

Order of the Day

4. BILLS FOR SECOND READING

4.1. Beneficial Ownership (Amendment) Bill 2020 – Second Reading approved

Mr Cannan to move:

That the Beneficial Ownership (Amendment) Bill 2020 be read a second time.

The Speaker: Then turning to Item 4 on our Order Paper, Bills for Second Reading, Beneficial Ownership (Amendment) Bill 2020 and I call on Mr Cannan to move.

Mr Cannan: Mr Speaker, in 2016, the Isle of Man was subject to an international evaluation by Moneyval concerning our ability to combat money laundering and the financing of terrorism. Following this in-depth assessment, Moneyval has made a number of recommendations aimed at further strengthening the measures in place to prevent criminals abusing the Island's financial system.

Following the publication of the Mutual Evaluation Report of the Island in December 2016, the Government made a high-level political commitment to addressing the issues and recommendations arising out of that international assessment. This commitment is reflected in the Programme for Government. I am pleased to inform the House that to date we have now addressed around 92% of all the technical recommendations in that Moneyval report.

The Beneficial Ownership (Amendment) Bill 2020 aims to address some of the few remaining recommended actions from the Mutual Evaluation Report by introducing measures that will further improve the accuracy of the beneficial ownership database and the timeliness with which information is entered on to that database.

It is widely recognised that to effectively tackle financial crime, including money laundering and corruption, information on the beneficial owners of companies needs to be available to the appropriate authorities such as the financial intelligence, regulators and law enforcement. The Isle of Man has measures in place for many years, which have enabled authorities to access this information.

Nevertheless, this is an evolving area and the Government is determined not just to address issues identified by Moneyval, but to also ensure that we reflect accepted best practice. In particular we are continuing our progress towards a public register of beneficial ownership of companies. This is consistent with commitments given by the Government in June 2019, together with Jersey and Guernsey, to further develop the accessibility and transparency of the register of beneficial ownership of companies in line with the principles set out in the European Union fifth money laundering directive.

This Bill forms a part of that overall work package. Introducing measures aimed at strengthening the timeliness and accuracy of the information held on the database will be beneficial to the authorities and ultimately to the public. However, access to the beneficial ownership database will continue to be limited to identified Government authorities at present. This Bill makes no change in that regard.

The Bill was subject to a public consultation, following which a number of changes were introduced. It consists of 17 clauses and make a number of amendments to the Beneficial Ownership Act 2017.

The first three clauses are introductory.

Clause 4 makes slight amendments to the definitions of 'Authority' and 'Department' and adds a new category to the definition of 'permitted purpose' which provides for the disclosure of statistical data to the Department for Enterprise – known as 'the Department' – or a statutory board or other relevant Government Department.

Clause 5 amends the period within which notice of the appointment of a nominated officer must be given to the Department from 'within one month' to 'as soon as reasonably practicable or within 21 days'.

Clause 6 amends the period within which a legal owner must give notice to the legal entity's nominated officer, to 'as reasonably practicable but in any event within 21 days', following the incorporation of the company and date of a written notice received by the nominated officer of the legal entity.

Clause 7 amends the period within which a legal owner must give notice to the nominated officer after learning of or having cause to suspect a change in the required details to, 'as reasonably practicable but in any event within 21 days'.

Clauses 8, 9 and 14 make grammatical amendments to ensure consistency of terminology and timescales throughout the Act.

Clauses 10 and 11 introduce new provisions by which the Department for Enterprise may make regulations in connection with the reasonable steps a nominated officer must take in order to comply with the compulsory submission of registrable beneficial ownership information and voluntary submission of non-registrable information.

Clause 12 re-numbers the existing text and inserts additional provisions by which the Department may make enquiries to establish the accuracy of the information submitted to the database and, where it considers such information is false, inaccurate or misleading, it may remove, correct or annotate such information.

Clause 13 inserts a requirement by which a person who assesses the database must notify the Department within one week if that person knows, suspects or reasonably ought to know or suspect that any entry on the database is materially incorrect.

Clause 15 separates the respective responsibilities of the legal entity and the nominated officer in relation to the statements of compliance and annual return submissions.

The amendments in clause 16 include minor reference changes as altered by the amendments in the Bill. It also amends the offence of furnishing information that is false, inaccurate or misleading.

Clause 17 makes consequential amendments to a number of enactments.

Mr Speaker, I beg to move that the Beneficial Ownership (Amendment) Bill 2020 be read for a second 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: Mr Robertshaw.

Mr Robertshaw: Thank you, Mr Speaker.

It is good to see further development of the Beneficial Ownership Act – most welcome. I do, however, have in mind certain concerns and I wonder whether the Treasury Minister would be kind enough to agree to meet with me to look at these concerns to see if they have any validity in fact. Can I take the opportunity to apologise to the Treasury Minister to be raising such matters at this stage? I would like to have brought them forward earlier, but they have come to mind due to certain contemporary issues.

Thank you, Mr Speaker.

The Speaker: I call on the mover to reply.

Mr Cannan: Thank you, Mr Speaker.

I am always *delighted* to meet with the Hon. Member for Douglas East at any point to discuss any such items, particularly any concerns that he has around this. I look forward to indeed doing so before we hear the clauses.

I beg to move.

The Speaker: I put the question that the Beneficial Ownership (Amendment) Bill 2020 be read for a second time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.