



Anguilla

ANGUILLA FINANCIAL SERVICES COMMISSION Annual Report and Accounts 2011





Anguilla's licensing and regulatory body for the financial services industry



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 REPORT

There can be little doubt that international financial services legislation has never been so much in ordinary people's minds, as it has been over the last five years. Few families on the planet will be untouched by the global financial crisis and many of those families believe the crisis originated from the conduct of financial services businesses. For financial services professionals and regulators in particular, the issues arising from the developing regulatory framework are so fast moving, so pivotal to our work, that matters which were priorities five years ago are now second or maybe third on the list. Compliance, ethical behavior, effective risk management and strong corporate governance are the topics of today.

I was listening to a very senior international figure speaking in Paris on regulatory development some months ago and noticed that two bankers to my left in the audience were asleep. Their eyes were closed and their chests rose and fell rhythmically as they snoozed right through the highly technical and very important post lunch lecture. Were they the embodiment of the greedy bankers who the popular press accuse of feeding too hard at the trough of life and oblivious to their responsibilities? Or were they the picture of the weary professional, totally unable to fathom the complex and detailed regulatory burden?

We are all human and all suffer human frailties, yet as individuals and as a society, it is essential that those charged with professional responsibilities fulfill them. We cannot have surgeons who sleep through lectures outlining why some treatment caused unexpectedly high deaths, we cannot have airline pilots who sleep through lectures explaining why midair collisions have suddenly increased – so why was no one else in that audience concerned to see bankers asleep during a lecture outlining the causes of the general financial crisis?

It is easy to say that the economic crisis is so enormous and so widespread that no individual can make a difference, whereas one surgeon changing an operation procedure or one pilot changing something in his checklists makes an immediate and important difference to outcomes for the people



HELEN HATTON

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CHAIRMAN'S REPORT (continued)

relying on his professional skills.

But as a regulator I would say every financial institution is run by a board of directors and every individual appointed to that board is required to behave with integrity and professional competence. They are required to put the interests of their clients first and act in the interests of creditors, depositors and policyholders, not in their own interests. When one board member insists on better practice in one organization, its many clients benefit.

It is hard to put the interests of others before your own, but this isn't a new regulatory standard. It's a concept as old as the hills – Jesus preached of loving thy neighbor as yourself, of doing as you would be done by, and Mohammed set down standards for Islamic finance where risks must be shared, disclosed and understood by all parties before progressing. Hindu and Buddhist doctrine speaks of doing no ill. The ideas of behaving ethically and having a sense of responsibility for your actions are far from new.

So whether we are Christian, Jew, Muslim, Hindu, Buddhist or Humanist – financial services professional or regulator - we need to be cognizant of our responsibilities and mindful that our actions affect others.

In our modern working roles this translates into some straight forward standards which do not need a long and complex lecture to make the points necessary. Regulated entities need to ensure they fulfill their legal obligations to meet the regulatory requirements which include being solvent, competent, having the highest regard for customers' interests, managing their risks sensibly and assisting in the fight against financial crime and money laundering.

Compliance is not an optional add on; without it the licence to operate is forfeit.

Turning inward to the Commission over the last year, a key event was the resignation of Mrs. Eleanor Astaphan, who was Director from January 2010 to September 2011. She fulfilled her role with a rare

dignity and professional competence for which the Board and I would like to thank her most sincerely.

Following her departure, Anguilla was fortunate to have, on an interim appointment basis, a highly experienced and internationally regarded regulator in the shape of Richard Hands. The period of his tenure marked the time that much of the development work Mrs. Astaphan had laid ready, came to fruition and he led an expanded team into a period of heightened on site monitoring and increased enforcement action.

At the period on which this Annual Report ends Mr Hands was still in post, but as with all interim arrangements, the position moved on and we have now welcomed Keith Bell, also a regulator with extensive international experience, to the role. I do not want to wait for the next Annual Report to thank Mr Hands for his valuable service and welcome Keith Bell as our new Director.

But to close at the year end of 2011, throughout the year I have been honoured to work with both the executive team in Anguilla and fellow non executive board members. It is truly a regulatory authority that is approachable, friendly and flexible whilst maintaining a steely commitment to high standards and professional conduct both internally and from its industry licenceholders.