

Anguilla: Financial Services News



acorn

August 2001

Anguilla offers "Red Carpet not Red Tape"

This is the rallying cry of the territory's visionary Minister for Finance, Economic Development, Investment and Commerce, The Hon. Victor F Banks.

His mantra of "Red Carpet not Red Tape" in his thought-provoking speeches is both stated and practised by the island's entrepreneurial community evident in the high-quality services they aim to provide to clients.

A Caribbean law firm based in The Bahamas was recently so impressed by the speed of the response to a request by Anguilla's Registrar of Commercial Activities that they wrote a tongue-in-cheek letter of complaint. The letter stated that Anguilla is guilty of turning upside down the Caribbean's sleepy reputation.

The Minister delighted with the compliment says:

"Anguilla is a beautiful unique island and differs a lot from the other Caribbean islands; we have working strategies in place designed to enable us to reach our potential."

Anguilla's principal pillars of the economy are high-end tourism, high-quality and well-regulated financial services and e-commerce.

"KPMG applauded Anguilla and in particular the ACORN system"

For more than two years the Anguillian Government's Financial Services Department has hosted Anguilla's Commercial Online Registration Network (ACORN) the world's first on-line, instant company registration system. ACORN enables Anguillian Ordinary Companies, International Business Companies, Limited Liability Companies and Limited Partnerships to be registered within three minutes



Minister Banks

regardless of time differences, 24-hours a day, seven days a week.

"ACORN is leading the way in terms of facilitating company registrations making our competitors sit up and take notice as it enhances good regulation. The recent review of the UK's Caribbean Territories and Bermuda by KPMG applauded Anguilla and in particular the ACORN system," said Victor Banks.

He added:

"We invite global professionals to offer their clients Anguilla's "red carpet service" by becoming a registered-overseas agent of ACORN." (Applying to become trust company and company service providers or overseas agents. More information can be obtained at <http://www.anguillafsc.com>)

Unsurprisingly Anguilla's financial services sector is growing – between 25-35 per cent year on year – and as ACORN becomes better known the predictions are that its market share will continue to increase. Anguilla is also attracting new business from existing companies previously registered in other jurisdictions. Company managers are switching to register these companies in

Anguilla because its modern legislation better meets the needs of the global financial services industry. The efficiency of ACORN enables these companies to be re-registered or continued-in instantaneously. The growth in this segment has doubled over the same period in 2000.

The Registrar of Companies recently announced that the month of May was a record month for company incorporations. This follows record months for both March and April. For the first five months of 2001 company incorporations and continuances are 31 per cent up on the equivalent period for 2000.

Because Anguilla's registering is totally electronic for all filing, that companies can or are required to make, this makes it one of the most efficient in the world. Whether a company is doing a search, reserving a name or filing an annual return or articles of amendment, it is all done electronically.

Regulation

The Minister says that since 1994 when Anguilla established its financial services centre the territory has publicly stated its position on best practice and good regulation of the sector.

"As a growing financial centre Anguilla has two primary objectives, namely, to attract legitimate business and to provide an efficient and quality service. In the context of the theme "red carpet not red tape" these objectives may seem to be mutually exclusive. Attracting good business requires a great deal of scrutiny and regulation which can cause a slow down in turn-around time on proposals and applications submitted to the Anguillian Government. It has always been Anguilla's view that genuine investors and practitioners would be willing to tolerate a proper level of scrutiny if it would aid the cause of being located in a jurisdiction, which seeks only to attract high-calibre clientele." As an indication of this a number of international trust compa-

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nies have recently applied for and been granted licences to conduct general trust business.

Minister Banks added that Anguilla accepts the aspects of the various initiatives designed to counter crime such as concern for proper regulation, know your customer policies and transparency. These latter two requirements are detailed in Anguilla's Anti-money laundering Regulations that were enacted in Anguilla last year.

"The liberalisation of the island's telecommunications; Anguilla's zero-tax status as well as the specialist incentives to attract inward investment are a desirable mix for businesses looking to establish themselves in Anguilla. We are also in the process of launching a new labour policy incorporating a multi-year work permit arrangement, which is designed to attract high-calibre professionals who will strengthen the level of expertise in our financial and professional services sector," said Victor Banks.

He added that as Anguilla is a small state we must also put in place protective mechanisms to ensure that the island and its people do not lose their character, culture and tradition.

"We believe that the training and development of local people is Anguilla's most important promotional tool in attracting

investment," he said.

Mr Banks continued: "Our training programme involves full scholarships and grants to assist students in specific areas giving them the opportunity of reaching their potential."

Anguilla's "red carpet not red tape" ethos extends to the training of the local population and to the welcome given to inward investors. It is practised in the territory's ability to adapt to new technology and enterprise and the highly qualified work force, which has positioned Anguilla firmly as the jurisdiction of choice in the 21st Century.



Stinger competes in Anguilla's world-famous boat races

Anguilla's E-Revolution

The Internet has removed global barriers and offers unlimited opportunities for new business. Anguilla has firmly grasped this opportunity and is building a solid reputation in e-commerce. Anguilla's implementation and the establishment of ACORN - the driving force behind its financial services sector - is a first-class example of how the island has embraced the technical revolution.

The territory's zero-tax status and the island's solid infrastructure and local expertise has attracted foreign companies to domicile in Anguilla and develop their e-commerce business. Companies include: Publicdata.com.ai that archives and sells access to public records from various jurisdictions and Hush Communications, a global provider of secure Internet communication. Hush is the world's first encrypted web based e-mail which operates from Ireland but is based in Anguilla.

To ensure that Anguilla fully develops the e-commerce sector the Anguillian Government's Executive Council established the Task Force for Development of E-Commerce in the Spring of 2000. The Task Force comprises senior Anguillian Government officials, leading representatives from the sector's private banks, law firms and IT consultants. Each member has a two-year engagement.

Marcel Fahie, Permanent Secretary of the Economic Development, Investment and Commerce department who chairs the E-Commerce Task Force said:

"The objective of the Task Force is to prepare and implement an e-commerce policy and development strategy. This will put in place Anguillian legislation, policy and organisational arrangements to guide and monitor the development of the e-commerce sector to meet the needs of clients and the global regulators," said Mr Fahie.

The policy framework will shortly be published and the areas to be covered will include:

- Infrastructure
- Employment and education
- Electronic Government
- New legislation including: The Electronic Transaction Act 2001, Intellectual Property Protection Act 2001 and the Telecommunications Ordinance.

The framework will also cover criminal law and computer crime. This development is due to the implementation of digital technology throughout these various sectors and the existing laws in Anguilla were drafted long before this occurrence. The merger of the various

AFSA's New Line-Up

The Executive Committee of Anguilla's Financial Services Association (AFSA) has undergone a reshuffle after its recent AGM resulting in the re-election of Alex Richardson as President. AFSA comprises senior practitioners from Anguilla's financial services sector. It participates - with the Government of Anguilla - in several-joint committees specifically on marketing and promotion, legislation and the ongoing development of Anguilla's Commercial Online Registration Network (ACORN).

Mr Richardson says AFSA and its Joint Committees will continue to focus on developing Anguilla's financial-services sector. Both AFSA and the Government of Anguilla will seek to ensure that the Government's policy of best practices in financial services and improved standards is implemented.

Executive Committee

AFSA's new Executive Committee comprises seven members. In addition to Alex Richardson, they are:

- Graham Crabtree of CEG Limited, Vice-President and Chair of the Finance Committee
- Joseph Brice, Managing Director of Intertrust (Anguilla) Limited and the Secretary to the committee

- Kenneth Porter of Keithley Lake & Associates, Assistant Secretary and Chair of the Legislation Committee.
- Ms Palmavon Webster, a Partner at Webster Dyrud, Chair of the Marketing and Promotions Committee.
- John Dyrud, partner of Webster & Dyrud, Chair of the Ethics Committee.
- Robert McNair, Managing Director of Talisman Securities Ltd, Chair of the Education and Training Committee.

AFSA's aims and objectives are to work with the Government of Anguilla in promoting and developing Anguilla as a credible financial services centre paying particular attention to ensuring that members and their clients conduct their business in an ethical manner. Emphasis is also placed on providing persons involved in the industry with sound training programmes.

Membership of AFSA includes:

- Legal and accounting firms
- Trust and Insurance Companies
- Commercial banks
- Company managers
- Telecommunications services
- Professional Service Companies providing:
 - Investment advice
 - Stock brokering
 - IT support

Anguilla joins the International Tax & Investment Organisation

Anguilla is one of four UK overseas territories to have joined the International Tax & Investment Organisation (ITIO). This new multi-lateral inter-governmental body was formed in March and was born out of the Joint OECD-Commonwealth Working Group on Harmful Tax Competition.

The ITIO is working with its members who are all Small and Developing Economies (SDEs) on a joint response to the OECD, which is threatening numerous SDEs with sanctions if they do not commit to the OECD's Harmful Tax Practices Initiative. The ITIO also intends to work on issues surrounding other international tax and investment initiatives including the OECD's initiative on E-commerce taxation.

Minister Victor Banks said: "Anguilla is delighted to become a member of the ITIO as we wholly support the body's activities. Anguilla recognises the need for appropriate financial services safeguards and we

strongly support action to combat criminal tax evasion and ensure appropriate transparency in financial dealings.

Level-playing field

We understand that as a high-quality centre we must respond to international concerns. We also believe that all international centres should operate on a level-playing field and we hope that the ITIO's activities will help achieve this outcome."

Lynette Eastmond of the Barbados Ministry of Industry and International Business and Director of the ITIO said: "ITIO members are firmly opposed to criminal-tax evasion. We are also opposed to the development of rules that stifle competition. We believe that the OECD and other international bodies should involve SDEs equally and by right in developing any new international standards."

For further information about the ITIO please browse the web site <http://www.itio.org>.



Anguilla's General Post Office is located in The Valley

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communications services and infrastructure requires a careful examination of the present legal framework. Negotiations between the Anguillian Government and Cable & Wireless on liberalisation are due to start soon and they are expected to progress rapidly

and amicably to facilitate the introduction of healthy competition in telecommunications.

Closer examination of the framework will follow in the next edition of Anguilla: Financial Services News together with news of developments in the e-commerce sector.



Letter from the Editor

Thank you for reading this the second edition of **Anguilla: Financial Services News**. In this edition we have given an insight into how Anguilla is developing its e-commerce sector and we intend to publish regular updates in subsequent editions of Anguilla: Financial Services News. I am delighted to advise that our first edition was well received by both Anguilla's existing financial services clients and other stakeholders.

Anguilla's financial services sector is constantly developing and responding to both internal and external forces. Since I last wrote the Executive Committee of AFSA has undergone a reshuffle following AFSA's recent AGM. Our membership has grown and we have some new players on the Executive Committee who will take over the mantle of focusing on best practice in the financial services sector.

A high-level delegation recently visited the UK to meet with Government officials, industry journalists and key business contacts in the financial services sector. The visit was very successful in its objective to promote Anguilla in the UK. The delegation comprised HE The Governor, Mr Peter Johnstone, and the Minister of Finance, Mr Victor F. Banks.

Finally Anguilla has joined other small and developing economies in the International Tax and Investment Organisation which is an international body established to address current global tax and investment initiatives. Anguilla will both influence and benefit from this collective approach to addressing international concerns.

I invite you the reader to comment on any aspect of the services provided by the Anguillian financial services sector. Please feel free to write in and we would be delighted to answer your queries.

Best wishes

Alex Richardson
AFSA President

Alex Richardson is Head of the Anguilla office of the law firm, Harney Westwood & Riegels. He is a former Deputy-Director of Financial Services within the Government of Anguilla's Financial Services Department.

Money Laundering – A threat to security

by John Lawrence, Director, Financial Services
Department

The ability to launder the proceeds of criminal activity through financial systems is vital to the success of criminal operations. The unchecked use of financial systems for money laundering purposes has the potential to undermine individual financial institutions and, ultimately, the entire financial sector. The increased integration of the world's financial system, and the removal of barriers to the free movement of capital, have both enhanced the ease with which criminal money can be laundered and complicated the tracing process.

It is important, therefore, that all businesses in Anguilla, but especially those operating within the financial services sector, take measures to protect themselves, as far as possible, from becoming involved in money-laundering activity. If a business becomes involved in a money-laundering activity, the consequences can be very serious. It will risk prosecution and the loss of its good market reputation. Furthermore, the reputation of Anguilla as a financial-services centre could be seriously damaged.

Anguilla, as a growing financial services jurisdiction, must therefore play its part in ensuring that the proceeds of criminal conduct do not touch it. Furthermore, if unwittingly such proceeds do surface in Anguilla, those mechanisms are properly in place to be able to isolate these proceeds and to identify their source and take appropriate action.

International activities, such as the Caribbean Financial Action Task Force, of which Anguilla is an active member, now require countries with financial services sectors to have in place the proper legislation, regulations, procedures and practices to be able to identify and to investigate the likely proceeds of criminal conduct. These are normally referred to as suspicious transactions.

Anguilla has therefore recently passed the necessary legislation and regulations to meet these international standards. Failure to do so would have made Anguilla a target for international criticism.

The relevant primary legislation and regulations are:

- The Drug Trafficking Offences Act (DTOA) 1988
- The Proceeds of Criminal Conduct Act (PCCA) 2000
- Money Laundering Reporting Authority Act 2000
- The Anti-Money Laundering Regulations 2000
- Guidance Notes on the Prevention of Money Laundering

Money-laundering is a crime and all have a duty to protect the reputation of this developing island. The Financial Services Department is available to give guidance on any matter concerning issues on Anguilla's anti-money laundering legislation, mechanisms and practices.

Please add me to the mailing list and/or send me information on: (tick the box)

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