Financial Supervision Commission

Service Delivery Plan 2011-12
Financial Supervision Commission Service Delivery Plan

Chairman’s Foreword

The Commission is committed to the Government’s Corporate Plan and subscribes to the concept that through an integrated corporate plan the Government as a whole can clarify future direction and priorities. The Commission’s aim embodies the objective of protecting the public interest by providing effective regulation which in turn supports a competitive environment where business can flourish.

The Commission is responsible for regulating and supervising a large part of the Island’s finance sector which currently directly contributes nearly 40% of the Island’s gross national income and which, directly and indirectly, is also a major employer. The Commission is aware that the quality of its regulation is important not only to sustain a significant portion of economic activity but also to ensure that the finance sector remains competitive and can continue to grow. Most clients of Island-based financial businesses are international, and it is therefore essential that the Commission continues to secure access for licenceholders to overseas markets by applying international standards of regulation.

The Commission continues to assist the Government and industry in sustaining confidence in the financial services sector, to maintain its current business and identify how it can maximise business development opportunities for the Island in the current economic climate.

The Commission will deliver a full supervisory visit programme including themed visits in order to secure an appropriate degree of protection for consumers. The Commission will continue to progress implementation as appropriate of recommendations made by the IMF Assessment following its report which was issued in 2009.

The Commission is keen that its legislation is up-to-date and provides competitive opportunities for the industry. The Commission is working closely with the funds industry on a number of initiatives and will be looking at areas to reduce the burden of compliance on lower impact licenceholders. The Commission is very conscious that the Island’s finance sector is operating in difficult economic conditions, and that supervision will need to recognise the challenges which this presents.

A key priority during the coming year will be to review a number of key processes in order to maximise the Commission’s efficiency and use of resources. Where possible the Commission will also extend its use of technology.
Introduction by the Chief Executive

The Commission’s key corporate aim is to secure an appropriate degree of protection for customers of persons carrying on a regulated activity in a way which supports the Island’s economy and its development as an international finance sector.

The FSC sees achievement of this goal as entirely consistent with a successful implementation of the Government’s wider aims and objectives. For the Island to have a successful and prosperous financial sector which remains a major contributor to the local economy, it is essential that its reputation as a well-regulated centre adopting international standards is maintained to retain and attract quality business and institutions.

The FSC seeks to communicate and carry out its aims and objectives in partnership with both industry and Government. Whether it is in the area of economic development, the creation of innovative products and services for the finance sector, the introduction of new technology or extending the Island’s international profile, the FSC believes that it can offer valuable input at all stages.

The Commission’s business plan links to individual objectives set for staff during the annual performance review process so that they can see clearly their contribution to the aims of the Commission.
Who We Are

The Financial Supervision Commission is a statutory board established in 1983. The remit given to the Commission by Tynwald is to "take such steps as appear to it to be necessary or expedient for the effective supervision of the private financial and commercial sector in the Island", with the exception of the insurance industry which is supervised by the Insurance and Pensions Authority.

The work of the Commission is overseen by seven Commissioners appointed by the Treasury, subject to the approval of Tynwald.

The Commission’s established headcount is 51.5 and is organised as follows:

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<thead>
<tr>
<th>COMMISSION</th>
<th>Rosemary Penn</th>
<th>John Cashen</th>
<th>Tim Cullen</th>
<th>Geoff Karran</th>
<th>Alan Smith</th>
<th>Bryan Stott</th>
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<tbody>
<tr>
<td>Chairman</td>
<td>Deputy Chairman</td>
<td>Commissioner</td>
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<td>Commissioner</td>
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<td>Commissioner</td>
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John Aspden
Chief Executive/ Commissioner

Enforcement  Authorisations  Supervision  Operations  Policy & Legal

The Commission’s key stakeholders include the financial service and corporate sectors in the Island, other Government departments, the public and other regulators.
**What We Do**

The Commission’s statutory objectives under the Financial Services Act 2008 are:

i) to secure an appropriate degree of protection for the customers of persons carrying on a regulated activity;

ii) the reduction of financial crime; and

iii) support the Island’s economy and its development as an international financial centre.

In discharging its functions the Commission is required to have regard to the following:

a) need for the regulatory, supervisory and registration regimes to be effective, responsive to commercial developments and proportionate to the benefits which are expected to result from the imposition of any regulatory burden

b) need to use its resources in the most efficient and economic way

c) desirability of implementing and applying recognised international standards

d) desirability of co-operating with governments, regulators and others outside the Island

e) need to safeguard the reputation of the Island

f) responsibilities of those who manage the affairs of permitted persons

g) international character of financial services and markets and the desirability of maintaining the competitive position of the Island

h) desirability of facilitating the development of the financial services industry.

Our main functions include:

- the licensing and supervision of persons undertaking the regulated activities listed in section 3 of the Financial Services Act 2008 and the Regulated Activities Order 2009

- the regulation and supervision of collective investment schemes under the Collective Investment Schemes Act 2008

- the development of effective enforcement strategies to protect investors’ and depositors’ interests and the reputation of the Isle of Man

- taking effective prosecution action against people or entities which abuse the Isle of Man legislation that the Commission is responsible for

- developing proposals which take account of the needs of the Commission’s stakeholders and international regulatory standards.
Key Challenges

Delivery of the Commission’s business plan is affected by outside factors including supervisory issues that may arise with individual institutions, external evaluation of the Island’s legislation, changes to international regulatory standards, global and local economic market conditions and the timely implementation of changes to or introduction of new legislation.

The Commission aims to ensure that there is a balance between fulfilling its role to protect the public and engendering an environment in which the business community can prosperously develop. This will be particularly challenging during these unprecedented economic conditions.

The Commission is committed to working with Government to ensure it plays its part in the wider Transforming Government programme to improve its effectiveness and efficiency and as noted above a programme is underway to review key processes.
What We Will Achieve

**Income, Employment and the Economy**

**Purpose:** To raise the standard of living of the people of the Island through the ongoing development of a successful economy and the sharing of its benefits with all in our community.

**Aim:** To facilitate a dynamic, modern and diverse economy.

**We will:**
- plan and implement recommendations made within the IMF report
- publish additional statistical information
- work with the industry to identify opportunities to enhance the Island’s competitiveness
- propose changes to the Financial Services Act and Collective Investments Schemes Act
- review and update the Financial Services Rule Book and related secondary legislation.

**Legislation and Regulation**

**Purpose:** To introduce and enforce legislation and regulations which provide for the care, protection, safety and personal development of the individual whilst minimising the burden of compliance to employers and the community.

**Aim:** To provide a legislative and regulatory framework that strikes a balance between the interests of all stakeholders within the community.

**We will:**
- develop a themed on-site supervisory programme on key areas
- enhance communication with our key stakeholders
- identify areas where the burden of compliance on lower impact licenceholders can be reduced
- support the implementation of the Single European Payment Area
- consider the possible wider use of civil penalties
- in conjunction with other Crown Dependencies implement Basel 3 and changes in liquidity requirements.
## Financial and Personnel Resources

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<tr>
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<th>2011/12</th>
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<tr>
<td>Income</td>
<td>£1,677,174</td>
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<tr>
<td>Expenditure</td>
<td>£3,884,414</td>
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<tr>
<td>Deficit</td>
<td>£2,207,240</td>
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<tr>
<td>Personnel</td>
<td>51.5</td>
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February 2011