

5. BILLS FOR THIRD READING

5.1. Beneficial Ownership Bill 2017 – Third Reading approved

Mr Cannan to move:

That the Beneficial Ownership Bill 2017 be read a third time.

The Speaker: We turn now to other Bills for Third Reading and, firstly, I call on Mr Cannan to move the Beneficial Ownership Bill 2017.

Mr Cannan: Mr Speaker, the Bill establishes a central database of beneficial ownership for the widest possible range of corporate and legal entities incorporated within the Isle of Man. In so doing, the Bill gives legal effect to the Exchange of Notes which the Government signed with the UK government in April last year.

The tight timetable for progressing this important piece of legislation has been extremely challenging and I would like to thank Hon. Members and the officers involved for their support at last week's sitting.

The Government was pleased to address the issues raised through the amendments tabled by the Hon. Member for Ramsey, Mr Hooper. Although we could not agree to the statutory requirement for the Financial Services Authority to consult on its guidance under the Bill, the Authority will now lay its guidance before Tynwald.

Mindful of the proviso that Treasury may have to amend the required details of beneficial owners in the future, the amendment to remove the obligation for some of those details from the outset, including gender and occupation, provides a more proportionate starting point. And finally, I hope that a workable solution has been found in relation to collective investment schemes. I restate the undertaking for Treasury to come forward with an exemption order in respect of those schemes which have regulated institutional investors. Any such order will be subject to Tynwald approval.

The Hon. Member for Douglas East, Mr Robertshaw, sought further clarification on how, by way of example, a 1931 company that is not listed on a stock exchange but which is a public company dealing with its share exchanges through matched bargains, would fit into the Bill.

I can confirm that a company such as that given in the Hon. Member's example would not be exempt from the Bill. The exemption in clause 5(2) only applies to companies listed on 'a stock or investment exchange recognised by the Treasury'. Essentially, this exemption deals with circumstances where the transparency requirements of the listing exchange place similar obligations on a company as the Bill seeks to do. As such, even if the company is a public company, unless it is listed on a Treasury recognised exchange, the exemption will not apply to it and the company must comply with its obligations under the Act.

However, clause 11(1)(b) of the Bill does anticipate that in some cases there may be genuine difficulties in identifying every beneficial owner of an entity, perhaps because they are beneficiaries under a discretionary trust or because the size of the class is extremely large. In such cases where the class of beneficiaries is of such a size that it is not reasonably practicable to identify each beneficial owner, details sufficient to identify and describe the class of owners may be provided. The guidance to be issued by the Financial Services Authority will provide further detail about the practicalities of the information to be provided in such circumstances.

Mr Speaker, the Bill has been drafted to recognise that beneficial ownership is a live and ongoing international issue which will almost inevitably evolve further in the coming years. Indeed, the Exchange of Notes itself is something of a living document, with an inbuilt review mechanism after six months of coming into operation and then annually thereafter. It is also becoming clearer how

other jurisdictions which are bound by an Exchange of Notes will implement the commitments into their domestic arrangements.

To help future proof the Bill and afford maximum flexibility as quickly as possible, the Bill contains a number of order making powers by which provisions can be amended by Treasury and for which Treasury, or the Department of Economic Development, can make regulations to supplement the detail in the Bill with Tynwald approval where necessary.

Mr Speaker, I beg to move that the Beneficial Ownership Bill 2017 now be read for the third time.

The Speaker: Hon. Member for Middle, Mr Shimmins.

Mr Shimmins: Thank you, Mr Speaker.

I beg to second and reserve my remarks.

The Speaker: The question is that the Beneficial Ownership Bill be read for a third time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.