

*Financial Services  
Commission*  
**Gibraltar**



**Annual Report  
2003**



## **Our Mission Statement**

***“To provide effective regulation and supervision of Gibraltar’s financial services sector in line with international standards, thereby protecting, so far as possible, the interests of customers and potential customers of financial products and services, as well as the public at large, and so supporting the preservation and further enhancement of Gibraltar as a quality finance centre.”***

# Gibraltar & International Standards

## Introduction

Following the very positive Module 2 assessments by the International Monetary Fund (IMF) on banking, insurance, investment services and trust and company management, which were reported in the annual report last year, a further independent report on Gibraltar was issued, this time on our adherence to the Financial Action Task Force recommendations.

## FATF

The Financial Action Task Force on Money Laundering (FATF) is an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering. It was established by the G-7 Summit that was held in Paris in 1989, in response to mounting concern over money laundering.

The Task Force was given the responsibility of examining money laundering techniques and trends, reviewing the action that had already been taken at a national or international level, and setting out the measures that still needed to be taken to combat money laundering.

In April 1990, the FATF issued a report containing a set of Forty Recommendations, which provide a comprehensive blueprint of the action needed to fight against money laundering. These recommendations form the core benchmark in the global fight against money laundering. It was against these that Gibraltar was assessed.

In the report, which was released in November 2002, the review team endorsed Gibraltar's robust anti money laundering regime:

"Gibraltar has in place a robust arsenal of legislation, regulations and administrative practices to counter money laundering. The authorities clearly demonstrate the political will to ensure that their financial institutions and associated professionals maximise their defences against money laundering, and cooperate effectively in international investigations into criminal funds. Gibraltar is close to complete adherence with the FATF 40 Recommendations".

The full text of this report is available on the Commission's web site.

It should also be noted that, in 1995, Gibraltar became the first offshore centre to introduce all-crimes anti-money-laundering legislation (including terrorism related offences).

## The Commission

### Background

The Financial Services Commission (the Commission) was established under the Financial Services Commission Ordinance 1989. It is a body corporate with perpetual succession. The Commission consists of the Commissioner, as Chairman, and seven other persons of whom four are from the UK and three from Gibraltar. All the members have experience of regulation and supervision of finance business or are a solicitor, barrister, auditor or actuary.

The objectives of the Commission are set out in statute. According to the Ordinance the role of the Commission includes:

(a) To keep under review both the operation of Gibraltar legislation relating to financial services and the effectiveness of the supervision of institutions licensed to provide any financial services.

(b) In respect of financial services in those areas where Community law applies, to monitor the extent to which Gibraltar legislation and supervision of licensed institutions -

- Comply with Community obligations; and
- Establish and implement standards which match those required by legislation and supervisory practice governing the provision of financial services within the United Kingdom.

(c) To seek through the provision of effective services for the supervision of finance business to protect the public against financial loss arising out of dishonesty, incompetence or malpractice on the part of persons engaged in finance business in Gibraltar;

(d) To advise the Government of Gibraltar and the Government of the United Kingdom on matters concerning financial services, having regard, in particular, to any matter arising in

the course of the discharge by the Commission of its duties under (b) above, and to the need for timely and effective implementation in Gibraltar law of Community obligations.

## Membership of the Commission

### Chairman

**Martin Fuggle**, the Commissioner and Chairman of the Commission until his retirement from the Commission on the 4th April 2003, took up his post in September 1998. He worked for more than 30 years in the Bank of England and had accumulated over ten years' supervisory experience as a Senior Manager in the Banking Supervision Division. He left the Bank in 1996 to take up a position in Bermuda, advising the Bermuda Monetary Authority on a wide range of supervisory matters, particularly on regulatory development in the context of changing international standards. He joined the Commission directly from Bermuda.

Marcus Killick took over from Mr Fuggle on 5th April 2003. Mr Killick is an English barrister by training and is also a member of the New York State Bar. From 1998, he was a Director in the International Regulatory Services Team of KPMG, based in the UK. He has also previously held positions as Deputy Chief Executive of the Isle of Man Financial Supervision Commission, and Head of Banking, Trusts and Investment Services at the Cayman Islands Monetary Authority.

### Members of the Commission as at 31st March 2003

#### **Mark Boleat, MA, FCIB**

*(Appointed 30th September 2000)*

Mr Boleat is a company director and business consultant. He was Director General of the Building Societies Association from 1986 to 1993 and of the Association of British Insurers from 1993 to 1999. He is also a member of the UK's National Consumer Council.

#### **James Galliano MBE, FCA**

*(Appointed 30th July 1999)*

Mr Galliano qualified as a Chartered Accountant in 1961 and returned to Gibraltar in 1963 where he set up in practice on his own, subsequently setting up the local firm of Galliano, Isola & Co. with Francis Isola. In 1987 he became a partner in Spicer & Pegler, and remained a partner in the merged firm of Coopers & Lybrand and PricewaterhouseCoopers until retirement in 1998.

#### **Brian Hilton, CB**

*(Appointed 1 October 2002)*

Mr Hilton replaced Sir John Caines. Mr Hilton is currently a director of a number of companies, including Pool Re and Pool Re (Nuclear) reinsurance companies. He was formerly Director General of the Department of Trade and Industry in the UK responsible for Corporate and Consumer Affairs including Competition Policy and Corporate Governance.

#### **Francis Isola, FCA**

*(Appointed 1st October 1997)*

Francis Isola has been a member of the Financial Services Commission since October 1997. He is a Chartered Accountant and was a practising partner in KPMG Gibraltar.

#### **Dr Oonagh McDonald CBE**

*(Appointed 30th April 1999)*

Dr Oonagh McDonald was a director of the Financial Services Authority (previously the Securities and Investments Board) from 1993 to 1998, the Investors' Compensation Scheme from 1999 to 2001, the Financial Ombudsman Service from 1998 to 2001, and was the Member of Parliament for Thurrock in Essex (1976-1987). She is currently Complaints Commissioner for the London Metal Exchange and the International Petroleum Exchange.

#### **Terence Mathews CBE**

*(Appointed 31st March 1995)*

Until 2002, Terry Mathews was a consultant to the UK Financial Services Authority. Previously, he was a member of the UK Building Societies Commission, and had been a senior official of HM Treasury with extensive experience of both domestic and international financial affairs.

#### **James Neish QC**

*(Appointed 31st July 2000)*

James Neish is a Partner in Triay, Stagnetto, Neish. He graduated from Nottingham University in 1972 and joined the Gibraltar Civil Service where he served until 1978 as Clerk to the Council of Ministers, Gibraltar Council and Press Officer. He was called to the Bar in 1979 and went into private practice. He was appointed Queens Counsel in 1999. He currently serves on a number of government boards and chairs certain social insurance and medical appeal boards. He is presently Vice Chairman of the Gibraltar Bar Council.

## The Principal Officers of the Commission (as at 31st March 2003)

**Brian Morris (Deputy Commissioner)**  
Head of Investment Services Supervision

**David Parody**  
Head of Banking Supervision

**Kieran Power**  
Head of Fiduciary Services Supervision

**Christopher Collins\***  
Head of Insurance Supervision

**Norman Ritchie**  
Manager, Insurance Supervision and Financial Controller

**Heidi Almeida**  
Manager, Financial Services Supervision

\* Mr Collins replaced Mr Jim Costin as Head of Insurance Supervision from 15th October 2002, upon Mr Costin's retirement from the Commission.

## Commissioners' Reports

### The Outgoing Commissioner's Report



6

***This Report is the last report of Martin Fuggle as Financial Services Commissioner.***

***He joined the Commission in September 1998 and was its chairman throughout the period under review***

I take this opportunity to look back on what has been achieved in the last four and a half years and on the broad philosophy we have adopted.

#### **Philosophy**

Supervision has always seemed to me to be more of an art form than a science because in many instances it requires the exercise of judgement. At the Commission we have always tried to be approachable, to get to the heart of supervisory issues and problems and not to supervise in a bureaucratic or dictatorial way. Dialogue and strength of argument, rather than resorting to immediate use of formal powers or over-use of 'the rule book', is generally the better way to proceed, I believe. That should not be read as a willingness to compromise or to negotiate down fundamental standards or legal obligations and requirements; but it does require a general framework of mutual trust and understanding.

Although some years ago there were substantial pockets of resistance to enhanced supervision being introduced in Gibraltar, I now believe that the market generally accepts the case for strong,

independent and professional supervision and its existence can be used by institutions to attract good quality clients or customers. What is now provided is a supervisory framework that has been verified externally by independent teams with no political axes to grind.

#### **Supervisory standards and external reviews**

Supervision is a constantly evolving process, and bodies like the Commission have to work hard to keep up - both legislatively and operationally - with developing international standards set by such bodies as the Basle Committee on Banking Supervision ('Basle'), the International Association of Insurance Supervisors ('IAIS') and the International Organisation of Securities Commissions ('IOSCO'). In Gibraltar's case there is also the stream of initiatives, proposals and Directives that reflect the jurisdiction's position within the EU.

All these matters have to be analysed to determine what primary or secondary legislation or supervisory rules or guidance may need to be put in place. We have chosen to do that as an adjunct to the day-to-day supervisory processes, through the Line Supervisors and their teams. We have not set up a dedicated 'policy unit' since I believe that policy development requires the particular expertise and common sense of the Line Supervisor. I have never been a believer in 'functional' supervision where, for example, all licensing applications, regardless of area, are dealt with by the same team, for I regard practical input of the particular Line Supervisor - for instance to assess business plans - is vital. We have managed to do this with a comparatively small but adaptable team of Supervisors and analytical staff, supported by an excellent IT system.

Our supervisory arrangements have been reviewed against UK and international standards by several external teams. The UK Authorities have looked in detail at our arrangements for insurance and banking supervision. The UK review process is consistent with section 12A of the FSC Ordinance and section 6 (2) (b) (ii) of the same Ordinance which requires us - where Community law applies - to establish and implement standards which match those required by UK legislation and supervisory practice. As a result, passporting of those services by Gibraltar institutions into the EU has commenced. In insurance, we are now seeing very active use of passporting rights.

An IMF Report, under their Module 2 programme, assessing Gibraltar and its particular supervisory arrangements against international standards, was published in March 2002 and the results of this are detailed later in this report, as is the Financial Action Task Force ('FATF') review of Gibraltar's anti-money-laundering arrangements, conducted under the auspices of the Offshore Group of Banking Supervisors, which was published in 2002.

Thus there is now a range of external reviews all of which have sought, amongst other things, to adjudicate on the adequacy of supervision in Gibraltar. I can do no better than to draw attention to those reports.

#### **Thanks and welcome**

Sir John Caines retired as a member of the Commission last autumn after seven years. As a former Permanent Secretary he brought both focus and challenge to the Commission's deliberations and we will miss him. But we have been very fortunate to get Brian Hilton as Sir John's replacement. Brian brings substantial UK regulatory experience to the Commission's deliberations.

Jim Costin left us at the end of September after six years as Insurance Supervisor. I thank him for his help, assistance and plain common sense. Chris Collins, who joins us from the Cayman Islands, replaces him and brings both offshore supervisory and commercial experience to the job here.

My particular thanks go to all the Commission team who have worked for and supported me over these last four and a half years.

#### **Valedictory**

But I cannot leave without a word of caution. Given the general politics that surround Gibraltar, the biggest risk may actually not be any sort of operational or prudential risk. I suggest that one of the greatest risks to any jurisdiction may actually be reputational risk. That may manifest itself in any institution or operation here in Gibraltar (small or large) which may, for instance have been sloppy or too trusting on customer due diligence. The rules on anti-money-laundering and general client assessment and selection processes, and their thorough application, are vital. Any jurisdiction's reputation may only be as good as its weakest link.

*Martin Fuggle, 1st April 2003.*

## Observations of the Incoming Commissioner



***The leadership of Martin Fuggle and the efforts of his team over the past four and a half years, combined with the support of the financial community and the Government of Gibraltar, have placed the Commission in a strong position to face the future. I therefore look forward to continuing and further developing this partnership***

The recent positive international comments on the quality of regulation in Gibraltar do not mean that either the Commission - or indeed Gibraltar itself - can rest upon its laurels. Work remains to be done. I would therefore like to take this opportunity to comment briefly upon the challenges ahead and how the Commission is proposing to address them.

Over the last few years regulators, wherever located, have had to face significant change. This has been necessary to enable them to continue to meet their core objectives of consumer protection, the prevention of financial crime and the reduction of systemic risk in financial services in a rapidly changing global financial market.

Some regulators can face these challenges with significant resources at their disposal. In Gibraltar the Commission has, and will continue to have, limited resources. This has meant that, in order to be credible,

we have had to be more efficient in our approach than many of our more highly resourced fellow regulators. Our ability to achieve and maintain this efficiency can be demonstrated not only by the positive reports to which Martin Fuggle has referred but also by the interest shown in the Commission's technological innovations by other regulators.

Nevertheless, to maintain this credibility we must continually challenge ourselves to ensure that this efficiency is maximised. To help this, the Commission is moving to fully embrace relevant modern practices of good corporate governance.

One of the guiding principles of the Commission will be how we can best manage the risks that we face. The provision of financial services is a risk business and it is impossible for any regulator to guarantee that there will be no failures within the businesses it regulates. However, we must assess and manage risk in order to reduce both the probability of failure and the impact of failure when it occurs.

So, over the forthcoming year, the Commission will complete its move to become fully risk based, not only in its supervision but also throughout the way it seeks to meet its mission and objectives.

With this in mind, the Commission is pursuing a policy of recruitment which envisages new recruits having the capacity to apply their skills across all the Commission's divisions - hence allowing one division to call on additional personnel as required.

There are also a number of other areas where focus must be placed. As Martin Fuggle points out, reputation is key to the success of a jurisdiction. A jurisdiction that does not co-operate internationally or whose regulator is seen to be lax in his supervisory practices can find its reputation immensely damaged. The Commission therefore will continue to play a full role in the international regulatory community and continue to monitor compliance with the regulations it has been entrusted to enforce.

The Commission has also initiated a project to extend its work in helping consumers in Gibraltar better understand the regulatory structure and so help them to avoid becoming the victims of fraud by unlicensed providers of financial service products.

Finally, we will work with the professional bodies in Gibraltar to develop a strong process of continuing professional development, so further enhancing the skills within the financial sector and thus helping preserve Gibraltar's reputation as a provider of quality financial services.

To do all this we need the continued support of the financial sector and government. It is another positive feature of this jurisdiction that such support is so forthcoming.

Most of all the Commission needs a committed and talented staff. I am therefore delighted that I have inherited an experienced, enthusiastic and dedicated team and I look forward to working with them.

*Marcus Killick,  
Chairman and Commissioner*

## Banking

The challenges facing the world's banking industry continued in 2002. The weakness of the international economy, losses - and, in some cases, bankruptcies - in large commercial businesses have all had an impact. Banking institutions have continued to merge on a global scale, often leading to staffing cuts, in order to keep the cost base to a minimum. While Gibraltar has not been immune from these forces, the local banking industry here has suffered less than in many other jurisdictions. Indeed, our bankers continue to be very positive about the immediate, medium and long-term future for business development. And as the "Costas" increasingly become the Florida of Europe more opportunities are created for servicing an affluent customer base.

Currently 18 banks operate on the Rock. Ten of these are incorporated in Gibraltar and are licensed by the Commission. There are also seven branches of EEA-authorized banks as well as a branch of a non-EEA authorised bank, from Jersey, licensed by the Commission. As at the end of March 2003, their combined deposit base stood at £2.6 billion.

Although, falling global share prices meant the past year saw a drop in the level

of funds managed by banks on behalf of customers, the number of customers using Gibraltar's banks to manage their investments rose by nearly 15 per cent.

The IMF report made two specific recommendations in relation to banking supervision and these were accepted by the Commission. The first related to the finalisation of the Guidance Note on Loan Principles, which was effected in December of 2001. The second related to a loan classification regime. Here the Commission is awaiting the conversion from UK accounting standards to International Accounting Standards.

A more general IMF comment relating to staffing requirements of the banking supervision team pointed to the need for a second analyst. The Commission has recently recruited additional staff which, when coupled with the risk-based approach to banking supervision outlined below, should address this issue.

Perhaps the greatest change to the supervisory processes for banks during the year was the move away from a largely desk-based supervision to a risk-based approach, which includes on-site work by the banking division. This is part of the on-going development within the Commission as it seeks to make better

use of its resources by identifying areas of risk within individual banks and then mitigating these. The Commission sees this as being of real benefit to the Industry and is grateful for the banks' co-operation.

Work on rolling out the risk framework across the entire banking sector will continue during 2003.

Gibraltar continues to be an attractive location from which to conduct banking business. Its ability to tap freely into the entire European market through passporting is probably the biggest attraction for any potential newcomer, offering as it does competitive advantages over other financial centres outside the European Union. An established and proven regulatory system, which is open and transparent, adds to the jurisdiction's attractiveness. (See *banking Statistics table on opposite page 9*)

*David Parody, Head of Banking Supervision*

## Fiduciary Services

Providing company management and professional trusteeship services, Gibraltar's Fiduciary Services sector (referred to in previous annual reports as Controlled Activities) continues to form an important bastion of the local financial services industry. This is a relatively stable sector and has experienced modest growth over the past few years. A list of licensed firms can be found at the end of the annual report.

Although the overall downturn in global markets has had a knock-on effect, the level of business conducted in Gibraltar remains healthy. A comprehensive regulatory regime, which continues to enhance the jurisdiction's reputation and standing, has been in place for more than a decade. Clearly, any financial centre that concentrates on obtaining good clean business has prospects to develop over the coming years and Gibraltar is well placed in this regard.

During the course of the year activities constituting Company Management business were extended to include, inter alia, the following services:-

- Company formation
- Company secretary
- Registered office

Any firm wishing to provide any of the services covered by the revised definition

## Banking Statistics

### Assets (£000's)

| Year | Total Deposits | Loans & Advances | Total Assets |
|------|----------------|------------------|--------------|
| 1984 | 135,620        | 41,964           | 164,626      |
| 1985 | 173,525        | 39,706           | 228,837      |
| 1986 | 227,777        | 51,808           | 271,998      |
| 1987 | 337,211        | 77,495           | 417,737      |
| 1988 | 510,075        | 193,696          | 808,323      |
| 1989 | 832,524        | 337,591          | 1,398,104    |
| 1990 | 1,350,537      | 673,158          | 2,332,589    |
| 1991 | 1,629,756      | 1,470,973        | 3,706,922    |
| 1992 | 1,970,106      | 1,850,055        | 4,953,906    |
| 1993 | 2,974,539      | 1,738,083        | 6,174,174    |
| 1994 | 3,398,403      | 1,263,187        | 6,453,464    |
| 1995 | 2,800,992      | 980,806          | 5,912,634    |
| 1996 | 2,861,648      | 1,012,705        | 6,485,383    |
| 1997 | 2,680,978      | 1,088,353        | 6,211,356    |
| 1998 | 2,957,750      | 1,068,984        | 6,402,764    |
| 1999 | 2,841,750      | 1,091,004        | 6,628,489    |
| 2000 | 2,138,369      | 1,180,444        | 4,604,052    |
| 2001 | 2,481,235      | 1,198,768        | 5,204,138    |
| 2002 | 2,465,861      | 1,300,700        | 5,556,021    |
| 2003 | 2,716,659      | 1,681,761        | 4,906,434    |



## Fiduciary Services Statistics

|  | 1999   | 2000   | 2001   | 2002   | 2003   |
|--|--------|--------|--------|--------|--------|
| Number of 'Firms' conducting Company Management or Professional Trustee Services | 82     | 84     | 83     | 78     | 78     |
| Number of individual licensees   | 331    | 358    | 351    | 345    | 354    |
| Number of trusts for which trustees are provided                                 | 1,815  | 2,021  | 2,309  | 2,887  | 3,019  |
| Number of companies for which company managerial services are provided           | 27,627 | 29,211 | 32,762 | 34,352 | 34,499 |
| Number of directorships provided   | 18,088 | 19,821 | 21,853 | 25,441 | 23,848 |
| Number of shareholders provided  | 19,203 | 28,752 | 23,308 | 25,202 | 23,581 |

of Company Management is required to meet all the required licensing criteria.

The IMF report acknowledged that, as yet, there are no international standards in the area of company and trust regulation or the supervision of company and trust service providers. However, it judged Gibraltar's Fiduciary Services regulation to be at the forefront of the development of good practices – adding that the principles applied by Gibraltar in the regulation and supervision of this sector bore a significant resemblance to regulatory principles established by bodies such as IOSCO and the Basle Committee. The Commission has been actively involved in a sub-group of the Offshore Group of Banking Supervisors tasked with the formulation of a best practice standard for this industry. A Statement of "Best Practice for Trust and Company Service Providers" was issued during the year.

The supervisory regime regards an on-going prudential/supervisory visit programme as vital. Only by conducting such visits can compliance with regulatory requirements be effectively determined and evaluated. These visits also contribute to the Commission's understanding of the nature of the business undertaken by licensed firms. The Commission uses a standard pre-inspection questionnaire which licensed firms are asked to complete ahead of any such a visit. This aids efficiency, maximizes the use of resources and lessens any disruption that the visit might cause.

*Kieran Power,*

*Head of Fiduciary Services Supervision*

## Insurance

Insurance has become the fastest growing sector of Gibraltar's financial services and in the past year ten new licences were issued, bringing to 31 the number of companies operating on the Rock by the end of March this year. Of the ten, six were granted to 'open market' insurers and four to captive insurers. The captives included Gibraltar's first Protected Cell Company (PCC), established under legislation introduced in 2001 and which at the end of 2002 had six cells doing insurance business. Such growth not only provides additional employment but also contributes a valuable multiplier effect to the general economy through its impact on banking and other services-industry operations.

Gibraltar's ability to match UK standards of insurance regulation was recognised officially by the United Kingdom on 11th June 1997. This, in turn, placed Gibraltar on a par with all other EU jurisdictions. Consequently, insurance institutions regulated by the Commission are permitted under EU law to 'passport' throughout the EU without seeking a separate licence in each jurisdiction to do so.

Undoubtedly the industry's efforts - combined with Gibraltar's ties to Britain, the marketing work of the Government of Gibraltar and the stable political environment - have played a significant role in this growth. Equally the existence of a skilled infrastructure of insurance

### Insurance Companies

|                        | 2001                | 2002                |
|------------------------|---------------------|---------------------|
| Shareholder Funds      | £77 million         | £108 million        |
| Gross Written Premiums | £108 million        | £224 million        |
| <b>Total Assets</b>    | <b>£268 million</b> | <b>£391 million</b> |

managers, audit firms and the legal profession has contributed to this growth. Two of the three leading global insurance management companies now have a presence on the Rock.

For those who do not wish to contract the services of a leading house, Gibraltar also has independent managers, two of whom have significant numbers of insurance companies under management. Three of the 'big four' audit firms have a presence in Gibraltar as do other leading UK firms: There are also independent local firms. Insurers' legal requirements may be met by a wide choice of well-qualified legal practitioners.

The IMF report measured insurance regulation in Gibraltar against the standards set down in the Core Principles of the International Association of Insurance Supervisors. Gibraltar regulatory practice was found to be fully observant of 14 of the 17 core principles, largely observant of two and materially non-observant of one. The latter relates to structured programmes of on-site inspections which are not audits but usually focus on specific areas of a company's operations, processes, procedures and systems - including board policies and corporate governance.

This is a priority area for the Insurance Division to address. However, it is also an area to which appropriate and skilled resources need to be assigned, and the division have found a suitable recruit who will join the team this year.

In the continuing global debate amongst regulators and the industry over the adequacy of solvency margins no one view or method of assessment enjoys consensus. While Gibraltar complies with EU legislation and UK practice, the Commission also tries to assess the risks inherent in any business plans presented to it. Accordingly, where the business being written warrants it - and taking into account the licensee's other risk exposures as well as the economic and business environment at the time - the Commission will always impose higher requirements than the EU minimum.

Insurance company solvency needs to be monitored not only in retrospect but also going forward. Consequently the Division intends to introduce annual budget and business plan monitoring on a forward-looking basis for the year 2004 in respect of all 'open market' insurers. This will allow the division to carry out limited stress testing of different market and economic scenarios and, together with on-site inspections, will enhance the Division's overall capabilities.

*Chris Collins, Head of Insurance Supervision*

## Investment services

Of two distinct groups of companies comprising the investment services sector, the first are insurance intermediaries mainly concerned with meeting the local community's needs for family protection, investment and general insurance products. The second group offers a range of investment services, mainly to offshore clients. The firms are listed at the end of the report. The main activity continues to be the provision of discretionary portfolio management to institutions and high net worth individuals. In addition, an increasing number of firms advise or manage assets of collective investment schemes authorised in other jurisdictions. The level of funds under management by investment firms other than banks fell by £0.4 billion during the year. This was wholly a reflection of global market and economic conditions during the period.

Among other developments in the year under review, five EU firms notified their intention to provide services or to set up a branch using the "passporting" rights established by EU legislation and one more collective investment scheme was added to those authorised by the Commission.

After several years of steady growth the investment services sector last year saw a small net reduction in the number of investment firms. While four companies were authorised in the course of the year, ten are no longer in business. These

changes reflect the contraction of the local banking sector and a reduction in levels of business following the collapse in equity values.

As reported last year, early in 2000 the Commission launched legal proceedings against two Gibraltar-registered companies, Vanguard Equities Limited and Procon International Limited, which appeared to be carrying on investment business without authorisation. The principals of both companies were located in southern Spain. The Supreme Court ordered the companies to cease carrying on business and froze their assets worldwide. It later granted a restitution order, as a result of which the Commission was able to repay 39 investors a total US\$134,400 - representing more than 55 per cent of the money they had paid to the companies.

The IMF review assessed the Commission's regulatory regime against the objectives and principles promulgated by the International Organisation of Securities Commissions and concluded that there was a high level of compliance. Gibraltar complied with 19 principles, was largely compliant with three, while eight were not relevant to the nature of investment business being conducted in the jurisdiction. The only recommendation which has not yet been addressed is the introduction of regular on-site inspection visits - which the Commission plans to introduce from the beginning of 2004.

Given the expansion of private home ownership in recent years and the tax incentives which encourage buyers to use interest-only mortgages, Gibraltarians have been affected by the deteriorating prospects for endowment policies. An increasing number of home owners have received warnings from product providers that their endowment policies may not deliver the kind of returns expected when they were taken out, and that there may not be enough on maturity to repay loans in full.

Unfortunately, these letters sent to investors tend to take little or no account of the fact that the recipients

are not resident in the United Kingdom. Nonetheless, the general advice is sound - even if unwelcome - and borrowers should not simply hope the problem will go away. They should take remedial action now, first seeking advice from their financial adviser and from their mortgage lender to explore the options open to them.

*Brian Morris,  
Head of Investment Services Supervision*

## Other activities

### Enforcement

In the past year the Commission has assisted overseas regulators and Gibraltar law enforcement agencies. It has taken the initiative where it has considered it necessary to provide information under arrangements for international co-operation contained in legislation over possible fraudulent or unlicensed operations. It has also responded to numerous requests regarding such operations.

The Commission has been proactive in deterring unlicensed entities from operating in or from within Gibraltar. Their use of the Internet to give the impression that their operations are either based or otherwise linked to Gibraltar has been particularly prevalent.

In the early part of last year, the Commission took legal action against "Liberty Group Ltd", an unincorporated firm operating from the Costa del Sol, and World Connect Ltd, a Gibraltar company which held a bank account in the jurisdiction. Investors in the UK had been 'cold-called' by Liberty Group and sold 'shares' in World Connect Communications SL

The Commission sought and obtained a Freezing Order in the local Supreme Court and later, after being granted a Restitution Order, was able to reimburse in full the eight investors, each of whom had paid between £3,500 and £10,500.

By taking action at an early stage and working closely with the Financial Crime Unit of the Royal Gibraltar Police, the fraudulent operation was disrupted before further investors could be targeted and before the funds disappeared.

Since March 2002, the Commission has employed Albert Yome as its dedicated Enforcement Officer. In addition to his enforcement duties, the Enforcement

### Funds Under Management (£Billion)

|                  | Mar<br>2001 | June<br>2001 | Sept<br>2001 | Dec<br>2001 | Mar<br>2002 | June<br>2002 | Sept<br>2002 | Dec<br>2002 | Mar<br>2003 |
|------------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|
| Banks            | 5.9         | 6.0          | 5.8          | 5.3         | 5.5         | 5.3          | 5.3          | 5.2         | 5.2         |
| Investment Firms | 1.2         | 1.2          | 1.3          | 1.4         | 1.4         | 1.3          | 1.3          | 1.0         | 1.0         |
| <b>Total</b>     | <b>7.1</b>  | <b>7.2</b>   | <b>7.1</b>   | <b>6.7</b>  | <b>6.9</b>  | <b>6.6</b>   | <b>6.6</b>   | <b>6.2</b>  | <b>6.2</b>  |

## Licensees

### Licensed/Authorised Firms (as at 31st March of each year)

|  | 1992                      | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--|---------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Banks                                      | 29                        | 26   | 29   | 28   | 26   | 25   | 28   | 26   | 22   | 19   | 19   | 18   |
| Insurance Companies                        | 14                        | 12   | 12   | 12   | 12   | 12   | 16   | 16   | 13   | 17   | 22   | 31   |
| Insurance Intermediaries                   | 19                        | 14   | 18   | 19   | 17   | 17   | 17   | 22   | 24   | 27   | 29   | 27   |
| Investment Firms                           | 7                         | 12   | 13   | 15   | 12   | 11   | 11   | 17   | 27   | 28   | 28   | 27   |
| Company Managers/<br>Professional Trustees | Not available             |      | 72   | 77   | 77   | 74   | 75   | 81   | 84   | 83   | 78   | 78   |
| Insurance Managers                         | Did not require licensing |      |      |      |      | 3    | 4    | 8    | 7    | 7    | 7    | 7    |

Officer provides investigative support to all supervisory areas, as well as forming part of the prudential visits team.

The Enforcement Officer attended the Economic Crime Symposium at Jesus College, Cambridge University.

To provide wider access, with the help of Royal National Institute for the Blind, the Commission intends development of the web-site to provide for those who are visually impaired and want to access information about the Commission and its work.

The Internet has become a significant tool in the Commission's communication with the industry and the public - with e-mail its greatest component. However, because of the inherently insecure properties of Internet e-mail, the Commission is now seeking to use Digital IDs and encryption with its stakeholders to ensure confidentiality of these exchanges. It is anticipated that this will be completed in the near future.

## Information Technology

The Commission has been at the forefront of the development of regulatory IT systems and during the year its IT infrastructure has been further improved. This is important as, internally, the Commission relies on an efficient IT infrastructure to function with fewer human resources than other comparable regulators.

The 'flagship' tool of the Commission is the banking supervision database known as BRAINS. This software has been commended by international evaluators for its functionality and at least two other regulatory bodies have expressed an interest in obtaining it. We continue to seek opportunities to provide other regulators with such technical assistance - particularly when this can make an important contribution to their efficiency.

Last year also saw a complete overhaul in the design and layout of the Commission's Internet site ([www.fsc.gi](http://www.fsc.gi)). User feedback has been very complimentary and the site's development continues - not only for its aesthetic value but, more importantly, for its user-friendliness. The Commission considers that local and international public access to regulatory information - and to provide an understanding of the Commission's role - is a fundamental part of its function.

## Financial Statements

| <i>Contents</i>                          | <i>Page</i>  |
|--|--------------|
| <b>Statement of Responsibilities</b>     | <b>13</b>    |
| <b>Independent Auditors' Report</b>      | <b>14</b>    |
| <b>Income and Expenditure Account</b>    | <b>15</b>    |
| <b>Balance Sheet</b>                     | <b>16</b>    |
| <b>Notes to the Financial Statements</b> | <b>17-19</b> |

## **STATEMENT OF THE COMMISSION'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Financial Services Commission (the "Commission") is required by the Financial Services Commission Ordinance 1989 to keep proper books of account of its income and other receipts and expenditures during each financial year and to prepare accounts which give a true and fair view, in the case of the balance sheet of the finances as at the end of the financial year and in the case of the income and expenditure account, of the surplus or deficit for that financial year.

In preparing those accounts, the Commission :

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepares the accounts on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation.

The Commission also make available to the auditors, as and when required, all the accounting records and all other relevant records and related information, including minutes of all Commission meetings. It also safeguards the assets of the Commission and takes reasonable steps for the prevention and detection of fraud, error or non-compliance with law or regulations.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FINANCIAL SERVICES COMMISSION**

We have audited the financial statements of the Financial Services Commission for the year ended 31 March 2003, which comprise the Income and Expenditure Account, the Balance Sheet and notes 1 to 10. These financial statements have been prepared under the historical cost convention and the accounting policies set out in note 1.

This report is made solely to the Commission's members, as a body, in accordance with section 15 of the Financial Services Commission Ordinance, 1989. Our audit work has been undertaken so that we might state to the Commission's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Commission's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Commission and auditors**

As described in the Statement of the Commission's Responsibilities in respect of the Financial Statements, the Commission is responsible for the preparation of the financial statements in accordance with applicable law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Financial Services Commission Ordinance, 1989. We also report to you if, in our opinion, the Commission has kept proper books of account, if the Commission's balance sheet and accounts dealt with by this report are in agreement with the books of account, if we have received all the information and explanations which to the best of our knowledge and belief we required for our audit, and if the Commission has discharged with diligence its obligations in relation to the collection of its revenues.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commission in the preparation of the financial statements and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the amounts and disclosures in the financial statements concerning the possible outcome of the Judicial Review case concerning a decision to pass information to a Foreign Regulatory Authority. The Court of Appeal decision on this case is, by its nature, uncertain, as sufficient evidence concerning its outcome is not available. Details of the circumstances relating to this fundamental uncertainty are described in note 10. Our opinion is not qualified in this respect.

### **Opinion**

In our opinion:

1. proper books of account have been kept by the Commission;
2. the Commission's Balance Sheet and Income and Expenditure account dealt with by this report are in agreement with the books of account;
3. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
4. and to the best of our information and according to the explanations given to us, the said financial statements give a true and fair view, in the case of the Balance Sheet of the Commission's finances as at 31 March 2003 and in the case of the Income and Expenditure account, of the deficit for the year then ended; and
5. the Commission has discharged with diligence its obligations in relation to the collection of its revenues.

*Deloitte and Touche  
Chartered Accountants  
Merchant House  
22/24 John Mackintosh Square  
Gibraltar  
28 July 2003*

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2003

|                                     |              | 2003                    | 2002                   |
|-------------------------------------|--------------|-------------------------|------------------------|
|                                     | <i>Notes</i> | £                       | £                      |
| <b>INCOME</b>                       |              |                         |                        |
| Fees receivable                     | 3            | 967,556                 | 687,919                |
| Interest receivable                 |              | 22,814                  | 25,925                 |
| Gibraltar Government contribution   | 8            | 289,117                 | 199,050                |
| <b>TOTAL INCOME</b>                 |              | <b><u>1,279,487</u></b> | <b><u>912,894</u></b>  |
| <b>EXPENDITURE</b>                  |              |                         |                        |
| Staffing costs                      |              | 669,600                 | 674,514                |
| Establishment costs                 |              | 83,882                  | 83,999                 |
| Other operating expenses            |              | 44,654                  | 34,860                 |
| Commission members fees             | 4            | 42,000                  | 35,000                 |
| Legal and professional fees         |              | 505,531                 | 61,400                 |
| Auditors remuneration               |              | 2,600                   | 2,600                  |
| Depreciation                        |              | 14,157                  | 9,152                  |
| Other professional charges          |              | 7,386                   | 11,36                  |
| <b>TOTAL EXPENDITURE</b>            |              | <b><u>1,369,810</u></b> | <b><u>912,894</u></b>  |
| <b>DEFICIT</b>                      |              | <b>(90,323)</b>         | <b>-</b>               |
| <b>GENERAL FUND BROUGHT FORWARD</b> |              | <b><u>208,113</u></b>   | <b><u>208,113</u></b>  |
| <b>GENERAL FUND CARRIED FORWARD</b> |              | <b><u>£117,790</u></b>  | <b><u>£208,113</u></b> |

*There are no recognised gains or losses other than as disclosed above and there have been no discontinued activities or acquisitions in the current or preceding year.*

*The notes on pages 17 to 19 form part of these financial statements.*

## BALANCE SHEET

AS AT 31 MARCH 2003

|   | <i>Notes</i> | <i>2003</i><br>£ | <i>2002</i><br>£ |
|---|--------------|------------------|------------------|
| <b>FIXED ASSETS</b>                                   |              |                  |                  |
| Tangible assets                                       | 5            | 45,442           | 23,147           |
| <b>CURRENT ASSETS</b>                                 |              |                  |                  |
| Debtors and prepayments                               | 6            | 15,854           | 20,876           |
| Cash at bank and in hand                              |              | 524,887          | 424,613          |
|   |              | 540,741          | 445,489          |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b> | 7            | 468,393          | 260,523          |
| <b>NET CURRENT ASSETS</b>                             |              | <b>72,348</b>    | <b>184,966</b>   |
| <b>NET ASSETS</b>                                     |              | <b>£117,790</b>  | <b>£208,113</b>  |
| <b>FINANCED BY:</b>                                   |              |                  |                  |
| <b>GENERAL FUND</b>                                   |              | <b>£117,790</b>  | <b>£208,113</b>  |

*The financial statements were approved by the Commission on 28 July 2003 and signed on their behalf by  
Marcus Killick  
Commissioner  
Financial Services Commission*

*The notes on pages 17 to 19 form part of these financial statements.*



## NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Basis of accounting

The financial statements are prepared in accordance with United Kingdom applicable accounting standards. The particular accounting policies adopted by the Commission are described below.

#### Accounting convention

The accounts are prepared under the historical cost convention.

#### Income

##### *Fees*

Annual Renewal Fees due under the Banking, Insurance and Financial Services Ordinances are recognised on an invoiced basis, whilst all other fee income is recognised on a receipts basis.

##### *Interest receivable*

Interest receivable is accounted for on an accruals basis.

#### Depreciation

Depreciation has been calculated so as to write off the cost of fixed assets on a straight line basis over their expected useful economic lives at the following annual rates:

|                               |                              |
|-------------------------------|------------------------------|
| Motor Vehicles                | 20%                          |
| Office Furniture and Fittings | 20%                          |
| Office Equipment:             | General 20%                  |
|                               | Computers 33 $\frac{1}{3}$ % |

### 2. TAXATION

Under the provisions of the Financial Services Commission Ordinance, the income of the Commission is exempt from income tax.

### 3. FEES RECEIVABLE

|                               | Year ended<br>31 March 2003<br>£ | Year ended<br>31 March 2002<br>£ |
|-------------------------------|----------------------------------|----------------------------------|
| Financial Services Ordinances | 670,925                          | 536,000                          |
| Banking Ordinance             | 125,000                          | 71,500                           |
| Insurance Companies Ordinance | 139,000                          | 53,500                           |
| Others                        | 32,631                           | 26,919                           |
|                               | <hr/>                            | <hr/>                            |
|                               | £967,556                         | £687,919                         |

### 4. COMMISSION MEMBERS FEES

The Members of the Commission each receive fees of £6,000 per annum (2002 - £5,000). The Chairman receives no fees as a Member of the Commission, but received total remuneration of £128,058 (2002 - £113,089) in his capacity as Commissioner.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. TANGIBLE ASSETS

|                     | Office Furniture<br>& Fittings<br>£ | Office<br>Equipment<br>£ | Motor<br>Vehicles<br>£ | Total<br>£     |
|---------------------|-------------------------------------|--------------------------|------------------------|----------------|
| <b>Cost</b>         |                                     |                          |                        |                |
| As at 1 April 2002  | 55,425                              | 37,214                   | 12,500                 | 105,139        |
| Additions           | -                                   | 36,452                   | -                      | 36,452         |
| Disposals           | -                                   | (4,200)                  | -                      | (4,200)        |
| As at 31 March 2003 | <u>55,425</u>                       | <u>69,466</u>            | <u>12,500</u>          | <u>137,391</u> |

### Depreciation

|                     |               |               |              |               |
|---------------------|---------------|---------------|--------------|---------------|
| As at 1 April 2002  | 51,622        | 23,916        | 6,454        | 81,992        |
| Charge for the year | 1,435         | 10,382        | 2,340        | 14,157        |
| Disposals           | -             | (4,200)       | -            | (4,200)       |
| As at 31 March 2003 | <u>53,057</u> | <u>30,098</u> | <u>8,794</u> | <u>91,949</u> |

### Net book value

|                     |                |                 |                |                 |
|---------------------|----------------|-----------------|----------------|-----------------|
| As at 31 March 2003 | £ 2,368        | £ 39,368        | £ 3,706        | £ 45,442        |
| As at 31 March 2002 | <u>£ 3,803</u> | <u>£ 13,298</u> | <u>£ 6,046</u> | <u>£ 23,147</u> |

### 6. DEBTORS

|                               | 31 March<br>2003<br>£ | 31 March<br>2002<br>£ |
|-------------------------------|-----------------------|-----------------------|
| Other debtors and prepayments | <u>£15,854</u>        | <u>£20,876</u>        |

### 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                               | £               | £               |
|-------------------------------|-----------------|-----------------|
| Gibraltar Government (Note 8) | -               | 189,117         |
| Accruals                      | 468,393         | 58,406          |
| Deferred income               | -               | 13,000          |
|                               | <u>£468,393</u> | <u>£260,523</u> |

## NOTES TO THE FINANCIAL STATEMENTS

### 8. GIBRALTAR GOVERNMENT

|                                    | 31 March 2003 | 31 March 2002 |
|------------------------------------|---------------|---------------|
|                                    | £             | £             |
| Balance as at 1 April 2002         | 189,117       | 188,167       |
| Contributions advanced during year | 100,000       | 200,000       |
|                                    | 289,117       | 388,167       |
| Contributions utilised during year | (289,117)     | (199,050)     |
| Balance as at 31 March 2003        | -             | £189,117      |

### 9. STAFF RETIREMENT BENEFIT SCHEME

The Commission operates a money purchase scheme, called the Financial Services Commission Retirement Benefit Scheme. During the year, an amount of £28,309 (2002: £29,311) was contributed to the scheme by the Commission.

### 10. CONTINGENT LIABILITY

As part of its regulatory responsibilities the Commission enters into legal actions from time to time, the costs of which may be significant.

At 31 March 2003 the Commission had received judgements in respect of the Judicial Review case concerning a decision to pass information to a Foreign Regulatory Authority. The Commission has decided to take the case to the Court of Appeal.

Although an amount has been accrued in respect of the costs for this case, the Commission recognises that a contingent liability could exist in relation to this case. In the event that a contingent liability crystallises the Government of Gibraltar has agreed to meet any reasonable costs arising from the proceedings which the Commission is unable to meet from its own resources.

The estimated financial effect of this contingent liability has not been disclosed as it is the opinion of the Commission that such disclosure could seriously prejudice the position of the Commission in relation to the case.

## Listings

### Banks

ABN AMRO NV  
Banco Atlantico (Gibraltar) Limited  
Banque Jacob Safra (Gibraltar) Limited  
Barclays Bank Offshore Financial Services (Gibraltar) Limited  
Barclays Bank PLC  
BBVA Privanza International (Gibraltar) Limited  
Credit Agricole Indosuez  
Credit Suisse (Gibraltar) Limited  
Jyske Bank (Gibraltar) Limited  
Leeds & Holbeck Building Society  
Lloyds TSB Bank PLC  
Lombard Odier Darier Hentsch Private Bank Limited  
Newcastle Building Society  
Norwich & Peterborough Building Society  
SG Hambros Bank & Trust (Gibraltar) Limited  
The Royal Bank of Scotland (Gibraltar) Limited  
The Royal Bank of Scotland International Ltd (Trading as NatWest)  
Turicum Private Bank Limited

### Company Managers

#### Abacus Financial Services Limited

Abacus (Gibraltar) Limited  
Abacus Nominees (Gibraltar) Limited  
Abacus Secretaries (Gibraltar) Limited  
Abacus Services (Gibraltar) Limited

#### ABN AMRO NV

Medbank Nominees Limited

#### Acquarius Trust Company Limited

Acquarius Corporate Services Limited  
Acquarius Management Services Limited  
Cruz, Nicholas Peter  
Garcia, Sergio Gilbert

#### Anglo Swiss Fiduciary Services Ltd

Anglo Swiss Directors Limited  
Dunsmoor Limited  
Greenford Holdings Limited  
Wolfe Martin, Suzanne

#### Arbor Trust Limited

Arbor Management Limited  
Arbor Nominees Ltd  
Arbor Secretaries Limited

#### Argenta & Magnum Management Company Limited

Argenta & Magnum Management Company Limited  
Dakyn's Nominees Company Limited  
Oakley's Nominees Company Limited

#### Attias & Levy

Attias & Levy  
Attlev Management Company Limited  
Attlev Secretaries Limited  
Calpe Nominees Limited

#### Barclays Bank Offshore Financial Services (Gibraltar) Limited

Barclays Bank Offshore Financial Services (Gibraltar) Limited  
Barclays Gibraltar Nominee Company Limited  
Barclaytrust International Nominees (Gibraltar) Limited  
Devincenzi, Fernando J  
Morro, Francis  
Perez, Wilfred C

#### BBVA Privanza International (Gibraltar) Limited

BBVA Privanza International (Gibraltar) Limited

#### BDO Fidecs Trust Company Limited

BDO Fidecs Management Limited  
BDO Fidecs Nominees Limited  
Byrne, James Peter  
Camble, Julian Mark  
Clayton, Susan Elizabeth  
Plummer, Elizabeth Anne  
Revill, Timothy J

#### Bondpartners International (Gibraltar) Limited

Bondpartners Holdings Limited  
Bondpartners Management Limited  
Bondpartners Nominees Limited  
Bondpartners Secretaries Limited

#### BT Corporate Services Limited

BT Corporate Services Limited  
BT Nominees Limited  
Robinson, Kenneth  
Serruya, Charles

#### Budlaw Management Limited

Budhrani, Haresh K  
Budlaw Management Limited  
Whiteacre Limited

#### Capital Growth Limited

Capital Growth Limited  
Capital Nominees Limited  
Capital Secretaries Limited  
Capital Services Limited

#### Castellum Corporate Services Limited

Castellum Corporate Services Limited

#### Castle Trust & Management Services Limited

Castle Nominees Limited  
Castle Secretaries Limited  
First Management Limited  
Knight, Steven A

**Clifton Management Services Limited**

Canis Nominees Limited  
Clifton Management Services Limited  
Sinac Nominees Limited

**CNW Company Limited**

CNW Company Limited  
Consult Limited

**Consult Ltd**

Consult Nominees Limited  
Consult Secretaries Limited  
Nu ez, Paul Xavier

**Credit Agricole Indosuez**

Indochine Nominees & Services Limited  
Indosuez Management Services Limited  
Lynstead Limited

**Deloitte & Touche Trust & Corporate Services Limited**

C & C Secretaries Limited  
Caruana, Joseph L  
Deloitte & Touche Trust & Corporate Services Limited  
Montovio, Joseph P  
Paisley Limited  
Reyes, Stephen J

**ECE Nominees Ltd**

ECE Nominees Limited  
LC Nominees Limited

**ECS International Limited**

Ecorps Managers Limited  
La Mer Services Limited  
Taylor, Elizabeth A  
Vincent, Paul

**Eldo Secretaries Limited**

Eldo Nominees Limited  
Eldo Secretaries Limited

**Eurolife Management Services Limited**

Eurolife Management Services Limited  
Sene, Vanessa  
Smith, Anthony J

**Europa Trust Company Limited**

Europa Directors Limited  
Europa Nominees (Gibraltar) Limited  
Europa Secretaries Limited

**Fiduciary Management Limited**

Dominus Trust Limited  
Fiduciary Directors Limited  
Fiduciary Management Limited  
Fiduciary Nominees Limited  
Harnamji, Yolanda  
Isola, Arabella  
Isola, Peter Albert  
Isola, Rose  
L & I Management Limited  
L & I Nominees Limited  
Simpson, Valerie

**Fidux Trust Company Limited**

Dicorp Limited  
Fiman Limited  
Finom Limited  
Pr sidial Secretaries Limited  
Subscriber Limited  
First Rock Trustees Ltd

**First Rock Directors Limited**

First Rock Holdings Limited  
First Rock Nominees Limited  
First Rock Secretaries Limited  
Moore Stephens Corporate Services Limited

**Form-A-Co (Gibraltar) Limited**

F.A.C Subnom (No 2) Limited  
F.A.C. Subnom (No 1) Limited  
Form-A-Co (Gibraltar) Limited

**Gibland Secretarial Services Limited**

Equitar Nominees Limited  
Equity Nominees Limited  
Gibland Nominees Limited  
Gibland Secretarial Services Limited  
Gibter Nominees Limited  
Marrache, Raphael  
Marrache, Solomon S  
Turnbull, Leanne

**Gibraltar International Trust Corporation Limited**

Lavarello, Charles A  
Masseti, Lionel Francis  
Neish, James J  
Pons, Frederick A  
Stag Nominees Limited  
Stag Secretaries Limited  
Thomson, Linda Christine  
Triay, Louis B  
Triay, Louis W  
Trilex Limited  
Trilex Nominees Limited  
Trilex Secretaries Limited

**Gibro Corporate Management Limited**

(Gibraltar) Trustees Limited  
Gibro Corporate Management Limited  
Gibro Nominees Limited

**Glendower Management Services Limited**

Glendower Management Services Limited  
Glendower Nominees Limited  
Glendower Secretaries Limited

**GM Benady & Co**

Benady, George M  
GM Benady & Co  
GMB Nominees Limited  
Pennygate Nominees Limited  
Shillingate Nominees Limited

**Gonzalez & Partners Limited**

Gonzalez & Partners Limited  
Merkur Nominees Limited  
Merkur Secretaries Limited

**Grays Management Services Limited**

Cohen, Abraham C  
Grays Directors Limited  
Grays Holdings Limited  
Grays Management Services Limited  
Grays Nominees Limited  
Grays Services Limited

**GT Fiduciary Services Limited**

GT Management Limited  
GT Nominees Limited  
White, Frederick David

**Hawk Management Services Ltd**

Hawk Management Services Limited

**Jordans (Gibraltar) Limited**

Jordan Nominees (Gibraltar) Limited  
Jordan Nominees (IOM) Limited  
Jordans (Gibraltar) Limited  
Jordans (Isle Of Man) Limited

**Jyske Bank (Gibraltar) Limited**

Jyske Bank (Gibraltar) Limited  
Jyske Bank (Gibraltar)  
Management Limited  
Jyske Bank (Gibraltar)  
Secretaries Limited

**KPMG Trust Company Limited**

KPMG Nominees Limited

**Line Management Services Limited**

Avellano, Brenda Bridget  
Benady, Maurice Moses  
Castiel, Michael  
Cheam Directors Limited  
Chincotta, Dino  
Collado, Nadine Marie  
Crockett, Julie  
Fa, Vanessa  
Feetham, Nigel  
Levy, Haim J M  
Line Holdings Limited  
Line Management Services Limited

Line Nominees Limited

Line Secretaries Limited

Martinez, Silvana

Montegriffo, Peter I

Nuttall, Lesley Anne

Reoch, Desmond R

Stawell Services Limited

White, Christopher G

Lloyds TSB Bank PLC

Langston, Albert D

**Lloyds TSB Bank (Gibraltar Management) Limited**

Lloyds TSB Bank (Gibraltar Nominees)  
Limited

**Logistable Limited**

Logistable Limited

Logistable Nominees (Gibraltar ) Limited

**Lombard Services Limited**

Lombard Nominees Limited  
Lombard Services Limited  
Lombard, Anthony J P

**M & M Management Services Limited**

M & M Investments Limited  
M & M Nominees Limited  
M & M Secretaries Limited

**Mediterranean Trust Corporation Limited**

Gibraltar Nominees Limited  
Mediterranean Nominees Limited  
Rock Nominees Limited

**Millennium Management Limited**

Laser Services Limited  
Millennium Management Limited  
Millennium Nominees Limited

**Mutual Trust Management (Gibraltar) Ltd**

Basinghall Nominees Limited  
Cid de la Paz, William Damian  
Finsbury Corporate Services Limited  
Finsbury Holdings Limited  
Finsbury Nominees Limited  
Finsbury Secretaries Limited  
Gateway Management Limited  
Gateway Nominees Limited  
Gateway Secretaries Limited  
Hassan, James David  
Havelet Company Limited  
Ocean Nominees Limited  
Ocean Nominees Overseas Limited  
Olivero, Adrian Gerard  
Perera, Maurice Albert  
Simmonds, John Alfred  
Valdir Managers Limited

**Valmet Executive Nominees Limited**

Valmet Nominees Limited

**North Atlantic Trust Company Limited**

North Atlantic Nominee  
Company Limited  
North Atlantic Secretaries Limited  
Redbridge Services Limited

**Offshore Administration Services Ltd**

Offshore Administration Services Ltd  
Offshore Corporate Services Ltd

|   |  |   |
|---|--|---|
| <b>Oliver Company Management Limited</b>          | <b>SG Hambros Bank &amp; Trust (Gibraltar) Limited</b> | <b>Summit Management Limited</b>                            |
| Oliver Company Management Limited                 | Cassar Loportto, Franco                                | A & H Management Secretaries Limited                        |
| Oliver Nominees Limited                           | Duckworth, Bruce Matthew                               | A & H Nominees Limited                                      |
| Olivera, George A                                 | Gomez, Charles Humbert                                 | Summit Management Limited                                   |
| Olivera, Marie Carmen                             | Hambros (Gibraltar Nominees) Limited                   | <b>T &amp; T Management Services Limited</b>                |
|   | Haynes, Peter H  | Duran, Rosanna  |
| <b>Parliament Corporate Services Ltd</b>          | Lennane, Martin  | Fairoak Limited   |
| Parliament Corporate Services Limited             | Menez, Charles A                                       | Galliano, Derek   |
| Parliament Lane Nominees Limited                  | Solent Corporate Services Ltd                          | Greatoak Limited  |
|   | Nichols, Trevor J                                      | Lombard, Louis P  |
| <b>Portex Corporation Services Limited</b>        | Rose, Denise B   | Lopez, Christine  |
| Gale Investments Limited                          |  | Orciel, Anabella  |
| Portex Corporation Services Limited               | <b>Solent Corporate Services Limited</b>               | T & T Nominees Limited                                      |
| Portex Management Limited                         | Solent Nominees Limited                                | Tower Holdings Limited                                      |
| Portex Nominees Limited                           | Solent Secretaries Limited                             |   |
| Rockham Investments Limited                       |  | <b>The Royal Bank of Scotland (Gibraltar) Limited</b>       |
|   | <b>Sorek Services Limited</b>                          | Biggar Management Limited                                   |
| <b>Prime Trust Corporation Limited</b>            | ABC Nominees Limited                                   | Biggar Nominees Limited                                     |
| Prime Management Limited                          | Haven Directors Limited                                | Bull Nominees Limited                                       |
| Prime Nominees Limited                            | Offshore Nominees Limited                              | Golden Eagle Nominees Limited                               |
| Prime Securities Limited                          | Sorek Services Limited                                 | RBS Company Management Limited                              |
|   |  |   |
| <b>Professional &amp; Corporate Trust Limited</b> | <b>Sovereign Trust International Limited</b>           | <b>Trimar Management Services Limited</b>                   |
| French, Elaine M                                  | Bell, Tina Louise                                      | Blue Sea Limited  |
| P & C Nominees Limited                            | Dentith, Diane   | River Nominees Limited                                      |
| Phillips, Thomas G                                | Dentith, John Philip                                   | Stream Holdings Limited                                     |
| Professional Services Secretaries Limited         | Denton, Simon  | Strong Sea Limited  |
|   | Duo, Geraldine F                                       | Trimar Management Services Limited                          |
| <b>Redmount Trust Company Ltd</b>                 | Midland Investments Limited                            |   |
| Redmount Management Services Limited              | Pozo, Tracy Jane                                       | <b>Vaughan &amp; Co Company Management Services Limited</b> |
| Redmount Nominees Limited                         | Sovereign Controllers Limited                          | Berllaque, Rosemary   |
|   | Sovereign Directors (T & C) Limited                    | Vaughan & Co Company Management Services Limited            |
| <b>Sector Corporate Services Limited</b>          | Sovereign Managers Limited                             | Vaughan, Bernard  |
| Firststar Limited                                 | Tucker, Andrew Martin                                  | Vaughan, Bernard Colin                                      |
| Sector Corporate Services Limited                 | Victoria Investments Limited                           |   |
| Starfield Limited                                 |  |   |
|   | <b>Steadfast Trustees Limited</b>                      |   |
|   | FG Management Limited                                  |   |
|   | FG Services Limited                                    |   |
|   | Steadfast Corporate Services Limited                   |   |

## Collective investment scheme operators, trustees and advisers

Credit Suisse (Gibraltar) Limited  
Gensec Asset Management (Gibraltar) Limited  
Global Custodian Services Limited  
Griffin Capital Management Limited  
Lloyds TSB Bank Trust Corporation (Gibraltar) Limited  
Lombard Odier Darier Hentsch Private Bank Limited

## Collective investment schemes

Aberdeen Prolific International Fund plc  
ABN AMRO Funds  
Barclay Investment Funds (Luxembourg) Sicav  
Barclays Diversified Portfolio  
Barclays Dynamic Europrotection Funds  
Barclays Euro Funds Sicav  
Barclays International Funds Sicav  
Barclays Investment Funds (Channel Islands) Limited  
Cater Allen Gilt and Fixed Income Funds Limited  
Close UK Escalator 100 Fund  
Close UK Escalator 95 Fund  
Credit Agricole Funds  
Credit Suisse Bond Fund (Lux)  
Credit Suisse Equity Fund (Lux)  
Credit Suisse Money Market Fund (Lux)  
Credit Suisse Portfolio Fund (Lux)  
Equisar Fund  
Five Arrows International Managed Portfolio Fund  
Five Arrows International Portfolio Fund  
Five Arrows International Reserves Limited  
Franklin Templeton Investment Funds  
Hambros Eurobond and Money Market Fund Limited  
Indosuez Multimedia Fund  
Investec Global Strategy Fund Limited

Investec International Accumulation Fund Limited  
Investec Select Funds PLC  
Jysk Invest Engros  
Jyske Invest International  
Lloyds TSB International Liquidity SICAV  
Lloyds TSB International Portfolio SICAV  
Lloyds TSB Money Fund Limited  
Lloyds TSB Offshore Funds Limited  
Mellon Global Funds plc  
Mercury Selected Trust SICAV  
Mercury World Bond Fund SICAV  
Merrill Lynch Offshore Balanced Portfolio Fund  
Orbitex Investment Funds PLC  
Perpetual Offshore Emerging Companies Fund  
Planetary Fund plc  
Privilege Portfolio  
Sarasin (CI) GlobalSar Sterling Balanced Fund  
Sun Life High Income Fund P.L.C.  
The CMI Managed International Fund  
The Inscape Investment Fund (Jersey) Limited  
Universal Master Funds Plc  
Universe, The CMI Global Network Fund

## Insurance companies

Admiral Insurance (Gibraltar) Limited  
Advantage Insurance Company Limited  
Cares Insurance & Reinsurance Company Limited  
Carraig Insurance Company Limited  
Crystal Insurance Company Limited  
Dibrin Insurance Company Limited  
Diramic Insurance Limited  
Echelon Insurance Company Limited  
Euroguard Insurance Company Limited  
Eurolife Assurance (International) Limited

Gencon Insurance Company International Limited  
GENS Insurance and Reinsurance Company Limited  
Haven Insurance Company Limited  
Heaton and Newcastle Insurance Company Limited  
International Construction Insurance Underwriters Limited  
London & Colonial Assurance plc  
London Buckingham Insurance Company Limited  
Markerstudy Insurance Company Limited  
Middle Sea Insurance plc  
Millennium Insurance Company Limited  
Norwich Union International Insurance Limited  
Novista Insurance Limited  
Planet Insurance Company Limited  
Professional Travel Insurance Company Limited  
Symphony Insurance Company Limited  
Tradewise Insurance Company Limited  
Victory Insurance Limited  
Viscount Reinsurance Company Limited  
White Rock Insurance (Gibraltar) PCC Limited  
White Shield Insurance Company Limited  
Zenith Insurance plc

## Insurance intermediaries

ACE Gibraltar Limited  
Alpha Insurance & Reinsurance Brokers Limited  
Ibex Insurance Services Limited  
Solrac & Co Limited  
The Medical Professional Liability Company Limited  
WestMed Insurance Services Limited  
Worldwide Internet Insurance Services Ltd



## **Insurance intermediaries - authorised to sell investment products**

Abbey National Treasury International Limited

AM Insurance Services Limited

BDO Fidecs Personal Financial Planning Ltd

BMI Insurance Services Limited

Caledonian Insurance Brokers Limited

Callaghan Insurance Brokers Limited

Capurro Insurance & Investments Limited

Castiel Winser Financial Consultants Limited

Eurolinx (Gibraltar) Limited

Gibro Insurance Services Limited

Glenhill Holdings Limited

H.P.B. Management (International) Limited

Mascarenhas Insurance & Finance Limited

Norwich & Peterborough Insurance Brokers Limited

Norwich Union Life Services Ltd

Offshore Insurance Agents Limited

Ophir Insurance Services Limited

Prescott Limited

RLS Insurance & Financial Consultants Limited

Savignon Financial Services Limited

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## **Insurance managers**

AIG Insurance Management Services (Gibraltar) Limited

AON Insurance Managers (Gibraltar) Limited

BDO Fidecs Insurance Management Limited

Caledonian Insurance Management Services Limited

MRM Insurance Services Limited

Willis Management (Gibraltar) Limited

## **Investment dealers**

Acorn Commodities Limited

Bondpartners International (Gibraltar) Limited

Curvalue III B.V.

Drapeau Advisors Limited

FCT (Gibraltar) Limited

Investor Services (Gibraltar) Limited

Investors Europe Limited

Line Wall Securities Limited

Rock Financial Services Limited (Now in liquidation)

Trafalgar Financial Futures Limited

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## **Investment managers**

AM Management (Gibraltar) Limited

Armor Portfolio Management Limited

Bondpartners Management Limited

BvB Asset Management LP

EIM (Gibraltar) Limited

Forum Asset Management Limited

Gadd Capital Management Limited

Gibraltar Asset Management Limited

Global Custodian Services Limited

Investglob (Gibraltar) Limited

Jamapal Investment (Gibraltar) Limited

Labrow International Asset Management Limited

Logistable Limited

MFI Services Limited

Rock Limited

SMC Asset Management Limited

Sovereign Asset Management Limited

Xanthos Asset Management Limited

## **Professional trustees**

**Abacus Financial Services Limited**

Abacus Trustees (Gibraltar) Limited

**Acquarius Trust Company Limited**

Acquarius Trust Company Limited

**Anglo Swiss Fiduciary Services Ltd**

Anglo Swiss Fiduciary Services Limited

**Arbor Trust Limited**

Arbor Trust Limited

**Atlas Trust Company Limited**

Atlas Trust Company Limited

**Attias & Levy**

Attlev Trustees Company Limited

**BDO Fidecs Trust Company Limited**

BDO Fidecs Trust Company Limited

**BT Corporate Services Limited**

BT Trustees Limited

**Budlaw Management Limited**

United Trust Company Limited

**Castle Trust & Management Services Limited**

Castle Trust & Management Services Limited

**Church Lane Trustees Ltd**

Church Lane Trustees Limited

**Consult Limited**

Equitable Trust Company Limited

**Credit Agricole Indosuez**

Credit Agricole Indosuez

Indosuez Trust Company (Gibraltar) Limited

**Deloitte & Touche Trust & Corporate Services Limited**

Deloitte & Touche Trustees Limited

**ECS International Limited**

Collister, Adrian J

ECS International Limited

ECS International Nominees  
(Gibraltar) Limited

ECS International Trustees  
(Gibraltar) Limited

**Europa Trust Company Limited**

Europa Trust Company Limited

**Fiduciary Management Limited**

Fiduciary Trust Limited

**Fidux Trust Company Limited**

Fidux Trust Company Limited

**First Rock Trustees Ltd**

First Rock Trustees Limited

**Gibland Secretarial Services Limited**

Cabor Trustees Limited

**Gibraltar International Trust  
Corporation Limited**

Gibraltar International Trust  
Corporation Limited

**Gonzalez & Partners Limited**

Merkur Trustees Limited

**GT Fiduciary Services Limited**

GT Fiduciary Services Limited

**Hawk Management Services Ltd**

Gnat Holdings Limited

**Hill Samuel Offshore Trust  
Company Ltd**

Hill Samuel Offshore Trust  
Company Limited

Meenagh, Wayne Robert

**Jyske Bank (Gibraltar) Limited**

Jyske Bank (Gibraltar) Nominees Limited

**KPL Global Services Limited**

KPL Global Services Limited

**KPMG Trust Company Limited**

KPMG Trust Company Limited

**L.W. Trustees Limited**

L. W. Trustees Limited

**Line Management Services Limited**

Line Trust Corporation Limited

**Line Trustees S.P.V.  
(International) Limited**

Line Trustees S.P.V.  
(International) Limited

**Lloyds TSB Bank PLC**

Langston, Albert D

Lloyds TSB Bank Trust Corporation  
(Gibraltar) Limited

**Lombard Odier Darier Hentsch  
Private Bank Ltd**

The Gilroc Trust Company Limited

**M & M Management Services Limited**

M & M Management Services Limited

**Mediterranean Trust  
Corporation Limited**

Mediterranean Trust  
Corporation Limited

**Mutual Trust Management  
(Gibraltar) Ltd**

Finsbury Trust Corporation Limited

Mutual Trust Company  
(Gibraltar) Limited

Mutual Trust Management  
(Gibraltar) Limited

Valcross Trust & Corporate  
Services Limited

Valcross Trust Company Limited

**New Anchorage Trust Limited**

New Anchorage Trust Limited

**North Atlantic Trust Company Limited**

Donn, A. Bruce

North Atlantic Trust Company Limited

**Parliament Corporate Services Ltd**

Parliament Lane Management Limited

**Prime Trust Corporation Limited**

Prime Trust Corporation Limited

**Professional & Corporate  
Trust Limited**

Professional & Corporate Trust Limited

**Redmount Trust Company Ltd**

Redmount Trust Company Limited

Watson, Ralph Gore

**SG Hambros Bank & Trust  
(Gibraltar) Limited**

SG Hambros Bank & Trust  
(Gibraltar) Limited

**Sovereign Trust International Limited**

Sovereign Trust (Gibraltar) Limited

Sovereign Trust International Limited

**Steadfast Trustees Limited**

Steadfast Trustees Limited

**STG Valmet Trustees Limited**

STG Valmet Trustees Limited

**T & T Management Services Limited**

T & T Trustees Limited

**The Royal Bank of Scotland  
(Gibraltar) Limited**

The Royal Bank of Scotland  
(Gibraltar) Limited







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