



ISLE OF MAN



Use of Appropriate Experts Policy

Contents

- Version Control 2
- 1. Introduction 3
- 2. Context..... 4
- 3. Procedure 4
- 4. Costs 5
- 5. Timescales and deadlines 5

Version Control

Version	Date Published	Comments
1	June 2024	Initial version
2		
3		
4		

Important note: *This policy sets out the approach of the Isle of Man Gambling Supervision Commission (the "GSC") to its use of 'appropriate experts'.*

1. Introduction

- 1.1. Section 24(1) of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Act 2018 (the "**AML/CFT Act**") empowers the GSC to require a licensed operator¹ to appoint or contract a professional with 'appropriate expertise' to "*remedy any deficiencies in respect of complying with AML/CFT legislation*".
- 1.2. Section 24(2) of the AML/CFT Act requires that a licensed operator in considering the suitability or otherwise of a professional that it proposes to appoint or contract with, having been required to do so by the GSC, determines such suitability based on an assessment of:
- 1.2.1. the appropriateness of the professional's knowledge of and experience in complying with AML/CFT legislation; and
 - 1.2.2. the professional's ability to adhere to deadlines for taking remedial action.
- 1.3. The table below details other documents issued by the Isle of Man Gambling Supervision Commission that are associated with this policy and can be found on our website.

Document name	Content(s)
Enforcement Strategy	<ul style="list-style-type: none"> • An overview of the GSC's strategy of its enforcement activities
Decision-Making Process – Enforcement and Sanctions ("DMP")	<ul style="list-style-type: none"> • The enforcement powers subject to the DMP • The administrative decision-making process to be followed by the GSC when considering the imposition of an enforcement power •
Discretionary Civil Penalties – Guidance	<ul style="list-style-type: none"> • Criteria to be assessed by the GSC when considering the imposition of a penalty. • The level(s) of penalty that can be imposed • Availability of discounts
Settlement Policy	<ul style="list-style-type: none"> • When and in what circumstances the GSC will consider entering into settlement discussions with a subject.
Publication Policy	<ul style="list-style-type: none"> • When the GSC publishes enforcement outcomes • Notice and timing of any publication
Prohibition Policy	<ul style="list-style-type: none"> • When the GSC issues a prohibition
Referral to the GSC Enforcement Division	<ul style="list-style-type: none"> • Factors relevant to a referral to the GSC Enforcement Investigation for further investigation
Making a Referral to the Police and/or the Attorney General	<ul style="list-style-type: none"> • In what circumstances the GSC will consider referring actual, suspected or prima facie criminal offences (including contraventions of the AML/CFT Code²).

¹ Defined to mean the holder or former holder of a licence issued under any of the gambling acts (as set out in section 3 of the AML/CFT Act).

² Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019

2. Context

2.1 A licence to enable an operator to undertake gambling activity imposes upon that licence holder a requirement and expectation that it seeks to achieve the highest standards of regulatory compliance, governance and risk management.

2.2 The Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019 (the "**Code**"), requires licensed operators to implement and operate procedures and controls commensurate with its own individual risk appetite and nature of activities. The GSC is a competent authority for overseeing compliance with the Code.

2.3 The identification of deficiencies will be considered by the GSC in the context of the particular licensed perator in question with particular regard to:

- 2.3.1. the risk profile of the operator;
- 2.3.2. the overall extent and breadth of the perceived deficiencies;
- 2.3.3. the particular risks that arise as a consequence of the failings;
- 2.3.4. the timescale over which the deficiencies have existed;
- 2.3.5. the supervisory history of the licensed operator;
- 2.3.6. whether the same or similar deficiencies have occurred previously;
- 2.3.7. whether remediation is the most appropriate resolution in all of the circumstances;
- 2.3.8. whether the GSC should exercise ancillary or other powers; and
- 2.3.9. the overall costs to be incurred by the operator.

2.4 The assessment above will also have regard to whether enough is already known in terms of the perceived deficiencies to allow an informed decision or whether, as part of the engagement, the professional undertakes broader assurance work around the operator's AML/CFT control and operational environment and not just those which have initially been identified as requiring remediation.

3. Procedure

3.1 Where the GSC identifies deficiencies, or deficiencies are reported to it, it will first make the above consideration.

3.2 It is highly likely that in the preamble to any appointment coming about, discussions will take place between the GSC and the operator with regard to (a) the perceived need for such appointment, (b) the breadth of work required, and (c) possible appointees.

3.3 On every occasion the GSC will issue a Direction to the operator. The Direction will:

- 3.3.1 advise of the requirement;
- 3.3.2 state the reasons for the appointment;
- 3.3.3 state the deficiencies that require remediation ('the scope of work') by the professional;
- 3.3.4 state the date by which
 - 3.3.4.1 the engagement should commence; and
 - 3.3.4.2 the engagement should end
- 3.3.5 identify which firms (likely to be one or more of the larger audit/assurance practices) can be appointed without further referral to the GSC or provide a defined period for the operator to propose an alternative. Such a proposal should clearly set out on what basis the alternative meets the requirement of section 24(2) of the AML/CFT Act.

3.4 This policy does not impinge upon the ability of the operator to proactively propose remediation measures where deficiencies are identified.

4. Costs

4.1 The costs associated with the appointment of such a professional fall entirely upon the operator.

5. Timescales and deadlines

5.1 It is the responsibility of the operator to manage and oversee the performance of the professional once one is appointed and to ensure that the scope of work being undertaken is concluded within the date(s) imposed by way of the Direction.

5.2 The report(s) issued by a professional should clearly set out, within the scope of their appointment:

- 5.2.1 all areas of AML/CFT legislation where they have found contraventions and deficiencies;
- 5.2.2 all areas that, in their professional opinion, constitute suspicious activity;
- 5.2.3 the number of types of customers in respect of which contraventions have been identified;
- 5.2.4 the time period over which each contravention has existed;
- 5.2.5 the remedial actions and measures implemented and the timescales associated with such; and
- 5.2.6 the root cause of such failings and actions taken to address those.

This document is correct at the date of publication but is subject to change from time to time.