



Isle of Man

Financial Review

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ISLAND POSITIVE AS IT ENTERS NEW ERA

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Isle of Man Government Renews Commitment to Engaging With United Kingdom

Following the UK general election in May and the formation of a coalition Government, Chief Minister Tony Brown, MHK, has restated the Isle of Man's commitment to positively engaging with key politicians in the United Kingdom.

Mr. Brown said the Isle of Man Government was monitoring the emerging political landscape in the UK with a view to refocusing and refreshing its programme of communication with Westminster.

Tony Brown, said, "UK politics is clearly moving into a new era, which means a different dynamic of power and influence. It is vital that we understand this changed and complex environment so that the Isle of Man can communicate its message to the right people in the right places at the right time.

"The Island has a strong message to deliver – that we are an enterprising, open and responsible country that plays by international rules and supports the British economy. Our experience shows that when people learn the truth about the Isle of Man they are less inclined to be critical.

"The Island has strong and historic ties with the United Kingdom – economic, social and cultural – but we should expect no special favours from any UK Government, which has problems of its own to resolve.

"What we will continue to promote, however, is understanding and fair treatment of the Isle of Man as a legitimate separate entity, a good neighbour and a responsible global citizen."

In recent years the Isle of Man Government has been developing its international relations programme, with the UK and further afield. In the last year, Isle of Man Ministers have attended the party political annual conferences of all three main UK parties for the first time.



Pictured l to r: Kenneth Clarke, MP, Secretary of State for Justice; Chief Minister Tony Brown MHK, Eric Pickles, MP, Conservative Party Chairman, Minister for Economic Development Allan Bell MHK.

The Island's Government has been building strong cross-party relations in Westminster and is taking a leading role in the British-Isle of Man All-Party Parliamentary Group to promote the Island's interests. A key strand of this programme has been identifying common ground that exists for dialogue on mutual economic growth and the Isle of Man's continued contribution to the City of London.

Brown continued, "Ultimately, the impact of the UK election is of far lesser significance than the impact of the new era we have been in for some time now. The requirement for proper transparency, for tax information exchange, for international jurisdictional co-operation is absolutely as relevant under the Conservatives and Liberal Democrats as any other party."

The last UK Government also undertook a review of British Overseas Territories and Crown Dependencies when Michael Foot conducted his independent study, in which he concluded with positive findings on the Isle of Man. Chief Minister Tony Brown MHK welcomed this as a "positive, constructive, and independent assessment of the Isle of Man's status as a well-regulated and co-operative jurisdiction with a sound and diverse economy able to cope with and adjust to global economic crises".

The Isle of Man Government is working to maintain these standards and continue to build its relationship with key political figures in the UK.

At the Conservative Party's spring forum earlier this year the Chief Minister and Minister for Economic Development, Allan Bell, MHK, met with the then Conservative Party Leader, David Cameron and senior Conservatives. As well as the meetings with Mr Cameron and the now Secretary of State for Justice, Kenneth Clarke, the Isle of Man delegation held informal discussions with Dominic Grieve the former shadow Justice Secretary and the former Shadow Minister for the Cabinet Office, Francis Maude.

Commenting on the meetings the Chief Minister said: "This was an excellent opportunity to brief some of the UK's leading politicians on the Isle of Man's constitutional position as a Crown Dependency and how the Island's role as an International Business Centre supports the British economy."

Following the formation of the new coalition Government the Chief Minister welcomed the appointment of the Rt Hon Lord McNally as Minister of State for Justice. As part of his new role at the Ministry of Justice, the Liberal Democrat peer will be responsible for the UK Government's relationship with the Isle of Man and the other Crown Dependencies.

The Chief Minister used the opportunity to reinforce the Isle of Man's desire to improve its international profile through channels such as representation in global forums, high level secondments and access to policy briefings.

New Isle of Man Regulated Fund Structure

The Isle of Man has introduced a Regulated Fund Structure to meet the increasing appetite for regulation from the international fund community and investors.

The Isle of Man Financial Supervision Commission recognised the growing importance of appropriate regulatory oversight for funds and worked with industry to develop the new Regulated Fund structure to meet market demand and allow significant investment flexibility.

Key points: Regulated Fund Structure:

The governing body and scheme functionaries have clearly defined areas of responsibility;

There are mandatory warnings and information that must be included in the scheme's "offering-document" and promotional materials;

There are clear requirements for the financial information and audit of the fund;

The Commission reviews changes to the fund, its functionaries and documentation;

There are requirements for notifications to the Commission including where there have been breaches of the regulatory requirements.

Commenting on the launch of the Regulated Fund on 1 May 2010, John Aspden, Chief Executive of the Financial Supervision Commission, said, "I am delighted that, following discussion with industry and a review of our fund range, we have developed a modern flexible Regulated Fund. I view this as a flagship product underlining the quality of the fund range that the Isle of Man can offer. We have already had interest shown in the new fund type and look forward to its future success.

"I am also pleased to announce that we have relaunched the Specialist and Qualifying Fund types as Registered Funds. In doing so we have taken the opportunity to review the regulations and introduce further flexibility.

"I believe that the Island's fund offering is first class, balancing appropriate regulatory requirements with the commercial flexibility needed in the modern financial environment."

The Irish Stock Exchange has already confirmed that Isle of Man Regulated Funds are suitable for listing on the Irish Stock Exchange without the imposition of a Euro 100,000 investment threshold.

Further information on the new regulated fund structure is available here on the Commission's website. www.fsc.gov.im



Isle of Man Introduces Treasury Share Regulations

In a move to make publicly traded Isle of Man companies more competitive, the Isle of Man has introduced regulations to permit publicly traded companies to purchase and hold a maximum of 10 per cent of their own shares in treasury.

The regulations, which came into effect on 1 May 2010, give a company the ability to reduce the costs of capital maintenance as it can repurchase and hold shares as treasury shares, instead of having to cancel the shares on repurchase.

Allan Bell, MHK, Minister for Economic Development, commented, "These regulations illustrate the ways in which the Isle of Man Government is developing its regulations to enable businesses to conduct their affairs in a more efficient and competitive manner.

"The change will help to make publicly traded companies on the Island more competitive which we welcome."

Anne Craine, MHK, Treasury Minister, said "I am very pleased that we were able to move ahead with the introduction of these Regulations. It is a progressive development that should assist the industry by making the Isle of Man a more attractive place for investors to do business.

"Treasury together with the Department of Economic Development is keen to work with all areas of the Finance Sector to promote the Island and its reputation and this is a good example of the success of our working partnership."

Jeremy Bridle, Fund Management Association, said, "Following industry requests, the regulatory sub-committee confirmed the need and advantages provided by these new regulations and is pleased that the Policy Division of the Financial Supervision Commission were able to draft and implement the new legislation in a timely manner."



Treasury Minister, Mrs Anne Craine MHK

The regulations aim to provide for occasions when companies find that they have distributable reserves in excess of their needs. Purchasing and holding shares in treasury is one way that a company can use these excess reserves. A company can dispose of treasury shares either by transferring them to an employee share scheme or by selling these on the markets at some future date.

While shares are held by a company in treasury, these shares are stripped of all rights (including voting and dividend rights) and are not taken into account in the calculation of earnings per share. As soon as the company disposes of the shares, all rights are restored to the shares.

The Treasury Share Regulation Consultation Document can be found on the FSC's website at: www.fsc.gov.im/doclibrary/condocs.xml.

Isle of Man Success in London



Allan Bell, MHK
Minister for Economic Development

Isle of Man Finance and the Isle of Man Fund Managers Association (FMA) recently hosted a successful conference in London, The offshore debate - the future of funds.

The event was the first high-profile public event for Allan Bell MHK, as the new Minister for Economic Development, where he spoke to an audience of leading fund advisers and managers about the Island's economy, the development of the new department and his optimism for the future.

Isle of Man based entrepreneur, Jim Mellon, of Charlemagne Capital, gave a spirited address entitled 'The Post Crisis World - Fragilities and Opportunities, identifying opportunities for the future' along with his investment insight for the coming year.

In addition, Malcolm Couch, Assessor of Income Tax for Isle of Man Government, hosted a panel debate examining 'International Finance Centres - What Does The Future Hold?'

Matthew Jones, Associate Director at the Alternative Investment Management Association, chaired a debate on 'Draft EU Alternative Investment Manager Directive - Future Impact on Fund / Fund Manager Domiciliation'.

David McGarry, Fund Managers Association, commented: "The event proved a great success. The speakers provided valuable insights and the keynote addresses were well received, drawing a number of questions from the audience.

"The conference was just a year after our inaugural event in the City and following on from this success, the FMA is keen to maximise our presence with this key audience and we will be seeking to deliver another event in the City before the end of the year."



Entrepreneur Jim Mellon, Charlemagne Capital

Isle of Man Finance attends Annual British Insurance Brokers Association Conference

Isle of Man Finance has, for the first time, attended the British Insurance Brokers Association Conference (BIBA) held in London's Excel Centre and experienced a very positive outlook for the industry.

The BIBA conference is seen as the premier conference for the UK Insurance Broking market and this year witnessed nearly four thousand attendees over the course of the two days.

With a strong presence at this year's conference, members of Isle of Man Finance and the Isle of Man Captive Association attended the event, attracting significant interest from industry while generating a huge range of enquires and potential leads for Isle of Man captive managers.

The conference also provided encouraging feedback from industry on the Island's new

Department of Economic Development which has had full responsibility for inward investment opportunities by ensuring the Island is increasingly responsive and attractive to business opportunities.

John Batty, Isle of Man Finance, commented, "The conference was a great success. It's clear the industry is focusing on growth opportunities and we've seen significant interest from industry on what the Isle of Man can offer"

Gaynor Brough, deputy chairman of the Isle of Man Captives Association, commented, "The IOMCA found the conference extremely productive as there was a keen interest in adopting a proactive approach to the inevitable hard market, by considering a captive solution. We found the conference a great opportunity to highlight the many benefits of captives and other ART vehicles and the outstanding credentials of



the Isle of Man as a captive domicile".

Isle of Man Finance will also be attending the Association of Insurance and Risk Managers conference (AIRMIC) in June, a key event for leading organisations in the risk and insurance calendar.

Aon extends PCC offering to Isle of Man

White Rock Aon, an Aon Ltd owned company, has launched a Protected Cell Company (PCC) facility in the Isle of Man (IOM) to expand its network into this well-respected growing domicile.

Key features of White Rock PCCs include:

An alternative to a stand-alone captive

Flexible share capital

Low formation and running costs

Easier/quicker set-up and exit

*World-wide acceptance
(over 41 domiciles have similar legislation)*

*Modest demands on shareholder
management time*

Strict controls to protect clients

PCCs are used by organisations to underwrite their own risks without owning their own separate company or captive.

Offering the same benefits as a captive, PCCs can be more cost effective to set up and run so tend to suit small and medium sized companies or those that require a shorter-term solution. PCCs are corporate entities in which the assets and liabilities of each cell are legally separated from each other.

Andrew Tunnicliffe, COO for Aon Global Risk Consulting, added: "The IOM was selected due to its reputation as a 'can do' captive domicile, its triple 'A' sovereign rating and its standing as an internationally responsible country as acknowledged by the IMF and other regulatory bodies."

Gaynor Brough, General Manager of Aon's Isle of Man operation, said: "We are delighted to be part of White Rock's expansion plans and at the forefront of cutting-edge client-focused solutions".

Frontline Philanthropy Initiative Launched

Many wealthy individuals, particularly those who have made their fortunes in recent years, strive to put something back into the communities that have supported them, which is why Cayman National Bank & Trust Company (Isle of Man) Limited and Mannin Chambers Advocates have announced the creation of a new initiative, Frontline Philanthropy.

This partnership provides charitable individuals with the resources and experience to assist with the formation of charitable trusts or foundations and provides administrative solutions and legal advice.

Anita Gould-Davies of Cayman National said; "Both Cayman National and Mannin Chambers noticed that clients found many existing charitable institutions can have aims which are too broad or too remote from the causes which they want to benefit.

"People may be enthusiastic about bringing a radical change and improvements to the world around us, helping to find cures for diseases, supporting individuals or families to build a better life, looking for solutions to reduce hunger, aid religious, educational and cultural institutions or, indeed, any other inspiration that philanthropists may wish to support.

"Frontline Philanthropy enables them to make a meaningful contribution to this generation and future generations allowing them to define their grant making strategies, helping to formulate activity and creating the right vehicles to promote their philanthropic endeavours."

The Isle of Man has one of the most stable parliamentary systems of Government in the world and its law reflects this. Properly constituted, a charitable trust will in the Isle of Man be immune from attack and immensely strong in its work.

The Isle of Man Charities Act 1962 contains a broad definition of what "charity" means under Isle of Man law, allowing a flexible approach in creating the most appropriate charitable structures. Frontline Philanthropy will advise individuals on a case by case basis on how best to ensure that a project will achieve charitable status under Isle of Man law

Paul Beckett of Mannin Chambers comments, "The founder is on the front line as a philanthropist. There will be tangible achievements within his or her lifetime, and the opportunity to guide and inspire the trustees while at the same time being able confidently to rely on their independence of thought and action."



Paul Beckett
of Mannin Chambers

Further details can be found at www.frontlinephilanthropy.com

Eurohedge Conference Inspires Confidence



Palais de la Bourse

Representatives of Isle of Man Finance and the Fund Manager's Association recently attended the annual Eurohedge Summit at the Palais de la Bourse in Paris' a major event for the hedge fund industry which attracts the elite from around the world.

Brian Donegan, Business Development Manager at Isle of Man Finance said: "Business was brisk for the Isle of Man at Eurohedge, and it appears that the

fund industry has made a robust recovery with global assets under management back up to pre Lehman levels of US\$1.8trn.

"Eurohedge was notable in that Investors were represented in significant numbers along with fund managers and fund lawyers. There was a great interest in learning more about the investment grade nature of the Isle of Man's offering in respect of it being a domicile for fund management and administration."

IFG Fund Administration Expands Specialist Fund Administration Team

IFG Fund administration, one of the Isle of Man's leading fund administrators, has strengthened its team which targets the alternative investment industry with the appointment of Colin Stott and Al Patterson.

Colin takes on the role of Manager, Business Development, with primary responsibility to develop the business in London, the Channel Islands, Isle of Man and Continental Europe.

Colin said, "This is a very exciting opportunity, joining IFG Fund Administration at a time when it seeks to build on the first class operational and technology platforms it has in place. IFG is fully committed to the provision of services to the alternative fund

management industry, and its expansion is a clear demonstration of its long term investment."

Al Patterson has been appointed as the Director responsible for the Investor Services and Transfer Agency team.

In addition, IFG have also appointed Paul Connolly and Jeremy Gordon as Managers of Corporate Secretarial and Compliance, respectively.

Marie du Feu, Managing Director, said, "The appointment of these four experienced fund professionals reflects our commitment to providing a high quality service to our existing and potential clients. "

E-Business Flourishing On The Isle of Man

In the latest of a series of reviews in to the Isle of Man's e-Business sector, a report by business and technology consultancy, Charteris, has acknowledged the Isle of Man's lead over other competing jurisdictions, thanks to the Island's internationally competitive infrastructure.

The latest independent report, commissioned by the Isle of Man Government, looked at the attractiveness of the Isle of Man for e-Business, inward investment and the quality of the Government IT infrastructure in an increasingly important sector, with e-Business currently contributing 4.5 per cent of Government revenue and representing the Island's fastest growing sector.

The Charteris report positively acknowledges that the Isle of Man's e-Business sector has experienced significant growth over the last few years, and notes its success in attracting a number of high profile e-Businesses to the Island. Of particular note is the clustering of e-Gaming companies that have created a 'velcro effect' on the island to other complimentary business service providers within the e-Business sphere.

The report also concludes that the creation of the new Department for Economic Development is a positive step and will help to further realise the Island's e-business potential and ultimately encourage further inward investment.

Tim Craine, Director of e-Business and Space Commerce, comments: "The international e-Business landscape is evolving rapidly and it is vital that the Government works to maintain the Isle of Man's competitive position within the sector and maximise the opportunities that are available.

"We simply cannot rest on our laurels and must continue to adapt our strategy if we are to really begin to stretch our legs and realise our growth ambitions within this dynamic sector.



Business

We are confident that the recommendations set out by Charteris will help us to do just that and we look forward to converting them into tangible reality and results in the coming months."

Alan Bell, Minister for the Department of Economic Development, adds: "The findings of the report help to demonstrate the success of the Government's policy of economic diversification.

"The Government took the strategic decision to develop the e-Business sector back in 2000 and the benefits of this policy initiative are being clearly demonstrated. We maintain our ambitions to further build on previous successes within the e-Business sector through continued close communication between Government and the private sector, pursuing a joined-up approach to promote inward investment and demonstrating why the Isle of Man is attractive to e-Business companies."



TT Zero Competition - is electric

Building on the success of last years inaugural TT Zero, riders will again be lining up on the 9th June to take part in the only race of its kind around the world famous Mountain Course on the Isle of Man.

The Isle of Man Government has confirmed that 16 competitors will participate in the 2010 TT Zero, the clean emissions race run as part of the Isle of Man TT Races.

Many of the teams who took part in the inaugural TTXGP event in 2009 will be returning to pit their unique clean emission motorcycles against the Mountain Course and competition is expected to be fierce.

Teams from Germany, India, the USA, the Isle of Man, England, Italy, Sweden and Austria will be competing for the £10,000 prize FOR the first team that records a 100mph average speed around the 37 ¾ course.

This was first achieved by a conventional bike in 1957, when Scotsman Bob McIntyre clocked

a lap in 22 minutes 24.4 seconds for an overall average of 101.03mph.

Geoff Corkish, MBE, MHK, political member for Isle of Man tourism, commented: "We look forward to welcoming these incredible teams to the Isle of Man in 2010. We are delighted to continue to support this ground -breaking form of racing as it

perfectly represents the Isle of Man's spirit of entrepreneurialism and innovation."



Fastest Growing Offshore Corporate Aircraft Register Continues To Attract High Quality Global Registrations



The Isle of Man Aircraft Registry celebrated its third anniversary in May, and despite the economic downturn, continues to see impressive growth.

In its third year of operation the Isle of Man Register added a further 119 further aircraft; making it the world's fastest growing offshore corporate aircraft register with over 240 high quality private and corporate jets and twin turbine-engine helicopters already registered.

This trend is expected to continue with widespread registrations coming from the Middle East, Russia, the USA, as well as many other parts of the world.

Director of Civil Aviation, Brian Johnson commented, "High regulatory standards, a personal service, and a competitive scheme of charges have ensured the success of the Isle of Man Aircraft Register, as the number of registrations now demonstrates. The Isle of Man Registry has pioneered a new model for aircraft registration, with less bureaucracy and a

customer focused service. We are confident that this success will continue for the foreseeable future."

Department of Economic Development Minister Allan Bell MHK added: "I congratulate the team at the Aircraft Registry for reaching this milestone in such positive fashion. Their dedication and commitment acts as an excellent example of why the Island is an excellent place to do business and the success of the Registry reinforces the Isle of Man's standing as an international business centre."

The Registry also recently attended the world's second largest business jets conference, EBACE, in Geneva. The conference brings together all sectors of the business aviation world and the Isle of Man received significant interest in the Registry and its potential benefits.



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