

FIND PRAGMATIC INTERNATIONALLY RECOGNISED LICENSING

GETTING LICENSED IN THE ISLE OF MAN

REGULATOR

The Isle of Man Financial Services Authority ("FSA") is responsible for licensing, regulation and supervision of businesses undertaking regulated financial services activities in or from the Isle of Man.

For further information about the FSA, its functions and the regulatory regime please refer to the FSA's website www.iomfsa.im

LICENSING POLICY

The FSA considers applications for persons wishing to provide services to funds against the Licensing Policy for Regulated Activities under the Financial Services Act 2008 and associated guidance. Applicants should review the Licensing Policy before preparing an application. The licensing criteria are based upon fitness and propriety and licence applications should demonstrate:

- Real presence: the management and control must be in the Isle of Man.
- Track record: an application should demonstrate a proven track record in the activity. If you are requesting a licence in a new field of operations, then it will be necessary to utilise key persons with a proven skills base/ track record in another licensed business established on Island or within the applicant's group.
- Competence: members of the board/ key staff need to have a skill set experience and track record which is suitable and appropriate to the regulated activity.

- Financial resources: licence applicants must have adequate financial resources to ensure that they can not only meet financial liabilities as they fall due, but that they can survive periods of market weakness and take proper care of customers' monies and assets. Detailed business plans are therefore required which include realistic financial projections.
- Rule Book compliance: licence applicants must be able to demonstrate that, once licensed, they will be able to satisfy the requirements of the Financial Services Rule Book, applicable to the class of business for which they seek a licence, on an ongoing basis and requirements of AML/CFT legislation.

The FSA recognises that the particular circumstances of licence applicants are not identical and considers each application on its own merits. Provided that a licence applicant can satisfy the FSA that the risks associated to its business can be suitably controlled/ mitigated, then the FSA can be flexible in its approach to licensing.

The FSA's staff will assist and provide guidance on the application process.

Summary of licence categories

- Class 1 – Deposit Taking
- Class 2 – Investment Business
- Class 3 – Services to Collective Investment Schemes
- Class 4 – Corporate Services
- Class 5 – Trust Services
- Class 6 – Crowdfunding Platforms

- Class 7 – Management or Administration Services to a licence holder
- Class 8 – Money Transmission Services

APPLICATION/REVIEW PROCESS

Consultation with the FSA/ Internal Procedure

The FSA encourages licence applicants to meet with them to discuss their proposals, and for the FSA to give guidance on any relevant matter including the category of licence required and identify any foreseeable difficulties. On receipt of an application, the FSA Executive will review the documentation submitted and will discuss any matters/issues with the licence applicant.

Following clarification of all key issues, the FSA Executive will prepare a paper for consideration by the FSA Board (which will include a recommendation from the FSA Executive as to whether a licence should be granted and detail any conditions that they may consider appropriate to place on the licence). This is a transparent and iterative process and the licence applicant will be invited to clarify any inaccuracies.

FIND PRAGMATIC INTERNATIONALLY RECOGNISED LICENSING

GETTING LICENSED IN THE ISLE OF MAN

Hearing by the Board

The decision to grant or approve an authorisation is made by the FSA Board which may accept or reject the recommendation of the FSA Executive. The applicant may attend the hearing if they wish. The Board's decision will be notified to the applicant in writing and reasons provided for a negative decision or the imposition of conditions on a licence.

DOCUMENTATION REQUIRED BY THE FSA

- Completed application forms
- Structure chart showing the applicant's controllers, group entities and other regulators
- Financial statements for the previous two years
- Business plan with financial projections which can demonstrate that financial resource requirements can be met
- Fitness and propriety forms for the applicant's controllers, directors and key persons for the applicant's controllers, directors and key persons holding Controlled Functions
- Evidence that a suitable auditor has been appointed and proposals for professional indemnity insurance

For further information on applying for a licence see: www.iomfsa.im or contact the Authorisations Division of the FSA: **+44 (0)1624 646000**

DEPARTMENT FOR ENTERPRISE - ENTERPRISE SUPPORT FINANCIAL ASSISTANCE SCHEME

Financial assistance

Businesses seeking to establish a new financial services business in the Isle

of Man, requiring a licence to operate in the Isle of Man from the FSA and directly employing their own staff in the Isle of Man may seek financial assistance (by way of a government grant) from the Department for Enterprise.

Financial assistance, which is available up to a maximum level of 40% of the following costs incurred during the first two financial years, can be provided by the Department for Enterprise:

- External supply of consultancy costs of a one off nature associated with setting up a business on the Island
- Relocation costs of key staff and equipment
- Office rent to be incurred with first 12 months on premises used by the business
- Information technology (including telecommunications equipment)
- Off-island marketing costs
- Other specific costs associated with setting up a business on the Island.

The government grant is conditional upon the applicant receiving a financial services licence from the FSA. The application process is once again iterative and normally takes place at the same time as the processing of the financial services licence application.

A successful application for a government grant is based upon a financially viable business plan that can demonstrate that the business is capable of generating financial and economic benefits to the Island.

Further information on the process may be obtained from the Enterprise Support team.

Telephone: **+44 1624 687333** or
E-mail: **enterprisesupport@gov.im**

If approved/granted, legal agreements governing the terms and conditions of the grant may be put in place. Guarantees may also be required and the Department may take a security charge on the business equal to the total level of grant provided. All documents will be lodged with the Attorney General's Office.

CONTACT

For further details of Fund Managers and Administrators in the Isle of Man and other fund services, please refer to:

www.iomfunds.com

www.iomfsa.im

