

Review of the Commission's Activities and Priorities

Good Morning!

I am delighted to be able to speak directly to you through the internet. Anguilla is a long way from Jersey by sea – but how strange it is that via a satellite in space, we are brought to feel so much closer. A mechanical device can overcome distance – or at least do so to a large extent.

The Commission has been extremely busy during 2011 and a number of significant specific issues have demanded our attention:

- Continued implementation of the Foot Report and CFATF recommendations;
- Established the Commission's AML/CFT and Legal Unit;
- Established a registration programme for NPOs and participating in a public outreach program for NPOs;
- Delivered AML/CFT training programs for industry (including Banks and Money Services Businesses);
- Established 1st Phase of Sigma database project;
- Launched test run of reporting forms with industry (Mutual Funds, Money Services, TCSPs and International banks)
- Dealt with issues surrounding British American Insurance Company and CLICO and co-ordinated Anguilla's responses;
- Chaired regional committee on ECCB/ECSRC collaboration with domestic regulators;
- Gained financial support from CFTC for insurance business technical assistance;
- Recruited Deputy Director
- Participated in the response team for and attended OECD Peer Review
- Co-ordinated with AG Chambers and legal draftsman on financial services legislation (FSC Bill, MSB, AML/CFT Regulations & Code, review of industry guidance , insurance acts)

In addition, the Commission undertook other more routine duties:

- Meeting with local and visiting industry participants BODs and potential licensees;
- Chairing MLRA Committee and administering the National Forfeiture Fund;
- Attending meetings of AFTF and MoF;
- Attending quarterly meeting of ECCB Regulatory Oversight Committee;
- Meeting with visiting experts from FCO, ECCB and IMF as well as the Tax review /economic review consultants; and
- Preparing discussion papers for quarterly Board meetings.

And all these things are on top of the job you probably think we do, namely carry out onsite examinations – this year for insurance companies, Companies Registry and AML/CFT themed visits – and of course process and evaluate new and renewal licence applications.

The Commission is indeed a busy place, with a small but very good team. In addition to the executive staff there is of course also a non executive board, together a great bunch of people, all committed to the island, all bringing relevant and valuable experience. I am very proud to have the opportunity to get to know them closely and to enjoy the privilege of being associated with this very special island.

Two other initiatives which I would like to mention in closing – kept to the last because they are both important.

Firstly, we wrote a strategy paper for government to talk about the use of our reserves. In this regard the board of the Commission, in which I am joined as you know by Deputy Chairman Ralph Hodges, Carl Harrigan and Tara Ruan, formulated conclusions concerning the appropriate level for our reserves position which we are required to do by law. The legislative remit given to the Commission precludes it from promotional activity, however, it does include, as one of its statutory objectives, assisting in the development of the financial

services industry. In this regard we have added considerable activity – and therefore are spending money from the reserves – to support development. How? We will use our resources to:-

- 1) actively participate and support the work of the legislative committee, helping with law drafting and consultation to develop the products, standards and services which the finance industry needs to thrive;
- 2) extend and increase our work to develop the skills pool in the island to help develop the workforce from which business can find the employees it needs and local people get jobs. We have delivered extra industry training sessions and will continue to do so and we are working with the College and Professor Loudon to introduce finance oriented courses.

This training area is one particularly dear to my heart. We have nothing if we do not have a competent workforce.

- 3) Advise Government. This function is part of our statutory remit. Although it is up to Government to determine the extent to which it wishes to embrace our offer, the Commission definitely has areas of expertise which would assist the Government in its deliberations and considerations, particularly in the area of developing the financial services industry or drafting work – including the development of plans to deal with financial system crises.

An early and practical example is that we shall be advising Government and working with the legislative committee and industry to introduce a regulatory standard for Securities' Businesses.

This introduces our second main initiative for 2012. Currently there is no legislation to regulate those who advise, manage or deal in investments for international clients – or even anything to stop a person who wanted to set up an unauthorized stock exchange. This puts us out of compliance with international securities' industry standards and attracts derision from our sister regulators but

also misses an enormous opportunity to attract quality business to a decent, but relatively light touch regime.

This will be a key task for 2012 and we have a source of great expertise to assist us in the shape of the Deputy Director, Mr Robert Hudson, a doubly qualified lawyer and accountant who has two decades of experience in securities' supervision and international experiences in places as far apart as Cambodia and Canada.

Robert is also working with Professor Loudon to develop courses and qualifications within the securities and investments sector to ensure we have people who can support the new industry as it develops.

So – as you can see, there is a lot happening, it's a great island with a great future. But we have to get better at working together and create and promote a united front.

Priorities with the Commission will continue to focus on doing our job and doing it well. We want to be approachable and professional; we will be courteous and treat all people with whom we deal with respect. We accept we won't always be popular, but we will ALWAYS be fair and impartial.

Two practical means by which we have evidenced our impartiality is to publish a conflicts policy for board members and secondly to launch an open, transparent, public recruitment exercise for our non executive board member appointment.

HH/10/2011