Nov/Dec/Jan 2019/20

GIBRALTAR INTERNATIONAL

FINANCE ■ INVESTMENT ■ BUSINESS

www.gibraltarinternational.com

FINANCIAL SERVICES

GIBRALTAR'S LAWYERS SINCE 1905

CORPORATE & COMMERCIAL
DISPUTE RESOLUTION
FINANCIAL SERVICES
PRIVATE CLIENT
PROPERTY
SHIPPING & ADMIRALTY

Gibraltar's prominence as a mainstream Finance Centre is now well established. With high regulatory standards, the industry has prospered primarily as a result of Gibraltar's attractive regulatory regimes, such as the experienced investor fund regime.

Gibraltar offers business and lifestyle advantages for those looking to undertake financial services and investment business within the United Kingdom and beyond, coupled with the security of a highly regulated jurisdiction, low taxation and a culture which facilitates business.

With over 110 years experience and a visionary and practical approach towards our client's needs, we have secured outstanding levels of client satisfaction. So with a reputation for legal excellence that is second to none you can certainly count on us.

TRIAY & TRIAY
LAWYERS

Gibraltar International Magazine is grateful for the support of the finance industry and allied services 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

ARTEX RISK SOLUTIONS (GIBRALTAR) LIMITED
Tel: + (350) 200 74570 • info@artexrisk.gi
www.artexrisk.com

BANK J. SAFRA SARASIN (GIBRALTAR) LIMITED
Tel: + (350) 2000 2550
marvin.cartwright@jsafrasarasin.com
www.jsafrasarasin.com

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

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

THE EUROPA GROUP
Tel: + (350) 200 79013 • info@europa.gi
www.europa.gi

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

FIDUCIARY MANAGEMENT LIMITED
Tel: + (350) 200 76651 • info@fiduciarygroup.com
www.fiduciarygroup.com

GIBRALTAR STOCK EXCHANGE GROUP (GSX GROUP)
Tel: + (350) 200 67822 • info@gsx.gi
www.gsxgroup.gi

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

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

IFAI LIMITED
Tel: + (350) 200 67469 • info@ifai.gi
www.ifai.gi

ISOLAS
Tel: + (350) 2000 1892 • info@isolas.gi
www.gibraltarlawyers.com

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

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

RED RIBBON FUND MANAGEMENT LIMITED
Tel: + (44) 20 7183 3710 • enquiries@redribbon.gi
www.redribbon.gi

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

SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED
Tel: + (350) 2000 2000
gibraltar@sghambros.com
www.kleinworthambros.com

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

GIBRALTAR INTERNATIONAL

Nov/Dec/Jan 2019/20

Volume 25
Number 4

Contents

Published by
Gibraltar International Publications Ltd.
21 Bell Lane
PMB 104, PO Box 561
Gibraltar, GX11 1AA

Editorial enquiries
editor@gibraltarinternational.com

Advertising enquiries
sales@gibraltarinternational.com

Design
bilgoker@gmail.com

UK Agent
Tel: + 44 (0)1993 703560

Gibraltar, proven
not promised...

thinkgibraltar.gi

GIBRALTAR FINANCE
HM Government of Gibraltar

THINK BUSINESS
#THINKGIBRALTAR

Boris Johnson's "Rock like" support

British Prime Minister, Boris Johnson assured guests at the Conservative Party Conference in September, that the UK supports Gibraltar and would protect the overseas territory in any withdrawal agreement reached with the EU.

Mr Johnson told the audience: "It is the Rock of the British Government which will never, never, never allow the Sovereignty of Gibraltar to be diluted, or adulterated, or in any way changed".

"Gibraltar is absolutely vital for the Andalusian economy and indeed for the whole Spanish economy, and we think that our Spanish friends and partners understand that", he declared.

"Whatever happens, we will ensure that the parts of the withdrawal agreement that relate to the future of Gibraltar will be preserved, and the sovereignty and integrity of Gibraltar will be guaranteed by this government." he said.

New CEO at the GFSC

Kerry Blight took up his role as the new Chief Executive Officer, at the Gibraltar Financial Services Commission (GFSC) in October.

Mr Blight previously served as the Regional Director of Royal Bank of Scotland International / NatWest and subsequently the CEO at Credit Suisse. He is also the former chairman of the Finance Centre Council and a highly regarded professional in the financial services community.

His appointment was welcomed by the Gibraltar Chamber of Commerce, who are optimistic that with his knowledge of the local and international financial services industry, and a reputation for being fair and reasonable, that he will thrive in the position.

Continued market access for Gibraltar in Queen's Speech

The inclusion of a new UK Financial Services Bill (the Bill), as one of 26 legislation listed in Her Majesty The Queen's Speech in October was welcomed by the Gibraltar government and local financial businesses.

The explanatory notes accompanying the speech provide that the Bill will ensure that the United Kingdom (UK) maintains its world-leading regulatory standards and remains open to international markets after we leave the European Union. It further provides that one of the main elements of the Bill is to deliver on the British government's commitment for long-term market access to the UK for financial services firms in Gibraltar, as part of the UK family.

The Bill guarantees continued market access on a bilaterally agreed basis between Gibraltar and the UK in a way that will not restrict Gibraltar's regulatory autonomy in financial services.

Gibraltar Day London 2019

As part of the Gibraltar governments Think Gibraltar campaign (thinkgibraltar.gi), from the 5th to the 7th November, five financial services events will be held in London.

Tuesday 5th November, Financial Services Lunch, will be held, as is customary in the Old Library, The Guildhall.

Wednesday 6th November, Funds & Asset Managers Breakfast, the seminar will be held in the Nash Room, Institute of Directors.

Wednesday 6th November, Private Clients and Family Offices Seminar, will be held in the Nash Room, Institute of Directors.

Thursday 7th November, Insurance Breakfast, the seminar will be held at The Gherkin, Level 40.

Thursday 7th November, Distributed Ledger Technology (DLT) Reception, the event which includes an expert panel session, will be held at Level 39, The Sandbox Room, One Canada Square, Canary Wharf.

Artex

Ensuring Greater Understanding

Artex Gibraltar offers an extensive range of insurance and reinsurance company solutions throughout Europe. We have more than 20 years of experience working in partnership with clients to design, license and manage insurance companies. Our leading market expertise, practical approach and personal touch will guide you from the genesis of an idea to development of the project and ongoing evolution.

Our insurance management services include:

- Direct underwriting vehicles passporting into the United Kingdom and Europe
- Reinsurance underwriting vehicles
- Protected cell companies
- Insurance-linked securities and structured transaction administration
- Effective solutions for legacy business and run-off

Operating in over 30 domiciles and in more than 15 offices internationally, we have the proven capacity to supply any alternative risk need. Let's work together to find the right solution for your business.

Artex

E: info@artexrisk.gi
T: +350.200.74570
W: artexrisk.com

Think Business, Think Gibraltar

In mid September, HM Government of Gibraltar launched the start of its new business development campaign in London, ThinkGibraltar

The two month campaign is the latest promotion from the government to increase more awareness and further attract new businesses to Gibraltar, by highlighting the opportunities to passport into the UK, post Brexit, and to reaffirm the close ties Gibraltar has with the United Kingdom.

The ThinkBusiness ThinkGibraltar logo is being advertised on the side of some 300 London taxis, 100 buses and 40 key commuter stations in the City and West End, including London Bridge, Liverpool Street, St Pancras and Waterloo.

The campaign was created to increase greater awareness of Gibraltar in London, and to direct businesses to the ThinkGibraltar website. The website focuses on five key sectors, Insurance, Distributed Ledger Technology (DLT), Gaming, Funds, and Private Clients. These are the sectors where the jurisdiction excels and has created world leading business environments and frameworks.

A ThinkGibraltar digital marketing campaign on social media was launched simultaneously, on Instagram, Facebook, and Linkedin.

As part of the campaign, HM Government of Gibraltar will be hosting in early November five financial services events in London, as part of the annual Gibraltar Day events. The events will be supported by both the private and public sector to help further drive awareness and inform the rest of the world that Gibraltar is a world class jurisdiction, with world class talent, that is open for business.

Gibraltar is a fully self-governing and fully self-financing British Overseas Territory, to which the Treaties establishing the European Union (EU) apply, with only certain exceptions. It is within the EU single market for the purposes of the free movement of persons, the freedom to provide services and the free movement of capital. It is not within the Common Customs Union and does not have to apply a VAT regime. Its status applies until the United Kingdom (UK) formally exits the EU. It will continue to have access to the UK in all financial services areas that are covered by Cross Border Directives.

EU Regulations apply directly and EU Directives are transposed by Gibraltar's parliament. This includes all measures on financial supervision and regulation, direct taxation and anti-money laundering. The corporation tax rate is 10%, with a maximum effective rate on personal tax of 25%. The taxation regime is subject to EU scrutiny.

The Gibraltar legal system is based on the common and statute law of England. English is the official language, although Spanish is also widely spoken.

www.thinkgibraltar.gi

THINK BUSINESS
#THINKGIBRALTAR

UK motor business still driving ahead

Insurers in Gibraltar were last year responsible for an estimated record £5.19bn in premiums, almost all being from UK customers and the annual total is expected to rise significantly with the prospect of new markets post-Brexit, including from the Far East, writes Ray Spencer

In anticipation of the UK – and by association also Gibraltar – no longer forming part of the European Union (EU) single market, insurers have been moving businesses into and out of Gibraltar; others have set up new insurance enterprises in the jurisdiction and there is also movement out of the UK to The Rock.

Chairman of Gibraltar Insurance Association (GIA), Shaun Cawdery remarked: "Gibraltar companies already insure at least 1-in-5 UK cars and I believe there is a great opportunity for us to increase writing business there, especially in other lines.

Rock-based businesses increased their share slightly above 20% of the UK motor market in 2018 and saw total premium income from the circa 6m cars they insure rise by around 7% to reach £4.56bn over the previous year, according to market analysis by accountancy firm, Deloitte presented at the Sunborn Hotel at end-September.

"The Gibraltar share of the UK market is still robust, despite Brexit uncertainty", declared Daniel Delgado, a Deloitte (Gibraltar) partner. The research is based on insurers with mostly motors business, so the total premium income will be greater. The firm believes Gibraltar's share will hold up even as there are signs that UK car insurance costs are falling in a highly competitive market.

The predominance of UK motor insurance business has marked Gibraltar out as different, and paradoxically owes its existence primarily through dissatisfaction at rising costs after changes in the 1990s with Lloyds of London, the world-leading insurance underwriting centre, of doing business in circa 2000 causing a number of Lloyd's motor syndicates to consider they were not competitive with non-Lloyd's UK motor insurers.

Faced with an 18 to 24 months licensing process, some turned to Gibraltar which at the time offered new insurance companies authorisation in around 6 months, subject to meeting all EU requirements.

Only one decamped

Markerstudy was the first motor insurer to be incorporated in Gibraltar in January 2001 and was quickly followed by a number of others as local lawyers, operating under the Gibraltar Order 2001, were able to confirm Gibraltar's EU passporting rights for financial services and began to suggest businesses consider establishing in Gibraltar rather than the UK.

Today there are around 45 insurance companies, comprising non-life entities, two life companies, some captive insurers and, of course the most being motor based. Largest amongst them at present are Admiral, Advantage (part of Hastings Group), Qatar Reinsurance – 2, Zenith and Markerstudy.

With Brexit uncertainty, most companies that also had European business made alternative arrangements, with only Slovakian-owned insurer, Premium managed by Artex Risk Solutions – one of five Gibraltar insurance managers. – relocating in May to Artex in Malta.

Gibraltar's Robus Insurance, an independent insurance management, fiduciary and financial advisory group, which is also in Guernsey, opened a Malta office in November 2018, and Sovereign Insurance Services, established in Gibraltar in 2012 by Sovereign Trust as a corporate and international insurance broker, opened a Malta office in May.

As Cawdery observed: "The Single Market arrangements are uncertain for portfolio transfers, establishing new businesses, or re-domiciliation. While Gibraltar and British businesses must do something by Brexit day in the event of a hard Brexit, those in the EU writing business into the UK can sit and wait and see how things go for up to three years following as a result of the UK's Temporary Permissions Regime, which is not reciprocal.

EU portfolio transfers

"This also means that insurers moving into Gibraltar [from Europe] to service the UK market have been slower than might have been expected," the GIA chairman noted.

Admiral Insurance, Gibraltar's largest insurer with 10% of its business in home insurance and the balance in motor business, arranged a portfolio transfer of its European

Continued p12

Continued from p10

book into Spain in January, at a reported cost of £4-5m, including transfer of several hundred thousand policyholders also from the UK.

Whilst some of Gibraltar's EU insurance business have sought to move to Malta, others, such as Red Sands (RS) with operations in five European countries and one of the fastest growing whole-life insurers in Eastern Europe, have faced difficulties in doing so.

RS found Malta's position in respect of licensing altered after starting its application in May 2018, including a change in risk appetite for Gibraltar-based insurance portfolios and required three rather than five key locally-based personnel supported by a number of established local outsourcing arrangements.

Moving back

Cawdery, who is also RS managing director, explained: "After discussions with the Malta regulator, it seems they still have a number of issues with Gibraltar transfers, possibly as a result of pressure in the background from the European Insurance and Occupational Pensions Authority, which oversees EU regulators, and has expressed views on the substance of UK and Gibraltar transfers into the EU post-Brexit to ensure that they are not simply letterbox arrangements."

It was a reputational risk issue around past failed Gibraltar and UK insurers, he declared and "although perhaps understandable in the past – say 15-20 years ago when there may have been less substance to some businesses in Gibraltar- that perception is outdated and unjustified", Cawdery emphasised.

Ironically, Red Sands took on 8,365 customers of now4cover, a UK home insurance intermediary that was part of Gibraltar's Lamp Insurance, which went into administration at end-April.

In 2016, Enterprise, a motor insurer, became the largest to cease trading with a claims bill exceeding £157m, and Elite followed a year later.

Jay Gomez, a senior associate specialising in insurance at law firm Triay & Triay (T&T), said: "Failure is never good for any jurisdiction, but what we have to be conscious of, given the amount of business written from Gibraltar, is the amount of failures we have experienced is not that large: failures happen all over the world; they are bound to happen – it is a reality."

Paul Cole, managing director of, Artex Risk Solutions, a leading insurance manager, said failures happened across Europe, and that all jurisdictions had their failures and issues, but he conceded: "In a small jurisdiction like Gibraltar it is painful."

Red Sands has now decided to concentrate on its general insurance offering into the UK and not to proceed with Malta. The company is looking either to agree a portfolio transfer of about £25m European annual premiums from 140,000 policyholders in the Red Sands Life Insurance Company that accounts for some 10% of RS Group business, or to go into run off.

Some Malta-based insurance businesses have re-domiciled into Gibraltar: Caversham gave up its Malta license in April, and Bray Insurance did similarly in June. Earlier, St Julien, in which Markerstudy and Zenith had an interest, re-domiciled its insurance business from Malta into Gibraltar in mid-2017 and then was put into run-off as there was a local company already writing UK business.

Global advisory, broking and solutions company, Willis Towers Watson's Gibraltar arm has also reportedly re-domiciled a couple of captive insurers, including for the UK's Bifa Waste Management company.

Cole revealed: "We are in preparations for a new motor insurance company from the UK to be set up, along with enquiries from other established businesses that value approachability of the regulator in a proven market for the motor industry. We are assisting a reasonable size insurer to re-domicile from Malta."

Artex has grown in Gibraltar this year and in a mature motor insurance market, Cole believes "that it is not going to grow significantly in the coming years, but given it is an established market, there still will be the odd one or two newcomers, because it remains a stable jurisdiction with passporting access into the UK in a competitive marketplace."

Hedgehog set up this year in Gibraltar as a specialist insurance managing general agent focused on the UK motor market, and is the only private UK business to be granted 100% of the UK's Berkshire Hathaway's underwriting capacity.

Newcomers too

"We are on target to write about £35m [premiums] in the next 12 months, across most of the market and looking to grow substantially over the next few years", reported Hedgehog chief executive, Pete Storey.

He declared: "Our background is technology and our USP is that as a digital broker, we've built a platform specifically designed for aggregator-driven UK motor market business, and as a result can take advantage of data, scale, and processes that are available starting in 2019 without having a hangover of legacy processes, staff overheads and technological 'debt' that prevents moving quickly to take advantage of the market conditions."

Storey emphasised that Gibraltar had been chosen for its "straightforward regulatory approach, leadership in the UK motor market, supply of professionals and professional service companies, and strong, UK-like legal system".

Also new to Gibraltar is Extracover, part of the UK's Zego, specialising in paperless cover for private hire, scooters and vans, but targeting in particular, part time drivers and riders, and Masbro Insurance is a new licensed broker this year.

Vigilis Services, a general insurance intermediary was set up in Gibraltar in 2016 initially involved in transacting commercial, ultra High Net Worth household and art/specie classes of insurance, which Minister of Commerce, Albert Isola, described as "a strong vote of confidence in the jurisdiction ahead of Brexit".

Unexpectedly, Brexit provides an insurance boost. Gibraltar's insurance community is getting excited over a little-noticed UK Statutory Instrument, passed by the Houses of Parliament in March that post-Brexit ensures Gibraltar can participate in Part VII transfers under the UK's Financial Services and Markets Act (FSMA) 2000 – lucrative and large-scale insurance and pension run-off business that hitherto had been effectively out of bounds for the jurisdiction, in part because of English High Court legal uncertainties, with EU implications and high costs.

Run-off certainty

"There was a transfer from Gibraltar to the UK in 2012, when Judge Henderson found that the FSMA and the Gibraltar Order interacted to permit transfers of insurance business from Gibraltar to the United Kingdom within the scope of Part VII, but the implication was that a transfer from the UK to Gibraltar would fall outside of Part VII," explained Michael Ashton, insurance expert at Gibraltar Finance, the government body.

Although Gibraltar's Minister for Finance, Albert Isola, had been assured by the UK government in 2014 that such transfers of books of business could be made, subject to usual regulatory approvals, "professional services firms in the UK who advise on such transfers have remained cautious", Ashton reported. "There has been many transactions in recent years with some very significant amounts." Transfers include both life and general insurance. "It would be great to attract new business to Gibraltar and even a slice of the total business would be positive", he mused.

Continued p14

Continued from p12

EiFlow, a dedicated Gibraltarian legacy insurance company since 2012 with total net assets at end-2017 of €35m buys books of business that insurance companies don't want to continue to handle and successfully received transfers of business from France (in 2016) and earlier a much larger Irish insurer.

The UK Statutory Instrument this year gives certainty, Ashton asserted. "We will be able to say to these UK legacy operators, why don't you take another look at Gibraltar, there are compelling reasons to do so, and the UK legislation clearly states Part VII transfers are possible post-Brexit. We can make another push," he said.

According to T&T senior associate lawyer, Javier Triay : "We believe many small and medium-sized EU insurers are still hoping that a hard Brexit does not happen and will be caught out unless they are taking the appropriate steps to continue operating under the respective 'temporary permission' regimes.

"Gibraltar may not have been on the radar for EU insurers, which is why the government's new "Think Gibraltar" campaign launched in September in London may be useful in appealing to EU firms who want to continue offering their services in the UK without establishing a presence there by benefitting from the passporting permissions under the Gibraltar-UK common market. I don't think we have shouted loud enough about the benefits of Gibraltar's offering yet", Triay maintained.

The Far East has for three years been a target for Gibraltar Finance making at least two visits annually to China and Hong Kong to position Gibraltar as a financial services hub that the region should consider using more often. Ashton explained: "Building contacts and relationships in the Far East takes time and certainly several visits so people get to know you and Gibraltar. We have an interesting proposition and we have started to have success."

China moves ahead

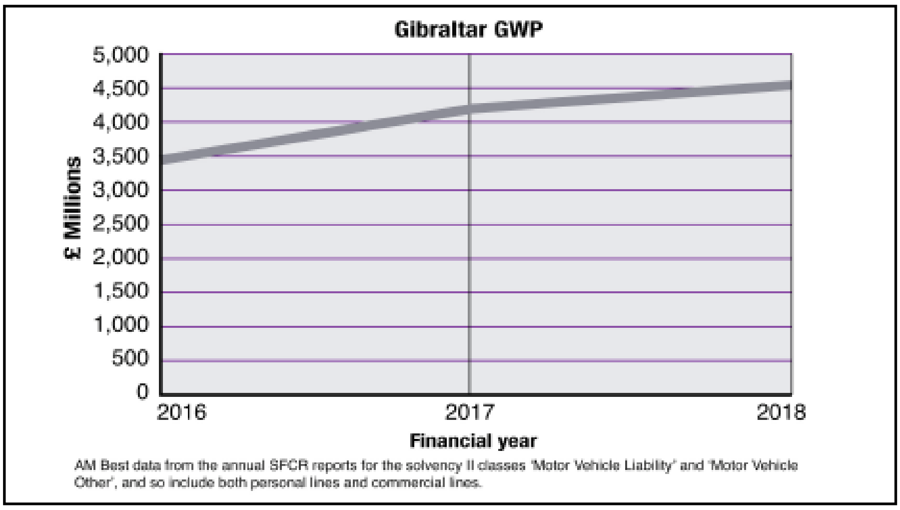
Bruno Callaghan, of Callaghan Insurance, a broker, says Chinese business has already been gained. "We have Chinese business that we have put on the books," he announced, after returning in October from the latest of more than ten visits there since 2016. "Now the Chinese are coming to Europe to follow up on our discussions, which is a big step forward and an indicator that they are serious," Callaghan pointed out. "Some Chinese representatives have already been to Gibraltar and I also met in London in September with the Chinese on various insurance projects."

Callaghan, who has 30 years experience in Gibraltar insurance, revealed: "I am working on a very large Chinese insurance project, involving huge amounts of premium income which will flow through the jurisdiction during the next six months, and Callaghan Insurance is acting as a conduit between the UK and China."

He also catalogued another Chinese initiative. "We are working through a pre-license application for a Life Insurance Protected Cell Company (PCC) to be established in Gibraltar, and also on a third joint venture project."

A first was also chalked up in September when Premier Insurance became what it believes to be the first small to medium-sized motor insurer in Gibraltar to be awarded independent recognition of its financial strength by global credit ratings agency, A M Best, which noted that the insurer outperforms many UK motor writers and "produces healthy underwriting results".

The specialist insurance ratings agency assigned Premier – a niche motor insurer – a financial strength rating in September of "B++ (Good)" and a Long-Term Issuer Credit Rating of "bbb".



Car Insurance Graph, Deloitte Ltd

Ratings reassure

The ratings evaluation helps underscore Premier's strength at a time when industry regulators have been signalling their support for such financial indicators. Commerce Minister Isola congratulated Premier on its new financial stability report, stressing: "An insurance rating involves significant time and effort on behalf of the company to obtain and as well as a commitment to further layers of inspection and oversight to that business, which can only be positive."

As Steve Quinn, Premier's managing director, said: "Previously, ratings have been confined to the large insurers, but as a small provider in a crowded motor market, the addition of the A M Best ratings will enable us to be differentiated positively from other insurers."

Quinn, who joined Premier in March with wife, Liz as Financial Controller – they previously ran Gibraltar-based Artex Risk Solutions with Premier as a client – noted: "Credit ratings have gained a higher profile in recent times among UK financial services business – banks and insurers – in part because of insurance failures."

Gibraltar Finance's Ashton observed: "Lack of a rating, per se, doesn't stop an insurer being well-regarded, but having a rating does assist in appealing to brokers for certain business. There is an argument that says more smaller-to-medium-sized insurers in Gibraltar should look to obtain a rating, because it provides another level of control and oversight and that is positive. However, there is another view that it is much more about demonstrating to brokers, intermediaries and policyholders that the business has solid reserves and cash flow, and that the management and controls in place are second to none."

GIA chairman, Cawdery says in 2019 a key issue is ensuring a good relationship with the UK. "As we will be in a single market with the UK, we will understandably need to ensure broad equivalence of regulatory outcomes with those insurers in the UK – ensuring the regulatory landscape in Gibraltar achieves a similar end-result as those required by UK's PRA and FCI.

"There is a risk that the GFSC could become rule takers from the PRA if there are greater regulatory breaches in Gibraltar than the UK, and the focus now is very much around ensuring insurers' good corporate governance to see that they are fully aware of what they are underwriting and how they are pricing it to avoid anti-selection, given that a substantial amount of Gibraltar business is arranged at arm's length through UK intermediaries", Cawdery concluded.

u-mee

u-mee.com

u-mee Business

- All inclusive small business/SoHo multi-line telephony and Internet solution
- Efficient GPON fibre technology for low-cost performance
- 100Mbps download/20Mbps upload broadband with online/telephone support designed for non-technical personnel
- Includes 4 landlines with low-cost/free calls - keep your existing number(s)
- Optional TV service + Premium Support with advanced features
- Contact us to arrange a personal visit at your premises

Business Fibre

- Business-class Internet service for multiple users who depend on reliable cloud connectivity
- Direct fibre technology for ultimate performance, reliability and security to satisfy demanding IT professionals
- Up to 500Mbps download/100Mbps upload Internet with multiple customisation options
- Upgrades include multi-line PBX integration, additional interconnected sites and data centre hosting with resilient backup power
- 24x7 NOC monitoring with engineering support during business hours

Enterprise

- Premium high-availability solutions for international online and financial services applications
- Dual/direct fibre feeds for guaranteed reliability and performance
- SLA-backed symmetric DIA and ethernet/WDM local and international leased lines
- PCI-DSS certified hosting
- 24x7 NOC monitoring and onsite engineering support
- Find out more: enterprise@sapphire.gi

sapphire NETWORKS

sapphire-networks.com

A framework that builds for the future

How a bespoke framework is giving the Rock a competitive advantage

By **Nick Cowan,** CEO of the GSX Group

When it comes to regulating companies utilising Distributed Ledger Technology (DLT), the old fable of David and Goliath is more relevant than you might think. Large nations and economic blocs are currently lagging behind smaller countries when it comes to regulating DLT firms. Several small jurisdictions, including Gibraltar, have taken the initiative, and the benefits are already visible to all. By taking advantage of its small size, championing regulatory flexibility, and demonstrating an aptitude for implementing innovative and prudent frameworks, the Rock currently has a distinct competitive advantage over international counterparts.

Gibraltar has a rich history of embracing emerging technologies, rising to the forefront of the gaming industry through comprehensive licensing processes. The jurisdiction has found novel ways to apply regulation to these emerging industries, by putting principles at the heart of regulatory oversight.

Bespoke frameworks

The Gibraltar Betting and Gaming Association (GBGA) has a strict set of regulations overseeing companies keen to do business there and such frameworks have paid dividends for popular providers like Ladbrokes and Betfair. By taking a proactive approach to regulate emerging industries with

Continued p18

MONSTER BUNDLE FOR BUSINESS

Connecting your office has never been easier or better value.

Get a great package deal on your broadband and mobile plans.

For just

£70

a month!

Mobile Plan
10GB data, 1,000 SMS and 1,000 minutes (on-net)

+

100 Mbps Broadband

+

Starter Email Hosting

+

Premium Web Hosting

+

24/7 customer support

Visit
www.gibtele.com

Gibtelecom

Terms and conditions apply
Visit www.gibtele.com

Continued from p16

bespoke frameworks, Gibraltar is setting itself up for success. This proactive approach also extends to the burgeoning blockchain space.

A principles-based framework to regulate DLT enabled companies was first introduced by the Gibraltar Parliament in October 2017, in response to growing recognition that blockchain was heading for mainstream adoption. The framework focuses on the transmitter, not the tech itself. In other words, it regulates any firm carrying out the use of DLT, or blockchain, for storing or transmitting value belonging to others. The regulation is built around nine core principles and, as part of the application, each company has to demonstrate to the regulator how it addresses, and complies with each principle.

The Rock's closely-knit community

This is a novel approach, one which satisfies the prudential tendencies of regulators while allowing for a degree of flexibility for projects to breathe. Regulating in this manner has allowed Gibraltar to move quickly, striking a balance between prudent and flexible regulation enabled, in part, by close ties between industry and policymakers. The Rock's closely-knit community is conducive to cooperation between government, business, and the regulator, helping to build greater understanding of business needs. This strong engagement has helped direct the formation of regulation that provides flexibility for guidelines to evolve, and speeds up the regions ability to accomplish goals, and respond quickly to a fast-moving industry like FinTech.

If a larger area attempted such a flexible regulation, it would likely require a lot more consultation and insight from stakeholders with a wide number of needs. This could take years.

In Gibraltar however, important government-led initiatives can move in tandem with technological advances, as seen with the formation of initiatives like the Gibraltar Association for New Technologies (GANT). The organisation encourages the building of relationships between the authorities and blockchain firms. The government has also created a working group called New Technologies in Education (NTiE). The project, a joint initiative between the Government, private sector, and the University of Gibraltar, aims to address the growing need for blockchain-related skills.

> **A principles-based framework to regulate DLT enabled companies was first introduced by the Gibraltar Parliament in October 2017**

The NTiE aims to curate educational courses that will give employees and specialists required industry know-how. This flexibility, to listen to enterprise and react speedily, is unique in a global context.

It would be naive to say that Gibraltar is the only small jurisdiction taking advantage. Several others in Europe have taken steps to become crypto-friendly territories, including Switzerland, Malta, and Estonia. Last year, Malta adopted a welcoming regulatory framework for crypto businesses, and Estonia has licensed hundreds of exchanges and wallet service providers since it introduced a licensing regime.

Looking forward, Gibraltar is working hard to be in front of what it sees as a material evolution within capital markets, smart securities. The jurisdiction has worked hard for two years building its proprietary blockchain technology to enable the issuance and secondary trading of smart securities, realising efficiencies beyond what was previously achievable. Lowering the cost of capital to issuers, reducing the cost of execution to investors, whilst reducing reconciliation costs and capital to intermediaries will be a paradigm shift that will redefine markets.

Blockchain powered finance

Inclusion and empowerment will become the mainstays of tomorrow's markets and Gibraltar has embraced DLT into its core technology framework to enable the vision to become a reality. The progress, in part, is due to the supportive embrace of this emerging nascent technology, supporting a new era of blockchain powered finance.

Smaller jurisdictions are leading the way in terms of regulating firms using blockchain, and Gibraltar is a prime example of this fact. Being one of the first jurisdictions in the world to introduce a regulatory framework for DLT companies, coupled with its nimble economy and regulatory flexibility, it continues to enrich its history of implementing innovative and prudent frameworks around nascent industries, giving the Rock a real edge on the global stage.

www.gsxgroup.gi

GSX GROUP

Football contracts

By **Steven Caetano,**
Partner, assisted by
Paul Morello,
Isolas LLP

Improved economic conditions and the growth of finances in football have led to stakeholders, regulators and academics to impose and consider the regulation of football as a business. Naturally in a business, employees form part of a structural pyramid and this is no different to the structure of a football club with its players, coaches and all other staff involved with the day to day running of the club.

In turn, a web of relationships is formed as the obvious need for employment contracts comes into play, these can be varied and at times difficult to understand for young or senior professionals and their families with the inclusion of legal terms imposed throughout.

Understanding your football association rules and regulations

For players entering into professional contracts, it is essential that they undertake an extensive review of the rules of the football association they will be registered under and are guided by those who can interpret some of the legal jargon into simpler terms. This is not to say a footballer cannot interpret them on their own accord but it adds a sense of legal security to seek advice if clarity is required for the meaning of certain provisions of a contract or the regulations of an association.

A footballer, would not only be employed by the club but under their employment contract, would also be subject to the contractual terms imposed by football's governing bodies at both a national and international level. For example, those that do represent their footballing nation should be aware that their club would receive a fee for the players participation with the national team, subsequently having an impact on receiving a bonus compensation themselves when the club receives funds via FIFA, UEFA or the ECA. However, this would be dependent on whether the player contract provides for this.

To ensure that you will not be in breach of your contract to the club or the football association, it is wise to have an in depth understanding about the way in which disciplinary panels operate with regards to the potential disciplinary offences committed by players or clubs and the rules surrounding matters such as: betting, anti-doping and medical malpractice usually stipulated in a football contract. As obvious as it may seem to abide by the rules, it is not unusual to hear about youngsters but also senior players who have inadvertently fallen foul of the rules due to a lack of guidance and professional advice in relation to off field conduct (i.e social media policies).

What to look out for in a football contract Under 18's

There are certain regulations for players under the age of 18 who are wishing to sign a professional contract that they must adhere to. It is vital for those who are parties to the contract (this includes club officials, players & parent or guardian) are aware that under no circumstances should a contract be signed without a parent or guardian of the player. Furthermore, FIFA Regulations on the Status and Transfer of Players stipulate that if a player under the age of 18 is going to sign a professional contract, it may not exceed three years in term.

International transfers of players are only permitted if the player is over the age of 18, however, there are a few exceptions to the rule which will apply in such a situation. For example, if the transfer takes place within the territory of the European Union or European Economic Area and the player is aged between 16 and 18, the transfer would be allowed on the basis that certain obligations are met. One of the key obligations to highlight is that the club shall guarantee the player an academic and/or school and/or vocational education and/or training. This in turn adds a sense of security to the player should he or she wish to pursue a career other than football.

Unilateral Termination of contract – 'just cause'

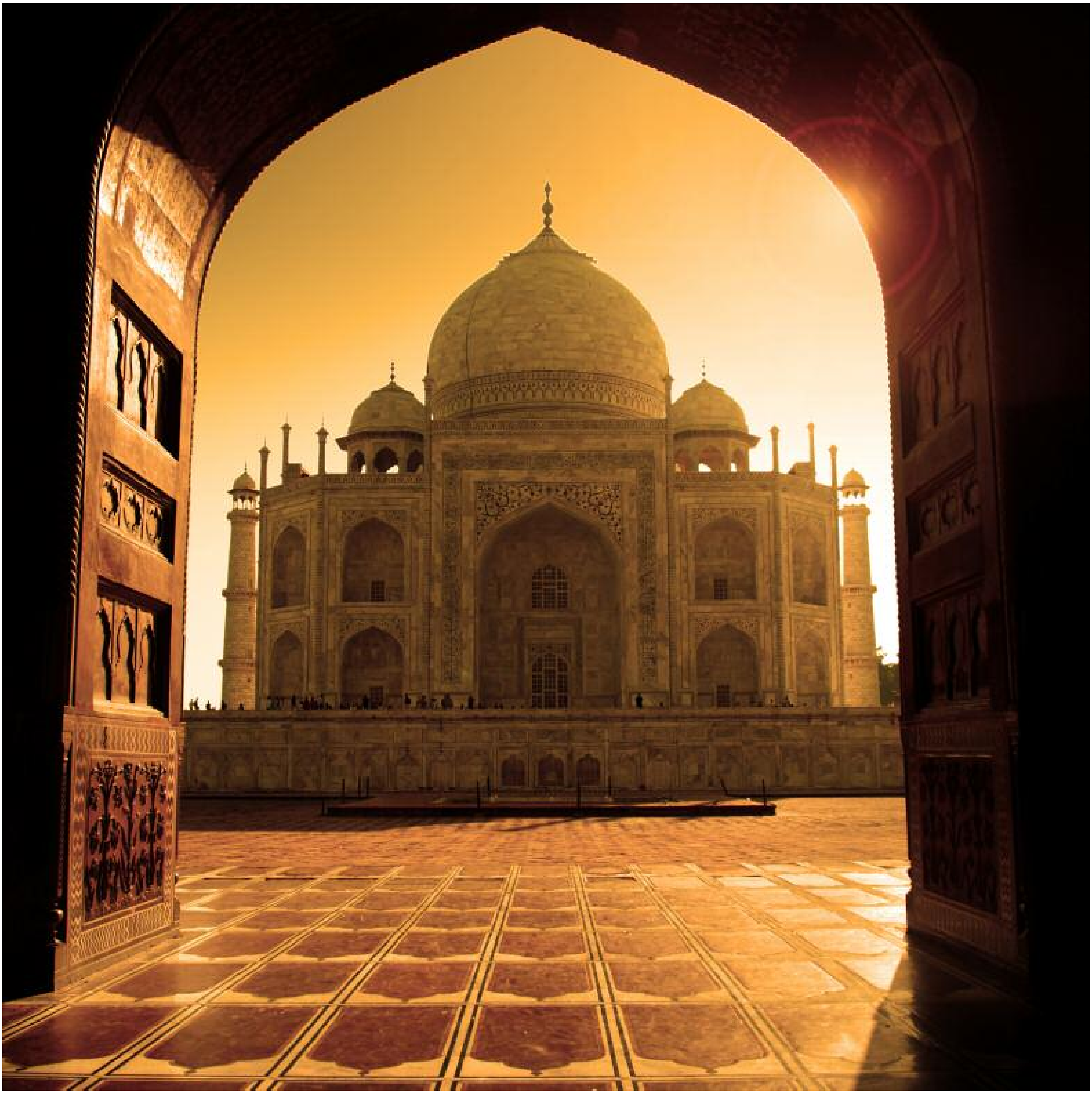
Article 13 of the FIFA Regulations on the Status and Transfer of Players (RSTP) stipulates that, generally, a football contract cannot be unilaterally terminated by any of the parties. In essence, the contract can only be terminated when (i) the contract expires, or (ii) when both parties mutually agree. There is, however, one exception in which either the club or the player may unilaterally terminate a contract without penalties imposed, the term widely known as 'just cause'. For example FIFA in their regulations stipulate than an established professional who has, in the course of the season, appeared in fewer than ten per cent of the official matches in which his club has been involved may terminate his contract prematurely on the ground of sporting just cause. Due consideration shall be given to the player's circumstances in the appraisal of such cases. The existence of sporting just cause shall be stablished on a case-by-case basis.

Conclusion

This article is intended as a brief overview of some of the key parts of a football contract. There are many other issues such as tax, image rights, bonus targets which affect a footballers working and contractual position, so it is highly recommended that football players seek professional advice before signing their contract.

www.gibraltarlawyers.com

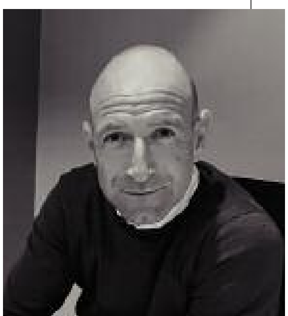
ISOLAS 1892



Property outlook 2019/20

Admirals Place

By **Louis C. Montegriffo**
Managing Director, BMI Group



Of late making sense of anything is hard, the phrase "we live in uncertain times" seems to be making its way into the hall of fame for quotes.......together with "let's get this done", "Brexit means Brexit" and, how could we possibly forget the big red bus and "let's take back control"

What on earth has the above got anything to do with property, well what part of our daily lives over the past three years has not in some way or another, not been touched by the events of June 23rd 2016......believe me the property market is no exception to the rule.

Fact remains that property prices have generally moved upwards since 2016, in fact very much so from Q4 '16 to mid-'18 ; yes, in our view it was unexpected to have experienced price hikes of up to 15% over that period, but the fact that we had a lack of supply in certain segments and an economy continuing to grow simply generated a bull market with rising prices. The uncertainly of Brexit over this period really only affected the top end (4th tier) in the market and it would be true to say that this tier has been relatively flat ever since.

I have sometimes been referred to as sailing the cautious wind when it comes to forecasting the market, we like to attach #zerohype #seriousadvice to our branding and we have done so because of the hype of the past few years in so far as new developments and particularly some segments in the market which in our view are most certainly surplus to demand and end user.

Rental properties

In the last 18 months we have warned of potential increased stock levels driven by speculative demand and we have also highlighted the fact that this results in increased rental properties available. In the past we have referred to our experiences in 2008 with the over supply of off plan developments and the impact caused which led to increase stock levels in rentals, followed by a price adjustment. We have also warned of over pricing and the fact that price reductions, which are a reality today, are not necessarily the result of a downward trend but merely an adjustment to the levels that the market is prepared to go to.

Today, there is a general (price) adjustment across the board; interestingly unlike in 2008 the adjustment is not just a flattening or downward trend, but rather, in all directions and with varying pace.

This is the result of multi trends steered by demand or supply:

- The new studio / small one-bedroom off-plan sector pied-à-terre segment are of a little concern, regardless of Brexit we do not see the end user being a cross frontier worker renting a three bed town house in Alcaidesa for €750pcm and swapping it for a studio at £1,000pcm – that is not to say that Gibraltar does not see a market in this segment, but volumes of proposed units are high as are sale rates which in some cases are reaching up to £7,000/sqm.

Continued p24

Continued from p22

117 Main Street Project

● High density off plan luxury developments have to some degree (and in some areas more than others) seen a flattening of prices and in some circumstances, where the speculator wants an exit, sold for less or a similar amount to price levels at launch – this signifies a downturn and lack of demand at this segment.

Plata Villas, South District

● High end off-plan developments with a good mix of units across the board (i.e 1-4 beds) by default increase your margin in attracting owner occupiers (the real market) and tends to reduce exposure to speculators. Gibraltar has found these projects, also lesser in volume, have done well over a similar period since their launch and are seeing good profit margins in most cases.

● Existing stock within the £300,000 to £900,000 range is relatively stable with some of the larger properties in the 2 / 3 / 4 bedroom range seeing good growth and demand, further highlighting the confidence from the owner occupier driven markets.

● The 4th tier (£1.5m+) remains in general relatively flat. Understandably parking upwards of £1.5m under the circumstances upon which we find ourselves will be a tough ask and although we are not seeing price reductions, we are equally not seeing the turnover of sales that were witnessed previous to June 2016.

Strong demand

A mixed bag if ever there was one; from our experience and having witnessed various ups and downs, the positive story remains that there continues to be strong demand, more so in specific segments led by owner occupiers.

The market however is price sensitive and has on many occasions, highlighted over pitching which invariably leads to lack of sales and inevitably a reduction in price. This reduction in price must not be confused by a recession in the wider market but rather a sensible adjustment to market prices.

Touching slightly on commercial property, 117 Main Street, is a refurbishment of an old grandiose freehold town house located in the heart of the city centre. There is clearly demand for refurbished grade A office space in the old town area and Sovereign Group will be relocating their entire operation into what will be a spectacular 1,300sqm of high end GradeA office space within a truly charming Freehold Building. This move marks and underpins confidence in our economy and a significant investment from an established player in the financial services sector.

Driven by confidence

Regardless of some concerns within the residential / lettings sector, the fact remains that Gibraltar is enjoying growth in our economy, driven by confidence from existing and established firms as well as from new sectors such as Distributed Ledger Technology (DLT). Gibraltar will continue to be an attractive proposition and although hurdles out of its control will present challenges, the jurisdiction is well placed and very able to overcome the uncertainties surrounding its small but dynamic and resilient centre – if Gibraltar's history has anything to teach us, it is that it emerges far better from its hurdles than most.

www.bmigroup.gi


INTERNATIONAL FREIGHT FORWARDERS
BRITISH AIRWAYS
FI
• Weekly Departures from UK
• Competitive Rates
• Commercial or Personal
• Logistics
• Customs Clearance Agents
www.FREIGHT-IT.gi
whatever "IT" may be!
Unit 21 Harbours Yard, The New Harbours, Gibraltar
Tel: 00 350 20077845 Fax: 00 350 20079936
E-mail: enquiries@freight-it.gi
Customs Clearance Agents

Saving smart

By **Daniel Pitaluga,** Senior Associate, Abacus

Given the complexities and unpredictable nature of life, savings should always be an integral part of any financial plan. Whether it be to accumulate an emergency fund to help bail you out that one rainy day or to pay for fundamentals such as education, the effects of not having a suitable savings plan in place could be detrimental. Historically, Gibraltarians have maintained a commendable approach to saving disposable income, facilitated popularly through endowment policies, locally referred to as "un seguro de vida".

Savings plan

An endowment policy is an investment product that you buy from a life assurance company. They are set up as regular savings plan and at the end of a set period pay out a lump sum. The policy includes life assurance, so it will also pay out if you die during the pre-agreed term. Due to their complex nature, endowments are often misunderstood by consumers. Ultimately, the two prime issues at the forefront of someone's mind when entering into any financial or investment contract are: How much is it going to cost and how much will I get in return?

A substantial amount of risk

Although generally pitched as a secure regular savings plan, what many consumers do not realise is that their savings plan is an investment linked savings plan and the return on their monthly contributions is dependent on the performance of the investment markets. Whether these types of policy were not explained to consumers properly at the point of sale or because they were lured in by the prospect of significant returns at the end of the term, endowments have been, and to some extent these, or similar structured plans, still are, the savings plan of choice for locals. However, what most do not realise is that in order to make a substantial return, a substantial amount of risk must be taken and when you factor in the charging structure, including commission taken by the adviser at the outset, these opaque policies become a significantly less efficient savings vehicle. Whilst there may continue to be a place for them in a solid financial plan, they will not be the best solution for all savers.

The great thing about the "endowment era" just gone by is that it succeeded in creating a strong savings culture amongst young men and women entering the workplace. As early as age 18, at the prospect of commencing their first job, parents took a lead role in the promotion of these plans, educating and encouraging their offspring to save and therefore instilling these important life values. More recently, it seems as though the importance placed on savings has diminished and this has taken a step backwards in the priority order of all the financial challenges and expenses we are daily faced with.

Financial guidance

The generation we live in, one obsessed with instant gratification and spending, has lost their ability to save. In the age of information and technology, younger, more independent should-be savers believe that they will get by without the financial guidance of their parents or an adviser. This, coupled with an apparent lack of suitable alternatives in the local market, raises the question whether this will lead to a generation that will rely more heavily on acquiring debt instead of making adequate savings provision.

This younger generation appears to have moved away from the traditional form of

Continued p28

Continued from p26

saving and given the current low interest rate environment, it is no surprise. It also seems as though saving via insurance based policies is also falling out of favour, quite possibly due to these policies not being able to deliver the kind of returns they once did. Nowadays, although it is still possible to take out a combined life insurance and investment linked savings plan, there are also possibilities to segregate these into pure life policies and pure investment plans. Generally, one can take financial advice on their needs for protection, and discuss life cover plans that also include critical illness cover with their financial advisers. They can then focus on their savings needs separately and will have access to a much larger variety of savings and investment options, one of which is an investment platform.

An investment platform is an online service which allows you to buy, sell and hold funds, it is essentially a one-stop shop for those who wish to trade funds, under the supervision and guidance of a qualified financial adviser. There are several benefits to having a savings plan set up through an online platform as opposed to an insurance based plan, such as an endowment. The most important of these is premium flexibility and overall cost, platform fees are generally far less expensive than taking out an endowment policy which will allow the potential for your money to grow faster. Instead of commission, these product fees tend to be very transparent and simple to understand.

Plug and play option

It is possible to set up a platform based savings plan in two ways. There is the 'plug and play' option, in which you will be given a choice of "ready-made", risk graded funds or, in conjunction with your adviser, create a bespoke, diversified portfolio in line with your risk appetite and financial goals. By setting up a savings plan with an adviser, you also gain the benefit of an annual review. Your adviser will evaluate the performance of your existing investment to make sure it stays in line with what you want to achieve, whether that is to beat the interest rate given by your bank, match or beat inflation so your money does preserve its real value or to maximise your money's potential for long term growth.

Whichever option you proceed with, the important matter is to establish a savings habit and have a balanced financial plan that includes an element of saving from your surplus income. You cannot control interest rates or predict stock market movements, but you can control when to start saving and how much to set aside every month .

www.abacus.gi

abacus GIBRALTAR

Professional Bodies based in Gibraltar

Association of Trust & Company Managers (ATCOM)
Joey Imossi, Chairman, Tel: + (350) 200 76651
Email: joey@fid.gi

Actuaries Rock
Kathryn Morgan, Chair, Tel: + (350) 200 40283
Email: katmorgan62@gmail.com

Bar Council
Keith Azopardi, Chairman, Tel: + (350) 200 79423
Email: ka@tsnlaw.com

Chartered Institute of Personnel & Development (CIPD)
Lesley Louise, Chairwoman, Tel: + (350) 54428000
Email: gibraltar@cipdbranch.co.uk

Gibraltar Association of Pension Fund Administrators (GAPFA)
Gerry Kelly, Chairman, Tel: + (350) 200 76173
Email: info@gibraltarapfa.com

Gibraltar Association of Compliance Officers (GACO)
Carlos M. Martins, Chairman, Tel: + (350) 2000 2022
Email: info@gaco.gi

Gibraltar Bankers Association (GBA)
Ainslie Andrews, President, Tel: + (350) 54001395
Email: ainslie.andrews@lloydsbank.gi

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 Businesses Ltd (GFSB)
Julian Byrne, Chairman, Tel: + (350) 200 47722
Email: gfsb@gfsb.gi

Gibraltar Funds & Investments Association (GFIA)
James Lasry, Chairman, Tel: + (350) 200 64740
Email: info@gfia

Gibraltar Insurance Association (GIA)
Shaun Cawdery, Chairman, Tel: + (350) 200 03700
Email: shaun@redsands.gi

Gibraltar Insurance Institute (GII)
Lorraine Povedano, President, Tel: + (350) 54003732
Email: info@gii.gi

Gibraltar Society of Accountants (GSA)
Daniel Delgado, President, Tel: + (350) 200 41200
Email: info@gibraltaraccountants.com

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

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

For all the latest Gibraltar business news visit www.gibraltarinternational.com