

REMARKS BY HIS EXCELLENCY THE GOVERNOR,
MR PETER JOHNSTONE CMG

Within a few weeks of my arrival in Anguilla in February 2000, I received a letter from Mr. Alex Richardson in his role as President of the Anguilla Financial Services Association. In his letter, Mr. Richardson told me that the Association was born in the early 1990s by a group of financial services industry practitioners who, to use his words, “recognised that times were changing and there was a need for enhanced regulation and vigilance”.

In the year 2000, we were given a good example as to why that observation was still true. The Financial Stability Forum, a body set up by the G7 group of countries, put Anguilla in category three of a survey report of so-called offshore centres. The survey report suggested that our legal infrastructures and supervisory practices were of lower quality than other jurisdictions which had been placed in categories one and two. This was potentially damaging to our financial services industry because it could deter good quality business entities from wishing to do business with us. The Financial Stability Forum survey was not a technical assessment but a summary of perceptions. In other words, that is how we appeared to be to those on the outside, including our potential customers. HM Treasury in the UK, the Director of Financial Services in Anguilla and I all issued press releases which pointed out that the survey was backward looking and took no account of measures then underway to make changes to our legislative and regulatory regime. Those press releases were given good international coverage especially in the speciality magazines and periodicals that deal with financial issues. But my point is that perception is important so we have to be vigilant and alert to global changes in attitude which may affect the customer’s perception of our financial services industry in Anguilla.



But help was on its way, though it may not always have been seen as such. HMG in the UK and the governments of the Caribbean Overseas Territories had agreed to commission a professional review of the regulatory standards in the Caribbean Overseas Territories to see how different they were to international standards. The terms of reference were agreed by a steering committee on which the Caribbean Overseas Territories were represented. The KPMG review was completed in 2000 and it recommended a lot of changes for Anguilla as well as for the other Caribbean Overseas Territories. A key paragraph in that review reads as follows:

“Overall the Financial Services Department (FSD) is a well-run regulatory department with an experienced Director and Registrar of Companies. As a Government Department, without the direct power to make licensing and other regulatory decisions the FSD lacks the necessary operational independence to meet international standards. We therefore consider that the FSD should become operationally independent.”

But KPMG were not the only ones who were looking at our regulatory practices. The Caribbean Financial Action Task Force carried out a mutual evaluation in the same year and we later invited the International Monetary Fund to carry out a module 2 assessment in 2002. The IMF assessment was a follow-up to the damaging FSF perception survey.

But these assessments have been very valuable because they have looked at the actual, rather than the perceived, position on the ground. They have recommended changes where we were lacking appropriate legislation or regulatory practices, and they have commended us where we are already complying with international standards. The Government and the Financial Services Department are to be congratulated on the changes that they have made to improve our regulatory standards and our reputation.

Today we see another step change in this process. The House of Assembly passed the Financial Services Commission (FSC) Act in November 2003. This Act provides for the establishment of the FSC. Today we see the formal launch of the Commission.

I am pleased to announce the composition of the Board of the Commission. Earlier I mentioned Mr. Alex Richardson and it gives me pleasure to announce that Mr. Richardson is now a member of the Board. Mr Richardson brings his long experience as a practitioner to the Board, as well as his high reputation evidenced by his earlier position as President of AFSA, his current position as President of the Anguilla Branch of the Society of Trust and Estate Practitioners (STEP) and his earlier experience as part of the FSD regulatory apparatus.

The Act permits no more than one member of the board may be a public servant. I have chosen Mr. Carl Harrigan to be a member of the Board. Mr Harrigan, as Permanent Secretary Ministry of Finance is in an ideal position to bring a good insight to the work of the Board partly through his position as a Board member of the Eastern Caribbean Central Bank.

The Vice Chairman of the Board will be Mr. Ralph Hodge. Mr. Hodge was for many years a very careful and correct manager of public finance when he was Permanent Secretary, Finance so he knows the importance of rules and regulation and their observance as part of good management practice. Mr. Hodge currently serves as a Member of the Board of the National Bank of Anguilla.

Finally, the Chairman of the Board is Mr. Dennis Cross, a former Managing Partner in KPMG where he worked in Bahamas from 1966 to 1991 and more recently in Hungary at a very senior level with both KPMG and Ernst & Young. So Mr Cross brings very valuable experience of international standards and dare I say it perceptions. I particularly welcome his willingness to accept this position and look forward, as I am sure we all do, to welcoming him to Anguilla when he visits later this month for the Commission's first Board meeting.

Having consulted Board members, I can also announce that the Director of the Commission will be Mr. John Lawrence. Mr Lawrence's appointment will ensure valuable continuity as the FSD transforms itself into the FSC. Other members of the Commission will be Mr. Carlyle Rogers and Mrs. Maria Smith.

So I look forward to learning of the Board's plan for the coming year. I am confident that they will play a major role in ensuring that the best interests of investors and users of Anguilla's products and services will be protected and that the jurisdiction itself is guarded from abuse by fraudsters, money launderers, and those assisting the financing of terrorism.

I expect that the FSC will carry on the work of the FSD in preparing to implement the worthwhile recommendations of both the KPMG report and the IMF assessment. And that they will be pro-active in ensuring high levels of compliance with the current, and future, legislation and regulations, including the need for on-site inspections to help achieve this.

Finally, I anticipate that the Commission will continue the existing development of international channels of communication and co-operation which will help Anguilla to more easily keep abreast with the changing regulatory framework in the global market place.

I wish all the members of the Commission and the Board a very successful future.