

# Isle of Man financial review

## Ships register one of two best in the world

The Isle of Man has been named one of the two best shipping registers in the world by the Paris MOU, the internationally recognised states grouping that assesses the quality of a register's administration and fleet. The Island is now second only after shipping giant, Germany, which occupies the top spot.

This means the Isle of Man has now overtaken the UK, which has been relegated to third place with the USA in fourth. The ruling is widely recognised as a tremendous achievement for the Isle of Man and is in line with its desire to remain a jurisdiction of choice for quality products and services in high value niche sectors.

Shipping is continuing to experience strong growth of around ten per cent per annum, with over 400 merchant vessels and 22 super-yachts currently sailing under the Manx Flag. Most of the world's leading ship groupings are now represented on the Island and have extensive operations that manage their global freight and tanker fleets.

### BEST QUALITY MEASURE

The Paris MOU lists 79 flags divided into three categories - black for worst-performing, grey for middle ranking and white for the best. The results follow an independent external assessment based on the ships' performance in all the thousands of Paris MOU ports and against hundreds of inspections and is widely considered the best comparative measure of quality available.

Marine Administration Director, Captain Desmond Howell, said, 'This is a direct reflection of the hard work and dedication of our staff in supporting owners by detecting and rectifying early problems and encouraging the best standards. It also owes much to the shipping community for their work in operating ships to the highest possible standards. Being high on the White List means ships are less troubled by port state control inspections and able to carry on their business as freely as possible.'



*Shipping Minister Alex Downie and Marine Surveyor Paul Hansford on board Isle of Man registered super-yacht La Mascarade during the Genoa Yacht Show*



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Jane Dellor  
Director, Isle of Man Finance

## Global recognition for Isle's blue chip services

The Isle of Man's commitment to maintaining an international centre of excellence for blue chip banking and financial services has been further recognised. As well as winning another major industry award for the 'best financial centre,' the Island's enhanced reputation for progressive taxation, innovative investment products and general industry 'best practice' has resulted in the sealing of a number of new cooperation agreements with important trading partners.

These include a series of bilateral agreements between the Isle of Man and the United Arab Emirates and Bahrain, which has elevated this already highly successful business alliance to an enhanced level of cooperation and assistance. The landmark agreement with the UAE Central Bank in Abu Dhabi was signed at a meeting between the Island's Chief Minister, Donald Gelling, and the bank's Governor, Sultan bin Nasser Al Suwaidi. Further agreements were signed between the Bahrain Monetary Agency and the Island's Financial Supervision Commission and Insurance and Pensions Authority.

The high profile visit was part of an ongoing initiative in the Gulf where many Isle of Man institutions are providing international financial planning solutions for the large number of British expatriates working there. This area of the Middle East is becoming increasingly important to the global economy and the Island's financial sector can be justly proud that our name is now firmly up there among the jurisdictions of choice for this sophisticated market.

The Island's superior services have also been recognised by the international body governing quality in the shipping sector. Some of the biggest names in the oil and gas industry have ships either registered here or managed from the Island, as well as the owners of some of the world's largest and most spectacular super-yachts. The Paris Memorandum has now placed the Isle of Man fleet Number 2 - one ahead of the UK - in the world for quality, which is a fine tribute to the hard work and dedication of our Marine Administration team.

Director, Isle of Man Finance,  
Isle of Man Treasury.

## Isle of Man films honoured at international festivals

The Isle of Man Film Commission is currently in negotiations with a number of leading US producers and financiers with a view to undertaking a number of big budget projects on the Island.

The Isle of Man is now firmly established as a leading co-financier and co-producer of quality British film and television drama. It recently achieved an industry 'first' when Isle of Man made films were singled out for special gala screening at two of the world's biggest festivals.

'Our attendance at the recent Cannes Film Festival was our most successful ever,' said the commission's Development Manager, Hilary Dugdale. 'We had four Isle of Man films screening and selling. In addition, Island made Chromophobia, starring Penelope Cruz, Kristin Scott-Thomas and Ralph Fiennes, achieved the honour of being chosen for the closing gala screening of the entire festival.'

'Not only did we close the Cannes festival, we also opened the Sundance Film Festival in the US with On a Clear Day, which was introduced by Robert Redford. This is an industry first to the best of our knowledge.'

The Isle of Man Film Commission is currently celebrating its tenth anniversary - a phenomenally successful decade in which it has undertaken over 65 film and television projects. During this time, the Island has built its own studio complex and played host to many of the world's leading actors and actresses who have spent time here on location. Amongst the most recent were Johnny Depp and John Malkovich who were on the Island filming The Libertine, which was also shown to buyers at Cannes.

The next twelve months look like being particularly busy with a full schedule of film and television productions due to be shot on the Island.



Ralph Fiennes, one of the stars  
of Chromophobia

# In-brief

### Aviation director sought

The Isle of Man is proposing to advertise shortly for the new post of Director of Civil Aviation in the Island. It is the next step in the process of setting up a local aircraft register. The UK Department of Transport has given its approval in principle to the plan.

Like the shipping register, a new aircraft registration system would come under the auspices of the Isle of Man Department of Trade and Industry, which believes it would provide significant opportunities for further growth in specialist financial services.

### New E-Gaming ambassador

Bill Mummery, one of the co-founders of the successful online sports operation, Betinternet, has been made responsible for further developing the Isle of Man as a centre of excellence for e-gaming. His brief is to attract more operators to the sector, which now enjoys a zero rate of corporation tax.

E-business in general is thriving on the Island with several leading players in online gambling established here. Neteller, the international Internet money transfer service, recently posted pre-tax annual profits of £25 million. The company handles money movements between gamblers and the betting website.

### Work for world's biggest plane

A key valve component in the landing gear of the giant Airbus A380 - the world's largest passenger aircraft - was produced at the Isle of Man engineering plant of Smiths Aerospace, one of the leading transatlantic aerospace equipment and systems companies.

Smiths' contract with Airbus is worth around \$1 billion with the wider group heavily involved in the manufacture of a number of small components for the plane, which is due to enter service next year. Airbus has 154 orders for the new A380 and commitments from 15 customers worldwide.

### Barclays build 'restart' centre

Barclays Private Clients has become the latest organisation to build its own 'restart' facility. The dedicated back-up unit would enable the bank to recover key services and continue business as usual in the event of a systems failure at its Isle of Man headquarters or offices in the Channel Islands.

The Island is recognised as an IT centre of excellence and regulations, encompassing banks, corporate service providers and investment institutions, provide for special agreements between jurisdictions to allow international firms to set up emergency business operations.

### Faster 3.5G Internet access

A 'third generation' mobile Internet service - six times faster than currently available - is due to be introduced by Manx Telecom later this year. Telephones and laptops will then be able to handle applications such as video streaming and conferencing without the aid of a GPRS download.

Manx Telecom will also be launching its new 3.5G service in conjunction with 3G. While 3G is now established in the UK and Europe, the new 3.5G service is at the forefront of technological advances. MT has teamed up with parent company O2 and technology partner Lucent to develop the software.

# Isle of Man remains 'best finance centre'

The Isle of Man has again magnificently defended its position as the leading international centre for the provision of blue chip financial products and services.

For the fifth year running, it was proclaimed 'Best International Financial Services Centre' at the influential International Investment Awards in London. In almost a re-run of last year's ceremony, Isle of Man based companies also swept the board, winning nearly all the main categories and many commendations.

The International Investment Offshore Fund and Product Awards are run in association with Standard and Poor's, the international credit rating agency. They recognise groups who distribute financial products on an international basis, as well as acknowledging the achievements of the global offshore financial services industry.

When picking the best centre, the judges said they were looking to reward a proactive, forward-thinking approach to both regulation and legislative initiatives, commenting, 'Over the past twelve months the Isle of Man has once again shown itself to be at the forefront of international financial services.' They highlighted the Island's 'progressive policy of tax reform and fund legislation while maintaining careful oversight under the watchful eye of regulator John Aspden.'

The awards were presented before a packed audience at the Victoria Park Plaza Hotel. Amongst those who did particularly well this year were Fairbairn Private Bank and life company, Royal Skandia, who together took six of the main categories.

## BEST OFFSHORE BANK

Fairbairn Private Bank, which recently completed an extensive re-branding of its operation, achieved its best ever performance by winning three awards outright and two high commendations. The judges recognised the bank's commitment to its target audience, commending its quality product range, levels of service, product innovation and technology.

For the fourth successive year, Fairbairn Private Bank won the highly coveted title of 'Best Offshore Bank' and its innovative Focus service won 'Best Offshore Bank Product' - the fifth year running it has either won the award or been highly commended. In addition to a further high commendation for 'Commitment to Service', the bank also won outright the accolade for the 'Best Internet Service.'



Greg Horton, Managing Director of Fairbairn Private Bank, receiving one of the bank's three major awards from writer and broadcaster Gyles Brandreth

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.

## BEST LIFE COMPANY

Royal Skandia, which has had a presence on the Island for over twenty years, recently invested in new multi-million pound, state-of-the-art headquarters. Funds under management currently stand at £5.2 billion. The company also won three of the main categories - for 'Best International Life Group', 'Best International Life Product Range' and 'Best International Life Office Commitment to Service.'

General Manager, Iain Messenger, said, 'Winning these awards is a fantastic achievement. Royal Skandia always aims to be innovative and provide the best possible service and products available to the international community.'

'It is important for the Isle of Man that the companies domiciled here are recognised as leaders in their respective fields as competition continues to grow. It is also excellent news for Isle of Man Plc that the Island won the award for the Best Offshore Centre at the same awards presentation.'

Royal Skandia's Customer Services Manager, Mark Halewood, added, 'The awards reflect the commitment, hard work and dedication of everybody at Royal Skandia. I don't think we can praise our teams enough as, yet again, they have demonstrated that they constantly deliver a level of service that is appreciated and expected by our customers.'

## MORE 'BEST PRODUCTS'

Fellow life company, CMI, took the award for Best International Life Product in respect of the Clerical Medical International Global Investor. The judges said they were particularly impressed by CMI's 'commitment to transparency with this product, with the publication of all charges on underlying funds, a rare policy in the industry.'

The Isle of Man operation, which is now part of HBOS FS, was established in 1987 and last year underwent significant restructuring. General Manager, Dave Schuster, said, 'The award for our Global Investor product reflects the positive change in CMI's Isle of Man business and the dedication of our staff in providing high quality service to our customers and their intermediaries.' He added that sales of the winning Global Investor were continuing to exceed targets.

HSBC Bank International won the category for Best Offshore Bank Product Range, with the judges saying they felt the 'bank's proposition in such a broad range of geographies made them a winner.'

Isle of Man based Britannia International won the category for Best Offshore Structured Product

with its new Britannia Guaranteed Income and Growth Bond, described by the judges as 'an all round income and growth staple product.'

Wayne Riches, Client Relationship Manager, said, 'Receiving this award is a great honour for us and reflects our continued commitment to product development and the intermediary market. Whilst continuing to strive for innovation, we have also invested heavily in ensuring the service we provide to introducers is maintained to the highest of standards by the introduction of a dedicated Client Relationship Team. Over all, this award confirms our successful combination of competitively priced safe capital investments and great service is a real winner for the intermediary and their customers. It is very rewarding to have this acknowledged by the independent panel of experts who judge these awards.'



Royal Skandia's impressive hilltop headquarters in the Isle of Man

Political Member of the Treasury Adrian Earnshaw, on behalf of the Isle of Man Government, receives the award for the Best International Financial Centre at the International Investment Awards in London

## More awards for Island banks

Anglo Irish Bank took the award for the Best Offshore Notice Account Provider at the annual Moneyfacts Awards. It is the second year running the bank has won this category. It was also highly commended for the Best Offshore No Notice Account.

Director Mark Gaywood said, 'Winning such a prestigious award for the second year running is a tribute to our policy of only offering accounts which are consistently competitive over the long term.' The award was for the bank's Privilege 90-day notice account. (see also page 4 'Anglo Irish Bank adding to business strength in Gulf')

With nine outright wins and eleven highly commended awards in the past five years, Fairbairn Private Bank has amassed more awards than any other offshore bank at this prestigious industry event. Paying tribute to his staff's achievement, Managing Director Greg Horton said, 'Consistency of our performance at these awards speaks volumes for the dedication and levels of commitment that our team puts into servicing our client base. The international industry's continued acknowledgement of our efforts is highly motivating and has unquestionably spurred us on to this record breaking achievement.'

Fairbairn Private Bank operates a comprehensive private and personal banking operation on behalf of a wide range of clients. These include

# Anglo Irish Bank adds to business strength in Gulf

The Isle of Man's ongoing business development initiative in the Gulf is fast gathering momentum with a number of companies opening new satellite offices in the region.

Anglo Irish Bank is one of those with international operations based in the Isle of Man, which is significantly adding to its presence in the rapidly growing commercial centre of Dubai in the United Arab Emirates. Dubai has been named as the business capital of the Middle East, consolidating its position as the key trading route between the East and West.

## NEW AGREEMENTS

The Isle of Man has been building contacts in this important area of the Middle East for more than a decade. This year has seen a further enhancement of the 'special relationship' with visits by the Chief Minister, Donald Gelling, and Treasury Minister, Allan Bell, and the signing of a series of cooperation agreements between the respective regulatory authorities.

Anglo Irish Bank has been granted a licence by the UAE Central Bank to open a representative office in Dubai and acquired premises in a new office development. This is currently being fitted out prior to the formal launch in September. In the meantime, the business is operating from temporary accommodation in Emirates Towers. The new operation,

headed by General Manager, Steve Corrin, will report directly to Anglo Irish Bank in the Isle of Man.

As well as its core banking and corporate services, Anglo Irish Bank has developed a range of products tailored specifically for the special requirements of expatriates to assist them in their financial planning.

## SIGNIFICANT INVESTMENT

Mark Gaywood, Anglo's Director responsible for the Gulf region, said the new venture in the Middle East represented a significant investment for the bank and reflected the growing importance of the region to the international financial services sector.

'While the new office will be offering customers the bank's full suite of expatriate services,' said Mr Gaywood, 'it will be prioritising in the promotion of certain areas, such as deposit accounts. We believe our interest rates are strong and consistent and constitute a great opportunity to compete in the dollar market in Dubai and the Middle East in general.'

Particular bank specialisms, including syndicated property investment and international and corporate pensions, also had strong potential to appeal to both clients and intermediaries in the Gulf region, he added.

## ILS opens Gulf office

ILS has opened a new representative office in Dubai under the name ILS Daman, reflecting the association with established and highly respected Dubai firm, Daman Securities.

The office aims to provide a wide range of services, both to those seeking to invest in the countries that comprise the Gulf Cooperation Council and to GCC residents. High on the agenda is the development of a network of contacts and associates across the GCC countries.

'We expect our Dubai JV office to be able to benefit our operation in two ways,' explained ILS Chief Executive in the Isle of Man, Chris Eaton. 'Firstly, we hope to be able to widen the ILS offering to the international clients we service through our Isle of Man head office by being able to provide incorporation and administration services in Dubai. Secondly, we also hope to be able to service Middle Eastern clients with our traditional corporate and trust products.'

## New funds cover Kyoto to Bollywood

The world's largest fund for emissions assets has been incorporated in the Isle of Man. Trading Emissions Plc, floated on the Alternative Investment Market of the London Stock Exchange, consists of 135 million shares at 100p per ordinary share, raising £135 million before expenses.

The venture is part of a rapidly growing investment sector, which has arisen from the need to develop innovative products for hedging against carbon emissions liabilities under the EU Emissions Trading Scheme and other similar schemes deriving from the Kyoto Protocol on climate change.

The objective of the Isle of Man fund is to invest in environmental and emissions assets, together with certain classes of energy instruments and other associated financial products. The company's advisers, London legal firm Taylor Wessing, cited the Island's tax efficiency in fund management as the prime reason for basing this important fund in the Isle of Man. The fund's administrator is Barings (Isle of Man).

Taylor Wessing is a powerful source of legal support for commercial organisations doing business in Europe. It recently advised on the establishment of the first CO2 emissions trading exchange in Europe for Climate Change

Plc, whose shares are also traded on the AIM, and advised ICECAP Limited on the development of an innovative new product.

## BOLLYWOOD FUND

The Bollywood Media & Entertainment Fund Plc has been set up to attract further investment in one of the largest and fastest growing business sectors in the world - having grown at an annual rate of 30 per cent over the past three years. The company says turnover in the Indian industry is expected to quadruple by 2007 and could be worth £11 billion by 2010. The fund is being administered in the Isle of Man by Fedelta Securities.