Nov/Dec/Jan 2016/17

GIBRALTAR INTERNATIONAL

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BREXIT: the Impact on EU Insurers’ Passporting rights and the potential Gibraltar opportunity

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Contents

Editorial Comment

Making the most of what exists

Providing direct financial services' access to the UK through Gibraltar sounds such a basic concept, it's a wonder that no-one thought to highlight the advantage before, given that around 90% of the territory's business already is UK-facing.

Now a bilateral 'passport' offer on services to the UK is to be at the forefront of The Rock's promotion in the world market after it came as a surprise to many that passporting financial services into the UK was only as a result of EU open access rules. With Brexit talks looming, Gibraltar's first, and most critical initiative, has been to ensure Britain provides unchanged access for its businesses.

That 'gateway to the UK' approach is being delivered at funds, private client and other conferences in Europe and the UK: it could be beneficial in terms of cost and timescale for European firms seeking to access the UK to establish an operation in Gibraltar, and for some UK firms to relocate to the territory as has been demonstrated by the numbers of British eGaming and insurance entities now trading from The Rock.

Gibraltar business with other parts of the EU is relatively small – measured by the number and extent of 'passports' issued by the Financial Services Commission (FSC) - though some eGaming firms have extensive international and EU involvement having gained separate licenses in individual countries rather than from any EU open access policy.

Gibraltar insurance entities with significant continental European business will be considering contingency plans – opening up in Malta, Luxembourg or Ireland most likely – but they will almost certainly remain firmly rooted on The Rock to take advantage of the generally accepted lower cost base in employment, support services and personal taxation, capped at 25%, with attractive £100pm social security cost, together being well below the UK and almost all of Europe.

Corporation Tax, although at 10% compared to 17% in the UK (and probably falling), where the taxable sum legitimately can be massaged down to help close the gap, is not seen as such a big 'pull' these days. Considerable efforts to attract business from South Africa and Hong Kong, for example, have been predicated on Gibraltar being the stepping stone into Europe, so a re-sell proposition will need to be developed, something Financial Services Minister Albert Isola expects to have in place when British Prime Minister Theresa May formally activates the Brexit process next March.

Clearly, Gibraltar cannot arbitrage regulatory levels, as that would be seen as impacting on the high standards already adopted and the positive reputation gained as a result. Proving this point, intervention by the regulator last summer safeguarded some 14,000 motor and other Enterprise Insurance policyholders in Ireland, France, Italy, Greece, Norway and the UK, when the FSC discovered capital reserves were insufficient and provisional liquidation has resulted.

The Chamber of Commerce, feels Gibraltar should up its game so that post-Brexit it is seen as "an efficient, service and business friendly jurisdiction in areas such as public services and ease of doing business".

In the meantime, in direct response to demand from ex-pats with young families, Prior Park, part of a UK group, opened in September with 60 pupils as Gibraltar's first private senior school: it is expected to cater for 240 youngsters within two years.

Ray Spencer

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Recasting Gibraltar's appeal to encourage business opportunities

Being outside the EU is an opportunity not a threat, according to Gibraltar's government, but what is it that the jurisdiction thinks can be done to succeed post-Brexit?

Whilst minister for business and employment, Neil Costa, emphasises that the government is doing all it can "to safeguard and protect Gibraltar's present and future interests", Albert Isola, the financial services and gaming minister, has been spreading the word at Swiss funds and UK private finance conferences that there will be continued advantages for businesses to be based in Gibraltar – it is just the selling proposition that will have to change!

Presenting The Rock as a stepping stone into Europe is a message quietly being mothballed, whilst the UK negotiates life outside of the EU – a minimum 2-year process that Prime Minister Theresa May has said will start in March.

Instead, Gibraltar, which has enjoyed full access to European markets by virtue of Britain's EU membership, is starting to promote itself as "Gateway to the UK".

UK-facing business

Around 90% of financial services business is already UK focused, but Gibraltar's automatic access to Britain is only as a result of EU free movement of trade. Stephen Reyes, senior partner at accountants Deloitte (Gibraltar), noted: "We are trying to develop business, but we are struggling to see our potential opportunities outside of the EU. We have the advantage of a good jurisdictional reputation and noted for our fast responsiveness and full transparency."

Deloitte's Stephen Reyes champions general lower costs

Since the Brexit vote there had been no slowdown in private clients business as it is not generally EU-dependent. "If they want access to the UK they need to have their base here at generally lower cost. [But] there may need to be a number of bilateral agreements with the UK to cover each sector to formalize our access to that market."

UK 'gateway' campaign

Christian Hernandez, president of Gibraltar Chamber of Commerce, told *Gibraltar International* he believed low corporation tax and low individual taxes, coupled with having no inheritance and capital gain taxes and a Mediterranean lifestyle would help sell the new 'Gibraltar - gateway to the UK' campaign - a bilateral 'passport' offer on services.

Isola concurred: "A lot of the work we have done in these last few months has brought out, with a greater degree of clarity, the enormous trading relationships between Gibraltar and the UK, and also to put into context the [smaller than anticipated] amount of passporting there is with the European Union.

Albert Isola, Financial Services minister: license applications higher than before Brexit vote

He told *Gibraltar International*: "It is very clear to us that the UK [business] 'passport' – if I can call it that – is far more important to us than European Union passporting, although of course we would like to retain that as well if at all possible." In the event of a 'hard' Brexit – one where the UK has no automatic free trading entry to the EU and an outcome he sees as too early to predict - "Gibraltar would re-invent itself as an entry point for EU firms wanting to access a cut-off British market, via our territory's attractive tax and regulatory regime. Being outside the EU is an opportunity not a threat," Isola insisted.

Given that 8,000 European firms currently passport their services into the UK, "we would encourage people who are seeking access to the UK to come to Gibraltar, in the same way as UK firms would need to make arrangements for their European markets", Isola declared.

It would not be difficult to sell Gibraltar as a UK entry point; witness the number of UK-facing insurance entities attracted to the jurisdiction, he pointed out.

"We are already doing so, as is Jersey, Guernsey and the Isle of Man. We all are very close to the UK and have similar legal systems and if you look at the number of licence applications to our regulator it's more than we had before the EU Referendum. Between Gibraltar and the UK there is no difference in our legislation and being in the EU they are both combined; they [the Channel Islands and Isle of Man] would have to make changes."

Peter Montegriffo, a senior partner at Hassans law firm with extensive business and eGaming experience, felt: "When the status quo changes and we are removed from our comfort zone and charged with looking at things afresh, that in itself is an opportunity.

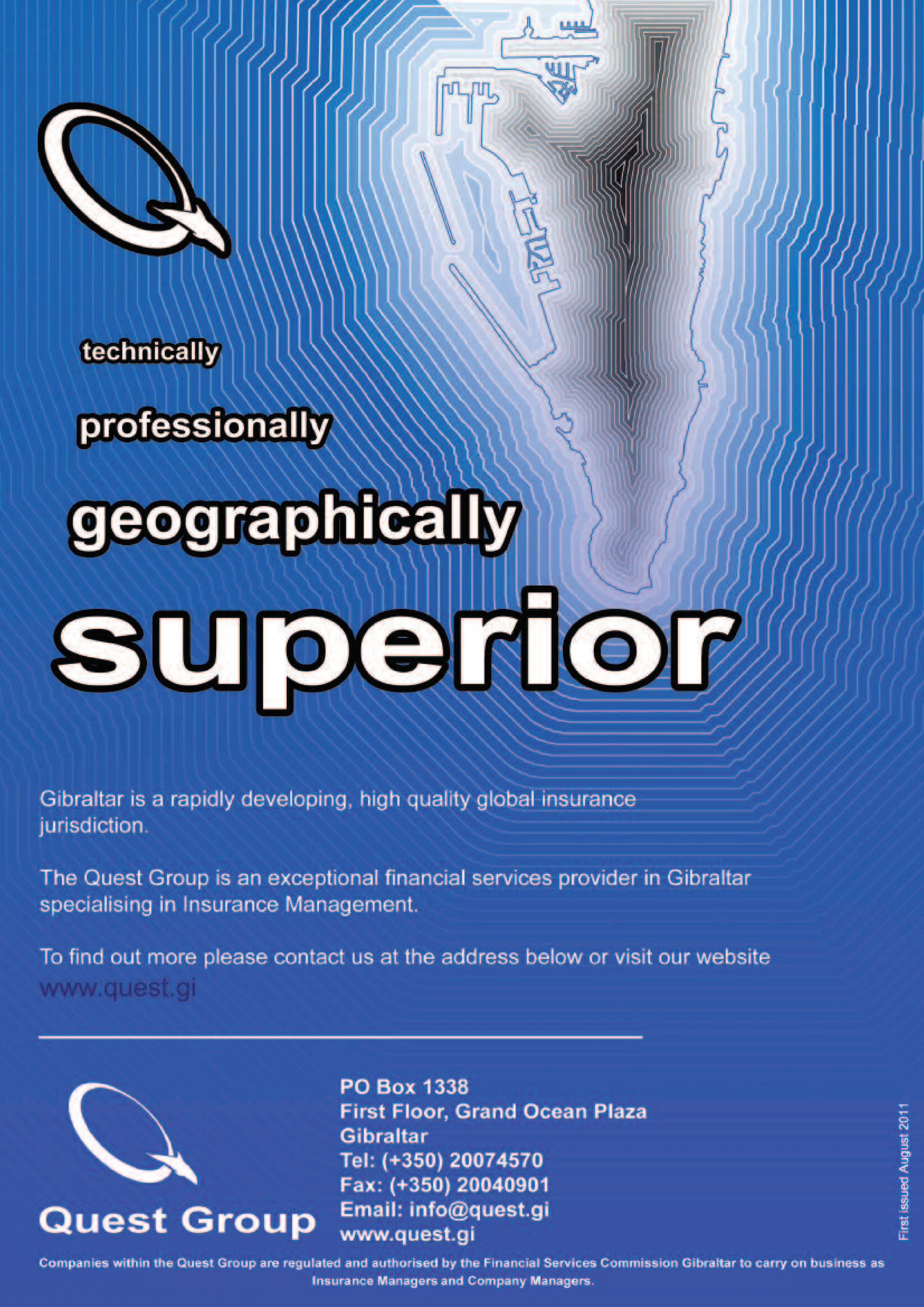
"Brexit, will put us all to the test, London, Madrid and Gibraltar: we are now going to have to determine how we interact with each other in the 21st century – not because Europe says so, not because of the Directives imposed on us, but because we have to get on as communities with common interests and a shared, common space. So that is a challenge…. and it will bring difficulties, but also an opportunity to reboot."

EU overly prescriptive

Whilst Gibraltar business valued the EU single market, there was also "no doubt that some aspects of EU legislation have become overly prescriptive; we have gone along with this trend, because the greater prize is the single market," Montegriffo declared.

Some Gibraltar business professionals argue that there is scope for the territory to adopt a twin approach to business standards. Reyes, who is also chairman of the Finance Centre Council, a broad representative body advising government, explained: "[With Brexit] we would be ridding ourselves of some of the shackles of EU Directives. Its not so much a case of dropping Directives, but developing alternatives – a two tier approach,

Continued on p24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Gibraltar Funds: The National Private Placement Regime lives on

By Joey Garcia, Financial Services Partner at ISOLAS and head of the technical committee of the Gibraltar Funds & Investments Association (GFIA)

The reality is that Brexit has had little practical effect on Gibraltar Fund distribution in the EU. It is estimated that around 90% of Gibraltar Funds operate outside of the scope of the UCITS and the Alternative Investment Fund Managers (AIFMD) Directives. Open ended funds running less than EUR 100M will continue operating and promoting through existing National Private Placement Regimes (NPPR's) that exist. Originally AIFMD envisaged the phasing out of NPPR's towards the end of 2018, but this was only going to happen on the basis that passporting under AIFMD would be made available for non-EU managers This is now unlikely. The European Securities and Markets Authority's (ESMA) statement on 30th July 2014 on the extension of the AIFMD passport suggests for various reasons that will not be set out in this article, that the 2018 timeline has become unrealistic.

Accordingly, the significant majority of Gibraltar funds are unlikely to experience change to their operations, in terms of management or promotion. The UK and the US will remain the key markets for fund distribution in line with other similar but more developed fund jurisdictions. The recent 'Brexit Information Report' released by the States of Jersey provides an estimate of the net value of funds assets by the location of the 'ultimate investor.' Only 17% of this value relates to the EU while 40% relates to the UK and 33% relates to the rest of the world. If funds choose to comply with NPPR's in order to promote themselves in the EU, then they will need to comply on a country by country basis where the requirements for each Member State are not streamlined or consistent. There are numerous examples of how the regimes differ.

It is also possible for funds to consider other alternative distribution arrangements that can exist outside of the NPPR framework such as the securitisation of a fund's performance through the creation of an Exchange Traded Instrument offered by a few of the member firms of the Gibraltar Stock Exchange, or the more mainstream use of UCITS platforms and management companies that are able to delegate portfolio management to entities in Gibraltar that are authorised or registered for the purpose of asset management and subject to prudential supervision.

AIFMD and Passporting of investment services: life after Brexit

AIFM's that are authorised in Gibraltar will be able to continue to rely on the imperfect AIFMD passporting system for the near future. In the eventuality of a 'hard' exit, unless access to the single market is preserved outside of EU membership, it is likely that passporting rights to the EU would be lost. The indications given by EU leaders is that the UK must accept free movement of people if it wants to remain part of the single market, but it is unclear at this stage what deal will be struck and what special arrangements could be brokered.

Potential arrangements will depend on the model that is eventually adopted by the UK. The Norway model, maintaining the UK's membership of the EEA and EFTA) would provide the least disruption to financial services being offered. If this is not the case, Gibraltar firms will need to analyse the patchwork of laws governing access by Non-EU 'third countries' to local markets. The recent trend in EU regulation has been to harmonise the position of third countries (in particular under AIFMD and MiFIR/MiFID II), without a requirement for the country in question to accept free movement of people. Given that Gibraltar is (along with the UK) more than simply 'equivalent' on the basis that firms are already required to comply with EU legislation (and not simply equivalent legislation), it is likely that any extension of the third country passport to third countries will include the UK, and by extension Gibraltar. Other opportunities will also present themselves. In a 'hard Brexit' scenario where the UK loses access to the single market completely, EU firms will also lose access to an important UK market. Gibraltar could, under a common market arrangement, and by maintaining the status quo, act as a gateway for European providers to the UK.

The industry in Gibraltar has been considering a dual regime along the lines that actually already exists in other jurisdictions where there is an ability to operate on an EU equivalency basis (under regime A) but also as an alternative, under a separate and alternative regime (regime B) that could encourage new, start up, or alternative operations to move into the jurisdiction on the basis of the flexibility, speed to market and pragmatic approach that is available. This has already (to an extent) been done within the 'small AIFM' regime where AIFMD grants the authority to the local regulator, the Gibraltar Financial Services Commission (FSC) to determine the nature of the regime for itself.

Conclusion

The majority of Gibraltar funds, 'access' has not changed and is unlikely to change in the near future on the basis that most of these funds rely on NPPR's, and those rules are unlikely to change anytime soon. We expect funds to continue to focus on NPPR's and/or to consider other alternative options available to them.

There are likely to be options for Gibraltar investment firms moving forward that will continue to allow, in some way shape or form, access to single market either directly or on an equivalence basis. Similarly, for Gibraltar to potentially act as an entry point to the UK market. For the time being Boards may want to consider contingency options but there is no immediate need for decisions to be made on the basis of a two year transition following Article 50 being invoked.

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The rise of the FinTech industry

By Alison Daun, Global Currency Exchange Network (GCEN)

Risk aversion in global banking continues to send shockwaves throughout the industry, the most obvious consequence being the closure of banks. In the past year alone, we have witnessed the closure of Barclays Bank (Gibraltar) and listened to announcements by Credit Suisse to close its local branch as part of a cost-cutting exercise.

Interestingly, these closures are not the result of the banks' inability to generate profits in Gibraltar; moreover, it's because of their decision to 'streamline' operations and, in Credit Suisse's situation, redirect their focus away from funds and trusts and to divest themselves of overseas-based money management services.

On top of this, official crackdowns on money laundering and corruption have forced banks to add more stringent controls when assessing businesses for financial crime risks; as a result, those would-be clients are faced with much greater scrutiny and paying more for services.

In parallel, banks are becoming incredibly 'vanilla' in their products and services to further reduce what they perceive to be as risky offerings. Clients who do not comply with the bank's stringent rules, or are slightly alternative to the mainstream, are being refused accounts and in some cases are seeing their existing accounts being closed.

Bank accounts for investment vehicles are viewed by the banking industry as particularly high risk. Anyone receiving payments from multiple sources such as subscription payments don't tick the right boxes given their high compliance risk. At the same time, more complex structures such as trusts are finding the computerised, and therefore less tailored, approach doesn't allow for understanding what a trust does or how it operates. This inflexible approach of banks operating at a distance, coupled with a slow onboarding process and high overheads that get passed on to clients, has left many clients frustrated and looking for alternative money management solutions.

> A simple way to think of a cash custodian is as a one-stop-shop for bespoke money management services

Financial Technology

The rise of Financial Technology, also known as FinTech has provided some alternative solutions for individuals and small and medium enterprises (SMEs). Companies offer loans to SMEs on a peer-to-peer lending basis, providing the investor with a return (although Capital is at risk). The borrower is assessed on a case-by-case basis and the relatively small structure of the FinTech companies allows them to provide a more individualised service by adapting their technology to provide bespoke client solutions.

The use of a specialist cash custodian is a viable solution for some clients, as such companies can provide both subscription and operational bank accounts within UK banks. Of enormous benefit to the banks is that the cash custodian takes prime responsibility for due diligence of both the fund and investors. A cash custodian has the capabilities to look at each potential client on a case-by-case basis and complete the onboarding process in an efficient manner by working in parallel with current fund administrators, custodians and prime brokers.

A simple way to think of a cash custodian is as a one-stop-shop for bespoke money management services. While working in conjunction with banks, cash custodians are not part of large multinational corporations, meaning they can be more dynamic and responsive to help a client's business grow.

They don't insist on a full-service approach but rather provide clients with tailor-made solutions that the client cherry picks themselves, from multi-currency accounts that cover a variety of currency classes and live reporting to integrated solutions via API. They will work with clients to ensure a dual signatory process is in place for security as well as verifying clients' documents using the latest verification software; ultimately, this removes inconvenience and expense for the client.

Time and cost savings can also be made within the areas of payments and collections via tailored pricing models that eliminate many of the fees investment firms are currently charged by banks. This all results in a multitude of services, which were previously only available by working with multiple entities, being delivered under one roof.

Economies of scale in Gibraltar have, in the past, meant that Gibraltar-based banks have never been able to compete with larger jurisdictions purely on cost. Cash custodians offering bespoke services, with banking facilities within the UK jurisdiction, now mean that Gibraltar-based funds and fund administrators are no longer discriminated against nor are their clients.

To overcome their individual challenges in regards to overseas-based money management, it goes without saying that choosing the right cash custodian for clients is key.

www.globalcustodian.co.uk

Surprise insurance sector growth extends appeal

Two life insurance companies, including a large international entity, are planning to begin operations in Gibraltar, projecting this aspect of the insurance business within the jurisdiction from "tiny" to "significant", it can be revealed

They are the latest in a growing line of insurance firms showing interest in establishing businesses, which Mike Ashton, the specialist insurance business senior finance executive at Gibraltar Finance, describes as "a level of activity greater than at any time in the last 18 months".

He said: "Since mid-August there has been an unexpected increase in the number of people contacting me and expressing an interest in Gibraltar in respect of insurance structures - potential applicants looking to set up a company or MGAs (managing general agents).

[MGAs are specialised type of insurance agent/brokers that, unlike traditional agents/brokers, have underwriting authority from an insurer and are responsible for some functions ordinarily handled by insurers including settling claims.]

"I think previously there was a reticence to do anything, people held back – a wait and see attitude – but once the UK's referendum on the EU was announced last year, it crystalised their thinking about making their business plans, particularly when they either are predominantly or completely UK-focused", Ashton explained.

Life insurance gain will help diversify sector, predicts Finance Centre executive, Mike Ashton

UK links appealing

"It's become quite appealing to people looking at Gibraltar that we have these bi-lateral trading relations for insurance with the UK – the Gibraltar Order, referring to EU legislation and Directives – but it's now apparent that those relationships will continue after any divorce, whether it's a hard or soft Brexit." It's expected that the Gibraltar Order will be slightly amended to refer back to the UK legislation, and that this will be done swiftly to enable insurers to continue to write business into the UK.

In the year to April, the Financial Services Commission (FSC) licensed ten insurance entities, and in the six months to end-September a further eight license applications have been approved. There has been no new insurance company license granted this year so far, compared with two – AA and Watford - in the year to April. However there have been a number of extensions to existing licenses granted to the 51 active insurance companies, reflecting existing insurers going into new areas or types of business.

In both periods there have been two new general insurance intermediaries, and in the six months to end-September, one new life intermediary bringing the total to four.

Life interest

There is also serious interest from two insurance entities in extending the jurisdiction's life insurance sector, which at present is restricted to just four firms, representing only a very small part of Gibraltar's insurance business – life-insurance gross premium income was just under £100m in 2014 (the latest figures available), compared to £3.6bn for non-life business, including captives. One of the new life insurance businesses is "at a very early stage in its license application" with the intention of getting an application submitted before the end of the year, but the other has an application that is close to being granted, Ashton confirmed.

"It is an area that has lots of potential to make a very significant impact [on the territory's insurance sector] and this would help diversify our insurance potentially the market that is dominated by motor insurance."

A Deloitte (Gibraltar) motor insurance seminar in early October disclosed that the territory's motor insurers account for 21% of the UK market, up slightly from last year's 20% figure. Some 92% of those companies' premiums in the period 2010-14 were generated in the UK, and these account for the bulk of Gibraltar's insurance market at present.

Strong links impress

Despite Brexit-prompted uncertainty in some areas, realization of Gibraltar's strong UK links has helped crystalise the thinking of insurers that are either predominantly or completely UK-focused. "They think 'why should we wait; let's get on with it now'. There's sufficient certainty about the future for us to get on and get these structures set up, so they are working on applications", Ashton insists.

He sees it as "a great opportunity for MGA's" – Insure The Box, a specialist car insurance large MGA that targets new drivers with use of telematics, opened in Gibraltar in 2010. Another similar enterprise, Smart Driver Insurance, gained its Gibraltar operating license in the last six months.

Admiral Insurance is understood to be the largest motor underwriter in Gibraltar, accounting for more than £932m in total gross written premiums last year.

Gibraltar is home to almost half of the foreign insurers that operate in the Irish market, but the largest, Zenith Insurance, has decided to end writing motor business there from February 2017 with "high claims" said to be amongst the principle reasons, as well as an increasing regulatory burden and an uncertain legislative climate.

Another MGA licence application is understood to be in progress with the applicant aiming to be in business by the year-end. It reportedly will start with a core team, which is expected to grow significantly as, even though an MGA, it will have wide authority in respect of underwriting and claims handling making it as near to being an insurance company without actually becoming one with the

Continued overleaf

liabilities on its books.

There are two key attractions of Gibraltar for insurers. "The relationship with the regulator and the speed to license are critical", Ashton said, "because in a small jurisdiction unless you can offer that differentiation, businesses will stay within a larger domicile."

He stated an ability to easily access the Regulator, raise questions and meet the licensing team could normally be achieved in a matter of days, "rather than have to wait weeks or even months in other jurisdictions before you can get to see the regulator; this is a big plus."

The government is seeking to ensure "a business-friendly environment" and application timescales can be kept low "provided we receive the highest quality in applications – ones that are completed fully and do not leave open questions about the business approach, or how it will be run." Ashton maintained: "In the past this has not always been the case. We are saying to insurance managers that when working with these potential new clients, it will delay things if the FSC thinks that people are not paying attention to the detail; it may raise questions about how they run their businesses."

It usually takes six months from beginning to end to process an insurance company application, but the FSC service level standard is to provide an in principle decision within 18 weeks, assuming all required information has been supplied.

Gibraltar forgotten

In response to sector demands for greater application 'firepower', Kristian Menez, a Partner at accountants, PwC (Gibraltar) specialising in financial services regulatory requirements, has been seconded to work two days a week with the FSC for six months.

The FSC, in a statement, said that Menez "possesses sound knowledge of the local insurance market and is able to process insurance applications with limited assistance and also provide key input into the current authorisations process", and added: "This will, of course, be beneficial with regards to time pressure; however it is his insurance expertise which is of most value for us at this time".

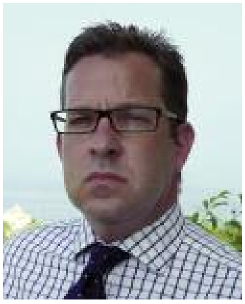
There will be no dilution of regulatory standards, however, Ashton emphasised!

After years of lobbying, Gibraltar hopes soon to accept Part VII transfers that in particular would facilitate run-off or legacy business, from UK insurers' portfolios under the Financial Services & Markets Act 2000.

"When large insurers begin to look at their discounted liabilities – books of discontinued business for which they are still accountable - on which they may no longer be making money, or have only marginal profitability - it is possible they will decide to sell to a specialist run-off business at a discounted rate and produce capital," explained Steve Quinn, chief executive of Gibraltar insurance manager, Quest.

Test case progresses

An insurer can with regulatory approval, make an application to the UK Court for transfer of an insurance portfolio to another insurance company. Quinn reckoned: "There is a thriving run-off market in the UK worth billions of pounds in liabilities that could be accessible to us. Most of the large firms [insurers] have big chunks of business in dormant portfolios, for example."



Quest insurance manager, Steve Quinn, see potential in thriving UK run-off market

But Gibraltar was 'forgotten' when the UK drew up its Part 7 agreement, but every other EU and EEA territory can take on that work. In mid-2014 the Gibraltar Government confirmed that it had received written confirmation from the UK Treasury, that Part VII transfers can take place between UK and Gibraltar insurers without a change of law, subject to Court and regulatory approval.

That remains the Treasury position today, but uncertainty revolves around the different constitutional status of Gibraltar as an associate member within the EEA. UK lawyers have pointed out there was no certainty that insurers disposing of their run-off business to a Gibraltar company would not still be held liable within the UK if something went wrong – and importantly, that the full liability of that insurance business under Solvency II would still be counted against the original insurer and add to that company's retained capital requirement.

Test case attraction

Now a large UK insurer proposes to transfer a small part of its business to a Gibraltar entity and it is with UK regulators for approval prior to a High Court test case. However, Ashton believes that in a Brexit situation, Part VII transfers could proceed, because there would be no need to refer back to Gibraltar not being an EEA state in its own right. "I think it could become very attractive in terms of the assets and liabilities involved", he concluded.

No Gibraltar firms have revealed plans to quit the jurisdiction, because Brexit might mean an end to passporting of services between Gibraltar and EU countries. Elite Insurance, which specialises in legal expenses, professional indemnity and general insurance, located in 2011 its business to Gibraltar from the UK where it retains an office. Revealing in September that it had decided to set up a subsidiary in Luxembourg, Elite's chief executive Jason Smart, explained: "The issue for us is that we cannot afford to let our customers just wait and see what happens between the British government and the rest of Europe, we do not feel that is fair." However, Elite already has offices in Spain, Italy and France.

Red Sands, the territory's broad-based insurance company since 2004 with £103m written premiums in 2015 from pet, ancillary motor products and insurance backed guarantee markets, is possibly the largest with overseas interests. It declared shareholder dividends of £15m, five times greater than a year earlier and is expanding its European business beyond the 15 EU countries, including the UK, that it operates in. The Red Sands website claims it is "the fastest growing whole-life insurers in eastern Europe".

Insurance-linked securities (ILS), essentially financial instruments sold to investors whose value is affected by an insured loss event (frequently described as catastrophe bonds), and other forms of risk-linked securitisation, is a market Ashton still sees as offering potential, although only two deals have been completed so far.

Gibraltar's fast-growing Lottoland business, renewed its €100m ILS two-year funding after two large pay outs this year totaling €36m failed to fase investors renewing their support with a fresh ILS deal to protect the firm from both large jackpots and any accumulation of small wins over multiple lotteries.

"We are still looking to promote ILS business, but it takes time partly because most of these transactions relate to north America and it is why Bermuda has been most successful," Ashton reported.

Ray Spencer

Top financial services lawyer ponders political comeback

He successfully stood twice and left twice as a Member of Gibraltar's Parliament, founding in the process a political party that survives today – and as the jurisdiction faces the economic challenges and opportunities of Brexit, *Ray Spencer* reveals Peter Montegriffo is still occasionally tempted to do it all over again

As Gibraltar's first lawyer to become a Queens Counsel (QC) on the basis of a non-litigation practice (previously a mandatory requirement), 56 year old Montegriffo has juggled political and legal ambitions since he enjoyed work experience aged 15 under Sir Joshua Hassan, a former chief minister and founder of the firm that bears his name today.

Peter Montegriffo - very far from being a reluctant lawyer

"Law exercises the mind – it involves public policy considerations - and it also gives the opportunity to grow and develop people's ambitions", Montegriffo observes. "I much prefer building businesses and opening opportunities rather than litigation, which is why I moved away from that aspect.

"I see my role as assisting in moving clients' and also Gibraltar PLC's affairs forward. I don't see myself just as a legal advisor, but as somebody who contributes to advancing this community, (together with many others, of course)", he explains.

In 1982 he joined Hassans as lawyer number seven [there are about 75 lawyers in the firm today] on leaving London's Lincolns Inn Court, where he qualified as a barrister after studying at Leeds University and dated his wife of 31 years, Josephine (better known as Pepita).

The product of the territory's first and pioneering comprehensive school intake - "we regarded ourselves to some extent as a privileged generation" - Montegriffo recalls: "In 1972 the teaching profession, in particular, was keen to demonstrate the new system would work".

A young Montegriffo had participated in a debate with visiting Spanish politicians as well as sitting at the feet of Sir Joshua, who he describes as "very much a local practitioner; his practice was very domestic – divorces, probates, tenants' cases – nothing of international finance or the sophisticated cross-border stuff we are doing in Gibraltar today".

But with the Spanish border partially open to pedestrians his legal career extended beyond criminal and civil litigation to also embrace financial services as a member of the commercial team, led by James Levy QC, senior partner at the firm today, while the other partners focused more on property and litigation.

Behind the curve

In the late 80's and early 90's, he attended international financial services and private client conferences, at which he sometimes presented and which, importantly, generated new work.

"It was obvious when we first fully entered this open frontier world in the mid-1980's, that we were about 10-15 years behind the curve", he says. It was clear that although Gibraltar had introduced foreign business-getting Exempt Company Taxation in 1967, "in fact - because the frontier had been closed since 1969 and we had been living in reduced circumstances - Gibraltar had not really flourished as a finance centre, compared to Jersey, Guernsey and Isle of Man in particular.

"They had really moved leagues ahead, and other places in the Caribbean like Cayman Islands and Bermuda had also identified niche markets; they all had established a track record and a professional infrastructure that we lacked", he considers. However, Gibraltar had "the European dimension, which they did not. This opened the prospect of a dual approach, developing further as a private client centre like Jersey and Guernsey, and also being an on-shore EU centre like Luxembourg.

"So we ran with both propositions – and we still do to a large extent – but, because we were trying to do two things and because of our lack of human capital, we didn't perhaps give enough effort to either and weren't as successful, as if we had concentrated on one or the other".

Flexibility to serve well

But Montegriffo, whose sons Andrew (29) and David (26) are commercial lawyers also at Hassans, insists: "Today, Gibraltar is, frankly, in a pretty good place in many respects. First, we have managed to retain our relevance as a centre where private clients' affairs can be managed and private wealth can be held and administered – we genuinely do compete with Jersey and Guernsey – and second, our connection with Europe has been extremely helpful. The flexibility inherent in this duality will serve us well in a post-Brexit scenario."

And then the political dimension emerges. "The question for the next period is how our current model will be preserved or affected by the outcome of the UK Brexit negotiations with Brussels. There are many variables that we cannot now anticipate", Montegriffo points out.

"We are looking initially, for a common market with the UK. This is within London's gift and therefore we should be able to progress matters speedily. As for the broader EU market, our wish and legitimate expectation is that whatever the City of London achieves for itself, Gibraltar should also be able to piggy back on," he maintains.

Noting that the UK government has to juggle conflicting demands from different commercial, regional and political sectors in an attempt to "square the circle and deliver on the priorities for each in a coherent way", Montegriffo opines: "For Gibraltar, mindful of Spain's agenda, what we need from London is a clear commitment that we are not going to be regarded as a bilateral issue with Madrid, and instead will be treated as part of the UK in negotiations with Brussels.

Continued overleaf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Explicit terms needed

We need that reassurance to be at the forefront of London's thinking when dealing with the impact of Brexit on us.

"I recognise that the UK doesn't at this stage want to set out more red lines than it needs to. There is some understandable concern however, that whilst the UK may be able to preserve some of our current benefits it may face opposition in securing all that we want."

And he adds forcibly: "London should not forget that we voted overwhelmingly to remain in the EU and preserve our current arrangements: this places a real responsibility [on the UK] to listen to our united voice."

A Hassans partner since 1988, he was not steered into becoming a lawyer by his family; his GP father, Cecil (now aged 86 years and effectively Gibraltar's first consultant psychiatrist) never once interfered with Montegriffo's life choices, beyond providing a moral context.

At University the young Montegriffo, studying English and French, quickly realised that his career options would be limited at the time to teaching or a Civil Service position, which did not attract. After just one month he was fortunate to be allowed to switch into a law course. His strong interests were in literature, drama and theatre, and reasoned that "there's a lot of theatre and drama in law so my transition should be quite seamless", he reminisces.

Decolonisation rift

In 1982-84 Montegriffo started to build his political profile. "I was always engaged with wanting to define and promote our post colonial place in the world. I didn't find public speaking difficult and quite enjoyed it". He joined Sir Joshua's Association for the Advancement of Civil Rights (AACR) Party and having championed the idea of Gibraltar's potential for free association with the UK, he gained huge support for decolonisation to be a manifesto policy commitment at the 1984 AACR annual conference.

"But Sir Joshua, who was Chief Minister at the time – concerned, I assume, of how this might be incendiary, like a bombshell, in London - instead made it a vote of confidence. It was a case of either vote down my resolution, or he would quit. It was quite extraordinary – I was 24 at the time and I couldn't believe it - so he swung the vote against."

Montegriffo smiles: "I became quite wedded to the notion that Gibraltar should seek decolonization by retaining the Crown as the holder of our sovereignty, but effectively becoming jurisdictionally independent under the Crown. I even obtained an opinion from Sir James Fawcett, one of the pre-eminent constitutional lawyers in London, at the time, that confirmed free association would not breach of the Treaty of Utrecht under which Spain ceded Gibraltar in 1713 to the British Crown in perpetuity." This would be so, given that with free association there would be continuity of sovereignty held by the British Crown, Montegriffo notes.

He concedes: "Yes, I was probably seen as a bit of an upstart by some in the Party and some opposed my standing for election in 1984. But so far as Sir Joshua was concerned, I believe he always had a great deal of affection for me." Montegriffo didn't stand for election that year, failing to win enough support, but he recalls Sir Joshua saying as they walked from the meeting that he was 'sorry you lost the vote, but don't worry your time will come and I would have loved to have worked with you'.

Political success

By 1988 Sir Joshua had left and Montegriffo stood for election achieving the second highest number of votes for the AACR, and even though he was the youngest (aged 28) and newest AACR MP, he became deputy leader to Adolfo Canepa in Opposition. Joe Bossano, the Gibraltar Socialist & Liberal Party (GSLP) leader, became Chief Minister (and is the elder statesman in today's GSLP government).

"In the late 80's and early 90's there was a new sense of excitement. We really did think that opportunities were opening up for Gibraltar and this was a time when we could make history: Europe was redefining itself – Spain and Portugal joined the EU in 1986 and the complete opening of the frontier with Spain in 1985 meant Europe became a new reality for us. So it was an important time to make a public contribution", Montegriffo reasons.

Montegriffo quite enjoys public speaking

He wanted to bring about change in things that had long prevailed, rather than "simply shore up some of the features that endeared people to the place. In that sense I sided with a progressive agenda – I wanted to move forward and modernise; I felt the need to drag ourselves into a new space."

He sometimes regards himself as the first of the modern Gibraltar politicians: "If you look at the politicians before me, they had mostly come out of the war or pre-war generations, and were linked to either the trade union movement, or landed or trading families - there wasn't the sort of younger politician of middle class background that had simply made his way through life."

However, frustrated by the performance of his Party in not actively challenging the government, Montegriffo resigned his Party membership after two years and sat as an independent MP. Three months later he formed the present-day Gibraltar Social Democrats (GSD) with a group of activists.

Retreating into law

But having battled with both the GSLP government and the AACR opposition, he gained a high profile and, being "probably the most vociferous MP at the time", it led to "a crossroads in my life". In 1991, Hassans felt

Continued overleaf

his politics were at times putting the firm's business relationship with the government in jeopardy.

"It was suggested that I should consider what I thought more important, politics or my profession. The upshot was that I resigned from the House and simply retreated into a professional life."

Peter Caruana (now Sir Peter), who had joined the GSD after Montegriffo turned independent, won the bi-election in 1991 and became Leader of the Opposition a year later and Chief Minister in 1996 until losing the 2011 election to the present-day GSLP / Gibraltar Liberal Party Alliance (GSLP).

Montegriffo concentrated on his career and in particular, grew his profile and expertise in the financial services sector.

1986 frontier opening meant Europe became "a new reality", Montegriffo recalls

Yet four years on and he again turned to politics rejoining the Party in 1995, because he felt "we had to provide a strong alternative to the GSLP at the time". Hassans "wasn't too pleased", he reports, and "I was made to leave the firm, become a consultant and move to a separate office building, as I was considered too provocative, even though I was not then a member of the House."

Hassans' stance then is in marked contrast to that of today, with Montegriffo's fellow partners, Danny Feetham, being GSD leader in Opposition and Fabian Picardo, the GSLP Chief Minister, and Gilbert Licudi, all as ministers on partnership sabbatical.

Tight budget limits

In 1996 he again became an MP: he topped the poll but was the only Gibraltar politician not, as a result, to become Chief Minister. Instead he took the deputy role to Caruana and also became Minister for Trade and Industry, which included financial services, a sector where the territory "needed to shore up its credentials".

He created the Gibraltar Finance Centre Division to promote and develop the sector. Today, he asserts "it's performing much better than it ever has – it must be said – because it is better resourced, but it's also true that the challenges we are facing now are more complicated than ever before.

"So as well as performing much better, we are still working on a very tight budget. Other places, like Jersey and Guernsey "invest much more in this area, although admittedly they are bigger industries.

However, there is a lot to be done to build our capability, in particular with the UK – in a post-Brexit world and (even if it had not happened) the UK remains our major market."

He is convinced there is a great deal of further UK penetration possible and many opportunities by having more people spending time in London as is already happening.

"One of the dangers is that we may spread ourselves too thinly; London and the UK, Switzerland and some of the conventional markets still represent the lion's share of our work and we shouldn't deplete our efforts too much in speculative efforts elsewhere.

More resources are needed, he recognises, "even if it means that the private sector also contributes further as it does elsewhere and we do here – but not enough – so we can have a bigger focus on London and some of the core markets that might emerge when the Brexit deal becomes clearer".

But after completing one term, in 2000 Montegriffo again chose to step down as an MP, feeling "the style of government in Gibraltar had become quite centred on Peter Caruana's personality and his energy. I regarded myself as jointly involved in leadership, while Peter's approach was more presidential." He reasons: "If I was not going to be involved in the highest echelons of government - my time was better employed in law".

Leaving did hurt

It was a decision he admits, that upset - not to continue to play a role in Gibraltar's affairs.

"I've never been obsessively ambitious for any particular office, but it hurt, because there is no more valuable way to promote your community's interest than being in public office", Montegriffo explains. "I always say that when in any political project there is convergence between what you believe in and the community's view of the way ahead, a symbiotic relationship emerges - the authenticity of what you then do is enormous."

Instead, he ramped up his legal tasks, worked with government on commercial matters, and collaborated with Caruana and others to develop the jurisdiction's gaming industry in particular, which began to take off in the early 2000's. "The truth is that I found a great deal of value and satisfaction in supporting Gibraltar PLC through my professional work", he declares.

Despite all of the past political involvement, Montegriffo contends he is very far from a reluctant lawyer. But it is clear that he's torn on whether politics is the greater interest.

Montegriffo's possible third time in politics is something that people raise every now and then, and his usual response is "I really have no plans to return". He emphases this point: "I have no plans in mind to return", but then goes on, "but in my heart there is something emotionally that doesn't quite allow me to accept the finality of this conclusion."

Tempted to return

And then an admission follows: "If you were to ask me do I have any plans, the answer is definitely 'no', but if I were to be asked if I am tempted, the answer, definitely, very often is 'yes'.

"I haven't previously articulated it in this way, because it might suggest I am more disposed to do so than before. [But] I have got to a stage in life - and Gibraltar is facing some potentially uncharted waters with Brexit - where the thought of contributing becomes attractive again, because I think we are entering a phase in politics that is particularly complex."

Montegriffo continues to enthuse: "There is a lot to be done – it excites me – and it would be great to be more involved."

Describing himself as "an eternal optimist", Montegriffo, who has two younger brothers in Gibraltar businesses, cautions: "My main concern is not the external factors: my main concern is whether we have been lulled, through a very good life-style into a comfort that we must guard against; whether we, as a community, have retreated into being over indulged and, therefore, not best equipped to deal with changes as they come."

Looking at the post-Brexit vote challenges, he hopes his concerns are unfounded. "As we again respond to a new and changing landscape, our resilience, inventiveness and solidarity will be more important than ever."

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BREXIT: the Impact on EU Insurers' Passporting rights and the potential Gibraltar opportunity

By Derren Vincent, Managing Director of Willis Towers Watson

Following the decision by referendum for the UK to leave the European Union (EU), there remains uncertainty as to the impact this momentous decision will have on the Financial Services sector, certainly until there is greater clarity around what any future new relationship between the UK and the EU might be.

At the time of writing, it has been widely reported that Theresa May will formally begin the Brexit process by the end of March 2017. She has also promised a "Great Repeal Bill" in the next Queen's Speech, which will overturn the act that took the UK into the EU, removing the European Communities Act 1972 from the statute book. We also understand that the government propose to enshrine all existing EU law into British law.

Notwithstanding this announcement on the timing of triggering Article 50 of the Lisbon Treaty, there remains a major question over how long in practice the new UK relationship with the EU will take to negotiate. Solvency II, for example, took more than 10 years to negotiate even though it related to a single industry segment.

There is a two year deadline for the UK leaving the EU once Article 50 of the Lisbon Treaty is triggered, if of course the negotiations with the EU have not by then been concluded. Negotiations with the EU might however take less than two years, and provide for a shorter timeframe to exit. We can safely say therefore that insurers have a maximum of two years from the triggering of Article 50, to formulate and execute any contingency plan.

Hard or Soft Brexit?

At one extreme a "hard" Brexit could involve the UK refusing to compromise on issues like the free movement of people, leaving the EU single market and trading with the EU as if it were any other country outside Europe, based on World Trade Organization rules.

At the other end of the scale, a "soft" Brexit might involve some form of membership of the European Union single market, in return for a degree of free movement.

Whether or not the UK retains a free movement of services will impact on how UK and Gibraltar insurers will do business into the EEA in the future. EU insurers writing direct insurance into the UK are also equally affected,

Passporting

EU passporting allows insurers that are authorised to provide financial services in one European Economic Area (EEA) jurisdiction to provide them in another EEA jurisdiction without the need for authorisation in that second jurisdiction. It achieves this by permitting the provision of cross border services or the establishment of a physical presence through a branch office or agent.

The key question for many insurers throughout the UK and Gibraltar must be, therefore, whether they will continue to enjoy the current ease of access into EEA markets. However, EU insurers are also faced with similar concerns as to how they will access the UK market, with the City of London being one of the world's biggest insurance centres. We understand that there are over 8,000 'passports in' to the UK and circa 5,500 out.

The maintenance of access to European markets, in particular financial services, is a key objective for the UK in its negotiations,

Best case

- **Preservation of a similar cross-border regime by way of provision of services or establishment of a branch without triggering a requirement for a direct regulatory authorisation in the host state**

- **This undoubtedly will require the maintenance of a Solvency II regime for those insurers wishing to access EU markets**

Worst case

- **Full exit without ability to passport**
- **UK insurers will need to consider how they will continue to undertake EU business**

although certain EU leaders have already made objections to the UK's wish to "cherry pick" particular options and benefits.

It's not beyond the realms of possibility that a compromise will be reached, providing an arrangement that falls somewhere between the two extremes. It's also reasonable to surmise that the best case and any alternative case would require the UK to operate an equivalent regulatory regime. i.e. the continuance of a Solvency II equivalent regulatory framework for insurers who wish to access the EU market.

Who might be Affected?

Currently, over 90% of Gibraltar business is written into the UK so for the majority of the existing Gibraltar insurers, it is business as usual. It is also reported from the Finance Centre that licence applications and interest in the jurisdiction remains healthy since the referendum. Those affected, will therefore be insurers that are either:

- UK or Gibraltar based, and are directly writing consumer risks into other EU territories through the 'passport' provision as opposed to having a separate regulated entity in that jurisdiction; or
- EU based insurers writing UK or Gibraltar risks, without a separate UK regulated and capitalised entity.

Gibraltar - a special case

Gibraltar is within the EU, and complies with all applicable EU directives, by virtue of the fact that the Treaty of Rome applies to territories whose external affairs are the responsibility of a member state. Therefore the 'passport' for insurance business into Europe is affected in the same way as for UK mainland located insurers.

However, unlike the rest of Europe, Gibraltar's passport into the UK should be unaffected as this is derived through the 'bilateral' Financial Services and Markets Act 2000 (Gibraltar) Order 2001. So, writing insurance business into the UK is not driven by any EU directive given that this refers only to pass-porting between member states.

As mentioned earlier, it is arguably not unreasonable to think that continued access to the UK market will require Gibraltar insurers to have 'equivalence' status. That is, they will be subject to a set of Gibraltar regulations deemed equivalent by the UK regulator to its own rules.

For insurers who are considering writing business into the UK, Gibraltar therefore arguably offers a greater level of certainty compared to that provided by other EU jurisdictions, until such time as the results of the negotiations become clearer.

Indeed, should the worst case scenario unfold, Gibraltar could be well placed to facilitate through, inter alia our re-domiciliation legislation, access into the UK as a solution for those EU insurers without a presence in the UK.

Whether 'hard' or 'soft', changed Gibraltar legislation through Brexit might in addition stimulate some innovative regulation attractive to new entrants. For example, a two track regulatory system with insurers opting for either a SII/UK equivalent regime or an alternative set of regulations, may prove attractive to new licensees who do not require direct access to UK or EU consumers or whose relations with UK or EU insurers will be unaffected by any lack of 'equivalence'.

Such an alternative 'non-equivalent' regime may prove attractive for those captive owners whose appetite for reputational risk means that they want to be fully 'onshore' but without the capital burden of Solvency II. Reinsurers, side cars and other special purpose vehicles may also see benefits in a more tailored set of rules.

What Next?

Brexit is clearly a risk event for insurers, not just in terms of its effect on passporting, but also for the effect that the general uncertainty has had on financial markets, in turn affecting investments, long term technical provisioning, and ultimately solvency assessments. Good governance requires that the risk event should be considered appropriately.

With regard to passporting, insurers will have by now looked at their portfolio in terms of where the majority of their book is written and should have considered appropriate solutions should a hard or soft Brexit happen.

Given the recent announcements, contingency planning should work towards the maximum two year timeframe. It is important to understand the resource requirements and timescales involved, in particular with regard to any licence application and legal process relating to establishing a branch or re-domiciliation.

A watching brief should be maintained, in particular whilst the UK Treasury Committee enquires into Solvency II. The Terms of Reference include an assessment of the impact of Solvency II on the competitiveness of the UK insurance industry as well as the options that are created by the decision to leave the EU.

Therefore, while interest in Gibraltar remains strong and it remains business as usual for the majority of our Gibraltar based insurers, there is uncertainty over the exact nature of what form of regulation will continue post Brexit. However, the potential to create an attractive regulatory system that affords equivalence with the UK and EU, as well as affording innovation plays to the strengths of Gibraltar. Ironically, Brexit might be a catalyst for longer term growth in the insurance sector across a broader portfolio.

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These are the personal views of the author and are not necessarily the formal view of WTW

Recasting Gibraltar's appeal to encourage business opportunities
Continued from p6

one being EU compliant and the other offering being shaped to our needs and not being tied to EU rules, particularly in respect of fund administration and insurance with captives, for example."

Over-egged regulation

It's not that less regulation is being sought; that remains critical. "We want proportionate and sensible regulation", Montegriffo held. "There are times in regulation where you may overstep the mark: it is fair comment that there are aspects of EU legislation in financial services, but also more broadly, that probably have over-egged matters. Outside of the EU our collective judgment in Gibraltar is still probably to adopt and continue to apply many EU standards, but we will have more flexibility," he said.

Potentially, there were also "genuine opportunities in tax; State Aid rules mean we can't be as flexible in our tax system as we might otherwise consider to be desirable. For example, you cannot easily advantage a particular sector to attract a certain investment without giving rise to a State Aid problem under EU rules; outside of the EU we could probably incentivise certain businesses in a more targeted fashion".

At the present time, however, Reyes reported that uncertainty over the future meant people were reluctant to invest large sums of money and were being cautious. "They are taking stock of the way the world is developing. Having said that, we are still fielding enquiries, but it is all taking a bit longer. The interest in Gibraltar persists, because we are put on the reputable side of the line and people are therefore more open to us and willing to talk to us about the future."

Dual regime possible

Minister Isola agreed that a dual regime in certain sectors – funds particularly, but also possibly insurance - could work and presents opportunities. "It's not new, its what some jurisdictions already have and it seems to have worked for them with a regulatory framework for EU/UK business, and for non-EU activity it would be the same as the UK.

At the same time, the government is "working closely with one or two jurisdictions to facilitate single market access and with closer regulatory co-operation", he disclosed, but declined to reveal which countries were involved. There is speculation, however, that one possibility is Malta!

The government has asked the Chamber, Small Business Federation and financial services sectors to submit ideas for development following Brexit, "which could further diversify Gibraltar's vibrant economy". A Brexit working group will "explore every option to strengthen Gibraltar's economic position", declared Neil Costa, Minister for Business and Employment.

Start-up businesses particularly in software development are being encouraged by Costa through establishment of incubator and accelerator schemes, the government having already promised seed finance of up to £25,000 to support each development and progression of new businesses at a low 2% interest rate as part of a package of measures. He told a Gibraltar Startup Community meeting in October: "Land has to be the biggest bugbear and its possible that we will develop a block of flats and a block of offices for start ups. We are looking around the world for prototypes to enable us to prepare a vision."

A report is imminent and by 2019 he expected Gibraltar to become "the capital of the world for incubators and accelerators of small business. Just as with our having encouraged eGaming originally, we can do it now for small businesses."

Streamline immigration

In the opinion of Mike Nicholls, Chestertons (Gibraltar) Estate Agency managing director, "the financial technology sector (FinTech) is of specific interest to Gibraltar as it is in rapid growth mode worldwide and transcends our two main industries, gaming and finance". Those businesses generally are start-ups founded to create new automated financial systems

"We need to streamline our processes for immigration of key workers… and we need to market our fiscal incentives much better than currently. Post Brexit, we cannot afford to be a hidden secret", he maintained.

Becoming a centre for businesses involved with Bitcoin, a digital electronic currency and payment network gaining popularity, is another target area and a regulatory regime is being developed with the Financial Services Commission, which, Isola said, would be implemented before year-end.

Switzerland, which is probably the second largest introducer of business after the UK, has long been a target area for Gibraltar financial services and hosts an annual Gibraltar Day. In September, Isola led a team to Zurich that met 100 professionals in funds, asset management and private client work. "It was important we went to signal that it's business as usual and there remains an awful lot of interest".

Gibraltar's long-awaited first Double Taxation Agreement (DTA) is also imminent. "We have pretty much now got a DTA wrapped up, which is in the new format – the one we are finalising is a post-BEPS (base erosion and profit shifting) DTA, which with OECD initiatives, I think it fair to say will be the way forward for all countries now", Minister Isola revealed. "It has now been signed off at a technical level by both jurisdictions and I would expect political approval to be given in November" A second proposed DTA forms part of Gibraltar's Brexit negotiations with the UK.

He set aside thoughts of expanding the marketing team to promote the 'gateway' approach. "We need to take a step back and have a look at where we want to progress and then have a serious discussion on how, which includes other product lines, business environment, regulatory and tax, and a proper marketing platform; that could mean a bigger role for Gibraltar Finance.

No more a "hidden secret', says Mike Nicholls, Chestertons managing director

"We hope early next year we will know what we want to do and changes we want to make with a short timescale thereafter to make those changes. I would hope that by the time the UK initiates Article 50 [triggering with the EU the UK Brexit process] at the end of the first quarter of 2017 we will be out and about."

Ray Spencer

Association of European Lawyers AGM at the Sunborn Hotel

Gibraltar law firm Triay & Triay hosted the Annual General Meeting of the Association of European Lawyers (AEL) at the end of September

The event was a great success with over 40 lawyers attending from the various member firms.

AEL was established in 1989 and is one of the leading networks of independent law firms in Europe. There are approximately 40 member firms from difference European jurisdictions. Each law firm is independent and well established in its jurisdiction. Triay & Triay is the representative firm from Gibraltar and has been a member since AEL's inception.

AEL firms are well known, well

resourced professional law firms who are selected and monitored by the AEL Executive. AEL operates a Code of Conduct which member firms subscribe to.

The current countries covered by the network include Austria, Belarus, Belgium, Bulgaria, Channel Islands (Jersey and Guernsey), Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Iceland, Ireland, Isle of Man, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, The Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovak Republic, Spain, Sweden, Switzerland, Turkey, Ukraine and the UK, including firms from England, Scotland and Northern Ireland.

This year's AGM was topical given the Brexit Vote and the repercussions this has. The guest speaker was Ray Hammond. Ray is a well known futurist and gave an inspiring keynote speech on the Key Drivers of the Future. There were then break out groups where delegates considered and discussed likely future changes to the business and practice of law in light of technological advancement and globalisation. These discussions covered drones, driverless vehicles as well as the Block Chain and Artificial Intelligence. Delegates also considered the possible "ubering" of legal services.

> **This year's AGM was topical given the Brexit Vote and the repercussions this has**

Charles Simpson, a partner at Triay & Triay commented on the event: "Triay & Triay was selected by the AEL Executive this year to host the AGM and welcomed the delegates to Gibraltar. Many of them had not been here previously and it was an opportunity to show the delegates the Rock. Aside from the formalities of AEL business, the AGM provides a suitable forum to meet our colleagues and discuss a wide variety of issues common to us all. This year the hot topic was Brexit and its implications. AEL is important to us as a firm because it benefits our clients. We know lawyers personally in a wide variety of other jurisdictions who are experts in their fields and can readily assist when such assistance is required by a client. We are proud to be have been a member of AEL for over 20 years and to be Gibraltar's exclusive member.

Such membership is consistent with our pedigree as a leading firm locally. The Association also provides training for younger lawyers and we encourage them to participate in training seminars organised by AEL."

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Association of EUROPEAN LAWYERS

BUSINESS ROUND UP

EY Scholarship Programme

EY (Gibraltar) launched its Scholarship Programme in October, announcing Ryan Rowbottom as the first EY Scholar.

The Scholarship programme provides students with £1,000 per year to support their studies and two years of summer placement with the company.

Ryan will be reading Accounting and Finance at Bath University and he commented: "The EY Scholarship Programme will support my growth as a professional through this critical period of study, whilst also exposing me to life in the office environment, working with clients".

Dale Cruz, EY Executive Director, remarked: "We believe that we can play a significant role in encouraging and nurturing that future talent and our Scholarship Programme is one element to this".

NatWest announces new senior appointment

NatWest is pleased to announce that Amanda Eccleston has been appointed Country Head of NatWest (Gibraltar) and she will succeed David Bruce, who held the role for over three and a half years. David is now the Head of Corporate & Commercial Coverage at Royal Bank of Scotland International.

Amanda first joined NatWest (Gibraltar) when she was seventeen years old and she began her career as a Customer Services Officer. During her twenty seven years with the bank, she has been appointed to a wide range of roles, including Premium Banking Relationship Manager, Head of Retail Banking and most recently, Head of Conduct & Regulatory Affairs, a post she held for ten years. She is also the banks representative for the Gibraltar Banking Association (GBA) and since 2012 has been a member of the Executive Committee leading on all regulatory matters.

She commented: "I am delighted to have been given this opportunity and thank David for his leadership and support during his time as Country Head. In my many years with NatWest, I've learned to appreciate the banks pivotal role in meeting the needs of its business and retail customers. I will be looking to build on those customer relationships, working closely with our experienced teams, whilst helping to ensure the bank continues in its wider support of the local community."

Gibraltar's ranking on Global Financial Centres Index

The latest Global Financial Centres Index (GFCI) ranking results released in September by the Z/Yen Group, has seen Gibraltar climb six places to 55th place, since the previous index released in March.

Z/Yen Group's latest index also places Gibraltar among the fifteen centres most likely to become more significant – meaning Gibraltar is viewed as an increasingly promising financial centre over the next few years. Besides Luxembourg, Gibraltar is the only other European financial centre that appears in the list of future most significant centres.

This demonstrates that despite the short term concerns over Brexit, international business perceive Gibraltar's economy and finance centre to be even stronger and more influential in the long term.

The GFCI ranks the leading financial centres around the world and is published twice a year, in March and September. It compares the competitiveness of eighty seven financial centres by looking at attributes such as business environment (regulation, corruption, legal system), human capital, taxation, infrastructure, reputation and financial sector development.

Chief Minister hosts Gibraltar reception

The Chief Minister, Fabian Picardo MP, in October hosted the traditional Gibraltar reception at the Conservative Party Conference, which was held in Birmingham.

HM Government of Gibraltar

The reception was also attended by the British Chancellor of the Exchequer, Phillip Hammond MP, who spent considerable time in discussion with Mr Picardo. Also in attendance was Robin Walker MP, from the Department for Exiting the European Union, who spoke at the recent Westminster Hall Debate on Gibraltar.

Mr Picardo commented: "As is usual at the Conservative Party Conference, we had a huge attendance. The speech from Dr Liam Fox was fantastically supportive and clear on the issue of Sovereignty, and came with warm regards for Gibraltar from the British Prime Minister herself. The Chancellor was also able to make time to attend and to convey his good wishes and his understanding of the issues Gibraltar faces.

Having been Foreign Secretary and having recently visited Gibraltar, he is an important friend of Gibraltar at this difficult time. It was clear to me that Gibraltar was surrounded by good friends at the conference and that they are listening to our concerns."

'Think Pink Day' and 'Walk for Life'

In October, the Gibraltar branch of Cancer Research UK organised the traditional 'Think Pink Day' and 'Walk for Life' event, which is now in its sixteenth year. The Think Pink Day is an event in which people are encouraged to wear an item of pink clothing to raise awareness of breast cancer.

CANCER RESEARCH UK

Over 900 people took part in the Walk for Life event and the organisers said they were 'overwhelmed' with the fantastic turnout, that raised £8,221 for the charity. The fun five kilometre event started at Casemates Square, then Main Street, Queensway, Europort Avenue and back to Casemates.

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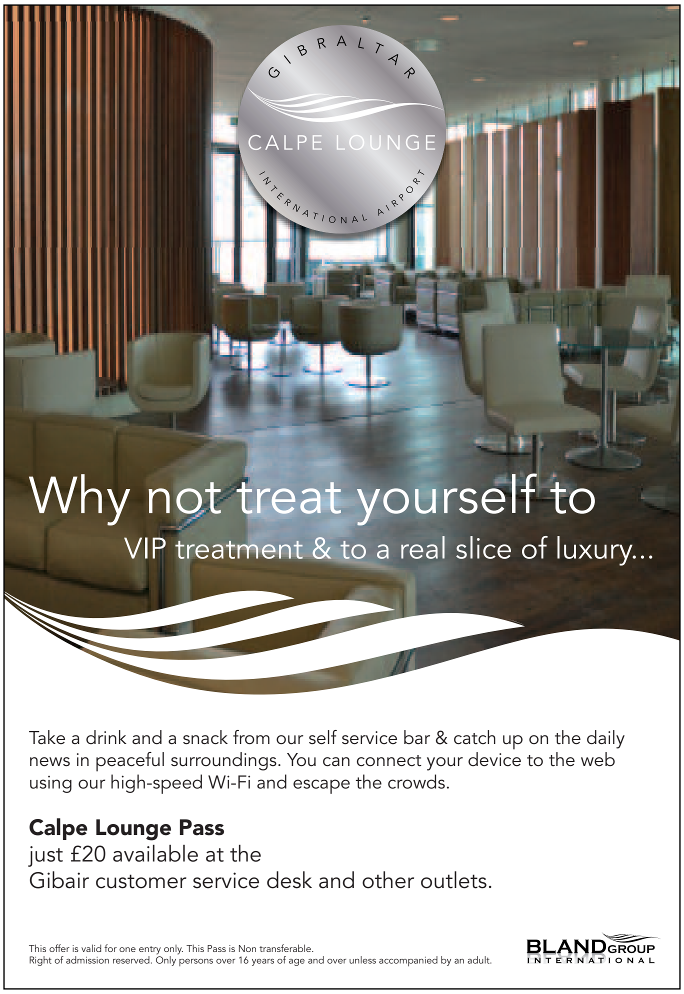

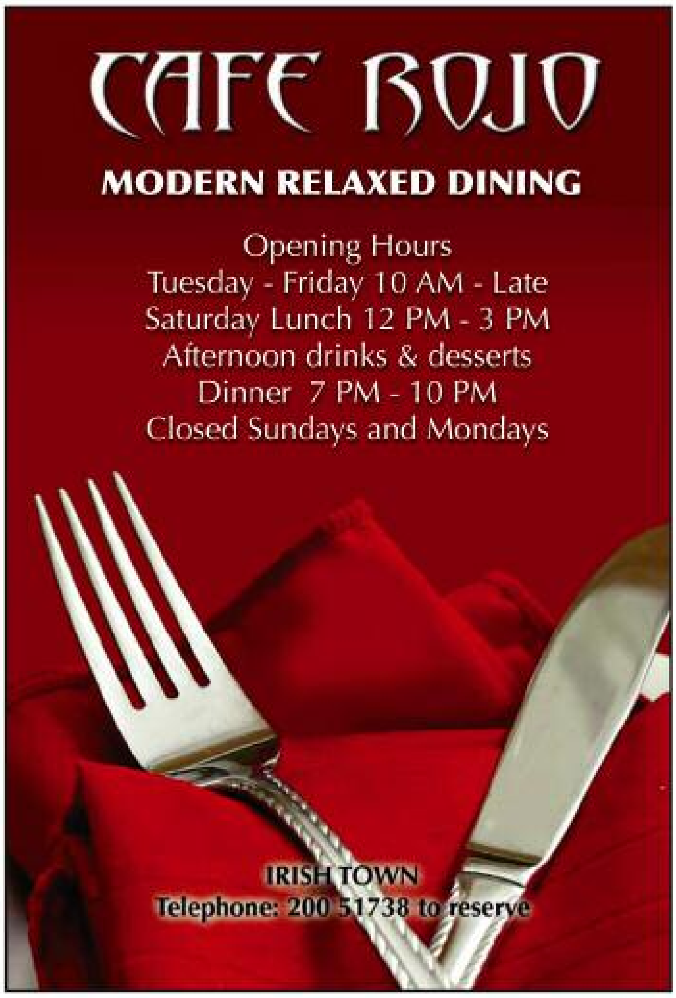

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