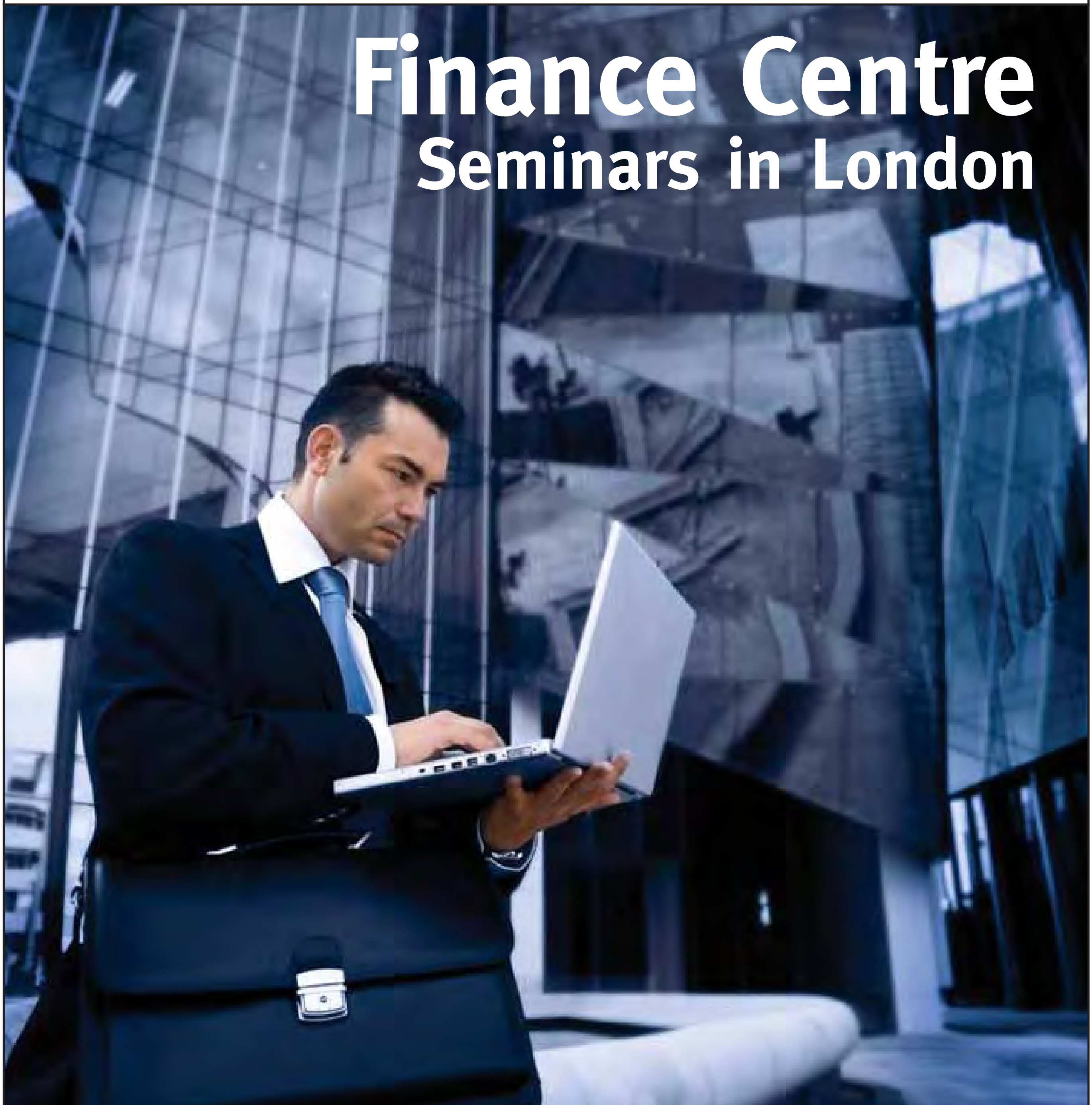
p7 Finance Centre | p22 Investment Funds | Spring 2008

GIBRALTAR INTERNATIONAL

FINANCE AND BUSINESS



Finance Centre
Seminars in London

Contact our website: **www.gibraltarfinance.com**

GIBRALTAR INTERNATIONAL MAGAZINE is grateful for the support of the finance industry and allied services (with the encouragement of the Finance Council) in the form of committed sponsorship.

We would like to thank the following sponsors:

GIBRALTAR FINANCE CENTRE
Tel: +(350) 200 50011 Fax: +(350) 200 51818
http://www.gibraltar.gov.gi

ABACUS FINANCIAL SERVICES LTD.
Tel: +(350) 200 73520 • Fax + (350) 200 48267
www.abacusgib.com

BARCLAYS BANK
Offshore Financial Services (Gibraltar) Ltd.
Tel: +(350) 200 52378 • Fax + (350) 200 79987
www.barclays.com

DELOITTE
Tel: +(350) 200 41200 • Fax + (350) 200 41201
www.deloitte.gi

EUROPA TRUST COMPANY
Tel: +(350) 200 79013 • Fax + (350) 200 70101
www.europa.gi

BESPOKEXECUTIVE
Tel:+(350) 200 46328
www.bespokexecutive.com

INVESTGIBRALTAR
Tel: +(350) 200 52634 • Fax + (350) 200 52635
www.investgibraltar.gov.gi

MONARCH AIRLINES
Tel: +44 (0) 8700 405040
Tel: +(350) 200 47477
www.monarch.co.uk www.flymonarch.com

HASSANS
Tel: +(350) 200 79000 • Fax + (350) 200 71966
www.gibraltarlaw.com

TOTUS
Tel:+(350) 200 76108 • Fax + (350) 200 76976
www.totus.gi

MARRACHE & CO
Tel: +(350) 200 79918 • Fax + (350) 200 73315
www.marrache.com

PIRANHA DESIGNS
Tel: +(350) 200 45599 • Fax + (350) 200 52037
www.pdg.gi

QUEST INSURANCE MANAGEMENT LTD.
Tel: +(350) 200 74570 • Fax + (350) 200 40901
www.quest.gi

JYSKE BANK (PRIVATE BANKING)
Tel: +(350) 200 59282 • Fax + (350) 200 76782
www.jyskebank.gi

Spring 2008 Volume 14 / Number 2

Contents

Gibraltar International Magazine
is published by Gibraltar International Finance Publications Ltd.
1/5 Irish Town, Icom House,
Suite 6/PMB 104
PO Box 561, Gibraltar

Editor
Ray Spencer
rscommunications@btconnect.com

Sales
C.A. Tanner
gibraltarinternational@talktalk.net

Design
Bil brooks
bilgoker@gmail.com

Publisher
A.B. Tanner

UK Agent:
The Lodge, Court Road, Maidenhead,
Berkshire, SL6 8LQ
Tel: 0044 (0) 1993 703560
Fax: 0044 (0) 1628 630316

Gibraltar International Magazine is available on subscription, 4 issues posted to: UK £24 - EU £32 - Rest of World £44.

New editor joins Gibraltar International

We are pleased to welcome and introduce the new editor of Gibraltar International Magazine, Ray Spencer.

Ray trained as a journalist and commenced his national newspaper career on the City Desk of the Financial Times, going on to become an industrial correspondent. Subsequently, he researched and contributed in-depth survey reports on a wide range of Business and Financial subjects initially for the FT and then also for The Times and the Guardian.

Moving into the Public Relations sector, Ray became public affairs and communications manager for major UK enterprises and after starting his own Consultancy, wrote, edited, and produced industry journals and newspapers for a wide range of clients including, The British Institute of Management, Chubb Security and Chelsea Village. He is an Associate of the established Central London PR Consultancy, Pielle and a founding member of the City Guild of Public Relations Practitioners.

Ray lives in Manilva and is looking forward to meeting with the business community of Gibraltar.

If you would like to contact Ray his e-mail address is rscommunications@btconnect.com

We would also like to take this opportunity to thank Peter Schirmer for the period he spent as Editor of Gibraltar International, and wish him all the best with his forthcoming medical operation. We sincerely hope he has a speedy recovery back to full health.

The Gibraltar International Team

THIRST TO KNOW MORE, VERY PCC

It's somewhat refreshing at this time of world economic doom and gloom forecasts to hear people speak positively about the immediate and longer-term future, and that is just what Gibraltar's finance sector is doing. Little wonder that the tax and legislative environment of this UK Overseas Territory is considered a very attractive choice for funds managers! Indeed the total funds under management in Gibraltar now is around £12 billion and there is significant, growing demand for information on how to set up and organise these funds to best effect.

Recent reform to Gibraltar's tax and fund legislation and the introduction of the Experienced Investor Fund regime together has, it seems, helped make The Rock the jurisdiction of choice for European private equity and property funds.

Gibraltar has been at the forefront of development of PCCs, being amongst the first with legislation 7 years ago when the concept was in its infancy. It still is one of the very few countries in the world with specialist PCC legislation. The Protected Cell Company (PCC) is the fastest growing vehicle for the fund and insurance industries.

Over 30 experienced investor funds have been established in Gibraltar since the Financial Services (Experienced Investor Funds) Regulations 2005 came into effect, eleven of which have been structured as PCCs. The number of licensed insurance companies has grown from just 13 in 2000 to 60 at present, with a further 40 in licensed protected cell company structures. The fact is that Gibraltar is one of only two EU jurisdictions that can offer passporting of insurance services throughout Europe in combination with a PCC structure.

A measure of European interest in Gibraltar is the continued demand for the Government's Finance Centre-organised seminars on such subjects as wealth management, insurance and funds management, as well as the interesting PCC possibilities. Having completed three such seminars last February in London, extracts from which appear in this issue, three more – this time specifically focussing on wealth management - are scheduled for May in Zurich, Lugano and Geneva.

And in June, financial journalists from UK and Irish specialist and general media, most expected to be making their first visit to the Territory, are to be hosted by the Finance Centre. This range of 'educational' seminars has proved fruitful in bringing the undoubted advantages of utilising Gibraltar's financial services sector to a much wider audience.

Spring undoubtedly will see Gibraltar's financial sector continue to blossom.

Ray Spencer Editor

GIBRALTAR

– the European finance centre

International
finance centre within
the European Union

Regulated to EU
and UK standards

Only European
Union finance centre
exempt from VAT

Attractive fiscal
environment

Direct access to
EU financial
services markets

High-quality
infrastructure

Government of Gibraltar
Finance Centre
Suite 761, Europort, Gibraltar
Tel: (+350) 200 50011
Fax: (+350) 200 51818
info@financecentre.gov.gi
www.gibraltar.gov.gi

design: s.perera

FINANCE CENTRE DEPARTMENT OF MINISTRY OF FINANCE HOLDS THREE LONDON SEMINARS

Following on from the very well-attended Finance Centre Lunch at the RAC Club in London on 22 October 2007 and the Gibraltar Funds Seminar at the Hotel Bayerischer Hof in Munich on 19 November 2007, the Finance Centre Department of the Ministry of Finance held three financial services seminars in London in February.

The seminars attracted attendances of approximately 120 at the Insurance Seminar including circa 30 from the private sector in Gibraltar, 140 (45 from the private sector in Gibraltar) at the Funds Seminar, and 95 (40 from the private sector in Gibraltar) at the Private Clients seminar. The vast majority of the attendees were professionals in the areas of insurance, banking, funds, legal, accountancy etc.

The Finance Centre Director chaired the seminars, which were held at the Grange Hotel in the City of London on Tuesday 12 February 2008, Wednesday 13 February 2008 and Thursday 14 February 2008, and three other staff from the Finance Centre Department of the Ministry of Finance assisted with the organisation and administration.

Topics covered were as follows:
'Opportunities in Gibraltar's international financial services centre' by the Finance Centre Director at each seminar, followed by:

Insurance
Regulatory framework for Gibraltar-domiciled insurers and reinsurers
Practical legal aspects of setting up a Gibraltar insurer
Freedom of services Vs freedom of establishment within the EU
Protected cell companies
Gibraltar and the UK motor market
Why Dixons chose Gibraltar
Anticipated future developments for the domicile

Funds
Regulatory framework for Gibraltar-domiciled funds
Capita's investment – why Gibraltar?
Experienced Investor Funds – legal view
Gibraltar as jurisdiction of choice for the establishment of a fund
Insight into custodian and brokerage services in Gibraltar
Establishing an Experienced Investor Fund with a PCC structure
Case study: setting up a Gibraltar asset management company
Governance and control of Gibraltar funds
Gibraltar funds' EU competitive advantage

Private Clients
Regulatory framework for private client-related activities
Taxation developments and corporate issues
Establishing high-net-worth individual tax residence in Gibraltar
Property developments in Gibraltar
Part I: Legal aspects
Part II: Sector overview
Benefits of Gibraltar trusts
The Experienced Investor Funds regime
Wealth management - trends and challenges


Finance Centre Director James Tipping delivering opening presentation

Readers interested in viewing any of the above-mentioned presentations are invited to visit www.gibraltar.gov.gi / Financial Services / Seminars.

The Finance Centre Department's rolling programme of ongoing marketing initiatives will continue with the following events:

Zurich - Funds & Private Clients Seminar - Park Hyatt - Monday 19 May 2008 (9.00 to 12.30, followed by networking lunch)

Lugano - Funds & Private Clients Seminar - Grand Hotel Eden - Tuesday 20 May 2008 (14.00 to 17.30, followed by networking reception)

Geneva - Funds & Private Clients Seminar - Four Seasons Hotel des Bergues - Thursday 22 May 2008 ((9.00 to 12.30, followed by networking lunch)

Gibraltar - Financial journalists visit - 10-12 June 2008

Further details in respect of the above events will be notified to the industry and simultaneously posted on the Government of Gibraltar website, www.gibraltar.gov.gi under 'Financial Services' / 'Seminars'. Invitation, programme and speaker biographies for each event will be available online in due course.

The Finance Centre Department is also planning to participate in a number of insurance conferences and will also be engaging in, inter alia, a number of financial press briefings as well as briefings to relevant professionals within law firms and accountancy practices in the UK and elsewhere, as has been done previously.

LOCAL MORTGAGE EXPERT JOINS BARCLAYS WEALTH

Sally Butcher, who over the past five years has built the Leeds Building Society's operation in Gibraltar from scratch to become a significant player on the Rock's deposit-taking and mortgage stage, has joined Barclay's Wealth as a leader of the bank's Key Business Intermediary team.

Strengthening the team...Franco Casar and Sally Butcher

Ms Butcher – charismatic and hugely popular in financial circles - moved to Gibraltar from the UK in 1988, joining Abbey National's clerical team as a mortgage clerk and rose through the ranks and held a senior management position with Abbey by the time the bank closed its retail operations on the Rock in 2002. In November that year she opened the first office of the Leeds & Holbeck Building Society (later to drop the 'Holbeck') with a staff of two – herself and a clerical staff member.

The team now includes three sales personnel and a financial planning advisor as well as management staff.

"Now that, the operation is running smoothly I need the excitement of a new challenge. I have always loved banking, so the chance to work in corporate banking is something that both my heart and head said 'Yes' to when I was offered the post with Barclays Wealth."

"I am delighted that Sally has decided to join our team," says local Barclays chief Franco Casar. "She is very well thought of in the market place and her qualities will add strength to an already strong operation."


G78565

THREE MONTHS ON – firms still to face up to new anti-money laundering requirements

By David Parody, Chief Operations Officer, Financial Services Commission

With three months now gone since the revisions to the Anti-Money Laundering and Combating Terrorist Financing requirements were published by the Financial Services Commission regulated firms should now be well on their way to full compliance with the new arrangements. Hovever, it is not surprising that there are still a number of players who have yet to fully embrace the new concepts and techniques.

The FSC introduced substantive changes to the anti-money laundering regime only after extensive and sometimes controversial consultation with all industry players as the revisions introduced in December of last year provided a paradigm shift in how firms were to interact with their customers.

For example, it is no longer acceptable to adopt a standardised checklist with requests for documents of one type or another to be demanded from an existing or potential customer. From December firms have been required to make a risk assessment of the business relationship and tailor their requirements for documentation accordingly. Not only was this new but the FSC also permitted firms to verify identity through other means that did not require the customer to produce seemingly random pieces of paper to prove address or identity. It has not all been about making it more difficult to open a business relationship, quite the opposite, the FSC has been ensuring that there is a level of proportionality adopted by the firms who are no longer required to treat every new customer as a potential money launderer.

The new regime summarises all of the requirements into six easily understood statements of principle. By grasping these statements of principle every individual within a firm can understand their role within the new regime and consequently change their old habits for new practices. These statements of principle are;

- The senior management of a firm is responsible for ensuring that the systems of control operated in the firm appropriately address the requirements of both the legislation and the Guidance Notes.
- Firms must adopt a risk-based approach to these statements of principle and their requirements.
- All firms must know their customer to such an extent as is appropriate for the risk profile of that customer.
- Effective measures must be in place that require firms to have both internal and external reporting requirements whenever money laundering or terrorist financing is known or suspected.
- The firm will establish and maintain effective training regimes for all of its officers and employees.
- Firms must be able to provide documentary evidence of their compliance with legislation and Guidance Notes.

There are those who believe that it is possible to outsource responsibilities to third parties but this is not the case. The responsibility and accountability for ensuring compliance lies firmly with the firm and its senior management. This is why the role of the Money Laundering Reporting Officer under the regime cannot be outsourced to a third party provider. Yes, the actual work may be performed by a specialist provider but there must always be a person within the firm who assumes that responsibility in a personal capacity. The MLRO is now no longer the sole person with that responsibility to bear, the new requirements have made a Board member also accountable for those systems of control within a firm. In effect, the new regime requires firms to be more accountable for their actions, not less.

The new regime also makes it a requirement that risk is considered through every stage of the business cycle, from inception of a concept for a product all the way to the roll out and delivery. This includes how the firm will interact with its customer before the product is sold to how it will monitor the transactions throughout the lifecycle of the relationship to determine whether or not there is an elevated perception or knowledge of money laundering or terrorist financing taking effect through that relationship.

Firms that have not woken up to the new techniques of money laundering and terrorist financing prevention stand to lose a lot. Not only are they continuing to leave themselves open to being the unwitting participants in unlawful transactions though the exercise of outdated prevention practices but also, and more importantly, leaving their customers exposed to those same risks. It would be foolish to assume that a firm can design and implement effective processes under the new regime overnight, that would be an impossibility, but to continue to turn a blind eye to these requirements is an injustice.

Senior management of these firms must position their firms to be able to effectively and efficiently handle the new approach to the fight against money laundering and terrorist financing, one where the measures adopted by the firm are commensurate with the risks that the firm faces. Where the firm is able to document its thought processes in how it arrived at the requirements a new or existing customer has had to provide, that the firm can show that it has been careful in considering all necessary factors and ignoring those that are not.

There is a saying that goes "There will come a time when you believe everything is finished. That will be the beginning." This is the point when a firm has embraced a risk based approach to money-laundering and terrorist financing. At this point the firm can go about its legitimate business safe in the knowledge that its processes are robust and effective.

Two Tax Systems, One Choice

By Nicholas Piñero

Last summer's Government Budget exacted numerous changes to our taxation system but unless you are the owner of a company or have won the Euromillions, only a few of these would have caught your attention. One change in particular was however "talk of the town", producing much debate from all walks of life; Gibraltar's new "dual" income tax system.

> "For the first time and as from the current tax year, local residents were given an option of choosing between two income tax systems to be assessed under"

For the first time and as from the current tax year, local residents were given an option of choosing between two income tax systems to be assessed under. With greater freedom comes greater responsibilities for the taxpayer and unfortunately there is no way around it; deciding which option is the one for you will require a careful assessment of your personal circumstances and income.

The first option is the long-standing, "traditional" allowance-based system. Under this system, if you earn between £4,000 and £16,000, you will pay 30% income tax on your earnings. If you earn over £16,000 the rate is increased to 40% for any earnings above that. However, these are gross figures and there are certain allowances that will reduce this substantially.

The second option is new and entails a gross income-based rate. Quite simply, if you earn up to £25,000 a year, you will pay 20% income tax. If you earn more than £25,000 but less than £100,000, your tax liability for those £75,000 is 30%. Finally, anything over £100,000 will be taxed at 40%. This is literally how much tax you will pay as you have no recourse to any allowances whatsoever.

Just by looking at the figures above, you may begin to see that each system is designed to benefit a certain type of taxpayer. It is up to you to decide which type you are and therefore take advantage of this new opportunity. If you are unsure, you should be thinking of getting professional advice on the matter as the decision you make may save a lot of money by way of a reduced tax bill.

The new gross income-based system may seem to have lower tax rates, especially if you are earning less than £25,000 a year but it may not offer the lowest tax if you are eligible to receive allowances. All in all, the only tax payers that will be certain that they are getting the best deal with the gross income-based system are those that currently receive no tax allowances. Typically, these will be young, unmarried professionals, earning close to £25,000 a year and not owning their own homes.

The rest of us must balance out the pros and the cons. As you may well be aware one can receive tax allowances for a myriad of situations and circumstances. Amongst the most common are Child Relief, Single Parent Relief, First-Time Homebuyers Allowance, Nursery School Allowance, Medical Insurance Allowance, Life Assurance Relief, Mortgage Loans Relief and the Allowance for Pension Scheme Contributions.

It follows that if you have children, pay a mortgage or have taken out insurances or pension schemes, the gross income-based system may not be for you.

Nevertheless, it is wise that you do not take the above for granted. You may find on closer inspection of the allowances available to you, that you end up paying less tax on the lower rates of the gross income-based system than by deducting all your allowances from the allowance-based system's higher rates of tax.

> "Seeking trustworthy professional advice is recommended when taking this most important decision"

Seeking trustworthy professional advice is recommended when taking this most important decision and it may save a large amount of tax in the long run. Whether you are unsure as to what allowances you are entitled to, know your allowances but do not know how much tax is saved by deducting them, or whether such an amount leaves you paying less tax than you would were you to choose the gross income-based option.

Nicholas Piñero is a lawyer at Marrache & Co

FUTURE DEVELOPMENTS FOR THE GIBRALTAR INSURANCE MARKET

By Steve Quinn

The Gibraltar Insurance Market has developed rapidly in the period since 2002 with over 60 insurers now residing here. But where is it expected to go from here?

In looking to the future it is important to appraise the current position. One way of doing this is to examine the strengths, weaknesses, opportunities and threats as they impact on this market at present.

Strengths

- Gibraltar's membership of the European Union (EU) is the market entry point for insurers, allowing passporting rights in to all other EU member states.
- There is an established regulatory regime in the form of the Financial Services Commission (FSC), excellently led by Marcus Killick (Chief Executive) and Chris Collins (Head of Insurance Supervision).
- Gibraltar has become a specialist centre for retail third party business passported back in to the UK. Leading players and well recognised names in the Gibraltar market now include Admiral, Saga, Hastings, Zenith and MMA.
- In addition to this there is a growing recognition that the jurisdiction has developed as a centre of excellence for Captive and Protected Cell Company (PCC) opportunities.
- The local professional infrastructure has grown to match the demand from insurance companies. Strength in depth exists in the legal and accountancy fields and in the turn key service provided by the insurance manager operations locally.
- Gibraltar has the ability to meet the urgent demands from a cyclical insurance market. Good examples of this would be insurance company licences that have been granted in three to four month periods from start to finish.

Weaknesses

As with any developing market, however, there are bound to be weak spots.

- Whilst there has been considerable growth in the market, the situation is somewhat skewed by the fact that the largest five (out of the sixty) insurers account for about £700 million of Gross Written Premium (out of approximately £1 billion).
- We have already seen that there are a number of good accountants and lawyers available in Gibraltar, but I think we should also accept that Gibraltar is a small place and it is sometimes necessary to look off the Rock for human resources.
- The FSC has been instrumental in assisting with the growth in the market, but it too needs to continue to move with developments in terms of resources and expertise. Areas that may well be required in the future within the FSC team are more experienced industry professionals and accountants, and actuarial support for both general and life business.
- There has been a perception in certain quarters that if it is Gibraltar-related it must result in lower standards of regulation and service. This is absolutely not the case and many professionals within the industry and at the FSC have worked hard to overcome this perception.

> “The future should provide a low tax rather than a no tax environment that will hopefully place Gibraltar on a fiscal par with Dublin and Luxembourg.”

Opportunities

- The first is tax certainty. The issue may be beyond the Government of Gibraltar to unilaterally resolve, but once an agreement has been reached with Brussels, opportunities will present themselves to Gibraltar. Within the Gibraltar insurance industry it is fair to say that a low tax rather than a no tax environment is the right way to proceed.
- Gibraltar will be presented with significant new opportunities from the improving political relationship with Spain that may well result in inward investment from Spain, unimaginable a few years ago.
- There will be knock on benefits for the whole of the Financial Services industry as other areas continue to develop strongly such as funds, banking and hopefully a Stock Exchange soon.

● Gibraltar is also looking to exploit its geographic, historic and cultural links with other parts of the World by enacting Shari'ah law locally, most specifically for the benefit of the funds and insurance industries.

Threats

● The first is a lack of Mind and Management residing in Gibraltar. Mind and Management is the phrase used to demonstrate that a Gibraltar insurance company has its lifeblood in Gibraltar and is not just represented as a "brass plate" operation. At all times the key decisions must be taken physically in Gibraltar.

● The other offshore financial centres, especially those in Europe, are a threat to Gibraltar. Dublin and Luxembourg tend to be expensive places to do business from, whilst the Channel Islands and the Isle of Man lack the obvious benefits of the European Union passport. Recent entrants include Malta, which is attractive to captive insurance companies, particularly from a tax perspective. Gibraltar still retains a significant edge for third party insurers, however, given the scale and the qualities mentioned above that it has developed in the last few years.

● Hand in hand with threats from other offshore centres is a lack of certainty on the corporate tax side. If this situation was to remain unresolved for some time it is quite probable that Gibraltar would lose business.

● Poor service provision presents a threat to the insurers themselves. Gibraltar insurers typically out-source their local requirements to a management company, an arrangement that works very well. The danger to the insurer is that the management company does not conduct sufficient work in Gibraltar under the principles of Mind and Management and that as a result the insurer is open to either fiscal or regulatory challenge.

● A further threat is the failure of an insurance company in Gibraltar. The industry has flourished to date in an environment where the insurers have generally tended to grow strongly, but the status quo may be called into question if one was to fail.

Current Status and Outlook

The present position, notwithstanding some of those weaknesses and threats already mentioned, is a very positive one.

The future should provide a low tax rather than a no tax environment that will hopefully place Gibraltar on a fiscal par with Dublin and Luxembourg.

The view of the FSC as the regulatory body is strong. Reports from the regular reviews it receives (such as the International Monetary Fund) are commendably published by the FSC on its website and all to date have been favourable in their analysis of the quality of regulation.

> "Overall there will be a concentration on quality rather than quantity in all aspects of the insurance market"

Finally, the market has now achieved a level of scale that confirms it is both here to stay and ready to develop further. The motor insurance market in Gibraltar now at least rivals if not slightly exceeds that which remains with Lloyd's of London.

So, where now? What does the future hold?

Overall there will be a concentration on quality rather than quantity in all aspects of the insurance market. There will not be significant numbers of new insurance companies, and the local service provision will continue to develop.

Niche players will continue to establish themselves in Gibraltar in the same way as has been seen to date. This could be to support specific books of business or fresh new ideas. Projects that sit very well in a jurisdiction that is prepared to be flexible and supportive will continue to flourish and not for reasons of a diminished quality of regulation.

There has been one major acquisition of a Gibraltar insurance company by the parent of another and subsequently the merger of the two brands into one. It is possible that further such scenarios will appear, or equally outside players may see the advantage of operating their business from Gibraltar.

Run-off is an area that Gibraltar has yet to embrace, but the existence of Protected Cell Company legislation would make it an obvious base for relevant books of business to be housed together. This may well be true of business from other EU states rather than just the UK.

Part VII transfers allow insurance portfolios to be moved from FSA authorised insurance companies to a legal entity in another jurisdiction. Unfortunately due to a drafting misunderstanding Gibraltar was not classified as an EEA state to allow such transfers to be made. This issue is hopefully being addressed at the present time. Once this matter is resolved several new opportunities will arise, both in the areas of existing insurance companies looking for fiscal advantages and also run off specialists looking for economies of scale.

The FSC is currently assessing several applications for insurance intermediaries (rather than risk carriers) being established in Gibraltar and this area will continue to develop. Clearly any such applicant will need to demonstrate that Mind and Management resides in Gibraltar in the same way as an insurance company does.

The future of pure captive arrangements being based in Gibraltar is very much linked to the tax situation, and as a result is somewhat uncertain at the present time. Corporations looking for an appropriate jurisdiction for captive arrangements may well be attracted purely by the bottom line return that can be achieved.

Past performance has been impressive to date. The future should be equally as bright.

MONARCH'S GIBRALTAR FLIGHTS FOR SUMMER 2008

Award-winning low fare airline Monarch continues to offer scheduled flights between Gibraltar and London Luton airport, with daily services during summer 2008. Fares, including taxes, start from just £43.99 one way (£77.99 return).

In addition to year-round low fares and convenient flight times, Monarch also offers a unique range of tasty hot and cold meals onboard including delicious hot three-course meals and full English breakfasts, or if you fancy something a bit lighter, appetizing hot snacks and substantially filled sandwiches are also available, with prices from just £3.00.

To avoid the last minute free-for-all experienced on some airlines, seats can be pre-booked with Monarch at £5 per one-way flight ensuring that you and your family or travelling party are seated together.

Monarch also offers more extra leg room seating on their scheduled services than any other low fares airline meaning you can upgrade to a luxurious 34" extra legroom seat pitch from just £15 per person, per one-way flight.

Regular travellers are rewarded too, with a range of benefits through the airline's loyalty scheme Vantage Club, including flying points that can be redeemed for free flights to any scheduled destination, increased baggage allowance and priority check-in. Three levels of membership are available within the scheme meaning the more flights you take, the greater benefits you enjoy, ideal for those who travel regularly.

For more information or to book flights visit www.monarch.co.uk.

ABN AMRO QUARTERLY OUTLOOK PREDICTS USD WILL RALLY AGAINST THE EURO BY YEAR END

ABN AMRO believes that although several quarters of anxiety await us, the currency that has fallen the most relative to the EURO, the USD, will start to strengthen before the year end. Falling interest rates, the deteriorating health of the US financial sector and and concern that recession looms in the US has exacerbated the fall in the dollar recently. However, ABN AMRO give three reasons why it believes the USD may rally before year end. Firstly, a newly-elected US administration will very likely increase spending to save the economy at the cost of higher fiscal deficit. This will require a premium at the long-end of the yield curve and make the age old banking strategy of borrowing short term and lending long term profitable again which can raise confidence in the banking sector. Second, a market shift from a growth concern to an outright inflation fear could see a reversal in rate-cut expectations, and a sharp rally in the USD in quarter one 2009. Third, the markets have historically anticipated the end of a recession on average four months before it occurs.

In the short term the outlook for the UK economy and GBP do not look good, the ABN AMRO team believes. The situation has many similarities with the US, but is simply later in the cycle. The current state of UK public finances does not suggest that a large stimulus package will be supported. A total of 125 basis points drop to 4.% is expected before year end. The pound is likely to fall in the short term versus the EURO and in the longer term versus the USD. For Europe, The bank agrees with the widely held view that the eurozone growth will slow in 2008 and that the European Central Bank will start cutting rates. Further, the bank believe there will be a 75 basis point cut in the year, with the first cut in June.

The Gibraltar bank's Advisory Team is adamant on the importance of picking investments carefully, whether to preserve capital or to grow it aggressively by taking advantage of the current volatility

The ABN AMRO Advisory team

> "The pound is likely to fall in the short term versus the EURO and in the longer term versus the USD"

Though the global economy is weakening with the US at the epicentre and the ripples already felt in the UK and Europe, emerging economies continue to do well. Furthermore, they can support their growth rates with their large trade surpluses and foreign exchange reserves, a scenario different to the past when developed economies were in this healthy position. Indeed, sovereign wealth funds have already made a contribution to recapitalising western banks, showing the muscle such countries have. Nevertheless, this does not mean that those financial markets will not suffer. The ABN AMRO Gibraltar Advisory Team is quick to point out that psychologically driven investor reactions can be quick and profound. "Fear spreads rapidly and during a credit squeeze the forced selling to meet debt payments can affect emerging country stock markets irrespective of their growth prospects", says Investment Advisor Alessandro Sajwani. "Such events provide a real opportunity to buy good assets at good prices, which is a real possibility at this stage in the economic cycle".

The Bank's latest Quarterly Outlook is designed to help investors look for the rare opportunities that are now appearing.

For further information contact ABN AMRO's Gibraltar Advisory Team on +350 200 74474

KPMG ANNOUNCE THE OPENING OF THEIR NEW OFFICE IN GIBRALTAR

The project to establish the new office is being led by Neil Duggan, with support from fellow Audit Director, Russell Kelly and Tax Directors, Greg Jones and Paul Hotchkiss.

KPMG ceased to have direct representation in Gibraltar in 2004, but the attractions of the jurisdiction as a vibrant and growing financial services centre, and a key gateway to Europe, have proved too hard to resist. The new KPMG Gibraltar firm will form a key part of an informal network of KPMG offices in the leading offshore jurisdictions, all of whom work closely together to deliver the specialised professional services essential to clients operating in the international financial services environment.

In the initial stages of operation, KPMG Gibraltar will be supported by KPMG's Isle of Man member firm. David McGarry, Managing Director of KPMG Isle of Man and also Chairman of the network of KPMG offshore firms stated, "Whilst the support of KPMG Isle of Man will be essential in the early stages of the operation of our Gibraltar office, we recognise that strong local presence and the development of key relationships will be critical to our longer term success, and we are placing a high priority on the recruitment of highly qualified and experienced Gibraltar-based professionals for our new team".

KPMG have completed the process to become Registered Auditors for Gibraltar corporate entities, with Neil Duggan and Russell Kelly being the appointed Audit Directors. Neil commented, "Our re-establishment in Gibraltar has been welcomed by Government, our international clients, and indeed our fellow professionals and we are extremely grateful for all of the advice and support we have received throughout the process". Micky Swindale, an Advisory Senior Manager specialising in HR Services for KPMG, has been handling the recruitment process and has been delighted at the level of interest and the calibre of candidates found in Gibraltar, "I have been involved in the recruitment of qualified Accountants for KPMG right across our offshore locations, from the Channel Islands, through the Caribbean and to Bermuda, for some years now. Over that period, we have found that Accountants are in increasingly short supply and I know this has been true of Gibraltar. We therefore feel particularly fortunate to have attracted applications from individuals of such a high quality".

KPMG Gibraltar's new offices are in the EuroLife Building on Corral Road. A reception to formally mark the opening of the new firm was held at the Garrison Library on 23 April. Partners and Senior Management of KPMG look forward to playing their part in the future growth and prosperity of Gibraltar as a leading financial services jurisdiction.

For more information, please visit www.kpmg.gi

LONDON-GIBRALTAR LINK SET TO GROW

The team at Gibraltar's London Representative Office celebrated the start of Spring with news that such has been the success of their West End operation they will be moving to new offices in early summer.

The shift 200 mtrs along The Strand from No 178 to No 150 will provide the government's London representative, Albert Poggio with more than twice as much space and the opportunity to extend the depth and breadth of services.

After 32 years at rented Arudel Great Court, the Government has bought the new premises both as an investment and to allow more to be done for City, tourism and political activities, explains Mr Poggio.

Prompted by the planned demolition of the existing central-London building to make way for a shopping mall, Mr Poggio set about finding new premises. He inspected more than 20 properties before being alerted to the opportunity at 150 The Strand by Gibraltar law firm, Hassans, which acted for the building's owner. "It was a chance remark - a fluke -and a very fortunate one for us too that we found this impressive building", he says.

"In some ways it is rather sad to be leaving our present offices where we have a lot of history and everyone knows us, but I am delighted that we are able to stay in this area convenient for the City and our tourism and political work", points out Mr Poggio, who has been London representative since 1988 and is also Director of the Gibraltar Tourist Board.

The UK activities relating to the Gibraltar Finance Centre, under the direction of the DTI, are co-ordinated through the London base, which works closely with both Houses of Parliament, and also is responsible for development of The Rock's tourism. This includes the promotion of Gibraltar's port and developing the cruise market in addition to the growing conference and incentive sector.

And Mr Poggio emphasises that the Gibraltar Flag will fly over the new building too. In 1995, Westminster City Council refused permission for the flag, but after an 18 month-long campaign, supported widely by the media, the Council reversed its decision. Unfurling the flag in London was the first official act for the then new Chief Minister, Peter Caruana.

The new building adjacent to Somerset House is being refurbished and work is expected to be complete in June.

PENINSULA PETROLEUM, A GIBRALTARIAN COMPANY WITH INTERNATIONAL HORIZONS

From his office in Gibraltar's Europort business complex, John Bassadone, managing director of Peninsula Petroleum, enjoys a clear view of the Strait of Gibraltar and the constant flow of merchant shipping that sails through this vital maritime artery on a daily basis.

Established in 1996, Peninsula recognized the strategic importance of Gibraltar's location on the cross-roads of major global trading routes and sought to develop the port into a major international hub for the shipping industry. Peninsula was ideally placed to recognize this potential as it is part of the Gibunco Group, a ship agency, maritime engineering and real estate group owned by the Bassadone family, which has been active in Gibraltar for over 40 years.

"We knew that Gibraltar had the potential to become a world leader. What it needed was a company to lead the way in providing a world-class service and that's where Peninsula came in", says John Bassadone. "When Peninsula started, Gibraltar supplied only 200,000 tonnes of marine fuels per year, it now handles over 4 million tonnes of which our group controls 45%."

Peninsula built upon the foundation of its physical supply activities in Gibraltar to expand into similar fields in other strategically important locations, including Ceuta, the Canary Islands and Panama. "We had the expertise and the resources to grow the business, so we employed the same strategy that had been successful in Gibraltar. We picked strategically vital areas for shipping and then built a first-class organization there, always with an emphasis on quality product and premium customer service."

Now with an office network that includes Gibraltar, London, Dublin, Athens, Dubai, Singapore and Shanghai, Peninsula Petroleum spans the globe and offers a truly worldwide service encompassing the supply and trade of marine fuels.

"In 1996, our first year, we sold 100,000 tonnes of fuel. In 2007, we sold 3.6 million tonnes and in 2008 we estimate 4.5 million tonnes. In terms of revenue, in 2007 our turnover broke the US$1.2 billion level for the first time in Peninsula's history – so we see that year as something of a milestone" said John Bassadone.

John A. Bassadone

Peninsula attributes its success to a strong set of core values. Amongst these Mr Bassadone includes commitment to supplying only premium quality fuels, a focus on building long-term relationships with clients, leading the industry in terms of market research and constant investment in the resources of the company – both in the form of assets and staff.

This policy of investing to stay at the forefront of the markets has seen expansion in the trading team and in the resources utilized by Peninsula, including its fleet of tankers employed in the delivery of marine fuels.

"In 1996 there were 2 traders", says John Bassadone, "and by 1995 that number had risen to 10. At the end of 1996 we had a team of 22 traders and we started 2008 with 30. We have a long term strategy to develop the office network so the team will continue to grow."

As a physical supplier of marine fuels it is incumbent upon Peninsula to maintain and operate a fleet of tankers and barges which move and deliver product between refineries, storage and clients' ships. In an age of heightened environmental sensitivity and with pressure from clients to ensure rapid and timely delivery of their fuels, Peninsula has maintained a policy of constantly modernizing and upgrading its fleet to meet these challenges.

"In 2008 we introduced the Gibunker 100 to our fleet in the Strait of Gibraltar. She can carry 7,000 tonnes of products and is one of the largest, highest specification tankers currently deployed in any port in Europe" said John Bassadone.

In an investment worth US$45 million, Peninsula has added 3 ships of the same class, 2 of which have been deployed with partners in the Singapore market.

"The addition of these ships, alongside our existing vessels, brings the fleet at our disposal for physical deliveries to 25 tankers and barges. It is the clearest possible demonstration to our clients that we are confident in the future of the business and that we are investing to remain one of the industry leaders in our core trades, which is vital in the current markets."

Peninsula commenced business by recognizing the potential present in the ports of the Strait of Gibraltar and its management has maintained this forward thinking approach to business as it adapts to meet the challenges of the global shipping and energy markets. Typical of this is Peninsula's emergence as one of the leading players in the supply of low sulphur fuels in the port of Gibraltar and in other locations.

John Bassadone told us, "Now more than ever there is attention to the environmental impact of shipping. At a European and international level there is array of new legislation aimed at cutting emissions, with a particular focus on lowering the sulphur content of marine fuels. We have been proactive in making sure that we have these products available for our clients."

Part of this ability to respond to developments in the market includes the capacity to meet new challenges. Foremost amongst these is the emergence of competition for the ports of the Strait of Gibraltar in the form of North African ports such as Tangiers. Peninsula's response to this is typical of the organization.

"We don't see developments to modernize the likes of Tangiers as a threat. We see it as an opportunity. Expansion at other ports in the region will boost traffic and increase the number of options for ship operators and owners to buy their fuels. Our plan is to participate in this where possible and we have a long history of working successfully in partnerships", says Bassadone.

Peninsula's success at identifying industry trends and responding to new opportunities is categorized by its meteoric expansion in the markets of the Arabian Gulf, South East and Far East Asia. Following on from the successful debut in Singapore in 2006, Peninsula opened in Dubai in mid-2007 and in Shanghai at the start of 2008.

"The trades of the Arabian Gulf, Red Sea and Suez Canal have always been significant in shipping and with the rapid expansion of trade with the Indian sub-continent these have become even more important," says Bassadone. "Our office in Dubai is ideally placed to handle these markets. It also integrates well with our overall network, allowing Peninsula to cover all key ports and markets from London to Gibraltar, through the Mediterranean via our Athens office, down through the Middle East to Dubai and then onwards to the world's number one marine fuels location in Singapore."

The latest addition to the Peninsula Petroleum fleet the Gibunker 100

Peninsula's inauguration of an office in Shanghai was part of this process of establishing a presence in key markets. "Given the prominence of China as the world's fastest modernizing economy and now the largest ship operating nation in the world, we had to be there", says John Bassadone. "The key to working in China is understanding the market, developing relationships and showing a commitment through having a presence on the ground. In fact, our traditional "family run" approach to business, with an emphasis on attention to the customer and taking a long-term view to the market works very well in a country like China and the response has been overwhelmingly positive."

Given the rapid expansion of Peninsula Petroleum over the past 12 years from operating only in Gibraltar to an enterprise, spanning the globe with a network of 7 offices and prospects for turnover of US$2 billion in the current year, the question must be what does the future hold for this dynamic company?

"We have a long-term plan for where we want to be in the next 5 years and that is to be in the top five in our sector," says John Bassadone. "The marine fuels industry faces numerous challenges, not least of which are the record high prices for petroleum products. We plan to meet these challenges by keeping our traditional focus on competitive prices, quality fuels and premium customer service while identifying new opportunities and investing the resources necessary to exploit these."

Amongst specific areas identified for development in the next few years, John Bassadone was able to point to a possible expansion into the operation of deep sea tanker tonnage via a commercial shipping enterprise, the addition of new physical supply locations and further integration of the parent group Gibunco's ship agency and maritime engineering divisions alongside Peninsula's network.

John Bassadone concluded our interview stating, "Via our group's ship agency and Scamp, which operates our ship repair, hull cleaning and fuel conservation services, we have incredible potential to offer our clients more than just a refueling service. We are also well-placed to understand the entirety of the logistics process of the oil and tanker industry and this allows us certain advantages with regards to investing in that market and then integrating these activities into those of the group and Peninsula itself. We see ourselves as a Gibraltarian group with the potential to be a global leader."

2008 FINANCE CENTRE SEMINARS IN LONDON

by Trino Cruz, Director, Credit Suisse

Once again the London seminars held in February represented an excellent and well-timed opportunity to update on what Gibraltar currently has to offer as a jurisdiction both to institutions and individuals alike.

This well orchestrated series of events provided the local industry players, who are always keen to support such events, with an excellent platform to present a very comprehensive view of the jurisdiction. Gibraltar's Finance Centre Director, Jimmy Tipping, and his team have once again applied this well thrashed out formula, which has been refined over the years, in which the jurisdiction literally exhibits itself quite effectively in chosen locations of interest. London and Switzerland in particular have benefited from this exposure at least on a bi-annual basis.

The three-pronged initiative targeting the Insurance, Funds and Private Clients casts the net adequately to cover those areas in which Gibraltar can most clearly add value. The three events were held on successive days between the 12th and 14th February at the Grange City Hotel which proved to be an excellent venue.

The Insurance Seminar was, as expected, well attended since it is after all in Insurance in which Gibraltar is best recognised as an established alternative.

This reflects the relative maturity of this sector, given the very large number of insurance firms already using Gibraltar for their captive business making good use of the winning combination of the Gibraltar's Protected Cell Company (PCC) legislation, sound regulation and attractive taxation.

The Private Clients Seminar, which should have potentially generated the greatest interest, could have been better attended given its valuable content particularly regarding the Gibraltar Tax Residency Package (so-called Category 2) which is such an attractive proposition for many HNWI and UHNWI's. This is clearly one of the jewels of the jurisdiction, which although no longer a well kept secret at this stage, would still appear not to be a sufficiently well recognised alternative for many UK nationals. In addition, the timing of the seminars in the week leading up to the 2008 UK Budget announcement made this Seminar all the more pertinent particularly with the proposed changes surrounding the future treatment of the UK Resident Non Domiciled.

> "The Fund Seminar had the objective of making Gibraltar better known as an established alternative in Private Fund Space"

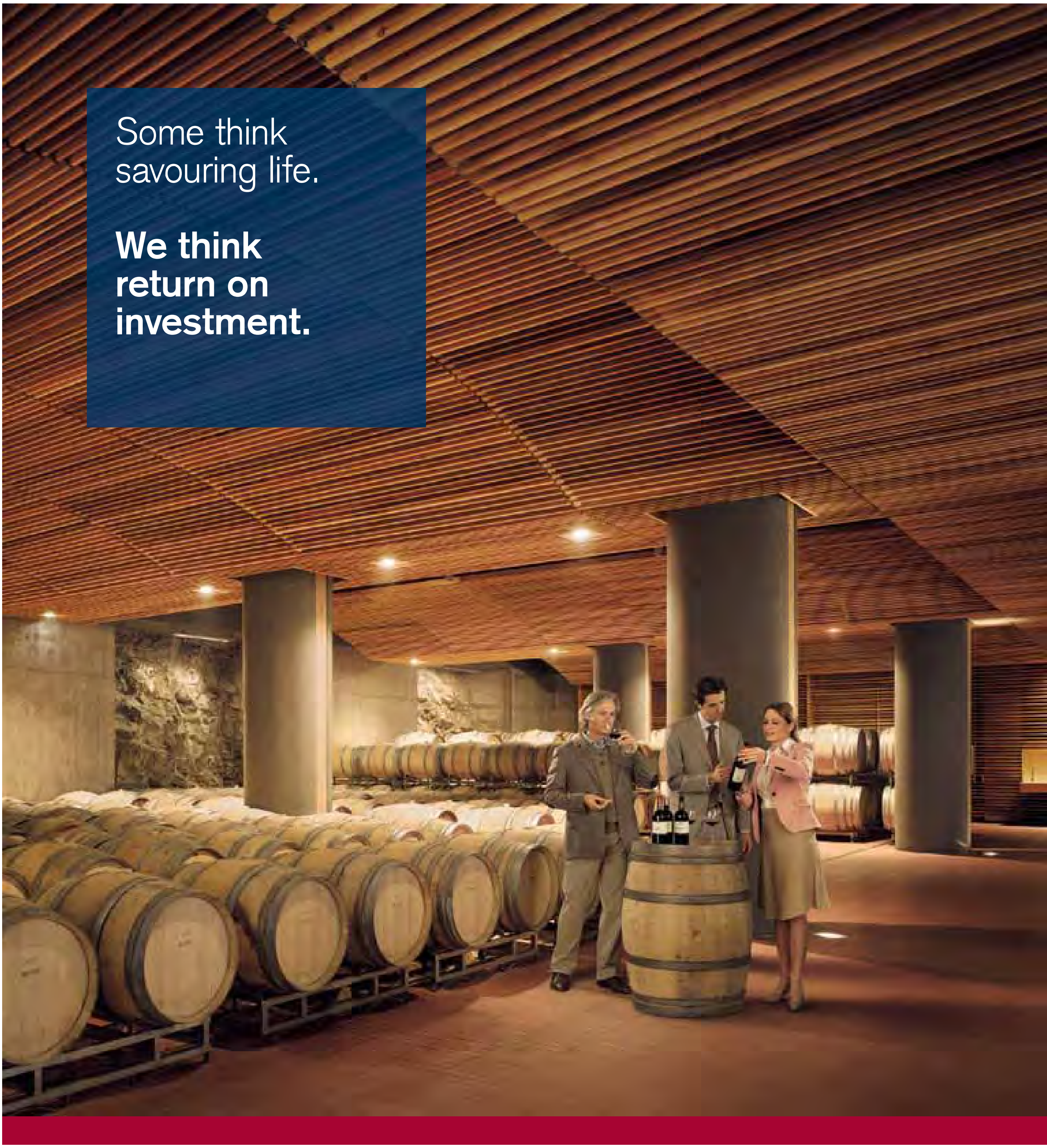
The Fund Seminar had the objective of making Gibraltar better known as an established alternative in Private Fund Space. Gibraltar has begun to carve itself a slice of the already impressive and steadily growing Private Fund Industry. With the Experienced Investor Fund legislation in place for just over two years this is well underway with the profile of the EIF going from strength to strength.

Though it is clearly not as yet the well recognised private fund alternative it deserves to be, it should be in the minds of fund specialists in the UK. This is perhaps the area where the greatest growth potential exists within the Gibraltar Finance Industry.

This was all well reflected in the specialist audience attending who showed familiarity with the subject. In a lively questions and answers at the end of the Fund Seminar, some attendees expressed the view that the launch of the pending GIBEX (Gibraltar Listing Exchange) was seen as critical if the Gibraltar Fund Industry was to continue to gather momentum and go to the next level.

Further coverage by UK specialist financial media from the City would have been welcome to further leverage on the significant and well worthwhile efforts and investments involved in these Seminars, because although London is well known territory for most of us, there is still the feeling that we are merely scraping the surface and only reaching a limited audience, which is only understandable given the breadth and depth of our target London financial community.

As we prepare for the upcoming Finance Centre Seminars in Switzerland to be held in May in Zurich, Geneva and Lugano, we must applaud this much needed jurisdictional profiling in what are and will continue to be key markets for what Gibraltar has to offer.


Some think
savouring life.
We think
return on
investment.

FIRST PCC BOOK - "A THOROUGH AND MUCH-NEEDED REVIEW"

Gibraltar – Nigel Feetham, partner at Gibraltar law firm Hassans, has co-authored the first book to be published worldwide on Protected Cell Companies (PCCs), along with Grant Jones of global law firm Squire, Sanders & Dempsey. The book, entitled Protected Cell Companies: A Guide to Implementation and Use (published by Spiramus Press Ltd), retails at £95 and was published in March.

PCCs were introduced in Guernsey in 1997 and other jurisdictions (including some States of the USA) have followed this path. Gibraltar introduced PCC legislation in 2001 - Nigel Feetham was involved in its drafting. It has proved an attractive vehicle for "umbrella fund" investment schemes, structured finance and for insurance companies.

The book is particularly timely, as the PCC is now the fastest-growing vehicle for the fund and insurance industries and the number of PCCs being formed worldwide (including in Gibraltar) continues to rise. The momentum is expected to continue as more investors realise the benefits offered by PCCs and as PCC legislation becomes more sophisticated around the world. The book is designed to enable insolvency practitioners, accountants, finance directors, commercial lawyers, insurance and fund management professionals, to understand how PCCs work and of what practical use they can be for their clients. Insolvency practitioners are now starting to learn more about this since one of the biggest insolvencies in the US in 2007 was a PCC (the collapse of SPhinX funds).

Gabriel Moss QC, of 3-4 South Square, one of England's leading insolvency practitioners, endorses the book, saying: "It is an essential reference for anyone dealing with a PCC."

Nigel Feetham comments: "In setting out to write what we believe is the first detailed work on the subject of the Protected Cell Company, we had as our objective to provide a comparative legal work on the various PCC regimes on offer, as well as a practical and academic source-book for practitioners and anyone involved in this area. Gibraltar has been at the forefront of these developments since the Government moved promptly to introduce PCC legislation when the concept was still very much in its infancy. We expect to see continued interest in the PCC over the coming years."

THE GIBRALTAR EIF DIRECTOR – LIVING UP TO INVESTOR EXPECTATIONS?

by Malcolm Ruffell

Gibraltar has laid the groundwork for a successful funds regime. The Gibraltar Experienced Investor Fund ("EIF") regime, established in 2005, allows for the establishment of lightly regulated and therefore highly flexible fund vehicles.

But essentially the EIF remains unregulated. While it is licensed by the FSC you won't find requirements and controls set out in detailed regulations. Instead, the aim is to create a regulatory environment where the fund is run properly by its managing counterparties. The key to a successful fund is therefore good governance – and this duty falls to the Board of Directors, in particular the authorised EIF Director.

As the name implies, the authorised EIF director is approved by the FSC and to obtain this authority they will have demonstrated appropriate knowledge of, and previous experience in, the investment funds arena. Many will also have previous board and senior management experience. The EIF director can add value in two ways. First, the EIF Director can be a valuable link between the promoter/investment manager and local regulations, the various counterparties and even the FSC. In short this person can help run a tight ship. Second by bringing experience and independence to the board the EIF Director can increase investor confidence as to how the fund is managed and operated.

Although EIF legislation is referred to as "a light touch" this does not in anyway limit the duties and responsibilities of a director.

I spent some time looking for a practical description of the role of a fund director. Much has been written but I particularly like the following:

"Ultimately, the Advisory Group believes that the fundamental responsibility of fund directors is to ensure that the fund's shareholders receive the benefits and services to which they are fairly entitled, both as a matter of law and in accordance with investor expectations reasonably created by the fund's prospectus and other disclosure documents."[1]

While this is a few years old, I very much feel that the principles still hold good and so are very relevant to EIFs.

I do not believe that as EIF directors we should be expected to bring specific investment expertise to the party - that will normally be provided by the other directors or a separate investment manager with a clear mandate - but rather that we are versed in the principles of investment funds, such as equitable treatment of all classes of shareholders.

ADDED VALUE

It is my view that the EIF director role has many similarities with that of a non-executive director in the corporate arena. They will not be involved in the management of the fund on a day to day basis, and so will be less well informed of detailed activities. But they provide an added value service to the fund by bringing their independence and experience to the board and in particular they help to ensure that the fund adopts a sound approach to corporate governance.

So what do I mean by corporate governance? At its most basic level it is the system by which funds are directed and controlled. The key control areas about which directors need to be conversant are: compliance with laws and regulations; effective and efficient operations; appropriate financial management and risk management, including safeguarding of assets.

As in the corporate world, when exercising these functions, the EIF director stands in the position of a fiduciary in relation to fund participants. Again, let's look at another definition: "A fiduciary duty is the highest standard of care imposed at either equity or law. A fiduciary is expected to be loyal to the person to whom they owe the duty and they must not put their personal interests before the duty, nor must they profit from their position as a fiduciary, unless the principal consents".

GOOD FAITH

So, the EIF director has a duty to act in good faith in the best interest of the company as a whole, not in the interests of any one person or group of persons. The Director must only exercise directors powers for the purpose for which they are given and has a duty to avoid conflicts of interest with the company. There is a duty not to make secret profits as a result of his office. Any confidential information obtained as a director of one company cannot be used for the benefit of another. The EIF Director must not be indiscreet by, for example agreeing in advance to act in a particular way.

The Director has a duty of care to ensure that all proposed transactions are intended to benefit the fund and the investors, for example, by ascertaining that the fund is paying fair value for an investment acquired. This is relatively easy for listed shares but is a different issue for say, development land or property in Eastern Europe, or intellectual property rights. The board must be satisfied that professional independent information is available to support the value ascribed, and for property and that clean and unencumbered title is being obtained.

There is a duty for the EIF Dirctor to ensure that the fund is invested according to its stated objectives. Where these are widely drawn, at what point does it cease to comply with what the investor may have reasonably expected from the offer document? Similarly, how much and how long should the fund retain liquidity in cash form without investing? - The earlier description "in accordance with investor expectations reasonably created by the fund's prospectus and other disclosure documents" will require a judgement call.

INVESTMENT FUNDS SEMINAR

Equitable treatment of all generations of shareholders - whether they are subscribing to, redeeming from or simply remaining in the fund - is a fundamental principle of all collective investment schemes. Illiquid portfolios, invested in real estate or private equity, pose particular issues when calculating the net asset value where they are not closed ended. Fair treatment is not only in determining the value that an exiting shareholder should receive, but often forgotten, is that this value also affects shareholders remaining in the fund. Even for securities funds, a large redemption may sometimes be best met by an in specie transfer of assets out to the redeeming party rather than a forced sale of assets with the associated dealing costs, as these costs would have an adverse impact on performance for those investors remaining in the fund.

It is not unusual for a director, or other controller to also be an investor – seeing directors voting with their own money can be a positive indicator to potential investors. However, the EIF director must ensure that no enhanced terms, reduced management fees, or waiving of exit fees should apply, unless these are available to all. Directors must disclose all potential conflicts of interest – both at the outset and in any circumstances arising on an ongoing basis. Where performance fees are paid, great care must to taken to ensure that the fund value is fairly, if not independently calculated and greater scrutiny should be applied in all transactions undertaken with a third party.

NOT ACCEPTABLE

In my view it is not acceptable for major investment decisions and contracts to be concluded without the involvement of the full Board. Directors must monitor and review the performance of any appointed investment managers on a regular basis, checking against agreed benchmarks. Substantial purchases and disposals in private equity and property must be approved at Board level, and the EIF director should be looking to ensure that all directors are in possession of the necessary information to make an informed decision, including suitable recommendations from appropriate advisors such as accountants, valuers and lawyers. They should have the time to make a considered decision.

Board process might seem unexciting, but where it has real substance, the domicile, and hence the benefits of the fund are protected. Holding regular board meetings in Gibraltar with all directors in attendance, to monitor performance, review and approve major decisions, and to determine the future strategy, all tend towards a well run fund. In conclusion, I firmly believe that well chosen EIF directors do add value to the fund and are not simply a sunk cost associated with the domicile. They bring with them experience, knowledge and gravitas and are an essential element of corporate governance in upholding investor expectations.

Malcolm Ruffell is shareholder and director of the Quest Fund Administration Ltd and a director of other Quest Group companies.

1 ***Enhancing a Culture of Independence and Effectiveness*** Report of the US-based Investment Company Institute's Advisory Group on Best Practices for Fund Directors (June 1999)

SUBSCRIPTION FORM

I wish to become a new subscriber to:
GIBRALTAR INTERNATIONAL MAGAZINE

Please charge my credit card:

☐ UK £24 ☐ EU £32 ☐ Rest of World £44

☐ Visa ☐ Mastercard ☐ American Express

Card Number

Expiry date

Name

Company

Address

Telephone (incl. dialling code)

Signature

Date

When complete, please return this form to:
Subscriptions Department,
Gibraltar International Finance Publications Ltd.
P O Box 561
MBC 6/104
1 Irish Town
Gibraltar
or fax to: **+44 1865 749827**

A COME BACK FOR GAMING?

The other evening three couples sat around the dining table playing Monopoly. This board game was circa 30 years old with all the original pieces – top hat, battle ship, racing car, iron and boot. Admittedly, the Community Chest and Chance cards were looking a bit worn and the currency notes were dog eared. It was a spur of the moment thing – 'let's do something different' was the suggestion and hence over a couple or more bottles of wine, the game of property empire building became the object of our even more liquid supper evening, once we had located and dusted off the board.

People seem to remember a lot about bits of the rules – no documents had survived the years; when houses could be built and hotels acquired, doubling of the rent when holding a complete set, foregoing rent when Sent to Jail. Auctioning of unwanted property was a new twist for some, but all recalled the Inland Revenue and Super Tax bills, and the general repairs charge to all properties. Some things haven't changed.

After several hours, arguments, bartering and belly laughs, even the most sceptical agreed it was a fun evening, (even memorable despite the quantity of wine consumed). Simple fun, doing something that few us neither contemplated doing nor relished the thought of participating in. What with the tellie and Dancing on Ice, American Idol and East Enders to follow keenly each week.

It set me thinking about how many other games were still likely to be fun today without having an X-Box, laptop computer or souped-up mobile phone to ensnare us into our own solitary dream world. Rather than be anti-social, we could be social. And it's not as mad, or bad, as it sounds.

Recently, I took three of our grandchildren aged 3 to 9 years to a cultural centre's Victorian Play Session run by the council in Wellington, New Zealand. The area was divided by stage 'flats' forming Victorian streets with houses and shops and push buttons that played authentic street sounds of traders selling their wares, children chattering and adults singling in pubs. It was all to bring a little atmosphere to the games on offer. There was a foot bellows-driven piano with peddles to pump and keys that magically played complicated music unaided by human hands. It fascinated the youngest and encouraged him to experiment with adding his own improvised tune – and another older and wiser youngster to barge in and demonstrate two-handed Chop Sticks with his knuckles!

> "How long do I have to wait for my computer to save a document – a full TEN seconds!"

An old John Bull-type of printing press was a hands-on exhibit so children could make Happy New Year Mum cards and rubber stamps that needed to be rocked in the ink pads to illustrate. That made me think of how much even we adults take for granted today. I no longer type out my reports and articles on a wide carriage Underwood sit-up-and-beg machine, and Tippex (later magic correcting fluid) to white out mistakes on sheathes of flimsy paper for the Roneo copier. I now can even lay out my pages and insert pictures to be cut about and edited for electronic transmission to an office or friends. How long do I have to wait for my computer to save a document – a full TEN seconds!

But three games captured these 21st century youngsters' imagination and showed how some of the simplest things can stand the test of time – if only we are prepared to go back and try them. Hop Scotch, with flagstones/tiles marked one to nine and a slate or stone to determine your position, proved just how difficult it can be to balance on one leg (even without the alcohol). Stick and Hoop is a classic of Dickens' time that requires great skill to first keep the hoop rolling in a straight(ish) line, then steer it around in both directions and finally weave in and out of friends and other riotous children. But Spinning Tops was the big attraction, particularly when the spindles were used to direct the tops into fighting machines to knock others on the tray out of the way.

Whatever happened to 'fag' cards and marbles? Every bit as challenging as Pac-Man, the computerised graphic game, and socially interactive as well! Even good old playing cards – whist, rummy, blackjack are worth trying. Charades or What's My Line games genuinely revive competitive spirit, and team building results – even with adults.

This brings me to the down side of going back to playing simple games. People try to make them difficult. My wife was down to her last £1 note in Monopoly and about to be bankrupt when another player made her an offer she just couldn't refuse - £1,000 for two of the red cards – Fleet Street and Trafalgar Square – to complete his third set and allow rapid building to follow. However, mirroring life she trounced all other players after investing the windfall in hotels on her two deep blue cards – Mayfair and Park Lane – and fleeced everyone with high rents, or landing charges. Who said Monopoly was an old game!

And that reminds me, it's time to watch Coronation Street, which is almost as old as my Monopoly set, so it must be OK.

fly from £39

one way inc. taxes

summer 08

gibraltar to luton

	mon	tues	wed	thur	fri	sat	Sun
dep	1240	1925	1940	1940	1855	1855	1855
arr	1420	2110	2125	2125	2040	2040	2040

luton to gibraltar

	mon	tues	wed	thur	fri	sat	Sun
dep	0800	1445	1500	1500	1415	1415	1415
arr	1115	1840	1855	1855	1810	1810	1810

gibraltar tel: 00350 200 47477

uk tel: 08700 4050 40

monarch.co.uk

the low fare airline that cares

conditions apply.