



**Anguilla Financial
Services Commission**

2017

Annual Report

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Chairman's Report



World stage

Despite Irma and Maria being names Anguilla will ever associate with 2017, other events also took the world by storm.

Brexit consumed attention in Britain, with half the population yearning to leave the yolk of European Parliament domination and half longing to stay within a wider, more diversified and mutually supporting social and economic community. And of course the US election delighted and shocked electorate and onlookers in equal number, as we all watched the Trump inauguration and first year of office with some degree of amazement.

The appalling Grenfell Towers fire in London horrified Caribbean people as many residents hailed from the region and of course the ISIS attacks in London and Manchester affected everyone for their sheer random cruelty as did the shocking Las Vegas mass shooting.

The Harvey Weinstein sexual misconduct scandal quickly spread to the "me too" campaign, naming and shaming high profile celebrities the world over.

Anguilla's position

Against this global backdrop of activity, how did Anguilla fare? Tourism took a major backward step – albeit any informed onlooker will have been enormously impressed with the resilience and determination of islanders to repair and rebuild; and as statistics in this Report reveal, finance continued to quietly decline.

Whilst, one can have little control over changing global weather patterns and must resignedly accept the devastation they cause, the finance industry is a man-made concept and entirely capable of being changed and adjusted to maintain optimum positioning. As I conclude my last full year of service as Chairman of the Commission (my term ending in March 2018), I find myself asking whether enough has been done to

ensure Anguilla's finance industry meets changing global demands.

The answer, I believe, is mixed.

I took up my appointment as Chairman in 2010 and came to the task with a great deal of excitement and enthusiasm. I had read Michael Foot's Report for HM Government of a few years earlier which largely concluded Anguilla did not have the necessary infrastructure or critical mass to be a successful financial services centre. Whilst recognising the industry was small, being an island girl myself (Isle of Man and Jersey), I was used to finding small community solutions to big country standards and was not intimidated by the task.

The pressures on the financial services industry are the same in Anguilla as in every other centre – and come from two sources – the first is the commonly cited burden of increasing regulation driven by international standards; the second pressure source is seldom aired, and yet is equally important – namely: responding to the changing commercial nature of customer demand.

Whilst regulatory bodies and government can put legislation in place to meet the international standards, the responsibility to meet customer demand must be shouldered by industry. Clients today want service. They want structures which meet their home state tax rules, structures that will not land them in the middle of a tax investigation. This means that brass plate companies, which provide no features or service to secure tax situs, will not be wanted.

This point applies regardless of whether those companies are beneficially owned by private clients, by corporates or institutions, by investors seeking mutual funds or by people seeking captive insurance structures. A structure which fails to offer security of tax location by being able to demonstrate that the heart and mind of management is located in Anguilla, will not be wanted.

A couple of service providers got this point early

in the development of tax transparency rules and we enjoyed presentations at Commission annual industry days from Carlyle Rogers and Fiona Curtis on the ways they seek to ensure their businesses were addressing these client requirements. Overall, however, the industry practitioners in Anguilla deliver a registered office and that is the end of it. Unfortunately, this is not sustainable, not only because of regulatory “know your customer” standards but because legitimate clients’ demand for this type of structure is almost entirely gone.

Developing a midshore offering

The offshore industry is under global scrutiny. Smart offshore centres are moving themselves to a “midshore” offering, increasing services, providing active and engaged directors, keeping books, accounts, records, managing and maintaining contracts, fulfilling governance and company secretarial functions, managing bank accounts and investment portfolios. Securing substance is the new game in town.

Farewell

Throughout my tenure as Chairman, I have been joined and supported by a great executive team, led by four Directors – Eleanor Astaphan, Richard Hands, Keith Bell and Gerry Halischuk and have reported to three Governors, Alistair Harrison,

Christina Scott and Tim Foy.

An early recruitment decision when I was first in post was to hire Tina Bannister, and I am absolutely delighted that she is slated to take up the role of Director in 2019. Congratulations Tina – a well-deserved appointment! The Executive team, in turn, are lead and supported by the non-executive board and again, I have enjoyed working with five leading and inspiring residents of Anguilla – Deputy Chairman Ralph Hodge, Professor Delroy Loudon, Carl Harrigan, Tara Carter and Don Mitchell.

I shall miss you all and thank you most sincerely for your hard work, kindness, counsel and friendship.

I wish Anguilla good fortune in the forthcoming CFATF evaluation and urge the authorities to press on with demonstrating effectiveness of the AML/CFT regime. The various revocations of licence and round of fines issued by the Commission will not be sufficient on their own, prosecutions where merited are required.

Onward and upward – God’s blessings to you all.

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