



Financial Supervision Commission
Barrantee Oaseirys Argidoil

Financial Services Act 2008

ANNUAL COMPLIANCE RETURN

A completed Annual Compliance Return together with any supporting material should be sent to your Relationship Manager at: -

*Financial Supervision Commission
P O Box 58
Finch Hill House
Bucks Road
Douglas
Isle of Man
IM99 1DT*

[Date of final document design to be added in due course]
FSC Reference:

ANNUAL COMPLIANCE RETURN

GUIDANCE NOTES

This Annual Compliance Return must be received by the Commission within one month of the end of the licenceholder's accounting reference date.

*There are several sections to this return. Part 1 of the return should be completed by all licenceholders. If something is not applicable please write N/A beside the question – do not leave it blank. Please read the questions carefully before completing this return. There are further parts for specific regulated activities. You should fill in all parts that apply to your business. If more space is needed the answers should be written on a separate sheet of paper with the heading "Continuation of Answer to Question". Answers should be written in ink in **BLOCK CAPITALS** or typed.*

The staff of the Commission are available to be consulted on a formal or an informal basis and will try to give appropriate guidance where it is sought. Please contact your Relationship Manager at the Commission in the first instance. However, in order that the role of the staff of the Commission is not misunderstood, the Commission wishes to emphasise that:-

- (i) the preparation and submission of the annual compliance return is the responsibility of the licenceholder; and,*
- (ii) it is for the licenceholder to seek legal advice where they feel it to be appropriate.*

To reflect the fact that compliance is primarily the responsibility of the licenceholder's Board (or equivalent), the answers to the questions must be approved by at least two directors or the resident officers.

It should be noted that by virtue of section 40 of the Financial Services Act 2008 ("the Act") a person commits an offence if he knowingly or recklessly gives any information to the Commission which is false or misleading in a material particular. Any person guilty of an offence under this section of the Act shall be liable:-

- (a) on summary conviction, to a fine not exceeding £5,000 or to a term of custody not exceeding 6 months, or to both;*
- (b) on conviction on indictment, to a fine or to a term of custody not exceeding 5 years, or to both.*

Financial Supervision Commission

[Date of Document to be added once finalised]

**OTHER DOCUMENTATION WHICH FORMS PART OF
THIS RETURN**

The following documents should accompany this return, where appropriate:

1. **Structure Chart:** A group structure chart showing the name and jurisdiction of all subsidiaries and where the licenceholder appears in the group.

2. **Management and Staff Structure:** A copy of the management and staff structure of the licenceholder in the Isle of Man together with these details for any overseas branches of an Isle of Man incorporated licenceholder showing “Key Persons” and their responsibilities.

3. **Professional Indemnity Insurance Policy:** A copy of the most recent Professional Indemnity Insurance policy taken out by the licenceholder in compliance with Rule [9.53].

Where a letter of comfort is in place, please submit a copy of the latest audited financial statements of the entity providing the letter.

Document Attached

FINANCIAL SUPERVISION COMMISSION

ANNUAL COMPLIANCE RETURN

Part I – All licenceholders should complete

I. DETAILS OF LICENCEHOLDER

Name of Licenceholder:	
Date of Return:	
Registered Office Address:	
Business Address in the Isle of Man (if different from above):	

Contact Name:	
Telephone Number:	
Fax Number:	
Website:	
E-Mail:	

Please state the number of disciplinary actions taken against key persons during the year.	
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Total number of staff employed by the licenceholder	
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3. COMPLIANCE

Can the licenceholder demonstrate that it carried out regular and adequate monitoring of its arrangements for compliance with the regulatory requirements as specified in rule [9.17]?	
How often has the Board (or equivalent) been made aware of compliance monitoring findings?	
Has adequate action been taken to correct any deficiencies found?	

4. COMPLAINTS

Please state how many material or justified complaints have been logged on the complaints register during the year in compliance with Rule [9.30].	
How many complaints are still outstanding after 12 weeks from initial receipt?	
Have changes to procedures, systems or staff training been identified as a consequence of any complaints? If the answer is yes please give details on a separate sheet.	
Have any necessary changes been implemented?	
Is the licenceholder satisfied that the complaints register is complete and accurate? If the answer is no please give details on a separate sheet.	

5. BREACHES

Please state how many breaches have been logged on the breaches register during the year in compliance with Rule [9.12].	
Have any of the breaches been repeated? If the answer is yes please give details on a separate sheet.	
Is the licenceholder satisfied that the breaches register is complete and accurate? If the answer is no please give details on a separate sheet.	

6. CONFLICTS OF INTEREST

Please state how many conflicts of interest have been logged during the year in compliance with Rule [9.29].	
Is the licenceholder satisfied that any conflicts of interest have been disclosed and handled appropriately?	

7. DISASTER RECOVERY PLAN

<p>Please state whether your disaster recovery plan has been tested during the year and if so, the date(s).</p>	
<p>When the disaster recovery plan was tested, were there any problems? If the answer is yes please give details on a separate sheet, including whether they are now resolved.</p>	
<p>Please state whether your disaster recovery plan has been implemented or partially implemented during the year. If it has been implemented please give details on a separate sheet, including the circumstances of the implementation and whether the plan was satisfactory.</p>	

8. OTHER REGULATORY ACTION

<p>Has the licenceholder, its immediate or ultimate parent company (if any), been the subject of any disciplinary action or had its affairs investigated by any other regulatory body? If the answer is yes please give brief details on a separate sheet.</p>	
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9. LEGAL ACTION

<p>Has there been any legal action taken against the licenceholder during the year, or is there any pending? If the answer is yes please give brief details on a separate sheet.</p>	
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10. UNRESOLVED MATTERS

<p>Are there any matters relating to an earlier Compliance statement or qualification in an auditor's report which remain unresolved? If the answer is yes please give brief details on a separate sheet.</p>	
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Part 2 – Licenceholders authorised to conduct regulated activities of Class 2, Class 3, Class 4 or Class 5 should complete

11. NOMINEE COMPANIES

List below any companies which are subsidiaries of the licenceholder and which are taking advantage of the nominee company or nominee services exemptions contained within the Financial Services (Exemption) Regulations 2008.				
Name	Place of Incorporation	Names of Directors	Activity	No. of Appointments (Class 4 and 5 licenceholders only)

12. CLIENTS' MONEY AND INVESTMENTS

List below all clients' accounts held		
Bank	Account number	Title of Account

Has the licenceholder had any issues with the systems of control in place to enable it to comply with the Clients' Money chapter of the Rule Book? If yes , please detail on a separate sheet.	
Has the licenceholder had any issues with the systems of control in place to enable it to comply with the Clients' Investments chapter of the Rule Book? If yes , please detail on a separate sheet.	

<p>Has the licenceholder carried out the reconciliations required by rules [4.13 and 5.8], as appropriate, and corrected any discrepancies arising within the periods specifies in those rules? If no, please give brief details on a separate sheet.</p> <p><i>Licenceholders which have been granted permission to adopt the rolling stock check method of reconciliation of clients' investments should indicate whether there have been any issues with the system of internal control to ensure as far as reasonably practicable that an up-to-date record is maintained.</i></p>	
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<p>Please state the balance of any Clients' Money held by the licenceholder at the accounting reference date.</p>	
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13. CLAIMS ON PROFESSIONAL INDEMNITY INSURANCE

<p>How many matters have been referred to your PI insurers during the year?</p>	
<p>How many claims have been made on the PI Insurance during the year? If claims have been made please provide details on a separate sheet.</p>	
<p>Have any claims been settled by your PI insurers during the year? If yes, please detail on a separate sheet.</p>	
<p>How many claims are outstanding?</p>	
<p>Do you consider these to be significant claims? If yes, please detail on a separate sheet.</p>	

Part 3 – Licenceholders authorised to conduct regulated activities of Class 2, should complete

14. STATISTICS

Please state the maximum indemnity commission liability of the licenceholder based on the assumption that all policies sold on an indemnity basis lapsed on the accounting reference date.	
Please state the average persistency rate (lapsed or cancelled policies) over the period.	

In relation to Class 5 activities:

State below the names of “private trust companies” which the licenceholder has **ceased** to provide services to since the last Annual Compliance Return and whether the administration of each private trust company has been transferred to another licenceholder or has been dissolved (licenceholders may append a list if they prefer).

Name	If transferred name of new licenceholder	If dissolved please tick

DECLARATION OF COMPLIANCE

(To be completed in accordance with Rule [9.27] of the Financial Services Rule Book 2008)

Form of the Annual Compliance Certificate, which is to be submitted on the licenceholder's headed paper, signed and dated by both resident directors (if any) or resident officers or, if applicable, the sole trader.

ANNUAL COMPLIANCE CERTIFICATE

Financial Services Licence FSC Reference []

We [full name] of [address] and [full name] of [address] are the two [resident directors/resident officers*] of [name of licenceholder] and we confirm the following:-

- (1) During the period [state the period covered by the audited financial statements] the business of the licenceholder [has/has not*] been conducted in accordance with:-
- (a) the Financial Services Act 2008; and
 - (b) all relevant Parts of the Rule Book issued under that Act;
 - (c) any licence conditions issued by the Financial Supervision Commission; and,
 - (d) any directions issued by the Financial Supervision Commission (if applicable),

AND THAT the Financial Supervision Commission has been notified in writing of all matters which may influence the continuance of the licence;

[Licenceholders which have not conducted business in accordance with items listed above should add the following sentence:]

We confirm that all breaches of any of the items above have been notified to the Commission in writing. *[Where breaches have not been notified to the Commission previously, details should be attached to this compliance certificate.]*

[Only licenceholders which are authorised to conduct Class 1 regulated activity should add the wording at 2 below:]

AND

- (2) The licenceholder's policies relating to risk management, credit risk, large exposures, arrears and provisioning for bad and doubtful debts, liquidity, foreign exchange risk management, interest rate risk management and business resumption /contingency arrangements [have/have not*] been reviewed during the year and [have/have not*] been assessed as being up to date and appropriate.¹

[Only licenceholders which are authorised to conduct Class 1 regulated activity and which are Isle of Man incorporated should add the wording at 3 below:]

AND

¹ Licenceholders whose risk policies have not been reviewed within the time limits specified in the Risk Management and Internal Control Part of the Rule Book, will be in breach of Rule [9.6] and should attach explanatory details to this compliance certificate.

- (3) The licenceholder's ICAAP [*has/has not**] been reviewed during the year and [*has/has not**] been assessed as being up to date and appropriate.

It should be noted that by virtue of section 40 of the Financial Services Act 2008 ("the Act") a person commits an offence if he knowingly or recklessly gives any information to the Commission which is false or misleading in a material particular. Any person guilty of an offence under this section of the Act shall be liable:-

- (a) on summary conviction, to a fine not exceeding £5,000 or to a term of custody not exceeding 6 months, or to both;*
- (b) on conviction on indictment, to a fine or to a term of custody not exceeding 5 years, or to both.*

**Delete as appropriate*