



ANGUILLA FINANCIAL SERVICES COMMISSION Annual Report and Accounts 2009



H.E. The Governor Alistair Harrison

I am delighted to introduce the FSC's Annual Report for 2009. I should start by paying a warm tribute to the work of Dennis Cross who stood down as Chairman a few weeks ago. As the FSC's first Chairman he made an invaluable contribution to establishing the Commission and guiding it through its early years, and will be greatly missed by all of us who dealt with him. But I was delighted to appoint Helen Hatton to succeed him from 1 May 2010. Helen comes to us with a wealth of experience of regulation in two of the Crown Dependencies - her native Isle of Man and Jersey. She is already making an impact as Chairman as we strive to take the FSC to the next level, and we look forward to her visits to Anguilla and her virtual presence at teleconferences. I also pay a warm tribute to Niguel Streete who left his post as Director at the end of 2009 to return to his native Grenada. Eleanor Astaphan has taken

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over and is already displaying exceptional intellectual skills and energy levels in fulfilling her demanding role.

2009 was quite a year in many respects. The world economy bumped along the bottom, and we all felt the consequences. There are now some signs of recovery, but we can all see that there are still difficult times ahead. Recent events in Greece show just how unstable parts of the world economy are. The impact of the world recession on Anguilla continues to be felt, in the tourism and financial sectors above all. The failure of a bank in the TCI has reminded us of the importance of sound management of our financial institutions, and of good regulation. So there is no cause for complacency.

But 2009 was also a year of important achievements for Anguilla. We have now passed the magic number of Tax Information Exchange Agreements. I salute both the outgoing AUF Government and the



GOVERNOR'S MESSAGE (continued)

incoming AUM Government who have signed these agreements, and pay tribute to the work of those in the Finance Ministry and elsewhere who did the detailed work leading up to them. 2009 was also the year when most of the serious work was done for our Peer Review under the CFATF process. At the time of writing this work was nearly finished, and there are positive signs that Anguilla will emerge with a credible and improved assessment. That is encouraging news. But there will be much more to do to implement the recommended workplan set out in the final CFATF Report.

The agenda ahead continues to be crowded and demanding. The Foot Review into the British offshore jurisdictions drew attention to some of the things Anguilla needs to do if it is to safeguard its future as a financial centre. It is imperative that we keep pace with international standards if we are to continue to be part of the international club of competitive and well-regulated jurisdictions and avoid potentially negative actions by other countries. I was pleased that the incoming government agreed to the establishment of a Task Force led by the Finance Ministry to carry forward this work. It will be important that this Task Force shows demonstrable progress in ensuring that international standards are implemented and maintained. And I suspect that the regulatory bar is going to be raised higher for all jurisdictions, particularly in the areas of improved transparency and due diligence, and Anguilla will have to move with the times. This places a heavy burden on the FSC and on the industry. The costs of doing business in this arena will inevitably rise. But if Anguilla is to prosper and have a more secure future it must ensure that it matches up to international regulatory expectations. I look forward to the FSC and the private sector working together in partnership towards this mutually beneficial objective. Rather than see higher regulatory standards as a threat we need them as they are - as an opportunity. Although we are small, Anguilla has the opportunity to compete on equal terms with all other jurisdictions.

Foot recommended that the FSC should be strengthened and work is underway to achieve this. I think that there will also need to be some fundamental thinking about the present regulatory model, which involves both the FSC and the ECCB, to decide whether it is still fit for purpose. Without doubt the day-to-day business of regulation will continue to get more and more complex. I wish the FSC continuing good fortune as it rises to the considerable challenges ahead.