

Isle of Man

# Financial Review

[www.isleofmanfinance.gov.im](http://www.isleofmanfinance.gov.im)

Issue No 3 • May 2009

## Island welcomes G20 recognition

Inside this issue

- India Networking Programme Launched
- 12th OECD TIEA is significant milestone
- Inaugural Fund Conference



**Isle of Man**

Giving you Freedom to Flourish



# Island welcomes OECD recognition following G20 Summit

The Isle of Man Government has welcomed the Island's inclusion on the OECD list of countries complying with the global standard for tax co-operation and exchange of information.

The list, produced following the G20 summit in London, places the Isle of Man in the top tier of jurisdictions - along with nations such as the UK, USA, Germany, France, Sweden and Ireland - that have 'substantially implemented the internationally agreed tax standard.'

The OECD has also drawn up a list of 'tax havens' and 'other financial centres' that have committed to the standard but not yet substantially implemented.

The list confirms the Island's position amongst the most responsible and co-operative countries of the world.

Treasury Minister Allan Bell MHK said: 'The OECD list is a significant step forward in the debate about tax transparency, as countries are now being judged and separated on the basis of agreed international criteria - not just size. The Isle of Man has always supported an objective, global approach to this

issue and the G20 summit has confirmed this as the way forward.

'Inclusion on the white list represents a major endorsement of the Isle of Man and of our long-term strategy of positive engagement with the OECD. This can only reinforce the Island's reputation and strengthens our position as an international business centre of quality.

'The Island has been committed to the international standards of tax transparency developed by the OECD since 2000 and is at the forefront of small nations delivering on that commitment.

'Over the past seven years we have signed more tax information exchange agreements than any of our counterparts, including agreements with the UK, France and Germany. We have concluded a total of 14 and there are several more in the pipeline. The signing of our 12th



Treasury Minister Allan Bell MHK

agreement with an OECD country was described by the OECD as a significant milestone.

Mr Bell added: 'The Island also has a strong track record of complying with international standards of financial regulation, as assessed by the IMF and others. A series of independent, external reviews over the past decade have enhanced our reputation as a well regulated centre for international finance.'

The Chief Minister, meanwhile, stressed that the Island would continue to work with the OECD and other bodies promoting international standards on tax and financial regulation.

'Mr Bell concluded: 'The G20 summit is only the beginning and work continues towards solutions to the global economic crisis, and the Isle of Man is continuing to play a constructive part.'

The Isle of Man was one of the first international financial services centres to make a commitment, to work with the OECD towards tax co-operation. The following list represents the countries that the Island has signed TIEA's with and when.

Country	TIEA date
US	03-Oct-02
Netherlands	12-Oct-05
Sweden	30-Oct-07
Norway	30-Oct-07
Finland	30-Oct-07
Denmark	30-Oct-07
Greenland	30-Oct-07
Faroes	30-Oct-07
Iceland	30-Oct-07
Ireland	24-Apr-08
UK	29-Sept-08
Australia	29-Jan-09
Germany	02-Mar-09
France	26-Mar-09

In 2000, the Financial Stability Forum gave recognition to the Island's premier position and announced that it was placing the Isle of Man in the Group 1 category of offshore jurisdictions, based on responses from the major centres and their experiences in dealing with the Island.

The Island has been assessed under the auspices of the Financial Action Task Force (FATF) on two occasions in respect of anti-money laundering measures and was judged to be co-operative and significantly in compliance with all key FATF recommendations.

In 2002/03, the International Monetary Fund (IMF) conducted a full assessment of the Island's compliance with international standards of financial regulation. The Island was 'assessed

to have a high level of compliance'. It was commended for the attention given to: 'upgrading the financial regulatory and supervisory system to meet international supervisory and regulation standards in banking, insurance, securities, anti-money laundering and combating the financing of terrorism'.

The outcome of a further IMF assessment of the Isle of Man, conducted last year, is expected to be published in the near future. The Island is confident that it will be shown to have maintained a high degree of compliance with evolving standards.

# Industry welcomes G20 recognition

Recognition by G20 leaders that the Isle of Man is an international finance centre committed to international standards of best practice has been widely welcomed across the industry.

The Isle of Man's achievement of a place on the OECD's list of jurisdictions substantially implementing its internationally agreed tax standard has resulted in a marked upsurge in confidence.

David McGarry, who heads the Isle of Man operation of accountants KPMG, said the fund industry's trust in the Island as a progressive and forward looking jurisdiction, committed to positive engagement with its major trading partners, had been 'well rewarded'.

As a leading member of the Fund Managers Association, Mr McGarry was a prime mover in promoting the Island's innovative new funds regime that has resulted in a major boost for the industry.

He said: 'The Isle of Man funds sector has achieved significant growth in recent years. I am certain that all of the fund managers, promoters and investors who have established business relationships with the Isle of Man over the past several years will be very encouraged by the recognition by the OECD nations.'

## Funds boost

'This excellent news confirms the approach the Isle of Man has adopted over the years. For the Isle of Man fund industry, it is a very strong boost and places us in an ideal position to take advantage of the significant increase in the formation of new funds that we anticipate will occur over the coming months.'

'As a responsible jurisdiction, the Isle of Man has worked very hard to ensure that the Island is at the forefront of global initiatives to secure greater tax transparency - and to eliminate historic misconceptions

regarding the business conducted within financial centres like the Isle of Man.

'This news rewards all of our efforts as a jurisdiction and distinguishes the Isle of Man from other so-called competitor jurisdictions which have not chosen to bring equal commitment to bear in this important area,' added Mr McGarry.

Another key area in which the Isle of Man sees potential for significant growth is the captive insurance sector. Captives have assumed an even greater role in the current financial uncertainty with owners seeking responsible domiciles with proven track records to establish their companies. The Island already plays host to captives belonging to a large tranche of the UK's Top 100 companies, as well as global operations.

## Captives reputation

Derek Patience, Chairman of the Manx Insurance Managers Association, said: 'Placement on the OECD white list could be key to attracting new business for the Isle of Man's captives sector. Large companies listed on various stock exchanges around the world own most captives. Typically, these large concerns form captives in domiciles where they do not have existing businesses, so reputation is a key factor when choosing a domicile.'

'The Isle of Man already enjoys a number of advantages as a mature captives domicile, including simple yet robust captive regulation; a pragmatic regulatory approach; realistic and competitive capital and solvency requirements; a wide range of captive options and structures; as well

as extensive infrastructure.

'Those companies who already have a captive in the Isle of Man are well aware of these advantages and of the high quality of our financial services sector. However, achieving the OECD white list is akin to the G20 recognising the Island as a leading international financial centre where business is conducted in a transparent manner - and this recognition will assist greatly in raising the profile of the Isle of Man.'

## 'Badge of approval'

Steve McGowan, Chairman of SMP Partners, one of the Island's biggest Corporate Service Providers, said the G20 had effectively awarded the Isle of Man with its 'badge of approval' and confirmed the Island was an appropriately regulated international finance centre.

'This is good news for the finance industry and professional services providers on the Island. The Isle of Man is a major financial centre with a substantial infrastructure of banks and legal, accounting and corporate service providers. The recognition of this by the G20 vindicates the approach of the Isle of Man government to position the Island as a fully regulated, transparent and stable international finance centre.'

'The fact that the Isle of Man is now included on a white list will ensure that the Island is not discriminated against in the international arena. This will provide much comfort to the international finance community and reinforce the message that the Isle of Man is jurisdiction of choice for funds and other special purpose vehicles.'

# 12th OECD Tax Agreement is a significant milestone

The Island's on-going series of high profile tax deals - the latest struck with France in March -

was at the heart of the G20 decision to acknowledge the Island's commitment to international standards of best practice.

Speaking on the eve of the G20 summit of world leaders in London, Jeffrey Owens, the OECD's Director of Tax Policy, said the Isle of Man was one of thirty jurisdictions that had pledged in 2000 to improve transparency and establish effective information exchange agreements on tax issues.

And on unveiling its decisions on the world's finance centres, Chair of the OECD's Committee on Fiscal Affairs, Gabriel Makhlouf, said he was 'very pleased with the contributions made by the Isle of Man' in furthering tax transparency.

The Isle of Man was one of the first countries to make a clear commitment to OECD standards on tax cooperation in 2000 and was recognised by the Paris based organisation as 'a committed jurisdiction' in 2001. Based on 'mutual economic benefit', TIEAs deliver the OECD's agreed international standard on tax transparency and exchange of information.

The French TIEA was signed at a ceremony in Douglas by the Island's Treasury Minister, Allan Bell, and Eric Woerth, French Secretary of State for the Budget, Public Accounts and Civil Service.



Treasury Minister, Allan Bell, and Eric Woerth, French Secretary of State for the Budget, Public Accounts and Civil Service.

Mr Bell said: 'We are delighted to announce the signing of our fourteenth TIEA, which is a significant milestone in our on-going commitment to international tax cooperation. For nine years the Isle of Man Government has been dedicated to achieving the OECD standard. This latest TIEA is part of our continuing work and mutual cooperation with not only France, but all other countries with which we have agreements.'

France's Finance Minister, Christine Lagarde, said afterwards in a television interview that her own Government had made considerable progress with neighbouring centres. She then went on to refer to France's relations with the Isle of Man and the recent visit by French dignitaries to officially sign the tax information exchange agreement brokered between the two countries.

Also signed at the ceremony was a new agreement to ensure international shipping operations are not subject to taxation both home and abroad. This adds to the Isle of Man's network of shipping tax agreements and will further enhance opportunities for the Island's highly regarded shipping sector. Mr Bell said the Island was at 'advanced stages of negotiation' with several other countries and would continue to strive for effective

cooperation based on agreed international standards by signing further tax information agreements.

Of the 51 TIEAs based upon the model agreement developed by the OECD Global Forum Working Group of effective exchange of information - 25% of these have been signed by the Isle of Man.

The OECD recently praised the Isle of Man for the way it had sealed the series of important tax information exchange agreements, including those with leading OECD members. In fact, it was the Isle of Man's helpful and flexible attitude that gained it an influential seat in the OECD's global forum tasked with drawing up the original draft model convention on exchange of tax information.

As a Crown Dependency located at the heart of the British Isles the Isle of Man has always sought to be a 'good corporate neighbour.' And as it has developed as a global player, this approach has been extended to its responsibilities operating on the international stage.

*The Isle of Man Government is currently awaiting delivery of the IMF's latest report on the Crown Dependencies.*

## Cains - Queen's Award for Enterprise

The Queen's Award for Enterprise in the International Trade category has been conferred on Cains, the Isle of Man-based commercial law firm. The Award is the highest honour which can be bestowed on a British business, made by the Queen on the advice of the UK Prime Minister and will be officially presented to Cains later this year by the Queen's representative.

Cains' strategy, focused on global commerce, has seen the Firm enjoy success in advising companies and investment funds from BRIC economies and other emerging

markets seeking capital and listings in the world's major financial markets, as well as associated merger and acquisition and corporate related work. To facilitate this business, Cains opened a London office and has worked closely with City-based advisers to provide integrated legal services to international businesses. July 2008 also saw the opening of a Cains office in Singapore to serve clients with interests in the Asia-Pacific region.

Andrew Corlett, Managing Director, Cains, said: "The Queen's Award recognises the contribution we have

made in recent years both to international trade and, indirectly, to the Isle of Man's development as an international finance centre.

"Our strategy of attracting business into international capital markets from emerging economies has helped us successfully create a global client base which is constantly expanding and developing."

This prestigious Award continues the success story at Cains who were named 'offshore law firm of the year' at Legal Week's 2007 British Legal Awards and The Lawyer Awards 2008.

## First Fund Conference takes place in London



Jim Mellon, co-founder of Charlemagne Capital and Speymill

Isle of Man Finance together with the Isle of Man Fund Managers' Association (FMA) recently held its inaugural Fund Conference (in conjunction with International Fund Investment magazine) for fund managers and their advisors to discuss the implications of the current economic environment on the funds sector and the benefits of the island as a funds jurisdiction.

The conference was held on the 25th March at the prestigious offices of HSBC Private Bank at St James's Street, London.

Treasury Minister Allan Bell, opened the event by endorsing the efforts of the Fund Managers' Association in organising the conference and providing the opportunity to speak first-hand to key London based fund managers and administrators.

'The Isle of Man Funds Conference

2009 has highlighted the stability and suitability of the Isle of Man as a fund domicile.' Mr Bell explained 'The strength of the Islands economy and its forecast for growth provide a strong platform for future business opportunities.

The established track record for growth that the Island has enjoyed, 4.5% growth in 2008, with estimates indicating further net growth in 2009 show that the Island is faring very well during these difficult times and it looks as though the Isle of Man will avoid the recession currently affecting the UK.

"Jim Mellon, (pictured) co-founder of Charlemagne Capital and Speymill provided a spirited address discussing his viewpoint in relation to the current market conditions and some of the issues that he will be looking closely at when the economy starts its recovery.

Thomas Deinet, of the Hedge Fund Standards Board, and Dallas McGillivray of FMConsult debated the changing alternative fund infrastructure, which was followed by a panel discussion with Nicholas Corby of Bridge Global Asset Management; Bob MacDonald of Speymill and Gordon Wilson of Caledonian Fund Services that discussed the benefits the Isle of Man offers as a fund domicile.

Ita McArdle, Chairman of the FMA, was delighted with the day summarising the inaugural conference as an excellent discussion based on a range of topics from the global issues of credit-crunch and recession to the specific benefits and opportunities presented for business development of the Isle of Man.

'It has been a great event for the Isle of Man and specifically the fund sector and is something that we will look very seriously at repeating in the future.'

'We are experiencing unprecedented times and whilst I appreciate that all businesses must look closely at how the market is developing and reacting to the issues of the day, I am convinced that as we strengthen the already strong case for the funds sector in the Isle of Man in these difficult times we will be even better placed to develop and attract new business both currently and when times and the economy improve.'

# India networking programme for Isle of Man Businesses launched



Isle of Man Finance together with the UK India Business Council (UKIBC) held a 'Doing Business in India Event' in Douglas on 12th February.

The new initiative, that was sponsored by local Advocates Simcocks, was designed to forge closer trading links with the Indian market.

The Isle of Man has recently become a strategic partner of the UKIBC, in order to facilitate the growth of trading links and ultimately establish formal agreements giving mutual benefit between India and the Island.

Over 100 local business leaders attended the presentations that were chaired by Sharon Bamford, CEO of UKIBC. Treasury Minister Allan Bell, MHK who spoke of the value of India for the Island's future prosperity, explained 'Despite the continuing turmoil the Island will continue to be at the forefront when new business opportunities present themselves.

'The axis of influence' he said, 'is moving from West to East and is being driven by both China & India. We are going to be exploring where new business opportunities come from. Sharon & the team are a great source of help in establishing ourselves in the Indian markets'.

Other speakers included Ms Shalini Agarwal who discussed Indian culture together with business and social etiquette when operating in India, Sir Thomas Harris, Chairman of Standard Chartered Capital Markets, who demonstrated the growth of financial services in India and Alison Hook, Head of the International Division of UK Law Society, reviewed the challenges and opportunities facing law firms doing business in and with India.

The event demonstrated the enthusiasm that Isle of Man based business leaders have for greater involvement with the Indian markets.

The Island has gained ground very quickly with a number of legal firms advising Indian business leaders on the benefits of capital raising on London's AIM market using Isle of Man based corporate entities. The Isle of Man can also assist Indian companies looking to establish in European markets through providing a package of benefits to assist new operations. This is in addition to working with Indian business advisers with the international wealth management needs.

## Local firm Cayman National explores Indian market potential

Representatives from Cayman National Bank & Trust Company (Isle of Man) Limited has scheduled a business trip to India shortly after the launch of the networking programme.

Business Development Manager, Anita Gould-Davies felt that the event was very useful and helped set the scene and manage expectations.'

'We had a hectic schedule,' she said, 'my colleague, Roz Whorms (Head of Fiduciary) and I attended a series of meetings in Mumbai, Bangalore and New Delhi with leading law firms and fund managers. We also attended the AVCJ Private Equity and Venture Trusts Seminar in Mumbai, where Isle of Man based

advocate, Elizabeth Grayton of Mannin Chambers was also present.' This was Elizabeth's second visit to India in 18 months, seeking to raise the profile of the Isle of Man as a jurisdiction for AIM Listed companies.

'The business etiquette session was advantageous as we were greeted and received warmly by all. There was an openness to listen and a willingness to do business. As a jurisdiction, we are less well-known to the Indian business community than Mauritius, Cyprus and the Cayman Islands' Mrs Gould-Davies explained, 'but this is the case simply by virtue of existing Tax Agreements with these respective countries and to some extent, by the old adage 'don't try to fix it, if it already works.'

'We welcome the fact that the Isle of Man Treasury is working extremely hard to develop Tax Agreements with countries around the world, including India, as this will alleviate some of the barriers to new business opportunities' she said.

'Despite the global economic downturn, India remains a viable market with growth in GDP estimated by the IMF at 5.3% in 2009, an enviable figure compared to other developed countries. Cashflow does not appear to be an issue as the population is largely savings driven, so outward investment in low valued businesses overseas remain high on the agenda. We firmly believe there are great business opportunities and look forward to our next visit to India'

## Local News

### Banking



Glenn Dimelow (left), director of Best Companies, presents the award to Greg Horton, Managing Director of Fairbairn.

#### Fairbairn Private Bank

Fairbairn Private Bank has once again been listed as one of the best small companies to work for having been ranked an impressive 15th in The Sunday Times 100 Best Small Companies to Work For 2009.

The Bank offices include the Isle of Man, South Africa and, most recently, the UK, has been included in the Top 100 listing for the last five years. Fairbairn Private Bank is the only company to have remained on the list for this length of time and has continually moved up the ranking, having originally joined in 2005 at number 93. This year it was placed at number 15, up from number 42 in 2008, and the Bank remains the first and only British offshore island financial services business to ever feature in this highly coveted listing.

Although the Bank is shown as the third most profitable company in the Top 100 listing, 87% of the Bank's staff says profit is not the only driving force. In addition, 92% of staff feels the bank is run on a 'sound moral basis' and 90% state that the leadership inspires them.

Managing Director Greg Horton said: 'I am immensely proud of this achievement and we are delighted to have moved up the ranking for the fifth consecutive year to enter the top 15 companies'.

'We have an outstanding and highly committed team of individuals whose dedication and commitment provides for a remarkable business environment, which ultimately serves to greatly benefit our growing client base.

'This latest accolade follows a long list of awards for the Bank, the most

recent of which was the three star "extraordinary" accreditation achieved in this year's UK Best Companies Guide.

#### Fortress visits expanding

Fortress Management Services, which has been organising regular visits to the Island by potential customers in the UK, has been finding its service expanding to include other Isle of Man based companies.

Accountants, Lawyers and IFAs from Manchester recently heard presentations from Isle of Man Finance, Barclays and visited stockbrokers Collins Stewart.

Andy Lee, the company's Marketing Director, said: 'As well as a chance to showcase what we do, the trips are proving a great opportunity for other businesses to get involved.'

### Legal

Local law firms Cains and Dickinson Cruickshank are eagerly awaiting news on their nominations in this spring's prestigious Europe Awards for Excellence presented by legal directory Chambers and Partners.

The awards recognise firms that provide the very best of client service with responsive, dedicated and accessible lawyers.

Both firms have built prominent international profiles in their commercial work, particularly in connection with aiding foreign companies to float on the AIM Market.

The EAE awards are particularly coveted within the industry, as Chambers and Partners is a prominent legal directory that is highly respected by both the legal and business worlds as a source of 'honest review'. All firm rankings are based on objective and confidential feedback from clients. Paul Morris, Dickinson Cruickshank Senior Partner, said the nominations demonstrated the Isle of Man could deliver first class services alongside other leading jurisdictions. 'At a time of economic uncertainty, this is a great boost for the Island's legal industry as it both recognises the Island's high quality offering and raises our profile nationally and internationally.

### Insurance

#### Hansard enters FTSE 250

Hansard Global, specialist long-term savings provider based on the Isle of Man, announced that it will enter the London Stock Exchange's FTSE 250 index with effect from Monday 23 March 2009.

Leonard Polonsky, Hansard Global's Executive Chairman, commented: "This is a great achievement, reflecting a further step in the development of the company, and is testament to the collective efforts of all our employees and the independent financial advisers around the world who recommend Hansard to their clients."

Hansard Global was admitted to the main market of the London Stock Exchange on 18 December 2006.

#### Captive Conference

Captive insurance managers recently geared up for their annual Spring conference at the Islands conferencing venue the Villa Marina on 7 May headlined 'Captives - a safe harbour in a turbulent sea?'

Captives take on a heightened role in times of economic stress with parent companies looking to more mature domiciles to establish their in-house insurance vehicles.

The insurance sector - and business community as a whole - has been buoyed by the G20 leaders recognition of the Island as a 'first tier' jurisdiction committed to international rules on tax transparency.

Over 100 delegates listened to topics including: Fronting issues in today's market - Bob Quane, AIG; Global issues affecting captives - Erik Johnson, Deloitte; Captive feasibility process & Marsh captive benchmarking report - Matthew Hills, Marsh; Captive assets - Ian Lloyd, Blackrock; Enterprise risk management & captives - Grant Foster AON; and 'Risking it all' - Ian Clague, Price Waterhouse Coopers.

<http://www.mima.org.im/>

## Local News

# City 'first' for regional airline Aer Arann



Aer Arann's new ATR72-500 providing daily service to London

The Isle of Man's business community has been introduced to a new era in air travel to London City Airport. Irish regional airline Aer Arann took to the skies from the Isle of Man Airport for its inaugural flight on the 10th February with its new 3 times a day service.

Aer Arann introduced the ATR72-500 aircraft onto the route, following certification by the UK Civil Aviation Authority and manufacturer ATR.

This was the first time that the ATR72-500 has operated a commercial air service to the city airport, and Aer Arann chose to serve the Isle of Man for this milestone aviation event.

The 72 seat ATR72-500 is an advanced turboprop aircraft offering lower CO2 emissions than any regional jet aircraft in its class. Its fuel consumption per seat mile is lower than any other aircraft in its class, plus its low noise emissions are particularly beneficial for flights to the city airport making it a truly environmentally friendly neighbour.



Captain: Mark Alder  
Purser: Andrea Crozier

Following Aer Arann's recent business alliance with Middle Eastern carrier, Etihad Airways, passengers from the Isle of Man can now travel from the Island to anywhere on the Etihad global network on a single ticket via Dublin and Etihad's Abu Dhabi hub. Residents of the Island can now look forward to a streamlined service from the Isle of Man to the Gulf region.

## News in Brief

### Eastern Airways marks anniversary

Eastern Airways is celebrating its fifth year providing direct flights for business passengers between the Isle of Man and Birmingham - an area that has been enjoying increased commercial development in recent years. The airline runs 26 flights a week between the two financial hubs.

Isle of Man Airport Director, Ann Reynolds, said 'flights to Birmingham were particularly popular as timings were perfect for day trips from the Isle of Man'. The company also offers a regular service to Newcastle.

### Quicker broadband for business

Manx Telecom's broadband users will have access to download speeds of up to eight megabits per second, as part of the company's £25 million Next Generation Network project enabling customers to access the manipulate voice calls, data, television and video on one seamless converged network.

### Entrepreneur to head business school

Professor Gerald Watts, who teaches innovation, enterprise and small business theory at Gloucester University, has been appointed

Director of the Isle of Man Business School. He takes up the post in May following the retirement of Professor Roger Carey, who has run the 'business university' since 1999.

### Earthquake monitoring

Isle of Man based inventor, Mark Noel Rockwave HS-3 Digital Seismometer - will soon be the first commercially available seismometer to go on sale. The device is sensitive enough to pick up earth tremors from Australia. Professor Noel said that 'seismologists will be able to look for data from around the world at any time.'



Isle of Man  
Government  
*Reilittys Ellan Vannin*

Published by: Isle of Man Finance, The Treasury,  
Douglas, Isle of Man IM1 1PG, British Isles

Tel: +44(0) 1624 686400 Fax: +44(0) 1624 686454

E-mail enquiries.fs@gov.im

[www.isleofmanfinance.gov.im](http://www.isleofmanfinance.gov.im)

Produced by Isle of Man Finance in association with Home & Fusion +44(0) 1624 610121 and Kathy Crebbin Media Services +44 (0)1624 823691



Isle of Man

Giving you Freedom to Flourish