AML/CFT Code which was introduced in June 2019.
21	IO4	Completed	Additional guidance should be provided by the IOMFSA to explain its expectations when use is made by FIs and DNFBPs of evidence of identity presented by non-eligible introducers, and training provided thereon.	IOMFSA	The IOMFSA AML/CFT Handbook was updated in January 2018 with additional guidance in this area. Further clarification was provided in a later iteration of guidance, published by the IOMFSA in October 2019.
22	IO4	Completed	Require FIs to assess whether to: (i) have sight of documents, such as letters of wishes, to determine who the UBO is of a trust; or (ii) collect appropriate assurances from TCSPs (and keep evidence) that information in relevant documents (such as the letter of wishes) is consistent with information provided on BO.	IOMFSA	The IOMFSA AML/CFT Handbook was amended to state “Consider obtaining sight of the letter of wishes, or other relevant documents of the trust, to confirm the beneficiaries / potential beneficiaries to the trust”. Other than the trust deed, the AML/CFT Handbook is not explicit about the documents which a FI must have sight of to determine the UBO of a trust. The FI must determine, based on the customer and business risk assessments, the documents it requires in order to determine the UBO of a trust.
23	IO4	Completed	Continue to work with FIs and DNFBPs to increase the quality of STRs with a view to improving the quality of disseminations, and provide greater feedback on the quality of STRs submitted.	FIU	The FIU has undertaken a programme of outreach with the finance and non-financial sectors to enhance the quality of STR reporting. The FIU regularly meets with the IOM Bankers Association in relation to STR issues liaises with the IOMFSA and GSC regarding licence holder requirements. Where the FIU receives poor STRs the reporting entity is contacted directly to discuss. The FIU has issued typologies and written guidance which includes details of good and bad STRs. The number of STRs disseminated has been increasing indicating an improvement in quality. Disseminations have led to restraint orders being made and investigations begun by the ECU. The FIU meets with ICART and LEAs to identify which disseminations are leading to enforcement actions; where possible, this information is also relayed to reporting entities to inform their future reporting. The FIU provides structured feedback to submitting organisations, ensuring that they are aware of their standing in their respective sectors, with a current focus on banking.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
24	IO4	Completed	Compare categorisation of risk by FIs and DNFBPs in order to be satisfied that they are consistent with the NRA and the sectoral risks, and enhanced CDD measures are applied when required. Additional guidance should be provided, as appropriate, including on what may constitute a higher risk (taking into account risks that are inherent in the IoM's business model) and the enhanced CDD measures to be applied, including corroboration of source of wealth.	IOMFSA/GSC	The IOMFSA (annually) and GSC (quarterly) collect detailed statistical AML/CFT data which has resulted in an improved consideration and understanding of risk at national and industry level. The data is being analysed to inform the supervisory approach and activities of the IOMFSA and GSC. The data being gathered assists in identifying trends and issues that may be prevalent to a particular sector or across a number of sectors which can help in deciding whether a thematic questionnaire or on-site visit may be required. It also assists in determining where additional guidance or training / outreach may be needed.
25	IO4	Completed	Provide additional guidance, and place further emphasis, on how to identify PEPs, close associates and family members of PEPs. Authorities should consider providing additional guidance to address other issues identified in this preventive measures section.	IOMFSA	The IOMFSA's AML/CFT Handbook was updated and the section concerning Politically Exposed Persons revised and now includes guidance on how to identify PEPs, close associates and family members of PEPs. The GSC published Supplementary AML/CFT Guidance 2018 providing further clarity in various areas including regarding identification of PEPs. Foreign and domestic PEPS are covered by S14 (PEPS) of the AML/CFT Code. Amendments in the new Code include; (a) Procedures in relation to determining PEPs must be established, maintained and operated; (b) Mandating that a foreign PEP must be risk assessed as high; (c) Determining if the beneficiaries and/or where required, the beneficial owner of the beneficiary of a life assurance policy are PEPS; (d) Where, in relation to a PEP, source of wealth cannot be established, or enhanced monitoring undertaken, the business relationship or occasional transaction must proceed no further and consider must be given to making a SAR.
26	IO4	Partly Completed	Require all FIs and DNFBPs, taking account of risk and size of business, to (i) have policies, procedures and controls for an independent audit function to test the AML/CFT system; and (ii) appoint a compliance officer.	IOMFSA/GSC	Paragraph 30 of the AML/CFT Code 2019 (Monitoring and Testing Compliance) requires all firms to maintain procedures for monitoring and testing compliance with the AML/CFT requirements having regard to the business ML/TF risk assessment conducted. The operational performance should be monitored and prompt action taken to remedy any deficiencies. A report must also be submitted to the senior management of the relevant person to describe the results of any testing undertaken annually. A suitable person at management level is required to take responsibility for the functions specified in the paragraph. Section 8.2.1 of the financial services rule book requires all licence holders to appoint a head of compliance. Paragraph 25 of the Gambling AML/CFT Code 2019 also requires that an operator must ensure that there is a suitable person at management level responsible for the functions of monitoring and testing compliance.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
27	IO4	Completed	Other technical deficiencies (listed in the TC annex) relating to preventive measures should be addressed.	IOMFSA/GSC	The technical deficiencies have been addressed. Recommendation 16 Wire Transfers was re-rated by MONEYVAL as Compliant in July 2018. For Recommendation 23 DNFBPs: Other Measures, the GSC now publish on their website details of 'Higher Risk Jurisdictions' advising licence holders; an email is sent to licence holders when the lists are updated. Deficiencies identified in relation to internal controls and foreign branches and subsidiaries of online gambling operators were addressed in the Gambling AML/CFT Code 2019.
28	IO5	Completed	Take measures to confirm that companies, shareholders and nominated officers comply with requirements set in the CBO Act 2012 in order to ensure that accurate and current BO information is available.	IOMFSA	The Beneficial Ownership Act 2017 established a centralised database of BO of companies. The Act imposes a duty on legal owners to ascertain the beneficial owner of their interest in an entity and sets out the required details which legal owners must notify to nominated officers. Legal owners must also notify nominated officers of any changes to these details within one month of a change occurring. Nominated officers are required to disclose any BO information they hold that is specified or referred to in a notice by a competent authority. There are various penalties for failure to comply set out under the Act. The IOMFSA conducts oversight of the compliance of relevant legal entities with the provisions of the Act, carrying out enforcement action in cases of non-compliance.
29	IO5	Completed	In line with risks identified in the NRA, the authorities should take additional measures to address risks presented where TCSPs use CDD information provided by professional intermediaries.	IOMFSA	The Gambling (AML/CFT) Code 2019 does not permit CDD from third parties. In early 2018 the IOMFSA updated Paragraph 3 of the AML/CFT Handbook to provide additional guidance concerning non face-to-face business. In September 2018 changes were made to the AML/CFT Code to strengthen requirements regarding risk assessment requirements in relation to the use of introducers (paragraph 9) and ongoing monitoring of business relationships. On 1 June 2019 a fully revised AML/CFT Code came into operation which included enhancements to the section on Introduced Business (paragraph 9). The paragraph significantly limits the circumstances in which a relevant person in the IOM can rely on CDD information and evidence which is presented by a third party. It particularly limits where that third party has collected information from another party. Further guidance on this matter was published in October 2019.

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No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
30	IO5	Completed	Require trustees of express trusts governed under IoM legislation to obtain and hold information in line with c.25.1 and disclose their status to FIs and DNFBPs.	CO/AGC	The AML and Other Financial Crimes (Miscellaneous Amendments) Act 2018 created a power to make AML/CFT Codes for unregulated trustees. The Unregulated Domestic Trustees Code addresses deficits relating to recordkeeping for non-professional trustees. A domestic trustee acting in a personal capacity managing up to ten trusts is now required to fulfil the requirements set out in 25.1 regarding record keeping, and to disclose their status to FIs and DNFBPs. The Act also addressed deficiencies identified under R25 concerning proportionality of sanctions for failure to comply with a disclosure order. A revised version of the AML/CFT (Unregulated Trustees) Code 2018 came into effect on 14 September 2018 which covers foreign trustees of trusts governed by the laws of IoM. Recommendation 25 was rated as Compliant by the MONEYVAL Plenary of July 2019.
31	IO5	Completed	Based on actual cases in the IoM, threats presented by the use of legal persons and legal arrangements established under Manx legislation should be identified in order to strengthen the risk mitigating framework.	FIU	A cross-agency working group led by the FIU examined the threats presented by the use of legal persons and legal arrangements established under Manx legislation. Research was undertaken by all relevant agencies and two reports were compiled. The use of companies and trusts for suspected tax evasion featured highly in the sample reviewed by the FIU, as did the suspected use of these entities for fraud, being part of complex structures used to facilitate ML in several jurisdictions. The working group did not however find any threats that were specific to IoM legal persons and arrangements. These findings accord with the NRA 2015 and 2020. The FIU has since published a number of typologies for industry. However the FIU, in line with the NRA, continues to actively review legal persons, legal arrangements and the use of trusts in respect of ML/FT.
32	IO5	Ongoing	2006 companies, foundations and partnerships should be required to file all basic information (in line with c.24.3) on a timely basis with the Central Registry. More generally, basic information, along with information on categories of shares (including nature of associated voting rights) (held in line with c.24.4), should be checked for accuracy.	CO/DfE	The AML and Other Financial Crimes (Miscellaneous Amendments) Act 2018 introduced a requirement for Foundations to file foundation Rules with the Companies Registry and to make them publically available and for the Registrar to be notified of any changes. The Beneficial Ownership Act 2017 requires accurate information to be kept concerning BO details of legal entities; the Companies Registry has explicit powers to make enquiries in order that the accuracy of any information contained in documents submitted to them for inclusion on that register can be verified. The Companies Registry checks all statutory documents for compliance and consistency with information on file and may reject applications where a discrepancy is identified. 2006 Companies are only required to notify the Companies Registry of changes to directors when submitting an annual return; any changes may be up to one year out of date. Legislation is being introduced in 2020 amending the Companies Act 2006 and introducing a requirement to inform Companies Registry within one month of any changes to directors.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
33	IO6	Completed	FIU should be more pro-active in generating intelligence, in accordance with the risk profile of the IOM.	FIU	<p>FIU statistics demonstrate increased activity in generating intelligence. The FIU introduced new analytical software in 2017 and has made ongoing improvements to the online (SAR) reporting system to improve analysis of intelligence and provide relevant information which is disseminated both domestically and internationally.</p> <p>The FIU has also provided a significant amount of outreach to all sectors from those that submit the most such as banks to smaller reporting sectors such as lawyers and estate agents. This has increased the range of SARs and the quality. The FIU has also focused on ensuring that government departments are aware of the FIU and can request intelligence, which in turn is stored on Themis for future reference/intelligence. Internally, the FIU generates intelligence from items found in the media which in some cases has then been disseminated and investigated by the IOMC.</p>
34	IO6	Completed	Actions are underway to progress financial, human and other resources for the FIU & these should continue to be prioritised.	FIU	<p>The FIU was established as an independent body, separate from the IOM Constabulary in April 2016. It is now the national centre for receipt and analysis of SARs and other sources of intelligence as well as information relevant to ML/TF, predicate offences, proliferation and sanctions breaches. The FIU is also the body to which reports of assets and accounts frozen pursuant to sanctions legislation are reported by industry. Significant investment has taken place in staff, technology and training.</p> <p>The FIU has significantly increased the number of employees since 2016 and continues to grow. Training of employees is prioritised and is consistent with all current staff having at least one qualification with the ICA, a recommended qualification for new employees. The FIU implemented technical solutions (Themis and Nuix) since 2016, both of which have been significant investments. Technical improvements continue; in particular Themis has been updated on a number of occasions. Consultations with internal employees and industry inform improvements to Themis and some of the outcomes have been implemented or are planned in the future.</p>
35	IO6	Completed	The capacity of the FIU to collect and analyse information should be increased by, for example, developing an operational analysis handbook.	FIU	<p>The FIU issues ML typologies, SAR and TF Guidance for industry. An internal FIU Operational Handbook sets out policies, procedures and standards aimed at promoting the effective implementation of legal, regulatory and operational measures for combating ML, TF and the financing of proliferation of weapons of mass destruction. Analytical software is in place and upgrades to the online (SAR) reporting system are ongoing to ensure that it continues to be an effective tool for the FIU. The FIU has also appointed a highly qualified Senior Analyst.</p>

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
36	IO6	Completed	FIU staff should continue receiving intensive training in operational and strategic analysis to ensure that the FIU is in a position to perform its functions adequately.	FIU	The FIU promotes a culture of continuous development and strongly encourages all staff to complete the ICA Diploma in Money Laundering. All Financial Intelligence Officers and Supervisors carry out an operational analysis course and some members of staff have also been trained in strategic analysis. Financial Intelligence Officers also undertake a technical analysis course. Training also includes the UK National Crime Agency FIU course and the Metropolitan Police Counter-Terrorism Command TF training. The IOMFSA and GSC provide training for FIU Officers concerning licence holders and their obligations. The training provided to FIU staff together with collaborative working with industry, regulators and other LEAs has led to a noticeable improvement in the quality of intelligence disseminated both domestically and internationally. The FIU has fortnightly scheduled training sessions, which are filled with either internal training or individuals from external agencies.
37	IO6	Completed	Intensify existing measures to improve the SAR regime.	FIU	The FIU has undertaken a programme of outreach with FIs and DNFBPs to enhance the quality of STR reporting. The FIU meets regularly with the IOM Bankers Association in relation to STR issues and liaises with the IOMFSA and GSC regarding licence holder requirements. Where the FIU receives poor STRs the reporting entity is contacted directly to discuss. The FIU has issued typologies and written guidance which includes details of good and bad STRs. The number of SARs received leading to a dissemination has increased indicating an improvement in quality. Disseminations have led to restraint orders being made and investigations begun by the ECU. The FIU meets with ICART and LEAs regularly to identify which disseminations are leading to enforcement actions; where possible, this information is also relayed to reporting entities to inform their future reporting.
38	IO7	Completed	Establish and apply a criminal justice policy on ML investigations and prosecutions. It should set out the circumstances in which ML investigations need to be initiated reflecting the risk of ML in IoM, especially with regard to the laundering of the proceeds of foreign predicate offences.	AGC/ECU	The Attorney General formalised a policy on financial crime prosecutions which is published on the AGC website. The Policy highlights the seriousness of ML offences, which can carry a maximum of 14 years imprisonment. The IOM Constabulary has formalised a policy concerning financial crime investigation; in determining whether to commence a particular investigation, supervisors must take account, inter alia, the predicate offence that took place outside of the IoM. Financial crime is recognised as one of the top priorities for the IOM Constabulary and forms part of the IOMC Strategic Operational Threat assessment.

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No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
39	IO7	Completed	LEAs should systematically harvest intelligence from all incoming international requests to aid in the detection of potential opportunities for the effective investigation of ML suspicion regarding IOM based FIs and intermediaries.	FIU	All incoming international requests to the AGCs are referred to the FIU which has procedures in place for identifying intelligence and is able to share this with the relevant domestic authorities. The ECU has an investigations policy which includes clear guidelines for preparing and taking receipt of ILOR. CED also has an internal policy which provides instructions on extracting potential intelligence from requests received from agencies outside the IoM. This approach has led to an increase in LOR sent by the IoM (outgoing) seeking assistance from other jurisdictions. International requests concerning tax are made directly to the ITD under international tax agreements.
40	IO7	Completed	Both investigative techniques and the relevant jurisprudence should be further enhanced to effectively face the challenge of proving foreign predicate offences, even in cases where only limited cooperation from the foreign counterpart is available.	AGC/ECU	Significant investment has been made in the ECU increasing human and technical resources. Investigations strategies, policies and procedures have been revised and training delivered to ensure investigations focus on risks identified in the NRA and in particular complex multi-jurisdictional ML and underlying predicate offences. A significant percentage of ECU investigations relate to foreign predicate criminality. The ECU uses specialist forensic accountants to aid investigations. The AML and Other Financial Crimes (Miscellaneous Amendments) Act 2017, amended the Criminal Justice Act 1991 making explicit the power to prosecute predicate cases domestically where parts of the offence were committed abroad. There have been prosecutions of ML in the IoM where the predicate offence has been committed wholly outside the Island and where cooperation from the foreign counterpart has been limited.
41	IO7	Completed	Consider further specialisation within its law enforcement, and introduce prosecutorial and judicial resources, and also increase the amount of training for ML. They should consider adding an appointment of a specialized prosecutor and, where possible, support the investigations by the assistance of economic experts or forensic accountants.	AGC/ECU/Judiciary	Significant resources have been invested into the ECU, FIU and the AGC. In December 2016 HM Attorney General established an International Co-operation and Asset Recovery Team (ICART). A routine high-level Financial Crime Prosecution Focus Group deals with, inter alia, coordinating activities to improve the quality of work related to financial crime investigations and prosecutions, developing further specialisation within law enforcement and ML investigation and prosecution training. In July 2017 the ECU relocated to dedicated premises to allow it to further expand its capacity and capability. Resources for the ECU have increased, including the appointment of a financial crime analyst and dedicated prosecutorial support. Civilian investigators have increased powers under the Proceeds of Crime Act. The judiciary has increased the number of Panel Deemsters with experience of hearing financial crime and relevant cases. A series of workshops and seminars is planned for the judiciary and for prosecutors, to be delivered in April 2020.
42	IO7	Completed	Sanctions imposed so far have not been satisfactory and the evaluation team encourages the IoM to strengthen the sanctioning policy.	AGC/CO	A Prosecutions Policy on Financial Crime, published by the Attorney General, sets out the specific decision-making criteria to be applied when considering the prosecution of financial crime; the requirement to pursue prosecutions for laundering proceeds whether domestic or foreign is strongly made.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
43	IO8	Completed	Develop a strategy to pursue the effective restraint and confiscation of both instrumentalities and proceeds of crime (and their corresponding value) as a high –level criminal justice policy objective, especially with regard to predicate offences committed abroad.	AGC	ICART was established within AGCs in December 2016. A strategy on restraint and confiscation was formalised and is published on the AGC website. A joint tasking team meets routinely to ensure the authorities, including LEAs, ICART and AGCs, work together to restrain and confiscate where appropriate and additional resources have been allocated to that team to ensure swift intervention.
44	IO8	Completed	Develop procedures for systematic initiation of parallel financial investigations aimed at the detection of potential criminal assets subject to confiscation (including restraint of potential criminal proceeds when these are detected prior to the formal initiation of a criminal investigation, e.g. upon foreign request).	AGC	The ICART has two experienced financial crime investigators, in addition to lawyers, ensuring that parallel financial investigations are undertaken at the earliest stage possible. Restraints cannot be undertaken prior to the formal initiation of a criminal investigation however, as s. 96 of Proceeds of Crime Act requires that an investigation is underway at the very least, as one of the statutory conditions for obtaining an Order. On the basis of FIU disseminations to ICART a number of restraint orders have been made involving foreign predicate offences. Figures for restraints and confiscation of assets have risen markedly since the inception of ICART. Greater use has been made of Part 1 of POCA and parallel financial investigations should lead to property freezing orders.
45	IO8	Completed	Adopt a more proactive policy for using all available channels through international cooperation in order to initiate restraint or confiscate assets located or moved abroad. The authorities should also take steps to proactively identify foreign proceeds located in the IoM that may be subject to restraint or confiscation.	AGC	The ICART policy has as a strategic aim, <i>inter alia</i> , "to prioritise identification, restraint and recovery of assets resulting from serious and organised crime, with particular focus on economic crime, both in the IOM and overseas and to pursue the assets of all who profit from crime wherever committed". Regular meetings take place between the FIU, ECU and ICART to identify matters for action. Restraint or property freezing orders, as appropriate, are sought as a matter of urgency. The FIU disseminates all appropriate disclosures to ICART and to the ECU so that action may be taken in appropriate cases to restrain funds; restraint orders have been obtained as a result of this process. The FIU disseminates intelligence so that foreign LEAs may seek to restrain funds in the Island via the MLA process. LEAs have adopted or strengthened their policies concerning seeking foreign assistance to ensure that the framework encourages and enables international cooperation via partner agencies as well as through the formal route of the AGCs. Evidence of a more proactive approach can be seen in the increased number of outgoing LORs in respect of predicate offending in other jurisdictions related to ML in the IoM. Restraint Orders have been made in matters involving multiple suspects both legal and natural persons.
46	IO8	Completed	Issue guidelines for the application of the proportionality principle both in restraint and confiscation criminal proceedings (including cases of detected undeclared cash) and be more balanced when applying the proportionality principle.	AGC	The ICART Office Policy, Procedures and Guidance document provides guidance in respect to the principle of proportionality. In addition to the above, the Attorney General has drafted and published guidelines on proportionality which set out the priorities of the IoM in this area.

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No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
47	IO8	Completed	Systematically apply a civil recovery framework, also in cases where, for any reason, no conviction of predicate offences or ML can be obtained. Additional specialised training on application of the civil recovery framework should be provided to LEAs.	AGC	ICART has two civil recovery investigators. A total of £538,046.01 has been forfeited under the cash seizure and forfeiture regime since 2017. ICART made the first applications for civil production orders in 2017; by the end of the year six such orders were in place. ICART also has a number of Property Freezing Orders in place. The ICART Policy, Procedures and Guidance for Investigators details when a parallel financial investigation should be carried out and provides assistance for officers in pursuing funds via the civil recovery route. ICART lawyers and investigators have undertaken specialised training delivered by the UK National Crime Agency Civil Recovery and Taxation Team.
48	IO8	Completed	Introduce a formal and operational mechanism between the relevant authorities: CED, IOM Constabulary, Department of Infrastructure, FIU, IOMFSA, etc. for detecting falsely or undeclared cross-border movements of currency and BNIs. Systematically apply all the available powers to detain falsely or undeclared cash or BNIs in order to determine whether there is a link with ML/FT or associate predicate offences and sufficient grounds for a subsequent forfeiture.	CED	A Cross-Border Cash Control Mechanism sets out the legislative powers, policy and operational processes concerning the detection of falsely or undeclared cross-border movement of currency and BNIs and the process for confiscation or seizure if detected. The Mechanism provides practical operational guidance and identifies the key powers to be utilised by each agency to specifically target undeclared cash or links with ML/TF and associated predicate offences. Non-declaration of cash, where a declaration is required, is identified as grounds for seizure, allowing officers to conduct further investigation into the legitimacy of the cash. CED has also introduced legislation to allow for targeted action or control on goods, cash etc. within the IoM. The IOMC and CED have an MOU setting out how each agency cooperates to combat ML and TF. Since 2016/17 the number of people challenged at the ports has increased year on year.
49	IO8	Completed	Determine appropriate mechanisms for managing complex structures or assets other than funds, by appointing a receiver within the criminal proceeding. Consider additionally the possibility of appointing an administrator/ controlling accountant at the stage of regulatory investigation.	AGC	The AGCs has an approved policy and framework concerning the Appointment of Receivers in Relation to the Proceeds of Crime. The policy and framework addresses Freezing, Property Freezing and Recovery Orders under civil procedures and Restraint and Confiscation Orders under criminal procedures. It also includes a summary of a procedure for the appointing, and funding the appointment of, receivers. The IOMFSA regularly exercises its powers to require a permitted person to provide it with a report by an accountant or other person with relevant professional skills.
50	IO9	Completed	Adopt an independent CFT strategy from which a clear policy for tackling FT can be developed.	ECU	The ECU developed a CFT Strategy in cooperation and consultation with partner law enforcement and regulatory agencies. It was implemented in January 2018. The Strategy, which was approved and adopted by the FCSB, aims to; prevent terrorists from using the financial system to move funds in and out of the IoM; prevent the raising of funds domestically for terrorist purposes and; disrupt any terrorist related activities supported by such funding, working collaboratively with other jurisdictions worldwide.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
51	IO9	Completed	Conduct an assessment of existing cases and possible obstacles for properly addressing the risks through the investigations and prosecutions of FT.	ECU	A review of TF matters was undertaken in 2017; the review identified that although there had been a number of obstacles to addressing TF risks previously, there had been an increase in referrals from the FIU, and a marked improvement in the receipt, handling and investigation of TF related financial intelligence. Increased resources, alongside significant strategic and structural changes clarifying roles and responsibilities, better access to analytical tools and TF specific training had all contributed to an increase in the effectiveness of identifying, disseminating and acting upon TF related SARs. The FIU and the ECU have procedures in place for investigating suspicions of TF, underpinned by the CFT Strategy and TF training.
52	IO9	Completed	The capacity of LEAs should be significantly enhanced.	FIU	Significant resources have been invested into the ECU, FIU and the AGC; in July 2017 the ECU relocated to its own dedicated premises to allow expansion of capacity and capability. ECU staffing has increased and civilian investigators provided with increased powers under the Proceeds of Crime Act. The ECU has a financial crime analyst and dedicated prosecutorial advice and support in place. The ECU and other LEAs have received specialist training from the NTFIU, NCA, JIMLIT, NCTU and SO15, the special operations branch within London's Metropolitan Police Service. The FIU is the national centre for receipt and analysis of SARs and other sources of intelligence as well as information relevant to ML/TF, predicate offences, proliferation and sanctions breaches and reports of assets and accounts frozen pursuant to sanctions legislation.
53	IO9	Completed	Ensure that FT investigations are carried out systematically upon suspicion of FT identified both, either by intelligence shared with the UK, by STRs, from incoming MLA requests, or in connection with reported action regarding targeted financial sanctions.	FIU/ECU	The FIU has policy and procedures in place for investigating suspicions of TF; the FIU works collaboratively with the UK National Terrorist Financial Investigation Unit (NTFIU). The ECU has procedures in place for TF Investigations which provide governance for the investigation of TF; provide guidance to investigators undertaking TF investigations or Senior Investigating Officers supervising such investigations; and provide standard guidance for the investigation structure. Senior Investigating Officers attended training on Counter Terrorism and TF matters and investigators and supervisors from the ECU and FIU attend TF training courses run by the UK Metropolitan Police Service Counter Terrorism Command. In May 2019 FIU and ECU officers with colleagues from Guernsey and Jersey coordinated a three day event with officers from the NTFIU, testing procedures, information sharing and training in ageing TF related investigations.
54	IO9	Completed	Develop FT-specific procedures for providing real time guidance to FIs and DNFBPs in situations where a FT suspicion arises (e.g. "consent requests"); such procedures should ensure the ability of all relevant competent authorities to take necessary coordinated investigative action, and avoid potential tipping off.	FIU	A guidance document has been circulated to industry explaining what happens when a TF SAR is made and what industry can expect of the FIU and ECU immediately thereafter. The guidance also makes recommendations as to the practices that should be adopted by industry to facilitate smooth interaction with the investigating authorities. The FIU has also published guidance on SARs for industry. The number of reported TF SARs has increased from 2017 onwards, demonstrating a heightened awareness to potential risk on the part of industry.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
55	IO9	Completed	Amend the legislation to remedy the shortcoming identified in criteria 5.2 of Recommendation 5. (FT Offence).	AGC	Amendments to the offence of TF criminalising the funding of un-proscribed terrorist organisations for legitimate purposes were made in December 2017. Amendments were also made to criminalise the financing of travel of individuals for the purpose of preparing, planning, or participating in terrorist acts or providing or receiving terrorist training. The amendments are to the Anti-Terrorism and Crime Act 2017. The IOM was re-rated by MONEYVAL to Compliant on Recommendation 5.
56	IO10/11	Completed	Develop guidelines to: (i) for all FIs and DNFBPs on the identification of funds or assets wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities and third parties; (ii) ensure that all the authorities and the private sector are aware of the steps to be taken when managing frozen assets held by complex structures, should these be detected in the future, for both FT and PF; (iii) strengthen the understanding by the TCSP, online gambling, securities and insurance sector of FT and PF-related TFS obligations.	CED/IOMFSA/ GSC	The IOMFSA updated the AML/CFT Handbook to include enhanced guidance on proliferation, TF and TFS obligations. The GSC also enhanced its published guidance in these areas, issuing similar guidance. CED published three new guidance documents in September 2018: (a) Financial Sanctions; (b) Financial Sanctions Relating to Terrorism; and (c) Financial Sanctions Relating to Proliferation. The documents were widely circulated. CED re-designed its webpages on sanctions to improve accessibility. The Financial Sanctions guidance document includes information and guidance on complex structures. CED has also produced a Local Guidance Manual 'Internal procedures for dealing with financial sanction matters' (G10) which includes reference to complex structures. Legislative amendments introduced on 1 March 2018 allow Treasury to delegate certain functions relating to sanctions to the FIU, including receipt of suspicions or breaches of financial sanctions.
57	IO10/11	Completed	Enhance supervision of FIs and DNFBPs in relation to their compliance with obligations under FT and PF related sanctions.	IOMFSA/GSC/ CED	IOMFSA supervisory visits to DNFBPs include separate consideration of TF threats and sanctions regime. The GSC visit programme also includes sections on sanctions. Visits examine compliance with the AML/CFT Code, including TF and PF/TFS. All regulated entities have obligations regarding sanctions detailed in the AML/CFT Handbook. Obligations have been made more explicit with a new requirement in the AML/CFT Code for all regulated entities to establish, maintain and operate 'procedures in relation to identifying whether a business relationship is entered into, or a one-off transaction is undertaken, with an individual or organisation appearing on a sanctions list applicable to the IoM'. These amendments apply to existing customers. UN, EU and UK sanctions lists are monitored daily for updates and news releases published by CED; LEAs have raised awareness of the news feed with industry.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
58	IO10/11	Completed	Conduct outreach to ensure that smaller FIs and TCSPs are aware of FT risks.	IOMFSA	The IOMFSA annual AML and Financial Fraud Conference for licence holders in November 2017 had TF and PF as the particular theme, raising awareness within industry. The FIU presented a session on TF typologies. CED has published extensive guidance on TF, TFS and PF. CED has supplied the GSC with copies all PF-related information for use with operators and at GSC AML Forum. CED issues Factsheet 200MAN to all new VAT-registered businesses, those involved in intra-EU trade and those identified as being involved in international trade. CED also issues Notice 1008MAN regarding PF which is regularly updated to serve as guidance for industry officials.
59	IO10/11	Completed	Establish clear lines of communication and adopt the necessary institutional arrangements between the competent authorities (CED, IOMFSA, IOM Constabulary FIU) to ensure effective implementation of TFS and a broader counter TF policy aiming at implementing possible criminal, civil or administrative processes beyond the freezing measures.	IOM Constabulary	CED undertook a formal review of the current system of notifying reporting entities of new listings. A number of measures were undertaken including promotion of the RSS feed in addition to the HMT Consolidated List. News releases, amendment of public notices and Factsheets are issued to traders identified as being involved in international trade and changes were made to webpages making information on the RSS feed more prominent. In April 2018 responsibility for the receipt and analysis of reports of suspicions of sanctions breaches and the receipt of reports of accounts and amounts frozen in respect of financial sanctions transferred to the FIU. A regular operational meeting takes place attended by LEAs to review cases and ensure that available resources are allocated effectively. Various MOUs have been established between the IOMFSA, CED and the FIU. CED internal guidance and a code of practice on dealing with MLA requests were updated as was guidance for off-Island bodies on how to make assistance requests, and to which on-Island agency. CED Sanctions Notice 45 deals with designating persons under sections 18 and 19 of the Terrorism and Other Crime (Financial Sanctions) Act 2014 and informs the authorities on how financial sanctions may be imposed on persons in the IoM, not listed in the UK.
60	IO10/11	Completed	Continue implementing the regulatory regime for supervision of non-profit organisations. Focus should also be given to the risk posed by unregistered NPOs which are not considered charities. Additional consideration should be given to FT risks, such as those arising from financial activity of foreign NPOs, and of transfer of funds to high risk jurisdictions.	IOMFSA/CO/ DfE	There are a very small number of specified non-profit organisations (SNPOs) in the IoM. The IOMFSA actively oversees SNPOs including conducting visits. The NPO sector risk assessment, including non-charitable NPOs, was updated in the 2020 NRA using data and information from all relevant Authorities. The IOMFSA also collects annual data from banks showing the number of NPOs they provide services to; the figures are small. The FIU has delivered training to SNPOs registered with the IOMFSA. In June 2019 a separate Code was developed specifically targeted to the risks of this sector in the IoM. Data on financial flows to higher risk jurisdictions is available via the IOMFSA and this is monitored and analysed by the regulator and the FIU.

Table 2: MONEYVAL EFFECTIVENESS RECOMMENDATIONS – Summary of Actions Taken

No.	IO	Status	Requirement	Lead Agency	WHAT has been delivered
61	IO10/11	Completed	Establish a more proactive system to promptly notify reporting entities of new sanctions listings.	CED	CED promoted the use of the RSS feed, in addition to HMT Consolidated List, using a variety of methods including meetings with trade bodies, news releases, amendment of public notices and a Factsheet issued to traders identified as being involved in international trade. Changes to webpages have ensured information on the RSS feed is more prominent. CED and the IOMFSA cooperated to deliver a more proactive approach to notifying reporting entities of new sanctions listings. All new sanctions listings are included on the IOMFSA RSS feed; the IOMFSA recommends its licence holders subscribe to both CED and IOMFSA RSS feeds. The IOMFSA copies news releases, which are available on the website, to licence holders. Industry reporting functions on sanctions transferred to the FIU online system in April 2019.

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
1	LEAs and the FIU to focus their activities in line with the risk profile of the country.	Policies and strategies in place	
2	<p>The exemptions from the full scale of CDD provided under Art. 21 of the AML/CFT Code are not based on a holistic consideration of the risk factors and variables mentioned in the Interpretative Note to R.10, most importantly when it comes to the risk profile of the underlying client. The scope of the exemption is not clearly limited.</p> <p>Paras. 20, 21, 22 and 24 of the Code should be updated taking into account the risks identified in the NRA. Part 6 of the Code refers to “simplified CDD measures” but the assessors deemed them to be “exemptions”.</p> <p>The exemption for persons in a regulated sector acting on behalf of a third party is still permitted even when suspicious activity is identified or where the customer is assessed as high risk.</p>	Legislation introduced	
3	“Peer to Peer payments” are exempt from CDD requirements under the Online Gambling Code but the allowing conditions are not linked to ML/TF risk. The evaluators did not believe there was a proven low risk of ML/TF.	Legislation introduced	
4	<p>There are no requirements for:</p> <ol style="list-style-type: none"> 1. FIs and DNFBPs to take enhanced measures to manage and mitigate risks identified in the NRA. 2. FIs and DNFBPs to incorporate information regarding higher risks identified in the NRA in their own risk assessments. 	Legislation and guidance introduced	
5	FIs and DNFBPs are permitted to apply simplified CDD in exceptional circumstances. Thus its application is very restricted. However, there is no guidance explaining what constitutes exceptional circumstances.	Guidance in place	
6	The IoM has extended the exemptions provided for under the FATF standards in the AML/CFT Code and Online Gambling Code, although without demonstrating low risk or that the pre-conditions under the standard have been met.	Legislation introduced	
7	There is no specific requirement for risk assessments in the online gambling sector to be kept up-to-date and to provide risk assessments information to the GSC.	Legislation introduced	
8	There is no clear requirement to document and update risk assessments taking into consideration all necessary factors and that the policies, controls and procedures must be approved by senior management.	Legislation introduced	
9	The absence of general provision explicitly covering the confiscation of the laundered assets as the object of the (autonomous) ML offence (“corpus delicti”) in a stand-alone prosecution was identified as a deficiency in the previous MER (see para. 214). The conclusion of the previous assessment was that the relevant legal provisions of POCA 2008, CJA 1990 and the DTA 1996 need to be tested in stand-alone ML prosecutions or confirmed in authoritative doctrine, in order to ensure that the confiscation of laundered assets is applied. According to the 2013 IoM Progress Report, the jurisprudence is only being developed.	Not required. Powers have been used successfully	
10	There seems to be no framework for managing and overseeing the management of frozen, seized and confiscated property: a designated authority responsible for preserving and managing the property; sufficient resources to handle all aspects of the asset management (because of the maintenance and service cost the goods are left with the defendant); a mechanism ensuring the transparency and assessing the effectiveness of the system, etc.	Policies and strategies in place	

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
11	The confiscation of laundered property is not explicitly covered. Absence of general provisions explicitly covering the confiscation of the property that is the proceeds of, used in, or intended or allocated for use in the financing of terrorism, terrorist acts or terrorist organisations.	Not required as this is covered in legislation	
12	The FT offences do not criminalise the intentional financing of individual terrorists for purposes other than their use for terrorist acts. The criminalisation of the intentional financing of terrorist organisations for purposes other than their use for terrorist acts is limited to proscribed organisations (Part II of ATCA provides the list of proscribed organisations). The IoM legislation uses the concept of recklessness to criminalise the financing of an individual terrorist or an un-proscribed terrorist organisation in the absence of a link to a specific terrorist act or acts. However, the offences do not criminalise the funding of un-proscribed terrorist organisations for legitimate purposes (e.g. humanitarian aid).	Legislation introduced	√
13	There are no specific TF offence provisions which would include financing the travel of individuals who travel to a State other than their States of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts or the providing or receiving of terrorist training.	Legislation introduced	√
14	For UNSCR 1373, the freezing obligation does not cover a sufficiently broad range of assets under the EU framework (although subsequent regulations cover a wider range) in EU Reg. 2580/2001 art. 1(a) and art. 2(1)(a).	Legislative changes and guidance introduced	√
15	There are no publicly available procedures to deal with “false positives”.	Guidance in place	√
16	No guidance is available to financial sector and DNFBPs on obligations to respect de-listing or unfreezing action.	Guidance in place	√
17	The deficiencies identified under the supervisory regime apply under c.7.3.	Legislation introduced	
18	There is no formal publically known procedure to unfreeze the funds or other assets of persons or entities referred to under this criterion	Guidance in place	
19	Absence of clear provisions in the law with respect to requirements set out under c.7.5(b).	Legislation introduced	
20	The domestic analyses of the NPO sector did not take into account the non-charitable NPO sector. A reassessment of the NPO sector in the future should also encompass registered SNPOs.	Legislation introduced and review undertaken	
21	It is not clear if SNPOs are also obliged to maintain for at least 5 years: (i) information on persons who own, control or direct their activities; and (ii) annual financial statements. Such an obligation is not provided by the AML/CFT Code. Record keeping obligations do not apply to other non-SNPOs charities.	Legislation introduced	
22	There is no legislative requirement for non-charitable SNPOs to make available information on their administration and management. It is not clear if the authorities have access to this information nor what would be the source of such information.	Legislation introduced	
23	The information from the Central Registry does not cover the data on the identity of the persons who own, control or direct the activities or own the assets at the disposal of the SNPOs.	Legislation introduced	
24	There is no requirement in the AML/CFT Code to undertake CDD measures when there is suspicion of ML or TF.	Legislation introduced	

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
25	There is not a proven low risk of ML/FT for some CDD exemptions.	Review undertaken	
26	Pursuant to paras. 13(3)(a) and 13(3)(b) of the AML/CFT Code, FIs are required to: (a) verify that any person purporting to act on behalf of a legal person or legal arrangement is so authorised; and (b) identify that person and take reasonable measures to verify the identity of that person (rather than identify and verify the identity of that person - in line with the standard) using reliable and independent source documents. However, there is no obligation in the AML/CFT Code to apply such measures to a person purporting to act on behalf of customer who is an individual.	Legislation introduced	
27	Not all FIs are required to verify that any person purporting to act on behalf of an individual is so authorised or to identify and verify the identity of that person.	Legislation introduced	
28	As explained under c.1.6, the AML/CFT Code exempts (in strictly controlled circumstances) certain FIs from the requirement to identify and verify the identity of: (i) certain customers (and their beneficial owners or controllers) under para. 20; and (ii) persons on whose behalf a customer is acting under para. 21. Whilst these exemptions are considered to be in line with examples provided in the IN to R.10, para. 20 may be applied to lawyers and accountants that are not members of professional self-regulatory bodies and which have only very recently registered under the DBRO Act, and para. 21 may be applied where a customer acting on behalf of a third party has been assessed as posing a higher risk of ML/TF. This has a cascading effect on c.10.5.	Legislation introduced	
29	Regards Paras. 13(3)(c), (e) and (f) and 13(5) of the AML/CFT Code. Whilst the authorities have explained that it will be necessary to obtain information on classes of beneficiaries (and to have capacity to be able to establish the identity of any beneficiary in the future) in order to assess the risk of a business relationship or occasional transaction in respect of a trust (para. 7 of the AML/CFT Code), there is no explicit requirement to obtain and hold this information.	Legislation introduced	
30	Paras. 13(3)(c), (e) and (f) and 13(5) of the AML/CFT Code and guidance in the AML/CFT Handbook do not explain the additional measures that will be needed where the customer (trustee) is acting under para. 13(2)(c) on behalf of another person who is not an individual.	Legislation introduced	
31	Para. 13(4) of the AML/CFT Code requires an insurer to: (i) identify the beneficiaries of a life assurance policy; and (ii) verify the identity of each such beneficiary using relevant information obtained from a reliable, independent source - immediately prior to making any payment or loan. Art. 13(4) of the AML/CFT Code does not also cover other investment related insurance policies. Nor does this paragraph require a FI to obtain sufficient information to satisfy itself that it will be able to establish the identity of the beneficiary of a life assurance policy that is not specifically named but instead designated by characteristics, class or other means at the time of pay-out.	Legislation introduced	
32	The AML/CFT Code does not explicitly require information about the beneficiary of a life assurance policy to be taken into account as a relevant risk factor when considering whether there is a need to apply enhanced CDD measures at the start of, of during, a business relationship. Nor is there a requirement to identify or verify the identity of the beneficial owner of a beneficiary that is not an individual.	Legislation introduced	
33	There is a requirement to freeze rather than terminate an existing business relationship where CDD measures cannot be applied.	Cannot be actioned due to nature of insurance contracts	
34	There is no provision that allows FIs not to perform CDD under paras. 10 to 12 of the AML/CFT Code if this would result in the customer being tipped-off. However, where a FI identifies any suspicious activity, it is required only to consider obtaining enhanced CDD under para. 15(2).	Legislation introduced	

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
35	Under paras. 32 (a) and 33(1)(b) of the AML/CFT Code, FIs are required to keep all records obtained through CDD measures for at least five years following the termination of the business relationship or after the date of the occasional transaction. The authorities consider that such records will include business correspondence, analysis, account files etc. However, account files, business correspondence, and results of any analysis undertaken are separately addressed under paras. 32(b) and 33(1)(a) of the AML/CFT Code which states that they must be kept for at least five years following completion of a transaction. This differs to the standard which requires accounts files, business correspondence and analysis to be kept for at least five years following termination of a business relationship or after the date of an occasional transaction. Accordingly, material that is held on accounts files and in business correspondence that has not been collected through CDD measures may be destroyed ahead of the termination of a business relationship.	Legislation introduced	√
36	There is no requirement to determine whether the beneficial owner of a beneficiary of a life policy that is not an individual is a PEP.	Legislation introduced	√
37	There is no clear obligation for a payment service provider that operates through agents in the IoM to include agents in its AML/CFT programmes or to monitor them for compliance with these programmes.	Legislation introduced	
38	There is no requirement to ensure that cross-border wire transfers of EUR 1 000 are accompanied by the required beneficiary information.	Legislation introduced	√
39	There is no requirement to include beneficiary information in batch files.	Legislation introduced	√
40	Art. 3 of the EU Reg. on Wire Transfers sets the scope of the Reg. and includes some de minimis thresholds (applying to transfer of funds using electronic money or mobile phone or other digital advice). In such cases, Art. 5 no longer applies and so wire transfers need not be accompanied by complete information held on the payer. Under the EU Reg. on Wire Transfers, there is no requirement to ensure that such transfers are also accompanied by the required beneficiary information.	Legislation introduced	√
41	There is no requirement to verify payer information in case of transactions less than EUR 1,000 or where there is suspicion of ML/TF.	Legislation introduced	√
42	Whereas it is an offence to fail to comply with the EU Reg. on Wire Transfers or applicable requirements in the AML/CFT Code, the execution of wire transfers that do not comply with requirements specified under c.16.1 to c.16.7 is not prohibited. The lack of requirements relating to beneficiary information also indirectly affects this criterion.	Legislation introduced	√
43	Intermediary FIs are required to ensure that all originator information received and accompanying a wire transfer is kept with the transfer: Reg. 12 of the EU Reg. on Wire Transfers. However, there is no requirement to ensure that any accompanying beneficiary information is also retained with it.	Legislation introduced	√
44	If the intermediary FI utilises a payment system with technical limitations, it must make all information on the originator available to the beneficiary FI upon request, within three working days, and must keep records of all information received for five years: Reg. 13 of the EU Reg. on Wire Transfers. The lack of requirements relating to beneficiary information also indirectly affects this criterion.	Legislation introduced	√

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
45	There is no requirement for intermediary institutions to take reasonable measures to identify cross-border wire transfers that lack originator or required beneficiary information.	Legislation introduced	√
46	There is no requirement for intermediary institutions to have risk-based policies and procedures for determining when to execute, reject, or suspend a wire transfer lacking originator or beneficiary information, and when to take the appropriate action.	Legislation introduced	√
47	Beneficiary FIs are required to identify whether the fields containing required information on the originator have been completed, and to have effective procedures to identify whether the required originator information is missing: Reg. 8 of the EU Reg. on Wire Transfers; and Part 4 of the AML/CFT Code. However, there are no obligations for missing beneficiary information.	Legislation introduced	√
48	If the required originator information is missing or incomplete, beneficiary FIs are required to either reject the transfer or ask for complete information, and take appropriate follow-up action in cases where this is repeated: Reg. 9 of the EU Reg. on Wire Transfers. However, there are no obligations relating to cases where the necessary beneficiary information is missing.	Legislation introduced	√
49	The relevant reporting requirements in POCA 2008 and ATCA require MVTS providers to make an STR to the FIU in relation to any suspicious wire transfer. Where the MVTS provider controls both the ordering and beneficiary side of a wire transfer, there is no requirement to also file a STR where another country is affected by the suspicious wire transfer.	Not required, existing regulations deemed compliant by MONEYVAL	√
50	Reliance may be placed on a group third party that is not regulated, supervised or monitored.	Legislation introduced	√
51	Not all FIs are required to appoint a compliance officer at management level.	Legislation introduced	√
52	Not all FIs are required to have an independent audit function.	Legislation enacted but assessed as insufficient	
53	Notwithstanding requirements that are placed on branches and subsidiaries to take measures consistent with the AML/CFT Code (see below), there is no specific requirement in the AML/CFT Code for financial groups to have group-wide programmes against ML/TF.	Legislation introduced	
54	There is no requirement to apply additional measures to mitigate ML/TF risks where a branch or subsidiary is prevented by law from applying necessary CDD measures.	Legislation introduced	
55	For the tipping-off provision to apply, the disclosure to third parties must be 'likely to prejudice any investigation that might be conducted' following the disclosure to the FIU. The effect of this limitation is that the likelihood of prejudice to an investigation would not necessarily be as broad a prohibition as required by R. 21. Tipping off offences are too narrowly set.	Legislation introduced	
56	Although, the Online Gambling Code requires the licensee to have regard to the value of funds deposited, there is no mandated threshold for evidence of identity to be obtained on the placing of a deposit.	Legislation introduced	
57	There is no clear requirement in the Online Gambling Code to apply CDD measures where there is doubt about previously obtained data or suspicion of ML/TF.	Legislation introduced	

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
58	Para. 9(2)(c) and (d) of the Online Gambling Code requires a business (corporate) participant to verify that any person purporting to act on its behalf is authorised to do so and to take reasonable steps to verify the identity of that person (which is different to the standard which requires identity to be verified and does not refer to “reasonable steps”).	Legislation introduced	
59	The definition of “beneficial owner” in the Online Gambling Code is deficient since it means only the natural person who ultimately owns or controls a business participant, and not also the natural person on whose behalf a transaction is being conducted. This means that it is not necessary to identify or verify the identity of players that place bets through another gambling operator (known as a “business to business” relationship).	Legislation introduced	
60	There are no specific requirements in the Online Gambling Code for the identification and verification of individuals related to trusts or other types of legal arrangement.	Legislation introduced	
61	Para. 11 of the Online Gambling Code (on-going monitoring) does not require reviews of existing records (to ensure that they remain up to date) to take account of risk.	Legislation introduced	
62	There is no specific requirement in the Online Gambling Code to understand the nature of a participant’s business, to collect an address, to collect proof of existence, or to collect information on powers that regulate and bind a participant.	Legislation introduced	
63	The Online Gambling Code does not include a clear requirement for CDD measures to be applied to existing participants.	Legislation introduced	
64	Para. 6(3) of the Online Gambling Code requires an online gambling operator to comply with para. 10 (enhanced due diligence) in respect of a participant or business participant that has been assessed as posing a higher risk. This must always include taking reasonable measures to establish source of funds and source of wealth. However, it is only necessary to consider taking other measures, e.g. enhanced on-going monitoring (and not to actually apply those measures).	Requires further review	
65	There is no provision that allows an online gambling operator not to perform CDD if this would result in the participant being tipped off.	Legislation introduced	
66	Paras. 12 and 13 of the Online Gambling Code require: (i) all records of transactions to be kept for a period of 6 years after the person concerned ceases to be a participant; and (ii) records obtained through CDD measures to be kept indefinitely (since no period is specified). However, online gambling operators are not required to keep account files and business correspondence with customers.	Legislation introduced	
67	Para. 6 of the Online Gambling Code does not include a requirement: (i) to put in place risk management systems to determine whether a participant or the beneficial owner is a PEP; or (ii) to obtain senior management approval before establishing or continuing such business relationships. Nor are domestic PEPs covered by legislation.	Legislation introduced	
68	There is no requirement to identify and assess risks that may arise in relation to the development of new products and new business practices (though such risks will be identified where new or developing technology is used). Nor is the timing of the application of procedures and controls specified.	Legislation introduced	
69	See R.17 (reliance on third parties) for a description of these requirements (which apply to all DNFBPs except for online gambling operators).	Requires further review	
70	Online gambling operators are required to establish, maintain and operate procedures and controls under para. 4 of the Online Gambling Code that include: (i) screening procedures (para. 18); (ii) on-going training (para. 19); and (iii) procedures for monitoring and testing compliance with ML/TF requirements. However, with the exception of (iii), there is no requirement that such procedures and controls have regard to ML/TF risks or the size of the operator.	Legislation introduced	√

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
71	Online gambling operators are not required to appoint a compliance officer.	Legislation introduced	
72	Online gambling operators are not required to have an independent audit function to test the system.	Legislation enacted but assessed as insufficient	
73	There is no specific requirement in the Online Gambling Code to have group-wide programmes against ML/TF for online gambling.	Legislation enacted but assessed as insufficient	
74	The Online Gambling Code does not contain any specific requirement for branches and majority-owned subsidiaries of an online gambling operator.	Legislation introduced	
75	Para. 6 of the Online Gambling Code requires an online gambling operator to apply enhanced CDD with natural and legal persons resident or located in a country that the licence holder has reason to believe does not apply, or insufficiently applies, the FATF Recommendations). There are no measures in place to actively advise online gambling operators of any concerns about weaknesses in the AML/CFT systems of other countries.	Legislation and guidance introduced	
76	See R.21 (tipping off and confidentiality) for a description of these requirements.	Legislation introduced	
77	Guides and practice notes do not explain, or do not fully, explain the process followed for obtaining and recording beneficial ownership information.	Legislation introduced	√
78	There has been no formal assessment of the threats presented specifically by legal persons established under Manx legislation.	Review undertaken	√
79	Sec. 204 of the Companies Act 2006 allows a company to elect not to file a copy of its register of directors with the Central Registry. Whilst details of directors must be provided as part of its annual return, this information could be up to a year out of date.	Legislation is being drafted	
80	There is no register of general partnerships.	Not required as general partnerships do not have legal personality	
81	Limited partnerships are not required to register partnership deeds nor foundations required to register rules.	Legislation introduced	√
82	1931 companies are required to keep registers of directors and members in the IoM under sec. 143 and 96 of the Companies Act 1931 to 2004 respectively (at the registered office or other address notified to the Central Registry). However, there is no direct requirement for 1931 companies to keep a copy of the company's memorandum and Art.	Legislation is being drafted	
83	Whilst the LLC's legal form and status will be clear from the Art., there is no requirement to hold proof of registration or information on registered office address, nor for the Art. of organisation to be held in the IoM (though each change must be reported by the registered agent to the Central Registry within one month). As a result of CDD requirements in the AML/CFT Code, the registered agent must hold this information and documents (as the LLC is its customer), though not necessarily in the IoM.	Legislation is being drafted.	
84	For foundations - There is no requirement under the Act for: (i) proof of registration; or (ii) information on founders, enforcers or known beneficiaries to be held. Despite this, proof of registration and other information will be held by a registered agent about the foundation (its customer) in the IoM (as a result of CDD requirements in the AML/CFT Code), though not necessarily in the IoM.	Legislation introduced	

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
85	Whilst the general partner of a limited partnership (incorporated or otherwise) is implicitly required by virtue of sec. 50 and 51 of the Partnership Act 1909 to maintain a record of information set out in c.24.3 and of limited partners – there is no requirement for this information to be held in the IoM. However, information about general and limited partners is held at the Central Registry. No requirements are placed by statute on general partnerships to hold information set out in c.24.3 and c.24.4.	Not required as general partnerships do not have legal personality	
86	Not all basic information must be maintained by legal persons within the IoM.	Partly addressed by legislation. Further review required	
87	It is not clear when a change in a partner of a partnership becomes legally binding and enforceable and how such changes are reported to the partnership.	Not required as general partnerships do not have legal personality	
88	The Central Registry does not check the accuracy of basic information.	Legislation introduced	
89	The Central Registry does not ensure that information recorded by legal persons on categories of shares (including the nature of associated voting rights) is accurate and updated on a timely basis.	Legislation introduced	
90	The nominated officer is not required to hold on to beneficial ownership information that is provided in accordance with the law. Nor are all companies required to appoint a nominated officer: there are exemptions under: (i) CBO 2012, e.g. a company that is listed on a recognised exchange or which is a collective investment scheme; and (ii) the Companies (Beneficial Ownership) (Exemptions) Order 2013. This includes: public companies (i.e. companies not prohibited by their Articles from inviting the public to subscribe for any shares or debentures of the company); registered charities; companies promoting art, science, sport, commerce, charity or any profession; and entities licensed by the IOMFSA or GSC. Not all of these exemptions appear to be in line with the standard.	Legislation introduced	√
91	A limited partnership must maintain a place of business in the IoM but is not required to have a registered agent or to hold information on beneficial ownership at that place of business. No mechanisms are in place to ensure that information on the beneficial ownership of a general partnership is obtained and available at a specified location.	Legislation enacted but not for general partnerships as not required	
92	Under sec. 7(4) of the CBO 2012, a member of a 1931 company must notify the nominated officer within three months of any change in beneficial ownership of the company (but see deficiencies highlighted under c.24.6). This period is significantly longer than the time that is given to a company to notify the Central Registry of a change in legal ownership. Whilst this may reflect the different status of the person on whom the obligation is set (a 1931 company is regulated whereas its shareholders are not), three months is considered by evaluators to be too long a period.	Legislation introduced	√
93	As noted under c.24.6, no mechanisms are in place to ensure that information on the beneficial ownership of a partnership is obtained.	Not required as general partnerships do not have legal personality	
94	In the case of 1931 companies, the nominated officer must disclose, in accordance with any notice given, information the officer holds in respect of the beneficial ownership of the company specified or referred to in the notice. The nominated officer commits an offence if they, without reasonable excuse, fail to comply with the notice or make a statement, in response to receiving a notice, which is false, deceptive or misleading. In the case of basic information, the authorities have not explained what measures are used to ensure that companies cooperate with competent authorities to the fullest extent possible.	Legislation introduced and supervision/enforcement activity in place	

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
95	The authorities have not provided information on how it is ensured that partnerships cooperate with competent authorities.	Not required as general partnerships do not have legal personality	√
96	There are no requirements under CBO 2012 for a nominated officer to maintain information and records after a 1931 company has been dissolved or otherwise ceases to exist. Otherwise, the disposal of “books and papers” (including basic information) of a wound-up company is covered by the Companies Act 1931 to 2004. Under sec. 266 (which applies also to 2006 companies and may also (but need not) be applied “unregistered companies”), the person charged with keeping records will be “responsible” for their destruction if they are not retained for a period of 5 years post dissolution unless the Court or committee of inspection or creditors direct otherwise. However, it is not clear what the extent of this responsibility is, and how it will be enforced. In any event, sec. 266 does not set a direct requirement to keep records; nor is an offence committed where records are not kept. There are no specific provisions dealing with the retention of books or records in the case of a company that is struck-off, dissolved (simplified process), continued into another company, or merged with another company.	Legislation introduced	√
97	No record keeping requirements are placed on a foundation that is dissolved.	Legislation introduced	√
98	As noted under c.24.6, no mechanisms are in place to ensure that information on the beneficial ownership of a partnership is obtained.	Not required as general partnerships do not have legal personality	
99	As explained under c.24.6, a registered shareholder of a 1931 company is required to disclose the name of its “nominator” to the company’s nominated officer under the CBO 2012. However, this information is not also disclosed to the company or to the Central Registry to be included in the relevant register. Indeed, legislation may prevent disclosure of information on beneficial ownership since sec. 102 of the Companies Act 1931 to 2004 does not permit trusts to be entered on a register.	Legislation introduced	
100	There is no requirement for: (i) nominees carrying on business outside the IoM to be licensed where they hold shares or interests in IoM companies or partnerships; nor (ii) the nominee status of shares or interests held by a TCSP to be recorded in the Central Registry. Thus, there is no transparency provided for FIs, DNFBPs and other parties doing business with the company who might seek to verify beneficial ownership information by requesting an extract of the shareholders’ register or register held in the Central Registry.	Under review	
101	Liability and sanctions for failing to grant to competent authorities timely access to information are explained at c.25.8 where it is noted that the range of sanctions that can be applied by the FIU [old FCU] and law enforcement is not considered to be proportionate (particularly in a case where an offence is committed by a legal person).	Legislation introduced	
102	All outgoing requests for MLA are dealt with by the Legal Officer, International Cooperation, who reports to the relevant prosecutor when a response is received. Sometimes, the response is sent directly to the investigating officer who also reports to the relevant prosecutor. Chasing letters, or, if appropriate, emails, are sent if required. However, the authorities have not otherwise explained how the quality of assistance is monitored, except in the case of requests for cooperation under international tax arrangements.	Ongoing activity	
103	The GSC does not formally monitor the quality of assistance received from other countries.	Review undertaken	
104	Whilst the authorities have explained that it will be necessary to obtain information on classes of beneficiaries (and to have the capacity to be able to establish the identity of any beneficiary in the future) in order to assess the risk of a business relationship or occasional transaction in respect of a trust (para. 7 of the AML/CFT Code) there is no explicit requirement to obtain and hold this information.	Legislation introduced	√

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
105	Whilst the definition of “beneficial owner” in para. 3 of the AML/CFT Code means the natural person who ultimately owns or controls the customer or on whose behalf a transaction or activity is being conducted, paras. 13(3)(c), (e) and (f) and 13(5) of the AML/CFT Code and guidance in the AML/CFT Handbook do not explain the additional measures that will be needed where a person identified is not an individual.	Legislation introduced	√
106	As a matter of good practice, trustees resident outside the IoM and non-professional trustees in the IoM are likely to maintain records such as those required under c.25.1, but there is no legal obligation to do so or sanctions for non-compliance other than e.g. an action brought by a beneficiary for a breach of duty by the trustee.	Legislation introduced	√
107	There is no explicit requirement in the Trustee Act 2001 or implicit common law obligation requiring trustees to hold basic information on regulated agents of, and service providers to, the trust. However, there is a requirement in sec. 22 of the Trustee Act 2001 which requires a trustee to monitor the performance of its agents.	Legislation introduced	√
108	Professional trustees carrying on their business in, or from, the IoM are subject to the AML/CFT Code which requires records to be maintained, including information specified under this criterion, for at least 5 years after their involvement with the trust ceases (para. 33 of the AML/CFT Code). No similar provisions apply to the professional trustee of an express trust that is governed by the law of the IoM where the trustee is resident outside the IoM.	Legislation introduced	√
109	Where the trustee is subject to the AML/CFT Code, it must ensure that information held pursuant to this Recommendation is kept up-to-date and appropriate (para. 9(1)(a)). However, this requirement does not apply to the trustee of an express trust that is governed by the law of the IoM where the trustee is: (i) resident outside the IoM; or (ii) resident in the IoM but non-professional. As explained under c.25.1, there is no implicit obligation in common law to keep accurate and up to date information.	Legislation introduced	√
110	There is no general obligation placed on trustees to disclose their status when entering into a business relationship or conducting an occasional transaction with a FI or a DNFBP.	Legislation introduced	√
111	Application of the common law duty of confidentiality in respect of client information may prevent a trustee providing information to a FI or DNFBP, upon request, about the trust where terms of business (agreed with the customer) do not expressly address this area. In practice, where information cannot be provided, the FI or DNFBP would be unable to comply with the AML/CFT Code and required to freeze the relationship with the trustee and consider terminating it. Whilst it would not be practical for a trustee to withhold providing information, there is nevertheless an impediment to providing FIs and DNFBPs with information about a trust.	Legislation introduced	√
112	There is no offence for failing to comply with a production order (an order to produce material), failure to comply with a disclosure order (an order to answer questions, provide information or produce documents) is liable on conviction to custodial sentence not exceeding 6 months, a fine not exceeding GBP 5 000, or both. Under ATCA, failure to comply with a financial information order shall be liable on conviction to a fine not exceeding GBP5 000. The range of sanctions that can be applied by the FIU and law enforcement for failing to grant competent authorities timely access to information is not proportionate.	Legislation introduced	√
113	The IOMFSA is a single supervisory authority, which is charged with responsibility for the regulation and supervision of FIs under the FSA 2008 and DBRO Act. However, not all of the activities or operations listed in the FATF’s definition of “financial institution” are regulated or supervised. The effect of the scope gap is thought to be minor.	Legislation introduced	
114	As a result of exclusions included in the RAO 2011, the IOMFSA does not have the power to supervise compliance by a number of persons carrying on activities that are subject to the AML/CFT Code, but which are not also subject to the FSA 2008. In all but one case, the effect of the RAO 2011 appears to be to exclude activities from supervision which the evaluation team does not consider to be those undertaken by a FI (as defined by the FATF). The IOMFSA cannot supervise compliance with AML/CFT requirements by the manager of a single exempt scheme (a private collective investment scheme).	Legislation introduced	

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
115	No deficiency is described in the main text. The authorities have not provided evaluators with an explanation for the basis of a number licensing exemptions.	Explanation provided	
116	The IOMFSA has explained that planning of visits (by sector and across sectors) takes into account areas that it wishes to focus on, using its knowledge of where risks may be higher. At the time of the onsite visit, the basis for this risk assessment process had not yet been documented. However, the IOMFSA has not clearly articulated how the frequency and intensity of supervision takes account of the degree of discretion given to FIs in application of the AML/CFT Code – in particular reliance on third parties and application of exemptions (with greater focus expected on these areas for those institutions or groups exercising discretion), though these areas are considered in themed visits.	Data collected which is informing supervision	
117	As explained under c.26.1, the IOMFSA has responsibility for supervising and ensuring compliance by nearly all FIs (term as defined by the FATF) with AML/CFT requirements. Its powers derive from this responsibility. The effect of the scope gap identified at c.26.1 is thought to be minor.	Legislation introduced	
118	The IOMFSA is also able to compel production of information from any other person whom it has reason to believe holds relevant information when it is authorised to do so by a justice of the peace (magistrate) under para. 3. Similar powers are vested with the IOMFSA in para. 2 of Schedule 5 to the IA 2008 and sec. 15 of the DBRO Act except that, in both cases, the IOMFSA may direct any person whom it has reason to believe holds relevant information to secure that effect is given to a request. Failure to provide information is an offence. The IOMFSA is unable to compel every person who it has reason to believe holds relevant information to provide that information under the FSA 2008.	Not required as the IOMFSA is able to do this	
119	Sec. 10 of the OGRA also prohibits the GSC from approving a designated official (director of the licence holder) unless satisfied as to the individual's integrity and competence. However, these provisions do not clearly extend to "operators" (which may be different to licence holders and who may not also be owners, controllers or hold a management function).	Not required as GSC guidance explains that operators of an OGRA licence are not permitted	
120	Whereas sec. 5 of the CR 2011 empowers the GSC to carry out inspections of any casino for the purpose of ensuring that the CA 1986 and Regulations are observed, there is currently no direct provision in law to empower the GSC to conduct AML/CFT oversight. The GSC relies on licensing conditions to supervise online gambling operators and the IoM's casino for AML/CFT compliance.	Legislation introduced	
121	The IOMFSA is the designated authority to monitor and ensure compliance of DNFBPs (except gambling) with AML/CFT requirements. TCSPs are regulated and supervised under the FSA 2008 in line with other "regulated activities" and other DNFBPs (as defined by the FATF) are supervised for AML/CFT purposes under the DBRO Act 2015. However, it is noted that acting as a partner is not regulated or supervised under Class 4 of the FSA 2008. Acting as a partner of a partnership is not regulated or supervised by the IOMFSA.	Not required as acting as a partner for a partnership is not a business activity in its own right	
122	The IOMFSA has not clearly articulated how the frequency and intensity of supervision takes account of the degree of discretion given to DNFBPs in application of the AML/CFT Code – in particular reliance on third parties and application of exemptions (with greater focus expected on these areas for those institutions or groups exercising discretion).	Data is collected and used to inform supervision	
123	There is no requirement in law for the FIU to undertake strategic analysis. The strategic analysis conducted by the FIU is limited in nature.	Requirement is in the law. The FIU conducts strategic analysis	√
124	All declarations received by CED were previously routed to the FCU. Although the FIU established under the new FIU Act 2016 continues to receive cash declarations, as a separate organisation in its own right, it will require an order extending sec. 174B to it, and it is probable that a MoU will have to be agreed to formalise existing arrangements.	Legislation introduced and MOUs are in place	√

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
125	There is no provision in CEMA requiring the CED to maintain records on: I. declarations; II. false declarations; or III. ML/TF suspicions. However, declarations received by the CED are passed to, collated by, and maintained within the FCU, although without a legal provision in CEMA to do so (given the new FIU Act 2016, as noted under c.32.6).	Legislation introduced	√
126	It appears that the FCU had no readily available statistics on ML/TF investigations resulting from a SAR up until recently and a new core IT system is intended to be implemented to capture and collate statistics from different areas.	Statistics are being kept centrally by the FIU	√
127	Property frozen; seized and confiscated – Statistics on frozen, seized and confiscated property is held by the Prosecution Division of the AGC. The NRA, however, recognises existing difficulties in collecting proper statistics on bulk cash smuggling cases and detected amounts as well as the absence of historical records of detected amounts.	Statistics are being kept centrally by the FIU	√
128	MLA or other international requests for cooperation made and received - Statistics are maintained by the AGC in relation to MLA requests made and received. Records include the date the request is made and received, the unique reference allocated to it, the requesting country, the name of the person or entity and type of offence involved. The NRA, however, acknowledges that there is a need for such statistics to be kept centrally and updated regularly so that numbers received/responded to and the effectiveness of the IoM's response (including the timeframe) can be monitored at a national level.	Statistics are being kept centrally by the FIU	√
129	Sector specific guidance in respect of virtual currency business is at an advanced stage of drafting. It had not been published at the time of the on-site visit.	Guidance has been published	
130	Guidance Notes have also been published for the purpose of providing "binding guidance" for insurers undertaking long-term business. These came into force in September 2008 and so may not reflect current statutory requirements. They do not also cover insurance managers.	New Guidance has been published	
131	The AML/CFT Handbook published by the IOMFSA has yet to be updated to take account of the NRA.	Ongoing. The Handbook is being updated to reflect the 2020 NRA	
132	The FIU does not routinely publish typologies drawn from its analysis of STRs.	Typologies have been published	
133	No evidence has been provided of guidance and feedback provided by other competent authorities during the period under review. Information has not been provided on feedback provided by all competent authorities.	Guidance is available	
134	Unlike for the IA 2008, there is no provision under the FSA 2008 to apply a penalty also to a controller, director, chief executive or senior manager of the licence holder.	The Act allows the application of civil penalties	
135	The GSC does not have administrative fines at its disposal to promote compliance by online gambling operators with the AML/CFT regime. Limited administrative powers are available to the GSC.	Legislation introduced	√

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
136	Re: Casinos -The insular authorities have advised the evaluation team that it is unclear whether a complaint from the GSC’s inspectors relating to AML/CFT matters would be an acceptable complaint to trigger an inquiry.	Legislation introduced	√
137	Administrative fines are not at the disposal of the GSC to promote compliance by the casino with the AML/CFT regime.	Legislation introduced	√
138	There is no tipping-off offence under the ATCA.	Legislation introduced	
139	Sanctions may not be applied to directors and senior management under the DBRO Act.	Sanctions do apply under the DBRO Act	
140	Civil penalties may not be applied to directors and senior management under the FSA 2008.	The Act allows application of civil penalties	
141	CJA sets out the limited circumstances where mutual legal assistance cannot be given due to the fiscal nature of the relevant offences.	Legislation introduced	
142	The deficiency noted in the 2009 IMF report with respect to extraterritoriality remains valid.	Legislation introduced	
143	IoM law provides that acts undertaken or threats made with the intention of advancing a political, religious, racial or ideological cause would constitute “terrorism”. This approach, which adds an element not set forth directly in the TF Convention, is adopted to ensure that the generic definition of terrorism is not used in circumstances where it was not intended. The authorities should assess the advantage of this approach in implementing the Convention, and ensure that the IoM’s ability to prosecute in factual settings contemplated by the Convention will not be negatively impacted. This mental element does not apply to any activity which would constitute a “Convention offence.	No indication that there is a negative impact	
144	As regards implementation of the Palermo Convention, in the 2009 Report the assessors found that the IoM had partly implemented the FATF Recommendations. Therefore, improvements in the laws were required in self-laundering for the acts of acquiring, possessing, or using criminal proceeds, and in the measures taken for the confiscation of proceeds of crime and instrumentalities used/intended for use in the crime, so as to comply fully with all provisions of the Convention. In addition, the 2011 ATCA (Amendment) inserted several new provisions into sec. 10 of the ATCA, addressing the concerns related to the requirements of proof for the material elements of the ML offences, which formulated in its 2009 Report. Respectively, the deficiency identified in its 2009 Report related to the defence of payment of an ‘adequate consideration’ has been addressed. Nonetheless, as regards the confiscation of “laundered property”, the situation remains mainly unchanged since the previous assessment (see analysis under Recommendation 4, criterion 4.1(a)).	No indication that there is a negative impact	
145	There are no formal rules in processing MLA requests.	Processes have been put in place	
146	Sec. 21(7) of the CJA sets out the limited circumstances where mutual legal assistance cannot be given due to the fiscal nature of the relevant offences.	Legislation introduced	
147	There are no formal arrangements for coordinating seizure and confiscation actions with other countries.	No barriers to coordination exist	
148	There are no formal rules directing the method by, or timeframes in which, MLA requests should be executed by the AGC.	Processes have been put in place	√

Table 3: MONEYVAL TECHNICAL RECOMMENDATIONS – Summary of Actions Taken

No.	Requirement	Status	MONEYVAL Re-rated
149	No formal processes for information shared requests exist in law with respect to the GSC.	Powers already exist in Schedule 2 of the Gambling Supervision Act	√
150	It remains unclear whether the FIU has relevant processes to prioritise and respond to requests on a timely basis.	Processes have been put in place	√
151	The FIU has not until recently sought feedback on outcomes resulting from information provided, however work is underway to embed routine feedback.	Feedback is routinely sought	√
152	Sec. 34(3) of the FSA 2008 allows the IOMFSA to exercise powers conferred on it by that Act for the purpose of investigating any circumstances referred to in a request from a regulatory authority with which the IOMFSA has a mutual assistance agreement. Sec. 34(2) of the FSA Act also permits spontaneous exchange of information by the IOMFSA where it has a mutual assistance agreement with an overseas regulator. Furthermore, paragraph 2(5) of Schedule 5 permits the disclosure of information by the IOMFSA on request to an overseas regulatory authority where information disclosed relates to the IOMFSA's regulation and supervision of persons undertaking regulated activities. Based on these provisions assistance could be provided.	No deficiencies are identified in the recommended action	
153	The IOMFSA is able to exchange with foreign counterparts information domestically available to it including information held by FIs using the powers and gateways set out under c.40.12, specifically using the powers of inspection and investigation provided in Schedule 2 of the FSA 2008 and Schedule 5 of the IA 2008 and the gateways of disclosure set out in Schedule 5 of the FSA 2008 and Schedule 6 of IA 2008.	No deficiencies are identified in the recommended action	
154	When relevant for AML/CFT purposes, the IOMFSA is in a position to exchange: (i) regulatory information; (ii) prudential information; and (iii) AML/CFT information.	No deficiencies are identified in the recommended action	
155	In the case of the DBRO Act, the IOMFSA's function is limited to assessing compliance with IoM AML/CFT legislation only and there are no separate provisions dealing with mutual assistance (as there are in other law) which consequently might limit providing international cooperation to an overseas regulator.	Requires further review	



Isle of Man
Government

Keillyn Eilan Vannin

Cabinet Office

Oik Coonceil ny Shirveishee
