Nov/Dec/Jan 2014/15

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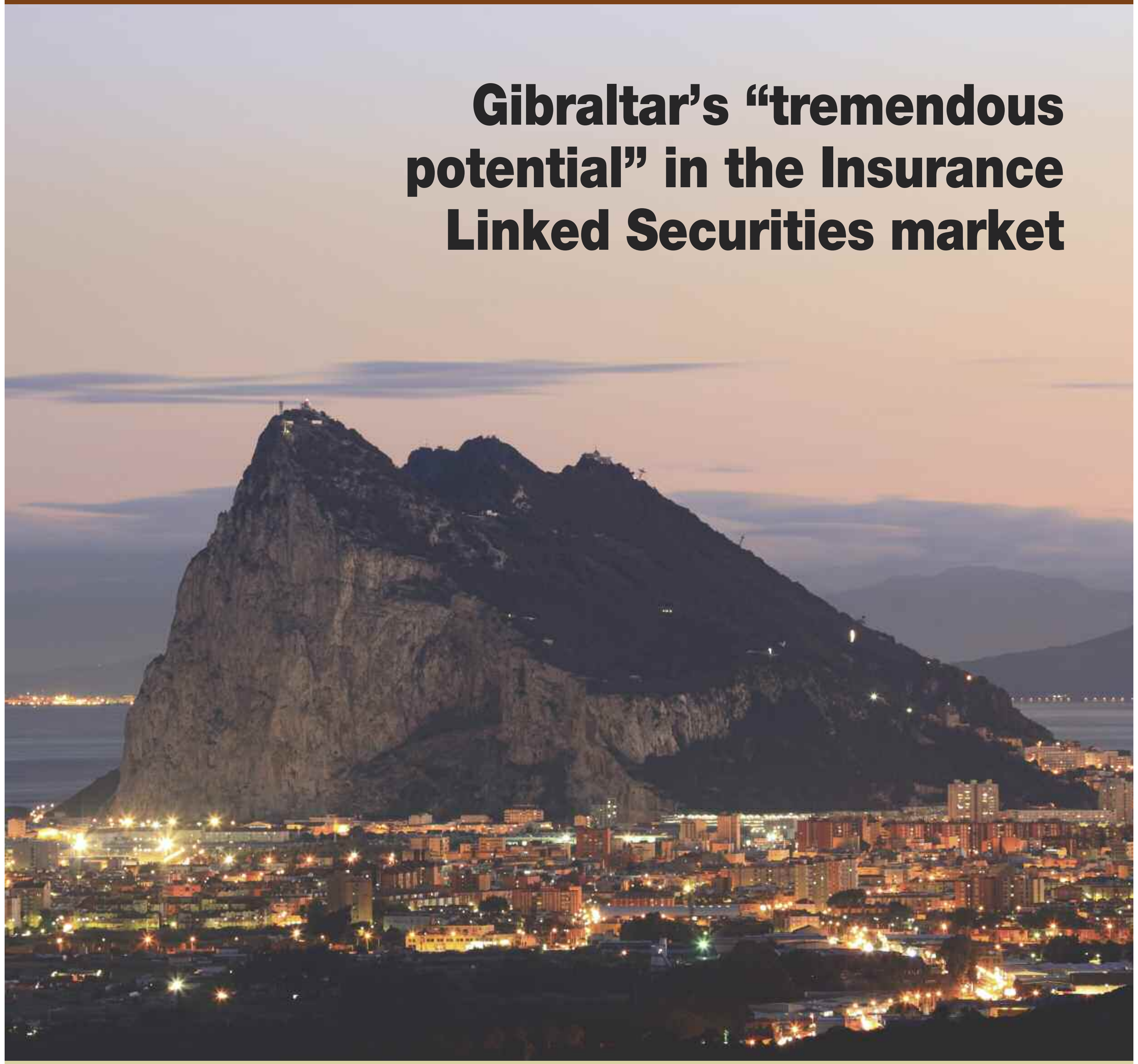

Gibraltar's "tremendous potential" in the Insurance Linked Securities market

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Listings to fill the gap

As Gibraltar's Chief Minister, Fabian Picardo put it: "At last we have a stock exchange". Well almost. It is likely to be the Spring before the privately-funded GSX (Gibraltar Stock Exchange) starts listing open-ended funds, and perhaps three years before it becomes a fully-fledged trading exchange, assuming regulators are satisfied with performance and handling.

Nonetheless, it is an event that the government sees as essential to the continued growth of the financial sector, judging by the enthusiastic references to the development made by politicians at Gibraltar Day events in London, in October, (although curiously, it was absent from speeches at the key Financial Services lunch).

Gibraltar has been the only EU jurisdiction without a stock exchange, despite there having been at least three earlier attempts by promoters since local 2006 legislation envisaged creation of such an entity, although for various reasons none reached application stage for regulatory approval.

Apart from encouraging a much-needed increase in funds business and extending into closed-ended funds probably in a year's time, more importantly perhaps, GSX hopes also to be licensed by 2016 to embrace the fast-growing Insurance Linked Securities (ILS) market.

Then with trading to follow, another Gibraltar first – opening next Spring of the Gibraltar International Bank – the stock exchange could provide the basis for the State-owned enterprise to be floated in full or in part, thus enabling the government to recoup investment based on a track record without necessarily having to otherwise pay a risk premium to attract money.

Investors today demand that products have greater visibility and accountability, so that jurisdictions with good regulation and a recognised stock exchange become increasingly attractive.

As was also suggested by Gaming Minister Albert Isola at both the Gib Day follow-up gaming industry breakfast and Funds sector lunch meetings, the stock exchange could be good news for them too. Despite the e-gaming businesses losing a legal challenge to UK legislation to license remote gambling operations, the collective political and industry message was upbeat – besides a fresh challenge has been mounted to gain a Judicial Review, this time on an imminent UK point of consumption gaming tax that will add further to costs and, it is said, reduce consumer protection.

With gambling firms contributing 25% to Gibraltar's economy, at least there has been no net loss of jobs as a result of the UK moves as some had feared; indeed the reverse is true taking the total to over 3,000 and still more firms are seeking Gibraltar licenses.

However, it's as well to remember that a judgement on an application to seek Judicial Review before the English High Court does not create a precedent for any future judge considering a related gaming case, so the comfort presently being found in considering the UK and Gibraltar as separate entities within the EU may not be upheld in the second bid to overturn the UK attack on remote gambling.

A reputation for strong regulation is something that the jurisdiction markets to good effect, but that hasn't stopped Financial Service Commission chief executive, Samantha Barrass, from seeking to make the process even more robust – business-like – by highlighting risk assessment as a priority in her 3-year strategic plan, whilst at the same time aiming to make present fast-to market licensing even quicker across the board.

Ray Spencer

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Speedy business licensing in sight as part of “exciting times” ahead

Businesses making new license to operate applications to Gibraltar Financial Services Commission (FSC) can expect to see the time taken for approval generally halved across the board from mid-2015.

That’s the aim of a major FSC restructuring that will see a new top-level directorate reporting to chief executive Samantha Barrass from early next year to “enhance our ability to mitigate unacceptable risks and improve the way we do business with reputable firms”.

Against the background of “multiple regulatory challenges”, the FSC’s three-year plan to 2017 places an emphasis on authorisation processes, supervision and enforcement, with the former having priority.

Minister Albert Isola: “no unusual fee increase” from FSC restructure

As Financial Services Minister Albert Isola, told a packed lunch for senior City professionals at London’s Guildhall, the new structure ensures the FSC is able to “keep abreast of new regulatory requirements coming through, identify risks and enable speedier authorisation times whilst giving greater access to the regulator”.

Three FSC directorates – legal, policy and enforcement, regulatory operations and strategy & planning – are designed to make the enlarged staff of 61 (compared with 47 when Mrs Barrass took up her appointment in February) more accountable for their actions and marks a move away from the present funds, insurance, banking and fiduciary specialist teams.

The new posts will bring greater experience and maturity from outside to a team that the FSC hopes will be largely home-grown – two of the new directorate positions are filled, one as a result of internal promotion. Implementation of the EU Solvency II Directive, fast-changing pensions regulation (driven largely by the UK) and the implications of MIFID II are part of the challenges being faced.

Simplified legislation

Minister Isola revealed that in parallel with FSC restructuring, the government is looking shortly to review and consolidate more than 80 separate pieces of financial services legislation into a simplified, overarching legislative approach backed by “a navigable set of standards”.

The aim is to create “a world-class” standard of regulation that will be “up there with the best in financial services”, Mrs Barrass told *Gibraltar International* at the lunch.

And despite requiring a much-increased budget to fund the FSC’s development, Isola has promised sector representatives that there will be “no unusual fee increase”, signaling government’s intention to subsidise the regulatory regime for a period.

Reminding his audience that Gibraltar was also “the leading online gaming jurisdiction in the world” (see “Fresh hope”, page 25) Fabian Picardo, Gibraltar’s Chief Minister, recited to the lunch gathering his economy “good news story” – including, nominal Gross Domestic Growth (GDP) of 10.3%, double digit growth unseen elsewhere in Europe; on target inflation at around 2%; and a 6.5% rise in job numbers.

He said: “The main drivers for this growth are the continuing increased employment and turnover in the online gaming and financial services industries, as well as the increased levels of construction – both from the public and private sectors - now evident in our economy.”

But it wasn’t until the evening Gibraltar Day Guildhall reception that the Chief Minister referred to one of the most significant new developments for the jurisdiction – a Gibraltar Stock Exchange (GSX) expected to be operational in the first quarter of 2015 after being granted a license only days earlier.

Exchange completes offer

Picardo told 1,000 guests that the Exchange, along with a new State-owned Gibraltar International Bank (GIB) that will begin operations in March and the founding of a University of Gibraltar from September, together made for “exciting times for the Rock and its people”.

Initially GSX will be a listing-only exchange putting investors and open-ended funds managers in touch with each other from the first quarter 2015; it expects to have listed 100+ funds within a year or so.

The Exchange is seen as filling the final piece in Gibraltar’s financial services infrastructure that will lead to greater international recognition, even though no direct trading will take place for possibly another 18 months to 2 years.

GSX managing director and co-founder of the privately-owned enterprise, Nick Cowan (48), hosted two discreet events in October with fellow directors, former investment banker, Marcus Wohlrab and equity trader Phillip Young, in a ‘soft’ launch for local financial services professionals and representatives of the funds industry.

Cowan hopes that at least six businesses - such as banks, funds advisors or administrators and auditors - will become GSX licensed members, and become the gateway for investors and promoters of funds to access the exchange.

Members have responsibility for processing applications with the FSC and to achieve a fast 20-day turnaround for collective investment schemes. The total 4-weeks to market for funds listing using GSX is quicker than generally available on other exchanges and fits well with Gibraltar’s Experienced Investor Fund (EIF) 10-days to formation, recognised strong regulatory standards and providing EU access.

Greater confidence

“A GSX listing promotes investor awareness of the financial standing and credibility of the issuer due to their obligations to meet the standards of the listing rules”, said Cowan. “The issuer's willingness to be transparent inspires greater confidence. Listing also increases awareness and interest by the financial community in the issuer and its products. This widens the potential investor base”, he added.

However, GSX is working towards gaining a license extending the offering to include ILS structures that sit between insurance and hedge funds, and closed-ended funds by 2016.

Two round-the-world presentations in the past year gained interest from service providers – including banks, insurance companies and lawyers – in London, Singapore, Hong Kong and New York and a third is planned.

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Gibraltar As Gateway To Europe For Fund Managers – Large and Small

By Richard Bowry, Senior Associate at Hassans

The transitional period for the Alternative Investment Fund Managers Directive (AIFMD) expired on 22 July 2014 and accordingly the non-UCITS funds industry in Europe is now governed by AIFMD.

Gibraltar, as a member of the European Union (EU) is well placed to take advantage of the opportunities afforded by AIFMD. In particular, it will now be possible to market larger Gibraltar funds (that are in-scope of AIFMD) throughout the entire EU, on the basis of a single filing with the Financial Services Commission (FSC) in Gibraltar. It represents no less than a marketing revolution for alternative investment funds in the European market.

Naturally attention has focussed on the position of larger funds that are in-scope of AIFMD as the directive necessitates significant changes to their structure and operation. However a great number of fund managers and self-managed funds fall below the threshold levels for applicability, and so fall outside the main provisions of AIFMD altogether. A small fund manager (commonly called a "Small AIFM") is not that small. A fund manager is a Small AIFM if it has assets under management of less than €100 million, or €500 million if the funds managed are closed ended and unleveraged.

> It is apparent that Gibraltar is becoming increasingly attractive to foreign fund managers

Small AIFMs do not have the benefit of EU passporting rights, so marketing into other EU jurisdictions is subject to the private placement rules of the countries where they wish to market, no matter where the fund manager or its fund may be located. These are generally complex. For some EU jurisdictions however this is about to change. Germany, for example, has indicated that Small AIFMs located in an EU jurisdiction that allows German Small AIFMs to privately place there, will give that jurisdiction reciprocal rights to market their funds privately in Germany. This type of private placement will operate separately from the normal private placement rules applicable in Germany that are complex and restrictive.

A significant competitive advantage

In practice this puts Gibraltar at a significant competitive advantage, as few EU countries have private placement regimes sufficiently open to gain the benefit of these reciprocal rights. Gibraltar however is in the process of introducing a private placement regime which should be sufficiently open to enable Gibraltar funds to gain reciprocal marketing rights of this nature. Such access should be possible on a simplified filing basis.

Gibraltar's new private placement regime for Small AIFMs will work by means of filings with the FSC. In essence, Small AIFMs based in an EU jurisdiction will be able to privately place in Gibraltar following such a filing accompanied by some basic information. Small AIFMs based in a non-EU jurisdiction will also need to make such a filing, but will not be able to market until receiving authorisation to do so.

Increasingly attractive

It is apparent that Gibraltar is becoming increasingly attractive to foreign fund managers from all over the world looking for an EU jurisdiction to locate their funds. Its advantages are already well known. Its Experienced Investor Fund (the Gibraltar category of fund for high net worth individuals and institutional investors) is widely acknowledged internationally as the quickest to establish and launch to market within the EU (it can take as little as a couple of days), the jurisdiction is genuinely open to non-local managers and non-local administrators, its laws are based on English common law and so are familiar to international business, and the jurisdiction is effectively tax neutral.

AIFMD adds to this attraction by allowing an AIFMD in-scope fund manager to passport its services throughout the EU. As significant as this is, Small AIFMs may see even greater benefit in setting up their funds in Gibraltar, as their exclusion from the EU-wide passporting rights places greater emphasis on their private placement opportunities. Smaller funds and their managers will find they can not only establish themselves in Gibraltar economically and quickly, but should also be able to take advantage of the reciprocal private placement regime which Germany is introducing and which other EU jurisdictions may well in due course follow.

A good solution

What does this mean for European fund managers in practice. In practical terms, Gibraltar is a good solution for fund mangers large or small. Larger fund managers may take advantage of the EU-wide passporting rights now available under AIFMD. Start-up fund managers looking for an optimal location, and existing smaller fund managers which may already have established funds in differing jurisdictions and are looking for the best location for a new fund, may well find the answer in Gibraltar, where funds can be established quickly and economically and have the benefit of reciprocal private placement rights that some EU jurisdictions are introducing.

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The cyber threat to banking

Christian Garcia is the President of the Gibraltar Bankers' Association and also the Chief Financial & Operations Officer at Lombard Odier & Cie, Gibraltar.

Everything seems to indicate that going forward, the financial sector will continue to be challenged by cybersecurity threats, despite the allocation of significant resources to this ongoing battle. The continuous challenge is brought about by the speed of technological change and the ever increasing level of sophistication of techniques used. Financial institutions currently find themselves attempting to home in on a moving target which substantially increases the risks posed.

The threat matrix is expanding

Threats are continuously evolving and the threat matrix is expanding. At the same time, banks and similar organisations are under pressure to enhance their product offering, normally requiring the integration of new technologies.

> Reports suggest that attacks are becoming more frequent, sophisticated and widespread

Balancing technological expansion with assurance on technological security is an extremely difficult task and a costly (but necessary) exercise. To further complicate matters, organisations also increasingly depend on third party-vendors and specialist product suites, having to rely on systems which are outside their control.

Reports suggest that attacks are becoming more frequent, sophisticated and widespread, targeting not only financial services but also other areas of any given jurisdiction. As far as the banking sector goes, this will include for example all deposit takers, payment services companies, credit card firms and providers of e-money services.

These attacks normally originate from different groups such as activists and units of organised crime and may arise from within the state or abroad. Most firms, irrespective of size and area, experience intrusion attempts. When successful this potentially leads to user account takeovers, identity theft, network disruptions and attempts to alter data integrity.

Security technology

Firms will be looking to protect themselves by ensuring a robust IT governance framework which will include security policies, relevant education and training, ongoing risk management, third-party assurance (by way of audit) and satisfactory monitoring and reporting. Additionally, financial institutions will look at implementing security technology in an attempt to be immune from attacks.

Such technology normally comes in the form of known software and hardware including anti-virus and spyware/malware detection software, firewalls, access security and intrusion prevention systems.

It is also extremely important that, where possible, data transferred is encrypted. Also of importance is that penetration testing is conducted by the firm itself. Many organisations do not give sufficient importance to this extremely important task.

To be prepared, organisations in the financial sector will need to focus on long-term planning, resources permitting. This will typically include an IT strategy, including budget attribution and project planning.

This is fundamental to ensuring that the balance between technological development and security assurance is fair. This will inevitably have a bearing on budget allocations which are on the increase. Additionally, the IT function will need to be an integral piece of risk management, providing valuable insight to developing the firm's risk matrix.

Knowledge exchange platforms

As an industry, we need to cooperate and possibly engage via knowledge exchange platforms so that more effective risk mitigation strategies can be implemented. This would also assist smaller firms where resources may be more limited. Ideally, these knowledge platforms need to cross-borders where Gibraltar should attempt to participate in international networks, working together to protect the international community from such threats.

> To be prepared, organisations in the financial sector will need to focus on long-term planning

Additionally, the Government of Gibraltar will need to reinforce the importance of cyber security and encourage information sharing forums and specialised task force committees to focus on these issues.

The Gibraltar Banker's Association takes this important subject very seriously and commits to work together with governments and regulators, both local and in home state of local subsidiaries/branches, to ensure that an appropriate framework and policies exist to mitigate the ongoing threat of cyber-attacks.

www.gba.gi

New EU VAT rules causing concern

Local suppliers of electronic services are facing higher operating costs and a great deal of uncertainty as a result of new EU-wide rules on Value Added Tax (VAT), as business representatives discovered in early October when they joined a round table discussion hosted jointly by KPMG (Gibraltar) and Gibraltar International Magazine

Participants (left to right, round the table) Sandra Skuszka (KPMG), Adam Craig (Bwin Party), Andrew Stone (Enterprise Insurance Company), Mike Nicholls (Chesterton), Leif Goeritz (Lottoland Solutions - out of picture) Andrew Haynes (Gibraltar Chamber of Commerce), Ray Spencer (Gibraltar International Magazine)

Even though Gibraltar is outside of the EU for VAT purposes, the new rules require local electronically supplied services to charge VAT and for it to be paid to each of the countries where the individual private customers reside.

As Sandra Skuszka, KPMG's Head of Tax responsible for Isle of Man and Gibraltar, pointed out: "For more than four years non-EU suppliers (such as Gibraltar) offering electronic services to consumers have potentially had an obligation to register for VAT in the EU country where their customer consumes the service – it's just that very little seems to have been done by the authorities to enforce this yet, perhaps because it has been inherently difficult to do so."

But things are changing and it would seem "the authorities in different EU countries are starting to think about it" as the regulations in respect of suppliers in the EU come into line with those applicable to non-EU suppliers from January. "It won't matter where the supplier is; it is where the consumer is that will determine where any VAT is due. My feeling is that the authorities will wake up and be looking to see what extra revenue they can gain by applying the EU proposals for VAT," she declared.

It will be the responsibility of all suppliers of electronically supplied services to pay any VAT due in their customer's member State – part of a general EU drive for a form of place of consumption tax, Skuszka opined.

Gaming margins already tight

Leif Goeritz, an advisor involved in the establishment of Lottoland Solutions, a gaming company that has grown from 20 to around 100 staff in 18 months, asked if it was an extra tax for e-gaming firms. "In Germany, there is a 16.5% gaming tax, plus there is 19% VAT! If that is the case, it will mean gaming companies' margins, already tight, will be almost non-existent," he remarked.

Sandra Skuszka explained: "Individual country's VAT legislation often refers to exemptions if the provider is located in the jurisdiction and paying Duty there. In short, some business may be exempt if already paying a different type of tax there." But there was no clear-cut situation for all EU countries.

It is up to each business to know whether VAT will apply and the rate of VAT in each country where they have personal consumers – VAT can range from 15% (Luxembourg) to 27% (Hungary) and the UK is 20% – and businesses will need to decide whether to register for the tax in up to 28 EU jurisdictions, or use a Mini One-Stop Shop (MOSS) payment system in any one country.

Evidence determines location

Andrew Haynes, a lawyer representing Gibraltar Chamber of Commerce, heard that if Gibraltar did change to adopt VAT, it would have to provide a MOSS facility and make it available as a free service from government.

Mike Nicholls, chairman of estate agency, Chesterton (Gibraltar), and a local Chamber of Commerce board member, spotted a problem – "Is it where the consumer receives the service or where he is resident?"

KPMG's Skuszka noted: "Generally a consumer is considered to receive the service where he is resident; you will need to provide at least two pieces of evidence to show that– the physical address, the IP address and where the payment is coming from, (which bank account, for example)", she said. The EU Commission is providing further advice on this.

But as she identified: "In the UK, the VAT exemption is quite wide; in other countries, the legislation may say that games of chance, for example, are not subject to VAT – but what constitutes a game of chance in the context of e-gaming?"

Gibraltar gaming companies operate basically within four different VAT regimes, pointed out Adam Craig, head of tax for e-gaming company, BwinParty.

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In some countries, companies were clearly exempt from VAT on gambling; some countries exempted firms that were locally licensed, or which paid tax there, and some had different licences for sports or casino betting.

"Then there is France, which uniquely treats online operators as providing an organisational service subject to VAT. This enables French operators to recover VAT on their costs," he said.

Andrew Stone (left) tells Mike Nicholls tax not an issue - at present

With around 40 staff, Enterprise Insurance Company (EIC) is engaged in passporting insurance services and products in 12 EU countries and established locally in 2003 "principally because Gibraltar was seen as an up and coming financial services centre with an accessible and approachable regulatory regime", chief operating officer, Andrew Stone explained. Whilst low taxation generally was not the most important issue, it was certainly an advantage.

"We operate an outsourcing model, appointing intermediaries and service providers in EU countries. The administrative services they provide to us are generally either zero rated or VAT exempt, so we only pay VAT on a fraction of our business. What we want to preserve is low general tax and no VAT – it is what companies find attractive in Gibraltar."

Stone added: "If we were subject to VAT on such services, it would have a significant effect on our business. We will have to wait to see the effect of what changes are proposed regarding Gibraltar potentially adopting VAT."

Skuszka was asked why financial services generally were exempt from VAT. Her answer only served to heighten concern when she said: "There are generally two reasons for VAT exemptions: one is for social reasons and the other is that it is too difficult to determine the value on which VAT should apply. I feel financial services and gaming were considered too hard for VAT, however, EU legislation has not kept up with the times.

Gaming tax & VAT likely

"We have Insurance Premium Tax and the EU is now talking about a financial transaction tax, so having both gaming tax and VAT is likely. Cash strapped authorities want to apply tax."

EIC's Stone noted: "We already apply Insurance Premium Tax (a form of VAT) to our premiums in each EU country. The rates are different and complex; what is a straightforward 6% in the UK may be 18% in France and 10-20% in Greece, for example – so we are already dealing with paying tax where the customer is located."

According to Sandra Skuszka: "A lot of countries have not said whether gaming will attract VAT if they are already regulated. It is my opinion that there could be a lot of legal challenges. The challenges – most likely from the private sector - will be around applying VAT to businesses because they are not licensed in those countries and yet not allowing business from outside those countries to be licenced and, as such, potentially the VAT exemption not applying", she observed.

Haynes wanted to understand more about the "anomalous position of the IoM as part of the UK" in regard to VAT and what that meant should Gibraltar want to also become part of the UK for VAT purposes. There was a similar position with France and Monaco, where that country got to keep its VAT, he suggested.

The IoM is "unique in being part of the Customs Union, via the UK, and the calculation of the revenue sharing agreement under which the IoM just gets a percentage of the VAT collected, has changed - quite considerably", KPMG's Skuszka explained. "The VAT income is very important to the IoM. Corporation tax, however, is different; in the IoM it is very low, zero generally."

And she agreed: "VAT is a big factor in a gaming company's decision-making process. Corporation tax in Gibraltar is 10%, but IoM gaming companies pay VAT at exactly the same rate as the UK. Tax is up there in the decision making process, with companies choosing to stay in the IoM for a variety of other reasons."

Chesterton's Nicholls, who said his 330 fellow Chamber members had "some concerns over the possibility of Gibraltar joining the Customs Union", asked whether EIC found "that the current uncertainty – not so much over Britain perhaps leaving the EU, but on VAT – is affecting future planning? Do you find companies are sitting and waiting for a decision before recruiting more people or double in size in Gibraltar, or even go to a new country?"

From EIC's insurance perspective, Stone said: "VAT is not a big issue for us at the moment. We sit behind the brand of our intermediaries, so marketing for us is not a major spend. I suspect that most insurers are focusing on regulatory changes surrounding Solvency II at present."

However, "if our service providers in the various EU states were to have to start charging us VAT, that would be a significant hit for us and other insurers operating similarly, and would impact on our cost base", he reported. "The UK coming out of Europe would also be a massive issue (as we could lose our passporting rights), but I don't think that is likely at the moment."

To put the new VAT moves into context, Craig suggested: "Even though it is changing for Gibraltar businesses, there is also a change for businesses in all of the 28 EU countries. So because it is a change for them you can perhaps anticipate that in some countries the taxability of these types of [electronic] services will be managed in a different way and you might begin to be asked about things that you were never asked about before."

Targeting e-commerce

He pointed out that "governments across the world – and in particular across Europe – are short of money and mightily perplexed by the business model of electronic businesses like Amazon, Google." They were annoyed and "have got e-commerce businesses in their sights."

One of the ways big business sector is being attacked is "through the OECD and its programme to tackle tax base erosion and profit shifting. And the number one action of 16 actions dealing with all the things that big companies do that they don't like, which minimise tax, is around the digital economy", Craig asserted. As a result, VAT rules are being updated to apply to electronically provided services in the EU and in other countries too, he concluded.

New players moving in on EU catastrophe cover

Gibraltar's bid to capture a significant share of the expanding $US 7.5bn a year world market in Insurance Linked Securities (ILS) has been given a real boost, with news that a stock exchange is to be established and the arrival of one of the largest independent ILS managers worldwide

The Financial Services Commission (FSC) published in September its EU Solvency II compliant ILS regulatory Guidelines, after the Government established a working group to provide expertise and feedback from ILS experts around the world.

Gibraltar plans to offer a new EU domicile for catastrophe (CAT) bonds, 'sidecars' and collateralised reinsurance-based ILS transactions, broadly defined as financial instruments – typically to cover hurricanes, windstorms or earthquakes - and the result of a convergence between capital markets and the insurance industry.

Although concentrating on listing of over 100 open-ended funds in its first year, the new Gibraltar Stock Exchange (GSX) - a private sector venture that received an FSC license in October - aims to include ILS structures from 2016, before going on to be a trading exchange.

One of the largest independent ILS managers, Horseshoe Group, with $US 8bn assets under management in Bermuda, Cayman Islands and Ireland, gained an FSC license to operate in mid-October. Top investment bankers and lawyers in the New York and London capital markets historically put ILS offerings together.

Bullish on potential

Horseshoe Management (Gibraltar) was attracted to the jurisdiction following meetings with the Finance Centre, FSC and industry representatives in New York; with publication of the FSC Guidelines, Gibraltar has demonstrated its "collective willingness to make ILS a success", Andre Perez, Horseshoe chief executive, remarked.

US wind and earthquake perils dominate the ILS market, but it is necessary "not only to expand the perils, but also the geographical regions it covers". Perez added: "My sentiment is that a good percentage of the growth is going to come from Europe. This is why I am quite bullish about Gibraltar's potential for ILS."

He concluded: "Traditionally, ILS transactions in Europe have been done in Ireland as it was the only EU jurisdiction available. The problem is that the Irish regulatory system is viewed by some market participants as too cumbersome and antiquated for ILS transactions, where speed to market and flexibility are essential. This is where I think Gibraltar is going to shine…"

Gibraltar a 'cornerstone' for investment: Mark Byrne, Haverford Group

Still further good news came from Mark Byrne, Bermuda-based Haverford Group founder & chairman. "In my life I have created seven ILS structures and if Gibraltar had had the facility to list those, I would have moved them all from Cayman so we could get access to the EU," he told me. "The last ILS I formed was in New York and had $US 1bn capital, so I am able to get together quite a few investors who will join me in what I am doing."

And he emphasised: "Gibraltar will be able to compete with Cayman. There will be some who will question why Gibraltar is doing that and the stock exchange will need to demonstrate that there is support for such trade.

"I am happy to invest in Gibraltar so that it forms a cornerstone of what we are doing – for example, something in the order of $US 50m equity would not be a problem. I am very bullish about this jurisdiction", Byrne said. The FSC was "highly responsive" and "the best amongst regulators I have dealt with in 30 countries", he declared.

Byrne has already invested €10m initial capital in Gibraltar by forming two years ago St Bernard Assure, a reinsurance and insurance operation, "but this easily could be €30m if needed and still more capital is available to meet any demand".

Developing skills

Aon is the leading global provider of risk management, insurance and reinsurance brokerage, operating in 120 countries including Aon Insurance Managers (Gibraltar) Ltd, which "is recognised as a world-class financial services provider, managing nearly 30 insurance company facilities for some of the biggest companies in the world".

AON globally is said to have introduced more ILS business than any other firm, and also is an ILS administrator. A company spokesman confirmed: "AON's Gibraltar Office is actively developing the skills to be able to support the wider AON Group in transacting ILS business from Gibraltar."

Mike Ashton, Gibraltar Finance insurance specialist, explained: "Over the last six months we have learnt that there is an appetite for choice within the EU for a new jurisdiction to structure and administer these insurance products. The capital markets are looking for very transparent regulatory processes and clear time lines in progressing their applications, which we can provide in Gibraltar."

The FSC's tailored ILS regulatory framework incorporates consultation before and during the application process, with a standard time to license of 4 weeks or, for a premium, a fast-track scheme in two weeks.

Local businesses attended the Monte Carlo Rendez-Vous in September and found "strong interest" in the Gibraltar ILS offering. "We believe that the implementation of Solvency II will bring new opportunities for an expanding European ILS market. Dublin has been involved with ILS transactions for some years and Malta has recently published its guidelines. Now, with our quality product, Gibraltar can quickly become a jurisdiction of choice within the EU for ILS transactions", Ashton noted.

Ray Spencer

Gibraltar's "tremendous potential" in the Insurance Linked Securities market

Joey Garcia is a financial services Partner at ISOLAS law firm and chairman of the Gibraltar Funds and Investments Association (GFIA)

Insurance Linked Securities (ILS) have been proven to be one of the most successful manifestations of the convergence of the insurance industry with capital markets. ILS provide a mechanism for insurance related risk to be transferred to capital market investors and Gibraltar has developed a secure but competitive regime to become a key European hub in the ILS space.

If we define ILS as an asset class, we might say that they are characterised as a pooling of insurance related cash flows which are transformed into tradable securities, typically done by utilising securitisation techniques with the underlying assets and associated income then serving as collateral.

Risk securitisation is a product of the 1990's when traditional reinsurance markets reached capacity limits as a result of a number of 'catastrophe events'. Since the 2005 losses of hurricanes Katrina, Rita and Wilma, the ILS market and the market for catastrophe bonds (cat bonds) witnessed significant growth, primarily because losses sustained created a capital shortfall (with the resulting risk transfer prices skyrocketing). The sector then evolved and accepted that capital markets were not only there to offer protection in the 'vacuum' of traditional capacity, but also as a valuable source of significant amounts of high quality risk transfer capacity.

A significant portion of the ILS market is the reinsurance of high severity, low probability events through cat bonds. A cat bond allows the transfer of risk relating to, for example, earthquake risk, from an insurance or re-insurance undertaking to an investor.

A typical cat bond structure begins with the formation of an SPV, which issues bonds to investors. The proceeds are invested in safe, short term securities which are held in a trust account. The cat bond will have an embedded call option that is triggered by a defined catastrophic event. If the event, such as an earthquake, occurs, the proceeds are released from the SPV to assist claims payments. The release of funds can be proportional to the event size rather than being completely binary. However, in most cat bonds the principal is fully at risk which means that investors could lose their entire principal investment. In return for the option, the insurer pays a premium to the investors. The fixed returns on the securities held in the trust are swapped for floating returns based on the LIBOR rate (or another widely accepted index), and this in turn immunizes the insurer from the interest rate and default risks. Ultimately investors receive the LIBOR rate plus the risk premium in return for their capital and if no contingent event occurs the principal is returned to the investors at the end of the bond term. The SPV acts to isolate the investment risk made by an investor from the general business and credit risk of the insurer. As such, the investment exposes the investor to the catastrophe risk only.

The Gibraltar proposition

Gibraltar has tremendous potential to establish itself in the ILS space, particularly the growing European segment of the market which is expected to continue to develop and grow along with the increasing number of perils that have been modelled for capital market transactions. In a European environment ILS is expected to complement reinsurance with the development of Solvency II and with the total return from the cat bond market measured at 10.9% over 2013 (Swiss Re Global Cat Bond Performance Total Return Index) a continued interest is expected from institutional investors seeking returns largely uncorrelated to financial markets. Gibraltar's position as being fully EU compliant is key. In 2009, the Committee of European Insurance and Occupational Pension Supervisors (CEIOPS, (which was subsequently superseded by EIOPA in 2010)) published the Insurance Linked Securities Report which outlines the importance of Solvency II for the ILS market. This report proposed that the new principles based Solvency II framework would be a major development for the ILS market and that Solvency II would recognise securitisation and derivatives as effective risk mitigation techniques.

While some jurisdictions are taking a view as to the legislative framework required to provide the legal infrastructure for ILS business, Gibraltar has its existing Insurance Companies (Special Purpose Vehicles) Regulations which were adopted in 2009, along with Protected Cell Company legislation enacted in 2001, which provide an ideal framework for ILS offerings. Gibraltar also has a vibrant existing insurance sector (with gross premium income in 2012 of £3.8bn).

The initiative to develop and diversify the insurance sector in Gibraltar has been driven conceptually by Gibraltar Finance, and in particular their insurance specialist Mike Ashton. What we have seen is a coming together of a Government initiative, supported by the Financial Services Commission (FSC) and by the industry locally, to put Gibraltar into a position that it is ready to do business. The Gibraltar ILS Guidelines, generated in large part by the FSC, have been constructed with the input of an international and expert working group to ensure that they work from both a practical and legal angle. From that perspective we can be confident that as well as being Solvency II compliant based on the most up to date EIOPA position, the Guidelines also meet with the approval of the international practitioners who offered their input throughout the process. Critically, both in terms of pricing but even more importantly in terms of timing and time to market, the Guidelines and the processes set out therein have already been met with approval of the industry.

Initial momentum

ISOLAS is delighted to act for the Horseshoe Group- one of the largest ILS managers - in its Insurance Manager's application in Gibraltar. Andre Perez, CEO of Horseshoe sees a good percentage of growth in the sector coming from Europe and is 'quite bullish about Gibraltar's potential for ILS.'

This is positive news and we expect this to send a strong message to the sector. There will be other Insurance Managers looking at developing operations in Gibraltar, and there are also managers already in Gibraltar with ILS business currently existing outside of Gibraltar that we would hope to develop locally. I am confident that Gibraltar will have a good choice of service providers to support the ILS sector as it develops, and the future looks very positive.

www.gibraltarlawyers.com

ISOLAS 1892

Big role for private sector to come from renewable energy sources

Gibraltar aims to have at least 40% of its electricity requirements supplied by alternative energy sources by 2020, even though it is now investing £68m in building a new dual-fuel - liquefied gas and oil - power station to meet total demand

By tapping into the jurisdiction's 'green agenda', which sees even higher use of renewables by 2030, the private sector is being given the opportunity to take a growing role from household and office energy solutions to carving out a significant proportion of new generating capacity.

Showcase: the proposed Eco Wave Power floaters will generate electricity.

The move to use of renewables is attracting "big players", says Dr. John Cortes, Minister for the Environment. "We are either discussing, or actually have signed, memoranda of understanding with at least four companies showing an interest in renewable energy production", he told *Gibraltar International*.

"We are having discussions with potential providers by way of a partnership – they would invest and we would buy the power", Dr. Cortes explained. "With new technologies – particularly ones that aren't proven – there is I think, a real benefit to Gibraltar from working with the private sector. There is no risk to Gibraltar and the government, but the private sector is encouraged to invest".

One power purchase agreement was signed in June with Eco Wave Power (EWP), an Israeli company that expects to supply an initial 0.1-0.5MW of electricity utilising wave technology off the Rock's east side from March, and 10 times that amount a year later.

Inna Braverman, EWP co-founder and marketing director, sees the Gibraltar project as a showcase for its work in Europe – "with our present troubles, people are not so keen to visit us in Israel at this time, but Gibraltar is much more accessible".

The four year old Tel Aviv firm is investing US$5m to produce power by utilising natural energy from waves with the Gibraltar government paying an undisclosed rate for the supply. "Wave power requires very little space and the energy cost is very low by comparison to present oil or diesel prices," Braverman assured.

The computer-controlled system initially will consist of four floaters each producing up to 100KW of electricity from early next year; the second phase will involve up to 100 floaters linked to a breakwater and "there is no need for them to be bolted to the seabed or for any high above-ground structures, so it is environmentally friendly", Braverman explained.

Israeli wave power

The EWP system has provided Israel with a 10KW power supply [twice that envisaged for Gibraltar] in Jaffa Port since March, after testing the concept on the former Crimean peninsula – the Black Sea was considered ideal because of its widely variable wave power.

Braverman said: "We have signed contracts and expressions of interest totaling 79MW, including with two UK ports to produce 12.5MW, a 50MW project in China and another proposed in Cyprus, as well as partnerships, including the Philippines, Chile and Thailand. There is a lot of interest around the world and the Gibraltar installation will be closely monitored."

At the same time, Dr. Cortes expects privately installed solar systems "to produce a fair amount, say 3MW, by the end of next year". But he cautioned: "All of these things are speculative; it could be that we partner up with somebody who can provide all of this much more quickly."

The jurisdiction's 19,300 consumers - domestic customers account for just over a third - routinely require 17-35MW of power, but February saw demand peak at 42MW. Annual demand growth has slowed slightly; until the 2008-9 recessionary period a 4% annual rise in demand was common, but this year Gibraltar Electricity Authority (GibElec) expects just 1% more electricity usage.

Subsidy rises

The government subsidises consumer electricity costs by an average 40%, with the forecast 2013-14 income shortfall at £30m being a third greater than a year earlier and a whopping 72% more than was expected.

GibElec's deteriorating financial plight is down both to a 4-year freeze on electricity supply charges, higher diesel fuel costs, and to an additional 48MW of temporary generating capacity at three sites after engines at the Rock's three power stations began to fail causing major power cuts.

The emergency rental diesel generators consume more fuel than existing power station units with 30-50 year old technology; these would cost £5m each to replace, compared with £¾m to buy similar sized temporary ones.

"The new power station [from Bouygues Energies & Services] inevitably will be more efficient and, using mainly gas, will be much cleaner and cost less to run; we might even break even - at least that's the direction we are going," remarked GibElec chief executive, Manuel Alecio.

He noted: " We are an island electrically speaking and have no grid to call on for back-up supply, so we must aim to be self-sufficient."

For modern businesses security of power supply is essential; many local commercial buildings and e-gaming companies in particular, have installed emergency generators.

The Government says GibElec "must provide power as an essential prerequisite for modern life and the state of the art businesses we have and want to further attract to Gibraltar".

Some 60,000 M2 of offices are planned in at least seven projects mostly for completion in 2016, along with three hotel schemes and 1,500 new homes now being built.

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A projected US$ 1bn Eastside mixed-use - residential, hotel, office and sports - development from 2017 may add a further 3-4% electricity demand.

Enough for 30 years

The new power station, to be built on partly reclaimed land off the Port's North Mole, is designed to provide 40% more generating power than the three existing power stations combined, sufficient "to guarantee Gibraltar's power needs for the next three decades", Chief Minister, Fabian Picardo has promised.

A saving of £10m+ a year in electricity production costs is estimated from around 2017, however, with the input of 40% renewable energy supply, the cost savings might easily double, local environmental experts suggest. Dr. Cortes said: "There will be a financial incentive for all renewables to occur more quickly.

"We are preparing some financial models as to how renewable energy can develop and the impact on the economy looking to 2030. There is no reason why we couldn't shift increasingly to private sector investing in [energy production] - there is a whole range of possibilities, between 100% government and 100% private," Dr. Cortes opined.

The Climate Change Task Force action plan involves the private and public sectors; preliminary results are in "and we hope to have finalised it by November/December", he revealed. However, Dr. Cortes said Gibraltar had decided to "press ahead with some ad hoc decisions…. which will be made public before the end of the year".

Most significant actions resulting from the Green plan to 2030 will have been taken by 2020, the EU target date for Gibraltar achieving at least 15% renewable energy, but the jurisdiction hopes to have exceeded that target by a third.

EWP presented its unique wave technology to world leaders at the September UN Climate Summit for heads of state, ministers and heads of international organisations, signed the 'Caring for Climate Business Leadership' criteria and publicly committed to establish a wave energy power plant in Gibraltar by the end of 2015.

Environment Minister Dr. John Cortes with Dr. Liesel Torres, Gibraltar's Environment chief executive, at the UN climate summit.

Dr. Cortes, returning from the New York Summit, said: "It was clear that what we are doing in Gibraltar is absolutely on track with what is required globally and that we can be an example of the fight against climate change at the scale of small territories… today it is a low risk investment with a huge return potential."

However, as GibElec's Alecio pointed out: "As is the case everywhere else generally, one of the difficulties with renewables is that they don't generally deliver 24/7 and therefore cannot be as reliable as conventional means of producing electricity. Unlike other countries, the problem for us is that we have only a small land area, but with the same weather conditions throughout."

Ray Spencer

Businesses may be seduced by incentives

Reducing power use is not only good for the environment, but also good for the pocket. That's the message Gibraltar residents and businesses are being asked to embrace – and it offers the opportunity for private sector 'green' initiatives. The government wants more energy saving measures – LED lighting, solar water and solar voltaic panels for power and heat, for example – to be adopted.

Individuals have a £3,000 tax incentive to install solar panels; housing estates get soft loans for energy efficiency equipment; low-energy lighting has zero import duty and there is reduced tax for hybrid and electric vehicles.

Yet local firms report little awareness amongst consumers and companies. John Clifford's Cocoon renewable energy consortium opened in Gibraltar two years ago with British, Spanish and local energy-saving technology specialists.

Having completed installation of 72 solar voltaic panels on 9 apartment blocks on a local housing estate to provide communal electricity and LED lighting with significant cost savings, "there is still no mad rush by companies to do similarly – they make enquiries, but generally seem hesitant to progress", Clifford said.

"To some extent, the private sector is dragging behind", Environment Minister Dr. John Cortes acknowledged, even when a Climate Change Task Force has business representation. "The message for business has not clicked in as much as it should have done. The private sector needs to…. realise that energy efficiency is financial efficiency and that they can make real savings."

He cited the swimming pools complex, where Green Resources (GR), another networking energy business, replaced old hot water boilers and lighting with a computer-controlled mix of LED, solar voltaic, solar thermal equipment and a heat exchanger using sea water. GR, started in 2011, reports "a spectacular result" after 1 year, with projected fuel cost savings of £8,000 a month. GR Consultant Dennis Cardona sees control software as key, and is working on a similar £220,000 project at St Bernard's Hospital.

Desmond Walsh's attempt 5 years ago to install a wind turbine to generate electricity for his Deselec business was thwarted by planning regulations - now he wants to do the same thing at new premises near Europa Point. "We want to provide power for electric vehicles that we hope will replace our 7 vans and save on £400 monthly fuel costs, as well as take advantage of government purchase subsidies", he said.

Minister Cortes accepts: "Businesses have not been given incentives and inspired to come on board and this is the challenge." Proposals to subsidise green technology in commercial buildings are being considered, "but bear in mind it makes business sense to have solar if you have a large roof or area such as parking rather than soft loans".

Continued from page 6

To "ensure good governance, control and impartiality", Marcus Killick, former FSC chief executive, has been appointed chairman, aided by a second non-executive director, Adrian Hogg from local accountancy firm, Grant Thornton, which has advised on the license application process.

In addition, Simon Brickles, former head of AIM (the Alternative Investment Market for small and medium sized businesses) at the London Stock Exchange, is working as a consultant for the Gibraltar venture, having advised on establishment of several new stock exchanges across the world.

Joey Garcia, a partner at local law firm Isolas and chairman of Gibraltar Funds & Investments Association (GFIA), has also been involved as a legal advisor, and joins a GSX independent appeals panel that is available to aggrieved investors or funds promoters.

The three founding principals, plus a UK-based private equity firm, have funded establishment of the exchange through a near 2-year FSC licensing process, along with an FSC-stipulated regulated start-up capital deposit (based on a MIFID Cap 1) of at least €730,000 in a separate bank account. An undisclosed private investor is the fourth shareholder providing extra capital to facilitate the exchange marketing and expansion.

"At the outset, we expect 95% of the listings to be from established Gibraltar funds, so our target market is beyond the jurisdiction and in particular smaller (generally sub-$US 750m) offshore investment funds looking for EU exposure", Cowan revealed. Funds will be accepted from a list of approved states – a narrower base than that recognised by the FSC, but including all major global funds locations.

"Gibraltar is a tax-efficient jurisdiction, but the only thing it hasn't had by comparison with other centres such as Ireland, Luxembourg and Malta, is a stock exchange so that service providers and clients can have a single solution for domicile and listing of funds", Cowan observed.

Chief Minister Picardo was at pains to point out to his London audiences that the jurisdiction's continued economic expansion "is based on transparency and compliance with international rules" and he pointed to "the strong historic links between the City of London and Gibraltar", which he said, were not based on a quaint old tradition and a long relationship, but were "today modern and vibrant".

The London financial services event – part of a wider Gibraltar Day programme – was attended by 391 people, 20% more than last year's record number and left around 40 people from Gibraltar denied a place for themselves and guests by space restrictions, such is the level of interest, Jimmy Tipping the government's Gibraltar Finance Director, explained.

As Minister Isola told a separate inaugural funds sector lunch at the RAC Club that attracted 190 people, including 50 firms that had not previously been exposed to Gibraltar's offering, "our ability to access Europe is different from many other smaller jurisdiction, who do not".

Gibraltar was also ahead of many other EU jurisdictions in having transposed all EU Directives. But most important was FSC restructuring which strengthened the regulatory regime, which would bring improved speed to market for funds.

Ray Spencer

Fresh hope to overturn UK gaming tax after first court bid fails

Gibraltar's "premier division" e-gaming community is taking a last roll of the dice in its bid to thwart UK plans to introduce a point- of-consumption tax for on-line bets from December by seeking a second Judicial Review.

A High Court challenge in October to halt UK remote gambling licensing was dismissed when it was found that the Gibraltar Betting and Gaming Association (GBGA) had "not established that the new regime is unlawful under EU law or domestic law".

In the Administrative Court Mr Justice Green, added: "It is neither disproportionate, nor discriminatory, nor is it irrational", as had been claimed by the GBGA.

However, he also concluded that Gibraltar is not to be treated as the same Member State as the UK and it is this aspect that has prompted the bid for a fresh Judicial Review, this time on the discriminatory effect of the new tax as it impacts on the provision of services between EU member states – a matter the GBGA regards as "of unparalleled constitutional importance".

The hope is that a judge will be appointed to examine the validity of the claim and potential for Judicial Review – the stage at which the first JR bid failed – by November and, if supported, that there will be a full High Court hearing expedited before the new tax comes into effect on 1st December 2014.

Concern at the UK's actions are not just rooted in the financial implications, given that the gaming sector accounts for a quarter of Gibraltar's economy.

There have been claims that some companies may desert Gibraltar so as to avoid paying double taxation in both UK and Gibraltar jurisdictions. That potentially affects The Rock's income from income, corporation and gaming tax and puts operators at a commercial disadvantage not just to UK operators, but particularly to rogue operators elsewhere over which the UK Gambling Commission has no jurisdiction and will be unable to enforce its regulations.

The effect of all that, it is argued, is also to weaken consumer protection. It could mean that "responsible foreign operators are forced to raise prices" [ie. offer less favourable odds or a high rake] says the GBGA, encouraging many consumers to move to companies with no regulation and lower overheads and where they "will face increased risks of fraud, non-payment and abuse".

The GBGA case also maintains that the tax is a restriction on the provision of services between EU member states and there are "no equivalent precedents of the UK Government seeking to tax entities abroad in respect of the provision of services into the UK without going through the appropriate route of seeking harmonization through the EU".

Again Mr Justice Green's finding is encouraging. He pointed out: "Case law also establishes that measures restricting the freedom to provide services between Member States may not be justified on purely economic grounds". He maintained that "a restriction designed to raise tax would be an economic objective and, as such, inadmissible as a justification."

"The times, they are a-changing"

By Louis C. Montegriffo, Managing Director, BMI Group

Or are they??

Don't panic people, I am not about to take issue with civil rights movements, although to be fair, we could do with our own version of Bob Dylan singing tunes at the border and blowing some sense into the wind.

No ladies and gents, I am of course making reference to the advent of NEW DEVELOPMENTS ... everywhere!

Over the past few weeks and months, we have witnessed the launch, pre-launch or announcement of new schemes to hit the market, both residential and commercial. In short we are potentially looking at over 25,000sqm of proposed office development in the shape of World Trade Centre, Victory Place, and NW1 and approximately 200 new residential units with the recent launch of Imperial Ocean Plaza and Midtown.

The last time we saw such activity was between 2003- 2005, where developments such as Ocean Village phase 2, Kings Wharf, Atlantic Suites and The Anchorage took to market and between them placed approx. 450 units on to market.

So, what do we make out of this new era of property development?

The bigger picture?

It's been a good 6 years since we saw the last dip in the market, not driven by economic recession I might add, but by pure and on occasion unadulterated speculation which left us with the near 250+ properties for sale and more lettings than we cared for. Over the period we have seen the market dip by an average of 20% (with some developments faring better than others) and rise again to beyond 30% of the position back in 2007 – a pretty serious movement over such a short period.

Back in 2011 we had hinted at the fact that the market had in effect come through the turbulent period of over-supply and we entered into a new period of real and sustained growth driven primarily by continued buoyancy in the economy, which by the way, continues at an increased pace year on year. In essence we've had 3 very good years which has seen the hardening of prices at all levels of our property market, plus the creation of a new tier in the market – the fourth tier so to speak, one that we call the "upper high value" market – the £1m+ range.

Demand and growth in the market over the past 36 months, has taken its toll on the portfolio of properties available. Today there are no more than 100 units for sale to the immediate home occupier / buy to let investor; which from a numbers point of view is the lowest we have seen for some

time. The impact of this is clearly seen by the rate at which prices have increased, over the past 18 months.

So, it's sensible in our view to assume that a new impetus in the market of new residential schemes is a positive, and considering the numbers involved, unlikely to drive prices down, particularly when considering completion dates of Imperial Ocean Plaza, likely 2017/18 and Midtown, likely during the same period if not earlier. So to speak, the occupier market has another 24 months to see further growth, unlikely to be at the same pace, but certainly increased rates / sqm are on the cards. This is NOT to say that the market is set to take a dip after 24 months, but one needs to take into account what up take there is from owner occupiers, buy to let investors and speculators, on these new schemes, in order to take a sensible longer term view. I'm staying on the positive side of the fence for now, albeit with a cautious eye on what to put your money on.

The target market / the product / the pricing!

One factor to consider amongst all of what is happening is the impact of the speculative market. Although there is no question that the market is in much need of new developments, given that portfolio numbers are at an all-time low since 2000; the release of near 200 units on the market will inevitably attract speculators. Who are these speculators??? Well they come in different shapes and sizes and will have different expectations, but in short they want to make a quick turn on their investment. Question is, where's your best bet? Well, history will no doubt present its own views on this and you, the reader, will have your own preferences and opinions. But key to all of this will be; who's your neighbour, i.e who else has invested? why have they invested? and what investment mix (type of buyer) there is? To make the point; if you are invested with a healthy ratio of owner occupiers, buy to let investors and speculators, with the latter comprising of experienced players, one would say that you'd be in good shape. If however you have invested with a high ratio of speculators, driven by quick turns – well, the risks are blatantly higher.

I am fortunate enough to be presented to clients looking to invest, whom will say, "I prefer to invest in properties that only I would be prepared to live in"….. these are sensible people in my view. It's not just about a buoyant market and jumping on a gravy train, but rather, what you buy with particular respect to the end product, it's location, its view, the amenities and the layout and distribution of the property – all of these factors are key when investing in property and should not be taken for granted.

www.bmigroup.gi

BMI GROUP

Home grown talent works

Gibtelecom's 'Employer Led Degree Programme', now in its 2nd year is offering top A-Level students financial and work-experience support during their studies and to be considered for employment if gaining at least a 2:1 honours degree.

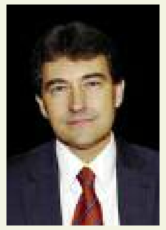
Students on Gibtelecom's 2014 summer jobs programme.

The Company has taken on 14 undergraduates in 10 years, 6 having gained employment with Gibtelecom, and runs other employment initiatives – including a year-long work placement and summer jobs for 300 students since 1993 - as part of its commitment to support the local community.

Gibtelecom's Associate Director, Resources, Lesley Louise, emphasises the importance of university students gaining invaluable experience in the working environment "as it helps to reinforce their studies and obtain life skills which will help them gain future employment".

Hassans law firm contribute to the latest global Gaming law reference guide

Peter Montegriffo QC and Nyreen Llamas, partners at Hassans international law firm have contributed to the latest reference guide for global Gaming law.



Published by Thomson Reuter, the guide informs lawyers around the world with cross-jurisdictional information that is clear, concise and highly practical.

The partners who advise gaming firms locally and internationally, were asked to provide a detailed chapter to outline the legal framework relating to gaming and the developments in Gibraltar. The chapter follows a question and answer format to provide essential guidance when conducting business on an international level.

Julian Harris, editor of the guide, and a partner at UK law firm Harris Hagan stated: "Our aim has been to provide a useful broad guide to the legal and regulatory framework for gaming in order to provide a comparison of the varied approaches to this fascinating area of law between jurisdictions throughout the world".

Isolas law firm appoints its first CEO

Marcus Killick OBE has joined Isolas law firm as chief executive officer. Mr. Killick, who was the former CEO at the Financial Services Commission for eleven years, stood down earlier this year and has now joined Isolas to take on an active management role. He we also assist practitioners in the firm's financial services team, an area in which he has over 20 years experience and expertise.

An English barrister and member of the New York State Bar, as well as a chartered fellow of the Chartered Institute for Securities and Investments. He is also a director of the Gibraltar International Bank and Callaghan Insurance. In the 2014 New Year's Honours List he was awarded an OBE.

Senior Partner, Peter Isola commented: "I am delighted and very pleased that he has chosen to join us, his knowledge and experience will be a boon to Isolas in many ways and I'm excited about the developments his appointment may bring."

Gibraltar International Bank to open in March 2015

The executive team at Gibraltar International Bank has confirmed that the bank is due to open for business in early March 2015, subject to completion of all pending issues including operational matters, building works and meeting the conditions of the licence granted by the Financial Services Commission.

Gibraltar INTERNATIONAL BANK

Minister for Financial Services, Albert Isola commented: "Everyone has pulled together in the name of Gibraltar PLC during this difficult time to ensure banking services are available to people, and I am grateful for this. I am also very excited by the opening of the Gibraltar International Bank next March; it will of course be a welcome addition to our banking community."

HM Government of Gibraltar has noted that Barclays Bank has delayed the closure of its main street branch, which was due to close in October 2014 as part of a global review that will see the bank cut more than half of its worldwide operations by 2016. The delayed closure will give customers more time to make alternative banking arrangements in Gibraltar.

World Mental Health Day 2014

Local non profit organization, Clubhouse Gibraltar organised a mental health awareness week in Gibraltar as part of the World Mental Health Day 2014 which took place on the 10th October.

The clubhouse event started on the 3rd October with a wear yellow in support of this years mental health topic schizophrenia. They also arranged a walk from Casemates to The Convent and an exhibition at John Mackintosh Hall provided information on all aspects of mental health.

Schizophrenia is a diagnosis given to some people who have severely disrupted beliefs and experiences. About 1 in 100 people will have an episode of schizophrenia and two thirds of these will go on to have further episodes.

World Mental Health Day

The causes are unknown but it appears to be associated with changes in some brain chemicals. At least 26 million people are living with schizophrenia worldwide according to the World Health Organization.

www.clubhousegibraltar.com
www.mentalhealth.org.uk

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