



ISLE OF MAN FINANCIAL
SERVICES AUTHORITY

STRIX AML

Live Run-Through
Question and
Answer Response

November 2023



Summary of Key Points

Industry asked the panel a number of questions, the key themes are listed below:

- Impact and outcomes driven by STRIX
- Disclosure of risk scores
- Error management
- Multiple users and multiple firm access

The following is a summary of questions raised by industry attendees with IoMFSA/GSC responses only.

Multiple Users and Multiple Accounts

Industry asked questions in relation to how the STRIX system would cater for firms who want to include multiple users. It was explained that firms can set up multiple users and this will be driven by primary contacts already acquainted to the IoMFSA through the current CRM system. GSC explained that their approach will be to reach out to MLRO and Compliance Officers.

Industry also enquired about persons who are responsible for submitting data for a number of firms including how this would work in practice. Users will have one log in, with the option to change entity once logged in, each entity will then be required to submit information independently.

Extracting the questions

A question was raised in relation to the extraction of questions from the STRIX system for instance to complete “off-line” and then upload. The IoMFSA noted that there was no option to extract the questions however, the same questions as per the most recent AML/CFT statistical return will be used. There exists an option to extract in PDF or Excel of the data included on STRIX before submission to allow for a “four eyes” check. This can also be done after the data is submitted to the IoMFSA or GSC.



Industry receiving risk score calculation

Industry queried whether firms would receive a calculated risk score. A comment was received, which noted that understanding the IoMFSA's risk view is important for the firms as the IoMFSA risk perspective of a firm is itself a risk.

The panel clarified that the format of providing information under STRIX is self-declared, in addition, it was further explained that there was little value for industry to be informed of their risk score as it is calculated based on a number of factors set out in the supervisory methodology framework. This IoMFSA and GSC assessment is therefore not solely driven by the data submitted to STRIX.

STRIX used by other jurisdictions

Industry enquired about the wider use of STRIX and whether other regulators had implemented the system. The panel informed that there are a number of other jurisdictions we are aware of including Monaco and also the Cayman Islands who, in discussion with the FSA, explained that STRIX was a critical part to ensuring that they were removed from the FATF "grey list".

After a procurement process it was determined the STRIX system provided by Financial Transparency Solutions was the best software solution meet the identified criteria of the IoMFSA and GSC. The STRIX developers also have knowledge of FATF recommendations and immediate outcomes making them ideally placed to provide the services required.

Security and API

There were questions around the security of the STRIX system given the sensitive data being uploaded by firms. The panel discussed the security assessment taken place which included a third party to carry out penetration testing. It was emphasised that the STRIX system is hosted on physical servers located within the Isle of Man government, therefore subject to extensive security. In addition, from a login perspective, there is a multi-factor authentication required adding security to how firms access the system and their data.

Industry requested information relating to any application programming interface ("API"). It was confirmed that at this time there was no API in place, however this can be looked at in due course.



Returns submitted to date

Industry looked to understand if there was any capacity for the IoMFSA to utilise information from previously submitted AML/CFT statistical returns and include them in STRIX. The panel informed that the most recent annual AML/CFT statistical return (y/e 2022) would be migrated to STRIX, this is achievable as this year's AML/CFT return will utilise the exact same questions included in the previous AML/CFT statistical return, meaning it can be uploaded to STRIX and allow us to directly compare two years of data. The GSC provided context that for licence holders under their supervision that no data has been collected that can be migrated.

Going forward industry sought clarity on whether there would be an extended period to submit the AML/CFT statistical data into STRIX. This was questioned given that STRIX is a new method to provide the required information. The panel advised from an IoMFSA perspective there was no intention to provide an extension because firms regulated or overseen by the IoMFSA have a substantial window of opportunity to submit the data, being 6 months from January. GSC added that firms have one month to complete, noting the return is different to the IoMFSA.

Industry followed this with a question around error correction and whether a firm could amend a submission once provided to the IoMFSA or GSC. It was clarified that there was no mechanism for firms to do this and advised that any person believing they have submitted information in error should contact the IoMFSA or GSC as soon as they are aware. The audience were advised that there is an opportunity before final submission to view the data in PDF or Excel format which will assist firms with checking the information before submission.

STRIX Output

Industry sought clarity around the outputs following the submission of the STRIX return. The panel informed that the core output is a generated risk score to assist the IoMFSA and GSC in the delivery of a risk based inspection plan. The analysis of the data will also assist in the continued production of sector reports detailing some of the trends at a sector level in relation to AML/CFT data received.

STRIX Sign Off

Industry enquired about the sign off of the data provided via STRIX, it was explained that the inputter of information may not necessarily be the responsible person e.g. Head of Compliance. The panel explained it is the responsibility of the firm to determine who provides the ultimate signs off on the data and it was reiterated that the firm is able to download a PDF or Excel version of the submission prior to formally submitting the data which could be used for "four eyes" checks.

STRIX impact on other regular information submissions

Industry wanted to understand whether STRIX could impact other regular information submissions, in particular the Client Asset Reports (“CAR”). The panel explained that it could not commit to say there would be not impact on the CAR submission, however, the annual AML/CFT statistical return will now be on STRIX. Although the IoMFSA will endeavour to ensure that wherever possible no duplicate data is obtained, there may be overlap in some information that is requested by the IoMFSA and GSC.

Watch the Presentation

If you missed the live presentation at the Manx Museum in November, you can catch up with the recording here -

<https://www.iomfsa.im/about/webinars/>

