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News Release

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MONEYVAL Mutual Evaluation Report on the Isle of Man

MONEYVAL, the Council of Europe body for anti-money laundering (AML) and counter-terrorist financing (CFT), has today (Friday January 27, 2017) published its Fifth Round Mutual Evaluation Report on the Isle of Man.

The report, compiled following a visit to the Isle of Man by MONEYVAL inspectors in April and May last year, analyses the Island's level of compliance and effectiveness in relation to the latest international standards on AML/CFT and makes recommendations for the future.

The report's findings include confirmation of the Island's very high level of compliance in its AML/CFT legislation, its co-ordination of AML/CFT policies, its understanding of vulnerabilities through its National Risk Assessment (NRA), and its co-operation with other countries.

The report also highlights areas for improvement including the resourcing of financial intelligence gathering and investigations, a point already identified in the Island's own NRA published last year along with a National Strategy for enhancing AML/CFT measures.

In line with the National Strategy law enforcement issues are already being addressed by developments such as the creation of an independent Financial Intelligence Unit and an Asset Recovery Unit.

Chief Minister Howard Quayle MHK commented: 'As our track record shows, the Isle of Man takes its responsibilities as an international business centre very seriously and we are committed to ensuring our compliance with global standards on AML and CFT.

'The Isle of Man is one of the first small international finance centres to undergo the Fifth Round Evaluation, which is more comprehensive and demanding than previous evaluations. Taking part in this process is an opportunity to learn and improve from being tested against the latest international standards.

'The MONEYVAL report is an independent audit which will help the Isle of Man to maintain its adherence to the standards, and so protect our status as a responsible and respected centre for quality business.'

The Chief Minister concluded: 'In terms of key findings the report largely reinforces the Island's own National Risk Assessment and National Strategy on AML and CFT. However there is much to consider in this document and Government will be carefully working through its recommendations in conjunction with the business community.'

To monitor progress in making improvements the Isle of Man is in what is known as 'enhanced follow-up'. This is not unusual after a Fifth Round Evaluation and 86% of countries assessed so far have been placed in this category, including the USA, Switzerland, Australia, Canada, Belgium, Singapore, Austria, Hungary and Norway. The Isle of Man will be reporting back to MONEYVAL in 12 months' time to confirm that improvements are being delivered.

The Fifth Round Mutual Evaluation Report on the Isle of Man is available on the MONEYVAL website at:

http://www.coe.int/t/dghl/monitoring/moneyval/Countries/Isle_of_Man_en.asp

The Isle of Man's AML/CFT National Risk Assessment and National Strategy are at the following links:

<https://www.gov.im/media/1350893/isle-of-man-national-risk-assessment-2015.pdf>

<https://www.gov.im/media/1350894/isle-of-man-government-aml-cft-national-strategy-2016-18.pdf>

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NOTES for Editors

The Isle of Man is the first British Crown Dependency, and one of the first small international finance centres, to undergo what is known as a 'Fifth Round' Evaluation measuring AML/CFT compliance and effectiveness against the most recent recommendations set by the global Financial Action Task Force (FATF).

In the case of the Isle of Man and other smaller European jurisdictions evaluations are carried out under the auspices of FATF by MONEYVAL, a committee of the Council of Europe (which is separate from the European Union).

All countries are subject to some form of follow-up procedures following an evaluation to ensure that a continuous and on-going system of monitoring takes place. The Isle of Man is in the 'enhanced' follow-up category because its effectiveness ratings were not sufficiently high.

The Isle of Man will be required to provide a formal report to MONEYVAL in 12 months' time to demonstrate that improvements are being delivered. The report will be considered to assess whether sufficient progress has been made for the Island to be transferred from 'enhanced' to 'regular' follow-up.

The Isle of Man

The Isle of Man is a leading international business centre known for its innovation, professionalism and long-standing policy of positive engagement with international initiatives and standards.

The Island has a long-standing commitment to meeting international standards to combat money laundering and the financing of terrorism and proliferation.

To help ensure that the Isle of Man continues to meet evolving international standards, the Island has undertaken a wide ranging anti-money laundering and countering the financing of terrorism National Risk Assessment and published its AML/CFT National Strategy for 2016-2018. The Island is one of the first countries to undertake such an assessment and to publish its report.

Over the years, the Isle of Man has demonstrated its commitment in many ways:

- by sharing information automatically for tax purposes with EU Member States since 2005
- by agreeing to share information under the US Foreign Account Tax Compliance Act regime
- being the first Crown Dependency to sign a similar agreement with the United Kingdom
- being an early adopter of the Common Reporting Standard
- joining the Multilateral Convention on Mutual Assistance in Tax Matters
- being in the first group to sign the Multilateral Competent Authority Agreement in Berlin
- being the first British Crown Dependency to commit to an initiative on automatic exchange of company beneficial ownership information; a move spearheaded the United Kingdom, Germany, Italy, France and Spain
- introducing a regime to ensure oversight and adherence of non-financial businesses and professions to the Island's anti-money laundering and countering the financing of terrorism legislation (AML/CFT)

In November 2013 the Isle of Man was one of just a few jurisdictions rated 'compliant' by the OECD for its Global Forum on Transparency and Exchange of Information for Tax. An update two years later confirmed the Isle of Man remains in the top group, ranked as one of only 21 jurisdictions, out of 81, to be 'compliant' with the standard.