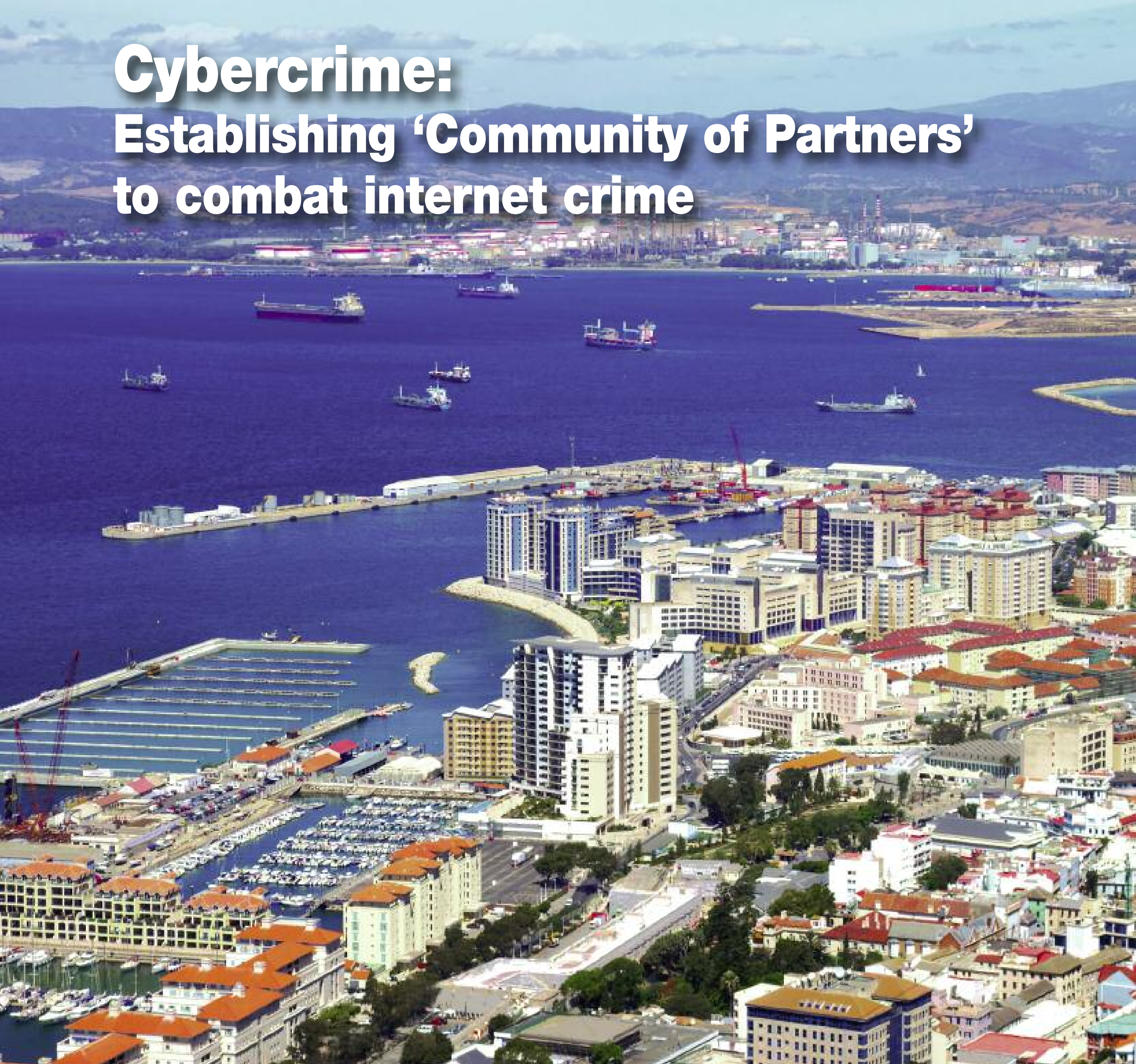
Aug/Sept/Oct 2017

GIBRALTAR INTERNATIONAL

FINANCE ■ INVESTMENT ■ BUSINESS

Cybercrime:
Establishing 'Community of Partners' to combat internet crime



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Editorial Comment

Economic growth goes on

A great deal of effort has been made by Gibraltar to reposition its business appeal to reach new market sectors and expand on existing strengths – with some initial success! As articles in this edition of *Gibraltar International* reveal, firms are either expanding their existing operations or choosing to locate their operations on The Rock.

Employment, led by the private sector, has never been higher, amongst Gibraltarians – there are fewer than 200 unemployed. – and added to the territory's highest annual GDP to end-March of £1.9bn. The 12,000 British, Spanish, other EEA and third country citizens crossing the frontier every day to work in Gibraltar account for approaching 50% of total employment.

Whatever may happen as a result of the internal wrangling over the form of UK Brexit, Gibraltar is taking no chances and planning on "a hard Brexit", as James Tipping, the territory's Finance Centre Director, told the EU Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion.

However, it is "with a firm commitment from the United Kingdom government to maintain and broaden access to their financial markets from Gibraltar," he said, adding pointedly that "we will be the only territory in Europe with automatic access to the United Kingdom in banking, insurance, investment services and any other similar area where cross-border [EU] Directives currently apply."

That set a marker with which to compare other EU jurisdictions such as Malta, Cyprus, Luxemburg and Ireland, for example, some that may seek to take advantage of Gibraltar's enforced disengagement with the huge trading bloc. Continued access to the UK, the world's 5th largest economy, has proved appealing to insurers, some relocating from the UK and others on the cusp of moving to The Rock with UK-facing business plans. It's a similar story with eGaming firms that continue to add staff, despite a spate of mergers and rationalisation measures.

The Financial Services Commission is working on at least five insurance company licence applications submitted in April and May, together with four general and life businesses, adding to the 61 insurance entities already licensed.

Artex International, the territory's largest insurance manager, expects to take on another 5 or 6 insurance enterprises , the majority UK-focused and some prepared to relocate part or all of their operations to another EU location if 'passporting' rights eventually are not secured.

The fledgling fintech sector has been boosted by expected regulation from the year end for firms using distributive ledger technology for crypto currency, crowdfunding 'tokens' and other blockchain financial services applications; the interest in Gibraltar from start-ups is described as "remarkable".

Yet with the spread of internet technology comes certain widespread fraud and ransomware, so it's apt that Governor Lt. Gen. Ed Davis is leading the charge to alert and educate businesses and individuals on The Rock to the threats and how to combat them.

Financial services continue to do well despite Brexit uncertainties, but the Chamber of Commerce considers "it is sometimes painful to do business in Gibraltar and it will not get easier unless there is a root and branch change of attitude. This has to start with and be led by government!"

Ray Spencer

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Brexit concerns overshadow record budget result

"Gibraltar's economic performance has been outstanding in this first financial year since the Brexit referendum", Fabian Picardo, Gibraltar's Chief Minister, said when presenting the 2017-18 budget

Littered with references to the UK's planned departure from the EU on 29 March 2019, which also embraces Gibraltar, his sixth budget watchwords were "prudence, caution, optimism and investment".

Picardo, vowed to "make Gibraltar the most attractive place in Europe and in the Mediterranean to do business" and reported a record surplus, employment, income and investment by the private sector.

However, veteran economic development minister, Joe Bossano, later cautioned: "The strong performance of the private sector in the last financial year may not be repeatable in the current year with so many imponderables that it is impossible to make any kind of sound judgment."

"In terms of the existing economic model, we need to continue developing the initiatives and the areas of the economy that are showing growth until we are better placed to be able to assess what is the likely outcome in two years time," Bassano concluded.

Maintenance of a free-flowing border with Spain is of most concern, particularly after the European Council gave that country a right to veto any trade deals with Britain that also included this overseas territory.

"Twelve thousand people cross the frontier every day to work in Gibraltar. Seven thousand are Spanish. So Brexit affects Gibraltarians, British, Spanish, and other EEA citizens, as much as it does third country citizens," Picardo remarked.

Picardo made clear that all EU workers before the 23 June last year could remain on The Rock, and Gibraltar would mirror the UK's position on acquired rights of EU nationals established or working in Gibraltar "before the final cut off date that might be agreed between the UK and the EU", and it would support determination by the European Court of Justice "in any disputes affecting this class of EU Citizen."

But he held: "If the UK and the EU enter into new, post-Brexit, trade arrangements in future which extend rights to EU nationals arriving into the UK to establish themselves or to work after the UK has left the EU, those arrangements will not apply in Gibraltar if the [Spanish veto] excluded Gibraltar" from any such arrangements.

Limit to job rights

Picardo emphasised: "Any new Spanish or EEA nationals entering the job market after the 29 March 2019 will – as things currently appear to stand – enjoy only the generous rights enjoyed by those who are today third country nationals."

Employment rose 3.6% to reach 27,073 by October 2016 (the latest figures available), of which 11,065 were Gibraltarians, leaving fewer than 200 locals jobless. Strongest employment gains were in the private sector – up 4.5% to 20,977. The gaming industry saw "spectacular job growth" - up 9% (289) - after the referendum result. In the past year, two new firms have been licensed and four, others were in the pipeline, he revealed – "a truly remarkable vote of confidence in Gibraltar" and "we remain the premier jurisdiction in the world for the best regulated online gaming services available to consumers". Gaming charges and fees increased in 2016-17 to over £15m, "demonstrating this sector is vibrant and performing", Picardo maintained.

> Picardo, vowed to "make Gibraltar the most attractive place in Europe and in the Mediterranean to do business"

Civil servant employment grew by just 0.4% (23) and their pay will rise – again in contrast to the UK - by 2.75% from August.

Income tax now starts at £11,050 and the minimum wage is being raised by 17p (2.7%) to reach £6.45. However, "the larger the job market, the greater the opportunity for abuse", suggested Picardo, who leads a socialist and liberal political alliance. A working group involving Unite the Union and employer representative bodies is "to establish principles for Trade Union Recognition in the Private Sector".

Conservative assessment

Inflation stood at 1.5% in October 2016, but averaged 2.6% in 2017, compared to 0.25% a year earlier, "largely the result of rising import prices from the fall in sterling since the EU referendum, together with the higher global price of fuel".

Revenue in 2016-17 was £63m higher than budgeted at £615m, with income tax of £154m contributing £5m more that expected and corporate tax around £31m more at £135m. For the current year, the surplus is £18m, "a conservative assessment of what we believe is achievable". Estimated recurrent revenue for the year is budgeted to increase over £24m, or 4.1% over the previous year's estimate. Whereas the expenditure budget for the year is £597m, a 4.5% increase on the 2016/17 estimate.

Nominal GDP is forecast to have reached £1.91bn, almost 9% more in 2016-17 and the government is working towards its 2015 manifesto promise of £2.4bn GDP by end-March 2020.

High GDP ranking

Picardo pointed out that Gibraltar's per capita growth, using IMF rankings, meant it would be placed fourth ahead of Singapore, Switzerland, Hong Kong, UK and Spain, although he counselled: "These measures are not entirely scientific because of the differing methodologies and fluctuating exchange rates on which they are based. Nonetheless, they are the measures that the rest of the world relies on."

Aggregate public debt was marginally lower year-on-year at £443m at end March 2017, while cash reserves stood at £123m. Picardo reported: "Net public debt stood at £320m, or 16.75% of GDP, and we have reduced net debt since them by 8.5%."

Ray Spencer

Budget 2017 – tax measures

By Neil Rumford, Tax Partner, EY Limited

On the 26th of June Gibraltar's Chief Minister, the Hon Fabian Picardo QC MP, presented his 2017 Budget address. Combining Brexit caution with an upbeat message, few significant changes in the area of tax were announced.

An "interactive summary" of the Gibraltar government's revenue and expenditure budget for 2017/18 was presented, which can be accessed on the Government's Press Office webpage. From this, together with the budget address, we can summarise the three main income streams for the government as follows:

	Budgeted 2017/18 £m	2016/17 £m	2015/16 £m
Corporation tax	120	135	109
Income tax	155	154	148
Import duty	160	166	152

Corporate tax

No changes were announced in respect of corporation tax. The standard rate of tax remains set at 10%.

Personal tax

The alternative systems, the Gross Income Based System and the more traditional Allowance Based System, remain. Whichever results in less tax is the system that applies to a taxpayer. Savings income and capital gains are not taxable under either system.

Inflationary increases in tax allowances were made for those taxpayers using the Allowance Based System, with no change in tax rates or bandings.

There was no change announced in respect of the Gross Income Based System, which combines lower rates of tax with fewer deductions. The maximum effective (overall) rate never exceeds 25%, and starts to decrease once taxable income exceeds £500,000. Some examples of the effective tax rate at different income levels are:

Total taxable income	Effective tax rate
£25,000	17%
£50,000	22%
From £105,000 to £500,000	25%
£1,000,000	18%

Allowance based system (ABS)

The tax rates and bands for this system remain as before:

Taxable income band	Rate applied
First £4,000	14%
£4,001 to £16,000	17%
Over £16,000	39%

Minimal changes are to be made to some allowances; the more common allowances include:

Personal allowance	£3,300 (was £3,215)
Spouse allowance	£3,300 (was £3,215)
House purchase allowance	£12,000 (no change)
Nursery school (per child)	£5,160 (was £5,025)
Medical insurance	Up to £5,155 (was up to £5,020)
Child allowance	£1,135 (was £1,105)
Child studying abroad	£1,290 (was £1,255)

A major factor in deciding if the ABS applies to a taxpayer is whether they own their home in Gibraltar. As well as the house purchase allowance above, there is an additional £4,000 purchase allowance (to be spread over four years). Mortgage interest deductions are given for mortgages of up to £350,000 (and even higher for pre 1 July 2008 loans).

HEPSS & HNWIs

No changes were announced to the tax status available for "high executives possessing specialist skills" or to high net worth individuals (Category 2). These tax schemes cap the tax payable by such individuals to fixed amounts, subject to conditions, of £29,940 (HEPSS) and to between £22,000 and £27,560 (Category 2).

Social insurance

Gibraltar has a cap on social security contributions by employers and employees of £36.50 and £27.50 per week, respectively. No changes were announced to these in the budget, having been increased by 10% with effect from 1 April 2017, after many years without any change.

Import and excise duties

Changes announced to import duty included:

Changes	From	To
↓ Gold bullion	6%	1%
↓Classic cars (subject to conditions)	various	0%
↓ Handbags	6%	3%
↓ Childrens' prams	12%	0%
↑Diesel fuel	22p per litre	25p per litre
↑Jet skis	0%	20%
↑Waterpipe tobacco	£3.00 per kg	£15 per kg
↑ Refills for heated tobacco products (tobacco content)	N/A	£45 per kg

Property-related measures

There were no changes announced to stamp duty, or to property rates.

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Newcomers confounding Brexit uncertainty as focus intensifies on solvency compliance

Efforts to attract new insurance business are starting to reap dividends with Gibraltar acting as a gateway to the UK, *Ray Spencer* finds, and the Regulator is focusing on capital and risk requirements to ensure consumers are protected

Large Gibraltar motor insurers continue to grow and remain the dominant part of the Gibraltar market, but the potential to generate non-motor business over the next few years also looks promising.

Gibraltar Financial Services Commission (GFSC) is processing at least five insurance company licence applications submitted in April and May, compared with just one in the 12 months previous. A further three general insurance intermediary applications have been submitted in the two months, the same as that for the whole of the year to March. In addition there is a life intermediary business in prospect.

Some firms must rework capital needs, says Joe Pardon, GFSC head of prudential

At present, there are 61 insurance entities licensed, with a total premium income of circa £4.8bn, and of that the two Life insurance businesses account for just £150m.

It can be revealed that a large US-based insurance entity offering a line of business new to Gibraltar, but aimed exclusively at the UK market, is expected to be "very big", following its planned launch in August, assuming GFSC approval.

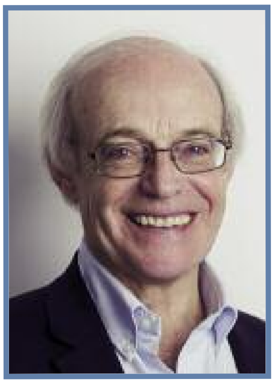
Gibraltar-based insurers mostly underwrite motor policies, the 26 firms together accounting for over 60% of the UK market, although there is a growing diversification, including healthcare, pet, legal and other niche areas.

Admiral, the large UK-facing car insurer, is writing roughly £1bn of premiums in Gibraltar and of that around 10% is now with homeowners.

Another, Hastings Group (through Advantage, the Gibraltar subsidiary), has started in a small way to write home insurance - around 10% of premiums.

Haven, in 2002 was one of the first UK motor insurers to establish in Gibraltar, a decision it said had "proven very successful", and it is developing products beyond motor business to include household cover, "offering a lifeline for those who struggle to obtain buildings and contents insurance through the mainstream market".

"There are other businesses looking at Gibraltar", Michael Ashton, a senior insurance specialist at the government's Gibraltar Finance, told *Gibraltar International*. "Gibraltar's life insurance sector is tiny compared to the non-life sector but new life insurance business are currently looking at the possibility of establishing in Gibraltar."



Slovakian regulator "comfortable" with Gibraltar: Andy Baker, new Premium Insurance CEO

Under the EU Solvency 2 (S2) Directive, that amongst other things required insurers from 2016 to have much greater working capital and reserves, monoline insurers can benefit from diversification by gaining credits that effectively reduce the amount of money that must be held to protect against the risk of business failure.

Gibraltar's Markerstudy, formed in 2001 and best known for motor business, acquired two pet insurance companies – Purely Pets and Paws and Claws - in 2015 after taking over Ultimate Insurance Solutions, cementing a pets diversification move that began two years earlier when gaining BDML. Growing from one to 12 staff, the firm now insures and brokers a number of non-motor related products, including commercial (non-motor), travel and gadget/mobile phone and home insurance.

The widening scope was not prompted by S2 requirements, however: "We are a dynamic underwriter who will write classes where we see an opportunity to make a profit. Pet business is treated more harshly than motor under Solvency 2, for example", Markerstudy said.

Nevertheless, Ashton suggested: "S2 has been a game changer for the insurance sector. Previously entrepreneurs were able to establish a new insurer with the minimum capital requirement, but S2 has introduced more onerous capital requirements. I believe we will see fewer smaller insurance start-ups in Gibraltar."

Some insurers have reduced their underwriting capacity because of capital constraints. Even so, some other firms are said still to be coming to terms with S2, particularly the capital requirements, and industry insiders describe them as "living on borrowed time"!

Casualty & General Insurance Company (Europe), a privately owned company was one of the first non-motor insurers in Gibraltar in 2003 and specialised in defects and surety business in the UK and across Europe, including Belgium, France, Germany, Ireland, Italy, Netherlands and Norway.

However, in March CGICE ceased writing its UK motor book – premiums £20.4m last year - following the decision by the UK's Lord Chancellor to reduce the personal injury payment discount rate of calculation from 2.5% to minus 0.75%, and the market volatility which followed. CGICE was unable to gain sufficient reinsurance cover at an acceptable cost, but it "continues to monitor future developments", according to its Solvency and Financial Condition Report for 2016, just published.

Similarly, Gibraltar's Horizon Insurance (formerly known as Octagon) stopped renewing or accepting motor policies from end-December; the directors said it was because they were unable to secure additional funding to meet business plans from 2017 – but, crucially, emphasised the decision was not related to S2 capital requirements.

The Gibraltar government was also in March forced to step in and issue a statement emphasising "its complete support for the insurance sector in Gibraltar and confidence in the important role played by the GFSC in delivering high European standards of insurance regulation".

The unusual move was prompted by media reports on comments by the Irish Regulator, the Central Bank of Ireland and in

Continued overleaf

Newcomers confounding Brexit uncertainty as focus intensifies on solvency compliance

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the Irish Parliament that suggested not enough had been done by Gibraltar's regulator to prevent a repeat of last year's collapse of locally-based Enterprise Insurance, which hit 14,000 Irish motorists.

Enterprise spectacularly failed when the GFSC ordered the firm in July 2016 to cease trading to protect a total of 760,000 policyholders in six countries after it was believed to be insolvent – the liquidator subsequently appointed, confirmed there was "a prospective balance sheet deficit of some £96m".

Defending GFSC: Samantha Barrass, CEO

Samantha Barrass, GFSC chief executive, robustly defended the regulator's work, saying she had utilised "new powers available to the Commission under Solvency 2 to ensure the Commission has the right information to support our supervision". She emphasised: "We proactively share information with all the host state regulators of the jurisdictions in which our Gibraltar insurance companies operate and we participate in joint supervision activity."

The eleven Gibraltar firms passporting motor insurance into Ireland, "contribute 6% of gross written premiums to the Motor Insurance Bureau in Ireland and 2% of non life premiums to the local Insurance Compensation Fund that was set up in 2012 to contribute to the losses sustained in Ireland following the €1bn collapse of the Irish insurer, Quinn," the government revealed.

By end-2016, Gibraltar firms operating in Eire had contributed some €7m to the Irish compensation schemes and a further €4m+ expected this year. "This will more than meet the estimated losses arising from the Enterprise failure in Ireland", the government maintained. (Gibraltar firms have also contributed some £350m to UK compensation schemes.)

In April, the GFSC said it "may have been significantly and consistently misled" about the true financial position of Enterprise, licensed in 2004, adding: "The extent of the financial collapse of Enterprise is unprecedented."

The Finance Centre's Ashton was sanguine: "No-one wants failures in a jurisdiction, but it is a fact that insurance companies are there to take risks and sometimes they fail like any other business: whilst we must do as much as possible to avoid such failures, there will always be the possibility of an insurance failure if a jurisdiction wants to build an insurance industry."

Ongoing sore

Andy Baker, a senior insurance professional in Gibraltar, commented: "As I am sure anyone in insurance here will agree, the Enterprise failure has wounded our local reputation and it will be an ongoing sore for sometime; competing jurisdictions will be using it against us, but in truth it is just one of several insurance failures that have occurred around the world."

He felt countries increasingly will "not accept EU passporting into their territories simply by notification, and are now moving towards an individual approval process". There were several areas of the S2 policy open to interpretation and international meetings have been developed to avoid differences in approach between jurisdictions.

Joe Perdoni, GFSC head of prudential, told *Gibraltar International.* that, although there were a few firms that had "transitional arrangements" from the start of S2 in January 2016, by June all were compliant. "That isn't to say some firms are not still struggling with S2; it's much more complex than S1 and subject to a lot of assumptions firms make on meeting those capital requirements."

Gibraltar's insurers (excluding captives) took part in a GFSC-led quality assurance review in March to ensure similar capital assumptions across the market. "Some of those findings mean firms will have to complete calculations slightly differently – some are fairly straight forward, but some firms will have to rework their numbers", Perdoni explained.

Drilling down.

GFSC chief executive Barrass, added: "As with other insurance regulators, the initial focus of S2 was on capital levels and reserves issues, but since January this year we have been drilling down into other aspects – the approach to risk management and governance - within insurance companies. There will be those companies that just got over the line and they are the ones we will be paying greater attention to."

Prior to S2, the insurance sector in Gibraltar generally was hovering much more around [lesser] S1 requirements on capital and their governance approach to risk management, she observed.

Premium Insurance was set up in March after a 15-month licensing process by investors, also owning Slovakia's largest independent insurance broker, because "Gibraltar had an experienced regulator, it was open for business and open to discussion," declared Baker, who has become local managing director. Premium was the first insurance company licensed after the Brexit vote.

Having decided to open an insurance company in Slovakia, "the regulator [there] was refreshingly open and honest and admitted that they didn't know how to do that," Baker, a former advisor to the GFSB and a president of Gibraltar Insurance Association, noted. It was recommended they find another [EU] base jurisdiction to passport into Slovakia and the Regulator was comfortable with use of Gibraltar.

Writing only commercial business, Premium is not UK-focused, so if Brexit meant the end of passporting in 2-3 years' time, "there is no lifeline, but by then there would be a proven track record and capital built up, so [Premium] could re-domicile easily", Baker observed, or choose to continue with its present arrangement with Artex International, Gibraltar's largest insurance management business.

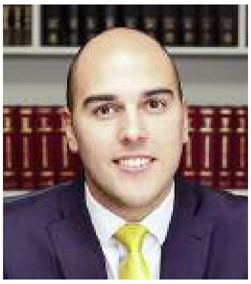
Part of A J Gallagher, a Chicago-based company, Artex first bought Heritage Insurance Managers in 2014 and then acquired Quest in mid-2016, merging the two local operations at that time. Steve Quinn, Quest founder, has become managing director of Artex in mainland Europe, which includes Malta, and plans to expand into other EU states, "probably later this year".

Artex already handles 14 insurance companies and six intermediaries. "We expect to license another five or six enterprises not already present in Gibraltar, even with the prospect of Brexit", Quinn declared. "The majority of those businesses are UK-focused and we have some people prepared to move here, even if it means they may have to shift to another EU location eventually."

Ashton declared: "What is interesting is that after a 2/3 months period of people accepting that Gibraltar has to leave the EU, then the government survey of financial services found over 90% of our business is with the UK, showing that as a jurisdiction we had not been as successful as we had hoped in attracting business from the rest of Europe but very successful with business into the UK. I believe the message now is around our access to the UK, the world's 5th largest economy.".

Revamped regulation of Gibraltar funds

By Jay Gomez, Senior Associate and Javi Triay, Associate,Triay & Triay Financial Services Team



It has now been just over a year since the United Kingdom voted to leave the European Union. The Gibraltar funds industry however, is adamant that the infamous vote, which brought with it a heavy dose of pessimism and uncertainty, can instead be good news for Gibraltar in furthering its offering as an emerging and growing hub for investment funds and managers.

Following extensive consultation between the Gibraltar Funds and Investments Association (GFIA) and its members, the Gibraltar Financial Service Commission (GFSC) and the Minister with responsibility for Financial Services, the new legislative framework for investments funds has been drawn up.

The new legislative framework creates Gibraltar's dual-fund regime which maintains the status quo (i.e. EU access pre-Brexit) and provides a duality so that the necessary vehicles post-Brexit are permitted and clients may continue operating outside of the EU and, subject to the Brexit deal agreed between the UK with the EU, a vehicle which will allow access to the EU's single market on the basis of reciprocity and/or equivalence.

Some of the key changes include:

Private Schemes

- Private schemes that are not structured as family offices and/or not managed by an authorised firm will have a maximum number of 15 investors.
- Continues to be a vehicle for a small group of investors, and as such will require an investor acknowledgement concerning the fund's status (i.e. not regulated by the GFSC).
- Private schemes structured as a family office can have a maximum number of 50 investors.
- Private schemes managed by an authorised firm (either an EU regulated firm or firm which the GFSC has consented to) can have a maximum number of 50 investors.
- On establishing a private scheme, a legal opinion will be required to confirm that it complies with the Financial Services (Collective Investment Schemes) Act and Financial Services (Collective Investment Schemes) Regulations.
- The requirement for an annual audit may now be waived, but must be waived by all investors. Where the requirement is not waived, audited financial statements should be prepared within 6 months of the year end or, in the case of closed-ended schemes, within 9 months of the year end.
- Private schemes are now eligible for 'upgrading' to an Experienced Investor Fund whenever it deems it appropriate.

Experienced Investor Funds (EIF)

- Every EIF will require a minimum of 2 EIF directors. At least 1 EIF director has to be resident in Gibraltar but the GFSC will now have the power to dispense with this requirement. Any EIF director not being ordinarily resident in Gibraltar has to be approved by the GFSC – this does not, however, mean that the EIF director will need to be licensed by the GFSC.
- The new regulations further clarify the term "Experienced Investor" to include, amongst others, persons who invest €100k into an existing EIF. The lower threshold of €50,000 on the basis of having been advised by a professional advisor has been left unchanged.

> **The Gibraltar funds industry however, is adamant that the infamous vote, which brought with it a heavy dose of pessimism and uncertainty, can instead be good news for Gibraltar**

- The EIF's unique deemed authorisation route clarified – i.e. if the board resolves to become an EIF and a notification is submitted to the GFSC with all the required documents as stipulated by the Regulations within the 10 days. Once that is completed, the EIF is deemed to be authorised by the GFSC from the date of the board resolution. With this clarification, the EIF continues to be the funds vehicle with the best speed to market on the European continent.
- The controllers of the EIF are responsible for ensuring that arrangements are in place with a bank and/or broker to keep the relevant assets of the EIF safe and accounted for.
- For closed-ended EIFs, the submission date to the GFSC for audited accounts has been extended to 9 months from the year end. This change has been brought about to allow greater flexibility to, for example, private equity funds.
- Clarification on the ability of promoters of EIFs (which are in the process of being established) being able to discuss the investment with potential investors before the EIF is established.
- The requirement to disclose service providers in the private placement memorandum has been clarified to include material service providers: directors, investment managers, investment advisors, legal, administrator, secretary, bank, broker and auditor.

Gibraltar Alternative Investment Fund (Gibraltar AIF)

Under the new framework, EIF's which are "in-scope" or have opted-in to the Alternative Investment Fund Manager Directive (AIFMD), have to rebrand and become a Gibraltar AIF. It would also be required to comply with the Financial Services (Experienced Investor Funds) Regulations and the Financial Services (Alternative Investment Fund Managers) Regulations. This has effectively created a new product that is part of a 'dual-regime' offering the opportunity to be an EU compliant AIF.

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Establishing 'community of partners' to combat internet crime

Dozens of firms and organisations have signed up to the Gibraltar node of the Global Cyber-Security Information Sharing Partnership (CISP) with the aim of sharing knowledge and protecting The Rock's businesses and residents from cyber attacks, *Ray Spencer* finds

The Gibraltar CISP mirrors that established by the National Cyber Security Centre (NCSC), as a part of the UK's intelligence body, to provide participants with early warnings of cyber threats and an ability to learn from experiences, mistakes and successes of other users and as a place to seek advice.

The Dark Web, a location for hackers and ransomware

Lt Gen Ed Davis, Gibraltar's Governor, pointed out at the first Gibraltar Cyber Security Summit in June, that in the six months prior to NCSC launching in February, 34,550 potential cyber attacks on UK Government Departments and Services were blocked, "the intent of which was to exploit British citizens by fraudulently obtaining their online personal data".

The Rock is no exception, as William Jackson, Gibtelecom VP technology operations, noted: "It's a very regular threat. We have multiple points in London and Marseilles where we connect to the internet and pair with some upstream providers".

The principle supplier of telephone and internet services for Gibraltar, Gibtelecom routinely intercepts "two major incidents a week, where we need to scrub [remove the threat from] the network", he said.

Jackson referred to an interactive Active Threat Level Analysis System deployed for many service providers to trace internet attack sources "and it is non-stop".

Countermeasures monitor internet traffic to detect abnormal activity. "There is talk of getting government bodies involved to try to prohibit devices being sold without internet protection, but frankly that is thought to be too complicated as it would involve multi-jurisdictions".

Governor Davis, opening the event, declared: "Gibraltar is determined to get ahead of this challenge; and, in doing so, develop a Jurisdiction that is regarded, internationally, as a beacon of digital excellence owing to its digital relevance, robustness and resilience. A reputational head-mark that will build on Gibraltar's growing ability as a globally-connected and locally-federated platform for 21st century digital assurance and innovation."

Getting ahead

The Summit was another "let's-get-ahead-of-the-pack opportunity for those of us interested in being the first to understand, the first to adapt, and the first to seize the opportunities of our rapidly transforming world", he said, as it followed the Digital Currency Summit, held in May at Gibraltar University *(see "Fintech article", p20)*

Cyberspace security, Davis submitted, included the need to develop a 'mindset' that focused on mitigating challenges and seizeing opportunities of the digital world, as well as "the shared civil and corporate responsibility, necessary to form and sustain, a 'Community of Partners' across Gibraltar's cyberspace enterprise".

Davis has made cyber security a personal campaign for his three-year tenure as Governor. He said it was crucial to operate "within well-regulated and progressive cyberspace security governance across civic, corporate and governmental domains….". He added: "If this 'Community of Partners' is to succeed, we need to find a way of protecting each partners' privacy, intellectual property and business USP within the community.

"If the cost of collective interdependent preparedness is the loss of individual comparative advantage, Gibraltar's 'Community of Partners' is destined to fail. In fact, it will be never got off the ground. How we navigate this challenge will determine Gibraltar's reputation as a beacon of digital excellence."

Delegates also heard from Gibtelecom's Jackson how companies faced external cyber attacks from botnets (groups of compromised computers connected for malicious purposes and controlled by criminals to transmit malware or spam), and ransom software such as WannaCry that paralysed the NHS and caused companies in 150 countries to lose files and infected systems.

Use of botnets has accelerated: "In 2014-15 a large botnet would have seen around 75,000 machines affected; today we are talking about 500,000+", Jackson reported. "Until 2016 the botnet attack was undertaken quite secretly, but when a hacker released the source code on the internet and presented it to a much wider audience so that anyone can see how it works and adapt it, multiple variants have resulted and each can compromise a computer network", he said.

Rik Ferguson, vice president of security research at Trend Micro UK, emphasised: "We have seen many threats in 2016 for businesses and individuals. Serious business, serious money and serious consequences."

"In 2014, we saw 13 unique families of ransomware and by 2015 it had reached 29, and then last year, there were 246 new distinct families of ransomware - criminals investing time, resources and finances in developing these creations to make money", Ferguson reported. Ransoms paid by individuals and businesses, together with the cost of recovery from attacks, had cost up to US$1bn in a single year, "for just one facet of on-line crime - one of the biggest problems in terms of criminal activity."

And he warned: "97% of all phishing emails contain or lead to ransomware-type of attacks and the number of domains linked to this is increasing exponentially; it is very much now targeted towards businesses, rather than individuals at home." Even so, in 2016 his business had "blocked about 1bn attempts to infect our customers using ransomware– and there are many other security vendors – so this is at epidemic proportions," Ferguson added.

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Gibraltar Private Foundations legislation a significant addition

By Paul Astengo, Senior Executive, Gibraltar Finance and Adrian Pilcher, Partner, Isolas

In March, Albert Isola, Minister for Commerce, presented a Bill in the Gibraltar Parliament that would allow for the creation of Private Foundations in Gibraltar.

In 2012, the Gibraltar Society for Trust and Estate Practitioners proposed a number of legislative reforms to the Ministry of Financial Services in the area of trusts and family offices. Inter alia, these proposals included a recommendation for the introduction of foundations legislation providing for the establishment of private foundations in Gibraltar.

The introduction of foundations legislation provides additional choice and flexibility for the fiduciary sector of the financial services industry, and its clients, whilst allowing Gibraltar to continue to meet international obligations through high standards of transparency and compliance.

STEP

The Ministry resolved to introduce foundations and directed STEP to prepare the relevant legislation, with the help of the Government Law Offices and as part of an industry wide working group bringing together expertise from across the private and public sectors in Gibraltar.

> It is usual for family members over several generations to have a hands on role in the activity undertaken providing invaluable experience and an early understanding of the value of good giving

Private Foundations have existed in Europe since at least 1926 and were introduced to provide a civil law equivalent to common law trusts. Since the 1990s, a number of common law jurisdictions introduced foundations legislation, for example Panama in 1991 and the Bahamas in 2004. The Foundations (Jersey) Law came into force in 2009, and likewise the Foundation (Guernsey) Law in 2012.

No single legal definition of a foundation exists however; it may be described as a legal entity created when a person provides assets for a specific purpose. The foundation holds the assets for purposes set out in its constitutive documents and administered according to contractual rather than fiduciary principles – principles that make them acceptable to people who are uneasy about using trusts. The foundation is a distinct legal entity but unlike a company, it has no shareholders.

Public register

Foundations are structures used in similar circumstances to traditional family trusts but are familiar to clients and intermediaries with a civil law background. As foundations, unlike trusts, are legal entities they will, in accordance with Gibraltar's legal tradition, be entered onto a public register administered by the Gibraltar Registry.

Foundations generally have common features including legal personality and in many jurisdictions are visible on a public register. The Founder, who provides the initial assets of the foundation known as the endowment, forms them. The foundation holds assets for the purposes set out in its constitutive documents and administered according to contractual rather than fiduciary principles. Run by a council (or board) which is responsible for fulfilling its purpose it has no shareholders and, depending upon its purpose, may or not have beneficiaries. A requirement is that at least one councillor is a Gibraltar resident company licensed as a professional trustee in Gibraltar.

Beneficiaries have contractual rights to enforce the operation of the foundation in accordance with its constitutive document – rather than proprietary rights in its assets, or equitable rights such as are available to beneficiaries of trusts. A foundation may also have an advisor or protector if its rules so provide.

There is a demand for foundations domiciled in a well-regulated, co-operative and transparent jurisdiction.

Private foundations are flexible philanthropic vehicles, often created to fulfil the philanthropic goals of a family. They are not usually designed to carry out charitable work but they do instead support charities in carrying out that work.

Private foundations have become increasingly popular and in some cases have become highly visible as people of significant wealth carry out philanthropic work. In some very high profile cases the monetary value held by private foundations runs into the billions. The increase in popularity is also due to a greater awareness among advisors of the benefits of establishing private foundations for example.

At the outset, the main contributor will decide whether it is the intention to have control over activity the private foundation undertakes. This allows ongoing and flexible decisions on how the funds are to be invested and distributed.

It is usual for family members over several generations to have a hands on role in the activity undertaken providing invaluable experience and an early understanding of the value of good giving.

The Private Foundations Act 2017 commenced on 11th April 2017 and can be viewed here: www.gibraltarlaws.gov.gi/articles/2017-03o.pdf

This Act has created consequential amendments and these reflect in the following:

1. Income Tax Act 2010 www.gibraltarlaws.gov.gi/articles/2010-21o.pdf
2. Financial Services (Conduct of Fiduciary Services Business) Regulations 2006 www.gibraltarlaws.gov.gi/articles/2006s139.pdf
3. Financial Services (Investment and Fiduciary Services) Act www.gibraltarlaws.gov.gi/articles/1989-47o.pdf
4. Rates of Tax Rules 1989 www.gibraltarlaws.gov.gi/articles/1989s096.pdf

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Businesses using new technology showing 'extraordinary interest' in new controls

Gibraltar's aim to be the first financial services jurisdiction to regulate use of the blockchain technology that amongst other things gives life to myriad crypto currencies and crowdfunding 'tokens', is on course to be delivered at the year-end

After three years and repeated consultation on the proposed regulatory framework, there is already "extraordinary" interest from firms wanting to set up on The Rock. The proposed regulations for this fast-developing distributive ledger technology (DLT) cover businesses that hold, store or transmit other peoples' value to a third party and are designed to "stand the test of time and to be flexible".

It'll take time to catchup to changes, Adam Vaziri of Diacle (right) tells GFSC's Nicky Gomez & Siân Jones

As Gibraltar Financial Services Commission (GFSC) head of risk and innovation, Nicky Gomez, explained: "The key to our approach is to allow versatility, so that it can be adapted to whatever risk each potential business case might pose. A key requirement is collaboration, to ensure that, we are working together as a jurisdiction with advisors and potential applicants to ensure we understand the product and services they want to offer to customers.

"We can together then make an assessment of what the potential risks are to consumers, the potential risks to the reputation of Gibraltar and what controls can be put in place by the firm to manage or mitigate that risk to a level that falls within our risk appetite."

At least 15 firms have approached the GFSC about establishing DLT-based operations, most new to the territory.

"The interest has been nothing short of remarkable, mostly from people or firms outside of Gibraltar, who are considering launching or relocating an operation here", lawyer Anthony Provasoli, a partner at Hassans, told *Gibraltar International*.

It was "exciting to see how Gibraltar's interest in crypto-currencies and blockchain has escalated over the last couple of months" including from local businesses that are keen to get involved in the sector, he said, and "the business models presented have been varied" with people "prepared to relocate themselves and a team of people to Gibraltar if necessary."

The primary driver for the DLT framework is to encourage Gibraltar's economic development. Firms and activities that are subject to another regulatory framework will continue to be regulated under that framework, but for newcomers falling within the scope of the DLT framework, it "provides regulatory certainty while meeting the challenge of regulating firms using nascent technology that is rapidly and continually evolving".

The aim is to foster a fintech [financial technology] - and broader technology – startup culture and encouraging its development as a centre of DLT excellence.

Among possible use cases are insurance claims management, inter-firm accounting reconciliation, mortgage loan applications and securities custody; those not covered by the proposed regulation include DLT software developers, technical services providers not controlling value belonging to others and investment advice about virtual currencies, (but that is likely to form part of an upcoming legislative reform programme).

The GFSC submits: "If successful, it is intended the framework could be expanded and applied to other new technologies with financial applications as well as to other innovative financial products, services and business models." The government will appoint a specialist advisory panel, comprising technology and regulation experts in the field of DLT and virtual currencies.

Siân Jones, an expert advisor to the GFSC, emphasised: "We don't intend to regulate the technology, it is the particular business use cases of a financial nature."

Bitcoin, the virtual currency established in 2009, was the first major user of blockchain, a type of distributed ledger of unchangeable, worldwide digitally recorded data, such as the value of goods or services, in packages called blocks, but as yet its use is not controlled in any way, including for anti-money laundering (AML), and consumers potentially are unprotected if things go wrong.

"Under the new regime we will be regulating those firms, including for AML; we will be raising the bar", Jones asserted, given that Bitcoin does not have legal tender status.

Fully traceable

Although ransom software temporarily paralysed much of the NHS and companies worldwide and demanded payment in Bitcoin, Jones bridled: "Bitcoin is incredibly traceable – you can follow the money considerably more easily than you can with traditional payment systems - it's open to view in real time. You can be damn sure that there are a lot of people watching that Bitcoin address and consequently the criminals have not been able to take advantage of, or make use of, the proceeds of their crime." (*See Cybercrime article, p16*)

Pondering how to regulate "something that arguably doesn't exist today", Gomez's solution was to make the framework "outcomes focused and principles based – we have identified nine key regulatory outcomes that we want to achieve in all cases and how they are achieved will be dealt with on a case-by-case basis, very much bearing in mind the specific of the business being proposed to us."

Paul Astengo, a Gibraltar Finance senior executive, led a team that included Provasoli and David Parody, a regulatory consultant and former GFSC deputy chief executive to develop the DLT proposals.

Banks have generally been unwilling to fund crypto currency projects and wary of virtual currencies in part, it is alleged, because they see it as competing with their own business, as well as presenting 'know your customer (KYC)' challenges.

Jon Matonis, founding director at the Bitcoin Foundation, told attendees from New York, Brussels, London and Gibraltar: "In the

Continued overleaf


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Businesses using new technology showing 'extraordinary interest' in new controls

Continued from p20

UK for instance, it is still very difficult anywhere for companies to get a bank account if your business has 'bit' or 'coin' in its name. Banks care about KYC procedures and that you are regulated in another jurisdiction, but that doesn't fit easily with Bitcoin given transactions are anonymous.

"A lot of people are in the queue to be regulated in Lithuania, Gibraltar and Luxembourg – probably the top three in Europe for crypto currency regulation."

Matonis declared there were 500 Bitcoin currency exchanges worldwide that "play a vital role, because they give stability, increasing liquidity and less volatility; and they give access - effectively a bridge with national fiat currency". Exchanges in Bitcoin "make money whether the price is going up or down; they are profitable from the start, they don't need to look at external funding."

Matonis said: "Bitcoin also allows [exchanges] to operate in unregulated markets, not because it is illegal; it just means they are currently unregulated, so they are in a grey area, and it overcomes the problem for operators - given Bitcoin is a 24-hour quoted, universal currency - to ensure they will get paid."

He predicted: "Bitcoin will outlast the Euro. Having a currency exchange within a regulated jurisdiction will be a big advantage."

Michael Jack Hudson, 30 years old chief executive of Bitstocks, established as a Gibraltar company in April, pointed to new Japanese legislation where retailers have a 10% tax break for use of Bitcoins with the added advantage of having no exchange commission to pay. "It's in the very early stages, but it is a huge incentive for retailers to start using Bitcoin."

Central database

To assist with regulation, he suggested establishing a centralised database of companies using the system - "we still have to assign names to customers and although there is need for some financial privacy, if it is on a public system there needs to be some KYC, and it needs to be regulated". With the addition of crypto currency exchanges, "regulators are going to check compliance of exchanges in the currency", Hudson assured.

Adam Vaziri, a regulatory lawyer and joint founder in 2013 of Diacle with offices in Hong Kong, London, Isle of Man and the US that design and develop fintech blockchain ventures, as well as compliant Initial Coin Offerings (ICOs), stated: "I've been trying to bring business ideas that are extremely disruptive into the mainstream – financial services industries that are safely regulated using this blockchain technology.

Most exciting were "tokens offerings - Initial Coin Offerings (ICOs) - that are the equivalent of an IPO (Initial Public Offering) for a company's stock, but where the company has not yet traded. "Crowdfunding is the second biggest application of blockchain technology and ICOs are a way to raise money for a new product, leveraged via the public blockchain; roughly five ICOs a month each raise an average US$5-10m and the ICO 'hot spots' are Singapore and Switzerland."

Although ICOs were a new trend, "it is not sustainable to have, for example, US$20m raised [in this way], without any anti-money laundering (AML)," Vaziri contended, adding: "I cannot conceive of a situation where cash is anonymously recycled without any control."

Vaziri reminded that the US required a license to issue crypto coins and the EU was expected to do so also under a AML4 Directive. "Regulation will force issuers into the mainstream, by having a 'white list' within smart contracts with addresses, so that people can register", he suggested.

"We have seen lots of ICOs in this area, so make ICOs easy in the token market in Gibraltar and across the board in every jurisdiction; in the Isle of Man it is already done – hopefully, it also will be in Gibraltar!"

Escalating interest in crypto currencies & blockchain: Anthony Provasoli.

A Delaware proposal to issue shares on blockchain "will certainly revolutionise the way shares are issued and records maintained", he observed. Unlike shares that are issued in a certificated form and regulated, "I believe we are going to have companies that are incorporated, but using blockchain they will not exist in any other form!"

Vaziri asked: "Will we get model smart contracts for company incorporation, for issuance and transfer of shares downloaded from a registry and published using blockchain?", noting "from a legal standpoint, it will take time for regulation to catch up."

Digi tokens revolutionise

He claimed: "With digital tokens that are immutable and that are representative of shareholdings, we can develop use of blockchain with zero regulatory friction that can revolutionise the efficiency and security of company transactions."

The GFSC's Gomez recognised that "this technology is still evolving and is in its infancy and we have to be innovative". He said: "The principles of our regulative approach to a large extent mirror the rules we have that cover financial services entities. We expect firms to put customers at the centre of their operation and to be completely transparent concerning any risk in relation to their operation, and to be able to sustain and develop their business."

Siân Jones, who also runs COINsult and is a founding member of the UK Digital Currency Forum, maintained: "Of course there are risks, but also there are huge risks in not doing anything. Most jurisdictions have taken a 'wait-and-see' attitude – the EU is an example. In all likelihood in the first quarter of next year any business already established in Gibraltar and covered by the regulation will be able to continue operating and will have a 3-month period in which to submit an application to the GFSC."

Other jurisdictions also aimed to attract DLT users, but she proclaimed: "We can maintain the lead in this area. No other jurisdiction has yet imposed a regulatory framework for financial services using DLT. Given that we have spent time in developing this particular framework, we will see others copy us in terms of the detail or approach that has been taken, but I think we are head and shoulders above any other jurisdictions."

Ray Spencer

Establishing 'community of partners' to combat internet crime

Continued from p16

There was some positive news, he felt, given that the hackers behind WannaCry [thought to be from North Korea] "may have killed the golden egg; because of the global attention everyone is well aware of it", so there was more focus by businesses and organisations to ensure software update patching was done and files backed-up and kept off-line to help recover from an attack.

He revealed that most people who paid a total of an estimated US$1bn "didn't get their data back and so bizarrely broke the trust model that ransomware relies on – honest criminals".

Disgruntled employees

Disgruntled or uninformed employees represented a particularly vulnerable area for companies as research indicates that more than 70% of security breaches are by staff.

Anthony Smith, responsible for Northumberland Water internet security, maintained: "It's not stupid people; it's normally very switched-on people doing stupid things, and we need to educate them."

It was important to engage with staff, who frequently were bored by 'information'-type training session. He suggested: "Focus on the folks at home and the things that matter to them – operating bank, eBay and PayPal accounts, Amazon and Netflix applications, social networks – and encourage changes to the way they behave!"

Smith offered small incentives or prizes for employees to attend awareness sessions that "encourage them to be more cyber savvy", presenting small, fun competitions to make the underlying security message more interesting. Most were unaware of 'HaveIBeenPwned?' – a UK government supported free website that indicates if an email address has ever been hacked for personal details stored on-line and that can also keep people informed in case of future malicious attempts. "There were stacks and stacks listed!", Smith noted, as surprised staff entered both work and home email address.

He strongly advised against using the same password to log into multiple sites, but "if you insist on having one password or very few a good way to reduce the threat of

Governor Davis at cyber security - Autumn 17

accounts being compromised" he suggested is to add a prefix and final letter to the existing password that corresponds to the account – a 'p' and 'l' for a PayPal account, for example.

Richard De Vere, director of ethical social engineering consultancy at The AntiSocial Engineer, also advocated making internet security relevant to individuals in their workplace and personal lives. "A short password takes a hacker seven minutes to crack – a long one of say, 20 characters, takes many years, so use a combination of letters, characters and numbers."

And drawing attention to general apathy

towards programme updates for computers, tablets and mobile 'phones, but De Vere emphasised: "They almost always contain a security patch to further defend against hacks, even when the software enhancement listed may not seem to be of interest.

"These things can make a world of difference to your security and it is worth encouraging all staff, family and friends to apply them to reduce dramatically the opportunity for hackers to access your business, home or mobile devices", he concluded.

Jenny Radcliffe, an ethical social engineer, at the London Digital Security Centre, noted: "The people hackers want to get at things that we want to keep private through social engineering – a psychological tool used alongside the technical tool – to get inside someone's brain to take logic off the list."

She made the point: "I have seen, first hand, how easily human beings can be led to talk too much, trust too much and will open the company to [online] attackers, for all sorts of reasons". Personal and professional details easily could be revealed through remarks made on social media and business contact sites, such as Linkedin.

"Social engineers, unlike with a technical attack, are low risk with high reward; they leave very little footprint, but always are a threat. People think they are not important enough or don't have enough money, but the easiest way into companies is though their people", Radcliffe cautioned.

Presenters also reminded of the need to back up computers and systems regularly, and to always unplug external portable devices – hard disc, pen drives - because cyber attacks on a computer spread to connected devices.

Follow easy steps

Adrian Davis, managing director Europe, Middle East & Africa, for (ISC)², a non-profit organization specialising in information security education, observed: "Many of the major incidents we have been involved with recently would have been a lot less damaging had organisations followed some basic security steps."

The dramatic rise in computer-based attacks worldwide "will open the floodgates for cyber security–related jobs", he said. "Today there is a real shortage of qualified people and more need to be trained given that a recent survey found 70% of hiring managers needed more cyber security personnel."

To overcome the skills gap, employers should look well beyond those with obvious training in computer sciences, software engineering and mathematics, and spot people with the right aptitude to working in the cyber world, and they could come from a wide range of educational disciplines, Davis urged.

Ian Trump, head of security at Zonefox. which helps identify insider weaknesses utilising 'user behaviour analytics', coun-selled: "Don't mistake a breakdown in your [internet] system as always being the result of a malicious act. IBM research has shown that 95% of breaches in security were by individuals with no criminal intent."

Governor Davis reminded: "Ultimately, Gibraltar's cyberspace enterprise will only realise its full potential if we transform our individual and collective security behaviours, institutional security culture and social security responsibility in tandem with the game-changing technological advances that are now so profoundly apparent."

Gibraltar Funds & Investments Association (GFIA)

GFIA is a non-profit organization. It was formed in 1996 under the original name GASIM (Gibraltar Association of Stockbrokers and Investment Managers)

In 2009 it was renamed to include Fund Managers. GFIA´s membership today is comprised of stockbrokers, law firms, banks, brokers, audit firms, investment managers, fund managers, administrators and (licensed) EIF Directors as well as individuals involved in the financial services sector in Gibraltar.

The majority of members of GFIA are licensed under the Gibraltar Financial Services Commission (GFSC) and are rigorously compliant with local regulations enforced by regulatory bodies. GFIA works regularly to provide its members with news and information on existing and new legislation affecting the financial services sector. The organization maintains a strong relationship with Gibraltar´s regulatory bodies to provide the best and most up to date information. This is achieved through the implementation of the "technical sub-committee" which meets regularly to discuss current laws and updates within the sector.

Executive Committee

The Association has currently more than 100 active members and the current Executive Committee was elected in June 2016, the day after the Brexit-Vote. Their mandate runs for two years. It is formed by ten sector representatives and a treasurer. To provide each sector group with the best support, eight specific sub-committees have been created which liaise directly with their relevant members.

The Association held its Annual General Meeting on 30 June 2017, exactly 53 weeks after the UK voted to leave the European Union. What an exciting first year for its Executive Committee which braced the challenging situation to identify and to extract as many opportunities as possible for the Gibraltar financial services sector and GFIA's members.

MiFID II

There are several challenges that the Association is currently facing. In the Brexit context, the priority is to reposition the jurisdiction in a wider framework, to try to anticipate what the landscape will be like, once the UK has left the European Union, in order to remain attractive and competitive on a global basis. Then, there is the introduction and implementation of MiFID II in 2018.

The first task that the Executive Committee decided to engage with was the regime of investment funds. This is run jointly with the active cooperation of the GFSC and the Finance Ministry. The "Private Scheme" and the "Experienced Investment Fund" regimes went through an important reform with the aim of strengthening and enhancing GFIA's offering in a non-European context.

Transaction Reporting

It has been followed by the organisation of training and information sessions around the MiFID II regulation in cooperation with the working group which was created by the GFSC and representatives of several industry associations. At GFIA level, Investment Managers and Broker Dealers are the ones most concerned by the introduction of MiFID II. 'Transaction Reporting' and 'Knowledge and Competences' are the two subjects that have encountered the biggest interests during seminars. The working group will continue to work on these issues.

Chairman	Adrian Hogg
Vice Chairman	James Lasry
Treasurer	Moe Cohen
Training Sub Committee	Johann Olivera
Marketing and Events Sub Committee	David Diez de Artazcoz
Technical Sub Committee	Joey Garcia
Investment Managers Sub Committee	Raymond Joubaud & David Diez de Artazcoz
Administrators Sub Committee	Benjy Cubby
Auditors Sub Committee	Johann Olivera
Lawyers Sub Committee	Jay Gomez
EIF's Directors Sub Committee	James Neave
Banks Sub Committee	Derek Baglietto

The marketing area recently went through an important reshuffling. A 'Brochure' and 'Welcome Pack' for new members has been created. The Association organise a 'Social Meet-Up' on a quarterly basis and our annual members' event will change its format from a very traditional black-tie gala dinner, to an 'Oktoberfest' with a charitable focus due to be held in October this year. GIFA has also released a brand-new website: www.gfia.gi

The current Executive Committee has a further year to continue to serve our members' interests and we are looking forward to continuing close co-operation with the GFSC, the Finance Centre and the Government of Gibraltar to promote the jurisdiction within Gibraltar as well as beyond the borders. Brexit and other political outcomes offer significant opportunity for a flexible jurisdiction, such as Gibraltar.

GFIA
GIBRALTAR FUNDS & INVESTMENTS ASSOCIATION

GII annual dinner

Gibraltar students taking a Chartered Insurance Institute (CII) on-line course this year achieved a 69% pass rate compared with UK entrants' 45%, revealed Lorraine Provedano, president of the Gibraltar Insurance Institute, at its

annual dinner attended by 212 people from 24 companies in June. The ten year old local institute, which began with 50 members and now has over 400, is developing a fast-track Diploma programme with the CII and Gibraltar University.

In the past decade there has been over 100 technical training courses, the GII's raison detre. Provedano's aim, she told dinner guests at the Sunborn Hotel, is to "help build professional stability and investment in local professionalism".

Change of trading name for NatWest

Due to ring-fencing legislation in the United Kingdom, RBS International has changed its trading name from NatWest to NatWest International in Gibraltar, the Channel Islands, and the Isle of Man.

There is no change to its banking services or how customers do business with the bank. Teams will continue to deliver the same level of service that customers have come to expect.

The ring-fencing legislation requires RBS International to separate essential banking services from investment banking services by 1st January 2019. It was brought in by the UK Government to strengthen the financial system following the financial crisis of 2008. It reduces the possibility that essential banking services are put at risk by a failure in another part of the business, such as investment banking.

Heidi Le Miere, Head of Brand & Marketing commented: "The introduction of ring-fencing gives us the opportunity to be clearer with our customers about who they're banking with. We welcome this change as it allows us to be more distinctive in the jurisdictions in which we operate."

NatWest International

Freedom to roam

Gibtelecom announced in June the abolition of roaming surcharges for Gibtel customers, using their mobile phones in the UK, Spain and other European Economic Area (EEA) countries. The new 'Roam like Home' tariffs, will now mean that Gibtel customers will be able to use their inclusive minutes, data and SMS's on their mobile phones, anywhere in the EEA with no additional costs.

Gibtelecom's CEO, Tim Bristow, commented: "The implementation of 'Roam like Home' will provide great value to our customers, who can now benefit from up to 1000 voice minutes and 10 Gigabytes of mobile data whilst travelling in Europe (dependent on their mobile plan) without having to worry about roaming fees”.

New appointments at Abacus

Abacus is pleased to announce the appointments of Tanya Hurtado, Joanne Rodriguez and Natalie Adamberry to the position of Associate Directors.

Tanya has been a stalwart with the firm for over 20 years and she is an extremely experienced trust and estate practitioner.

Joanne with 16 years client relationship experience and a financial advisory background, heads the Abacus Wealth Management and Business Development team, delivering consistent value for the firm.

Natalie has been with Abacus for six years and she is a full member of the Association of Chartered Certified Accountants and expertly leads the accounting team. Her experience in the field is fundamental to the firm’s success.

The Abacus Board believes that these appointments will continue the strong and exciting development of the business.

US Congressmen visit Gibraltar

A delegation of three members of the United States Congress visited Gibraltar in July, for a fact-finding mission.

Committee Chair Congressman, Rodney Frelinghuysen (Republican New Jersey), and Congressmen, Ken Calvert (Republican, California), Peter Visclosky (Democrat, Indiana), who is also the ranking member on Defence Appropriations, all serve on the Appropriations Committee.

The Congressmen thanked the Government and the people of Gibraltar, for hosting the United States Armed Forces at different points in history, including during World War Two, up to the present day.

During a meeting with the Chief Minister, Fabian Picardo and Deputy Chief Minister, Dr Joseph Garcia, at No 6 Convent Place – Mr Picardo briefed the delegation on the political and economic position of Gibraltar and reiterated the policy of the government that the US Armed Forces were very welcome in Gibraltar.

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