



ANGUILLA FINANCIAL SERVICES COMMISSION

Annual Report 2020



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

Beyond survival, providing financial services in an abruptly changed environment means that 2020 has been a year like no other in recent history. The verbiage, “May you live in interesting times”, is most fitting.

The sprint of FinTech has disrupted financial services regulation and has challenged international standard setters, governments, law enforcement agencies and regulators to keep pace. The need to keep pace is of incredible importance given the increasing scale and scope for both opportunities for positive transformation of economies, as well as loss from the risks brought about by scams, frauds and cybercrimes that leverage the novelty of digital assets and other technologies.

The 2020 financial year was marked by disruptions to the Commission’s work programme, in particular, onsite inspections of licences due to the COVID-19 pandemic. The Commission was therefore forced to consider different methods to ensure compliance of licensees with the various financial services enactments.

Technology was leveraged heavily in 2020 in light of the global pandemic by the Commission. Regulators were able to continue their important work through plenaries and working groups. The inability to travel freely also opened new opportunities to engage. The Commission was one of many regulatory authorities who took advantage of these new opportunities. With the absence of travel, the Management Team at the Commission was well placed to maximize the time by progressing needed legislative reform. This reform was geared towards improving several areas of the existing regulatory framework. The most significant modernization impacts fiduciary business. Draft laws were produced and later published for consultation including the Trust and Corporate Services Providers bill and the Anguilla Special Trust (ASTrA) bill. The Commission also provided substantial contributions to the Anguilla Business Companies bill. In addition, a draft Securities and Investment Funds bill was produced to address the lagging investment business sector.

Engagement by the Commission also leveraged the technology to transpose the FinTech Conference planned for May, 2020 to the FinTech & Compliance Webinar. In this Webinar Series, published on the Commission’s YouTube Channel, thought

leaders were drawn from Cambridge Judge Business School, Ogiers, CipherTrace, Blockchain Intelligence Group, Bitcoin.ai, the Government of Anguilla, the BVI Association of Compliance Officers, Access to Insurance Initiative (A2ii) and the Travel Rule Information Sharing Alliance (TRISA). Through social media platforms – YouTube and LinkedIn – the Commission has extended its reach globally in 2020. These platforms also help the Commission to partially fulfil its mandate to sensitize the public to threats of money laundering and terrorist financing.

The Commission's work with its local stakeholders during 2020 was augmented in light of the aggressive legislative reform needed to meet international standards and towards modernizing legislation. New Legislation was enacted during the year such as the Utility Tokens Exchange legislation. Amendments were made to the Anguilla Utility Token Regulations. During 2020, Anguillian service providers also increased their engagement with the Commission through consultation on draft laws and regulation, as well as through virtual meetings. This aided the deepening of a positive recognition for the utility of 'right-touch' regulation to enhance financial services business.

Engagement with the Government of Anguilla during 2020 served to foster a greater appreciation for the transformative effect of innovative financial services legislation. In addition, the Commission provided assistance, where requested, in the review of necessary amendments impacting the companies regime as it related to the OECD's review of Anguilla. Commitments made to the OECD also resulted in a change to the Commission's Strategic Work Plan to incorporate reviews of Trust and Corporate Services Providers towards assessing compliance with newer requirements informed by the OECD's initiatives.

The Commission applied to the Global Financial Innovation Network during 2020 (with membership conferred in January, 2021). This step was made towards adding to the depth of knowledge in FinTech and other disruptive innovations in financial services that will invariably affect changes to the nature of businesses that the Commission licenses. It also ensures that the Commission remains a nimble regulator that is responsive and provides much needed regulatory clarity in a changing environment.

Finally, the Commission continued its work to prepare for the Fourth Round of AML/CFT Mutual Evaluations by CFATF. Given the changes in the approach that has been adopted in the assessment of jurisdictions on Technical Compliance with the FATF Recommendations, as well as an Effectiveness Component, work has been focused on the effectiveness of the risk-based approach of supervision. In part, this shift of approach in the assessment of countries has contributed to the Commission's evolving methods of monitoring. Going forward, the work of the Commission will continue to reflect on emerging developments that impact the manner in which we provide effective and appropriate regulatory oversight.

The Financial Services Commission has benefited from the employment of Ms. Simone Martin as Deputy Director who continues to assist in the broadening of the Commission's scope of work and external contacts and being dedicated to the development of the staff beneath her in the organisation while providing quality support for the administrative leadership of Ms. Tina Bryan. The addition of Mr. Mark Mc Kenzie to the Board has strengthened the Board in the exercise of its mandate to direct the Executive in order to take advantage of a changing financial services industry.

As the organisation's policy setter, the Board is committed to developing its relationship with the Government of Anguilla, a strategic partner as it progresses the Commission's legislative agenda to meaningfully guide Anguilla's financial services industry. As Chairman, I would like to place on record my profound gratitude to the Governor's Office, the Governor of Anguilla, the Commission's Executive, my fellow directors and key stake-holders in the financial services industry for their continued commitment and dedication in providing and maintaining an atmosphere of stability while expanding the ground work for the urgently needed expansion of the Anguilla Financial Services Industry.

In closing, we find ourselves now in a process of reform. The Commission is resolute in its focus on future successes. With solidarity between the regulator and the regulated, collectively we will forge Anguilla's future as a leader in innovative financial services solutions.