



**Isle of Man  
Government**

*Reiltys Ellan Vannin*

# FINANCIAL CRIME STRATEGY

2024 - 2026

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# Foreword

I am pleased to deliver this fourth Financial Crime Strategy for the Isle of Man, which has been adopted as a political priority at the highest level by the Isle of Man Council of Ministers. The Strategy aims to provide clear guidance for all Isle of Man institutions and business sectors (as well as individual citizens) so that everyone can take action to minimise financial crime risks.

Financial crime is not victimless. Though individual offences may take place in secrecy and far from Isle of Man shores, money laundering enables crimes that generate illegal funds and can have a devastating impact on the lives of the individuals and communities affected.

The Isle of Man takes its international responsibilities seriously. As an International Finance Centre, the Island recognises it must maintain high standards and we will continue to maintain a robust framework that means that criminals are deterred from conducting illegal activity. Additionally, we are fully committed to maintaining our understanding of the developments in global regulation and enforcement techniques – and will continue to act quickly to strengthen our laws where needed.

That said, it is important to also note that the Island is a jurisdiction that is open and welcoming for all international business sectors – and we will also continue to provide the best possible circumstances for businesses to thrive.

The Isle of Man is a stable, well-regulated jurisdiction with a long history of democratic rule and the rule of law – but we continue to be mindful that we should not be complacent about the need to regulate, detect and enforce against financial crime activity.

It is therefore crucial that Government, business, regulators and law enforcement agencies continue to work together to ensure that our Island is as safe as possible from the insidious effects of financial crime. We hope that this updated strategy goes some way to making that happen.

## Chief Minister

Hon Alfred Cannan MHK



# Executive Summary

## Scope

The scope of this Strategy is the combatting of: –

- money laundering (“ML”);
- terrorist financing (“TF”); and
- financing the proliferation of weapons of mass destruction (“PF”).

## Mission Statement

The Island’s Mission Statement for the 2024-2026 Financial Crime Strategy of ‘An all-Island approach to tackling financial crime’.

## Aims

For the Isle of Man to achieve its mission statement of delivering an all-Island approach to tackling financial crime, the following aims will be achieved:

1. Public sector and industry work together to achieve a common goal of meeting international standards .
2. Actions are informed and driven by best practice and standards, both domestic and internationally.
3. The Island is an active participant in the global fight against financial crime.
4. All stakeholders have the resources they need to effectively identify and respond to ML/TF/PF threats.

## Strategic Objectives

The aims, and ultimately the mission statement, will be achieved through the public and private sector working together towards achieving the following Strategic Objectives.

The Isle of Man will:

1. Continue to meet the highest international standards, adapting or updating our approach in line with changes or developments.

2. Use a risk-based approach to identify risk, coordinate appropriate actions and apply resources to ensure identified risk is addressed and mitigated.
3. Proactively share and seek knowledge and expertise to ensure our response is underpinned by best practice.
4. Ensure that our supervisory authorities are empowered and appropriately resourced to inspect, detect, investigate and, where appropriate, sanction instances of non-compliance with ML/TF/PF preventative measures.
5. Ensure that our law enforcement and justice systems are empowered to detect, investigate and, where appropriate, prosecute ML/TF/PF, appropriately sentence offenders and to confiscate or forfeit illegally obtained assets.
6. Fully understand the immediate, emerging and ongoing threats posed by financial crime using a broad spectrum of metrics, data and statistics and conducting strategic analysis.
7. Remain vigilant and responsive to the threats to the Island arising from terrorist financing and financing the proliferation of weapons of mass destruction.
8. Embed a cycle of continuous improvement across the Isle of Man to address financial crime

The eight Strategic Objectives will be delivered through a structured work programme – or **National Financial Crime Action Plan**.

## **Beyond the Strategy**

Recognising the continuously evolving landscape of ML/TF/PF, the Financial Crime Strategy, its strategic objectives and actions, will be reviewed:

- Annually; or
- In response to a significant global event (for example but not limited to a major terrorist or conflict event, political change or global economic instability or market crash); or
- In response to a significant domestic event such as a major international money laundering or terrorist financing prosecution;
- In response to the identification by the National Risk Assessment of a substantial emerging threat not previously considered or recognised following the next Mutual Evaluation. The National Risk Assessment is reviewed every two years

The National Action Plan is a living document and will be updated in line with outcomes from risk assessments and as actions are delivered.

## **Measuring Success**

A number of metrics and key performance indicators have been identified to demonstrate success in achieving the Strategic Objectives.

## **Money Laundering, Terrorist Financing and Financing the Proliferation of Weapons of Mass Destruction**

The National Risk Assessment of Money Laundering and the Financing of Terrorism 2020 identifies international ML 'where the wide range of financial and non-financial services available in the IoM may be used to launder the proceeds derived from

foreign predicate offending' as the main threat to the Isle of Man, given its position as an International Finance Centre.

The top suspected predicate offences for ML reported to the Financial Intelligence Unit via Suspicious Activity Reports or Suspicious Transaction Reports are Fraud, Bribery and Corruption, and Tax Crimes.

ML and TF are not stand-alone offences, separate from each other; rather ML is a facilitator of TF. Therefore, while the 2020 NRA identified the TF risk to the IOM as Medium Low TF cannot be viewed in isolation and the same mechanisms that disguise the source of illicit assets also have the potential to disguise TF funding.

As with TF, those seeking to engage in PF will seek to disguise either the source or destination of the funds involved and the same mechanisms that disguise the source of illicit assets also have the potential to disguise PF funding.

**In recognition of the findings of the 2020 NRA and the changing environment, the 2024 – 2026 Financial Crime Strategy places an increased emphasis on working closely with industry to address existing and emerging threats in a timely and responsive manner.**

## **The Island's Key Regulated Sectors and Size**

As an International Finance Centre, the Isle of Man's economy is reliant on the financial services and e-Gaming sectors for a large percentage of its national income.

Insurance, e-Gaming and Banking together account for almost 40% of the Isle of Man's economy.

'Professional Services' accounts for a further 12%.

In addition, a number of new sectors including medicinal cannabis, fintech and insuretech are emerging.

## **The Island's Journey**

The Island's financial crime regime was first

evaluated by the International Monetary Fund in 2002. It has evolved to keep pace with global developments and changes to the regulatory framework.

## **Addressing ML/TF/PF in the Isle of Man**

The Isle of Man's AML/CFT/CPF regime is based on the **Financial Action Task Force's (FATF)** "International Standards on Combating Money Laundering and the Financing of Terrorism", also referred to as the FATF Recommendations. The FATF Recommendations "set an international standard, which countries should implement through measures adapted to their particular circumstances".

The FATF Recommendations are realised through the collaboration of a number of **specialist agencies**, namely law enforcement, prosecution and asset recovery, regulators, policy areas and industry representatives.

### **These agencies include:**

Cabinet Office

Attorney General's Chambers

Isle of Man Constabulary

Department for Enterprise

Financial Intelligence Unit

Financial Services Authority

Gambling Supervision Commission

Department of Home Affairs

Treasury

Political ownership is through the **Council of Ministers**, who delegate day to day policy to the **Economic Strategy Board (ESB)**, the political sponsor. ESB is chaired by the Chief Minister. A full list of attendees is provided.

The **Financial Crime Strategic Board**, set up after the last MONEYVAL Mutual Evaluation, comprising representatives from all relevant authorities and chaired by the Cabinet Office

Chief Executive, provides strategic direction. The Financial Crime Strategic Board also monitors the implementation and delivery of the Financial Crime Strategy.

The Financial Crime Strategic Board is informed by operational expertise agreed at **Effectiveness Group**, comprising technical specialists from each of the agencies represented on Financial Crime Strategic Board.

Industry also has a role to play. Without their vigilance and strong processes and governance structures, the Island would be vulnerable. An **AML/CFT/CPF Advisory Group**, comprising representatives from across industry and relevant agencies, meets quarterly to discuss relevant AML/CFT/CPF issues and share information and expertise.

Regulated businesses play a vital role in protecting the Isle of Man from financial crime. They will often be our 'eyes and ears'; to do this effectively the terms of their regulation (in the form of the AML and CFT Code 2019 and the Gambling (AML and CFT) Code 2019 ) conveys a number of expectations on them.

AML/CFT/CPF is further governed by a wide-reaching range of legislation, regulation, policies, procedures and guidance, all of which combine to provide a strong technical framework.

## Section One - Scope

The scope of this Strategy is the combatting of: –

- money laundering (“ML”);
- terrorist financing (“TF”); and
- financing the proliferation of weapons of mass destruction (“PF”).

For convenience, these offences are collectively referred to as ML/TF/PF.

Domestic crime such as fraud, theft, contravention of Financial Regulations or domestic bribery and corruption is outside the scope of this Strategy. It should also be noted that, while tax crime does not fall directly within the scope of ‘financial crime’ - however, tax crimes are predicate offences for money laundering. Therefore, the work of the Isle of Man Government Income Tax Division will also be key to the Isle of Man’s approach to tackling financial crime.

### **International Standards<sup>1</sup>**

The international standards applied by the Isle of Man in respect of its anti-money laundering, countering the financing of terrorism and countering financing the proliferation of weapons of mass destruction (collectively referred to as AML/CFT/CFP) are laid out by the Financial Action Task Force (FATF) an independent standard-setting body that leads the international fight against money laundering and terrorist financing, through the implementation of the FATF 40 recommendations and 11 immediate outcomes.

MONEYVAL is a Council of Europe committee that oversees the implementation of the standards set by the FATF for many European countries, including the Isle of Man, through a programme of periodic reviews referred to as ‘Mutual Evaluations’.

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1 <https://www.gov.im/about-the-government/departments/cabinet-office/fatf-and-moneyval/>



## Section Two - Mission Statement, Aims and Strategic Objectives

The Financial Crime Strategy comprises five elements, namely:

- Mission Statement
- Aims
- Strategic Objectives
- Actions
- Measures of Success

Section Two provides an overview of the Mission Statement, Aims and Strategic Objectives.

Section Three outlines the Actions that together will achieve the Strategic Objectives.

Section Four outlines factors that may trigger a review of the Strategy and how the Actions will be incorporated into a National Action Plan.

The Measures of Success for each Action can be found at Section Five, Appendix 1 with the remainder of the Appendices providing background and contextual information.

### Mission Statement

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Our Island Plan outlines that securing a **“Strong and Diverse Economy”** is closely linked to “... continually and consistently meeting global standards – as well as maintaining and enhancing our reputation as an internationally responsible ... jurisdiction.”

As a small jurisdiction, the Island benefits from collaborative working across industry and the public sector to combat ML/TF/PF. To ensure that these offences are recognised, reported, investigated and prosecuted, every sector, organisation and individual must therefore play their part.

The Isle of Man takes its international responsibilities seriously, with a strong technical framework of legislation and regulations that is currently compliant (or largely compliant) with 39 of the Financial Action Task Force’s (FATF)<sup>1</sup> 40 recommendations<sup>2</sup>.

This is reflected in the Island’s Mission Statement for the 2024-2026 Financial Crime Strategy of **‘An all-Island approach to tackling financial crime’**.

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1 <https://www.fatf-gafi.org/en/home.html>

2 <https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf>

## Aims

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For the Isle of Man to achieve its mission statement of delivering an all-Island approach to tackling financial crime, the following aims will be achieved:



1

Public sector and industry work together to achieve a common goal of meeting international standards.



2

Actions are informed and driven by best practice and standards, both domestic and internationally.



3

The Island is an active participant in the global fight against financial crime.



4

All stakeholders have the resources they need to effectively identify and respond to ML/TF/PF threats

## Strategic Objectives

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The aims, and ultimately the mission statement, will be achieved through the public and private sector working together towards achieving the following Strategic Objectives.

The Isle of Man will:



## Section Three – Achieving the Strategic Objectives

The eight Strategic Objectives will be delivered through a structured work programme – or **National Financial Crime Action Plan** which will be published in due course.

The National Action Plan will set out the individual activities that agencies will be delivering that together achieve the Strategic Objectives. These activities are SMART, ie Specific, Measurable, Achievable, Realistic and Time-Bound. Ownership for each activity will be assigned and the National Action Plan will be continuously monitored and progress recorded.

Accountability for the delivery of the strategic objectives and action plan will be through the Isle of Man Government Cabinet Office – who will coordinate the policy development, detection and enforcement programme with a range of partners – for example agencies, authorities, Departments, Boards or Offices as required.

We will continue to meet our international obligations around tackling financial crime through the delivery of these tangible outputs against the eight strategic objectives:

### **1. Continue to meet the highest international standards, adapting or updating our approach in line with changes or developments. We will achieve this by:**

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- a. Providing compelling evidence of the effectiveness of our anti-money laundering, countering the financing of terrorism and countering the financing of proliferation of weapons of mass destruction (AML/CFT/CFP) regime at the next MONEYVAL<sup>1</sup> Mutual Evaluation and continuing to address any deficiencies identified.
- b. Continuously measuring progress against both the existing and the new, yet to be ratified, FATF 11 Immediate Outcomes to re-inform risk and priorities.
- c. Continuing to work towards delivering an accessible Register of Beneficial Ownership in accordance with applicable legislation and international standards <sup>2</sup>.
- d. Coordinating activity across the Isle of Man to ensure a consistent and coherent approach by all agencies and industry bodies, including the introduction or updating of policies and procedures to facilitate cross-agency working.
- e. Continuing to reduce avenues that facilitate legal persons and arrangements to be used or misused for ML/TF/PF.
- f. Addressing the threats posed by professional enablers of ML/TF/PF.
- g. Addressing threats in relation to ML/TF/PF arising from kleptocracy or other corrupt political elites.
- h. Continuing to participate pro-actively in MONEYVAL and other international forums.

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<sup>1</sup> <https://www.coe.int/en/web/moneyval>

<sup>2</sup> Referenced in the UK Economic Crime Plan 2023 – 2026 (p. 67, action #32).

## **2. Use a risk-based approach to identify risk, coordinate appropriate actions and apply resources to ensure identified risk is addressed and mitigated. We will achieve this by:**

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- a. Conducting a National Risk Assessment<sup>3</sup> underpinned by sectoral and focussed risk assessments and addressing the risks identified on a bi-annual basis<sup>4</sup>.
- b. Updating risk assessments to keep pace with emerging sectors and technologies, both as potential threats and mitigations.
- c. Delivering and publishing an 'Isle of Man Risk Appetite' across all sectors, and applying it consistently.
- c. Targeting our resources towards those sectors, organisations and individuals that represent the greatest risk.
- d. Utilising information emerging from Sectoral and National Risk Assessments to implement preventive measures to mitigate risk.
- e. Utilising information emerging from Sectoral and National Risk Assessments to provide advice and guidance to industry, and where relevant wider society, on preventive measures to mitigate risk.
- f. Recognising, quantifying and mitigating specific risks associated with the Island's position as an International Finance Centre to prevent Isle of Man businesses or services being used or abused by those wishing to launder the proceeds of crime or to finance terrorism or the proliferation of weapons of mass destruction.

## **3. Proactively share and seek knowledge and expertise to ensure our response is underpinned by best practice. We will achieve this by:**

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- a. Maintaining our existing provision of international cooperation, developing or strengthening existing networks where necessary.
- b. Utilising the knowledge and expertise within the private sector; facilitating cooperation and knowledge sharing between industry and the public sector to ensure a collaborative all-Island approach, including through the use of the Isle of Man Financial Crime Partnership (IOMFCP) and via the platform of the AML Advisory Group<sup>5</sup>.
- c. Working with industry to identify new and emerging threats; sharing knowledge to ensure these are addressed at the earliest opportunity and necessary controls applied.
- d. Ensuring that industry is provided with, and governed by, clear regulations, guidance and feedback, including the consequences of non-compliance. Applying these consistently, in a clear and transparent manner and updating where necessary.
- e. Engaging early with all relevant stakeholders in the case of changes to codes, regulations, standards or guidance to educate, support and guide.
- f. Delivering a comprehensive and targeted programme of engagement with all stakeholders to share information and updates.
- g. Facilitating cooperation and information sharing between agencies and other relevant

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3 FAFT guidance states that "A risk assessment allows countries to identify, assess and understand its money laundering and terrorist financing risks. Once these risks are properly understood, countries can apply AML/CFT measures that correspond to the level of risk, in other words: the risk-based approach (RBA)".

4 <https://www.gov.im/about-the-government/departments/cabinet-office/national-risk-assessment/>

5 <https://www.gov.im/about-the-government/departments/cabinet-office/amlcft-advisory-group/>

- bodies through the review and development of policies, data sharing agreements and memoranda of understanding.
- h. Maintaining positive and constructive relationships with relevant agencies in the UK<sup>6</sup> and further afield and developing new relationships.
- i. Attracting and retaining AML/CFT/CFP expertise to the Isle of Man within the public and private sectors.

#### **4. Ensure that our supervisory authorities are empowered and appropriately resourced to inspect, detect, investigate and, where appropriate, sanction instances of non-compliance with ML/TF/PF preventative measures. We will achieve this by:**

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- a. Ensuring the appropriate number and calibre of resources are allocated to AML/CFT/CFP inspection, investigation and enforcement work.
- b. Utilising the full range of statistical data available from internal sources as well as partner agencies to inform strategies, policies and actions.
- c. Reviewing our existing legislation, regulation, policies and procedures to ensure that they support our inspection, investigation and enforcement work.
- d. Where changes to legislation or regulation are indicated, engaging with stakeholders at the earliest opportunity.
- e. Conducting AML/CFT/CFP inspections using risk-based methodologies.
- f. Utilising the full suite of available sanctions for tackling non-compliance, and ensuring that penalties are proportionate and dissuasive.
- g. Establishing and maintaining effective agreements for cooperation with regulatory counterparts and law enforcement agencies.

#### **5. Ensure that our law enforcement and justice systems are empowered to detect, investigate and, where appropriate, prosecute ML/TF/PF, appropriately sentence offenders and to confiscate or forfeit illegally obtained assets. We will achieve this by:**

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- a. Reviewing our existing legislation, regulation, structures, policies and procedures to ensure that they support a swift and effective response by all responsible agencies to wrongdoing, meet international standards and utilise best practice.
- b. Utilising the full range of statistical data available from internal sources as well as partner agencies to inform strategies, policies and actions.
- c. Where changes to legislation or regulation are indicated, engaging with stakeholders at the earliest opportunity.
- d. Facilitating and supporting the Financial Intelligence Unit as the national central authority to access the widest possible range of financial information to develop international standalone ML/TF/PF investigations and prosecutions.
- e. Continuing to work collaboratively across

<sup>6</sup> Thereby aligning the Isle of Man's Financial Crime Strategy with the UK's Economic Crime Plan 2023 – 2026 (p. 64, para. 5.5, p. 66, action #31)

- agencies to enhance the effectiveness of the Isle of Man's sanctions regime.
- f. Supporting and improving international engagement, including international Tax authorities in the pursuit of identifying cases of international ML/TF/PF.
  - g. Further supporting and developing the IOMFCP to leverage the knowledge and expertise of private partners.
  - h. Supporting the growth and development of the Isle of Man Constabulary's Proactive International Money Laundering Investigation Team (PIMLIT) to deliver effective investigations and prosecutions of serious and complex cases of international standalone money laundering.
  - i. Undertaking parallel financial investigations in serious financial crime cases and prioritising the detection of assets that are the proceeds of crime.
  - j. Developing and utilising civil forfeiture / recovery and confiscation measures, to prioritise asset recovery within the Financial Intelligence Unit (FIU), law enforcement authorities (LEAs) and the Attorney General's Chambers (AG).
  - k. Addressing recruitment and retention challenges to properly equip FIU, LEA and AG to detect, investigate and prosecute ML/TF/PF.
  - l. Engaging proactively with private partners to leverage their knowledge and expertise in the pursuit of standalone ML/TF/PF investigations and prosecutions.
  - m. Supporting the development of digital innovation in the pursuit of financial information and evidence.
  - n. Establishing multi-jurisdictional forums across law enforcement and prosecution teams to ensure a consistent and collaborative approach.
  - o. Maintaining and enhancing the multi-jurisdictional relationships which already exist.

## **6. Fully understand the immediate, emerging and ongoing threats posed by financial crime using a broad spectrum of metrics, data and statistics, and conducting strategic analysis. We will achieve this by:**

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- a. Reviewing and updating our National Risk Assessment.
- b. Using and disseminating information derived from the National Risk Assessment to strengthen the Island's response to emerging threats.
- c. Developing and disseminating a comprehensive and easily understood template for statistics collection for agencies and industry stakeholders.
- d. Developing or introducing systems and technology for comprehensive, consistent and systematic collection, strategic analysis and reporting of statistics on matters relevant to the effectiveness and efficiency of AML/CFT/CFP systems and processes.
- e. Conducting regular and detailed strategic analysis of statistics collected to identify areas where resources and efforts must be targeted and to demonstrate improvement of effectiveness.
- f. Implementing measures to ensure the accuracy of data that we hold.
- g. Ensuring and evidencing that strategic and operational decisions are underpinned by sound and meaningful data.

## **7. Remain vigilant and responsive to the threats to the Island arising from terrorist financing and financing the proliferation of weapons of mass destruction. We will achieve this by:**

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- a. Improving information sharing on potential TF and PF threats via the forum of the IOMFCP and AML Advisory Group, ensuring that industry bodies remain aware of TF and PF risks.
- b. Updating all stakeholders in relation to emerging risks and TF and PF typologies by conducting updated Risk Assessments in relation to the threat of TF and PF in the Isle of Man.
- c. Using and disseminating information derived from TF and PF Risk Assessments to deliver a TF strategy, agency policies and strengthen the Island's response to emerging threats.
- d. Maintaining and disseminating information regarding emerging and changing global TF and PF threats through ongoing research and monitoring.
- e. Developing a comprehensive understanding of Non-Profit Organisations (NPOs) in the Isle of Man and their remit (because of the specific threat from money-laundering and terrorist financing activity through these types of organisation)
- f. Continuing to work with NPOs to share information on the threats from TF and PF.
- g. Regularly reviewing legislation and regulation relating to NPOs.
- h. Agreeing clear procedures and memoranda of understanding between all agencies involved in developing and enforcing financial sanctions relating to TF and PF.
- i. Ensuring the timely implementation of UN TF/ PF sanctions and monitoring of international events.
- j. Conducting regular research in relation to FATF standards and the approach of comparable jurisdictions.
- k. Maintaining and continually improving information sharing with international organisations like the UK's counter-terrorist organisations.

## **8. Embed a cycle of continuous improvement across the Isle of Man to address financial crime. We will achieve this by:**

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- a. Embedding systems for developing, reviewing and updating where necessary legislation, structures, Memoranda of Understanding, policies and procedures to ensure they continue to meet our needs and support agencies (and thereby the Isle of Man) in meeting international standards.
- b. Reviewing the Isle of Man Financial Crime Strategy annually, or at defined trigger points, to ensure that it reflects the changing landscape.
- c. Developing and implementing procedures and guidance whereby the strategies and policies of individual agencies align with the Financial Crime Strategy and each other to deliver a consistent and coherent response.
- d. Enhancing methods and metrics to identify and address existing and emerging threats and high risk situations.
- e. Continuously building knowledge and expertise in agencies to respond effectively to the threats emerging from new technologies.
- f. Maintaining a level of resourcing for all agencies that keeps pace with developments and a changing environment.
- g. Continuing to update the National Risk Assessment to understand the latest risks.



## Section Four – Beyond the Strategy

Recognising the continuously evolving landscape of ML/TF/PF, the Financial Crime Strategy, its strategic objectives and actions, will be continuously monitored to ensure it continues to reflect this landscape and changes made where necessary. A full review of the Strategy will be conducted:

- Annually; or
- In response to a significant global event (for example but not limited to a major terrorist or conflict event, political change or global economic instability or market crash); or
- In response to a significant domestic event such as a major international money laundering or terrorist financing prosecution; or
- In response to the identification by the National Risk Assessment of a substantial emerging threat not previously considered or recognised following the next Mutual Evaluation. The National Risk Assessment is reviewed every two years.

The **National Financial Crime Action Plan** is a living document and will be updated in line with outcomes from risk assessments and as actions are delivered.

## Appendices and References

# Appendix One - Measuring Performance

We will know we have been successful in meeting the Strategic Objectives if we evidence the following metrics and key performance indicators.

## 1. Continue to meet the highest international standards, adapting or updating our approach in line with changes or developments.

Action	Measure/s of Success
Providing compelling evidence of the effectiveness of our AML/CFT/CFP regime at the next MONEYVAL Mutual Evaluation and continuing to address any deficiencies identified.	Achieving sufficiently high ratings in the resulting Mutual Evaluation Report (MER) to enable us to attain regular follow-up status with MONEYVAL.
Continuously measure progress against both the existing and the new, yet to be ratified, FATF 11 Immediate Outcomes to re-inform risk and priorities.	Achieving a good marking against relevant Immediate Outcomes and Recommendations at the next MONEYVAL Mutual Evaluation.
Continuing to work towards delivering an accessible Register of Beneficial Ownership in accordance with applicable legislation and international standards	Beneficial Ownership Register complies with applicable legislation and international standards.
Coordinating activity across the Isle of Man to ensure a consistent and coherent approach by all agencies and industry bodies, including the introduction or updating of policies and procedures to facilitate cross agency working.	<p>The AML/CFT/CFP Policy Office is recognised as the coordinating body for activity by agencies, authorities, Departments, Boards and Offices.</p> <p>A programme of ongoing, documented outreach activities and dialogue with industry forums and bodies is developed and delivered.</p> <p>Requisite policies and procedures are in place and facilitate cross agency working.</p>
Continuing to reduce avenues that facilitate legal persons and arrangements to be used or misused for ML/TF/PF.	<p>Evidence of good compliance, through for example regulatory activities, inspections, supervisions, filing of good quality Suspicious Activity or Suspicious Transaction Reports with the FIU and proactive, early engagement with regulators and the FIU in the event of suspected breach of legislation or regulations.</p> <p>Filing of relevant Suspicious Activity Reports and Suspicious Transaction Reports in line with FIU guidance and feedback.</p>

Addressing the threats posed by professional enablers of ML/TF/PF.	Evidence of good compliance, through for example regulatory activities, inspections, supervisions, filing of good quality Suspicious Activity or Suspicious Transaction Reports with the FIU and proactive, early engagement with regulators and the FIU in the event of suspected breach of legislation or regulations.  Filing of relevant Suspicious Activity Reports and Suspicious Transaction Reports in line with FIU guidance and feedback.
Addressing threats in relation to ML/TF/PF arising from kleptocracy or other corrupt political elites.	Evidence of good compliance, including in relation to foreign Politically Exposed Persons, through for example regulatory activities, inspections, supervisions etc, filing of good quality Suspicious Activity or Suspicious Transaction Reports with the FIU and proactive, early engagement with regulators and the FIU in the event of suspected breach of legislation or regulations.  Filing of relevant Suspicious Activity Reports and Suspicious Transaction Reports in line with FIU guidance and feedback.
Continuing to participate pro-actively in MONEYVAL and other international forums.	Isle of Man Assessors participate in Mutual Evaluations of other jurisdictions.  Attendance by Head of Delegation and others at relevant MONEYVAL Plenaries, Ministerials and other meetings.

## **2. Use a risk-based approach to identify risk, coordinate appropriate actions and apply resources to ensure identified risk is addressed and mitigated.**

<b>Action</b>	<b>Measure/s of Success</b>
Conducting a National Risk Assessment underpinned by sectoral and focussed risk assessments and addressing the risks identified on an annual / bi-annual basis	Achieve a good marking against relevant Immediate Outcomes and Recommendations at the next MONEYVAL Mutual Evaluation.  Relevant policy and strategy documents clearly and explicitly reference associated risks and link policy or strategy outcomes and actions to identified risks.

<p>Updating risk assessments to keep pace with emerging sectors and technologies, both as potential threats and mitigations</p>	<p>Risk assessments are reviewed, updated and published.</p> <p>Risk assessment methodology clearly identifies where emerging sectors and technologies present a potential threat.</p> <p>Risk assessment methodology clearly identifies where emerging technologies could be utilised, or are being utilised, to mitigate potential risks.</p>
<p>Delivering and publishing an 'Isle of Man Risk Appetite' across all sectors, and applying it consistently.</p>	<p>'Isle of Man Risk Appetite' is accepted by Council of Ministers, adopted and published.</p>
<p>Targeting our resources towards those sectors, organisations and individuals that represent the greatest risk.</p>	<p>Increase in the number of successful prosecutions of ML/TF/PF related offences and confiscation of criminal property.</p> <p>Increased numbers of inspections and enforcement in respect of non-compliant organisations.</p> <p>Relevant policies, strategies, objectives and compliance programmes clearly and explicitly reference associated risks and link outcomes and actions to identified risks.</p>
<p>Utilising information emerging from Sectoral and National Risk Assessments to implement preventive measures to mitigate risk.</p>	<p>Sectoral and National Risk Assessments delivered and published.</p> <p>Action plans make explicit the link between findings from Risk Assessment and the measures implemented.</p>
<p>Utilising information emerging from Sectoral and National Risk Assessments to provide advice and guidance to industry, and where relevant wider society, on preventive measures to mitigate risk.</p>	<p>Sectoral and National Risk Assessments are compiled and published.</p> <p>A programme of ongoing, documented outreach activities and dialogue with industry forums and bodies is developed and delivered.</p> <p>Publicity campaigns to raise wider awareness of emerging threats are delivered ad hoc as required.</p>

<p>Recognising, quantifying and mitigating specific risks associated with the Island’s position as an International Finance Centre to prevent Isle of Man businesses or services being used or abused by those wishing to launder the proceeds of crime or to finance terrorism or the proliferation of weapons of mass destruction.</p>	<p>Sectoral and National Risk Assessments align with the FATF Methodology Core Issues and Examples, and recognised accordingly in the MONEYVAL Mutual Evaluation.</p> <p>Financial Crime Strategy is reflective of risks identified and outlines measures to address and mitigate these.</p> <p>Agency action plans directly link to Risk Assessments and reflect risks specific to the Isle of Man.</p>
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### 3. Proactively share and seek knowledge and expertise to ensure our response is underpinned by best practice.

<b>Action</b>	<b>Measure/s of Success</b>
<p>Maintaining our existing provision of international cooperation, developing new networks or strengthening existing networks where necessary.</p>	<p>Statistics on use of information sharing arrangements to identify and mitigate risk or seek new arrangements are collected, held on a central database, accessible to relevant agencies and published where possible.</p> <p>Statistics indicating turnaround on requests for assistance or information from other jurisdictions are collected, held on a central database, accessible to relevant agencies and published where possible.</p> <p>Membership of and participation in relevant international forums by Isle of Man agencies.</p>
<p>Utilising the knowledge and expertise within the private sector; facilitating cooperation and knowledge sharing between industry and the public sector to ensure a collaborative all-Island approach, including through the use of the Isle of Man Financial Crime Partnership (IOMFCP) and via the platform of the AML Advisory Group .</p>	<p>Widespread adoption of IOMFCP model across industry evidenced through engagement rate, number of risk assessments conducted and number of tactical alerts shared.</p> <p>Evidence of private and public sector communication, cooperation, knowledge sharing and collaborative working reflected in regularly (ie in accordance with relevant Terms of Reference), minuted meetings of IOMFCP and the AML Advisory Group.</p> <p>Expertise drawn from industry in drafting Sectoral and National Risk Assessments and drafting of legislation etc is reflected in relevant documents and through a programme of open forums.</p>

<p>Working with industry to identify new and emerging threats; sharing knowledge to ensure these are addressed at the earliest opportunity and necessary controls applied.</p>	<p>Widespread adoption of IOMFCP model across industry.</p> <p>Evidence of private and public sector communication, cooperation, knowledge sharing and collaborative working reflected in regularly (ie in accordance with relevant Terms of Reference), minuted meetings of IOMFCP and the AML Advisory Group.</p> <p>A programme of outreach and engagement is developed and delivered.</p>
<p>Ensuring that industry is provided with, and governed by, clear regulations, guidance and feedback, including the consequences of non-compliance. Applying these consistently, in a clear and transparent manner and updating where necessary.</p>	<p>Industry feedback through the AML Advisory Group and other forums that this is taking place.</p> <p>Evidenced use of regulatory sanctioning powers.</p> <p>Compliance with the Code demonstrated by a larger percentage of industry businesses in Thematic Reviews, inspections, submissions of SARs and STRs in accordance with FIU guidelines and feedback and other recognised indicators.</p>
<p>Engaging early with all relevant stakeholders in the case of changes to codes, regulations, standards or guidance to educate, support and guide.</p>	<p>Feedback from industry confirms that this is taking place.</p>
<p>Delivering a comprehensive and targeted programme of engagement with all stakeholders to share information and updates.</p>	<p>A programme of outreach and engagement is developed and delivered.</p>
<p>Facilitating cooperation and information sharing between agencies and other relevant bodies through the review and development of policies, data sharing agreements and memoranda of understanding.</p>	<p>Six monthly review of arrangements, reported to Financial Crime Strategic Board and published.</p> <p>Relevant policies, procedures and protocols are developed, adopted and made easily accessible to relevant agencies</p>
<p>Maintaining positive and constructive relationships with relevant agencies in the UK and further afield and developing new relationships.</p>	<p>Continuing arrangements and dialogue with UK Government Joint Anti-Corruption Unit.</p> <p>Membership of and participation in relevant international forums by Isle of Man agencies.</p> <p>Provide full quota or above of Assessors to MONEYVAL and actively taking part in its endeavours.</p>
<p>Attracting and retaining AML/CFT/CFP expertise to the Isle of Man within the public and private sectors.</p>	<p>Recruitment of financial analysts, AML advisors and forensic accountants and lawyers.</p>

#### 4. Ensure that our supervisory authorities are empowered and appropriately resourced to inspect, detect, investigate and, where appropriate, sanction instances of non-compliance with ML/TF/PF preventative measures

Action	Measure/s of Success
Ensuring the appropriate number and calibre of resources are allocated to AML/CFT/CPF inspection, investigation and enforcement work.	<p>Reviewing authorities' resourcing identifies whether they are sufficiently resourced to deliver the full remit of their work.</p> <p>Recruitment and development of AML/CFT/CPF and investigations specialists to increase capability.</p> <p>Developing knowledge and expertise in both existing staff and new recruits.</p>
Utilising the full range of statistical data available from internal sources as well as partner agencies to inform strategies, policies and actions.	<p>Strategies, policies and actions make explicit reference to statistical data underpinning actions.</p> <p>Strategies and policies are reviewed and updated in line with emerging statistical trends.</p>
Reviewing our existing legislation, regulation, policies and procedures to ensure that they support our inspection, investigation and enforcement work.	<p>Supervisors have an effective regime for investigating non-compliance with AML/CFT/CPF preventative measures (including the compulsion of information) and for implementing sanctions.</p> <p>Review and update of the Proceeds of Crime Act 2008.</p>
Where changes to legislation or regulation are indicated, engaging with stakeholders at the earliest opportunity.	<p>Widespread adoption of IOMFCP model across industry.</p> <p>Evidence of private and public sector communication, cooperation, knowledge sharing and collaborative working reflected in regularly (ie in accordance with relevant Terms of Reference), minuted meetings of IOMFCP and the AML Advisory Group.</p> <p>A programme of outreach and engagement is developed and delivered</p>
Conducting AML/CFT/CPF inspections using risk-based methodologies.	<p>The frequency, nature and scope of inspections reference a broad range of regulatory data and intelligence ensuring that resources are targeted where the risks are higher.</p> <p>Coverage of 'lower risk' areas demonstrate that they continue to remain 'lower risk'.</p>



Utilising the full suite of available sanctions for tackling non-compliance, and ensuring that penalties are proportionate and dissuasive.	Supervisors are able to demonstrate that instances of serious, repeat or wilful non-compliance with AML/CFT requirements are addressed through the full range of measures available.
Establishing and maintaining effective agreements for cooperation with regulatory counterparts and law enforcement agencies.	Supervisors both provide assistance to and receive assistance from other agencies both domestically, and overseas.

**5. Ensure that our law enforcement and justice systems are empowered to detect, investigate and, where appropriate, prosecute ML/TF/PF, appropriately sentence offenders and to confiscate or forfeit illegally obtained assets.**

<b>Action</b>	<b>Measure/s of Success</b>
Reviewing our existing legislation, regulation, structures, policies and procedures to ensure that they support a swift and effective response by all responsible agencies to wrongdoing, meet international standards and utilise best practice.	<p>The Proceeds of Crime Act is updated and adopted following full legislative process.</p> <p>Numbers of successful investigations and prosecutions for financial crime offences are recorded.</p> <p>Introduction of the Sanctions Act.</p>
Utilising the full range of statistical data available from internal sources as well as partner agencies to inform strategies, policies and actions.	<p>Strategies, policies and actions make explicit reference to statistical data underpinning actions.</p> <p>Strategies and policies are reviewed and updated in line with emerging statistical trends.</p>
Where changes to legislation or regulation are indicated, engaging with stakeholders at the earliest opportunity	<p>Widespread adoption of IOMFCP model across industry.</p> <p>Evidence of private and public sector communication, cooperation, knowledge sharing and collaborative working reflected in regularly (ie in accordance with relevant Terms of Reference), minuted meetings of IOMFCP and the AML Advisory Group.</p> <p>A programme of outreach and engagement is developed and delivered.</p>
Facilitating and supporting the Financial Intelligence Unit as the national central authority to access the widest possible range of financial information to develop international standalone ML/TF/PF investigations and prosecutions.	<p>FIU statistics indicate that international standalone money laundering investigations and prosecutions are supported by its access to the widest possible range of financial information.</p> <p>Development and delivery of new information sharing pathways where required.</p>

<p>Continuing to work collaboratively across agencies to enhance the effectiveness of the Isle of Man's sanctions regime.</p>	<p>A review of policies, procedures and MOUs is undertaken.</p> <p>Policies, procedures and MOUs are implemented where indicated by the review.</p> <p>Statistics covering sanctions prevention and enforcement measures are collected, held on a central database, accessible to relevant agencies and published where possible.</p> <p>Introduction of the Sanctions Act.</p>
<p>Supporting and improving international engagement, including international Tax authorities in the pursuit of identifying cases of international ML/TF/PF.</p>	<p>Statistics reflecting cross-jurisdictional working between Tax authorities are collected and published where possible.</p> <p>Subject to having the necessary permissions, due to confidentiality constraints, data is shared under information sharing pathways where it may be relevant in identifying ML/TF/PF.</p> <p>International standards regarding new information sharing pathways and protocols are being monitored and will be implemented where appropriate.</p>
<p>Further supporting and developing the IOMFCP to leverage the knowledge and expertise of private partners.</p>	<p>Widespread adoption of the IOMFCP model across industry.</p> <p>IOMFCP partners proactively share information, knowledge and expertise.</p>
<p>Further supporting and developing the IOMFCP to leverage the knowledge and expertise of private partners.</p>	<p>Widespread adoption of the IOMFCP model across industry.</p> <p>IOMFCP partners proactively share information, knowledge and expertise.</p>
<p>Supporting the growth and development of the Isle of Man Constabulary's Proactive International Money Laundering Investigation Team (PIMLIT) to deliver effective investigations and prosecutions of serious and complex cases of international standalone ML/TF/PF.</p>	<p>PIMLIT statistics demonstrate appropriate prioritisation and initiation of investigations and prosecutions of serious and complex cases of international standalone ML/TF/PF.</p> <p>PMLIT statistics demonstrate timely preparation of international standalone ML/TF/PF cases for trial.</p> <p>MOUs between all competent authorities facilitate timely access to relevant financial intelligence.</p>
<p>Undertaking parallel financial investigations in serious financial crime cases and prioritising the detection of assets that are the proceeds of crime.</p>	<p>Statistics reflect cross-agency working in the investigation of serious financial crime cases.</p> <p>Development and use of new information sharing pathways or protocols where required.</p>

Developing and utilising civil forfeiture / recovery and confiscation measures, to prioritise asset recovery within the FIU, LEAs and the AGC.	Increased numbers of civil forfeiture / recovery and confiscation, depriving offenders of the proceeds of their offending.
Addressing recruitment and retention challenges to properly equip FIU, LEAs and AGC to detect, investigate and prosecute ML/TF/PF.	The establishment and pay, terms and conditions of FIU, LEA and AGs are appropriate for the role and responsibility of each agency. Demonstrated following review.
Engaging proactively with private partners to leverage their knowledge and expertise in the pursuit of standalone ML/TF/PF investigations and prosecutions.	Metrics demonstrate engagement and resulting benefits to individual ML/TF/PF investigations and prosecutions.
Supporting the development of digital innovation in the pursuit of financial information and evidence.	Increased use of digital products.
Establishing multi-jurisdictional forums across law enforcement and prosecution teams to ensure a consistent and collaborative approach.	Establishment of multi-jurisdictional forums. Development and use of new information sharing pathways or protocols where required.
Maintaining and enhancing the multi-jurisdictional relationships which already exist.	Case studies demonstrate benefits of multi-jurisdictional approach.  Membership of international forums.  Participation in international forums.

## **6. Fully understand the immediate, emerging and ongoing threats posed by financial crime using a broad spectrum of metrics, data and statistics, and conducting strategic analysis.**

<b>Action</b>	<b>Measure/s of Success</b>
Reviewing and updating our National Risk Assessment.	Sectoral and National Risk Assessments, and subsequent updates, are published.
Using and disseminating information derived from the National Risk Assessment to strengthen the Island's response to emerging threats.	National Risk Assessment findings inform the National Action Plan.  The National Risk Assessment is published.  Ongoing, documented outreach is undertaken with all relevant bodies to share key findings of Risk Assessments.

<p>Developing and disseminating a comprehensive and easily understood template for statistics collection for agencies and industry stakeholders.</p>	<p>Systems and templates are developed by a Task and Finish Group, reviewed and adopted by Effectiveness Group.</p> <p>Statistics are collected in line with the requirements of the statistics template.</p> <p>Statistics are accessible and used to inform actions and Risk Assessments.</p> <p>Statistics are provided to MONEYVAL Assessors during Mutual Evaluation process.</p>
<p>Developing or introducing systems and technology for comprehensive, consistent and systematic collection, strategic analysis and reporting of statistics on matters relevant to the effectiveness and efficiency of AML/CFT/CFP systems and processes.</p>	<p>Systems and templates are developed by a Task and Finish Group, reviewed and adopted by Effectiveness Group.</p> <p>Statistics are accessible and used to inform actions and Risk Assessments.</p>
<p>Conducting regular and detailed strategic analysis of statistics collected to identify areas where resources and efforts must be targeted and to demonstrate improvement of effectiveness.</p>	<p>Agencies collect and provide statistics to a central database.</p> <p>Conducting six monthly qualitative and quantitative reviews of AML/CFT/CFP activities across the board.</p>
<p>Implementing measures to ensure the accuracy of data that we hold.</p>	<p>Authorities' databases reflect accurate data from a variety of sources</p>
<p>Ensuring and evidencing that strategic and operational decisions are underpinned by sound and meaningful data.</p>	<p>Strategic and operational decisions logs, policies, processes and protocols make explicit reference to relevant data sets, Risk Assessments or other key research.</p> <p>Data and statistics are published and freely available wherever possible.</p>

## **7. Remain vigilant and responsive to the threats to the Island arising from terrorist financing and financing the proliferation of weapons of mass destruction.**

<b>Action</b>	<b>Measure/s of Success</b>
<p>Improving information sharing on potential TF and PF threats via the forum of the IOMFCP and AML Advisory Group, ensuring that industry bodies remain aware of TF and PF risks, in order to mitigate them.</p>	<p>Widespread adoption of IOMFCP model across industry.</p> <p>Evidence of private and public sector communication, cooperation, knowledge sharing and collaborative working reflected in regularly (ie in accordance with relevant Terms of Reference), minuted meetings of IOMFCP and the AML Advisory Group.</p> <p>A programme of outreach and engagement is developed and delivered.</p>

<p>Updating all stakeholders on emerging risks and TF and PF typologies by conducting updated Risk Assessments in relation to the threat of TF and PF in the Isle of Man.</p>	<p>TF and PF Risk Assessments are produced, adopted, published and shared.</p> <p>Ongoing, documented outreach with industry, NPOs, charities and other relevant bodies.</p>
<p>Using and disseminating information derived from TF and PF Risk Assessments to deliver a TF strategy, agency policies and strengthen the Island's response to emerging threats.</p>	<p>TF and PF Risk Assessments are produced, adopted, published and shared.</p> <p>A TF strategy is delivered.</p> <p>The Financial Crime National Action Plan reflects the outcome of TF and PF Risk Assessments.</p>
<p>Maintaining and disseminating information regarding emerging and changing global TF and PF threats through ongoing research and monitoring.</p>	<p>Typologies, updates and case studies are published and disseminated to relevant bodies.</p> <p>A programme of ongoing, documented outreach with industry, NPOs, charities and other relevant bodies is delivered.</p>
<p>Developing a comprehensive understanding of Non-Profit Organisations (NPOs) in the Isle of Man and their remit.</p>	<p>Sectoral Risk Assessments reflect a more comprehensive picture of the remit, activities and potential risk profile of the Isle of Man's Non-Profit Organisations.</p> <p>The Financial Crime National Action Plan reflects the outcome of Sectoral Risk Assessments in respect of NPOs.</p>
<p>Continuing to work with NPOs to share information on the threats from TF and PF.</p>	<p>A programme of ongoing, documented outreach with industry, NPOs, charities and other relevant bodies is delivered.</p>
<p>Regularly reviewing legislation and regulation relating to NPOs.</p>	<p>A legislative review is undertaken and the results are published.</p> <p>New or updated legislation is developed and published where required.</p>
<p>Agreeing clear procedures and memoranda of understanding between all agencies involved in developing and enforcing financial sanctions relating to TF and PF.</p>	<p>A review of policies, procedures and protocols is undertaken.</p> <p>Where gaps are indicated, relevant policies, procedures and protocols are developed, adopted and made easily accessible.</p>
<p>Ensuring the timely implementation of UN TF/PF sanctions and monitoring of international events.</p>	<p>Regular (ie in accordance with the Terms of Reference) meetings of the Sanctions Group<sup>1</sup> to review implementation of UN TF/PF sanctions.</p> <p>Updates to UN TF/PF sanctions are published and all relevant bodies notified.</p>

1 The Sanctions Group is a multi-agency forum established to ensure the effective implementation of sanctions legislation and policy.

Conducting regular research in relation to FATF standards and the approach of comparable jurisdictions.	Research outcomes are documented and clearly linked to measures identified in action plans.
Maintaining and continually improving information sharing with international organisations like the UK's counter-terrorist organisations.	Establishment of multi-jurisdictional forums. Development and use of new information sharing pathways or protocols where required.

## 8. Embed a cycle of continuous improvement across the Isle of Man to address financial crime.

Action	Measure/s of Success
Embedding systems for developing, reviewing and updating where necessary legislation, structures, memoranda of understanding, policies and procedures to ensure they continue to meet our needs and support agencies (and thereby the Isle of Man) in meeting international standards.	A review of policies, procedures and protocols is undertaken.  Where gaps are indicated, relevant policies, procedures and protocols are developed, adopted and made easily accessible  Systems and templates are developed, reviewed and adopted
Reviewing the Isle of Man Financial Crime Strategy annually, or at defined trigger points, to ensure that it reflects the changing landscape.	The Financial Crime Strategy 2024 – 2026 is updated as indicated.  Updates are published.
Developing and implementing procedures and guidance whereby the strategies and policies of individual agencies align with the Financial Crime Strategy and each other to deliver a consistent and coherent response.	A review of policies, procedures and protocols is undertaken.  Where gaps are indicated, relevant policies, procedures and protocols are developed, adopted and made easily accessible  Policies and strategies of individual agencies are considered and adopted in line with accepted governance arrangements.
Enhancing methods and metrics to identify and address existing and emerging threats and high risk situations.	A set of metrics is produced and agreed by Effectiveness Group.  Methodologies for conducting ongoing Risk Assessments are agreed by Effectiveness Group.
Continuously building knowledge and expertise in agencies to respond effectively to the threats emerging from new technologies.	Evidence of Continuous Professional Development is recorded and held in a central database.  Establishment of knowledge sharing hubs and forums with industry.

<p>Maintaining a level of resourcing for all agencies that keeps pace with developments and a changing environment.</p>	<p>The establishment and pay, terms and conditions of agencies are appropriate for the role and responsibility of each agency.</p> <p>Demonstrated following review.</p> <p>Funding for AML/CFT/CFP activities is commensurate with the Isle of Man's position as an IFC, evidenced through materiality statistics.</p>
<p>Continuing to regularly update the National Risk Assessment to understand the latest risks</p>	<p>Updates to the National Risk Assessment are published following each review.</p>

# Appendix Two – Money Laundering, Terrorist Financing and Financing the Proliferation of Weapons of Mass Destruction

## Money Laundering

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FATF defines money laundering as:

**'the processing of ... criminal proceeds to disguise their illegal origin... When a criminal activity generates substantial profits, the individual or group involved must find a way to control the funds without attracting attention to the underlying activity or the persons involved. Criminals do this by disguising the sources, changing the form, or moving the funds to a place where they are less likely to attract attention' <sup>1</sup>.**

The National Risk Assessment of Money Laundering and the Financing of Terrorism 2020 identifies international ML

**'where the wide range of financial and non-financial services available in the IoM may be used to launder the proceeds derived from foreign predicate offending'**

as the main threat to the Isle of Man, given its position as an International Finance Centre.

The NRA continues,

**'The types of services provided in the IoM, although fairly generic in nature, may be used to conceal the proceeds of crime or to conceal or disguise the origins of those proceeds, through international transfers of funds and the use of complex corporate structures.**

**Criminals may also seek to use jurisdictions which are stable and which have an established rule of law in order to protect their assets; this presents a further risk for the IoM. The breadth of services available in the IoM, which provides international banking, tax structuring, company and trust formation, investment in real estate and registration of yachts and aircraft within one jurisdiction, may also be attractive to those seeking to disguise and to benefit from the proceeds of corruption through, for example, investment in high end assets.**

**Cross-sectoral risks in the IoM arise from a number of sources including the rapid development and introduction of new technologies, the increasing use of digital currencies, de-risking and the Island's economic model which is aimed at attracting financial and related business from corporations, high net worth individuals, etc'.**

The top suspected predicate offences for ML reported to the Financial Intelligence Unit via Suspicious Activity Reports or Suspicious Transaction Reports are Fraud, Bribery and Corruption, and Tax Crimes.

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<sup>1</sup> <https://www.fatf-gafi.org/en/pages/frequently-asked-questions.html#tabs-36503a8663-item-6ff811783c-tab>

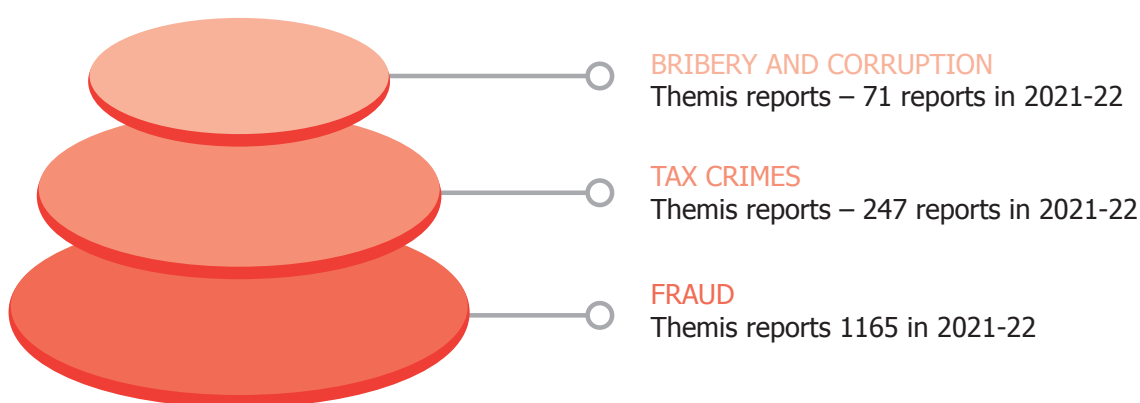


The FSA's recently completed Thematic Review <sup>2</sup> on foreign Politically Exposed Persons (PEPs) identifies foreign PEPs within the customer base of both regulated and non-regulated businesses in the Isle of Man. PEPs are individuals who may present a higher risk in relation to ML because their position or influence may leave them more exposed to bribery or corruption.

**The NRA categorises the ML risk to the Isle of Man as Medium High.**

In recognition of the role that the public sector and industry play in addressing the ML risk to the Isle of Man, Financial Crime Strategy 2024 – 2026 places emphasis on the importance of an all-Island approach to combating financial crime that sees all parties:

- working in collaboration;
- adopting a risk based approach across the board; and
- ensuring that actions are underpinned by best practice and the adherence to international standards.



The top suspected predicate offences for ML reported to the FIU

## Terrorist Financing

The International Monetary Fund (IMF) defines TF as **'the solicitation, collection or provision of funds with the intention that they may be used to support terrorist acts or organizations'** <sup>3</sup>.

The 2020 NRA identifies the main TF risks to the Isle of Man as arising from 'the use of sophisticated and complex international structures to disguise the origin and destination of funds intended to support terrorist activities'. These structures include those

typically associated with ML but also non-domestic charities and non-profit organisation (NPOs) <sup>4</sup>.

Vulnerabilities for charities and NPOs are primarily related to where they are operating and with whom. The two major areas of vulnerability are where legitimate charities are used to funnel funds into terrorist organisations and do so unwittingly or where illegitimate groups set themselves up as charitable organisations and deliberately use the funds they have received from donations to finance terrorist activities.

<sup>2</sup> <https://www.iomfsa.im/media/3147/aml-pep-thematic-report-05-05-2023.pdf>

<sup>3</sup> <https://www.imf.org/external/np/leg/amlcft/eng/aml1.htm>

<sup>4</sup> The FATF definition of an NPO is 'A legal person or arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of "good works".'

ML and TF are not stand-alone offences, separate from each other; rather ML is a facilitator of TF. Therefore, while the 2020 NRA identified the TF risk to the IOM as Medium Low TF cannot be viewed in isolation and the same mechanisms that disguise the source of illicit assets also have the potential to disguise TF funding.

The terrorism threat landscape changes continuously and at pace and it is essential that the Isle of Man

keeps up with emerging typologies, risk factors, financing mechanisms, technologies and actors or groups.

In recognition of the findings of the 2020 NRA and the changing environment, the 2024 – 2026 Financial Crime Strategy places an increased emphasis on working closely with industry, including charities and NPOs, to address existing and emerging threats in a timely and responsive manner.

## **Financing the Proliferation of Weapons of Mass Destruction**

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Following the decisions in UN Security Council Resolution 1540, proliferation can be defined as

**'the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of Chemical, Biological, Radiological or Nuclear (CBRN) weapons (weapons of mass destruction or WMD) and their means of delivery and related materials (including technologies and dual-use goods), in contravention of domestic law and/or international obligations <sup>5</sup>'.**

The Isle of Man Government factsheet, 'Financial Sanctions relating to Proliferation <sup>6</sup>' further explains that,

**'Proliferation financing can be —**

- a) terrorism financing - where it provides financial support to terrorist organisations that would want to acquire and/or use an WMD; or**
- b) financing from a state, or a state-controlled or state-sponsored entity with the aim of providing a state with a WMD, or to enhance, improve or replace**

**an existing one**

**PF activity, in many cases, has the sole aim of generating access to foreign currency and the international financial system'.**

As with TF, those seeking to engage in PF will seek to disguise either the source or destination of the funds involved and the same mechanisms that disguise the source of illicit assets also have the potential to disguise PF funding.

The threat landscape changes continuously and at pace and it is essential that the Isle of Man keeps up with emerging typologies, risk factors, financing mechanisms, technologies and actors or groups.

In recognition of the findings of the 2020 NRA and the changing environment, the 2024 – 2026 Financial Crime Strategy places an increased emphasis on working closely with industry to address existing and emerging threats in a timely and responsive manner.

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<sup>5</sup> <https://www.gov.im/media/1362742/financial-sanctions-guidance-proliferation-financing-march-2023.pdf>

<sup>6</sup> <https://www.gov.im/media/1362742/financial-sanctions-guidance-proliferation-financing-march-2023.pdf>

# Appendix Three - The Island's key Regulated Sectors and size

As an International Finance Centre, the Isle of Man's economy is reliant on the financial services and e-Gaming sectors for a large percentage of its national income <sup>1</sup>.

To put this into context, of the **£1.07 billion** total Government revenue collected in 2020, **£250 million** and **£73 million** was directly through the financial and digital sectors respectively<sup>3</sup>. The income derived from the financial services industry has exceeded expectations, including through the COVID-19 economic downturn.

Insurance, e-Gaming and Banking together account for almost 40% of the Isle of Man's economy. 'Professional Services' <sup>2</sup> accounts for a further 12%.

Together with the digital sector, they have delivered and sustain 11,700 jobs in the Island.

Other sectors falling within the purview of the Financial Services Authority include Fund Managers, Credit Unions, Deposit Takers, Investment Businesses and Pensions.

## New and Developing Sectors

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### Medicinal Cannabis

In 2021 the Isle of Man Government introduced a flexible and detailed regulatory framework to allow commercial operators to grow, manufacture, distribute and export **medicinal cannabis** products under licence from the Isle of Man. The Gambling Supervision Commission ('GSC') was appointed as the regulator for the sector and will oversee the licensing and supervision of medicinal cannabis cultivation, production, manufacturing, importation and exportation of industrial materials and products for medical use under the Transfer of Functions (Cannabis) Order 2020.

Medicinal cannabis is anticipated to create 250 jobs by 2025.

### Fintech and Insurtech

**Fintech**<sup>4</sup> is a growing area and work is being undertaken to develop a '**Fintech ecosystem**' including defining the Island's place in a developing crypto space, using experience, and practical learning and a well-defined risk strategy.

A '**Fintech Innovation Challenge**' held in June 2023 saw participants showcasing cutting-edge solutions to industry peers and a panel of judges from financial and digital technology businesses from across the Island.

In addition, the FSA has created a dedicated website presence to support the development of Fintech innovation in the Island.

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1 <https://www.gov.im/about-the-government/departments/cabinet-office/statistics-isle-of-man/national-income/>

2 Professional Services includes Corporate Service Providers, Legal & Accountancy services and all other professional services.

3 <https://www.gov.im/media/1377114/our-big-picture-phase-1-part-1-report-final-public.pdf>

4 Fintech refers to the use of technology to enhance financial services.

New online content provides information about how to submit a licence application, an overview of the legislative framework, and guidance regarding best practice.

It also features a guide to the regulatory sandbox, which offers a way to test financial products or services in a live environment, while reducing the potential risks to consumers.

The Challenge and 'Finnovation Hub' demonstrate the Isle of Man's support for the development of this sector as having "an important role to play in

futureproofing the financial services sector and expanding the Island's economic activities...while ensuring an appropriate level of compliance and consumer protection <sup>5</sup>".

**Insurtech Isle of Man** is a collaboration between the Isle of Man's Government, regulator, insurance professionals and support services to underpin the development of a technology-led insurance innovation hub, supporting entrepreneurs and founders at the forefront of this field.

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5 <https://www.iomfsa.im/fsa-news/2022/feb/online-hub-to-support-fintech-innovation/>

## Appendix Four - The Island's Journey

The Island's financial crime regime was first evaluated by the International Monetary Fund in 2002. It has evolved to keep pace with global developments and changes to the regulatory framework. The timetable below charts this progression. Each activity represents a significant and positive step forward in the development and maintenance of the Island's AML/CFT/CFP regime in line with international standards.

<b>Year</b>	<b>Progress</b>
<b>2002</b>	AML/CFT/CFP Evaluation of the Isle of Man by the International Monetary Fund.
<b>2008</b>	AML/CFT/CFP Evaluation of the Isle of Man by the International Monetary Fund.
<b>2008</b>	Terrorist Financing Convention extended to the Isle of Man.
<b>2009</b>	United Nations Convention Against Corruption extended to the Isle of Man.
<b>2009</b>	The Isle of Man was one of the initial members of the Global Forum on Transparency and Exchange of Information for Tax Purposes and was recognised by the OECD as one of the jurisdictions that had substantially implemented the then new internationally agreed tax standard on exchange of information on request.
<b>2012</b>	The Isle of Man and other Crown Dependencies are approved to become members of MONEYVAL.
<b>2012</b>	United Nations Convention Against Transnational Organised Crime extended to the Isle of Man
<b>2014</b>	The Isle of Man signs up as an 'early adopter' to the Common Reporting Standard (CRS) in respect of tax information, developed by the OECD to put a global model of automatic exchange of information into practice.  The Island remains an active participant in the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes.
<b>2014</b>	The Island becomes party to the OECD/Council of Europe Convention on Mutual Administrative Assistance in Tax Matters, as amended by the 2010 Protocol.
<b>2015</b>	Isle of Man is one of the first countries to publish the results of a National Risk Assessment.
<b>2016</b>	The Island is evaluated by MONEYVAL.  This evaluation found a good level of technical compliance but identified a number of deficiencies in respect of the effectiveness with which the Island addresses ML/TF/PF. Following this evaluation, the Island was added to a group of jurisdictions subject to enhanced follow up by international AML/CFT/CFP bodies <sup>1</sup> . In addition, a number of recommendations were also identified.
<b>2016</b>	Isle of Man Government signs an Exchange of Notes (EoNs) with the UK Government to enhance the timeliness of existing long-standing mutual sharing of beneficial ownership information between the Isle of Man and UK.
<b>2016</b>	The Financial Intelligence Unit is separated from the Financial Crime Unit (FCU) to form a standalone Unit under the FIU Act 2016.
<b>2016</b>	The AML/CFT/CFP Policy Office is established to coordinate the Isle of Man's AML/CFT/CFP regime and engagement with FATF and MONEYVAL.

<sup>1</sup> <https://www.coe.int/en/web/moneyval/high-risk-and-non-cooperative-jurisdictions> "the International Co-operation Review Group (ICRG) ... analyses high-risk jurisdictions and recommends specific actions to be taken to address the risks emanating from them..."

<b>2016</b>	The International Cooperation and Asset Recovery Team (ICART) is set up by the Attorney General.
<b>2016</b>	The Isle of Man joined the OECD's Inclusive Framework on Base Erosion and Profit Shifting (BEPS).
<b>2017</b>	The Island publishes its Financial Crime Strategy, which is underpinned by four priority objectives: <ul style="list-style-type: none"> <li>• Understanding the ML/TF/PF, risks and harm facing the IoM;</li> <li>• Ensuring that the IoM is a hostile jurisdiction for ML/TF/PF;</li> <li>• Pro-actively identifying and pursuing offenders and;</li> <li>• Taking the benefit out of crime.</li> </ul>
<b>2017</b>	The Isle of Man implemented Country-by-Country Reporting standard that aims to improve transparency between multinational businesses and tax authorities, and to help identify aggressive tax avoidance.
<b>2017</b>	The Isle of Man signed and ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS. It was the second jurisdiction in the world to do so.
<b>2019</b>	The Isle of Man commits to introducing publicly available registers of beneficial ownership.
<b>2019</b>	The Economic and Financial Affairs Council of the European Union reaffirmed its previous decision that the Isle of Man is a co-operative jurisdiction with respect to tax good governance.
<b>2020</b>	This was on the basis that the Isle of Man met its commitment to address general concerns raised by the EU in 2017 in relation to legal economic substance requirements.
<b>2020</b>	National Risk Assessment updated.
<b>2021</b>	Review Report published on the progress, which has been made in relation to tackling money laundering and combatting the financing of terrorism.
<b>2021</b>	The Island publishes its 2021 – 2023 Financial Crime Strategy which focussed on: <ul style="list-style-type: none"> <li>• new and existing ML threats;</li> <li>• knowledge and the development of skills; and</li> <li>• maintaining a high level of compliance with the FATF and other relevant standards and delivering on international commitments regarding beneficial ownership.</li> </ul>
<b>2021</b>	Amendments to the Beneficial Ownership Act improve the accuracy and timeliness of information on beneficial ownership.
<b>2021</b>	Following the conclusion of the 61st MONEYVAL Plenary Council meeting in April 2021, it was confirmed that the Isle of Man is no longer required to report to MONEYVAL on an annual basis.
<b>2022</b>	The Isle of Man is one of 139 jurisdictions that have agreed to Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy
<b>2022</b>	The Isle of Man reaffirms its commitment to delivering an open and accessible Register of Beneficial Ownership, in line with specialist legal advice and international best practice.
<b>2023</b>	The Beneficial Ownership (Civil Penalties) Regulations 2022 add civil penalties to the existing criminal sanctions regime.
<b>2023</b>	Extension to the Council of Europe's Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism ("the Warsaw Convention") granted to the Island by the UK Home Office subject to official diplomatic approval by the Foreign Commonwealth Development Office.
<b>2023</b>	The Isle of Man reaffirms its commitment to maintaining international standards and fighting financial crime at the High-Level MONEYVAL Ministerial Meeting in Warsaw.

<b>2023</b>	The establishment of the Isle of Man Financial Crime Partnership
<b>2023</b>	The Isle of Man, Jersey and Guernsey agreed a joint approach to the OECD's Pillar Two model rules for domestic implementation of 15% global minimum tax.

## **Delivering the 2021 - 2023 Financial Crime Strategy**

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A summary of performance against the 2021 - 2023 Strategic Objectives and Actions is in development and will be published with the final 2024 - 2026 Financial Crime Strategy.

# Appendix Five - Addressing Financial Crime in the Isle of Man

## The Isle of Man's Anti-Money Laundering Regime

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The Isle of Man's AML/CFT/CFP regime is based on the Financial Action Task Force's (FATF) "International Standards on Combating Money Laundering and the Financing of Terrorism", also referred to as the FATF Recommendations<sup>1</sup>. The FATF Recommendations "set an international standard, which countries should implement through

measures adapted to their particular circumstances".

The Island Plan confirms the Government's commitment to maintaining international standards.

## Financial Crime Agencies and Boards

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The FATF Recommendations are realised through the collaboration of a number of specialist agencies, namely law enforcement, prosecution and asset recovery, regulators, policy areas and industry representatives.

implementation and delivery of the Financial Crime Strategy. A membership list for the Financial Crime Strategic Board is provided.

Political ownership is through the **Council of Ministers**, who delegate day to day policy to the **Economic Strategy Board (ESB)**, the political sponsor. ESB is chaired by the Chief Minister. A full list of attendees is provided.

The Financial Crime Strategic Board is informed by operational expertise agreed at **Effectiveness Group**, comprising technical specialists from each of the agencies represented on Financial Crime Strategic Board.

The **Financial Crime Strategic Board**, set up after the last MONEYVAL Mutual Evaluation, comprising representatives from all relevant authorities and chaired by the Cabinet Office Chief Executive, provides strategic direction. The Financial Crime Strategic Board also monitors the

**Industry** also has a role to play. Without their vigilance and strong processes and governance structures, the Island would be vulnerable. An **AML/CFT/CFP Advisory Group**, comprising representatives from across industry and relevant agencies, meets quarterly to discuss relevant AML/CFT/CFP issues and share information and expertise. Minutes from these meetings are published online<sup>2</sup>.

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1 <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>

2 <https://www.gov.im/about-the-government/departments/cabinet-office/amlcft-advisory-group/>



## **Economic Strategy Board (ESB)**

Chief Minister

Minister for Home Affairs and Deputy Chief Minister

Enterprise Minister

Treasury Minister

Chief Executive for Cabinet Office

Chief Executive and representatives from Department for Enterprise

Chief Financial Officer

## **Financial Crime Strategic Board**

Cabinet Office

Attorney General's Chambers – ICART and Prosecutions

Isle of Man Constabulary

Department for Enterprise - Finance Isle of Man and Companies Registry

Financial Intelligence Unit

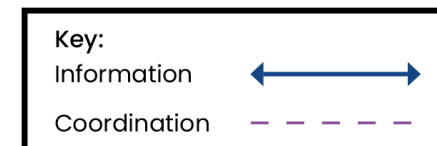
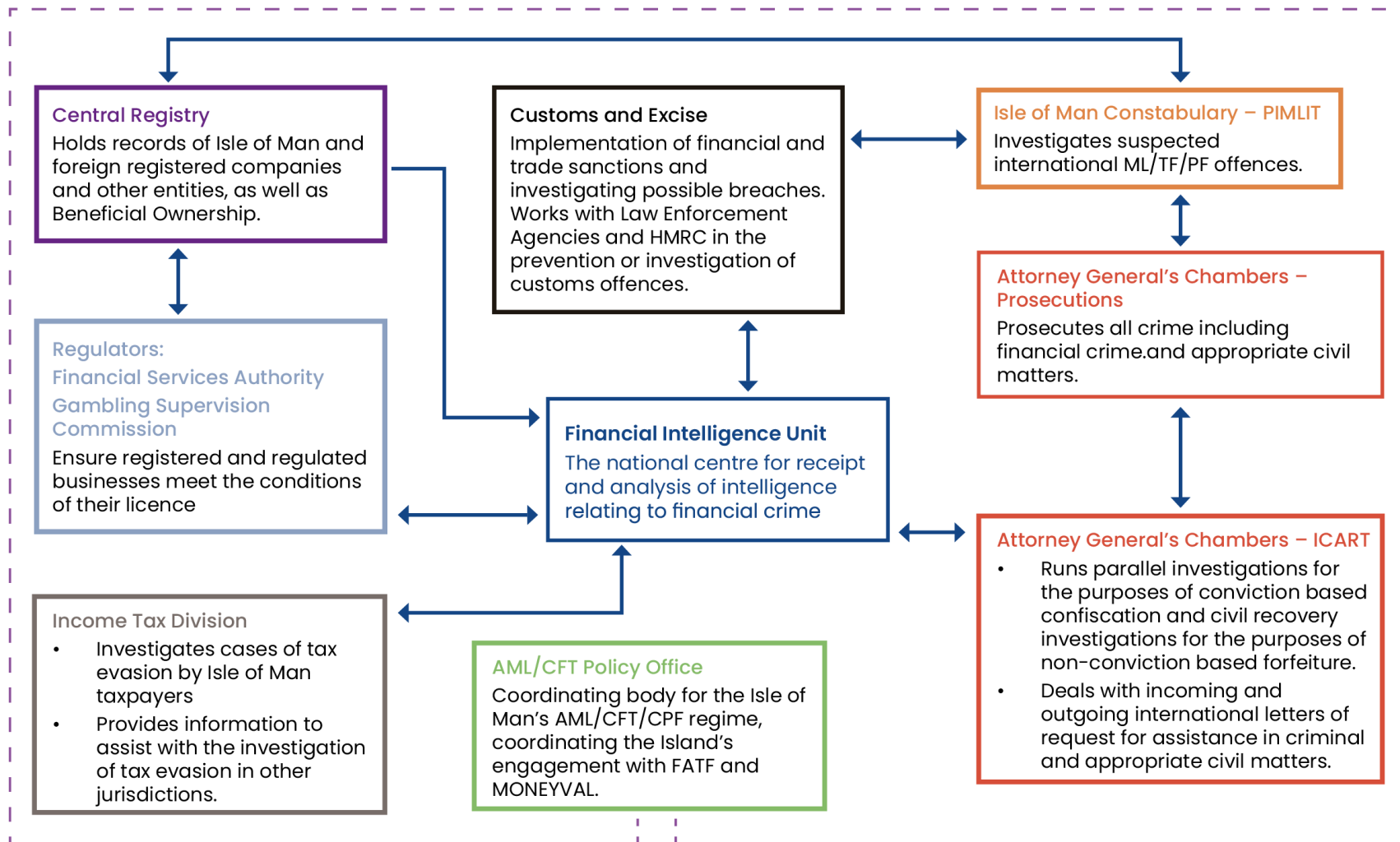
Financial Services Authority

Gambling Supervision Commission

Department of Home Affairs

Treasury – Income Tax Division and Customs & Excise

## Graphic to illustrate how the agencies work together



## Isle of Man Government Agencies and Authorities

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### Cabinet Office – AML/CFT/CFP Policy Team

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The AML/CFT/CPF Policy Team is coordinating body for the Isle of Man's AML/CFT/CFP regime, coordinating the Island's engagement with FATF and MONEYVAL. The AML/CFT/CFP Policy Office is also

responsible for the development and implementation of the Isle of Man's Financial Crime Strategy and National Risk Assessment, in collaboration with relevant agencies and authorities.

### Attorney General's Chambers

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The Attorney General's Chambers prosecutes all crime in the Isle of Man, including economic crimes.

Within the Attorney General's Chambers is the International Cooperation and Asset Recovery Team (ICART). ICART does not investigate criminal offences, but runs parallel financial investigations for the purposes of conviction based confiscation and civil recovery investigations for the purposes of non-conviction based forfeiture. The Attorney General is

the Competent Authority for Mutual Legal Assistance (MLA) in the Isle of Man, and ICART deals with incoming and outgoing international letters of request for assistance in criminal and appropriate civil matters on his behalf.

The Attorney General's Chambers also administers the register of Charities, in accordance with the Charities Registration and Regulation Act 2019.

### Central Registry

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The Companies' Registry holds records of Isle of Man and foreign registered companies, foundations,

societies, Limited Liability Companies, Limited Partnerships and Beneficial Ownership.

### Isle of Man Constabulary

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The Proactive Money International Laundering Investigation Team (PIMLIT) was established in 2022 to investigate suspected international ML/TF/PF

offences. There is a separate Economic Crime Unit that investigates domestic economic crime such as fraud or theft.

### Customs and Excise

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The Division is responsible for the implementation of financial and trade sanctions in line with those implemented in the United Kingdom, which includes United Nations and United Kingdom

sanctions measures. The Division is responsible for investigating any suspected breaches of such sanctions.

The Division also works closely with other law enforcement agencies on the Island, particularly in relation to the prevention of importation of prohibited or restricted goods, and with HMRC in the United Kingdom, and co-operates with other

international customs authorities in the investigation or prevention of customs offences, including customs duty evasion and smuggling, VAT offences including VAT fraud and to detect and deter falsely or undeclared cross-border movements of cash.

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## Financial Intelligence Unit

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The roles of the FIU are:

- Receipt, analysis and dissemination of Suspicious Activity Reports (SARs).
- Prevention, reduction and detection of financial crime.

The FIU Act also permits disclosure to the FIU of information if that 'disclosure is made for the purposes of the exercise by the FIU of any of its functions'

The FIU also coordinates the IOMFCP.

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## Financial Services Authority

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The Authority regulates and is the AML/CFT/CFP supervisor for all Financial Services businesses in the Isle of Man, including Trust and Corporate Service Providers. It also supervises for AML/CFT/CFP purposes designated non financial businesses (including Convertible Virtual Currency businesses).

The Authority is also empowered to oversee compliance with the Beneficial Ownership Act, and has powers under other legislation such as the Company Officers (Disqualification) act 2009.

The regulatory objectives of the Authority are:

- securing an appropriate degree of protection for policyholders, members of retirement benefits schemes and the customers of persons carrying on a regulated activity
- the reduction of financial crime; and
- the maintenance of confidence in the Island's financial services, insurance and pensions industries through effective regulation, thereby supporting the Island's economy and its development as an international financial centre.

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## Gambling Supervision Commission

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In addition to the licensing and regulation of land-based gambling operations (casino, amusement and slot machines, betting offices and lotteries), the GSC also regulates all online gambling activities, which have grown significantly in recent years. The Commission's regulatory objectives are established in the Gambling Supervision Act 2020.

- to keep the gambling industry crime free.
- to protect the young and those at risk.
- to ensure that the services offered by licence holders are fair and that players receive their true winnings.

In relation to the gambling sector they are as follows:

The Commission also has secondary objectives which relate to proportionality, efficient use of resources and protecting the Island's reputation and economy.

This includes ensuring that gambling services do not facilitate the laundering of illicitly obtained funds.

In relation to the medicinal cannabis sector the regulatory objective is preventing the misuse of cannabinol, cannabinol derivatives, cannabis or cannabis resin.

## Income Tax Division

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The Income Tax Division is responsible for the Isle of Man's income tax administration and has a role in investigating possible cases of tax evasion by Isle of Man taxpayers, including prosecutions, (although most are dealt with as civil matters). The Division provides information to assist with the investigation of tax evasion in other jurisdictions through its role in ensuring the Island complies with all international tax standards.

The Isle of Man has a long-standing policy of adopting and complying with international tax standards. These include:

- Exchange of information on request via bilateral agreements and the multilateral Convention on Mutual Administrative Assistance in Tax Matters.
- Common Reporting Standard and US FATCA.
- All BEPS minimum standards including Country by Country Reporting.

The Island's implementation of and performance against these standards is confirmed by regular external in-depth reviews.

The relationship between tax crimes and ML/TF/PF is reflected in the high number of SARs and STRs received by the FIU and the Island is committed to continuing to deter off-Island tax crime through transparency, information sharing and effective tax cooperation. As international tax standards have expanded significantly since 2009 in both

number and complexity, so the volume of tax data exchanged by the Income Tax Division has grown exponentially.

The Isle of Man Income Tax Division maintains a positive and constructive relationship with the tax administrations and finance ministries of all the jurisdictions it works with on international matters and supports the maintenance of positive and constructive relationships with international tax standard setters, e.g. the OECD and EU.

Looking to the future, in recognition of the fact crypto assets can be easily used to conduct cross-border transactions and store value outside a jurisdiction of residence and the lack of visibility as they are generally not covered by reporting standards such as the CRS, the OECD has developed a new Crypto-Asset Reporting Framework (the 'CARF').

It is anticipated that the Island will be adopting this new OECD framework which will result in the automatic exchange of information in respect of Relevant Crypto-Assets as part of its commitment to meet global standards for exchange of information. The Isle of Man has also announced that its approach to the OECD's Pillar Two Framework<sup>1</sup> will comprise the implementation of an "Income Inclusion Rule" and a domestic minimum tax to provide for a 15% effective tax rate for large in-scope multinational enterprises, from 2025.

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<sup>1</sup> <https://www.oecd.org/tax/beps/tax-challenges-arising-from-the-digitalisation-of-the-economy-global-anti-base-erosion-model-rules-pillar-two.htm>

## Industry

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Regulated businesses play a vital role in protecting the Isle of Man from financial crime. They will often be our 'eyes and ears'; to do this effectively the terms of their regulation (in the form of the AML and CFT Code 2019<sup>2</sup> and the Gambling (AML and CFT) Code 2019<sup>3</sup>) conveys the following expectations on them.

### Policies and Procedures

The Codes require that regulated businesses have in place appropriate procedures and controls to prevent ML/TF/PF and that these have regard and are proportionate to inherent risk.

### Risk-Based Approach

Businesses are expected to identify and assess the realistic ML/TF/PF risks that they and their customers face, and to ensure they apply appropriate controls and procedures within their business and on their customers<sup>4</sup>.

### Due Diligence

Businesses must conduct appropriate due diligence on all customers and relevant parties, at the commencement of new business relationships and at regular intervals during the business relationship. Where customers may present additional risk, enhanced due diligence must be carried out.

### Record Keeping

The Codes require all businesses to make and maintain records of all policies, procedures, actions and decisions taken in identifying and managing the risk of ML/TF/PF.

### Reporting Suspicion

Businesses are required to appoint a Money Laundering Reporting Officer, establish procedures for reporting suspicious activity and disclose suspicions in the prescribed manner.

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## Legislation, Regulations, Codes and Related Documents

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The relevant legislation in the Isle of Man is:

**Anti-Money Laundering and Countering the Financing of Terrorism Code 2019** – made under section 157 of the Proceeds of Crime Act and sets out the legal responsibilities of regulated business in relation to money laundering, terrorist financing and proliferation financing.

**Anti-Money Laundering and Countering the Financing of Terrorism (Specified Non-Profit Organisations) Code 2019**

**Anti-Terrorism and Crime Act 2003** – repeals and replaces previous legislation and makes

provision about terrorism and criminal justice.

**Beneficial Ownership Act 2017** - requires relevant persons to identify and evidence the ultimate natural persons who have legal or beneficial ownership interests of IOM legal persons, (including those who otherwise exercise control without ownership). The Act also requires relevant persons through their nominated officers to declare any such beneficial owner(s) who owns or controls more than 25% of the beneficial ownership of the legal person in a Government Beneficial Ownership database (register).

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<sup>2</sup> <https://www.iomfsa.im/media/1520/appendixa.pdf>

<sup>3</sup> <https://www.gov.im/media/1364373/gambling-amlcft-code-2019-1422019.pdf>

<sup>4</sup> <https://www.iomfsa.im/media/2842/aml-handbook-july-2021.pdf>

### **Charities Registration and Regulation**

**Act 2019** - repeals and replaces the Charities Registration Act 1989; to make further provision for the registration and regulation of charities; and for connected purposes.

**Criminal Justice Acts 1990 and 1991** - make provision for the recovery of the proceeds of crime; to make further provision for the investigation of fraud; to amend certain rules of evidence in criminal proceedings; to amend the law with regard to the powers of criminal courts; to amend the Jury Act 1980; and for connected purposes.

**Customs and Excise Management Act 1986** – provides for the collection and management of the revenues of customs and excise; for other matters in relation to imports and exports; and for connected purposes.

**Designated Businesses (Registration and Oversight) Act 2015** – establishes oversight of the adherence of certain businesses and professions ('Designated Businesses') to the Island's AML/CFT/CFP legislation.

**Financial Intelligence Unit Act 2016** – establishes a Financial Intelligence Unit; to confer functions on it; and for connected purposes.

**Financial Services Act 2008** - repeals and replaces with modifications certain enactments relating to the financial services industry and the Isle of Man Financial Services Authority; and for connected purposes.

**Fraud Act 2017** – makes provision for, and in connection with, criminal liability for fraud and obtaining services dishonestly; and for connected purposes.

### **Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code**

**2019** - legislation which provides the Gambling Supervision Commission with a full range of supervisory and enforcement sanctioning powers.

**International Criminal Court Act 2003** – gives effect to the Statute of the International Criminal Court; provides for offences under the law of the Island corresponding to offences within the jurisdiction of that Court; and for connected purposes.

### **Online Gambling Regulation Act 2001**

– provides for the regulation of certain forms of gambling carried on by means of telecommunications; and for connected purposes

### **Organised and International Crime Act**

**2010** - gives effect, as part of the law of the Island, to the United Nations Convention against Transnational Organized Crime adopted by the General Assembly of the United Nations and opened for signature in Palermo in 2000 and the Protocols to that Convention to Prevent, Suppress and Punish Trafficking in Persons and Against the Smuggling of Migrants; to amend the International Criminal Court Act 2003; to make amendments to the Telecommunications Act 1984 and the Proceeds of Crime Act 2008; and for connected purposes.

**Proceeds of Crime Act 2008** – allows the recovery of property which is or represents property obtained through unlawful conduct or which is intended to be used in unlawful conduct; to provide for confiscation orders in relation to persons who benefit from criminal conduct and for restraint orders to prohibit dealing with property; to make provision about money laundering; to make provision about investigations relating to benefit from criminal conduct or to property which is or represents property obtained through unlawful conduct or to money laundering; to make provision concerning the importation and exportation of cash; to make

provision to give effect to overseas requests and orders made where property is found or believed to be obtained through criminal conduct; to make provision for hearing evidence through television or telephone links, for obtaining evidence for use outside the Island and for the transfer of prisoners to assist in investigations; to make miscellaneous modifications to certain enactments; and for connected purposes.

**Terrorism and Other Crime (Financial Restrictions) Act 2014** - re-enacts with amendments the Terrorism (Finance) Act 2009, the Terrorist Asset-Freezing etc. Act 2010 (Isle of Man) Order 2011 and parts of the Anti-Terrorism and Crime Act 2003; to amend further the Anti-Terrorism and Crime Act 2003 and the Proceeds of Crime Act 2008; to amend other legislation in connection with bail, sexual offences and the enforcement of fines and other financial penalties; and for connected purposes.

## **Penalties for Money Laundering and Terrorist Financing**

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The maximum penalty that can be awarded for ML/TF is **14 years' imprisonment, an unlimited fine, or both.**

There may also be a **confiscation** order made, with penalties for failure to pay of up to a further 10 years' custody (which sentence does not remove the liability to pay).

## **Penalties for Sanctions Breaches**

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The maximum penalty that can be awarded for breaching sanctions regulation is **10 years' imprisonment, a fine or both.**

## **Related Strategies, Policies and Annual Plans**

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The Island's **Financial Crime Strategy** was last updated in 2021.

The Financial Crime Strategy complements, and should be read alongside, the following interrelated strategies, policies and annual plans.

- The Isle of Man's National Risk Assessment of Money Laundering and the Financing of Terrorism 2020

- The Island Plan 2023
- The Isle of Man's Economic Strategy 2022
- The Financial Intelligence Unit's Annual Plans and Annual Reports
- The Financial Services Authority's Annual Plans and Annual Reports
- The Chief Constable's Annual Report



## International Cooperation

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The Isle of Man works closely with partner agencies in other jurisdictions through forums such as the EGMONT Group of Financial Intelligence Units, International Anti-Corruption Coordination Centre, the Camden Asset Recovery Inter-Agency Network of law enforcement and judicial practitioners to trace, freeze, seize and confiscate illegal assets, and others.

It is also proud of its reputation internationally as a well governed democracy and has accepted the obligations under a number of international treaties and conventions including the United Nations Convention Against Corruption, and the OECD's Foreign Bribery Convention.



**Isle of Man  
Government**

*Reilhtys Ellan Vannin*

# FINANCIAL CRIME STRATEGY 2024 - 2026

Produce by Isle of Man Government  
Cabinet Office

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