Feb/March/April 2015

GIBRALTAR INTERNATIONAL

FINANCE ■ INVESTMENT ■ BUSINESS

Listing on GSX, Gibraltar's new stock exchange

Sponsors

Gibraltar International Magazine is grateful for the support of the finance industry and allied services (with the encouragement of the Finance Council) in the form of committed sponsorship.

We would like to thank the following sponsors:

GIBRALTAR FINANCE
Tel: + (350) 200 50011 • info@financecentre.gov.gi
www.gibraltarfinance.gi

DELOITTE
Tel: + (350) 200 41200 • info@deloitte.gi
www.deloitte.gi

EUROPA TRUST COMPANY LIMITED
Tel: + (350) 200 79013 • info@europa.gi
www.europa.gi

HASSANS
Tel: + (350) 200 79000 • info@hassans.gi
www.gibraltarlaw.com

GRANT THORNTON
Tel: + (350) 200 45502 • enquiries@gi.gt.com
www.grantthornton.gi

EY LIMITED
Tel: + (350) 200 13200 • info@gi.ey.com
www.ey.com/gi

PIRANHA DESIGNS
Tel: + (350) 200 45599 • web@pdg.gi
www.pdg.gi

GIBRALTAR INSURANCE ASSOCIATION (GIA)
Tel: + (350) 58452000 • chairman@gia.gi
www.gia.gi

CREDIT SUISSE (GIBRALTAR) LIMITED
Tel: + (350) 2000 4000
c.s.g.mail@credit-suisse.com
www.credit-suisse.com/gi

BANGOR BUSINESS SCHOOL
Tel: + (44) 1248 365966
charteredbankermba@bangor.ac.uk
www.charteredbankermba.com

QUEST INSURANCE MANAGEMENT LTD.
Tel: + (350) 200 74570 • info@quest.gi
www.quest.gi

ISOLAS / FIDUCIARY GROUP
Tel: + (350) 2000 1892 • info@isolas.gi
Tel: + (350) 200 76651 • info@fiduciarygroup.com
www.gibraltarlawyers.com
www.fiduciarygroup.com

GIBTELECOM
Tel: + (350) 200 52200 • info@gibtele.com
www.gibtele.com

KPMG
Tel: + (350) 200 48600 • Info@kpmg.gi
www.kpmg.gi

SAPPHIRE NETWORKS
Tel: + (350) 200 47200 • info@sapphire.gi
www.sapphire.gi

TRIAY & TRIAY / T&T MANAGEMENT SERVICES LTD
Tel: + (350) 200 72020 • info@triay.com
Tel: + (350) 200 76108 • enquiries@ttms.gi
www.triay.com • www.ttms.gi

BDO LIMITED
Tel: + (350) 200 47300 • info@bdo.gi
www.bdo.gi

SG HAMBROS BANK (GIBRALTAR) LTD
Tel: + (350) 2000 2000
gibraltar@sghambros.com
www.privatebanking.societegenerale.com/hambros

GIBRALTAR INTERNATIONAL

Feb/March/April 2015
Volume 21/ Number 1

Contents

News p6
Tax agreements in 'fair play' bid to neuter black lists

Stock Exchange p8
Listing on GSX, Gibraltar's new exchange

Regulation p10
Swift-to-market enabling decisions can also mean a fast license 'no'

Philanthropy p14
The Philanthropic Rock

Profile p16
Unforgiving focus on priorities gets results

Accountancy p20
A head for figures

eCommerce p22
Balancing benefits and risks for supporting crypto currencies

News p25
Clash over central information sharing scheme

Business p26
Ready, Steady, Start-Up!

Business round up p28

Editorial Comment

Maintaining EU connections provides 2015 challenge

The concept of 'fair play' is very much a British thing, so we should perhaps be unsurprised that various countries around the world seem oblivious to the idea – and feel able to change the game – ignore it even – whenever the opportunity arises. Such is the situation British Gibraltar finds itself in when dealing with various countries over tax.

More than two years ago, the then financial services minister told me of his expectation for the imminent removal of this jurisdiction from a handful of countries' so-called tax 'black lists', a hangover from the derogatory 'offshore tax haven' label of yesteryear. In 2015, Gibraltar still "expects" to make progress according to the present Minister, Albert Isola, to end this discriminatory practice.

Italy has been high on the target list and – like a half dozen or so other countries - still has not yet fully accepted that The Rock's record and preparedness for tax transparency is amongst the highest in the world; the OECD rates Gibraltar tax information exchange performance equal to the UK and Germany, for example, and the territory was an early adopter in full of the EU Tax Information Exchange Agreement Directive.

Portugal too promised early remedial tax 'black list' action in 2012, but then changed the game by implementing a different interpretation of acceptable countries with a new formula relating to comparative corporation tax rates that in theory would adversely affect Ireland, Malta, Luxembourg and other countries, but in practice is unfairly only applied to Gibraltar.

It is hard to see just what these countries – all part of the EU and therefore having a shared policy and acceptance of each other – hope to gain by adopting discriminatory tax measures; perhaps to appease Spain's ideological and political campaign over 'ownership' of The Rock.

There's hope too of establishing Double Taxation Agreements with several countries to ease doing business with Gibraltar companies in some situations, which must be good news for this New Year.

But 2015 holds other challenges for the finance and gaming sectors that account for nearly half of Gibraltar's economy. Public disclosure of beneficial interests in companies, and maybe also trusts, is a looming issue with Gibraltar holding out against a centralised registry amid security and legal concerns. That position mirrors the ones taken by Bermuda and Cayman Islands recently in going against UK Prime Minister David Cameron's call for Overseas Territories (OTs) to also establish central public registers. Unlike other OTs however, Gibraltar as part of the EU, could be forced to adopt such measures if present plans to extend the Anti-Money Laundering Directive are passed by the European Parliament this spring.

A continuing issue in 2015 will be how Gibraltar will be affected should a proposed UK referendum next year result in a move to leave the EU. This along with other EU-related matters – not least the edge given by being able to 'passport' services throughout all 28 Member States – will be targets for the planned Gibraltar lobbying office in Brussels from Spring. Gibraltar's government is undertaking an in-depth economic analysis "in order to best calibrate our response to such a potential challenge in the future", as Chief Minister Fabian Picardo, put it in a New Year message.

Ray Spencer

Published by
Gibraltar International Publications Ltd.
G7 Cornwall's Centre
PMB 104, PO Box 561
Gibraltar

Editorial enquiries
editor@gibraltarinternational.com

Advertising enquiries
sales@gibraltarinternational.com

Design bilgoker@gmail.com

UK Agent: Tel: + 44 (0)1993 703560

News

Tax agreements in 'fair play' bid to neuter black lists

The OECD 2nd stage Peer Review of tax information exchange in practice, has judged Gibraltar "largely compliant", with just three aspects still to be remedied through law changes this year.

That rating puts Gibraltar on a par with the UK and Germany, but is in marked contrast to some other major financial services centres such as Luxembourg and British Virgin Islands, both labelled "non-compliant". By October Gibraltar had signed 135 tax information exchange agreements (TIEAs) - 80 of which are active - with a total of 101 countries.

Now Gibraltar is getting tough with countries that continue to have it on tax 'black lists', and it is also pressing for a series of double taxation agreements (DTAs).

Local companies have identified six countries as priority for a change in status. Two – Estonia and Canada – have taken steps to remove the Rock from, respectively, an unofficial black list and being classed as "a non-qualifying" country. Romania has just ended Gibraltar's black tax listing.

Over recent months, Gibraltar Finance – the government-led marketing and promotion arm – has written to 75 countries worldwide asking if they have a 'black list', whether Gibraltar is on it and what more must be done to be removed. The action forms part of a wider initiative to ensure Gibraltar gets treated equally in dealings with other countries – a level playing field.

As Financial Services Minister, Albert Isola, explained: "We still appear on black lists. Leaving Spain aside (which is totally unfair), in November we came off the Estonia and Canadian lists; we met with the Italian Ambassador in December and expect in February to come off that country's list, and we've worked closely with the UK government on [changing the situation in] Portugal and France."

Countries previously classed as overseas tax havens usually meant being on a tax 'black list' - although few countries call them that - and Gibraltar lacked TIEAs with those jurisdictions; the lists apply generally in countries that operate "preferential" tax regimes with a higher level of taxation on businesses from black listed countries. Portugal is an example, where companies effectively are discouraged from doing business with Gibraltar companies if they face higher levels of taxation.

Greece, also within the EU where multilateral tax information exchange applies universally, has Gibraltar on its 'black' list. "It is sometimes argued that there is no actual damage to Gibraltar companies caused by being on the list, but because it can be interpreted as a negative status, some businesses are put off dealing with our firms", Jimmy Tipping, Gibraltar Finance director, maintains.

Within the EU there should be no barriers or impediments as in the case of insurance companies passporting throughout Europe. Sometimes it is more subtle; a particular benefit may not be available to black listed countries.

It is recognised that some countries may not realise that Gibraltar has tax agreements in place through the EU Directive and all ambassadors have been alerted to Gibraltar's strong TIEA record.

Changing stance

Although progress is being made, some countries have introduced new discriminatory barriers. After a tax agreement was ratified with Gibraltar, Portugal changed its stance, saying if a country has a tax rate less than half that of Portugal, then it is 'black listed', so 50% of Portugal's corporate tax rate is 13½%, which compares with Gibraltar's 10% level. (However, other countries with similarly low business tax rates – Ireland, Luxembourg and Malta, for example - are not on the list!)

Minister Isola told *Gibraltar International*: "It is a huge focus for us this year to be treated fairly by the jurisdictions that told us 'if you enter into exchange of information mechanisms with us and ratify them, we will remove you from the list'. We do that – implement and ratify – and then they start moving the goal posts to change things."

France, although not a priority at this time, has a list that means Gibraltar companies face a higher withholding tax rate, which would have been higher still had a French TIEA not been signed. A DTA would remove Gibraltar from the list.

However, DTAs present other difficulties. They work best where countries have a similar type and level of taxation; the cake can be divided down the middle, each getting whatever is owed from the other.

Nevertheless, Isola revealed: "We are working extremely hard on DTAs - the private sector is very keen on them - and we expect to have two under our belt in the first quarter of 2015." Asked if DTAs were necessary given the plethora of TIEAs, he observed: "I have my own personal reservations, but I listen to the sector and I work with them closely and they believe there is good reason to go down this route."

DTAs client driven

One of the first DTAs is likely to be with the UK, because, as Isola explained: "When we speak to an EU country and say we would like a DTA, they first ask whether we have one with the UK." The case for DTAs is client driven; it is easier for Gibraltar businesses to say there are DTAs in place and there is also a network of international tax agreements.

A continuing concern is the possibility that the UK - and therefore Gibraltar also - may leave the EU, something Isola believes will not happen. That didn't stop Gibraltar's Chief Minister, Fabian Picardo, telling BBC Radio 4 listeners at the start of this year: "Of course Gibraltar would always be able to survive, but I don't think Gibraltar would be able to thrive economically should we be outside the EU as we are able to thrive today.

"We can tell businesses from third countries to come to Gibraltar to access the EU and create jobs here much as you might see is the case in the UK, where a Japanese car company might access the EU through a production facility that creates jobs in the EU", Picardo pointed out. The idea that the UK might vote in 2016 to leave the EU he described as "an existential issue" for Gibraltar.

The government is preparing an economic study on the potential effect of loss of EU status and what might be done, and consulting with the Chamber of Commerce and the Small Business Federation.

"But remember that in 2017 we will have automatic exchange of information with 54 countries and in 2018 another 34 in addition, so we will have close to 90 countries in total and that has the world pretty much covered", Isola noted.

Ray Spencer

Listing on GSX, Gibraltar's new exchange

By Joey Garcia, a Financial Services Partner at ISOLAS and Chairman of the Gibraltar Funds & Investments Association (GFIA). He was the advisor to GSX Limited through its authorisation process

With Listing Members now signed up and approved, and listing applications being filed with GSX Limited (GSX), interest is turning towards the listing process itself. What are the benefits and how does the listing process work?

GSX was granted its authorisation to commence its operations as Gibraltar's first ever regulated stock exchange on the 10th October 2014 with the listings business expected to commence during the first quarter of 2015. GSX currently operates as a listing only exchange for open-ended funds that are licensed, registered, authorised and/or regulated as a Collective Investment Scheme (CIS) by a competent authority empowered to supervise financial services in a GSX recognised State. To that end, GSX is a regulated exchange that operates in many ways as a European fund distribution platform. Some allocators are restricted from investing a % of a fund or clients assets in vehicles that are un-regulated or unlisted and GSX provides a straightforward solution to a European listing option for a fund. Similarly, a listing can form an important part of any investors due diligence process on a fund and the approval of a regulated exchange, support from a Listing Member (or 'sponsor'), and approval from the listing authority can provide a strong message to potential investors.

GSX offers a simple, cost effective, and professional listing option for a fund in a European jurisdiction. In the most recent independent Global Financial Centres Index (16th Edition) Gibraltar ranked higher than the Cayman Islands, Malta, the Isle of Man or Jersey as a Financial Centre.

The advantages of a GSX listing

GSX provides a secure platform for investors and managers to come together, and it delivers a reliable, fast to market, and cost effective service that enables applicants to market to investors looking for greater transparency and visibility through an EU listing.

The GSX portal allows investors to filter their searches by individual or multiple criteria in order to identify their preferred choice of investments including geography, asset class, manager, and currency.

Over time, GSX plans to adopt a graduated progression to a full service stock exchange providing trading and execution services across a wide range of products, but not limited to debt and equities.

Listing of open-ended collective investment schemes: need to know

Other than the conditions specified in the CIS Code, the following general conditions must be met for those wishing to apply for listing:

- An applicant must be duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment of a GSX Recognised State, and must operate in conformity with its Constitutive Documents.
- An applicant must be an Open-Ended Fund and must be regulated by the Competent Authority of a GSX Recognised State or be otherwise acceptable to GSX Limited and the Listing Authority.
- An applicant must have audited accounts for the last financial year.
- An applicant may not change its principal investment objectives and policies as set out in its Listing Particulars unless the consent of the unit-holders representing a majority of the Units of the applicant that are in issue has been obtained in advance.
- An applicant must not be permitted to issue bearer shares and/or Units under its constituting documents.
- The applicant must satisfy GSX and the Listing Authority that its Controllers together with any appointed investment manager have sufficient and satisfactory experience in the management of investments of the type in which the applicant intends to invest, or currently invests.
- The Controllers of the applicant must be able to demonstrate their ability to act independently of any appointed investment manager of the applicant.
- The aggregate market value of the Units of an applicant must be at least €1,000,000 or the foreign currency equivalent within 12 months of the applicant's launch if the applicant is a new Fund, or above €1,000,000 if the Fund has been active for more than 12 months.
- Once listed, an applicant must continue to comply with all requirements of the CIS Code.

Application process: an outline

Typically, the fund will select a Listing Member (who are approved by GSX, and listed on the GSX website). The Listing Member will manage the application process adhering to the application for admission to listing set down in the CIS Code.

The Listing Member is then responsible for dealing with GSX on all matters relating to the listing application and will work closely with their advisors and the applicant in preparing the applicant for listing. The Listing Member will also work with the applicant post-listing in ensuring that the applicant is aware of and adheres to its continuing obligations, fulfilling its regulatory responsibilities.

The applicant will require that its Listing Particulars comply with the GSX requirements. This will involve the disclosure of detailed information relating to the fund and its business, including the fund's controller names and contact information, its location, legal status, investment strategy and assets under management.

Once an application has been completed and submitted, membership is then considered by GSX's Membership Committee. Documents that need to be submitted include the application for the listing, as well as a completed checklist, and the listing particulars which will need to be compliant with the Listing Code. Once the application is completed, GSX will then consider the application and, once approved, deliver this to the Listing Authority.

www.gibraltarlawyers.com

ISOLAS 1892

Swift-to-market enabling decisions can also mean a fast license 'no'

Gibraltar's financial services sector has been reassured that changes this year to the structure and operation of their Regulator will mean a speedier service and more face-to-face contact, but at the same time there will be greater emphasis on enforcement

In a series of six December presentations to more than 300 people, the Financial Services Commission (FSC) has emphasised the rationale for its restructure from January is "to strengthen and reinforce the FSC so it is easy to do business with – being safe through being on top of risks, and achieving swiftness to market".

As Samantha Barrass, FSC chief executive, explained: "It is better for us to be able to make a quick decision, including decisions to say no; we will only authorise safe applications.

"If someone comes to us with a poor application, not properly thought through – perhaps the business plan doesn't stack up, risks not fully covered, or having an insufficient range of competences required to operate, for example – then we will say so at an early stage."

In practice, the more complicated the application - the new retail Gibraltar International Bank (GIB) which is preparing to launch in Spring, and the newly licensed Gibraltar Stock Exchange (GSX), for example - the more critical it is that the FSC and applicant prepare jointly a 'to do' list from regular meetings together.

Some applicants have been told early in the process that they must "get a grip on the issues" and that they need to do more work. A potential insurance intermediary application and two company applications for example, were voluntarily withdrawn by the applicants following discussions with the FSC, which otherwise would have formally declined them.

Currently, within insurance sector the authorisation team is considering three extensions to current insurance company licenses, three new insurance company applications and one new intermediary, having already since mid-year granted for example, extensions to one intermediary' license and four insurance company licences.

Since June, the FSC in other financial services areas has approved 78 new applications and four extensions and is working on 33 new applications and 3 extensions to licensable activity.

The new structure sees a shift from sector specific teams, (insurance, funds, banking, for example), to establishment of specialist teams and a strengthening of disciplines in the four areas of authorisation, professional services, prudential and conduct of business.

Getting a grip: Samantha Barrass, Gibraltar's financial services Regulator.

Mrs Barrass is supported by three new heavy weight director level roles - legal, enforcement and policy; regulatory operations; and strategy and planning - and in part it is a reflection both of her desire to ensure greater focus on identification and management of risk, as well as addressing industry concerns at a perceived lack of involvement in some areas. The FSC will now regulate insurance intermediaries, from a conduct of business viewpoint and initially will cover financial advisers in the pensions area.

"There is a depth of knowledge on each financial services sector in the authorisations team of eight people for example, and now each firm has a nominated FSC contact person, similar to a relationship manager, who will be working in one of the teams - professional services, conduct of business or prudential", Mrs Barrass declared.

Some insurance companies early last year felt that the FSC may not have been on top of the issue of Solvency II, which will fundamentally change the capital adequacy and risk management regimes for the European insurance industry by establishing a harmonised set of EU-wide capital requirements and corporate governance and risk management standards.

This perceived lack of direction fuelled frustration with the FSC, particularly as some insurers were having difficulty in preparing for the capital sufficiency requirements in relation to possible claims levels by the time Solvency II is enforced from next January, but in large part EU indecision had hindered progress. The capital issue remains for a handful of Gibraltar insurers to resolve.

Since June, Ken Hogg, a former Director of the insurance sector at the UK Financial Services Authority, has been the FSC lead on Solvency II requirements "and as a result, the insurance industry in particular has seen a step change in our approach", Mrs Barrass maintained. "With the additional resource, we have had much more time to work with people, in their offices and in ours."

She explained: "The key in all of this is to move away from Email ping pong to establish facts, an approach I find is unproductive and caused us some concern. The fact is that some members of our team are better at financial analysis work, while others excel at being front facing, meeting people and dealing face-to-face, so staff are being moved into those roles which they enjoy and feel comfortable with in their respective teams."

Mrs Barrass recruited Joe Perdoni, who had 20 years experience with heavy hitting insurance companies having started out at Lloyds of London and held senior insurer roles, including responsibility for compliance, risk management and internal audit in licensed firms to bring "a greater appreciation of both the industry and regulatory viewpoints; his dealings with companies are in a tough love sort of way".

Perdoni's appointment as head of

Continued page 12

Continued from page 10

prudential supervision takes in the new GIB, and comes against a backdrop of likely further growth in the depth and breadth of the insurance sector, amongst others as the government proposes.

Kathryn Morgan had a senior role at the UK Prudential Regulation Authority having joined the UK Financial Services Authority in 2007, and from October has been the new FSC director of overall regulatory operations.

Andy Baker, former chief executive of Gibraltar's Argus Insurance (Europe) and a past president of Gibraltar Insurance Institute, is assisting the FSC on a temporary basis, but will continue for at least another year. He recently wrote guidelines to enable the fast-developing Insurance Linked Securities market to become established in the jurisdiction and has helped senior FSC staff get to grips with the ways in which such new risks must be managed. "Until we are more familiar with that sector, we are involving more senior staff in the early authorisation stage to ensure that mind, management and competencies are in Gibraltar", Mrs Barrass declared.

She has emphasised that whilst supervision remains a key function, the FSC does not want to be a barrier to new business development. "If you have a tick box approach to Regulation you can end up being a block to the development of good business, but by meeting with the people involved, we can often get around mind and management by thinking 'outside of the box', finding temporarily but still compliant solutions that allow a firm space to manage initial costs, whilst the business develops", she said.

"The senior staff members are competent, experienced and confident in what they do. They can think creatively on how to get things going in a safe way without having to block new applications", the Regulator told *Gibraltar International*.

New service level standards well below the general six months' statutory requirements have been promised to meet the territory's speed to market aim. "But being realistic, there are two parts that need to perform in this process – the FSC's handling and the applicant's quality of submission - to ensure those timescales are achieved. Also out of our control, is sometimes the timing on checks that need to be made with third parties, such as regulators in other jurisdictions," Mrs Barrass emphasised.

> A tick box approach to Regulation can end up being a block to the development of good business

FSC Chairman, John Tattersall, when unveiling the licensing authority's 3-year Strategic Plan in October, said: "The context for the plan is a fast developing and moving environment, where international and European standard setting bodies, the financial services industry and other stakeholders, are setting future challenges the FSC needs to be well positioned to meet."

A separate enforcement function has been introduced to ensure a more efficient regulatory operation overall; significant time previously was spent on non-compliance activity – chasing late payment of fees and imposing financial penalties, for example - which now will be directed and undertaken in-house by a specialist team.

On enforcement, the FSC Strategic Plan is succinct: "We will take a proportionate approach to supervision, that allows us to focus on the bigger issues and higher risks across the financial services industry, specific sectors or within individual firms, and will be proactive in acting or intervening where appropriate earlier and decisively."

Recruitment is current for all three key positions in the new enforcement directorate, including the new director of legal, enforcement and policy. "The person in that role will be supported by a specialist head of enforcement, also being recruited, both hopefully coming from Gibraltar's legal profession. We require professional people in these roles and it sends a clear signal that we mean business, that there is a new emphasis", Mrs Barrass declared.

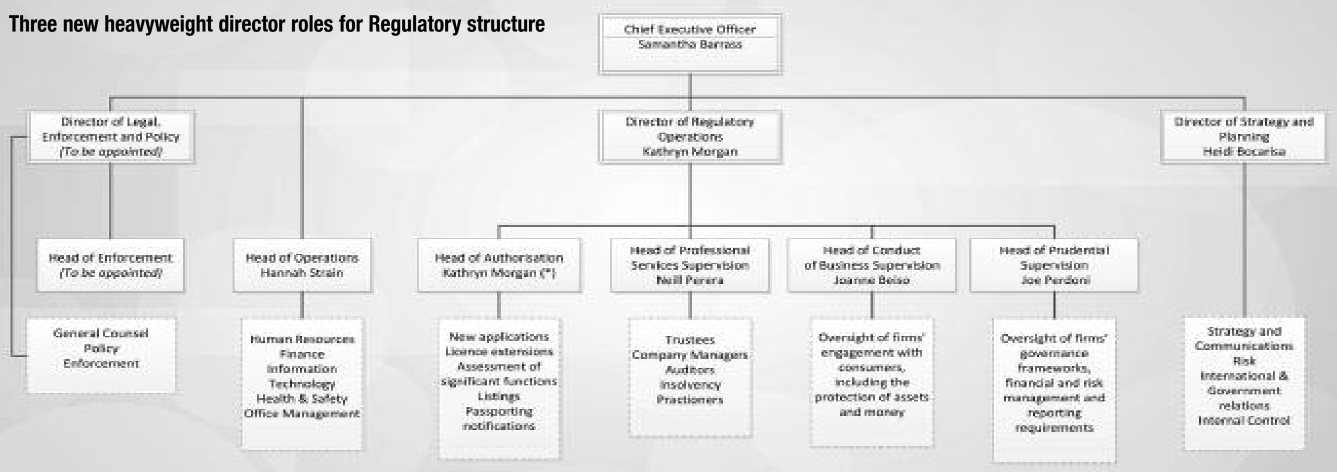
"We have been building up to implementing our new structure since I arrived early in the year to be effective in identifying and addressing risk to the delivery of Gibraltar's reputable financial services", the Regulator stated.

The Commission's headcount has risen from 47 people in March to become 61 early this year and as a result, the Commission's budget for the current year is rising by up to 20%, funded partly through annual fee increases, with the interim shortfall made up by a government keen to broaden areas of the finance centre which the FSC must regulate.

"We might want to do it (provide a license to operate) in 48 hours, but we have got to be realistic and ensure that it is not just tick and turn Regulation – each submission must go through a proper process," Mrs Barrass concluded.

Ray Spencer

Three new heavyweight director roles for Regulatory structure



The Philanthropic Rock

By Trino Cruz, on behalf of The Gibraltar Philanthropy Forum

Philanthropy is about positive change, about conviction that there is much that can be done to improve the world we live in. There is no blueprint on how this should be done, but what has clearly been established is that if philanthropy is to address some of society's more complex and slippery problems, flexibility and innovation are required.

We can sense that there is a powerful movement globally in which philanthropic considerations are extending their reach deeper and deeper into our lives, impacting individuals as much as organisations and corporates, large and small. There is a growing awareness that if we align our efforts and more clearly define our objectives we can collectively achieve much more in a sustainable manner, with a far greater impact.

Terry Waite

We have learned much since we launched our Philanthropy Forum almost three years ago, as we continue to explore what else philanthropy can do for Gibraltar and what Gibraltar can do for international philanthropy. We clearly realise that we are only at the very beginning of a long and worthwhile journey and that there is much work required to create a more supportive environment for both local and international philanthropy.

During our conferences and roundtables, we have been very fortunate to have counted with the participation of numerous specialists from the world of philanthropy and charities.

The second Gibraltar Philanthropy Forum Conference, which took place last November, had a widespread echo across our community. We greatly benefitted from the participation and support of Terry Waite and our ex-governor Lord Luce as well as that of key players from the UK philanthropic and charitable space including the Charities Aid Foundation (CAF), the Education Endowment Foundation (EEF), ActionAid and Philanthropy Impact. The rich dialogue we have with these organisations and specialists is providing a crucial input.

We are confident that what the philanthropy forum has set out to do, is now better understood.

The forum intends to act as a catalyst in the philanthropic space as well as a promoter of Gibraltar as a centre of excellence for philanthropy. We initiated this by encouraging the exchange of ideas, experiences and the sharing of best practice in philanthropy, connecting people with common philanthropic objectives and thus helping to uncover opportunities for collaboration.

Philanthropists are increasingly recognizing the importance of adopting a more business-like approach to philanthropy to maximize social and environmental returns of their philanthropic investments. Today's entrepreneurs may be looking to support entrepreneurial solutions to social problems. Strategic philanthropy has clear performance expectations and aims to find the best opportunities for achieving social, environmental and/or financial returns.

There is also a clear trend towards investing in a more responsible and sustainable manner, in social enterprises, with clear ethical criteria in place. There is increasing pressure for endowments, charities, pension funds and others to invest more responsibly and sustainably. In the case of impact investing the traditional separation of charity and investment is overcome by uniting traditional philanthropy with mainstream investing.

There is also a central role for technology in the charitable and philanthropic space. Technology can be a great enabler, making greater transparency possible, helping charities to be better organised and more effective, matching recipients and donors, facilitating fundraising and enhancing communication using the social media. An excellent example of this which was discussed at this year's conference is Marcelle Speller's very successful experience with localgiving.com.

Albert Isola, Minister for Finance and Gaming, addresses the audience

Gibraltar needs to be an integral part of the global philanthropic ecosystem which supports, encourages and facilitates local and international giving and philanthropy in the broadest sense. It is paramount that we participate in the debate and exchange of ideas that will lead to its increased effectiveness and success.

The four firms who have supported the Philanthropy Forum from its inception, Credit Suisse, EY, Hassans and Isolas are fully committed to taking this initiative to the next level.

As was so well presented at our recent conference by our local social historian Richard Garcia, philanthropic initiatives have been a part of Gibraltar's history since the 18th century. Although there is certainly much more that can be done, there are sound foundations on which to build.

We have a very busy year ahead as we head towards our third philanthropy conference.

We are addressing some of the issues we have identified as being central to the philanthropy debate, to remove barriers and become a credible enabler of philanthropy in the international arena.

The Gibraltar Philanthropy Forum is an initiative launched in 2013 by Peter Montegriffo (Hassans), Jose Pisharello (EY), Joey Garcia (Isolas) and Trino Cruz (Credit Suisse) to promote philanthropy in and from Gibraltar.

www.gibraltarphilanthropyforum.com

GIBRALTAR
PHILANTHROPY FORUM

Unforgiving focus on priorities gets results

A quietly-spoken, mild mannered barrister in a long-standing legal practice is hardly the image conjured up for someone who sees his role as marketing - raising the profile - of Gibraltar, and ensuring that the 45% of the economy for which he is responsible continues to grow, writes Ray Spencer.

After 18 months as minister for financial services and gaming, Albert Isola remains "bullish about financial services and insurance in particular" and predicts, "in two years' time we will be the Insurance Linked Securities (ILS) capital of Europe".

Kickstarting that ambition, Horseshoe Group, the world's largest independent ILS service provider gained a license from the Financial Services Commission (FSC) in October, and now the second biggest firm is shortly expected to file an application for a licence, Isola reveals.

More firms connected with this type of catastrophe insurance are expected to follow shortly, his financial services team having visited ILS providers last year in New York and then in Bermuda.

"It gives you an idea of what can be achieved, if we put in the time and resources", he notes, adding "in the next 12 months our focus will be on maintaining the energy and the momentum on raising our profile. It's easy to start, but harder to keep going, so we must do that", Isola reflects.

It is the second time he has served as an MP; Isola held the Opposition financial services brief in the 1996-2000 Parliament, a role he found "extremely frustrating", spending "too much time in my view, criticising the [Gibraltar Social Democrat] government and not sufficient time making alternative proposals and suggestions on what the way forward should be".

He quit to spend more time with his family, which was not a euphemism. "When I went into politics in 1996 I had two children and I left four years later with four – so it was productive in that sense, but really I didn't have the time to spend [on politics] as I would have liked, so therefore I stepped back", he said.

Albert is the third generation Isola in Gibraltar law firm Isolas, that was started more than 200 years ago by his father's great uncle, who married into the Parodi family originally from Genoa. The family of Albert's wife, Graziella, is also from the Italian city.

Getting things done

Having graduated from Kingston University in 1983, Isola was admitted to the English and Gibraltar Bars in 1985, and made partner in the Isolas firm 21 years ago. Albert's legal work has mostly been in financial services - private client work, funds, and dealing with High Net Worth Individuals - and acting for developers and bank funders of developments, including many developments such as Europort, Eurotowers, Euro Plaza and Kings Wharf.

With his children now between 15 and 23 years old, Isola felt able to return to politics – this time as part of a Gibraltar Socialist & Liberal Party government - winning a June 2013 bi-election. "Without question, the only thing that attracted me was the ability to get things done; things that I had been moaning and groaning about over the past 20 years", he rationalises.

He's nevertheless "surprised at what can and cannot be done; I better understand how the system works and why some things take longer than they should do. But by the same token, if you focus on your priority list and you are unforgiving in your perseverance of it, you will get there".

Levels of tax

Isola cites UK insurance run-off business, which Gibraltar has been prevented from taking on, but which as a result of "a huge amount of energy and resource" he is hopeful of changing shortly - something the industry has been seeking for over 7 years. "The only question now is how do we do it, because there are a number of different options to resolve the issue", including a potential legal process, or use of a UK parliamentary statutory instrument, he explains. "But we are all on the same side [the UK and Gibraltar] and we are sitting around the table sorting out which is the most effective and quickest way to get this done", he emphasises.

With the financial services sector accounting for 20% of the jurisdiction's economy and his other portfolio in gaming accounting for another 25%, Isola depends heavily on his civil service teams – under, respectively, Jimmy Tipping, Finance Centre director, and Phil Brear, the gaming regulator – "so I don't feel the weight of responsibility for the fortunes of this economy".

Even so, the world-leading on-line gaming companies are under cost pressure from new UK licensing of operators and a 15% point-of-consumption (POC) tax since December, both forcefully opposed in bids by Gibraltar Betting and Gaming Association (GBGA) for High Court Judicial Review. There is potential negative for local impact on jobs, income tax and corporation tax revenues.

From his first day in office, Isola worked with the gaming sector to deter the UK

Continued page 18

Continued from page 16

government moves, which it was felt would also damage consumer protection. "We wished for the best and prepared for the worst", he declares. There is still a GBGA case before the UK Courts on the POC tax that will be heard this year.

And Isola emphasises: "It is about the principle of the tax, but also the amount of tax is relevant to the principle, because the impact of the quantum is what would push business [UK gaming customers] into the 'grey' market. If it is 5%, 9% or even 10% tax, it's less likely that clients are going to go looking for alternative grey areas to the traditional markets – the well-known brands – but when you start pushing it up to 15% the likelihood is – and the historical evidence shows, as happened in Spain, Italy and France – that there is a massive increase in the unlicensed grey market."

Gibraltar's operators have been planning for the UK effect for 18 months and "I live the life assuming it's always a threat and I'm very happy when we seem to be coping well with that threat", he reasons. Gaming employment has continued to rise even though one company, Betclic has closed its small operation in Gibraltar and some others have reduced numbers. "If you are going to have a 15% tax thrown on you, you are going to have to find that money from somewhere else, I understand that, but other firms have increased staff levels and we have new operators coming in and are happy with the way we are coping with the issues", he maintains. There are some 3,300 in gaming employment in Gibraltar, 1,000 more than in 2011.

Worth the wait

UK high street banks have consolidated in the wake of the world-wide recession and changing international regulations to limit risk and this inevitably also affected Gibraltar; Barclays quits retail banking locally this spring, for example.

However, the government announced an independently run, State-owned Gibraltar International Bank to fill the void, which with an FSC license in principle, will open with 50 staff in March 2015 – late running premises work has caused a near five months delay and staff training begins with Swiss operational providers in mid-February, but Isola says "it will be worth the wait".

Initially, Isola was charged with trying to persuade other bankers to open in Gibraltar and he says, "the answer was not 'no'; people were extremely interested, but not now", unsurprising given continuing bank moves to retrench. His determination, however, may yet pay off.

Interests aligned

"You will hear in the coming months that our efforts were not all answered with a 'no' – I can't say much more at this stage – but I can tell you it may not be a traditional bank or the way in which you would expect them to come in, but there are a number of different things that we continue to work on, which I hope will bring other banking houses into Gibraltar in one way or another," he asserts.

> People flooding me with 'requests' was one of my biggest fears in doing this job, but it hasn't materialised at all
>
> **Albert Isola**

A "communicator" who professes to get on well with people working in teams, Isola says his weakness may be that "sometimes I communicate too much", as well as "becoming less tolerant with age and probably a little impatient". Not that this applies to his ministerial responsibilities.

But with two brothers – Peter as senior partner in the family law firm, Lawrence, as chief executive of Sapphire Networks, the number 2-positioned telecommunications firm, and a property developer – and friends in financial services and gaming, Albert admits: "It can be awkward.

"We all understand and know the red lines; we understand what responsibility means and they wouldn't ask me for anything that I wouldn't be able to say anyway. Frankly that has never been an issue, although there have been times when you think 'I bet he'd like to know this or that'." Having people flooding him with 'requests' was "one of my biggest fears in doing this job, but it hasn't materialised at all".

Now Isola is taking on Telco providers to appease largely gaming industry concerns. Quarterly meetings with the Gibraltar Betting and Gaming Association have begun; the first dealt with power supply issues and the way Telcos responded. "We were found wanting and it was important to front up and deal with these things head-on", Isola says. The second meeting is in part around bandwidth costs and Telcos, which he has met "and exchanged views!"

Compared with a decade ago, when bandwidth, speed and resilience was "absolutely woeful", there has been substantial investment and improvement, with costs at some 50% less. "But of course, when we compare with other jurisdictions where Telco costs have come down significantly further than ours, it becomes an issue", he acknowledges. "Operators will tell you that bandwidth costs are probably less than their legal and accounting fees, so it needs to be put into context.

"It isn't a red line and it isn't a deal breaker, but I am acutely conscious that it [the cost] is high, it's getting on their nerves and we therefore need to deal with it. I am sure we will come up with a process that they will find pleasing", Isola reveals.

Although government consultation is continuing on whether the territory should seek to join the Schengen agreement, he knows the gaming community is "extremely negative" on the prospect in terms of VAT, but "we need to understand all possibilities", he suggests given that "VAT can be on both goods and services and they can be separate, so you could well have VAT on one and not on the other".

Similarly he is not dispirited by talk of the UK potential to leave the EU, something he believes will not occur. But he notes: "There are successful financial jurisdictions outside of the EU, like Jersey, Guernsey and Isle of Man and they don't have the ability to passport services in Europe as we do, so there is life outside of the EU.

"More importantly, with the City of London – the largest financial capital in the world and certainly in the EU - our interest and theirs are very much aligned. The issues they are pondering and considering in terms of whatever arrangements they enter into were there to be an exit are very similar: it would be negotiated, over a period of time, and we would seek to ensure the interests of Gibraltar and the City continue to be aligned."

Gibraltar's port has now been added to Isola 's brief; "it makes sense when we are fronting our offering in countries around the world to also include maritime services and bunkering", he explains.

A head for figures

Accountants, unfairly, have a reputation for being boring. John Tricker, a qualified chartered accountant and the audit business leader and partner responsible for learning at Deloitte, Gibraltar sets the record straight

"Is there an accountant in the house?" is a question which is sadly asked relatively infrequently. The good news for us is that, if the question were to be asked in Gibraltar, there is a good chance that the answer would be yes.

As you would expect, the chances of finding an accountant "in the house" are increased further as the number of people in the house increases, the exception being establishments where accountants are relatively more unlikely to be present such as schools, fire stations and nightclubs.

But what motivates so many people to become accountants? Why on earth would anyone want to do something so boring with their life?

Well, firstly it's not boring - there I've said it - accountants and accountancy are boring is a vicious rumour presumably started by jealous lawyers (I should point out at this stage that many of my best friends are lawyers).

Accountancy is both challenging and rewarding, it's just that us accountants are different to and generally not as forward as our legal brethren. Of course the level of challenge and job satisfaction depends on the job.

I have chosen throughout my career to stay in "practice", meaning working in a firm dedicated to providing accounting, audit, tax and consulting services to clients of varying backgrounds and industries.

I thoroughly enjoy the job – and no, not the numbers (I rarely use a calculator – in fact, I use it so rarely that I lost my calculator years ago and never got round to replacing it); for me the best part of the job is in the interaction with clients and colleagues, both in the social context and in terms of the work challenge, all of whom generally share common backgrounds and interests and are usually good for a coffee, particularly in a friendly place like Gibraltar.

Numerous other paths open

Personally another huge point which contributes to my enjoyment of the job I have is in watching others grow and succeed. A consequence of working for one of the leading firms throughout my career is that I have worked with some extremely talented people, and by extension they are constantly challenging me.

There are numerous other paths open to those who qualify – ranging from working within a company as financial controller or finance director to roles as analyst, internal auditor, tax specialist and so on.

A qualified accountant is a thoroughly employable commodity in both good times and bad, and the broad understanding of any business gleaned from a thorough understanding of the figures and the internal systems and controls means that many businesses seek out qualified accountants when looking for their CEO.

What makes a good accountant? The most successful accountants are outgoing, confident and social (in fact we accountants often frequent nightclubs). But we're a tolerant lot and make plenty of room for the quiet ones too. Being bright and a problem-solver also helps no end. Having some aptitude for maths can also help but – perhaps surprisingly – it's not necessarily a tragedy if maths wasn't your thing at school.

There is no requirement to have studied accounting or finance at university to become a chartered or certified accountant – firms pay for studies over a period of three years during which all the skills of the job are learned through exams and on-the-job learning.

There is also the possibility that the planned University of Gibraltar will offer accountancy in the not too distant future, which will improve the quality of training on offer to local graduates yet further.

If your son or daughter are considering what they will do after school or university, becoming an accountant will not be a decision they regret. You can take my word for it – I only got the job when I was 22 because I wanted to get my dad off my back for the Summer holidays so I could go on a prolonged holiday with my then girlfriend; I was convinced before I started that I would pack it in in no time … and then I found that the reality was much, much better than I could have imagined, and I haven't looked back since.

Three years training

In fact, in this world in which nobody wants to miss a potential experience, if you don't have a particular "calling", spending three years training as an accountant gives you the opportunity to gain exposure to a broad cross-section of the business world and gives you the time to make an informed decision about which career path you would most like to follow.

And the reality is that I have seen many people decide later in life to become an accountant, but not many people, once they are accountants choose to change course totally.

> A qualified accountant is a thoroughly employable commodity in both good times and bad

www.deloitte.gi

Deloitte.

Balancing benefits and risks for supporting crypto currencies

With security, regulation and taxation issues to be considered, Gibraltar's government is debating whether it should provide a home for rapidly growing virtual currencies, like Bitcoin.

After UK Chancellor of the Exchequer, George Osborne, last summer prompted a Treasury investigation into the positive impact digital currencies could have on monetary policy and economic development, Gibraltar similarly is now being urged to suggest a licensing regime that would help legitimise the sector and create a business opportunity for the jurisdiction.

Described by some as "this year's sexy subject", electronic currencies offer the possibility of reducing payment processing costs and improving eGaming player experience, according to KPMG Gibraltar managing director, Micky Swindale.

At a December 'Decrypting the Myths' seminar that KPMG organised at the Sunborn Hotel, she revealed: "Over the past year, we have been surprised on many occasions by the suspicion and sometimes fear we encountered when we raised the subject of digital currencies with our fellow professionals."

Tony Provasoli, senior Partner at local law firm Hassans, the event's lead sponsor, declared: "This industry could very easily become the 'next eGaming'. It is of extreme importance to us as a jurisdiction that we stay abreast of the technology's development - as well as the tax, regulation, and security issues surrounding this opportunity so that we can be prepared - in order to ensure Gibraltar does not miss out on this global trend."

To find out more about crypto currencies and how they operate, Gibraltar's Financial Services Minister Albert Isola, visited in September a similar KPMG seminar in the Isle of Man attended by over 200 entrepreneurs building and funding new businesses in the digital currency space.

The term "Crypto" or digital currency is used to cover all forms of electronic currency that does not have legal tender, including the digital representation of value that can be traded: it functions as a medium of exchange, store of value or unit of account, but does not have legal tender status.

Of the 500+ virtual currencies that exist, the 21m Bitcoins account for around 93% and they are the most widely used.

Miles Paschini, Group president, of Gibraltar-based Wave Crest (WC), which provides a payment solution that bridges traditional currencies with alternative ones, told delegates: "Bitcoin is an innovation with early adopters and early usage, but by 2030 there will be a Bitcoin credit card." Bitcoin is only the first application of this new technology.

In the meantime, it was necessary to make Bitcoin easier to buy and sell and to see that it is accepted by merchants and banks everywhere, which is where the WC technical platform could assist.

He said: "There are existing miners [currency creators] and some 100,000 merchants now using the electronic currency, while the buyers and sellers of crypto currencies are traders, investors and there are some financial transactions, as well as use by some private individuals; but to succeed the system needs to expand."

Bitcoin is not issued by any jurisdiction and operates through recognition by the community of users – willing buyers and sellers of a 'coin' whose value is determined by demand. Formed in 2009, Bitcoin first gained an initial exchange rate of US$0.0008:0.08btc, but the first real-world transaction was in the US in mid 2010 for a pizza! By late 2013, Bitcoin reached US$1250:1btc and there is high price volatility.

Mainstream by 2030

Crypto currencies use cryptography to control its creation and management on line; holders are usually anonymous. As Eric Benz, Operations Director Europe, Middle East and Africa for GoCoin, an exchange for crypto currencies, noted: "There has been exponential growth and interest in crypto currencies generally since the summer.

"Bitcoin will be mainstream by 2030 when consumers and businesses will be accessing crypto currencies, in a similar way to that experienced with the internet today." However, he also noted that the success of virtual currencies depended on transparency and trust.

Benz, who is a founding member of United Kingdom Digital Currencies (UKDC), explained how Bitcoin is a decentralised currency – no banks or clearing houses (the account cannot be frozen) and it can be exchanged for various different existing currencies like Sterling, Euro and US Dollar, for example. And he maintained: "It is already having an impact on financial markets, particularly in developing regions, in real estate, on-line gaming, the travel sector and charities where the coins are accepted."

Gaming to benefit

In 1993 people were urged to develop internet strategies he argued, but "by 1994 we needed to wise up and see how the technology could be leveraged and add to business".

As with other presenters, Benz felt eGaming – where Gibraltar is the leading jurisdiction worldwide – was likely to benefit most quickly from the growth of crypto currencies, which provided payment certainty, instantly. Virtual currency payments are not reversible. "In five years more than half of all gaming will be in Bitcoin – or perhaps even in three years", he speculated.

Eric Benz sees crypto currency 'exponential growth'

But will sufficient new business come to Gibraltar if it embraces the concept of crypto currencies with legislation to regulate activities – and what about the potential effect on the jurisdictions financial services reputation if things go wrong?

A working party of industry experts in conjunction with the Gibraltar government has prepared a report that has been shared with interested parties for comment during the first quarter of this year.

"The reputational risks presented by virtual currencies are our greatest concern, which is why we are taking a cautious approach rather than rushing in to embrace this business", Minister for Financial Services, Albert Isola, told *Gibraltar International*.

"Traditionally, we have had quite a negative outlook on this sector, but the quality of people now getting involved and also the potential link with eGaming caused us to take a fresh look at the potential benefits", he added.

Protecting consumers

However, he believes there is not yet sufficient clarity on the subject for firm decisions to be made, "but the indications are that if we do get involved it would be in a limited way and with the aim of protecting consumers".

The UK was "trying to create more excitement around virtual currencies whilst the entities involved want regulation to gain greater credibility", Isola suggested. Take up by the eGaming sector may not be as strong as has been suggested, and Isola emphasised that "above all we do not want to be involved with anything that will cause reputational damage to the jurisdiction's financial community."

Sian Jones, who jointly leads the UK Digital Currency Association regulation working group, explained: "The approach to regulation presently varies from outright bans – Russia, where legislation is proposed against use of 'unofficial currencies', and Bolivia – to technology-specific licenses, payment regulation, and to no regulation at all, and sometimes with positive encouragement."

China had no formal regulation, but restricted the crypto currency to business (rather than personal) use, she said, whilst the US had a diverse approach with some States requiring regulation and others, like Texas, with no regulation other than for money transmission, and New York with technology-specific Bitcoin licensing.

"There is no EU-wide regulation, although there has been some discussion on this, but the UK has adopted a favourable tax position [for digital currency transactions] to treat like VAT and encouragement and support from the Chancellor and the Treasury is looking for benefits – however, they are not rushing to regulate", Jones admitted.

The Isle of Man government required

licensing of virtual currencies, but not prudential or business conduct regulation, however the sector will be included in the Financial Services Commission anti-money laundering oversight, she said.

Paschini's Wave Crest, which also has offices in India, US and UK, is already licenced as an eMoney issuer by Gibraltar's Financial Services Commission and WC is a founder member of the Gibraltar Electronic Money Association (GEMA), an industry body acting in dealings with regulators and international organisations.

Currently, for digital currency to gain greater acceptability there is a need for bridging stations – a link for eMoney accounts, payment services for virtual currency 'wallets' and exchanges for transfer of Fiat [not paper money] between parties, whilst performing Anti-money laundering (AML) and Know Your Customer (KYC) checks.

Having experienced firsthand the complexity of international payments whilst chief operating officer for Gibraltar-based PartyGaming (now bwin.party), Bhagwan D. Goel, founded Wave Crest in 2009.

The company aims to "help transfer money from traditional bank accounts to eMoney accounts and to then buy crypto currency, and back again, which will not be a problem in 2030; but until then there is a need for a process", Paschini explained.

Jobs opportunity

Ben Robinson, Europe, Middle East and Africa sales and marketing director for GoCoin, a US-based international payments platform for Bitcoin, told delegates: "As with eGaming, high risk industries tend to innovate more quickly and attract entrepreneurs. However, banks first need a brand for people to join before getting involved, and things will need to be regulated.

"For Gibraltar, there are opportunities in job creation and new innovation businesses," he said. It was a point picked up by Jon Matonis, founding board director of the Washington-based Bitcoin Foundation who said: "Gibraltar can become a jurisdiction leader in Crypto currency deals. It's not black arts, but it will enhance our credibility; possibly even formation of a Bitcoin Bank in Gibraltar!"

Gibraltar's eMoney association is small – it has four member-firms currently, but "we are seeing increasing interest from other firms looking to come to Gibraltar from the USA and elsewhere", said lawyer Peter Howitt, who is GEMA's secretary.

Given his work experience in regulated online gambling and ePayments, and representational role for the local sector, Howitt noted how the Bitcoin community is "looking for a supportive regulatory environment to add regulatory credibility and consumer confidence to the use of crypto currencies".

And he declared: "Clearly this new technology can be quite challenging to the existing financial services framework and central banks and so it will be very important to get the regulatory balance right if Gibraltar does wish to provide a supportive, business friendly and safe regulatory environment for this new sector.

"Digital currency is a very big opportunity for Gibraltar, if the balance can be struck between supporting innovation and protecting the existing regulated sectors and finding a suitable regulatory structure for Bitcoin, etc", Howitt confirmed.

Ray Spencer

Clash over central information sharing scheme

Gibraltar could be on a collision course with the UK over an EU requirement for company and trust beneficial ownership information to be made public, as part of a worldwide drive for greater transparency in financial transactions.

The result of government consultation with local business and UK non-government representative organisations was to be published in late January, after *Gibraltar International* went to press, or early in February.

Although supporting in principle the compilation and exchange of information for the benefit of law enforcement, tax and other inter-governmental organisations, Gibraltar is unlikely to approve a public register.

Central to the opposition is security amid fears that the centralized information store could be illegally 'hacked', as well as there being possible Common Law conflict issues.

The EU's draft 4th Anti-Money Laundering Directive would give journalists showing a "legitimate interest", as well as 'authorities', access to ownership details of specific companies. If adopted by the European Parliament, Gibraltar will have to concede.

However, information held about trusts will only be available to authorities. The UK is also against including trusts in public registers that otherwise would include companies with over 25% public shareholding.

But as Albert Isola, Gibraltar Financial Services Minister, explained in late-December: "Just imagine we compile a central registry and put it on line for ease of access to law enforcement agencies, how can we guarantee the security of that information – of course we can't."

He emphasised: "Once it's on-line, in the Cloud and in an open space, (as Sony has learnt to its misfortune), anybody can be hacked even when safety, security and technology is their business. It certainly isn't our business and the amount of money that we would require to be investing to begin to become - even to a tiny extent – comfortable, is disproportionate and the risks in my opinion are too great."

Isola agrees a central register of information in theory could accelerate information exchange, but questions the necessity given "we all do that now pretty damn quickly, because Gibraltar service providers keep those details by law. When information is requested, it is delivered almost without exception, immediately, but it will never be on-line", Isola insisted. And that "would put Gibraltar out of step with the UK – we don't agree with it".

British Overseas Territories say a far bigger issue is achieving a level playing field when "there are competing jurisdictions, like Delaware in the US, that pay scant regard for anything to do with exchange of information and details of ownership", the Minister asserted.

Business

Ready, Steady, Start-Up!

Eran Shay is the managing director of Benefit Business Solutions Ltd, a Gibraltar registered company that specialises in jumpstarting new businesses, through business plan preparation, market surveys, valuations, capital raising and outsourced CFO services. The company also provides local agent representation services to businesses new to Gibraltar.

An entrepreneur is someone who is willing to bear the risk of a business venture where there is a significant chance for making profit. Entrepreneurs are often regarded as the lifeblood of the economy as entrepreneurial spirit is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace. Gibraltar is an ideal place for entrepreneurs and start-up businesses as it offers a business-friendly environment characterised by low bureaucratic obstacles, low taxation, various financial assistance programs, and numerous industry associations. Moreover, Gibraltar's small size makes it a great place for pilot-testing new products and technologies prior to rolling them out in larger markets; benefiting from an EU-complaint jurisdiction, with a cosmopolitan mix of population, concentrated in a small area. Indeed, some of the world's best known centres of entrepreneurship and innovation have developed in the smaller nations such as Israel and Singapore, which means Gibraltar is by no way disadvantaged because of its size.

Starting a new business is a bold step. There are many risks and uncertainties but also great opportunities and rewards. In order to avoid some of the pitfalls and obstacles along this path, careful planning is necessary. Below are the Top Ten Tips for the new entrepreneur:

1. Don't be afraid to talk about your idea. If you keep your idea a secret and don't consult with anyone, you will find it very difficult to progress your idea. Listening to various opinions will help in validating your idea as well as giving you further "food for thought".

2. Research the market. Make sure you thoroughly study and familiarise yourself with your target market, whether it is a new territory, a niche industry sector or a specific population segment. Conduct market surveys, use focus groups and read relevant literature.

3. Know your competition. Familiarise yourself with both direct and indirect competitors in the marketplace. Understand the strengths of their products/services and their customer base to be able to identify your core competitive advantage and position yourself at the leading edge of the competition.

4. Consult with professional service providers (lawyers, accountants, tax advisors etc). While their advice may be costly, it may often give you the best value for money, as well the ability to tap to their network of contacts and learn from their experience. It will also help you structure your business in the most effective way, thereby saving you greatly once your business matures.

5. Prepare a business plan. While you are most likely to be asked for a business plan at one stage or another (by the bank, investors, regulator, or others), preparing a business plan is your opportunity to set out for yourself the objectives and goals for your business, as well as the process by which you will execute your plan and the financial forecast you expect to attain. Such business plan should be reviewed and updated as your business progress. Lacking a business plan is one of the main factors why some start-up fail.

6. Don't accept just any investor. Raising funds for your new business may be perhaps one of the biggest challenges you may face, but don't be tempted to accept just anyone's money. Funds from family and friends may be easier to raise but in case of a business failure may cost you your most precious relationships. By taking "stupid money" from unprofessional individuals, you may find yourself stuck with partners who have no added value to your business, yet have the power to control your business decisions.

7. Protect your IP. If your business is based on some Intellectual Property, make sure you take the relevant actions to protect these intellectual assets as early as possible, such as applying for patents, registering trademarks and copyrights, and look after your key employees.

8. Hire only the best. While employees are often the biggest business cost, they are also its biggest asset. No matter how good your product may be, people do business with people and it is this human interaction that will determine the success of your business. Hence, don't compromise on the quality of your employees and don't be afraid to let go of anyone who doesn't measure up to your expectations.

9. Try to obtain free money. There are plenty of grants, sponsorships, interest-free loans, tax breaks and other aid funds earmarked for new businesses. Make sure you explore these opportunities and learn how to obtain them. It may often be easier than you think...

10. Use social media to get exposure. In the internet era you don't necessarily need to spend huge amounts on expensive advertising. Word of mouth and viral marketing over social media sites have become a powerful, yet cost effective way to potentially reach millions of customers.

Start-ups are born out of passion and are led by people who want to address a distinct problem. Individually, start-ups are drops in the nation's economic bucket, but in aggregate, these innovators are actually responsible for a vast majority of economic growth and their contribution should never be underestimated.

www.benefitgibraltar.com

Publication of Gibraltar Finance's Business Development Plan

The Minister for Financial Services, Albert Isola MP published in January the 2015 Executive Summary of the Gibraltar Finance Business Development Plan. The plan follows a review of the programme of events undertaken during 2014 in close consultation with the sector. The summary includes a brief account of the initiatives undertaken by the Gibraltar Finance team during 2014 and clearly sets out in detail the ambitious objectives for 2015 and beyond. The document offers an update on the various work streams presently being undertaken covering marketing, legislation, new initiatives, as well as the full, up to date schedule of events for 2015 across the entire financial services sector.

Minister Isola Commented: "I value very highly the enormous contribution that the financial services sector professionals make to the success of our finance centre and it is clear to me that we achieve significantly more when we work closely together. It is essential therefore that we give the sector as much notice as possible regarding our strategy for the year so that they can plan for these events and join us in raising the profile of our jurisdiction. There is no question that we have made significant progress and we need to continue the good work by investing further in our marketing efforts, which we fully intend to do." To obtain a copy of the plan, go to: *http://issuu.com/gibraltarfinancecentre/docs/20150113_2015_exec_summary_final*

Castle joins new Gibraltar Stock Exchange to list funds

Castle Fund Administrators (CFA) - part of the 22 year old Castle Trust Group - has been accepted as a founding member of the new Gibraltar Stock Exchange (GSX) that began listing open-ended funds in January and aims to appeal to non-EU funds, particularly in Asia and the US, as a preliminary step towards EU domiciliation.

CFA will act as listing agent of GSX, which provides a fast-to-market and cost effective service for collective investment schemes that wish to make themselves available to investors looking for greater transparency and visibility through an EU listing.

Neil Gogan, a CFA director, commented: "We are finding an increasing proportion of our client base is considering the incorporation of some fund structure in their overall structures due to the implementation of AIFM and our GSX Member status can bring significant benefits for them."

EY seminars advise on critical changes to Generally Accepted Accounting Principles

The implications of the new financial reporting framework in the UK and Gibraltar was presented to delegates over two seminars, held at the Eliott Hotel in December. The seminars, which attracted over 30 delegates each, were led by Dale Cruz, Executive Director at EY and Joynul Adedin, Senior Manager from the EY Financial Accounting Advisory Practice in London.

Delegates were led through the changes to the UK and Gibraltar Generally Accepted Principles (GAAP) which came into effect from January. One of the key points of the seminar was that all companies currently following UK or Gibraltar GAAP for their statutory accounts need to consider moving to the new framework.

Commenting on the new framework, Dale Cruz said: "There are some important decisions that need to be made now. For example, from 1 January 2015, the new UK GAAP framework became effective and mandatory for periods beginning on or after that date. Entities currently applying UK GAAP must decide whether to apply EU adopted IFRS, FRS 101 or FRS 102. Whilst the new framework will take time to assimilate into firms there are significant benefits to its implementation. Amongst these, global groups have an improved ability to streamline processes, align accounting policies and reduce reconciliation risk and effort. There is also a cost saving opportunity through Shared Service Centres for financial reporting".

Line Management Services approved as listing member for GSX

Line Management Services Ltd (LMS), a subsidiary of Line Group (associated with Hassans), has been approved as a founding member of the Gibraltar Stock Exchange (GSX) which was launched in November 2014.

The Stock Exchange is currently only open for the listing of open ended collective investment schemes. However, by Q3 2015, it is targeted that it will start listing closed ended funds and thereafter will be looking to expand into the listing of securities other than shares. Further ahead, the listing of non-fund entities is envisaged.

Ian Felice, CEO of Line Group commented: "This is an extremely welcome development. Due to the association LMS has with Hassans, we will be able to offer our clients, both Gibraltar and internationally based, a seamless full service for those that wish to list on the Gibraltar Stock Exchange.

Gibraltar Rock Run

The Gibraltar Rock Run Community are looking for in excess of 500 participants who want to spend time in Gibraltar and take on the famous Rock Run.

The charity event is held to help raise funds for the Royal Marines Charitable Trust Fund, which help Royal Marines who have been wounded or injured in Afghanistan or other hazardous operations.

The Rock Run is well known to Royal Marines and Royal Navy personnel, who take part in a run to the top of the Rock. The individual record for the 2.7 miles run is 17 minutes, 29 seconds, held by a crew member of HMS Glasgow.

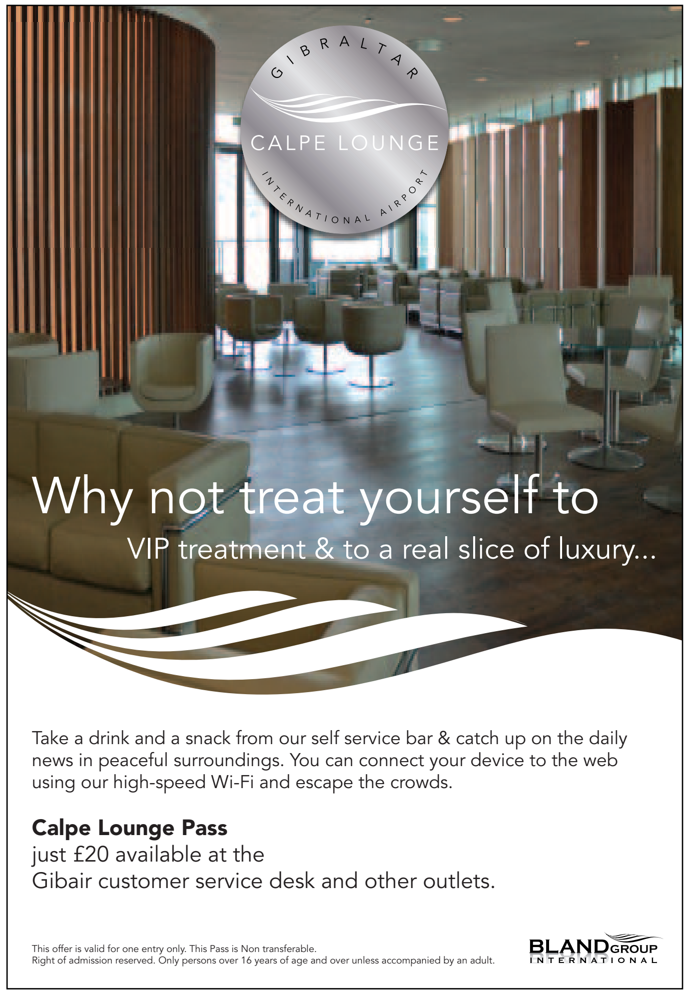
For more information, please visit: www.gibrockrun.co.uk

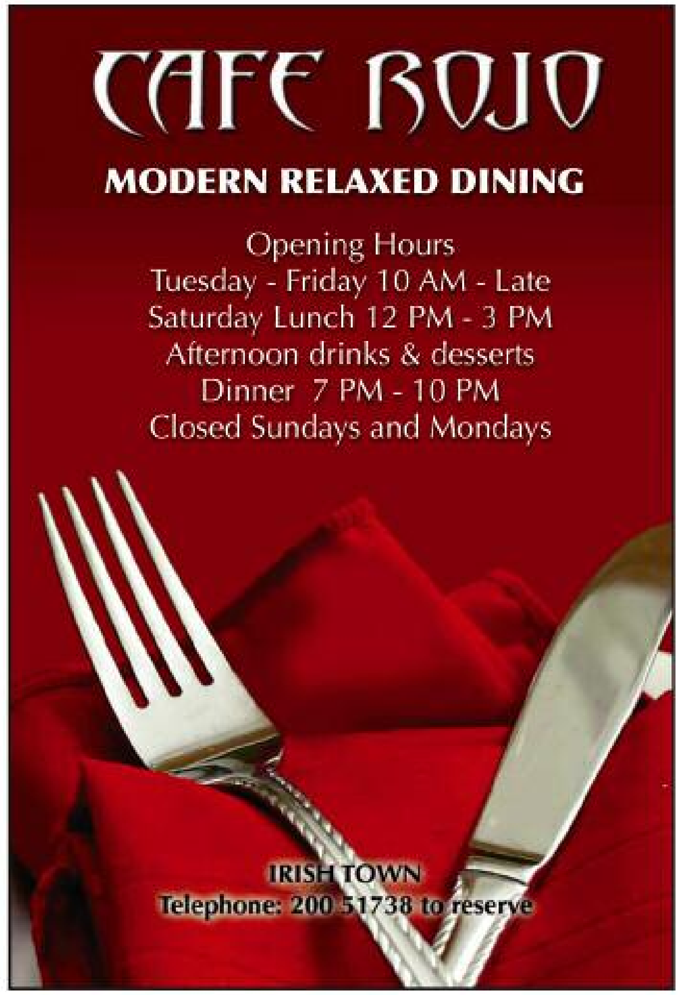
WHY SHOULD YOUR COMPANY SPONSOR OR ADVERTISE IN THE GIBRALTAR INTERNATIONAL MAGAZINE?

Answer:

- **We produce a quality, informative, business publication, with the aim of informing and encouraging international companies and investors to choose Gibraltar to invest and do business with YOUR COMPANIES**
- **10,000 Printed Copies Each Quarter, of which 2000 are mailed to Financial Advisers, Bankers, Lawyers, Accountants, HNWIs, across the UK and Continental Europe***
- **Exclusive Magazine Stands in the Arrivals, Departures and Executive Lounge at Gibraltar International Airport (2,500 copies on average taken each quarter) - Europort - Atlantic Suites - Ocean Village Business Centre - Cruise Liner Terminal**
- **Distributed in all the Top Hotels, Restaurants, Bars and Office Receptions in Gibraltar**
- **Distributed through the Government of Gibraltar (UK) offices, The Strand, London**
- **Sponsors receive special rate for adverts**
- **Direct link to your company's website, from our website – www.gibraltarinternational.com (Sponsors only)**

* Mailing list compiled in association with Gibraltar Finance, HM Government of Gibraltar





Professional Bodies based in Gibraltar

Gibraltar Association of Pension Fund Administrators (GAPFA)
Steven Knight, Chairman, Tel: + (350) 200 40466
Email: steven.knight@castletrustgroup.com

Association of Trust & Company Managers (ATCOM)
Marc X. Ellul, Chairman, Tel: + (350) 200 70921
Email: marc@ellul.gi

Bar Council
David Dumas, Chairman, Tel: + (350) 200 59026 / 79075
Email: barcouncil@gibtelecom.net david.dumas@hassans.gi

Gibraltar Association of Compliance Officers (GACO)
Ivan Perez, Chairman, Tel: + (350) 200 73520
Email: communications@gaco.gi

Gibraltar Bankers' Association (GBA)
Christian Garcia, President, Tel: + (350) 200 44144
Email: christian.garcia@turicum.com

Gibraltar Betting & Gaming Association (GBGA)
Peter Howitt, Chief Executive, Tel: + (350) 200 68450
Email: info@gbga.gi

Gibraltar Chamber of Commerce (GCC)
Christian Hernandez, President, Tel: + (350) 200 78376
Email: info@gibraltarchamberofcommerce.com

Gibraltar Finance Centre Council (GFCC)
Peter Montegriffo, Chairman, Tel: + (350) 200 79000
Email: peter.montegriffo@hassans.gi

Gibraltar Federation of Small Business (GFSB)
Stuart Rodriguez, Chairman, Tel: + (350) 200 47722
Email: gfsb@gfsb.gi

Gibraltar Funds & Investments Association (GFIA)
Joey Garcia, Chairman, Tel: + (350) 200 64740
Email: info@gfia.gi

Gibraltar Insurance Association (GIA)
Chris Johnson, Chairman, Tel: + (350) 58452000
Email: chairman@gia.gi

Gibraltar Insurance Institute (GII)
Neil Entwistle, President, Tel: + 350 200 52908
Email: nentwistle@sovereigngroup.com

Gibraltar Society of Accountants (GSA)
Colin Vaughan, President, Tel: + (350) 200 73520
Email: colin.p.vaughan@gi.pwc.com

Society of Trust & Estate Practitioners (STEP)
Peter Isola, Chairman, Tel: + (350) 2000 1892
Email: peter.isola@isolas.gi

Gibraltar HR Forum
Ruth Halsall, Chair, Tel: + (350) 200 43865
Email: hrforumgib@gmail.com

Gibraltar Electronic Money Association (GEMA)
Dani Spier, Chairman, Tel: + (350) 200 79645
Email: dspier@idtfinance.com