

Isle of Man

Financial Review

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Island in 'robust financial position' to weather global storm

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Front cover picture courtesy of the Isle of Man Aircraft Registry which recently registered its 100th aircraft since its launch in May 2007. The Airbus A340 (shown) is the largest private aircraft on the register.



Isle of Man

Giving you Freedom to Flourish

Island in 'robust financial position' to weather global storm

The Isle of Man has retained its 'AAA' sovereign credit rating from leading international rating agencies Standard & Poor's and Moody's.



Treasury Minister Allan Bell MHK

It is the highest rating they can award and directly relates to the Government's management of the economy, in particular the ratio of reserves to public spending which is a key element in its ability to manage any downturn in the global economy which may affect growth on the Island.

Standard & Poor's says: 'The Isle of Man Government's overall robust financial position and policy flexibility should enable the Island to weather the ongoing challenges in the global economic environment.'

Moody's underscores the Isle of Man's move to make up to £150 million of Government funds available to depositors under the newly revised Depositors' Compensation Scheme: 'This is clearly manageable set against free reserves and projected capital spending without significantly weakening the current finances of the Government.'

Cautious and measured

This represents the best possible news for the Island at a time of unprecedented uncertainty in the world's financial markets and validates the Isle of Man's cautious and measured approach to producing more than two decades of continuous economic growth.

Treasury Minister Allan Bell said: 'I welcome the fact that Moody's and Standard & Poor's have reviewed their ratings and both concluded that the Isle of Man is well placed to ride out the recent storms and be able to withstand any future global economic downturn.'

'We continue to attract global investment precisely because of our stable public finances and ability to respond quickly when required.'

Both agencies are highly respected

internationally and their opinion of the current state of various world economies acts as a significant pointer to investors as to the suitability of investing in either government issued debt or the wider national economy.

'Triple A' is the highest possible rating awarded and provides access to cheaper borrowing. It is also a vital marketing tool for inward investment - as well as promoting a positive national identity and reputation for the Island.

And most importantly, this measure of external verification of the Island's finances helps further develop its relations with the global financial community including its relationship with the United Kingdom and enforces the message that the Isle of Man employs the best practice in the management and governance of all its international affairs.

Washington officials 'impressed' with Isle of Man position

As part of the Isle of Man's international relations building programme, a team of officials from the Isle of Man Government recently travelled to Washington and held talks with officials who were said to have been 'impressed with the Island's

position' regarding its international relations.

On his return the Treasury Minister Allan Bell reported that the talks were constructive and provided an excellent opportunity to present the Isle of Man case in terms of its international standing.

"Isle of Man continues to work as

closely as possible with international bodies such as the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) to demonstrate that the Island is at the fore-front of transparency and international co-operation." he said.

Isle of Man remains 'buoyant'

The Isle of Man's financial position remains buoyant and well placed to ride out the current downturn in the world economy.



This was the message from Treasury Minister Allan Bell to an audience of top decision makers in the City of London.

The Island has produced a quarter century of continuous economic growth, he said. And whilst no leading financial centre was immune from global forces, the Isle of Man was not showing any signs of recession. This was borne out by the renewal of its 'AAA' credit rating by agencies Standard & Poor's and Moody's.

Benefit to City investment

Mr Bell was speaking at the Island's City base in London's Cornhill, overlooking the Bank of England. Setting out the Island's cautious and measured approach to building growth, Mr Bell said the Isle of Man had demonstrated its intrinsic value to the City.

An illustration was the extent to which its expertise was used in attracting foreign investment through companies seeking a listing on both AIM and the London Stock Exchange.

The Island had also proved to be a 'good corporate neighbour,' he added, and worked with international organisations to ensure it remained responsible in its international dealings. Banking transparency was a case in point and the Isle of Man had been commended for its approach to this.

'Model jurisdiction'

'Angel Gurría, Secretary-General of the OECD, has publicly held up the Isle of Man as a model jurisdiction for other's to follow,' Mr Bell pointed out.

The Isle of Man will shortly commence its Tax Information Exchange Agreements (TIEA's) with Germany and France. The Isle of Man already has 12 other agreements in place with other major trading partners. This will mean the Isle of Man can positively demonstrate that it is open, transparent and cooperates with other developed nations.

'In the coming weeks I expect to sign another three TIEA's - with Germany, France and Australia [now signed] - leaving the Isle of Man in an extremely strong position regarding its international standing.'

'Open and transparent'

Mr Bell referred to the Review of Crown Dependencies to be carried out by Michael Foot on behalf of the UK Treasury and said he was confident that this review would show the Isle of Man in a favourable light.

'I'm looking forward to working with officials developing the report,' said Mr Bell, 'as it will show the Island to be a co-operative jurisdiction that is well regulated, open and transparent in its international dealings. I am confident the exercise will provide UK Prime Minister Gordon Brown with the assurance that Crown dependencies are operating to the same standards as our onshore peers in the context of facilitating international finance. And to this end, the review will demonstrate the extent to which the Isle of Man operates to benefit the City of London.'

The Island continues to work extremely hard to protect its

international reputation, both as a developed economy and as a respected international business centre, he concluded.

John Batty joins Isle of Man Finance to promote Pensions, Captives & Life Insurance



Isle of Man Finance has appointed a new Business Development Manager to work with the Insurance sector. He is John Batty, formerly Technical Manager with AXA Isle of Man.

John took up his new role in December 2008 and will be responsible for developing and promoting the captive insurance and life insurance sectors, together with the Island's pensions proposition.

He will also play a strategic role in sourcing new business opportunities in increasingly important markets, such as the Middle and Far East.

He already has experience of the Middle East region having worked for HSBC Insurance based in Dubai.

'Strategic partnerships' way forward in changing world

Tax Information Exchange Agreements provide stability... and Australia makes 12

The Isle of Man has now concluded two significant tax information exchange agreements (TIEA's) with the Australian government as part of its programme of developing closer economic ties with other countries.

The official document was signed by Treasury Minister, Allan Bell and the Australian High Commissioner to the United Kingdom, John Dauth LVO. at Australia House in London towards the end of January.

The Isle of Man has now signed 12 of these as part of its continuing programme of developing closer economic and taxation co-operation with other countries.

The two agreements are:

- a tax information exchange agreement based on the Organisation for Economic Co-operation and Development (OECD) model; and
- an agreement for the allocation of taxing rights over certain income of individuals and to establish a mutual agreement procedure in respect of transfer pricing adjustments.

Germany and France next to seal 'business co-operation deals'

Bilateral arrangements with another two major European countries, Germany and France, are due to be signed shortly.

Essentially they provide for the exchange of tax information and establish a mutual procedure for relief from double taxation. This covers the adjustment of profits from associated enterprises.

Mr Bell said: 'It would be naïve in the current world economic climate not to be aware of the drive by many countries to raise the levels of transparency and co-operation so as to

increase the stability of financial markets.'

Similar tax and economic co-operation agreements between the Isle of Man and Ireland have now come into effect. Work on the bi-lateral deals began last summer and received final ratification by both jurisdictions at the end of last year.

The negotiation, signing and ratification of such agreements demonstrates the Isle of Man's commitment to international standards. They are also a key element in establishing a global system based on co-operation between countries; transparency and effective exchange of information in tax matters - all of which strengthens financial stability.

Fully compliant

The general substance of the agreements is based on a model set out by the Organisation for Economic Co-operation and Development. And as further recognition of the Island's work in this complex area of international trade.

The Isle of Man has also concluded similar agreements with the seven member states of the Nordic Council, comprising Denmark, Faroe Islands, Finland, Greenland, Iceland, Norway and Sweden. These involved the ratification of 28 individual agreement documents, all of which have now been ratified bilaterally and are now in operation.

The Isle of Man has TIEA's with:

- United Kingdom
- United States of America
- Netherlands
- Denmark
- Faroe Islands
- Finland
- Greenland
- Iceland
- Norway
- Sweden
- Ireland
- Australia

And has a Double Taxation Agreement with the United Kingdom.

'Strategic partnerships' way forward in changing world

The global financial services market and the attitudes of the world's major economies are undergoing unprecedented changes. And it's vital that those countries providing high-quality financial services work together more closely, to ensure that their voices are heard.

This is the view of Treasury Minister Allan Bell who is working to set up what he describes as 'strategic partnerships' with like-minded jurisdictions. 'For smaller financial services centres like the Isle of Man, I see an increasing need for strategic partnerships and for the sharing of best practice,' he said.

Netherlands Antilles visit

Mr Bell was speaking during a visit to the Isle of Man by Alex Rosaria, State Secretary of Finance of the Netherlands Antilles.

The Isle of Man and the Netherlands Antilles are widely recognised as leading the way among smaller international financial services centres in implementing global benchmark standards of financial regulation, and in concluding tax co-operation agreements with member countries of the OECD

Most recently, Secretary-General of the OECD, Angel Gurría, in a speech in Paris, said that to improve the fight against international tax evasion, member countries attending the meeting needed to make a number of changes. However, Mr Gurría stressed that 'clear political recognition' should be given to those offshore financial centres that have made progress. 'The politicians in those jurisdictions have taken a high political risk. You need to show them that the choices that they made are the right ones,' he added.

Mr Bell felt that, in this respect, the visit of Minister Rosaria had been very useful: 'The Isle of Man looks forward to working more closely with the Netherlands Antilles, which will benefit both countries.' Mr Bell added.

Financial Services Businesses on Isle of Man are AIM'ing high!



Isle of Man based professional expertise has again proved successful in aiding a flotation on London's Alternative Investment Market.

The Island has a recognised profile in this complex area of the international market. It's recognised as the top non-UK jurisdiction for businesses seeking admission to AIM with 64 companies currently listed.

Local law firm Dickinson Cruikshank is one of those who regularly advises international companies to gain access to AIM. It has acted as Isle of Man counsel on 23 admissions, the latest of which is LIT plc which has been created for an Isle of Man based investment manager.

LIT plc operates to make long term gains from investing in both quoted and non-quoted companies using similar strategies to private equity investors. LIT's first acquisitions were Laxey Investment Trust listed on the LSE's Main List and TDG, the European supply chain and logistics group. The legal team was led by DC partner Simon Harding assisted by Andrew Harding, commercial, and Tom Groves, fiduciary. Simon Harding said: 'Working with activist investors is always stimulating and this transaction was no exception. The deal raised a large number of interesting legal and commercial issues

both in the UK and the Isle of Man. It's satisfying that the Isle of Man was able to provide the solutions required to bring the transaction to a successful conclusion.'

Online AIM advice

Key professionals involved in the flotation of companies on AIM, the London Stock Exchange's Alternative Investment Market, have launched their own website.

'AIM alliance' comprises key professional services required by businesses wishing to become AIM listed.

It's been set up by Paul Beckett of Mannin Chambers and includes UK law firm, McGrigors, Marsh AIM Risk Services, Baker Tilly and Devonshire Corporate Services.

They have already successfully operated as a team to ensure that international businesses can easily access the expertise they require when seeking a listing on AIM - in particular, ensuring the flotation process is both focused and streamlined and emphasise the importance of experience in this complex area of the market.

The Isle of Man has been one of the most successful jurisdictions in attracting this type of work from international companies. Kelly Hack of McGrigors said: 'It is a complex process and the ability to work in a structured and coordinated way ensures that the client receives all the professional advice that is required in the lead-up to entry

to AIM.'

There are currently more than 1,500 companies listed on AIM with a market capitalisation of £45 billion. A total of 2.5 per cent of these are incorporated in the Isle of Man.

Nick Boon of Isle of Man Finance said: 'The Isle of Man enjoys two corporate law regimes both of which are used by advisers. In addition, the Island also has an excellent closed-end investment company structure that is treated as a regular company from a regulatory perspective.'

'These factors, together with the Island's favourable tax regime, have ensured the Isle of Man has become a significant jurisdiction for company incorporation and fund structures.'

The Isle of Man contributes in the region of £40 billion per annum to the City of London - a fact recognised by the City's former Lord Mayor during a visit to the Island.

The new site emphasises their experience in aiding AIM listings, pointing out that the Isle of Man has been one of the most successful jurisdictions in attracting this type of complex work from international companies.

www.aim.co.im

Captives conference success



The Manx Insurance Managers' Association plans to hold another international captives conference following the success of its recent London event that attracted over 110 industry professionals.

Headline speakers helped to put the economic crisis in context and captive professionals set out the potential opportunities in the captive market.

Derek Patience, Chairman of the Manx Insurance Manager's Association, said: 'Holding the conference in London, with the kind assistance of Barclays Wealth, has meant that we could attract a wider audience and really broaden the delegate list. The UK is a very

important business partner of the Isle of Man which is reflected in the fact that over 50 per cent of the captives domiciled in the Isle of Man are owned by UK companies.'

Raising the Island's profile

The purpose of the London conference was to increase the profile and awareness of the Isle of Man as a captive domicile. Henk Potts, Economist and Equity Analyst of Barclays Wealth, was among those who delivered a positive presentation on the future of global stock markets.

'We are delighted the conference went so well,'

Derek Patience added. 'Feedback from delegates has been exceptionally positive. Some came from as far afield as South Africa to attend. We owe

Barclays Wealth a huge vote of thanks for providing

such a wonderful venue. 'We are looking forward to holding our next conference in the Isle of Man next year and we are hoping to hold another international conference within the next two years.'

Extending reach

Colin Freeman, Barclays Wealth Offshore Financial Markets in the Isle of Man, said: 'It was a highly professional, informative and stimulating conference. Barclays Wealth was proud to make its conference facilities available, which assisted in attracting a wider audience for the event.'

Barclays Wealth has a dedicated team based in the Isle of Man which supports captive insurance clients worldwide with their banking needs and the team are closely involved with the managers of this industry. Barclays hosted a dinner for conference organisers and speakers in the executive suite on the top floor of their Canary Wharf building that enjoys spectacular views of the City of London.

Leading life companies join offshore forces

A new Isle of Man based life operation was given a New Year City launch.

Royal London 360 is the product of a merger between Scottish Life International and Scottish Provident International.

The company's head office will continue to be based in the Isle of Man from where it will conduct business in Africa, the Middle and Far East, Germany and the UK. The operation also has dedicated offices in Dubai, Hong Kong and the Lebanon.

The combined operation has funds under management in excess of US\$3 billion.

David Kneeshaw, Chief Executive of Royal London 360°, said that during the latter part of last year the

company had focussed on integrating the two businesses and developing Royal London 360°'s brand and product strategy

'It's fantastic that our vision to launch Royal London's new offshore business in just six months has been accomplished,' he added, 'It's a credit to my 200 colleagues and we are now writing to all our key business partners outlining our plans for the future.'

Value and service

'We are in challenging economic times, but we believe it is the perfect opportunity to demonstrate how we can offer value and a superior personal service to our business partners and customers around the world. We are committed to developing long term relationships with local partners in all our core

markets, with a single global vision in mind - building wealth for our clients.'

Royal London 360° is the international division of the Royal London Group, and offers a broad range of offshore investment, savings and tax-planning products to investors based around the world.

www.royallondon360.com

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LONDON
360°

Local News

Barclays' 'Trust Team of Year' award

STEP, the Society of Trust and Estate Practitioners, has named Barclays Wealth - including 40 staff based in the Isle of Man - as Institutional Trust Company Team of the Year.

The bank's Wealth Structuring Team beat off strong competition from HSBC Private Bank and RBC Wealth Management to win the prestigious award. The judges recognised positive developments within the business since its take-over of Walbrook in 2007. This included the launch of Barclays Wealth Preservation Trust, described as an innovative trust solution tailored specifically for both existing and new clients.

Wealth Structuring employs more than 400 professionals who administer approximately 900 cases across the Isle of Man, UK, Guernsey, Jersey, Geneva, Singapore, Hong Kong and Cayman. Since the acquisition of Walbrook, Barclays says it has combined the strongest elements from both companies to create an integrated company both operationally and culturally.

'This is a major industry award and recognition of our unique offering that provides a professional advisory firm approach to clients combined with the strength and backing of a global financial institution,' said Rodney Allen, Head of Wealth Structuring.

Local commitment

'Our team in the Isle of Man have worked extremely hard since the Walbrook acquisition and this award is a result of the commitment that they and their Wealth Structuring colleagues across the world have shown to Barclays Wealth.'

Barclays Wealth Structuring works closely with STEP, which provides education, training, representation and networking for its members, who specialise in trusts and estates, executorship, administration and related taxes.

Last year STEP and Central Law Training launched a new joint

initiative sponsored by Barclays Wealth enabling STEP students across the world to benefit from online learning. By the end of this year 50 interactive e-learning modules will be available for students studying for the International Diploma. Next year it will be extended to cover the England and Wales Diploma.

RBS invests in Isle of Man

RBS International has funded major enhancements to its market leading electronic banking service to extend the capabilities of its online services to Isle of Man customers and recruited a new team to offer a more local and personalised service.

The 'eQ' service was developed specifically for the offshore market place and is designed to meet the needs of the institutional and intermediary markets. The improvements will allow clients to view balances and authorise payments virtually 24 hours a day, seven days a week.

Fairbairn Private Bank awarded top rating in UK business survey

Fairbairn Private Bank - the only 'offshore' Isle of Man based bank licensed to operate in the City of London - has been granted a prestigious 'Three Star' rating in the Best Companies Accreditation System.

The bank is the first and only Isle of Man based company to receive this prestigious rating, which is currently featuring widely in the UK business press.

'I am so proud of our team,' said Managing Director Greg Horton, 'This is a fabulous accolade that not only serves to raise our business profile in terms of operational excellence and management integrity, but also raises the whole profile of the Isle of Man Island at a time when good news is hard to find.'



CEO, Jonathan Austin, presenting the Three Star Accreditation to Janet Taylor and Greg Horton of Fairbairn Private Bank

Corporate excellence

The BCA was established in 2006 to recognise corporate excellence in the workplace, employing a Michelin-style star system with the top three stars representing 'extraordinary performance.' Fairbairn Private Bank has received star status for the past four years, but only in 2009 excelling to win the top rating - one of only 55 organisations across the UK to do so.

The accreditation incorporates feedback from the largest employee survey ever undertaken in the UK and this year embraced a record 795 organisations and almost 200,000 employees. Only 150 organisations achieved Two Star status and 209 were awarded One Star, serving to highlight still further the scale of Fairbairn Private Bank's achievement as one of the top 55 companies in the highest Three Star category. Mr Horton accepted the award from Jonathan Austin, Best Companies Limited CEO at a ceremony in London.

Part of the Old Mutual Group, Fairbairn Private Bank operates a comprehensive private and personal banking operation on behalf of a wide range of clients. These include private individuals, small and large companies, trusts, governments and institutional investors. A full range of banking, investment, trust and corporate services can be accessed through its offices in the Isle of Man, Jersey, London and its representative office in South Africa.

Local News

Zurich goes from 'strength to strength'

Guests at a Champagne celebration to mark the company's quarter century on the Island were told that, despite current turbulent times, Zurich Bank International was 'going from strength to strength.' Included was a move to new premises and re-branding to mark the acquisition of Allied Dunbar.

Managing Director Graham Sherward said the re-branding of the banking operation represented the re-launch of what was a fast growing, highly regarded and secure deposit-taking service for both international clients and local residents. The Isle of Man operation had also launched two new profitable business lines, he added.

Air access to Gulf

A new business alliance between Irish airline Aer Arann and Middle Eastern carrier Etihad Airways will offer visitors from the Gulf a more streamlined service to and from the Isle of Man.

Passengers from the Island can now go from the Isle of Man's Ronaldsway Airport to anywhere on the Etihad global network on a single ticket via Dublin and Etihad's Abu Dhabi hub. This follows a deal to 'code-share' Arann's twice-daily services from the Isle of Man to Dublin with Etihad's flight services to the Gulf.

£25 million telecoms project

The Isle of Man's 21,000 broadband users will be able to take advantage of increased download speeds of up to eight megabits per second (8Mbps) following a major upgrade of Manx Telecom's internet services.

It's part of the company's £25 million Next Generation Network project that will ultimately enable personal and business customers to access and manipulate voice calls, data, television

and video on one seamless converged network. The project will involve migrating more than 60,000 fixed lines to the new digital platform.

Finalist in 'e-Gov' awards

The Government's Online Services Programme was a finalist in the UK's prestigious e-Government National Awards. The Programme, code named "OneMann", was short-listed in the "Central e-Government Excellence for Team Working" category.

There was a record 588 entries in this year's awards, which recognise the level of e-Government services. They particularly highlight the effectiveness of government services in improving citizen and business transactions with councils, central government departments and other public sector organisations.

Swedes among new gaming companies

Two cutting edge e-Gaming companies, Fasbet and NYX Interactive, have been granted gaming licences to operate on the Isle of Man. All games and financial transactions will be operated, regulated and controlled in the Isle of Man

Currently based in Sweden, NYX Interactive will establish the first network hub in the Isle of Man to offer its customers a variety of games, including bingo, lottery, casino, poker and sports betting. The company intends to develop a long-term, substantial business on the Island.

Fasbet is a new proposition creating a 'business to business' betting exchange platform for white label clients. Fasbet brings the concept of shared hosting and 'software as a service' to the betting exchange world.

'Clustering of advisers'

The company says its establishment in the Isle of Man has been driven by the Island's existing infrastructure and 'clustering of service providers' available in the Island. All Fasbet business

processes will be based on the Island and the company plans to open an office with permanent staff.

Garth Kimber, Head of e-Gaming Development on the Island, said: 'The addition of Fasbet and NYX Interactive to the Isle of Man's e-Gaming stable reflects the Island's position as a premier jurisdiction of choice for the e-gaming sector. Both companies are "firsts" for the Island in their respective fields and their arrival is a significant step forward in the e-gaming strategy we have developed.

'We have worked to ensure that the regulatory environment is compatible for a variety of e-gaming platforms - from online payment services, software and web design companies to sports betting service providers. The licensing of Fasbet and NYX Interactive is testimony to just how far we have come in this respect over the last year.'

Unanimous decision

Ian Gilfillan, Director at Fasbet, said the company's decision to relocate to the Isle of Man was unanimous: 'The infrastructure on the Island meets all of our current business needs and strategies, and the regulatory structure permits Fasbet to operate to its full potential.'

Jonas Blomqvist, Chief Operating Officer at NYX Interactive, added: 'We are delighted that our application to establish a hub for gaming solutions in the Isle of Man has been approved. The Island has very clear and specific policies to encourage e-commerce businesses to relocate and the regulatory environment and technological capabilities of the Island allow us to deliver a new modern network gaming model.

'As supplier of online games to both WLA and commercial operators, focusing on the international market, this is a strategic opportunity for us to offer our customers new ways to run their businesses in a more profitable way with a shorter time to market.'

NYX Interactive is one of the world's leading independent suppliers of systems for digitally distributed gaming entertainment. The company holds a complete portfolio of gaming products and central systems under its own brand - NYX Interactive - including bingo, lottery, casino, poker and sports betting.



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