

MINUTES

MINUTES OF THE MEETING OF THE AML/CFT ADVISORY GROUP HELD AT 10:30AM-12:00PM, TUESDAY 18th JULY 2023 IN THE KING ORRY ROOM, GOVERNMENT OFFICE

PRESENT:

Paul Heckles, AML/CFT Advisor, Cabinet Office (Chair)
Shannon Reid, AML/CFT Policy Manager, Cabinet Office
Kathryn Simms, Head of AML/CFT Policy, Cabinet Office (via Teams)
Anna Grigorova, AML/CFT Policy Co-ordinator (Minutes)
Sinead O'Connor, Representative, IoM Captive Association and IOM Law Society
John Atherton, Association of Corporate Service Providers
Katherine Garrod, Representative, IOM Wealth & Fund Services Association
Jon Barwood, Representative, Financial Planners & Insurance Brokers Association
Nicola Library, Senior Inspector, Gambling Supervision Commission
Helen Ault, Director, Gambling Supervision Commission
Dougie Elliott, Isle of Man's Association of Pension Scheme Providers
Caroline Lomas, Representative, IOM Banking Association
Terry Steven, Supervisor, Financial Intelligence Unit
Ian Spence, Head of AML/CFT Division, IOM Financial Services Authority
Ros Lynch, Head of Supervisory Practices and Innovation Strategy, IOM Financial Services Authority
Graeme Snape, Alliance of Isle of Man Compliance Professionals (via Teams)
Lucie Kennedy, Team Leader – Legislation & Policy, Customs & Excise (via Teams)
Andrew Gosnell, Senior Risk and Compliance Officer, IOM Post Office (via Teams)
Claire Milne, Institute of Directors (via Teams)
Lucie Kennedy, Customs & Excise (via Teams)

APOLOGIES:

Linda Watts, Director, International Co-Operation and Asset Recovery Team, Attorney General's Chambers
Leslie Foster, Representative, IOM Society of Chartered Accountants
Audrey Butterworth, Representative, Bankers Association
Clair Barks, Deputy Chief Officer, Department of Home Affairs
Elisabeth Rattigan, Legal Officer, International Co-Operation and Asset Recovery Team, Attorney General's Chambers
Erica Humphries, Anti-Bribery and Corruption Project Manager, Cabinet Office
Bill Mummery, Director, Chamber of Commerce
Jed Bibby, Superintendent/Head of Financial Crime, Isle of Man Constabulary
Nicola Skillicorn, Deputy Assessor, Income Tax Division
Richard Carter, International Cooperation Officer, Income Tax Division

24/23 APOLOGIES / INTRODUCTIONS

The Chair noted the apologies received.

25/23 MINUTES OF AML/CFT ADVISORY GROUP MEETING HELD ON 18th MAY 2023

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Having been previously circulated, the minutes of the AML/CFT Advisory Group ("the Group") meeting held on 18th May were agreed by Members and signed by the Chair. These will be uploaded to the [AML/CFT Policy Office page on the IOM Government website](#) in due course.

26/23 MATTERS ARISING FROM THE MINUTES

Beneficial Ownership

The Chair gave an update on the matter regarding appointing King's Counsel. Philip Coppel from Cornerstone Chambers, a leading expert in the area of Data Protection and Personal Privacy was engaged. The Crown Dependencies had deliberately selected Counsel with this expertise. In addition, the Chair said that it had taken a long time to draft the advice to Counsel and that the AML/CFT Policy Office had a call scheduled for the following week with the other Crown Dependencies to discuss the instructions. Counsel was expected to provide his advice sometime in September.

The Chair advised that UK Government had been in touch with the Cabinet Office regarding access to the Beneficial Ownership Register for "Obligated Entities" and those with "Legitimate Interest" as expected. The UK set out that they were looking to engage with the Crown Dependencies on a more regular basis.

The Chair said that Tom Tugendhat, Minister of State for Security, was expected to visit the Island sometime around September. The Chair emphasised the importance of this visit and the particular interest of the Minister to visit Isle of Man and stated that the Cabinet Office was continuing to monitor developments on the international stage in respect of Beneficial Ownership.

The Chair advised that the EU's 6th Anti-Money Laundering Directive was not ready and that any draft versions were expected to be finalised sometime the end of this year. The Chair added that it was vital to see how the 6th Anti-Money Laundering Directive would be drafted and what the position would be regarding "Legitimate Interest" prior to a view being taken and before matters were progressed further.

VASPs Typologies Report

The Chair announced that the Data Protection Officer, Financial Intelligence Unit, had led MONEYVAL's Virtual Asset Service Providers Typology Method Project. The Isle of Man volunteered to Chair after Russia was excluded from the Council of Europe following the invasion of Ukraine. The Chair said that MONEYVAL had asked the Data Protection Officer to represent them and his paper in Lithuania.

The member of Isle of Man's Association of Pension Scheme Providers suggested this work could be promoted more effectively on Island via the media.

The AML/CFT Policy Manager elaborated that the FIU had already promoted this information via their website and social media.

ACTION The AML/CFT Policy Office to share with Members the VASP Typology Method Report

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Travel Rule

The Chair provided an update on behalf of the Senior Manager, AML/CFT Division, IOM Financial Services Authority, regarding the recent FATF Report expressing dissatisfaction that most jurisdictions hadn't fully implemented the provisions that were put into Recommendation 15 – the new technology on the Travel Rule. He also said that Senior Manager, AML/CFT Division, IOM Financial Services Authority, had conducted various meetings with Industry which, according to the Chair, had been very productive.

The next meeting with Industry was scheduled for the 7th September and it would be led by the Senior Manager, AML/CFT Division, IOM Financial Services Authority. It was expected that after this meeting, a finalised draft would be established on how to consult moving forward.

The Head of AML/CFT Division, IOM Financial Services Authority, added further that there was good progress in this regard and that they had been sharing drafts and wording with Industry in the hope that the finished product would be something that Industry could deliver on and be able to put into practice. The continued close co-operation with Industry to deliver this objective would be the priority for the IOM Financial Services Authority.

27/23 TERMS OF REFERENCE

The Chair said that minor amendments to the ToR had been finalised and circulated amongst the Members since the last meeting. No other comments were made and therefore the ToR were ready to be published on the Advisory Group website. He also advised further that amendments could be made if required, in the future.

28/23 OVERVIEW OF FSA SUPERVISORY METHODOLOGY

Head of SPI Strategy, IOM Financial Services Authority, shared in a presentation the Supervisory Methodology Framework. She said that this was a project that the FSA had been working on for a number of years. The final approach along with the revised Supervisory Methodology Framework document, was now established. This would help firms understand where the FSA sits and how it would be supervising. The document and the presentation were going to be circulated on an email amongst Members.

GSC Methodology Update

The Senior Inspector, Gambling Supervision Commission, volunteered to do a presentation on the GSC Methodology Framework at the next Advisory Group meeting.

ACTION: GSC to give an update on the new GSC Supervisory Approach at the next Advisory Group meeting

29/23 FATF/MONEYVAL Updates (CO)

Gibraltar update

The Chair gave an update regarding Gibraltar's grey-listing by FATF. At the last Plenary, the decision was made for Gibraltar to remain on the grey-list due to two main reasons:

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The first reason being the use of Regulatory Sanction Powers, particularly in the Gaming Industry, however this had been satisfied. The second (and the outstanding reason), was that Gibraltar had the lack of confiscation cases in line with it being an International Financial Centre. The Chair was advised by Gibraltar that they had an ongoing case but the judge did not make his judgement until after the Plenary, so this was not included in the decision-making. Gibraltar was hoping for the case to be considered at the October Plenary. The Chair also added that the process was not straightforward and there would be an onsite visit included before Gibraltar could exit the grey-list.

The Chair said that the assessment for the Isle of Man was pencilled in for 2026, however it is not fully determined. It could be as early as 2025.

30/23 ISLE OF MAN GOVERNMENT AML/CFT OUTREACH AND ENGAGEMENT

The AML/CFT Policy Manager said that an on-going Programme of Engagement would be finalised soon and it would include regular meetings with Industry and ad-hoc education and awareness sessions for Industry. The engagement would be put together following feedback and input from across Government and agencies via the AML/CFT Advisory Group.

- Engagement with industry would start with the AML/CFT Policy Office attending meetings of professional bodies and providing "introductory sessions", arranged through Finance IOM.

ACTION: Members to provide feedback regarding Industry Outreach sessions and topics as soon as possible

31/23 ANY OTHER BUSINESS

EU Tax Regime

The Chair advised that the EU was campaigning for stricter tax rules and regulations to a few jurisdictions, including the Isle of Man. One of the suggestions from the EU was to create a Beneficial Ownership Register where non-EU entities that were dealing with EU entities would register its Beneficial Ownership. This was an ongoing agenda item and further updates would be provided regularly.

Sanctions Bill

The Team Leader, Legislation & Policy, Customs & Excise gave an update on the Sanctions Bill which at that time was going through Tynwald. The Bill was designed to improve the Legislative Framework for Sanctions and how they were implemented. It passed through the House of Keys in June and the first reading of Legislative Council. It was due to go through the House of Keys again. It was hoped that the Bill would receive Royal Assent by the end of the year.

32/23 SUMMARY OF ACTIONS

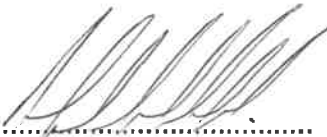
- **The AML/CFT Policy Office to share with Members the VASP Typology Method Report**

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- **GSC to give an update on the new GSC Supervisory Approach at the next Advisory Group meeting**
- **Members to provide feedback regarding Industry Outreach sessions and topics as soon as possible**

33/23 DATE OF NEXT MEETING

Tuesday, 19th September, 14:00-15:30, King Orry room, Cabinet Office



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(Chair)

13/11/23
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Date

