

**MINUTES OF THE MEETING OF THE AML/CFT ADVISORY GROUP
HELD AT 2.00PM WEDNESDAY 18 MAY 2016
IN THE KING ORRY ROOM, CABINET OFFICE, ISLE OF MAN GOVERNMENT**

Present: Karen Ramsay, Head of NRA, Cabinet Office (Chair)
Paul Heckles, AML/CFT Advisor, Cabinet Office
Joanne Hetherington, NRA Manager, Cabinet Office (Minutes)
John Garland, Head of Corporate Financial Services, Dept. of Economic Development
Julian Lalor-Smith, Director of Administration & Legislation, Dept. of Home Affairs
Iain MacMillan, Interim Director, Financial Intelligence Unit
Neil Davis, Corporate Manager, Financial Intelligence Unit
Mark Rutherford, Deputy Chief Executive, IoM Gambling Supervision Commission
Karen Badgerow, Chief Executive Officer, IoM Financial Services Authority (IoMFSA)
David Griffin, Director of Enforcement, IoMFSA
Kathryn Cain, AML Manager, IoMFSA
Stuart Quayle, Director of Policy & Legislation, Treasury
Graham Dugdale, Team Leader, Law Enforcement, Customs & Excise Division
Sandra Skuszka, Chair, ACCA
Mark Denton, Chair, ACSP
John Atherton, Committee Member, ACSP
Graeme Snape, Chair, AICP
Dougie Elliott, Chair APSP
Mark Kiernan, Deputy Chair, APSP
Nigel Gregg, Committee Member, APSP
David Parsons, Chair, CIOt
Jonathan Leece, President, CISI
Sinead O'Connor, Representative, IoMCA
Charles C Garside, Chair, IoM Estate Agents
Andy Harding, Vice-Chair, IoM Funds Association
John Mitchell, Compliance Manager, IoM Law Society
Ysanne Williams, Supervisions Executive, IoM Law Society
Jon Whiting, Representative, IoMSCA

Apologies: Charlie Woolnough, Co-Founder, CoinCorner
Gill Marples, Chair, MIA
Kurt Roosen, Chair, Manx ICT Association
Jon Barwood, FPIBA

001/16 MINUTES OF JAMLAG MEETING HELD ON 11 SEPTEMBER 2015

Having been previously circulated, the minutes of the former Joint Anti-Money Laundering Advisory Group (JAMLAG) meeting held on 11 September 2015 were agreed.

The Head of NRA advised that the meeting of 11 September 2015 had been JAMLAG's final formal meeting and that JAMLAG was being replaced with the AML/CFT Advisory Group (the Group).

002/16 MATTERS ARISING FROM THE JAMLAG MINUTES

There were no matters arising from the minutes.

003/16 TERMS OF REFERENCE FOR THE AML/CFT ADVISORY GROUP

The Head of NRA invited the Group to discuss the Terms of Reference (ToR) for the AML/CFT Advisory Group, which had been previously circulated.

The Group noted that the ToR would be subject to the approval of the AML/CFT Strategic Group, which is Chaired by the Chief Secretary. The Group also noted that the Cabinet Office would publish signed minutes of the AML/CFT Advisory Group on its website, in order to facilitate the flow of relevant information to industry associations.

The Group noted that the Cabinet Office is subject to the requirements of the [Freedom of Information Act 2015](#) (FOIA) and that the publication of minutes also supports the Government's overall commitment to transparency. The remaining Government Departments (in addition to Tynwald and its Branches) will also fall within scope of the FOIA from January 2017. The Head of NRA provided assurance that all minutes would be circulated to the Group for comment and agreement prior to publication.

During discussion, the Group noted that the ToR for JAMLAG had included representation from the Attorney General's Chambers (AGC) and the Isle of Man Constabulary and that these two agencies had not been included in the ToR for the AML/CFT Advisory Group. The IoMFSAs Director of Enforcement expressed some concern at this absence.

The Head of NRA advised that discussions had taken place with both the AGC and the Constabulary on this matter. Both agencies had offered to attend AML/CFT Advisory Group meetings if it was deemed that their presence was relevant and they could contribute to proceedings. The Group noted that the AGC and the Constabulary would receive agendas and minutes for the meetings and that both agencies would receive standing invitations to AML/CFT Advisory Group meetings.

Notwithstanding the above, it was agreed that the Head of NRA would provide feedback to the AGC and the Constabulary regarding the Group's comments, as a result of which the agencies' attendance at future meetings may be revisited.

ACTION
Head of NRA

The Group discussed the significant size of its membership; members were asked to give consideration as to whether duplication of industry representation was appropriate, or if they would prefer to be included in all communications via a circulation list. It was agreed that members would give consideration to these matters and revert to the Group at the next meeting or via the Cabinet Office Secretariat.

ACTION
ALL

004/16 INTRODUCTIONS

The Head of NRA invited members of the Group to briefly introduce themselves, which was followed by a round-table overview of individuals' names and roles.

005/16 MONEYVAL UPDATE

The Head of NRA, Cabinet Office provided an update regarding MONEYVAL developments and made reference to the recent on-site

international evaluation of the Isle of Man which took place from 25 April – 6 May 2016.

The Head of NRA sincerely thanked members of the Group for their commitment and engagement throughout the MONEYVAL process, as many had played an important part during the on-site evaluation.

The Group noted that initial feedback from the international assessment team was positive in terms of the level of access provided to the most senior politicians, most notably the Chief Minister. It was further noted that the assessors had been particularly impressed by the openness and accessibility of meetings with businesses; industry representatives; IoM Constabulary; Regulators; Government and the Judiciary.

The Head of NRA advised that the assessment team had provided headline feedback to the AML/CFT Strategic Group during a close-out meeting on 6 May 2016. The assessment team was currently preparing the first draft of the Mutual Evaluation Report (MER). Considerable work needed to be undertaken between the assessment team and the Isle of Man Government before the final MER is published in Spring 2017. It was also noted that the Isle of Man's MER was scheduled to be considered at the Plenary session of MONEYVAL in December 2016.

The Group also noted that the second draft of the Technical Compliance Annex (TC Annex) had been received from MONEYVAL, and contained a number of additional questions from the assessors. The Cabinet Office was in the process of coordinating responses, which would be returned to MONEYVAL within the requisite four week timeframe.

The Head of NRA advised the Group that updates on the progress of the TC Annex and MER would be provided where possible and that MONEYVAL would be a standing agenda item for the AML/CFT Advisory Group.

006/16 AML/CFT STRATEGIC GROUP

The Group noted that the overall purpose of the AML/CFT Strategic Group is to provide an effective mechanism to develop and deliver policies related to AML and CFT, and ensure compliance with related international financial sanctions.

The Head of NRA also advised that the AML/CFT Strategic Group will provide an effective upward feedback mechanism from the AML/CFT Advisory Group.

007/16 FINANCIAL INTELLIGENCE UNIT UPDATE

The Interim Director of the Financial Intelligence Unit (FIU) advised that the announcement of Royal Assent for the Financial Intelligence Unit Bill had been made at the April 2016 sitting of Tynwald.

The Interim Director requested that all members of the AML/CFT Advisory Group familiarise themselves with the content and implications of the [FIU Act 2016](#), and note the additional powers vested within the FIU.

**ACTION
ALL**

The Group noted that the FIU was a standalone body, and was not part of the Attorney General's Chambers; Customs and Excise Division or the IoM Constabulary.

The Group further noted that the membership of the FIU Board consists of the:

- Attorney General (Chair);
- Chief Constable; and
- Collector of Customs and Excise

The Interim Director advised that his role was to drive change within the FIU, and that going forward he was keen to facilitate mutually beneficial working relationships between the FIU and its key stakeholders.

The Group also noted that a placement student within the FIU was undertaking a research project to ascertain the quality of the relationship between the FIU and industry, and members of the Group were encouraged to take part in this study if possible.

008/16 REGULATORY UPDATE

The Director of Enforcement, Isle of Man Financial Services Authority (FSA) provided a regulatory update to the Group.

The Group noted that the [Designated Businesses \(Registration and Oversight\) Act 2015](#) (DBROA) had come into force since the previous JAMLAG meeting. The Group's attention was drawn to Schedule 1 of the DBROA, which makes reference to designated businesses (DBs) subject to AML/CFT oversight, in addition to exemptions.

The Director of Enforcement advised that to date, 82 DBs had registered and 289 registration applications had been made. The Group also noted that the FSA estimated that up to 129 DBs had not yet started the registration process and the Group was asked to encourage any unregistered DBs to begin the process as soon as possible.

The AML Manager advised the Group that there had been updates made to the [AML Handbook](#) in April 2016. It was noted that one area which was now more substantive related to verification of nationality for standard risk customers. It was also noted that Appendices D(a) and D(b) have been updated to take account of the FATF's latest statements as published on 19 February 2016.

The Group also noted that the FSA had issued a Guidance Note to Class 1, 2, 3 and 8 Licenceholders in regard to *on behalf of concessions*. Following discussion, it was agreed that the Guidance Note would also be sent to Class 4 and 5 Licenceholders.

**ACTION
AML Manager
(FSA)**

The Group had a detailed discussion regarding parity across jurisdictions and clarification was sought on the current application of the FSA's AML Handbook. Clarification was provided that the Handbook does not apply to insurers but the Code applies to all sectors.

009/16 INTERNATIONAL SANCTIONS UPDATE

The Group noted that international sanctions were a key focus for the evaluators throughout the MONEYVAL visit.

The Team Leader of Law Enforcement within Customs and Excise (C&E) provided an update on a number of international sanctions. The Group also noted that C&E was committed to developing a more customer-focused approach to the provision of sanctions information and the submission of Suspicious Transactions Reports (STRs).

During discussion, members of the Group referred to the benefits of HM Treasury's fully searchable sanctions spreadsheet.

Following discussion, it was agreed that the Group would provide feedback to C&E via Ray Todd (ray.todd@gov.im) on the following matters:

**ACTION
ALL**

- i) Using IoM Government's [Customs and Excise website](#);
- ii) Suggestions for improvement; and
- iii) Experience of STRs submitted in sanctions matters.
- iv) Use of the FSA's licence holder contact list to better inform industry when a new sanctions list was being adopted by the IOM.

It was agreed that this feedback would be collated and brought back to the Group to determine a way forward which will facilitate industry's customer experience.

010/16 INDUSTRY ROUNDTABLE & MATTERS FOR FUTURE MEETINGS

The Head of NRA invited members of the Group to raise any issues, or suggest items for future meetings.

The Isle of Man Law Society noted that it was undertaking ongoing dialogue with its members regarding *adequate consideration* and *acting on behalf of* matters.

The Group sought clarification regarding which Government agency is leading on the central register of beneficial ownership. During discussion, it was noted that there are cross-Departmental workstreams and responsibilities, which were summarised as follows:

- i) A Beneficial Ownership Working Group (BOWG) is in place, which is Chaired by the Chief Secretary, with membership from the Cabinet Office; Department of Economic Development, Treasury, the FSA and the Attorney General's Chambers;
- ii) Treasury will be leading on a public consultation on a draft Beneficial Ownership Bill at the start of the next administration, with a view to the Bill becoming an Act of Tynwald by June 2017;
- iii) The Financial Services Authority is leading on the supervisory approach and will be feeding into the legislative process; and

- iv) Government Technology Services (GTS) and Companies Registry will be leading on the technical aspects of setting up a central register.

During discussion, it was agreed that it will be vital for key stakeholders to be fully engaged in the public consultation and the development of beneficial ownership legislation, in order to ensure that all practical implications are fully understood and given due consideration.

011/16 ANY OTHER BUSINESS

a) Actions arising from the NRA

The Group sought clarification on the actions arising from the [National Risk Assessment 2015](#) (NRA) and how they are being taken forward.

The Head of NRA advised that the national actions had been captured within the [National AML/CFT Strategy 2016 - 2018](#) in the form of 10 Strategic Goals, which have been allocated lead agencies. There were fewer sector specific actions from the NRA and these are the responsibility of the relevant regulator; updates will be provided to the Strategic Group.

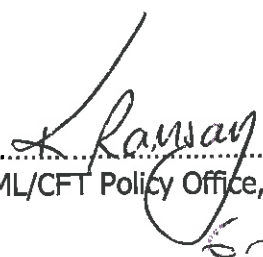
b) Financial Fraud / AML Conference 2016

The Director of Enforcement advised that the Financial Fraud / AML Conference 2016 will be held on 1 November 2016 at the Villa Marina.

012/16 DATES OF NEXT MEETING

Following discussion, it was agreed that future AML/CFT Advisory Group meetings will be held on a quarterly basis, in September, December, March and June and that these dates will be circulated in advance. It was also agreed that Fridays would be avoided.

The meeting closed at 3.32pm


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Head of AML/CFT Policy Office, Cabinet Office
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5 September 2016.
Date