

### 3.1. Designated Businesses (Registration and Oversight) Bill 2014 – Council amendments considered

**The Speaker:** Item 3 on our Order Paper: Consideration of Council amendments, Designated Businesses (Registration and Oversight) Bill.

I call on the Hon. Member for Ayre, Mr Teare.

**Mr Teare:** Thank you, sir.

At the request of the Financial Supervision Commission (FSC) the two amendments to the Designated Businesses (Registration and Oversight) Bill 2014 were made in another place.

The first amendment was to add a definition of 'person' in clause 3. This amendment was required as a result of the Interpretation Bill, which is currently progressing through Tynwald. The Designated Businesses (Registration and Oversight) Bill, which I will refer to as the Designated Businesses Bill, will enable the Financial Supervision Commission to oversee how certain businesses and professions, known as 'designated businesses', comply with the Island's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) legislation. Many of these designated businesses are unincorporated associations. In the Interpretation Act 1976 'person' includes unincorporated associations. However, under the Interpretation Bill 'person' does not extend to such associations. As the Interpretation Bill will affect the interpretation of both new and existing legislation when it is enacted it is important to add to the Designated Businesses Bill a definition of 'person' that continues to include unincorporated associations. This is important because it enables unincorporated associations to register as designated businesses rather than have each individual member of such associations having to register in their own right.

The second amendment corrects a drafting error in paragraph 1 of schedule 3 to the Bill. Schedule 3 details minor and consequential amendments to other pieces of legislation. The amendment in paragraph 1(9) in schedule 3 to the Bill was intended to extend the FSC's investigation powers in paragraph 3(1) of schedule 2 to the Financial Services Act 2006, which relate to regulated activities, so that they would also include the assessment of compliance with AML/CFT legislation so far as it is relevant to any regulated activity. However, the drafted amendment erroneously replaced the FSC's investigation powers relating to regulated activity with powers that relate solely to the assessment of compliance with AML/CFT legislation. It is therefore crucial that this error be corrected in order that the FSC may continue to undertake this core function of oversight of regulated activity.

Mr Speaker, I would appreciate the support of my hon. colleagues and beg to move that the two amendments to the Bill proposed in another place be approved.

**The Speaker:** Mr Shimmin.

**Mr Shimmin:** I beg to second and reserve my remarks.

**The Speaker:** Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I am deeply concerned. Obviously when we did this Bill... it gives tremendous power as far as investigation is concerned, and obviously we want to be in the flagship as far as being a low tax area. But I am just a little bit concerned about 'person' – how far this goes as far as whether it could be a fishing expedition as far as individuals who are not anywhere directly involved as far as business is concerned. How far can it go with this definition as far as 'person' is concerned?

**The Speaker:** I call on the mover to reply. Mr Teare.

**Mr Teare:** Thank you.

The FSC does not engage in fishing expeditions. It would go in as part of the normal review process, the inspection process, and actually talk to the licence-holders and at that time review their procedures just to make sure that they were compliant with AML/CFT regulations.

Overall I think that this is legislation which is going to help us to comply with the regulations that are now coming out from the OECD, amongst other areas, and it will put us in a good position when we are going to be inspected by the OECD towards the end of next year.

This proposal is going to help to reduce costs falling upon industry, because instead of each individual having to register, the organisation – the unincorporated body – can register as a single unit. So it should simplify events and make it easier and less bureaucratic, and I think that is what we should be doing in the circumstances.

With that, sir, I beg to move.

**The Speaker:** Hon. Members, I put the question that the amendment to clause 3 made by the Legislative Council be approved. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Mr Teare, the amendment to paragraph 1, schedule 3, would you wish to formally move?

**Mr Teare:** Yes. I wish to formally move that that amendment now take place, sir. It is building on the work that has been done by the Legislative Council and it is supported by the Treasury and the Financial Supervision Commission.

**The Speaker:** Mr Shimmin.

**Mr Shimmin:** I beg to second, Mr Speaker.

**The Speaker:** I put the question that the amendment to paragraph 1 of schedule 3 be approved. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Thank you, Hon. Members.