



**ANGUILLA FINANCIAL
SERVICES COMMISSION**
ANNUAL REPORT
2018

CHAIRMAN'S REPORT

Global Outlook

The year 2018 continued the trend of events that brought about global upheaval in financial markets across the world, as well as increased movement towards integrating FinTech into financial services. International issues included upheavals that extended to the regulatory agenda and the financial services industry within Anguilla. In response to these pressures, regulators globally forged ahead to increase their cooperation efforts, both domestically and internationally, towards achieving greater effectiveness in carrying out their mandate. Anti-Money Laundering and Combatting the Financing of Terrorism ("AML/CFT") continued to be a globally relevant discussion with the continuance of the Financial Action Task Force ("FATF") 4th Round of Mutual Evaluations. Additionally, the opportunities presented by the increased acceptance of digital asset service providers also impacted legislative innovation during 2018 in several jurisdictions, including Anguilla.



Global threats to financial services remained a pertinent concern, with an increased use of technological applications being used to carry out financial crimes. In response to this, regulators around the world have been pressed to respond with greater alacrity in the issuance of warnings and fraud alerts. This has also led to regulators rapidly embracing technological solutions towards fighting financial crimes. Regulators were also pressed to undertake increased training in order to upskill in the face of future threats. Ultimately, regulators globally are being called upon with increasing frequency to engage and respond with international standard setters and other stakeholders towards ensuring global financial stability.

Focus on Anguilla

To ensure that Anguilla remains at the forefront of international standards, the Commission redoubled its efforts to continue preparations for its 4th round Mutual Evaluation under the FATF Recommendations. Whilst the impact of Hurricanes Irma and Maria temporarily impaired normal operations, work was continued in earnest. The Mutual Evaluation was rescheduled from 2021 to 2022; however, the Commission together with other domestic Competent Authorities continued their works towards the completion of Anguilla's National Risk Assessment.

In addition, two Multilateral Memorandum of Understanding were signed to enhance regional cooperation primarily for the areas of banking and insurance business. The Caribbean Association of Insurance Regulators ("CAIR") is one of the bodies with which a number of regulators within the region, including the Commission, signed onto an MMOU. CAIR provides for the collaborative approach for the supervision of insurance companies and insurance intermediaries towards the protection of underlying customers of insurance products throughout the region. The other MMOU signed was with the Eastern Caribbean Central Bank ("ECCB") to strengthen collaboration on matters relating to AML/CFT for domestic banking institutions, as prudential supervision calls to the ECCB. These MMOUs signed with CAIR and the ECCB demonstrate Anguilla's unwavering commitment towards being a cooperative international financial services centre that continues to observe international standards and best practices.

The Commission continued to demonstrate its willingness to collaborate and innovate in the development of legislation. Several pieces of legislation were enacted during 2018, where some of

the work was commenced in 2017. Innovative legislative reform was completed during 2018, with the enactment of the Anguilla Utility Token Offering Act (“AUTO Act”) and the Anguilla Utility Token Offering Regulations (“AUTO Regulations”) were enacted, together with accompanying procedures to enable regulatory oversight. Amendments to the Insurance Act, R.S.A. c. 116 were also carried out to include the definition of Producer Affiliated Re-Insurance Company, thereby extending the regulatory regime to include companies within that definition. There were also amendments to the Anti-Money Laundering and Terrorist Financing Regulations to include service providers involved in virtual assets business. Finally, the Commission actively participated in the Government of Anguilla’s Working Group on the European Union’s initiative on Economic Substance to ensure that Anguilla made the necessary legislative reforms to comply with the economic substance requirements. Accordingly, the Government of Anguilla committed to implementing legislative measures to ensure that entities registered and tax resident in Anguilla have sufficient economic substance in the jurisdiction through the imposition of substance requirements and additional reporting requirements.

Independence and Impact

As a regulatory body positioned to meet international standards, the Commission remains an independent body as is required to ensure Anguilla remains compliant with several international standard setting bodies. This independence ensures that Anguilla is permitted to continue its ability to collaborate and cooperate with its counterparts around the world - activities that have gained increasing importance during 2017 and 2018 in light of more frequent requests under gateway provisions. It is the Commission’s impact in these types of engagement, which by their nature remain largely unnoticed, that allow Anguilla to meet its international obligations.

The Commission’s impact continued in 2018 as in prior years, which contributes to the development of Anguilla’s financial services industry. It’s outreach at the 2018 Industry Day covered timely issues, including the EU Economic Substance Initiative, modern insurance legislation and other opportunities for the insurance sector, as well as the Anguilla Utility Token Offering legislation and guidelines.

The Future of Financial Services

As the Chairman of the Commission, having served as Deputy Chair for 15 years, it is clear that the Commission will transcend the challenges that exist in the global economy in the years to come. The executive board members Ralph V.C Hodge, Tara Carter, Delroy Loudon, Erville Hughes and Yvette Wallace continue to provide the necessary support and guidance to the management team towards ensuring the best results in the application of the regulatory work plan. Equally, the management team Gerry Halischuk, Tina Bryan, Mary Clare Haskins and Maria Smith ensures that the highest level of work has been executed, and have been invaluable in their dedication and implementation of the regulatory work plan. It is with this commitment that their continued work, inclusive of active engagement with other key stakeholders, will serve to provide greater financial stability and expansion for the future of financial services in Anguilla.