



Anguilla Financial
Services Commission

ANNUAL REPORT

2015



GOVERNOR'S REPORT



Several matters of significance to the financial services sector in Anguilla occurred over the course of the 2015 financial year worth noting.

The most significant was Anguilla's exit in November from the Caribbean Financial

Action Task Force's 3rd round of AML/CFT assessments. This represented recognition by the international standard setter of Anguilla's effective commitment to meeting its international AML/CFT responsibilities – a testament to the work of the Anguilla Financial Services Commission, government and the industry. Successes such as this form an essential foundation for building a revitalised international financial services sector in the country. Also positive was the sponsoring by the Anguilla chapter of the Society of Trust and Estate Practitioners (STEP - the international industry group for trust and estate practitioners) of the STEP Caribbean conference 2015. The event was a great success and secured good publicity for Anguilla.

Less positive was the continued uncertainty in 2015 over the future of the indigenous banks and their offshore banking subsidiaries, which cast a pall over Anguilla's financial services sector. As concern grew over the course of the year about the length of time it was taking to develop and implement a resolution plan affordable to the Government of Anguilla, fair to all depositors and supportive of the long term, sustainable economic development of the island, the UK Government took the step of developing, in cooperation with my office and the Anguilla Financial Services Commission, resolution plans that could be implemented should a regional solution not be forthcoming. Despite continued efforts over the course of the year to assist and encourage the Government of Anguilla

and key regional stakeholders to implement an effective resolution plan, by year end this had not yet been done. Indeed, by year end the Commission was concerned about the emerging intention to consider a resolution plan that would give preferential treatment to depositors in the indigenous banks to the detriment of the interests of depositors in their offshore banking subsidiaries. This led to the Commission beginning preparations for an application to the Court for the appointment of an administrator for the subsidiaries in order to protect the interests of their depositors to the greatest extent legally possible. An administrator for the offshore banking subsidiaries was appointed by the Court in February 2016. It is unfortunate that since then there has been little apparent willingness by either the regulator of the parent banks or their receiver to cooperate with the administrator to resolve outstanding issues, and that this is resulting in ongoing litigation.

The Commission also had a very busy year in other areas of its remit. Of particular note are the Commission's efforts to ensure compliance by its licensees with AML/CFT legislation. This in 2015 included a combination of enforcement (with the initiation of an offsite compliance review of all licensees carrying on company management business), training at a Commission sponsored conference (at which CFATF staff discussed their compliance expectations), and consultation with licensed company managers on matters involving third party reliance and offshore agents. The Commission also issued a total of 35 Investor Alerts and worked closely with its licensed company managers effectively to address problems caused by the incorporation in Anguilla of unregulated online forex and binary options dealers, whose businesses conducted in other countries have generated many complaints from clients of those businesses to the Commission of improper business practices.

The 2015 financial year was indeed a busy year. I am very appreciative of the Commission's efforts and would like to take this opportunity to thank Commission staff for their hard work. I look forward to continued progress in the year to come.