



# ANGUILLA FINANCIAL SERVICES COMMISSION

Annual Report 2019



# OUR MISSION

To enhance the safety, stability and integrity of Anguilla's financial system and contribute to Anguilla being a premier financial centre, through appropriate regulation and legislation, judicious licensing, comprehensive monitoring and good governance.

# CHAIRMAN'S REMARKS



## Introduction

As Chairman of the Anguilla Financial Services Commission, it is my pleasure to advise you of the progress made and work done by the dedicated team of professionals employed at the Commission. In 2019, the Commission redoubled its efforts to address the need for reform, outreach and constructive engagement. The Commission has been involved in significant legislative reform, engagement with key stakeholders and particularly, the Government of Anguilla, on international issues impacting Anguilla. The Commission's engagement also extends to our youths in the public education system on issues, career opportunities and applications regarding financial services.

## Compliance Conference 2019

The Commission held its first Annual Compliance Conference in December 2019 under the theme: Charting the Course: AML/CFT for Greater Resilience. On the cusp of starting a new year and a new decade, it was fitting that the Commission looked to this event as the commencement of a new journey for all of Anguilla and the financial services industry.

The Commission seeks a more flexible model in financial services and therefore looking for a more proactive approach from Anguillan service providers. In this vein, Anguillian service providers must discover new seas to chart, new opportunities to build business.

Two decades into this century, the Commission now charts the course on innovative strategies to capitalize on the vast opportunities that allow global market penetration for Anguilla. In particular, the Commission continues to focus on an innovative regulatory environment with emphasis on the regulation of Utility Tokens and recently its review of the draft Utility Tokens Exchange legislation. This is particularly encouraging as the Commission reviews the possibility of a regulatory sandbox to encompass Fintech queries and propose solutions.

## Financial Services Outlook

Now, more than in any time in our history, Anguilla is well placed to become the premier jurisdiction of financial services, but only if that standard exceeds what is the current experience. Anguilla is therefore also well placed to become more than just a world class tourist destination. It can now leverage the opportunities to provide world class financial services. One of the overarching aims of offering a meaningful value-added product from within Anguilla is to not only attract quality business, but to also insulate the businesses being built. This is now more important than ever as the world reels from the impact of the global pandemic.

One way to achieve this, with compliance in mind, is to look to value-added services. The Commission has also engaged with the industry on the need to redeploy their efforts towards creating value in the face of demands to demonstrate both substance and quality in the financial services that we offer.

To ensure that the Commission is a strategic partner in building value into financial services, the Compliance Conference served as the first in a multi-year outreach to educate the industry and wider public, protect the public from threats by increasing their awareness of money laundering and terrorist financing issues, and encourage new opportunities through legislative reform. The Commission, now, more than ever, is a leader in Anguilla being positioned to benefit from a more compliant industry. The Commission's engagement for next year will focus on developments here and abroad in FinTech and Innovation. The Commission, together with stakeholders in the Ministry of Finance, Financial Investigation Unit, the Attorney General's Chambers and others, have made significant strides in preparing Anguilla for its next Mutual Evaluation by CFATF, which will assess Anguilla's level of compliance with FATF Recommendations, the international standards that relate to Anti-Money Laundering and Counter-Terrorist Financing.

#### **4th CFATF Mutual Evaluation**

In this, the fourth round of mutual evaluations, the approach that has been adopted is the assessment of jurisdictions on 'Technical Compliance' with the FATF Recommendations, as well as an 'Effectiveness Component', which looks at how effective an AML/CFT system is within a jurisdiction. A 'Technical Compliance' assessment addresses the specific requirements of the FATF Recommendations, principally as they relate to the relevant legal and institutional framework of the country, and the powers and procedures of the competent authorities. The 'Effectiveness Component', which differs fundamentally from the former assessment, is intended to provide the basis for identifying the extent to which a country achieves a defined set of outcomes. It is no longer good enough to merely have the laws, but those laws have to be properly applied and adhered to by a jurisdiction. It is this shift that has, in part, contributed to the Commission's evolving methods of monitoring.

This shift, is similar to that of other regulatory authorities around the world. What regulators are seeking to do is to get firms to take an honest and unvarnished assessment of their risks - regulatory and operational/business. Simply having the regulatory requirements written down is not good enough. Equally, the directors of a service provider cannot sit back and abdicate their fiduciary responsibilities. The increased scrutiny to proper risk management and robust corporate governance of service providers must be undertaken by both the service providers and the regulators. That way, good compliance practices, and ultimately resilience, can be baked into a business. To test this, the Commission will carry out thematic inspections to assess licensees' risk and compliance with relevant legislation.

#### **Continuing to chart the course**

Following on from the theme at the Compliance Conference, we must continue to chart the course on innovative strategies to capitalize on the vast opportunities that allow for global market penetration in the 21st century. Chart the course to leave behind the inertia that results in less than stellar compliance and towards the abundant business expansion that lies just beyond the horizon.

There is an oft used saying, "Smooth waters never made a skilled sailor." We must keep this in mind as global currents become increasingly choppy, with rogue waves coming at us in the form of increasing uncertainties, new requirements and unfounded attacks, that we must take that same mettle to allow us to chart the course towards greater resilience!