



**FINANCIAL SUPERVISORY COMMISSION
COOK ISLANDS**

STATEMENT OF CORPORATE INTENT

2018/2019

Financial Supervisory Commission

Statement of Corporate Intent: 2018/2019

Introduction

The Financial Supervisory Commission Act 2003 was established on 3 June 2003 by determination of the Queen's Representative through Order in Executive Council.

The Board of the Commission comprises:

Raymond Newnham, Chairman
Fletcher Melvin
Geoffrey Stoddart
Madeilene Sword
Gaye Whitta

This Statement of Intent is issued by the Commission for the purposes of section 27 of the Financial Supervisory Commission Act 2003. It covers the year 1 July 2018 to 30 June 2019 and as required by section 27 comments, insofar as is practicable, on the next financial year to 30 June 2020 and beyond.

Vision of the Commission

The vision of the Commission is:

To be a World Leader in Financial Regulation and Supervision.

Mission Statement of the Commission

The mission statement of the Commission is:

To maintain a regulatory and supervisory framework that exceeds international standards which is applied locally in an appropriate and consistent manner. We will build robust legislation, work collaboratively with our stakeholders and contribute to the development of the Cook Islands. Our workplace will be a stimulating, inclusive, safe and fair environment, focused on the professional development of our staff.

Objectives of the Commission

The objectives of the Commission are:

- To supervise licensed financial institutions to determine whether they are in sound financial condition and are complying with their governing legislative and supervisory requirements;
- To advance and administer a supervisory framework which complies with internationally accepted standards and promotes the adoption of policies and procedures designed to control and manage risk;
- Through the supervision of licensed financial institutions, to promote financial stability and sound business practice and to assist the Cook Islands Government to prevent the use of licensed financial institutions for financial crime, money laundering, financing terrorism and proliferation;
- To assist the financial sector to develop through establishing and maintaining an internationally credible regulatory and supervisory regime;
- To operate the Registries of International Companies, International Trusts, International Partnerships, Limited Liability Companies and Foundations to a professional standard;
- To facilitate the prevention, detection, investigation and prosecution of money laundering, the financing of terrorism, proliferation of weapons of mass destruction and other serious offences in the Cook Islands;
- To co-ordinate the implementation of the Cook Islands anti-money laundering and countering the financing of terrorism and proliferation (AML/CFT) strategy 2017/20;
- To facilitate the collection, analysis and dissemination of financial intelligence relating to suspicious financial activity to the appropriate domestic and international authorities in a timely manner;
- To continue the ongoing assessment of threat and risks to the Cook Islands AML/CFT; and
- To work with government partners to facilitate the development of a cybercrime strategy and prevention programme relevant to identified cyber threat and risks.

The Commission is the licensing authority of “licensed financial institutions” and will monitor the performance of the licensees against those standards imposed by the legislation which the Commission administers.

“Licensed financial institutions” are banks licensed pursuant to the Banking Act 2011, trustee companies licensed pursuant to the Trustee Companies Act 2014, insurers licensed pursuant to the Insurance Act 2008, captive insurance entities licensed pursuant to the Captive Insurance Act 2013 and money changing and remittance businesses licensed pursuant to the Money Changing and Remittance Businesses Act 2009.

The Commission will administer the following enactments:

- Banking Act 2011
- Captive Insurance Act 2013
- Currency Declaration Act 2015/16
- Digital Registers Act 2011
- Financial Intelligence Unit Act 2015
- Financial Supervisory Commission Act 2003
- Financial Transactions Reporting Act 2017
- Foundations Act 2012

- Insurance Act 2008
- International Companies Act 1981/82
- International Partnerships Act 1984
- International Trusts Act 1984
- Limited Liability Companies Act 2008
- Money Changing and Remittance Businesses Act 2009
- Trustee Companies Act 2014

The Financial Transactions Reporting Act 2017 represents a material new piece of legislation to be actively administered by the Financial Intelligence Unit throughout 2018/19. This Act, replacing the FTR 2004, represents a significant enhancement to the Cook Islands regime to combat financial misconduct and the commission of serious offences by monitoring certain transactions.

Whilst monitoring compliance by all reporting institutions with the new FTR Act 2017, the Financial Intelligence Unit will also administer the new Financial Transaction Reporting (Maritime Cook Islands) Regulations 2017 which specifically address the due diligence and compliance requirements of the Cook Islands international shipping registry.

Following a review of the Insurance Act 2008, late in 2017/18, amendment to the current Act or introduction of new insurance legislation is scheduled to be completed in 2018/19 with the intention of simplifying the current legislation.

In addition, the Government has committed to amending the Cook Islands international entity legislation to comply with requirements of the European Union's Code of Conduct Group by 31 December 2018. It is envisaged that this will require amendment to a number of pieces of legislation administered by the Commission including the International Companies, International Trusts, Limited Liability Companies, International Partnerships and Captive Insurance legislation. The Commission will work alongside key crown agencies, and industry, to ensure full consultation in respect to these potentially material changes for the offshore industry effectively removing the distinction between domestic and international business.

The Commission has commenced developing enabling legislation to provide for the regulatory oversight of the superannuation industry in the Cook Islands. Given the compulsory nature of the Cook Islands National Superannuation Fund, the ongoing regulatory oversight by the Commission is seen as fundamental to providing an appropriate level of comfort to Cook Islanders investing in their retirement. It is intended that this legislation will be moved forward, towards the end of 2018/19.

The Commission is required to make recommendations to the Minister of Finance for legislative, administrative or other action which will facilitate the objectives of the Commission in developing and regulating the integrity of licensed financial institutions. Following publication of the Cook Islands Mutual Evaluation Report in September 2018 the Commission will consider

making recommendations to the Minister for any further enhancement action that may be deemed necessary.

Government's policy in relation to the Commission is to promote and support the Commission in its objectives and functions as an independent institution, free from Government direction in regards to performance of its statutory functions and duties.

The Commission is funded directly from the financial industry via annual licence fees and international entity registry fees.

The Commission will continue to act as a good employer, as that term is defined in the Public Service Act 2009.

These objectives will apply for the year commencing 1 July 2018 and for the foreseeable years to follow.

Nature and scope of activity to be undertaken during the year commencing 1 July 2018

The Commission will undertake all such activities in this section on a timely and proper basis.

a) Supervision and Regulation

A risk based, targeted focus, onsite inspection will be conducted on each bank licensed in the Cook Islands during the year to 30 June 2019.

The Commission will continue to place emphasis on comprehensive offsite supervision through the review of quarterly data and annual audited financial statements, as a risk based approach continues to be embedded into supervision of all licensed institutions, particularly in respect to the banking and insurance sector.

Compliance reviews of the financial transactions reporting regime will be an ongoing activity during the year. Attention will continue to be directed towards those licensees who are deemed higher risk; namely those involved in international business.

An onsite examination of each licensed Cook Islands based insurance provider will be conducted to determine ongoing compliance with the Insurance Act 2008, Insurance Regulations 2009 and the Insurance Code 2010.

Similarly an onsite review, to the administering Trustee Company, will be undertaken for every Captive Insurance licensee. Where feasible, these visits will be scheduled to coincide with the timing of board meetings held in the Cook Islands by those licensees.

The Commission will continue to conduct offsite analysis of licensed

insurance intermediaries, and build upon relations with the home regulators, to maintain an appropriate level of supervision of these licensees.

Following on from the inaugural onsite supervision visits to all licensed Trustee Companies in 2015/16, the Commission will continue to review the operations of these licensees. As in previous years, a targeted approach will be applied focusing on areas of their operations that are considered higher risk. The 2018/19 focus will be on application of the Financial Transactions Reporting Act 2017, international companies under the trustee company's administration who are trading in the financial services industry, structures involving private trustee companies, data security and corporate conduct. It is anticipated that the focus for future years will be in line with international best practice for transparency, including that of beneficial ownership.

Full implementation of the Managed Trustee Company (MTC) Guidelines, issued on 31 January 2018, will be applied to any MTC licence application received.

b) Financial Intelligence Unit (FIU)

The Commission's staff will carry out the functions and responsibilities of the FIU upon delegation by the Head of the FIU.

This includes:

The implementation and consolidation of the Board policy directions to the Head of FIU relating to FIU operational independence.

The regulation and conduct of compliance examinations for all registered Reporting Institutions in the Cook Islands as required by the Financial Transactions Reporting Act 2017. To continue to improve the effectiveness of the Cook Islands AML/CFT regime combined with a risk based approach.

To continue to perform its intelligence gathering function, the receipt, analysis, and dissemination of that analysis to counterpart agencies, where appropriate, for the investigation of financial misconduct or terrorist financing. To review the SAR process and enhancing and improving the analysis function.

To work with other Law Enforcement agencies to improve the intelligence gathering capabilities with the aim of improving overall effectiveness of the Cook Islands in the detection of serious and organised crime.

To investigate and prosecute offences committed under the Financial Intelligence Unit Act 2015, Currency Declaration Act 2015/16 and the Financial Transactions Reporting legislation.

To promote and develop an Asset Recovery strategy that will include parallel financial investigation and the pursuit and recovery of the proceeds of crime in acquisitive criminal cases.

The Commission, through the FIU, will work with other government stakeholders to develop a cybercrime strategy and cyber prevention programme.

The Commission, through the FIU, will collate statistics and information to enable the conduct of effective strategic analysis to inform risk assessments. The FIU will continue to coordinate with key national stakeholders in maintaining the national money laundering and terrorism financing risk assessment for the Cook Islands.

The Commission, through the FIU, will continue to actively participate in other National Committees including the AML/CFT Coordinating Committee, Combined Law Agency Group, Anti-Corruption Committee and the Cook Islands National Intelligence Taskforce.

In conjunction with the Commission, to assess and implement as appropriate the recommendations of the Mutual Evaluation Report that is due to be published in late 2018.

c) Registry of International Entities

The FSC Registry will continue to utilise exception reporting capabilities, where available, to ensure focussed review of new and ongoing registrations throughout 2018/19 and future periods.

The Commission will continue to administer the legislation for which the Commission is responsible, including the registration and renewal of international companies, international trusts, international partnerships, limited liability companies and foundations.

Recognising the pending need for a central register capturing beneficial ownership details, along with the intention to move the foundations register online, there will be a continued focus on securing a funding provider to enable the proposed online registry upgrade to proceed.

The Registrar will continue to administer effective systems of control to ensure every effort is made to identify any bona vacantia assets, remaining in deregistered international companies, which may have vested with the Registrar. These assets will then be realised, as per the manner prescribed in the International Companies Act 1981/82, ensuring maximum return of funds to the Crown.

d) International and Domestic Liaison

In July 2018 the Commission's Executive will actively participate in the APG plenary meeting in Kathmandu in an effort to achieve as high a rating as possible for the Cook Islands Mutual Evaluation Report. The Commission will continue to work closely with the key domestic Crown Agencies involved in

the Mutual Evaluation, until finalisation of the Cook Islands report in September 2018.

The Head of FIU will represent the Commission at the annual Egmont meeting. This participation will support the ongoing development of the FIU ensuring that these developments are informed by international standards and best practice with regards to financial intelligence. As a member and participant of both the Egmont Asia-Pacific regional group and the Technical Assistance and Training Working Group, the FIU will continue to build and develop international relations and cooperation and to improve the effectiveness of the FIU.

The FIU is part of the Egmont Centre of FIU Excellence and Leadership (ECOFEL) project. The goal of this project is to protect, position and promote FIU's within their national systems. ECOFEL will deliver the development of capability, excellence and leadership (to individuals and FIU's) to lead national and international efforts to combat ML/TF and major predicate offences. This could include courses, mentoring, coaching, staff exchanges, library of reference materials, as well as new ways of development of capability that may be introduced over time.

The Head of the FIU will continue to participate at the Asia Pacific Group (APG) Annual Plenary Meeting and, where relevant, the APG Typologies Workshop. The Head will also participate as the FIU and Law Enforcement evaluator on the Solomon Islands Mutual Evaluation team in 2018/19.

The FIU will continue to contribute and support the Asset Recovery Inter-agency Network – Asia Pacific (ARIN-AP) and continue to participate in the Association of Pacific Islands Financial Intelligence Units.

The FIU will proactively seek technical support and funding through the relevant and appropriate international organisations including APG, ECOFEL, ARIN-AP, FATF – TREIN, World Bank and UNODC.

The Commission will liaise with the Australian Prudential Regulation Authority (APRA) and the Bank of Papua New Guinea (BPNG), as home regulators, of the Cook Islands branches of ANZ and Bank South Pacific, respectively. In addition, the Commission will build further on the relationship developed with APRA, following their involvement in the 2017/18 BCI and BSP onsite inspections. The Commission will attend the BSP Supervisory College in Vanuatu early in 2018/19 and also partake in all ANZ Supervisory College telephone conference calls throughout this statement of corporate intent year.

Likewise, in 2018/19 relationships will continue to be developed with home supervisors of insurance licensees, in particular with the Reserve Bank of New Zealand.

As in previous years, the Commission will participate as an active member of the Group of International Finance Centre Supervisors (GIFCS) and will be represented at the annual and half yearly meetings of the group. The

Commission will utilise the Multilateral Memorandum of Understanding between members to maximise sharing with, and obtaining of, information from other member regulatory bodies.

The Commission was admitted, as a full member, to the Group of International Insurance Centre Supervisors (GIICS) in June 2016. The Commission will continue to actively partake in the regular GIICS telephone conference calls throughout 2018/19 and will be represented at the annual meeting of GIICS in June 2019.

Technical assistance will continue to be sought from the Pacific Financial Technical Assistance Centre (PFTAC), the International Monetary Fund, APRA through its Pacific Governance Support Programme and the Financial Stability Institute. However, the focus during 2018/19, and 2019/20, will be on the bi-annual PFTAC mission visits in line with the 'Supervision Framework Enhancement Strategy and Technical Assistance Plan 2017/19' entered into with PFTAC in June 2017.

The Commissioner and Senior Supervisor will attend the Association of Financial Supervisors of Pacific Countries (AFSPC) one week Annual Meeting in Vanuatu, backing on to the BSP Supervisory College. The AFSPC regional forum is overseen by PFTAC and comprises financial regulators from twelve jurisdictions across the Pacific.

The Commissioner, as Chairman, will attend the annual meeting of the ADB APEC Financial Regulators Training Initiative (FRTI) in Asia. This is a forum conducive to securing in-country training opportunities with the Commission already scheduled to host a FRTI Seminar on AML Supervision for Banks the week commencing 1 October 2018.

The Commission will liaise with the Financial Services Development Authority (FSDA) to assist, where possible, with the development of the Cook Islands international financial centre. This may require the participation of a member of the Executive in representing the strength of the regulatory environment of the Cook Islands at some international fora, much akin to the roadshow of 2017.

The Commission will review any proposals for legislative change that may be put forward in promoting the financial industry in the Cook Islands, against the desire to ensure no compromise of the continuing advancement in the standard of financial regulation.

The Commission will continue to liaise with industry, via the Trustee Companies Association (TCA) and the Bankers Association, in respect to issues facing the respective licensees.

e) Legislation

The Commission will report on a periodic basis to the Minister of Finance on the legislation administered by the Commission and advise the Minister on

any amendments recommended by the Commission, generally to enhance the performance of the Commission and the achievement of its objectives.

It is anticipated that legislation will be enacted late in 2019 to bring the Cook Islands National Superannuation Fund (CINSF), and any other superannuation funds established in the Cook Islands, under the regulatory control of the Commission. If this occurs the Commission will undertake an onsite inspection of the CINSF to determine compliance with the legislation and international best practice in respect to operational risks faced by the fund.

f) Miscellaneous

The Commission will continue to evaluate its governance procedures and look for opportunities to benchmark against other regional and international organisations. In this regard, the Commission is scheduled to undertake a comprehensive self-assessment of its application of the GIFCS Trust and Service Corporate Providers standard during 2018, this will then be subject to review by GIFCS.

The Commission will embrace the recommendations for enhancement to the Financial Intelligence Unit and Supervision's procedures as identified in the Mutual Evaluation Report following its publication in 2018.

The Commission will undertake a comprehensive review of the content of its website and ensure the currency and accuracy of the information provided therein; to improve transparency of the supervisory and regulatory regime in the Cook Islands.

The Commission will seek to maximise the efficiencies available by fully embedding the new Document Management System into all facets of the organisation.

The Commission's disaster risk management plan, developed in 2015/16, will be reviewed to ensure compliance is maintained with international best practice.

The Commission will oversee an education campaign to better inform the general Cook Islands public of the functions of the Commission in line with our statutory duties.

The Commission will complete a review as to the appropriateness of licensing and supervising the Credit Bureau and, if deemed necessary, commence drafting of legislation to accommodate this.

Underpinning the Commission's activities for the year will be constant attention to the training of staff and strengthening the Commission's capacity, and ability, to perform its tasks. Continued focus will be given specifically to strengthening supervisory skills and capacity in respect to Trustee Companies and Insurance licensees.

Upskilling of staff, across the Commission, by attending structured training programmes, participation in APRA joint reviews and attendance at international workshops will be encouraged. Three in-country formal training opportunities have already been committed to for 2018/19 including two visits by the PFTAC mission team and a four day Banking Supervision AML FRTI seminar.

Nature and scope of activity to be undertaken during the year commencing 1 July 2019

The Commission will continue to fulfil its duty to administer legislation for which it is responsible.

Responsibilities of the Commission have grown progressively and are expected to continue to grow, thus it is anticipated that the activities listed below will require continued focus in future years. In particular, but without limiting the extent of the Commission's duties to be performed in the coming years, the Commission will:

- (a) Undertake the prudential supervision of the banking business of all banks holding banking licences to carry on banking business in the Cook Islands;
- (b) Undertake the prudential supervision of insurers holding licences to conduct insurance business in the Cook Islands;
- (c) Undertake supervision of insurance intermediaries licensed to conduct general insurance business in the Cook Islands;
- (d) Undertake supervision of money changing and remittance businesses licensed to conduct money changing and remittance business in the Cook Islands;
- (e) Undertake supervision of trustee companies licensed to conduct trustee business in the Cook Islands;
- (f) Undertake supervision of captive insurance businesses licensed to conduct captive insurance business in the Cook Islands;
- (g) Encourage and promote licensed financial institutions to carry out sound practices in relation to prudential matters;
- (h) Undertake licensing and approvals of superannuation funds, if draft legislation is enacted and consequent prudential supervision;
- (i) Consider and analyse, in a timely manner, all completed applications submitted to the Commission for a licence, registration or authorisation pursuant to any enactment the Commission administers;

(j) Efficiently oversee the requirements for registration and renewal of registration of international companies, international trusts, international partnerships, limited liability companies and foundations;

(k) Investigate and prosecute matters under the Financial Intelligence Unit Act 2015, the Currency Declaration Act 2015/16 and the Financial Transactions Reporting Act 2017;

(l) Perform airport or seaport duties for the purpose of enforcing the Currency Declaration Act 2015/16;

(m) Investigate and review the performance by licensed financial institutions and designated non-financial businesses and professions of their obligations pursuant to AML/CFT compliance;

(n) Seek to develop and improve the Confiscation of the proceeds of crime, through the implementation of the Asset Recovery strategy;

(o) To assist in the management and mitigation of cybercrime and cyber enabled crime through the introduction of preventive measures, education, and where appropriate the investigation and prosecution of serious related criminal offences;

(p) To undertake a national risk assessment of the Cook Islands;

(q) Evaluate the effectiveness of the implementation of the recommendations identified in the 2018 Cook Islands Mutual Evaluation Report; and

(r) Efficiently attend to any other matters brought before the Commission.

The Commission will continue to enhance the capacity and ability of the Commission to perform its obligations and achieve its objectives by continuing professional development of staff and proper resourcing of the Commission.

The Commission will also continue to report to the Minister of Finance on the suitability of the legislation administered by the Commission.

Performance Targets for the years commencing 1 July 2018 and thereafter

The Commission will seek to achieve the following targets:

(1) To conduct, as often as deemed necessary, an onsite examination of all banks, insurers, trustee companies, captive insurers and money changing and remittance businesses licensed to carry out business in the Cook Islands. Risk based supervision will assist to determine the level of regulatory oversight applied to licensed institutions.

(2) To undertake offsite reviews of all data supplied by banks, insurers and trustee companies on a regular basis.

- (3) To administer new applications for the licence of a financial institution on a timely basis with all applications for new licences being determined within the prescribed timeframe upon the receipt of the completed application.
- (4) To conduct, in each year, compliance reviews of licensed financial institutions and designated non-financial businesses and professions in respect of the financial transactions reporting regime.
- (5) To annually review the operation of each trustee company against the 'Trust and Corporate Service Providers Statement of Best Practice' issued by the GIFCS; and the Trustee Companies Act 2014.
- (6) To administer registration and renewal of registration of international companies, international trusts, international partnerships, limited liability companies and foundations efficiently, accurately and without delay.
- (7) To keep under on-going review legislation administered by the Commission with a view to recommending amendments where the legislation needs to reflect changes in the global financial environment, including best international supervisory and regulatory practice.
- (8) To enhance the skills of supervisory staff, principally by use of technical training provided by the Pacific Financial Technical Assistance Centre, the International Monetary Fund, the Australian Prudential Regulation Authority, the Financial Stability Institute and other technical assistance programmes including short term training with the Reserve Bank of New Zealand.
- (9) To maintain a structured programme for upskilling all staff of the Commission throughout the year.
- (10) To report to the Minister of Finance on the legislation administered by the Commission by 30 September each year.
- (11) To undertake enforcement action where necessary to achieve the Commission's objectives.
- (12) To continue to promote regular analysis of AML/CFT risk within the Cook Islands.
- (13) To review policies, procedures and guidelines to administering the Financial Transactions Reporting Act 2017; measuring this against international standards and focussed on the effectiveness of the regime.
- (14) To effectively administer and enforce the Financial Intelligence Unit Act 2015, and the Currency Declaration Act 2015/16.
- (15) To coordinate the implementation of recommendations arising from the Cook Islands 2017 Mutual Evaluation.

(16) To efficiently attend to all other obligations, under the legislation which the Commission has responsibility to administer.

The Financial Resources required to achieve the Performance Targets

The economic and operational climate within which this jurisdiction, like all small international financial centres, operates remains subject to ongoing pressure to enhance disclosures and increased reporting in line with international best practice. As compliance measures have become more burdensome growth has reduced. Accordingly, the estimates below are prudently based on the assumption that there will be negative growth in the industry during the 2018/19 financial year.

Expenditure

The estimated expenditure of the Commission for the year ended 30 June 2019 is as follows:

PERSONNEL	\$	\$
Salaries (incl Superannuation)	775,000	
Staff training, travel and expenses	34,200	
		809,200
BOARD		
Fees	84,000	
Expenses	6,200	
		90,200
COMMISSIONER		
Contractual Expenses	2,500	
Entertainment	1,500	
Travel	15,000	
		19,000
DEPUTY COMMISSIONER		
Contractual Expenses	500	
Travel	10,000	
		10,500
HEAD OF THE FIU		
Contractual Expenses	39,240	
Entertainment	500	
Travel	10,000	
		49,740
OPERATING EXPENSES		
Audit Fees	3,000	
Advertising & Promotion	2,400	
Bank Fees	1,500	
Cleaning	5,600	
Communications	9,000	
Computer Costs	32,000	

Conferences & Workshops	12,000	
Depreciation (Fixed Assets)	18,750	
Amortisation (Software)	49,000	
Electricity	14,400	
Expensed Equipment	4,000	
General Expenses	4,000	
Insurance	4,500	
Investigation / Operation Costs	25,000	
Maintenance	4,000	
Motor Vehicle Expenses	4,800	
Office Rental	33,000	
Office Supplies	6,000	
Online Registry Operating Expenses	39,600	
Professional Service Fees	10,000	
Subscriptions	28,000	
		310,550
TOTAL EXPENDITURE		1,289,190

Revenue

The financial resources available to the Commission to carry out its undertaking and to achieve its performance targets are:

(a) All licence, registration and miscellaneous fees payable under the following enactments:

Banking Act 2011
 Captive Insurance Act 2013
 Foundations Act 2012
 Insurance Act 2008
 International Companies Act 1981/82
 International Partnerships Act 1984
 International Trusts Act 1984
 Limited Liability Companies Act 2008
 Money-changers and Remittance Businesses Act 2009
 Trustee Companies Act 2014

The estimated fees from these sources for the year 1 July 2018 to 30 June 2019 are \$1,274,180 (net of VAT).

Although all amounts are in New Zealand dollars; registry fees payable to the Commission are denominated in US dollars and income is therefore subject to currency exchange fluctuations. The rate of \$0.77 was used to prepare these figures.

These estimates are based on the number of international companies, trusts, limited liability companies and foundations dropping by 4% from the actual 2017 registry numbers.

A further amount of miscellaneous operating revenue and interest totalling \$91,336 is also expected to be generated.

The estimated revenue is as follows:

REVENUE	\$
Bank Licences	55,391
Insurance Licences	17,565
Trustee Company Licences	36,175
Foundations	14,568
International Companies	324,179
International Trusts	746,380
Limited Liability Companies	79,922
Miscellaneous Revenue	91,336
TOTAL REVENUE	1,365,516

In accordance with section 24(2) of the Financial Supervisory Commission Act 2003, excess funds will be paid to the Cook Islands Government. It is anticipated that the Commission will be in a position to return an excess of \$75,000 to government during the 2018/19 financial year.

For the year ended 30 June 2020 income and expenditure is projected as follows:

	\$	\$
REVENUE*		1,365,516
EXPENDITURE		
Personnel expenses including Board	901,240	
Operating expenses including Depreciation	387,950	
		(1,289,190)
EXCESS		76,326

*The exchange rate used for this calculation is US\$0.77; NZ\$1.00.

The costs, if any, to the Commission in applying Government's policies.

In applying the government's accounting policies the Commission will incur amortisation expense of \$39,288 in relation to the online registry software for the year ended 30 June 2019. This intangible asset was obtained at no direct cost to the Commission, via funding from the New Zealand Aid programme, but is required to be amortised in line with government policy.

The Accounting Policies of the Commission

The General Accounting Policies of the Commission for the year ended 30 June 2019, and for the subsequent financial years, will be as follows:

Basis of Preparation of Accounts

- (i) **Reporting Entity**
The financial statements are for the Financial Supervisory Commission, which is considered to be an agency of the Crown. The Financial Supervisory Commission carries out services as mandated under the Financial Supervisory Commission Act 2003.
- (ii) **Statement of Compliance**
The financial statements are prepared in accordance with the Ministry of Finance and Economic Management Act 1995/96 and with the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board.
- (iii) **Measurement Base**
The financial statements will be prepared on a going concern basis and the accounting policies will be applied consistently throughout the period.

The Significant Accounting Policies of the Commission will not change from the 2017/18 financial year. The detailed policies form part of the annual audited Financial Statements and may be viewed in full in the Commission's Annual Report. The Financial Statements of the Commission are audited by the Cook Islands Audit Office and the Annual Report is published on the Commission's website (www.fsc.gov.ck) following submission to the Minister of Finance before 30 September each year.

Other Matters as agreed between the Minister of Finance and the Commission.

Since 2009, to assist with the funding of the FSDA, the Commission has paid to the Crown as excess funds a percentage of the revenue generated from International Trust fees. The Minister has agreed that from July 1 2018, this percentage no longer needs to be separated from any other return of excess funds made in accordance with Section 24(2) of the Financial Supervisory Commission Act 2003.

No other matters have been agreed between the Minister of Finance and the Commission for inclusion in this Statement of Intent for the year 1 July 2018 to 30 June 2019.

At this time it is difficult to determine whether any additional matters will be agreed upon between the Minister of Finance and the Commission for the inclusion in the Statement of Intent to be issued by the Commission for the financial year commencing 1 July 2019, through to 30 June 2020.

Dated at Rarotonga this 28th day of March 2018.

A handwritten signature in black ink, appearing to read 'R. Newnham', with a long horizontal flourish extending to the right.

Raymond Newnham
Chairman
Financial Supervisory Commission