



CHAIRMAN'S REPORT

Dennis Cross





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The Commission has continued to make good progress in the 2006/7 period in both its operations and its financial position. A key challenge this year was to ensure a smooth transition of management from the retiring Director to his successor. The Director is the chief executive officer of the Commission and is responsible for its management. The need for change arose from the retirement of John Lawrence in February 2007. His successor, Niguel Streete, is to be congratulated on maintaining the momentum in the development of the Commission in its statutory role of licensing, regulating and developing financial services in Anguilla.

The Commission has continued to operate as an independent body. The audited financial statements for 2006/7 reveal another year with a financial surplus, comfortably exceeding the surplus for 2005/6, thereby demonstrating again our financial independence. The surplus has been used to augment our reserves. We have under review the point at which we should cease building further reserves, and instead make distributions of any funds that are surplus to our requirements to the Government of Anguilla. Estimates of revenue and expenditure for 2007/8 have been prepared and approved and we expect another surplus to be achieved.

The financial services sector has continued to record strong growth in the year under review. One indicator of this is the number of companies on the Companies Registry, which is operated by the ACORN online filing and incorporation system. Company formation for the year ended 31 August 2007 exceeded the previous year by 14%. There was also continued expansion in the number of financial services licences. The number of licences issued was about the same as last year and this increased the number of licences in existence by 35%. Most of this expansion continued to be in the areas of offshore insurance and mutual funds.

Each year the Commission is required under the Financial Services Commission Act to submit a Work Plan to the Governor. The Work Plan for 2006/7 was largely completed during the course of the year. This year particular emphasis was given to inspections relating to anti-money laundering issues. In several cases we found shortcomings in standards, and specific requests to licence holders for improvements have been made.

The Commission is required to take such measures as it considers appropriate to develop the financial

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services industry in Anguilla. As previously, we consider it appropriate for this to comprise the enhancement of legislation and regulation, and the provision of expertise at appropriate forums to explain the regulatory environment. We understand that discussions have continued during the year between the Ministry of Finance and the private sector body, the Anguilla Financial Services Association, regarding the formation of an organisation whose sole activity would be the promotion of the financial services industry in Anguilla as a whole. We continue to support the concept of a separate and objective promotional body.

The staff of the Commission interacts regularly with bodies outside of Anguilla in three types of activity, namely, to provide developmental assistance; to liaise with other regulatory bodies; and to provide Commission staff members with high class training opportunities. Most of the overseas visits for these purposes during the year were for training. We regard good staff training as being particularly important at this stage of the development of the Commission.

In recent years the financial services industry has developed steadily with increasing awareness and emphasis on high standards. We feel that we have played a major role in this improving trend. In particular, the Commission has been diligent in implementing internationally recognised standards, including almost complete implementation of the many recommendations for legislation and improved regulatory quality contained in a study by UK-appointed consultants in 2000. At the Commission we aim to continue to play a major role in the further high quality development of financial services in Anguilla.