

Isle of Man

Financial Review

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Major tax transparency move announced

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Isle of Man

Giving you Freedom to Flourish

Treasury Minister unveils major tax move at Paris meeting

The Isle of Man has become the first offshore territory to adopt automatic exchange of tax information under the EU Savings Directive - a move that firmly positions the Island at the forefront of international tax co-operation and transparency.

Treasury Minister Allan Bell announced the new policy - allowing for automatic exchange of tax information with European Union member states - at the annual OECD Forum in Paris. This means the withholding tax option currently available to customers having accounts with Isle of Man banks, by virtue of the transitional arrangements in the EUSD will be withdrawn, effective from 1st July 2011.

Mr Bell said: 'The Isle of Man has always been at the forefront of tax co-operation. The global financial crisis has delivered a demand to all countries large and small to engage further in international tax co-operation and align their policies with international benchmark standards.

'Our decision to move to automatic exchange of information under the EU Savings Directive is a clear sign that we intend to continue to lead the way in international tax co-operation and transparency. This is a signal to our trading partners and investors alike that we can continue to be relied upon and that our name is associated with probity. This is another step in the Island's commitment to international tax co-operation and transparency.'

Since 2000 the Isle of Man has developed, signed and ratified tax information exchange agreements (TIEAs) and double taxation agreements (DTAs) and now has 15 of these bilateral accords in place. As a result, the G20 has benchmarked the Isle of Man as having achieved 'white list' status - a country that has substantially



Treasury Minister Allan Bell MHK

met international standards of tax transparency and co-operation.

Mr Bell added: 'The invitation to the Isle of Man Government to speak at the OECD Forum was a great honour. We believe that small countries such as ourselves have a lot to gain by working with international organisations such as the OECD. But we also have much to offer and have long contributed to the on-going development of international standards.

'We have consistently shown that we understand, at a strategic level, what actions we need to take and what changes we need to make in order to maintain our position as a dynamic international business centre of choice. As such, our work does not, and cannot, stop on these matters and we will be

Island strikes DTA with Baltic state

The north central European state of Estonia, was the destination for the Isle of Man's Treasury Minister, Allan Bell, to sign the latest double taxation agreement (DTA) to ease the way for international commerce.

A 'DTA' has become the benchmark agreement between individual sovereign countries to remove double tax obstacles to the development of good economic relations.

The signing ceremony took place in Estonia's capital, Tallinn, between Mr Bell and Urmas Paet, the Republic of Estonia's Minister of Foreign Affairs.

The agreement is based on the model drawn up by the OECD and signals the two countries' wish to develop bilateral economic relations.

The DTA will also act to prevent tax evasion and delivers the OECD's agreed international standard on

tax transparency and exchange of information.

Stressing the importance of building a strong network of international business partners, Mr Bell said: 'The Isle of Man is a small, self-governing nation characterised by enterprise, innovation and an independent spirit. Each of these factors has contributed to the evolution of our thriving, diverse economy and our success as a centre for quality.'

Island retains crown at leading industry awards

The Isle of Man firmly consolidated its position as the 'Best International Finance Centre' at this year's prestigious 10th Anniversary International Investment Fund & Product Awards in London.

It was the ninth year the Isle of Man had won the premier award - only missing out once since the event was launched in 1999. This formidable track record was duly recognised by the judges who congratulated the Island on 'retaining its crown'. The Judges felt that the Island deserved the award over its competitors as it 'clearly identified the challenges it faces and had developed clear strategies to deal with them.'

Isle of Man 'risen to challenges of financial crisis' say judges

Despite a difficult year for the financial sector globally, the number and standard of entries in this year's awards showed no signs of abating, commented Deborah Benn, Chair of the judging panel. 'The overall message was one of continued opportunity for financial companies which have good international reach,' she said.

Exceptional quality

The judges were particularly impressed with the quality of entries this year in response to the introduction of awards for the Best International provider Middle East & Africa and Best International Provider Far East. 'The introduction of these two awards aims to recognise efforts by groups who provide many bespoke products and services to different parts of the world. The level of detail and quality of entries in this category was exceptional,' said Ms Benn. Royal Skandia and Zurich International Life were successful Isle of Man based groups in these categories.

Isle of Man companies again won the major tranche of individual awards –

Royal Skandia (Best International Life Group, Best International Provider Far East and Best Commitment to Service); Zurich International Life (Best International Provider Middle East & Africa, Best International Sales Team); AXA Isle of Man's flagship offshore bond Evolution (Best International Life Product); Standard Bank Offshore Group (Best International Bank Group); Fairbairn Private Bank (Best International Wealth Manager).

Commenting on the Best International Wealth Manager Award, Managing Director Greg Horton of Fairbairn Private Bank said: 'We are delighted to accept this award as we have significantly developed our wealth management offering over recent years. We have excelled in different markets and feature extremely highly not just against our peer group, but also in comparison against a relevant funds universe.

'The consistency of our performance in these awards serves to highlight our growing reputation as one of the leading wealth management brands across the British offshore islands. This latest recognition positions us extremely well as we now expand into the UK market with the recent launch of our London branch.'

David Wilkinson, Standard Bank's Director of Intermediary Distribution, said he was thrilled to accept the award for the Best International Bank Group on behalf of the Standard Bank team: 'The award is a very credible endorsement of the high standards we strive for within our business.



Understood difficulties

A clearly thrilled Treasury Minister Allan Bell said: 'We were delighted to receive the Best International Finance Centre Award again – especially as the judges understood the difficulties that all economies have been going through during 2008, the survey period for the award. They clearly saw that the Isle of Man had risen to the challenges in a professional and intelligent way.

'It is clear that the Isle of Man's submission was recognised for how it articulated the way forward and was judged on the strengths of the Isle of Man economy, our finance industry and our management of the various challenges arising from the global financial crisis.

'I am particularly pleased that the awards reflect the success of our Isle of Man institutions and recognise their commitment to providing clients with expert products and services. The awards are an endorsement of the quality of the Isle of Man's financial services industry and further enhance our reputation as a centre of excellence,' added Mr Bell.

Isle of Man becomes first choice for AIM Companies

Despite challenging conditions in global markets the Isle of Man continues to strengthen in the AIM market according to the latest report from Hemscott (June 2009) which looks at the registrations of companies listed on AIM.

The research shows the Isle of Man is the number one country for companies looking to register on AIM outside of the UK. Currently there are 67 IOM Companies registered on the AIM Market.

The Island also leads other International Business Centres in the size of market capitalisation of non UK AIM companies by country of registration (£3313.46m).

In the last two years the number of all AIM market companies reduced by 9.4%.

Against this backdrop the Isle of Man increased its number of non UK company registrations by 33%. The sector average is 5%. These latest figures highlight the quality of the Island's strong fiscal, regulatory and legislative infrastructure, which attracts so many major international corporations to the Isle of Man.

Brian Donegan of Isle of Man Finance commented, "Market conditions continue to be extremely challenging

and in that context this evidence demonstrates the Isle of Man AIM proposition winning through. The Island has so far weathered the storm well and will continue to do so because the Isle of Man is the preferred access point to London for companies wishing to raise capital.

Given the positive nature of the research data and the number of new business enquiries emerging, it's reasonable to assume that the flow of new AIM listings business may well be on the increase. The Isle of Man is a "can do" jurisdiction characterised by its first class fiscal and regulatory system and it will continue to service this business efficiently and cost effectively via the network of high calibre service providers on the Island."

Island's economy is still strong

The Island's economy performed strongly over the first half of the fiscal year. And while it has since slowed, the drop has not been 'catastrophic', according to a Council of Ministers quarterly report.

The jobless total is below 2.5 per cent, which compares with a UK rate of 6.7 per cent and EU average of 7.6 per cent. Most losses have been in service areas, such as hospitality and retailing, rather than prime drivers of the economy like exporting sectors.

The strongest outlook is from the online gaming sector - but it is not alone in its optimistic perspective, with space commerce, shipping, aircraft registration and aerospace

engineering amongst activities where business is doing well. Company and Trust Service Providers have also indicated good results in the year.

The Island's mature life industry is seeing business continuing to come in from alternative markets, particularly the Middle and Far East. Historically the majority of business was UK based but ongoing diversification into other geographic

areas and new products will help to spread market risk, the report points out.

The Isle of Man has a significant profile in the Middle East, Far East and Africa as a jurisdiction of choice for company pension schemes. A number of blue chip companies are basing their schemes here and the report expects this business will continue to grow.



Captives industry can benefit from crisis

Locally based industry leaders meeting for their annual seminar organised by the Isle of Man Captive Association (formerly MIMA) were confident that uncertainty in the global economy would attract significant new business.

A survey showed over 80 per cent believed the downturn would create opportunities for the expanded use of captives. And more than two thirds felt that captives had a strategic role to play in helping parents mitigate the effects of

the current crisis in the credit insurance market.

Derek Patience, ICA Chairman, said: 'Feedback on the prospects for the captive sector was very positive. It is clear the industry feels there are opportunities in this environment and that we are now seeing new benefits. Our strong regulatory regime and inclusion on the G20's 'White List' of cooperative and transparent jurisdictions, is testament to the work of the sector and the Isle of Man as a whole.'



Marsh picks Island for new PCC facility

The Isle of Man's strategic position within the global financial community has been further enhanced by an important move by Marsh to establish its own protected cell captive insurance facility on the Island.

Marsh already has a substantial captives operation on the Island and believes the new company will 'fill a clear gap' in the local market for a broker-owned PCC facility. Mangrove Insurance Solutions PCC Limited is



governed by the Isle of Man's Protected Cell Companies legislation and is licensed to write both insurance and reinsurance business.

Derek Patience, Head of Marsh's captive management office in the Isle of Man, said: 'In creating the new PCC, Marsh is able to offer an even more comprehensive service to our extensive client base, especially our middle market clients and those who have a specific need to segregate their insurance risks.'

'There is a clear gap in the Isle of Man market for a broker-owned PCC facility and Mangrove will fill that gap. Participants in Mangrove will enjoy all the advantages of a traditional captive in a highly cost effective manner with a minimal time commitment. Although Mangrove was only licensed recently we are already seeing significant interest both from clients and our broking colleagues.'

Provision for ICCs

Provision already exists for the relatively easy re-domicile of captives from other jurisdictions and the introduction of protected cell companies has further enhanced the

Island's position to offer alternative means of risk management. Further new legislation is to be introduced shortly to provide for incorporated cell companies, a move which would give large groups and multi-nationals even greater legal certainty over the separation of assets and interests of individual cells.

David Vick, the Island's Insurance and Pensions Supervisor, described Marsh's new company as a 'significant addition' to the Isle of Man's PCC sector: 'We look forward to discussing its further development as a protected cell facility for Marsh clients in due course.'

Also welcoming the move, John Spellman, Director of Isle of Man Finance, added: 'We are fortunate on the Island to have plenty of innovators such as Marsh. This latest move offers a tremendous opportunity to fulfil clients' needs in a cost effective way using pragmatic regulatory solutions. We congratulate Marsh on its development and wish the operation every success.'

Marsh has also incorporated a second PCC in Washington to serve the needs of its US clients.

<http://www.mangrovepcc.com/>

Survey shows Isle of Man business 'positive and determined'

Despite continuing uncertain global economic backdrop, Isle of Man companies remain both positive and determined, according to a wide-ranging survey of business leaders.

Almost three quarters of firms polled expected a profit this year with half anticipating further growth. As a result, a significant number of Isle of Man companies are not only expecting to retain staff but also intending to recruit.

As well as financial institutions, the survey spanned manufacturing, professional services, e-business, aircraft and shipping operations. All expressed strong confidence for the year ahead, despite the global recession, and judged any cutbacks would be confined to overheads and postponed development plans.

The DTI, who commissioned the survey by Opinium Research LLP, cited the Isle of Man's diverse economy and excellent working relationship with the private sector as the source of its underlying strength: 'The Isle of Man is well placed to weather the worst of the current economic downturn and we believe our economy will continue to grow.'

High profile Asian deals win awards for Cains

Isle of Man based commercial law firm Cains enjoyed great success at the recent ALB SE Asia Awards 2009 held at the Ritz-Carlton Hotel in Singapore.

The firm acted in the GMR – Intergen financing and acquisition transaction, which won the Asset and Corporate Finance Deal of the Year, and the financing of the Resorts World Sentosa, which was awarded Project Finance Deal of the Year. Later in the evening, in the two mostly highly coveted awards, Resorts World Sentosa won the Singapore Deal of the Year and GMR-Intergen the SE Asia Deal of the Year.

Mike Edwards, Head of Cains' Singapore Office and a Director of the firm, said: 'We were proud to be part

of the team whose work was recognised at the ALB SE Asia Awards. In the short period of time since we established our office in Singapore, we have been instrumental in some very high-profile transactions in the region and we are grateful for the continued support of our Asian clients.'

The ALB SE Asia Law Awards, which is organised by ALB the leading Asian legal publication, recognises the excellence of South-East Asia's leading law firms, as well as the top deals and dealmakers. The awards are made annually and regarded as the most important for the legal profession in the region.

RBSI strengthens local management team

As part of its restructuring exercise RBS International and Isle of Man Bank has strengthened its local management team with three senior appointments that underscore the bank's commitment to the Island.

Victoria McEaney, currently Regional Director of Corporate Banking, has also been appointed Country Head for RBS International, NatWest and Isle of Man Bank, and Managing Director of Isle of Man Bank. Bill Shimmins and Alistair Bishop have also been appointed as Heads for Mortgages and Credit respectively, both taking responsibility for the Isle of Man, Gibraltar and Channel Islands.

'NEDs Online' Launched

A new website devoted to the recruitment of non-executive directors is now up and running. The site has been designed to provide an accessible and reliable database for the appointment of local company directors.

The service includes an advisory board providing both 'rigour and accountability to ensure a strong field of expertise.' Membership can be obtained by following the online guide to registration, and members can create their individual information profiles. Essentially the website creates a new meeting point for both directors and company organisations.

Treasury Minister Allan Bell said, "The Treasury welcomes any initiative which enhances and develops the professional expertise and reputation of the Isle of Man. In today's business world, where corporate governance carries great responsibility, it is important that all stakeholders enjoy the benefit that excellent quality Non Executive Directors can provide. We believe that through sound fiscal policies, strong corporate governance and the support of a receptive Government, businesses on the Isle of Man have the Freedom to Flourish. Through 'neds.im' we see that the desire to enhance the skills available on the Island is strong and we support their endeavours."

www.neds.im/

Legis Group opts for Isle of Man in major expansion

Global financial services group Legis has established a new fund administration company in the Isle of Man as part of its strategic international expansion plans.



Peter Harwood, Chief Minister Tony Brown, John Nugent, Sandra McAuliffe

The venture has been launched in association with accountants PKF and the Island based West Group of offshore service providers.

The new company, Legis Fund Services (Isle of Man), will focus on providing services to collective investment schemes and wider services to corporates.

Managing Director, Sandra McAuliffe, is heading up the operation. Prior to joining Legis she led the Funds and Investment Services team at the Isle of Man Financial Supervision Commission.

Stuart Platt-Ransom, Legis Group Managing Director, said: 'We are delighted to be entering the Isle of Man marketplace and to have someone of Sandra's calibre join our team.'

Local News

Chief Minister, Tony Brown, who headed the guest list at a special launch party hosted by Legis at the Villa Marina in Douglas, said: 'It is very encouraging to see the Isle of Man continue to attract successful businesses, particularly during difficult and challenging economic times; I am very pleased to welcome Legis Fund Services (Isle of Man) to the Island and wish them every success for the future.'

<http://www.legisgroup.com/>

'Landmark move' for financial advisers Edgewater

The newly refurbished Old Courthouse building in the business heart of the Island's capital was the magnificent setting for a reception to mark the opening of Edgewater Associates' prestigious new base.

Edgewater is one of the Isle of Man's leading firms of independent financial advisers and both Chief Minister Tony Brown and Treasury Minister Allan Bell attended the event. Performing the plaque unveiling, Mr Bell described the Old Courthouse as 'a wonderful building' and Edgewater's move, in turn, as 'a beacon of light' for the Island's economy.

He went on to express the belief that the Isle of Man would continue to stave off the effects of the global recession, which had impacted so heavily upon the UK and Ireland.

Steve Locking, Edgewater's Managing Director, said: 'This is a landmark event for Edgewater and we want to thank our clients and everyone who has supported us through this exciting venture. Our aim is to be the Island's premier independent financial adviser and the move to the Old Courthouse is a clear statement of our intent.'

'We are continually looking at ways to improve the range and quality of the services we provide for our clients, and we will be involved in some exciting new projects over the coming months which will further consolidate our position at the cutting edge of financial advice,' Mr Locking added.

<http://www.edgewater.co.im/>

Chase Financial Services established new CSP

Chase Financial Services Limited has announced that it has expanded its array of financial services available in the Isle of Man with the establishment of a new corporate service provider, Corporate Options. Now licensed by the Isle of Man

Financial Supervision Commission, Corporate Options is able to provide corporate services ranging from advice and assistance in all aspects of company formation to corporate management for international and local businesses and individuals.

The new entity further enhances the services offered by Financial Options, a company of independent financial advisors operating from Douglas and Laxey.

Corporate Options will be headed by Lee Murphy, who has been appointed as a Director of Chase Financial Services Limited. Lee brings with him over ten years experience in the corporate service provider industry, having gained experience through senior positions with Grant Thornton and Walbrook Trustees both in the Isle of Man and Guernsey. Lee is a qualified Chartered Secretary and a Member of the International Compliance Association.

MIMA name change

The Isle of Man Captive Association is the new brand name of MIMA (Manx Insurance Managers Association) and is designed to strengthen the local industry's profile internationally. The IOMCA has also changed its membership rules to reflect the contribution to the sector by auditors, banks, investment managers, law firms and other professionals.



Local News

Appleby merger will 'extend firm's global reach'

The Island's legal firm, Dickinson Cruickshank, has merged with leading international firm Appleby and from October will assume the global operation's branding mantle.

In addition to the Isle of Man, Appleby has offices in London, Bermuda, the British Virgin Islands, the Cayman Islands, Jersey, Mauritius, Hong Kong and Zurich.

Although Dickinson Cruickshank is becoming part of a much larger international organisation, the firm says it will remain a full service law firm, continuing to provide the same high quality of service to local, national and international clients as they have done for the last 110 years.

'We are as committed to our local clients and working relationships as we have ever been and the merger will only enhance the level of service we provide by facilitating access to the finest expertise and resources from across the globe.' said Paul Morris, Dickinson Cruickshank Senior Partner.

'As well as providing a greater level of service to Island clients, the addition of the Appleby Group to the Island's legal sector will be a huge boost, promoting the Island as a jurisdiction and further demonstrating that it has a significant international presence. We believe that the merger with Appleby, as a global offshore services provider, is an invaluable resource for our clients, and will provide a huge boost to the Isle of Man's capabilities, status and reputation in the international offshore sector.

'Appleby's global reach in the key offshore jurisdictions, its recent expansion through Mauritius into the emerging markets in India, Africa and Asia, and its market leading position in international financial centres, will have a significant impact on the breadth, range and choice of services

we are able to offer to our Isle of Man and international clients.'

Martin Moore, former senior partner and now consultant, who has been with the firm for almost fifty years, added: 'Throughout my time with Dickinson Cruickshank, there have been periods of great growth and development and the firm has responded to the changes in the business economy and the legal sector. The merger with Appleby is the next natural progression for the firm that has always sought to be at the forefront of legal developments and forward and pragmatic in its approach.'

Cayman National celebrates 35th anniversary

This year marks the 35th anniversary of the founding of the Cayman National Group.



To celebrate this occasion, the Isle of Man Office held two evening reception events at their offices in Douglas. Members of the Group Board were present to welcome guests, including founding shareholder, Peter Tompkins MBE, alongside Group Chairman Benson Ebanks OBE, Group Chief Executive Stuart Dack, and other group board directors David Trimble and Jack Bierley. Other than Mr Ebanks, those present also sit on the boards of the Isle of Man companies and are regular visitors to the Island.

The group board members were joined by directors, management and staff of Cayman National's Isle of Man team. Ian Bancroft, Managing Director of Cayman National's Isle of Man operations, welcomed guests and commented, "It is a great pleasure to be able to commemorate this milestone for the Group. Cayman National set up in the Isle of Man in 1985 and we are a long-standing and firmly established part of the Island's financial community. We operate two companies, Cayman National Bank & Trust Company (Isle of Man) Ltd and Cayman National Fund Services (Isle of Man) Ltd. With a team of around twenty staff members, these companies give the Cayman National Group a solid foothold into the European time zone thereby offering a gateway for servicing the Group's clients in Europe, the Middle East, and Africa".

The Cayman National group traditional approach towards banking and wealth management have served us well during the recent challenging times. I am delighted that we have recently taken on new staff to support our growth in fiduciary services. In addition to this, we are seeking good flows of new business into both our banking and fund services businesses. We are extremely well placed to take advantage of further business opportunities, particularly as the world begins to recover from its current difficulties".

Stuart Dack, Group Chief Executive commented, 'We recognize all that the Isle of Man Government has achieved over the past few years, and we are delighted to be a part of the Island's business community. We see the Isle of Man office as a significant strategic player in the future growth of our business'.



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