



GUERNSEY  
FINANCIAL  
SERVICES  
COMMISSION

# Guernsey Financial Services Commission

Annual Report & Financial Statements 2002

# ANNUAL REPORT

For the year ended 31 December 2002



**GUERNSEY  
FINANCIAL  
SERVICES  
COMMISSION**

## **Guernsey Financial Services Commission**

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This report, including financial statements as required by section 18 of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987 ("the Commission Law"), is made in pursuance of section 6 of the Commission Law to the States Advisory and Finance Committee ("the Committee") and submitted by the President of the Committee for consideration by the States of Guernsey.

*Note: Throughout this report the Guernsey Financial Services Commission is referred to as "the Commission". The Chairman and other members are referred to collectively as "the Commissioners".*

*The Guernsey Financial Services Commission is the regulatory body for the finance sector in the Bailiwick of Guernsey. The Commission's primary objective is to regulate and supervise financial services in Guernsey, with integrity and efficiency, and in so doing help to uphold the international reputation of Guernsey as a finance centre.*

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## COMMISSIONERS



**John Hallam FCA**  
Chairman of the Commission  
*Former partner, PricewaterhouseCoopers*  
Formerly the partner in charge of PricewaterhouseCoopers in Guernsey, John Hallam left the group in 1999 having been with it for nearly 30 years. He is currently a non-executive director of a number of financial institutions involved in banking, insurance and investment management. He has served as Vice-President of the Guernsey Society of Chartered and Certified Accountants, Treasurer of the Guernsey International Business Association, a member of the committee of the Guernsey Insurance Company Managers Association and on various other bodies associated with the business life of Guernsey.



**Leslie Priestley**  
**TD, FCIB, FCIM, CCMI, FRSA**  
Vice-Chairman of the Commission  
*Chairman, CAA Pension Scheme*  
Leslie Priestley has been involved in banking for 40 years, holding senior appointments in both Barclays and TSB – finally as Chief Executive, TSB England and Wales plc and a director of the TSB Group. During his career he was Secretary General, Committee of London Clearing Bankers; a member of the Monopolies & Mergers Commission; a director of the Civil Aviation Authority and London Electricity plc; an adviser to Touche Ross & Co., Financial Services Adviser ICL plc, and a Visiting Fellow at Bangor University. Currently, he is Chairman of the CAA Pension Scheme and a director of Prudential Banking plc, Pinnacle Insurance plc, Egg plc and other companies.



**Nigel Carey LL.B**  
*Advocate, Carey Olsen*  
Nigel Carey was admitted as a solicitor of the Supreme Court of England and Wales in 1974 and as an advocate of the Royal Court in 1975. He has been a partner in Carey Langlois (which merged with Olsens to form Carey Olsen early in 2003) since 1976 and was Chairman of the Guernsey Bar from 1997 to 1999. He is a non-executive director of a number of collective investment fund companies and fund management companies, including a number engaged in venture capital activities.



**Mel Carvill**  
**FCA, ACII, MSI**  
*Direttore Centrale, Head of Strategy and Corporate Finance, Assicurazioni Generali SpA*  
Mel Carvill is a past president of the Guernsey Society of Chartered and Certified Accountants, the Insurance Institute of Guernsey, and the Guernsey Association of Pension Funds and has served on the working group reporting on pension provision for the self-employed and proprietary directors, the Insurance Law Review Committee, the Pensions Steering Group and the Insurance Sector Policy Advisory Group. He is a Fellow of the Institute of Chartered Accountants in England and Wales, an Associate of the Chartered Insurance Institute and a Chartered Insurer. He is a director of financial services companies incorporated in Germany, Guernsey, Ireland, the Middle East, the United Kingdom and the United States of America.



**David Mallett**  
**BA (Dunelm) FCA**  
*Former Group Head of Finance, Standard Chartered Bank*  
After four years with a London merchant bank David Mallett joined the Bank of England's Banking Supervision Division in 1975. He was closely involved in the rescue and orderly run down of a number of failed banks and the development of regulatory practice, and worked on a number of national and international accounting and auditing standards. From 1988 to 2000 he was successively Group Head of Audit and Group Head of Finance at Standard Chartered Bank, which included responsibility for the group's insurance programme. He was a member of the Council of the Institute of Chartered Accountants in England and Wales and is currently a member of the UK's Financial Reporting Review Panel. He is co-author of "Banking: A Regulatory Accounting and Auditing Guide".

DIRECTORS



**Peter Neville**  
**MA (Oxon) FCA**

*Director General*

Peter Neville read law at Oxford University and is a Fellow of the Institute of Chartered Accountants in England and Wales. Following a period working in the field of insolvency, he spent 12 years as a banker and merchant banker in the United Kingdom and the Far East. He joined the Investment Management Regulatory Organisation in 1987, holding a number of senior positions over a period of seven years. In 1994 he established the investment services regulatory regime for Malta and provided advice on financial services regulation to the government. In 1997 he joined the Regulatory Division of Lloyd's of London as general manager responsible for authorisation, individual registration and conduct of business permissions. He took up the position of Director General of the Commission in April 2001.



**Steve Butterworth**  
**FCA, ATII, CFE**

*Director of Insurance*

A chartered accountant, an Associate of the Institute of Taxation and a Certified Fraud Examiner, Steve Butterworth has been connected with the insurance industry since 1973 when he became companies manager of an accounting firm in Grand Cayman and, subsequently, financial controller of an insurance group in the Seychelles from 1977 to 1981. He was appointed Deputy Superintendent of Insurance in the Cayman Islands in 1982, Superintendent of Insurance in Guernsey in 1986 and Director of Insurance in 1997.



**Philip Marr MSc (Econ)**

*Director of Banking*

Philip Marr graduated in Economics at the University of Hull in 1968 and joined the Bank of England after a postgraduate degree. He was Economic Adviser to the government of Bermuda from 1974 to 1977 and entered Banking Supervision on his return to the Bank. He was appointed Adviser to the Bahrain Monetary Agency from 1982 to 1984. He was manager of several groups of banks in Supervision at the Bank of England. After a secondment to Hambros Bank in 1988-1989 he was Manager, On-Site Review Teams. He was appointed Senior Manager, Enforcement in 1995 and joined the Commission in June 1997.



**Peter Moffatt**  
**MA (Oxon)**

*Director of Investment Business*

Peter Moffatt joined the Overseas Department of the Bank of England in 1968. International work involved liaison with European Community institutions and the Bank for International Settlements. He was a supervisor during the 1970s and later became Secretary of the City Capital Markets Committee. Leaving the Bank in 1987, he became a compliance officer in investment banking with PaineWebber and JP Morgan and then in investment management with John Govett and Framlington. He has served on legal and regulatory committees of the Association of Investment Trust Companies, the Association of Unit Trusts and Investment Funds and the Financial Services Authority. He joined the Commission in June 2000.



**Talmi Morgan MA**  
**Cantab., Barrister, TEP**

*Director of Fiduciary Services and Enforcement*

Talmi Morgan read Economics and Law at Cambridge University before qualifying as a barrister in 1976. He held a number of commercial and advisory appointments in London before moving to Guernsey in 1988. He worked for Barings for six years, before moving to the Bank of Bermuda in 1994 as Managing Director of Bermuda Trust (Guernsey) Limited. In January 1999 he joined the Commission as Guernsey's first Director of Fiduciary Services and Enforcement.

## CHAIRMAN'S STATEMENT

2002 proved to be another difficult year for the international finance industry. As a major finance centre, Guernsey is constantly facing challenges of various kinds, including changes to international regulatory standards, international political pressures, economic forces and commercial competition. After a period of uncertainty as to the Bailiwick's likely response to the European Union's Savings Tax Directive, the Committee has stated that it will support a retention tax. This approach has been adopted after comprehensive consultation with the finance sector by the Committee and is supported by the sector. As we go to press, the issues which are top of the agenda are the ramifications of the war in Iraq and the continuing depressed state of international markets. In the face of all these challenges Guernsey's financial services firms have again acquitted themselves extremely well, with growth across most of the finance sector. I am confident that Guernsey firms will continue to succeed in an increasingly competitive environment.

Last year was, to say the least, a busy year for the Commission. An in-depth evaluation by the International Monetary Fund ("IMF") of the Bailiwick's financial regulation and criminal justice framework in November was by far the most time-consuming event in the Commission's 15-year history. There is always a great deal of preparation for such events and the IMF assessment was no exception. In response to a request by the IMF, Commission executives prepared detailed self-evaluations against the standards espoused by the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors ("IAIS") and the International Organization of

Securities Commissions ("IOSCO"), as well as the IMF Methodology on Anti-Money Laundering and Countering the Financing of Terrorism (which, for example, includes the standards issued by the Financial Action Task Force on Money Laundering ("FATF")), and the Offshore Group of Banking Supervisors ("OGBS") Statement of Best Practice for Trust and Company Service Providers. In November a team of nine inspectors from the IMF visited Guernsey for two weeks. The Attorney General's Office, the Financial Intelligence Service ("FIS"), Police and Customs, as well as the Commission, were visited by the inspectors and, as described in the Director General's Statement, the team's informal comments on Guernsey's standards were favourable. I look forward to an equally positive report when it is published.

The period since January 2003 also brought other significant changes to the Commission. As a consequence of the Financial Services Commission (Bailiwick of Guernsey) (Amendment) Law, 2002, the President of the Committee will no longer, ex officio, be the Chairman of the Commission. This means that Laurie Morgan has stepped down as the Commission's Chairman after six years in that role. Laurie's tenure as Chairman saw a variety of changes to the regulatory framework, such as the introduction of the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000. He was also Chairman during the international evaluations of Guernsey's regulatory framework. In addition to the IMF assessment, these included the United Kingdom Home Office review in 1998, and the subsequent evaluations by the Financial Stability Forum, FATF and the OGBS. On

behalf of my fellow Commissioners I would like to thank Laurie for all his hard work on the Commission's behalf during his Chairmanship; his invaluable counsel will be missed. His departure has meant the appointment of an additional Commissioner. I therefore welcome David Mallett who, with his wide experience in the public sector as a regulator and as a senior practitioner in the London financial services industry, will provide a valuable source of wisdom to my fellow Commissioners and the Commission's executives.

The amendment to the Financial Services Commission Law also introduced other important changes. The Commissioners are now required as a matter of law to review each year the Commission's system of internal control and compliance with corporate governance standards and make an annual report to the Committee. As the Commission increases the pressure to require those institutions it regulates to implement satisfactory corporate governance standards, it is proper that the Commission itself should be subject to equivalent requirements.

The Commission will continue to be busy, as international standards evolve and as we apply these to the local environment in a way that allows Guernsey businesses to compete in the international marketplace. The Commission's approach has stood the test of external scrutiny and has provided a sound base for regulated firms. I am confident it will continue to do so.

John Hallam  
*Chairman*

## DIRECTOR GENERAL'S STATEMENT

### **Meeting international standards**

Firms supervised by the Commission know that being subjected to a thorough compliance inspection can be, not only instructive and helpful, but also time-consuming and daunting. 2002 saw the Commission and other authorities in Guernsey facing a similar kind of scrutiny by the IMF in respect of the regulatory and supervisory regimes. It was therefore very pleasing to have the hard work recognised in the informal comments made at the conclusion of the IMF visit. In his public statements, Barry Johnston, leader of the IMF team, said that the Financial Services Commission is keeping up to speed with developments in the international regulatory community. The IMF also concluded that the Commission is a well respected and professional organisation that liaises well with the financial services industry and is doing a good job regulating the industry. The report is due to be published later in 2003. I am confident that it will confirm formally what has been said informally, that Guernsey is a well regulated jurisdiction which cooperates effectively with other jurisdictions in order to maintain standards within financial services businesses and to prevent abuse of the international financial system. Credit for this must go to all those involved in the IMF visit, including the Attorney General's Office, the Financial Intelligence Service ("FIS"), Police, Customs, the Training Agency, the Guernsey Promotional Agency, the Guernsey International Business Association ("GIBA") and industry representatives, as well as my colleagues at the Commission.

The aftermath of 11 September 2001,

combined with legislative and regulatory changes in relation to the IMF assessment, has generated a considerable volume of new rules and regulations. We would all welcome a respite from this tide of changes. Unfortunately, although it is hoped that the volume of initiatives will reduce, a complete pause is unlikely because we must maintain Guernsey's reputation by continuing to meet international standards. For example, this year will see developments in anti-money laundering and countering the funding of terrorism, when FATF completes its review of the Forty Recommendations, and in relation to the essential updating of regulatory and company legislation.

As always, the Commission will meet international standards while taking account of the effects of doing so on the firms we regulate. One particular matter highlighted by the IMF visit is that of corporate governance. An essential condition for reducing the degree of regulatory intrusion to a minimum is industry's continued commitment to compliance – traditionally strong in Guernsey – and the achievement by regulated firms of good standards of corporate governance. If firms' management standards and systems of control are adequate and effective, there is less need for supervisory intervention and prescriptive requirements. The Commission aims to regulate adaptably, as long as international standards are being met. With a view to achieving this, we are strengthening our liaison with industry and focusing on standards of corporate governance at regulated firms.

### **Regulation and prevention of economic crime**

In 2002 the Commission issued a code of practice for banks and introduced on-site credit reviews to understand better banks' lending books. The Commission completed the bulk of the licensing of existing fiduciary businesses under the Regulation of Fiduciaries Law. With regard to insurance regulation, two major new laws, updating the entire regulatory framework for the sector, came into force in November. These laws are supplemented by regulations, codes and rules and are designed to comply with the standards issued by the IAIS. On the investment front, the Collective Investment Schemes (Class A) Rules 2002 were introduced in October. These rules are expected to be designated by HM Treasury during 2003 and, once the transitional period for existing Class A schemes has closed, the original 1988 rules will be repealed. Consultation papers were also issued on the introduction of a deposit protection scheme, a financial services ombudsman scheme and pensions regulation, and work continues on taking these important consumer protection initiatives forward.

There were also important developments in connection with the prevention of economic crime. In February the Commission issued a position paper entitled "Overriding Principles for a Know Your Customer Framework". The standards in this position paper will be revised and translated into guidance notes following the conclusion of FATF's review of its Forty Recommendations. In addition, following the introduction of new anti-terrorism legislation in Guernsey, the relevant guidance notes were revised

DIRECTOR GENERAL'S STATEMENT CONTINUED

and renamed the "Guidance Notes on the Prevention of Money Laundering and Countering the Financing of Terrorism".

2002 was again a year during which the press, both local and international, showed a great deal of interest in what the Commission was doing. There was interest in our efforts to protect the positions of Guernsey policyholders in Equitable Life, which included obtaining legal advice on their position and making this available on our website. The Commission's involvement in split capital investment trusts also received considerable press comment. Favourable though this was, much remains to be done in this area to determine whether firms in Guernsey have discharged their obligations adequately, including in respect of informing potential customers of the risks and ensuring that investment trusts have complied with statements made in prospectuses.

**Liaison, cooperation and standard setting**

Maintaining our international network of contacts is essential if we are to remain effective. Visits to other jurisdictions also help to counter diminishing, but still present, negative perceptions about offshore financial centres. We have therefore continued our programme of overseas visits to meet regulators, commentators, law enforcement officers, politicians and other key players. During the year, I attended a number of international regulatory conferences and seminars, covering all the fields we regulate.

The Commission has recently signed Memoranda of Understanding ("MoUs") for

the exchanging of information with Commissione Nazionale per le Società e la Borsa in Italy and the Isle of Man Financial Supervision Commission. We have begun negotiations for the signing of further bilateral MoUs and are in the process of entering into a multilateral MoU developed by IOSCO, the international body of securities regulators. Although not legally necessary, these MoUs provide evidence of our commitment to sharing information with other regulators and assist certain jurisdictions when providing information to us.

The theme of international cooperation was covered both during a recent presentation to the enforcement subgroup of the Committee of European Securities Regulators and during the Cambridge Symposium on Economic Crime at which I spoke again in 2002. International cooperation will also be the theme of a conference being arranged by the Commission, which will take place in Guernsey during early June 2003. This has attracted international speakers of a very high quality and we look forward to welcoming to Guernsey experts in the fields of regulation, law enforcement, the prevention of terrorism and the countering of financial crime.

The Commission becomes involved in setting international standards. We do so in part to add our expertise to the development of effective regulation, but also out of self interest, to maintain Guernsey's reputation in the international community and make sure that the regulations which are introduced are appropriate in the local context. During 2002 I attended conferences and seminars in Basel, Cape

Town, Frankfurt, Istanbul, Liechtenstein, London, Paris and Santiago in Chile.

Our involvement in setting international standards is also evidenced by our membership of the Basel Working Group on Customer Due Diligence, the subgroup undertaking work for FATF on the potential for abuses in the area of corporate vehicles and trusts, and the working group under the auspices of the OGBS which produced standards for the regulation of corporate service providers and trust service providers.

In November 2002, I was very pleased to be elected to the Executive Committee of the IAIS. In this capacity I am in a position not only to represent the Offshore Group of Insurance Supervisors ("OGIS") but also to influence the making of regulations for insurance business internationally. I was elected to this position in succession to Steve Butterworth, the Commission's Director of Insurance, who retires in August. His colleagues in the Commission, OGIS and the IAIS, as well as those with whom he has worked so closely in the industry, will miss him and his wise counsel. We all wish him well in his retirement.

**Guernsey Financial Services Tribunal**

A very important development during 2002 in respect of the Commission's affairs was the establishment of a tribunal which provides an independent forum in which contested cases, for example in relation to licence applications, may be heard. Currently an extra-statutory body, the tribunal will be placed on a statutory footing in the near future. This process has been introduced to assist the Commission to comply with the European Convention for

the Protection of Human Rights and Fundamental Freedoms, which is expected to be incorporated into domestic Guernsey law in the second half of 2003.

### **Guernsey Finance Sector Study**

Good progress is being made on the Commission's initiative to stimulate dialogue with the industry on the more efficient use of Guernsey's resources and on how value added by the industry can be enhanced. A report on an economic survey of Guernsey's financial services businesses, commissioned jointly by the Commission, the Committee and GIBA, is due to be published in the middle of 2003 and will inform this discussion. The survey is a comprehensive snapshot of the finance industry and will provide a great deal of useful information to policymakers, the Commission and industry.

### **Staff, premises, training and fees**

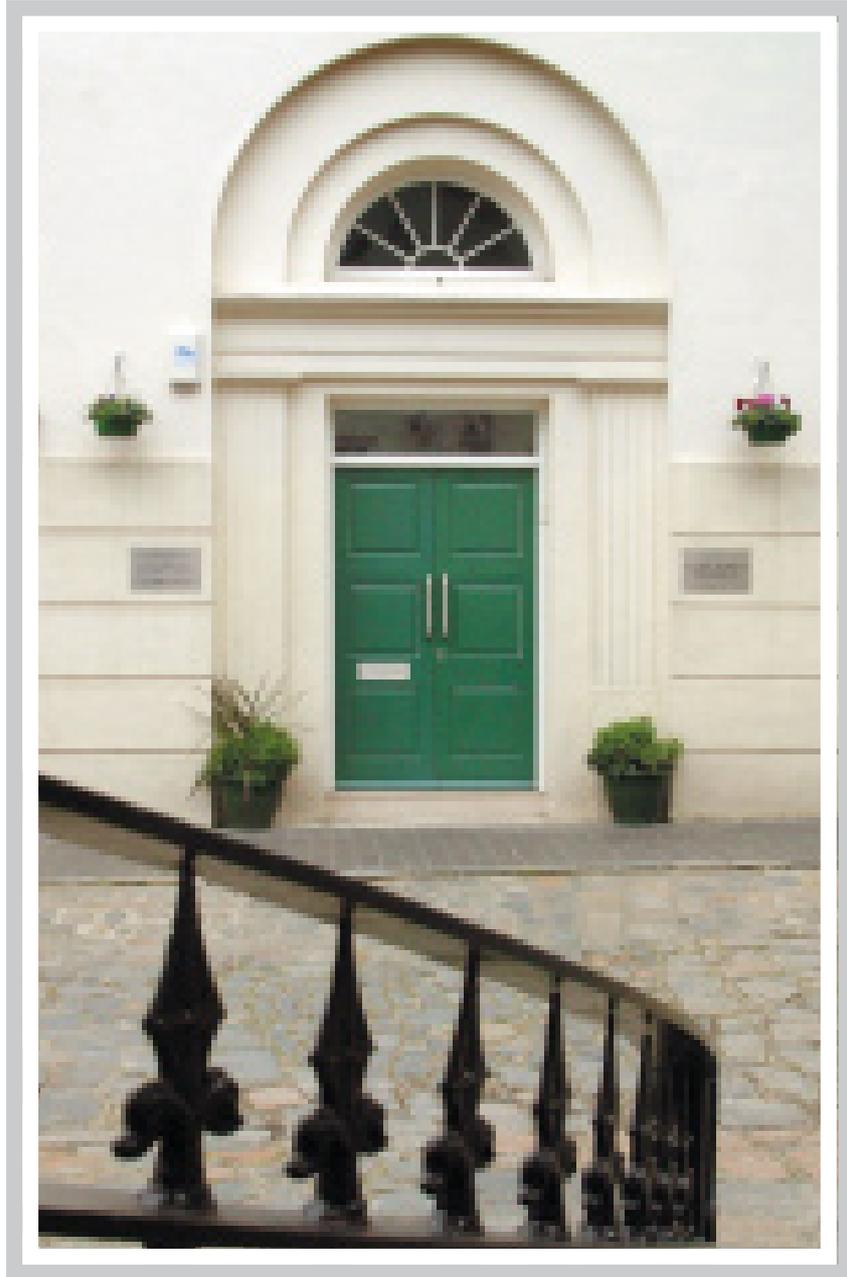
In addition to demonstrating their dedication and capacity for hard work during the IMF visit, colleagues at the Commission coped extremely well with what was a very busy year in many other ways. Their continued support in meeting our objectives is essential. To recognise this, the Commission has appointed a new Head of Human Resources and is taking active steps to achieve Investors in People accreditation.

It is an inevitable consequence of the additional work the Commission is having to undertake that staff numbers have risen and we have had to expand into additional premises. This has, in turn, resulted in upwards pressure on fees. Our aim continues to be to minimise fee increases whilst ensuring we have adequate resources

to perform our role effectively, and whilst working towards the objective of having reserves equivalent to around one half of the Commission's annual expenditure.

The Commission continues to support the excellent work being undertaken by the Training Agency. Whilst the operations of the Agency are increasingly being carried out independently of the Commission, just under half of the Agency's costs are borne by the Commission. Clearly, this too has implications for the Commission's fees. I believe that this cost is far outweighed by the value added to the industry by the work of the Agency.

Peter Neville  
*Director General*



## BANKING

### Sector trends

Banks in Guernsey had a difficult year in 2002 and profits were down compared with 2001. The year was particularly difficult for private bankers as they continued to endure depressed stock markets and low securities activity. This put pressure on their revenues, which were also affected by low interest rates on the investment of their capital. For most banks, the response to this was the careful scrutiny of their cost base. This resulted in a creditable profit performance by some banks. A significant number saw reductions in profits but these were sharply down in only a handful of cases.

Table 1. Licences and deposits at the year end

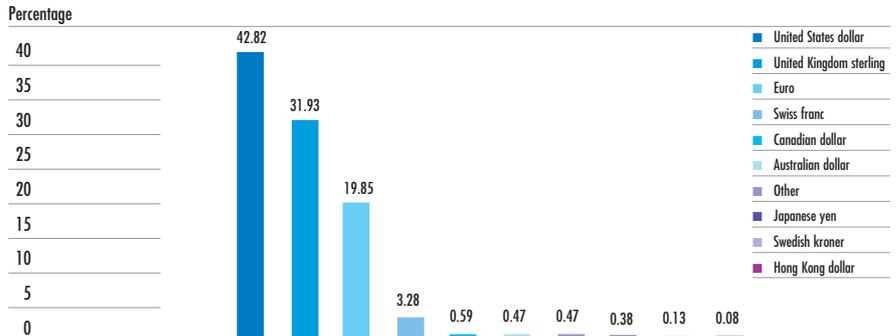
End	Banks licensed	Deposits £mns	Annual change %
1990	72	15,476	19.1
1991	72	16,250	5.0
1992	76	27,442	68.9
1993	75	37,482	36.6
1994	73	42,191	12.6
1995	73	46,855	11.1
1996	72	43,324	-7.5
1997	78	49,357	13.9
1998	78	52,922	7.2
1999	79	57,059	7.8
2000	77	68,474	20.0
2001	72	77,211	12.8
2002	67	71,943	-6.8

Overall aggregate deposits placed with Guernsey banks were down some 7% over the year from £77.2 billion at the end of 2001 to £71.9 billion at the end of December 2002 (table 1). Reductions were seen in the United States dollar, euro and Swiss franc components of Swiss fiduciary deposits as investors sought alternatives to cash. However, this was counterbalanced to some extent by a small increase in sterling deposits over the year. Figure 1 analyses bank deposits by currency at the end of 2002. Total assets and liabilities were down

some 6% to £74.8 billion at the end of the year (table 2 and figure 2), reflecting the run off in issues of short term paper and the transfer of capital out of the Bailiwick as a result of bank restructuring.

Since last year there has been further restructuring by banks in Guernsey. Bank Hofmann (Guernsey) Limited, the Swiss private bank, closed in mid year, although some of its business was transferred to other

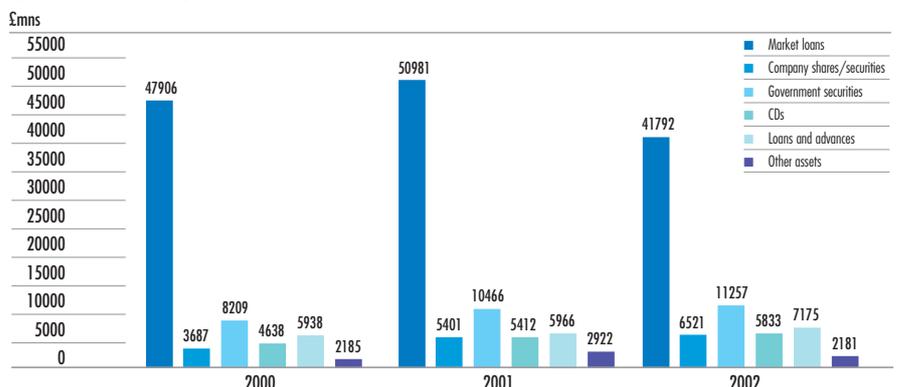
Figure 1. Analysis of deposits with Guernsey banks by currency at end 2002



Although Guernsey is not a major centre for credit activities, it was notable that bank lending grew significantly in the year by more than 20% from £5.3 billion to £6.4 billion at the year end (table 2 and figure 3). This is perhaps not surprising since lending activity offers a more certain income stream than investment driven business in current market conditions. The total tier 1 capital of the banking sector decreased to £1.7 billion in 2002 from £1.8 billion in 2001 (figure 4). The weighted average risk asset ratio remained healthy at 19.54% (figure 5).

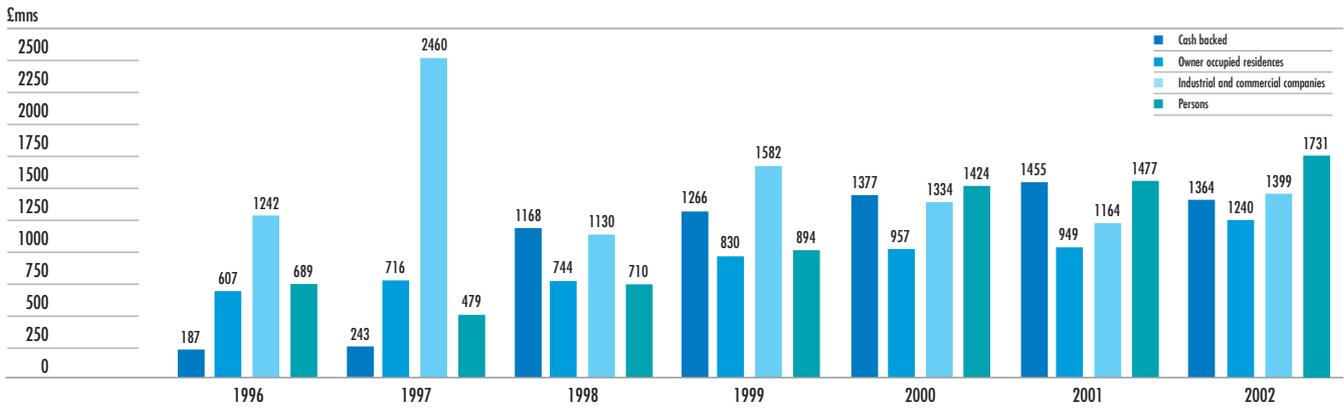
Credit Suisse group entities in the Bailiwick. The Guernsey branch of Barclays Private Bank & Trust Limited closed its doors in the summer with the business transferred to its head office. Rabobank Guernsey Limited also surrendered its licence in mid year and its business was combined with the business of Bank Sarasin (Guernsey) Limited to create a new private banking entity known as Bank Sarasin (C.I.) Limited. This is a wholly owned subsidiary of the Basel based Swiss private bank, Bank Sarasin & Cie AG, in which the Rabobank group now has a significant minority shareholding.

Figure 2. Assets at the year end



BANKING CONTINUED

Figure 3. Selected loans and advances at the year end



A major restructuring in the Barclays group brought some notable changes to the landscape of the local banking scene. Barclays created a new vehicle for the Crown Dependencies in the Isle of Man, known as Barclays Private Clients International Limited. Two local businesses, Barclays Finance Company (Guernsey) Limited and Woolwich Guernsey Limited, surrendered their licences in November and the business was transferred to Barclays Private Clients International – Guernsey Branch. Woolwich Guernsey continues to trade as a separate brand.

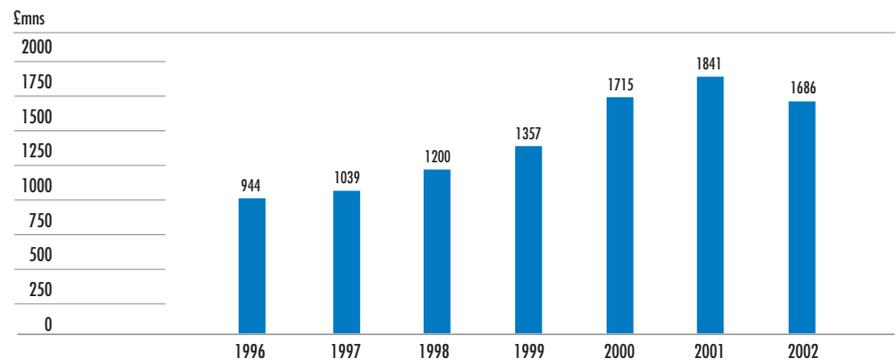
There was one further exit from the banking scene when FleetBoston Financial (Guernsey) Limited surrendered its licence after a gradual rundown of its business during 2002.

One bank was licensed in 2002,

Banque Cantonale Vaudoise – Guernsey Branch. This is a Swiss regional bank from the canton around the city of Lausanne. The bank intends to attract fiduciary deposits and issue treasury products.

the formalities of the surrender of FleetBoston Financial (Guernsey) Limited were not effected until the New Year so 2003 opened with 66 licensed banks. Restructurings are likely to continue

Figure 4. Total tier 1 capital at the year end



Overall, the number of banks licensed in Guernsey fell from 71 at the start of 2002 to 67 at the end (figures 6 and 7). However,

throughout 2003. While the Commission predicts a further loss of licences during the course of the year, it is expected that the bulk of the business of those banks surrendering their licences will be retained in the Bailiwick.

The source of the deposits held by the Bailiwick’s banks at the end of 2002 was substantially the same as the previous year, albeit the proportion of deposits from Switzerland was 2% down at 44% (figure 8). The disposition of the assets of Guernsey banks followed a substantially similar

Figure 5. Distribution of locally incorporated banks by risk asset ratio at the year end

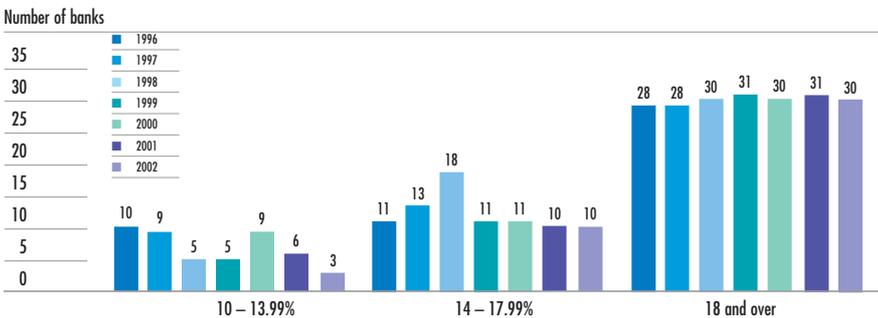
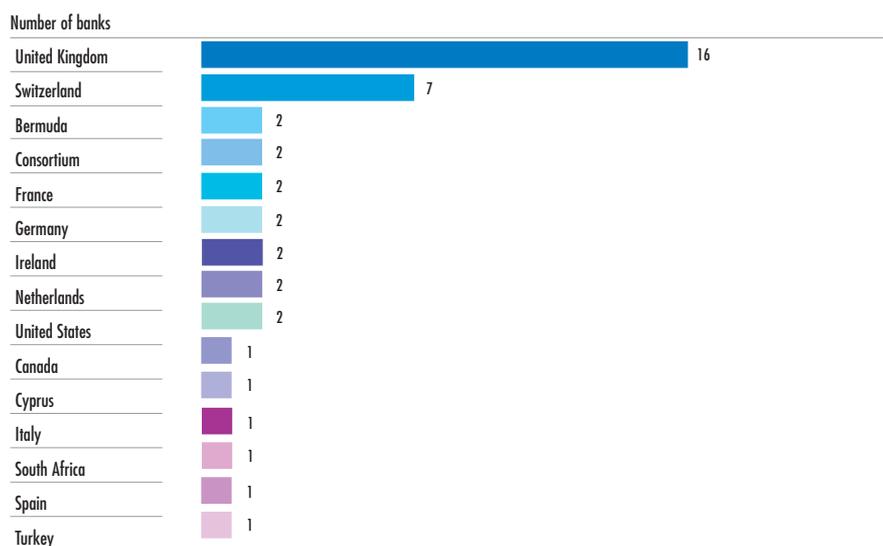


Figure 6. Country of origin of Guernsey licensed banks – subsidiaries at end 2002



pattern to the previous year (figure 9), being predominantly placements with group institutions or low risk assets in the UK, European Union Member States or the United States.

Uncertainties continue in the banking sector because of the uncertain outlook for financial markets. The continuing negotiations within Europe on the tax on savings directive might also have long-term implications for some or all of the Swiss fiduciary deposits placed with banks in the

Bailiwick. Guernsey is a major recipient of these deposits, which amounted to £32 billion at the year end.

### Supervision and policy

Several policy initiatives were undertaken during the year. A code of practice for banks was issued which will have the force of law from mid 2003. It sets out practices and procedures which banks are expected to have in place to control their principal activities. This will form the foundation for

work by the Banking Division to review how banks manage their risks as part of their corporate governance responsibilities. The code of practice was finalised after consultation with the industry, which provided valuable input to the final product. In late spring, prior to the consultation process, extensive briefings were given to the industry through the banking associations to explain the purpose behind the initiatives and our understanding of the IMF assessment process.

The Division undertook another trading book survey to determine to what extent banks in Guernsey were engaged in trading in financial markets which required mark-to-market pricing. A review was also conducted on behalf of the Commission of one bank's trading activities, by its auditors. The know your customer/anti-money laundering on-site review programme is now well established and by the end of 2002 the Commission had inspected all but one bank in Guernsey. There were 26 on-site review visits in 2002, compared with 18 in 2001. The programme has now evolved to include checks on how banks are moving towards meeting the Basel Committee on Banking

Table 2. Assets and liabilities of licensed banks at the year end

	2000 total £mns	2001 total £mns	2002 total £mns		2000 total £mns	2001 total £mns	2002 total £mns
<b>Assets</b>				<b>Liabilities</b>			
Loans, advances and market loans with:				Tier 1 capital*	1715	1841	1686
Banks etc.	48599	51602	42521	Tier 2 capital**	27	27	23
British Isles public sector	2	12	10				
Companies, persons, other	5242	5333	6437	Deposits by:			
				Banks etc.	13065	12424	13040
CDs	4638	5412	5833	British Isles public sector	50	59	51
Government securities	8209	10466	11257	Companies, persons, other	54626	64728	58852
Company shares/securities	3687	5401	6521				
Other assets	2186	2922	2181	Other liabilities	3080	2069	1108
<b>Total assets</b>	<b>72563</b>	<b>81148</b>	<b>74760</b>	<b>Total liabilities</b>	<b>72563</b>	<b>81148</b>	<b>74760</b>

\* Paid-up share capital and disclosed reserves

\*\* Undisclosed reserves, revaluation reserves, general provisions, debt/equity instruments and subordinated debts

BANKING CONTINUED

Supervision’s Paper on Customer Due Diligence for Banks. The Banking Division additionally conducted a know your customer/anti-money laundering on-site review of a bureau de change business located in the Bailiwick.

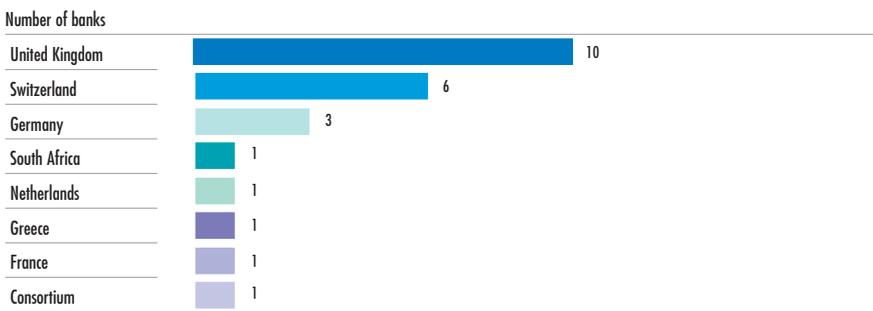
and takeovers and changes in personnel.

During the year the Division, together with the Fiduciary Services and Enforcement Division, uncovered a series of bogus banks with internet websites on which they falsely claimed to be licensed in Guernsey.

Basel Committee’s Core Principles for Effective Banking Supervision, which remain the international standard for banking supervisors. Several constructive suggestions were made which will be incorporated into the Division’s practices when they have been refined and developed for local use.

The Director General and the Director of Banking attended the biennial meeting of the International Conference of Banking Supervisors (“ICBS”) in Cape Town in September 2002. That meeting of banking supervisors formally adopted the Basel Committee’s paper on customer due diligence, which meant it was endorsed by banking supervisors from 150 jurisdictions. The OGBS held its annual meeting immediately before the ICBS gathering. There was much discussion of the proposed new Basel Capital Accord, known as “Basel II”. Banking supervisors are awaiting the issue of a further consultation document by the Basel Committee. The Division will consider how those proposals can best be

Figure 7. Country of origin of Guernsey licensed banks – branches at end 2002

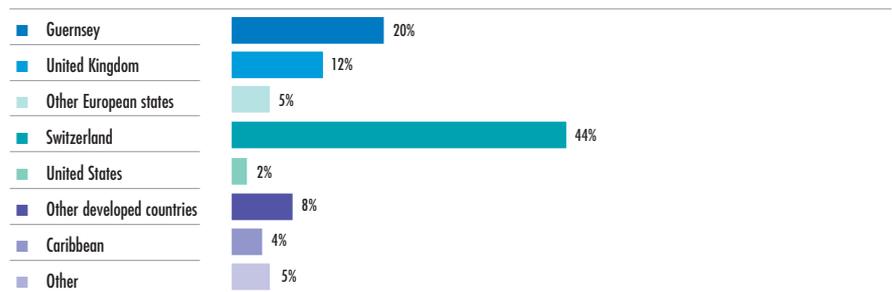


In addition to these know your customer/anti-money laundering on-site visits, the Division introduced a programme of on-site credit reviews to improve its understanding of the lending books of those banks in Guernsey which are active in that field of business. There were five on-site credit reviews in 2002. Dovetailing with the credit review programme, the Division also began collecting data from banks on non-performing loans and captured their analysis of the quality of their loan book by collecting information on loan classification. Another change to the information collected by the Division is the extension of the maturity analysis report to include off-balance sheet commitments.

Warnings were issued by the Commission and, through liaison with other regulators, the sites found by the Commission were closed down. The warnings led to queries from potential investors who, as a result, were saved from losing money to the fraudsters behind the bogus entities.

The supervisory programme continued apace. There were 68 formal prudential meetings with licensed banks in 2002, compared with 73 the previous year. This reflected the lower number of licence holders. In addition there were 139 general or courtesy meetings, dealing with changes in strategy, corporate restructurings, mergers

Figure 8. Source of bank deposits at end 2002



**International developments**

International developments during the year were dominated by the visit of the IMF Mission in November to conduct an assessment of the Bailiwick’s regulatory and criminal justice framework. The IMF team assessed the Banking Division against the

applied in a small jurisdiction.

The Director of Banking attended several meetings of the Working Group on Cross Border Banking, which is a joint working group selected from the G10 countries and the OGBS. These meetings culminated in the issue of papers on shell banks and booking

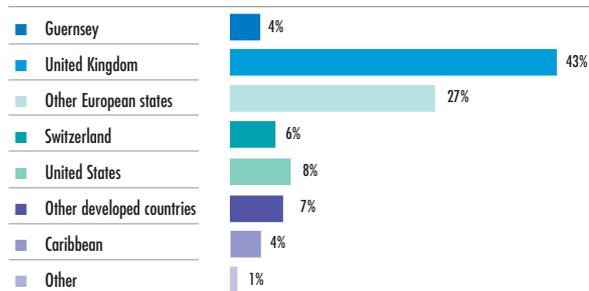
offices and parallel owned banking structures, and the issue of a general guide to account opening and customer

meetings with other banking regulators during the year. The Swiss Federal Banking Commission was visited in November. This

Bermuda after the conclusion of one of the Cross Border Working Group meetings. In addition, bilateral meetings took place with the Jersey Financial Services Commission. Topics included the introduction of deposit protection schemes in Guernsey and Jersey, with a view to establishing schemes with substantially the same benefits and structures.

Overseas supervisors from the UK and Bermuda made visits to the Bailiwick during the course of the year. The Division undertook on-site reviews of the subsidiaries and branches of Guernsey banks based in Jersey and Ireland. One of these visits took place in conjunction with a visit from the Investment Business Division and one with a visit from the Fiduciary Services and Enforcement Division.

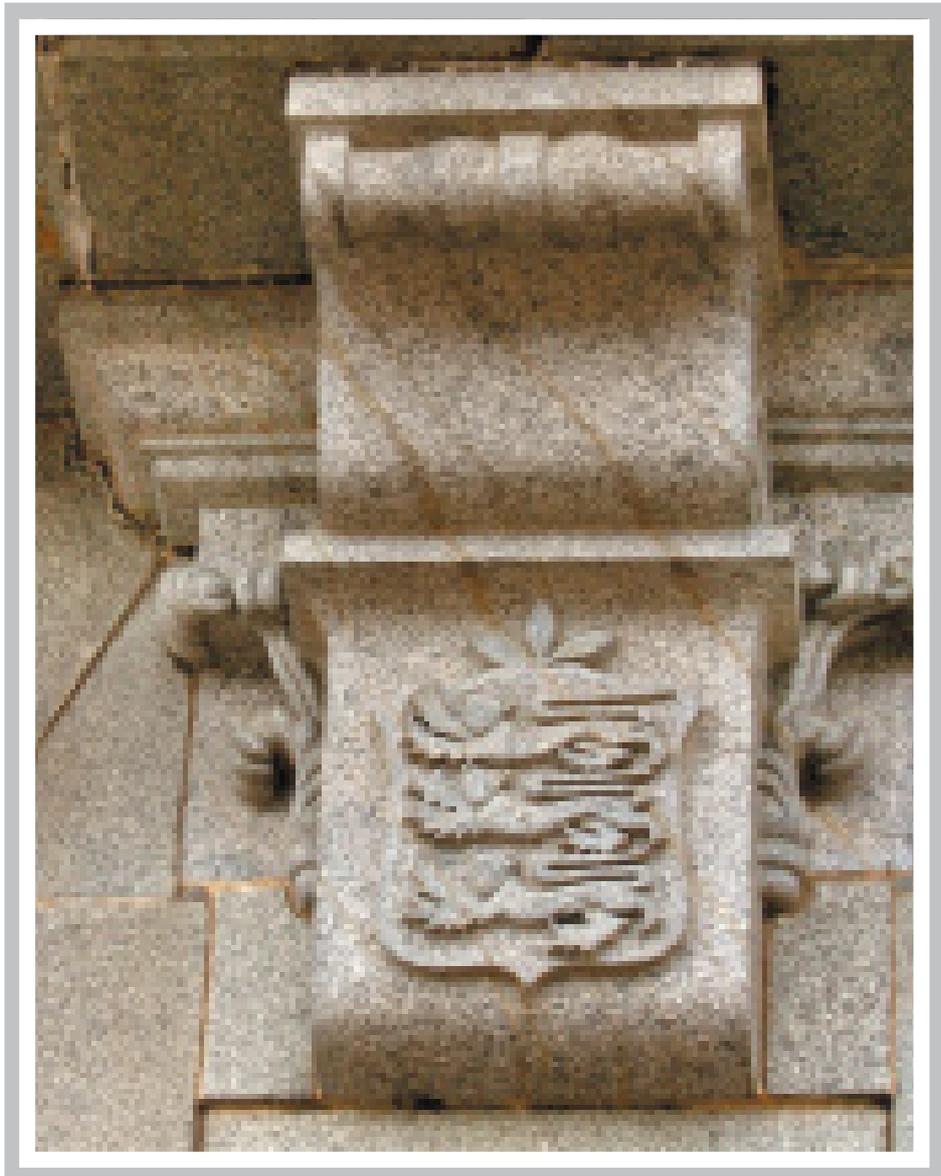
Figure 9. Disposition of bank assets at end 2002



identification which was referred to in the Basel Committee's paper on customer due diligence.

The Division undertook several bilateral

was followed by a meeting with the UK Financial Services Authority ("FSA") in December. A meeting was also held with the Bermuda Monetary Authority in Hamilton,



## FIDUCIARY SERVICES AND ENFORCEMENT

### **Sector trends**

2002 was generally a strong year for the fiduciary sector, although not surprisingly many trust companies did not see the high levels of business growth experienced in recent years.

In addition to some continuing consolidation, 2002 saw the establishment of new fiduciary businesses of various types. During the year, the Fiduciary Services and Enforcement Division received 10 new applications for full fiduciary licences and 13 for personal fiduciary licences. These applications covered new trust and corporate service providers as well as individuals wishing to act as company directors. Such applications are dealt with as a priority to ensure that there is no undue delay for those wishing to establish new businesses.

### **Regulation and supervision**

During 2002 the Division completed the bulk of the licensing of existing fiduciary businesses, with 117 full and 35 personal fiduciary licences being determined during the year. In many cases the grant of a licence followed an in-depth on-site visit by the Division, usually involving two or three staff spending one to two days at the applicant's premises, and the making and implementation of detailed recommendations following the visit. During the year, the Division made pre-licensing visits to 53 applicants. The devotion of significant time and resources to these visits has proved worthwhile not only in deciding the licence applications but also in broadening the Commission's knowledge of the sector and raising standards within it. Pre-licensing visits were completed in January 2003 but visits to licensees will be a significant feature of the ongoing

regulation and supervision of fiduciaries.

By the end of the year, 160 full and 71 personal fiduciary licence applications had been determined, leaving 34 and 19 respectively to be determined.

In July 2002 the first annual returns were made by regulated fiduciary businesses to the Division. These showed total assets under administration by Bailiwick fiduciaries in the region of £120 billion and 2,281 staff engaged in this area.

In addition to its licensing, enforcement and intelligence work, the Division was heavily involved during the year in developments in other areas, both within and beyond the Bailiwick.

### **Liaison with the sector**

During the year, the Director gave a number of presentations on various matters of interest to the fiduciary sector both in Guernsey and in the UK. The presentations included speaking to the Guernsey Association of Trustees ("GAT") and to the annual conference of the Society of Trusts and Estates Practitioners ("STEP") both in Guernsey and in London. In July the Director and Deputy Director participated, along with international speakers, in a series of seminars held in Guernsey, Alderney and Sark on the prevention of financial crime.

The Director and Deputy Director have also agreed to hold informal meetings with representatives of GAT and the Guernsey branch of STEP on a quarterly basis and the first of these meetings was held in January 2003.

### **Guernsey Financial Services Tribunal**

Progress was also made on the establishment

of the Guernsey Financial Services Tribunal. The Tribunal, established initially to consider cases referred to it from the Fiduciary Services and Enforcement Division, will form an important part of the Commission's decision-making process and will ensure that the Commission has the benefit of a fully independent view where there is a possibility of its making an adverse decision such as refusing or revoking a licence.

### **The Office of Public Trustee**

The legislatures of the Bailiwick have approved the Public Trustee (Bailiwick of Guernsey) Law, 2002 and the Privy Council's sanction was given on 27 February 2003. The practical aspects of the establishment of an office are being taken forward by the Committee.

### **OGBS Statement of Best Practice for Trust and Company Service Providers**

As a result of Guernsey being amongst the first jurisdictions to develop a comprehensive fiduciary licensing regime, the Director participates in the group established to develop the OGBS Statement of Best Practice for Trust and Company Service Providers. The Commission was therefore able to use the benefit of its experience in this area to influence those standards.

### **Coordination with other jurisdictions**

The Director and Deputy Director have continued to meet with the Jersey and Isle of Man Commissions to ensure that unintentional inconsistencies do not creep in between the islands, and to minimise as far as possible the regulatory burden on businesses with a presence in more than one of the jurisdictions.

## FIDUCIARY SERVICES AND ENFORCEMENT CONTINUED

**Financial Action Task Force**

The Director has continued to be involved in the deliberations of Working Group B of FATF. This working group has considered such matters as the transparency of trusts, corporations and other entities.

**Companies**

Guernsey is one of very few jurisdictions requiring full disclosure of ultimate beneficial ownership before a company can be incorporated. This information is disclosed to the Commission in confidence and is the subject of due diligence by it. During the year 1,303 companies were formed and 15,914 were on the register at the end of the year.

**Intelligence**

The Division, with the close involvement of the Director General, continued to exchange intelligence with regulators and law enforcement bodies on both a local and international level.

As discussed on page 14, the Division was closely involved with the Banking Division in uncovering a series of bogus banks with internet websites on which they purported to be licensed in Guernsey. Following action instigated by the Commission the public was warned about these banks and the websites which had been uncovered were closed down.

The Division monitors different types of scams that are being perpetrated and has issued warnings where a specific pattern or style is noticed in the hope that financial services businesses and their customers will not fall into the traps being set. To that end, it has been found to be useful to liaise with the Guernsey Association of Compliance Officers which has been in a position to give

guidance to its members.

Close liaison between the Division and the Police and FIS in other cases with local connections has been helpful where there has been a suspicion of financial crime and the possibility of breaches of regulatory laws. It has been of great assistance to have the powers under the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, in order to make those enquiries. Other cases during the year have involved joint efforts between the Commission, the FIS and local businesses in successfully preventing the financial services sector from being abused by criminals.

Detailed reports have been prepared in cases where suspected breaches of the Regulation of Fiduciaries Law have taken place. The full investigations are being completed as soon as possible.

Various sanctions have been introduced against specific individuals during the year. After liaison with the Attorney General's Office, such sanctions were circulated to the industry and guidance given when queries arose. The sanctions against Robert Mugabe and members of his government led to an investigation where there were suspicions that funds might have been held by a local trust company. These suspicions were found to be without substance following investigation and cooperation from the company in question.

A representative of the Division regularly attends meetings of the Financial Fraud Information Network ("FFIN") in London where general matters of financial fraud are discussed and useful intelligence is exchanged. FFIN is a network of regulators and law enforcement authorities which was set up in 1992 as a result of the Bingham

Report into the Bank of Credit and Commerce International affair. At Bailiwick level, regular meetings of The Bailiwick Financial Crime Committee, Financial Crime Group and Terrorist Finance Team (see page 30) continue to be attended by members of the Division and are also very productive.



## INSURANCE

**Captives and protected cell companies**

Guernsey continued to maintain its position as the leading captive\* insurance company location in Europe.

The traditional insurance market remained a difficult market to purchase insurance for almost all classes and types of business. Throughout the world, capital was at a premium, the result of poor underwriting performance and investment returns. The huge United States terrorism losses of 2001 continued to reverberate through the insurance market.

Consequently, many classes of insurance were only available at substantial rate increases or with restrictive terms, including higher deductibles. In particular, a number of applications for licences in 2002 were from companies struggling to purchase liability cover.

In 2002, 37 captives (including seven protected cell companies ("PCCs") were licensed. There was a net gain of 13 licences during 2002, of which six were for PCCs (table 3). This is an expected consequence of the increased awareness

**Table 3. Number of international insurance companies registered at the year end**

	2001	2002
<b>Captives</b>		
Pure	253	265
Commercial	47	44
Broad	25	23
<b>PCCs</b>	44	50
Sub total	369	382
PCC cells	171*	209*
<b>Total</b>	540	591

\*The number of cells excludes life cells

*\*Captive insurers are companies set up to write some of the insurance business of their parents and/or other group companies and are an important part of the risk management strategies of international and major national corporations. Pure captives only underwrite parental risks whereas broad captives also take on third party business, mainly in the form of reinsurance treaties. Commercial captives, by contrast, exclusively or very largely write third party insurance business, again mainly reinsurance treaties. Protected cell companies can offer a practical alternative to stand alone captives and allow for the insurance business of different insureds to be written in different cells, each of whose assets are legally separated from the liabilities of others.*

**Table 4. Location of shareholders of international insurers at the year end**

	2001	2002
Asia	2	2
Australasia	5	5
Canada	1	1
Caribbean	10	10
Europe	49	49
Far East	7	9
Guernsey	15	12
International*	1	1
Middle East	3	4
Northern Europe	8	8
South Africa	16	16
South America	2	2
Southern Europe	2	2
United Kingdom	233	246
United States	15	15
<b>Total international insurers</b>	<b>369</b>	<b>382</b>

\*Joint ownership, three European joint ventures.

and attractiveness of PCCs. Traditional captive business continued to attract new participants with net additions totalling seven; 30 new licences were issued and 23 surrendered. The new captives were predominantly pure captives, writing only the risks of their parent.

During the year the Commission conducted an exercise with insurance managers to clarify the position of captives which had not underwritten risk for some time. This led to a number of licences being surrendered.

The shareholders of the new international insurers were predominantly UK companies, but also included European, Australian, South African, Middle Eastern and Japanese entities (table 4).

The owners of the new licensed PCCs included a Japanese power company, an international banking group and a

European motor rental company. These examples are representative of the diversity of PCC owners in terms of business, location and size.

During the year a further 43 cells were established, and five cells were surrendered (table 3).

The parents of the cells continue to be more diverse geographically than the traditional UK parentage of captive insurance companies (table 5).

A particular area of growth in PCCs was as special purpose vehicles ("SPVs") to facilitate either the transformation of capital market transactions into insurance transactions or risk transfer conduits to

**Table 5. Location of shareholders of PCC cells at end 2002**

	Number
Asia	1
Australasia	8
Canada	1
Caribbean	2
Europe	44
Far East	4
Guernsey	9
Middle East	3
Northern Europe	9
South Africa	11
Southern Europe	9
United Kingdom	67
United States	40
Worldwide	1
<b>Total cells</b>	<b>209</b>

enable securitisation of future income streams. The Commission is expecting continued expansion in this area. SPVs used for insurance transactions are carefully regulated and only permitted between well capitalised institutions, with experience of

comparable transactions. Furthermore the licensing of SPVs is always performed in conjunction with the home regulators of all parties concerned.

The number of insurance managers stood at 30 at the end of the year. This is a decrease of two during the year and the result of a change in the business rationale of one manager and the merger of another.

### **International life insurance**

At the end of 2002 there were 25 international life companies registered in Guernsey. The majority of these insurers sell specialist life and pensions contracts, mainly to expatriates residing in countries outside Europe. They are a small but strong group with geographically diverse ownership from countries such as France, Italy and the Nordic countries. There was one additional registration during 2002 from the UK.

Following the appointment of an actuary in 2001, an assistant actuary has been recruited to support the Commission's supervision of life companies.

### **Premium income, gross assets and net worth**

Total premium income received by all Guernsey licensed international insurers is estimated to have increased to £2.7 billion at December 2002. The gross assets of international insurers increased over the year from £11.7 billion to an estimated £12.8 billion, while their net worth increased from £5.1 billion to an estimated £5.6 billion.

### **Domestic insurance business**

During 2002, eight domestic insurers (the majority being branches of UK insurance

companies) surrendered their licences as a result of the withdrawal of direct sales staff in recent years, taking the total number licensed to 31 at the end of 2002. There was no change in the number of local mutuals, which remains at three.

All insurers with a physical presence in the Bailiwick are required to be licensed by the Commission. An insurer is deemed to have a physical presence if it acts through a resident agent or authorised insurance representative.

Those insurers writing Bailiwick risks without a physical presence in the islands, either writing business through an insurance intermediary or following an approach by a Guernsey resident, are categorised as recognised insurers and are required to notify the Commission of their intention to write Guernsey based risks. There is no requirement for such insurers to be licensed; the Commission relies on the home supervisors for supervision of these insurers. At the end of December 2002, the number of recognised insurers had increased to 160 (from 147 in 2001).

### **Insurance intermediaries**

All insurance intermediaries licensed by the Commission are required by law to arrange insurance only with recognised or licensed insurers.

In 2002 five new licences were granted to insurance intermediaries. There were 10 surrenders resulting in 63 licensed intermediaries at the year end. The net reduction in numbers is mainly as a result of the "Offshore Broker" licence category being withdrawn during the year and the implementation of a new code of practice which requires licensees to have a physical presence in the Bailiwick.

Extensive consultation took place during the year about proposed minimum qualification requirements for intermediaries. This has resulted in minimum requirements being set with effect from January 2003. The "Guernsey Insurance Certificate", which forms part of the required qualifications, was published in February 2003 and is available on the Commission's website.

### **Supervision and policy**

The Insurance Business (Bailiwick of Guernsey) Law, 2002 and the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 came into force in November 2002. These laws replaced the Insurance Business (Guernsey) Law, 1986, and provided modern and flexible legislation, incorporating the latest international standards. These enabling laws are supplemented by regulations, codes and rules. The new laws have been welcomed by the insurance industry and are available on the Commission's website. The insurance industry and the Insurance Law Review Committee (see Appendix 2) provided invaluable support in the preparation of the new legislation.

The Commission continues to regulate insurers with a risk based approach. As well as meeting minimum solvency requirements, the insurer must ascertain that the funds available are sufficient to meet the estimated total annual aggregate net risk retention, together with expenses, calculated on a worst case scenario. Any risk gap must be adequately covered. In doing this, account is taken of the nature of the class of business involved, the spread of risk available to the insurer, claims experience and the risk management expertise of the insured. Funds available must be sufficient to meet claims

## INSURANCE CONTINUED

for the future in a worst case scenario. Reinsurance or retrocession protection must be of sufficient quality to minimise any probability of non-recovery.

The Insurance Division has regular contact with and retains a good relationship with supervisors in other jurisdictions.

Insurance Division staff, together with Norton Rose, London lawyers who were appointed by the Commission in 2001, continued to deal with issues arising in relation to the UK insurer The Equitable Life Assurance Society. During the year, the Commission has been in correspondence with the UK Financial Ombudsman Service ("FOS"), to confirm that Guernsey branch policyholders fall within the jurisdiction of the FOS. In September 2002, the Commission published a press release on its website stating that the Ombudsman had expressed his view that he has jurisdiction to consider complaints from Guernsey branch policyholders of Equitable Life. This view was based on his understanding of the extent of the role that was played by Equitable Life in the UK in the Guernsey branch business.

As in previous years, the Division explained its methods of supervision at a number of events. These included the Risk and Insurance Management Society ("RIMS") in New Orleans, the Risk Management and Risk Financing Conference in Luxembourg, the Association of Insurance and Risk Managers ("AIRMIC") annual meeting in Birmingham, the Institute of Risk Management ("IRM") annual conference in Cambridge and the South African Risk and Management Association ("SARIMA") conference in Johannesburg.

The Insurance Division continued its programme of on-site visits throughout the

year. The on-site visit allows the Division to gain a detailed understanding of the licensed entity's business procedures, the day-to-day running of the entity and the associated risks and exposures, whilst enhancing the working relationship between Commission staff and the licensee's staff. The on-site visit revolves around interviews of the licensed entity, covering aspects such as management, reliance on third parties, capitalisation, underwriting, reinsurance, investment policy, claims, reporting, systems and reserving. The on-site programme includes a checklist encompassing the FATF recommendations on money laundering.

In 2002, 16 intermediaries, eight international life companies, three insurance managers and one domestic insurer were visited.

A consultation document on a proposed regulatory framework for pensions was issued in February 2002 by the Pensions Advisory Panel. The Panel has considered the comments made and presented its findings to the Commission and the Committee. The Committee is currently considering this issue.

### International developments

Since the formation of the OGIS in 1993 and the later formation of the IAIS in 1994, the Commission has played a leading rôle in both organisations.

The Director General sits on the Executive Committee of the IAIS and on the Technical and Emerging Markets Committees, replacing the Director of Insurance (who was also the Chair of the Insurance Fraud Subcommittee throughout 2002). Membership of the Reinsurance, Securitisation and Education subcommittees, and a presence at other subcommittee

meetings, ensures that the Commission is involved with setting policy for international insurance regulation. In 2002 the Commission updated the IAIS training manual to include the IAIS's Core Principles of Supervision.

The Director of Insurance (replaced in January 2003 by the Director General) was an executive committee member of OGIS representing the organisation in international matters. During the year the Director of Insurance was contracted to the IMF for a series of missions and participated and spoke at two OGIS events, the working conference and the training seminar. The Director of Insurance also made visits to the IMF in Washington where he assisted officials in preparation for their assessments of insurance supervision in various jurisdictions throughout the world.

The Director of Insurance and the Deputy Director regularly meet with overseas regulatory bodies, industry associations and other bodies. For example, the FSA, Lloyd's of London, the Association of British Insurers and the European Commission are visited regularly. The Director of Insurance and his staff also spoke on several occasions on various insurance regulatory topics at conferences and seminars, both in Guernsey and overseas, and they continued the policy of inviting experts to speak to the Guernsey insurance sector on topics that are interesting and educational.



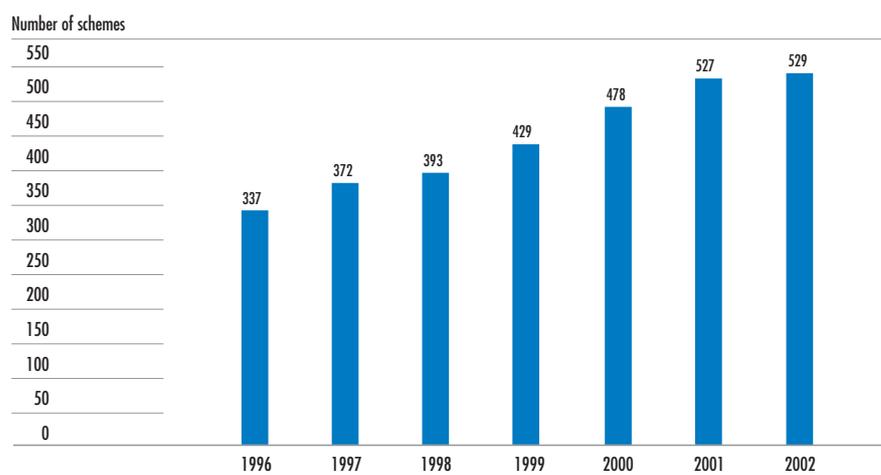
## INVESTMENT BUSINESS

**Market sentiment**

In the early part of 2002 markets continued the recovery which they had begun to experience following the downturn associated with the events of 11 September 2001. During the second quarter of the year, however, as economies around the world continued to stagnate, markets declined steadily. Although there were, towards the end of year, some signs of stabilisation at lower levels, there was little confidence in any revival of market activity in the near term and the situation remains uncertain.

Those market conditions were reflected in the experience of the Guernsey fund management industry over the period. The value of funds under management peaked at a total of £35.3 billion at the end of March

Figure 10. Total funds authorised and approved at the year end



the assets under management.

Given the scale of market falls experienced internationally during the year, these moves in net asset value were moderate. Although, as noted below, the

September, before rising to end the year at £15.9 billion (table 6). Taking account of fund closures and consolidations, the total of funds in existence fell by six to 210. The growing use of PCCs and similar umbrella structures was confirmed during the year, however, by the growth in the number of separate investment pools, which increased from 578 at the end of December 2001 to 619 by the end of December 2002. A total of 17 new open-ended funds were authorised during 2002 along with 75 new classes of existing schemes. This compared with a total of 31 fund authorisations during 2001 but with a smaller number, 48, of new class authorisations (table 7).

The closed-end sector exhibited a similar pattern. Funds under management increased to £18.8 billion by the end of March before falling to £16.8 billion by the end of September, after which the total staged a modest recovery to £17.1 billion by the end of the year (table 8). A total of 36 new closed-end funds were authorised during the year (compared with 56 during 2001). Taking account of fund closures and amalgamations, the net total of closed-end funds established in the Bailiwick increased

Table 6. Open-ended funds at the year end

	2001	2002	% change
Number of funds	216	210	-2.78
Number of investment pools	578	619	+7.09
Value of assets (£bns)	15.68	15.86	+1.15
Net new investment over year (£mns)	1,370	1,794	+30.95
Number of registered shareholders (000's)	133.3	129.6	-2.78
Stock exchange listed	59	59	0

Guernsey authorised open-ended funds are funds in which shares/units are offered for sale throughout their life and which investors are entitled to redeem on demand subject to any applicable notice period. A list of authorised schemes appears in Appendix 8.

2002 and then declined to a low point of £31.9 billion by the end of September. Thereafter, a small recovery was experienced, the total at the end of the year amounting to some £33 billion. As a result, total funds under management at the end of the year were broadly in line with the level at the end of the previous year. Figures 10 and 11 indicate the trend over time in the number of funds managed in Guernsey and

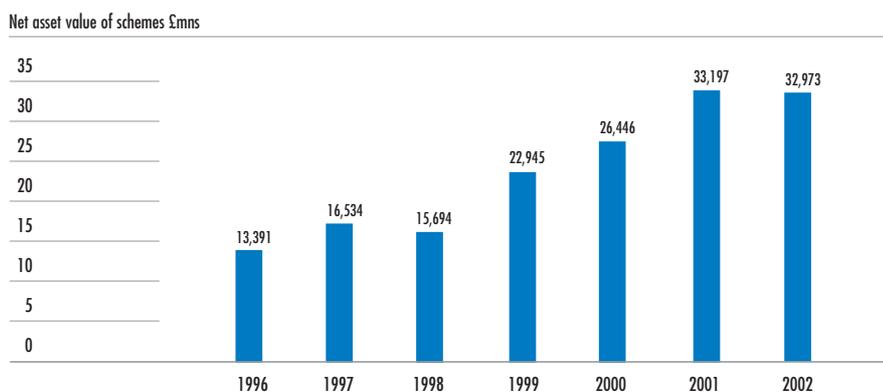
volume of new fund business was substantially less than in 2000 and 2001, there was nonetheless a regular volume of new business applications. During the final quarter of the year there was a substantial revival in new fund applications which has continued into 2003.

In the open-ended sector, funds under management peaked at £16.5 billion at 31 March, falling to £15.1 billion at 30

Table 7. New collective investment fund business at the year end

	2001	2002
Open-ended funds – authorised	31	17
Open-ended funds – new classes approved	48	75
Closed-ended funds – approved	56	36

Figure 11. Total funds under management at the year end



from 311 to 319 over the year.

The closed-end sector, which has grown rapidly in recent years, retained much of its popularity, particularly with promoters of venture capital and hedge funds. It was interesting to note, however, that in the new business revival experienced towards the end of the year, open-ended fund applications predominated. Figures 12 to 16 provide a broad breakdown of the types and geographic spread of investment by open-ended and closed-ended funds.

The number of open-ended non-Guernsey schemes permitted to be administered from the Bailiwick remained unchanged at 143 (table 9), although the overall assets under management, having

peaked at £9.6 billion by March 2002, had fallen by the end of year to £8.4 billion.

The net number of institutions licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 declined by 15 to 428 at the end of year (figure 17).

Table 8. Closed-ended funds at the year end

	2001	2002	% change
Number of funds	311	319	+2.57
Value of assets (£bns)	17.51	17.11	-2.28
Number of registered shareholders (000's)	36,344	39,307	+8.15
Stock exchange listed	72	75	+4.17

Guernsey approved closed-ended funds normally have a fixed capital issued once and for all and investors have no absolute entitlement to redeem their shares/units.

### Supervision and policy

New processes were introduced in 2002 designed to streamline the authorisation of

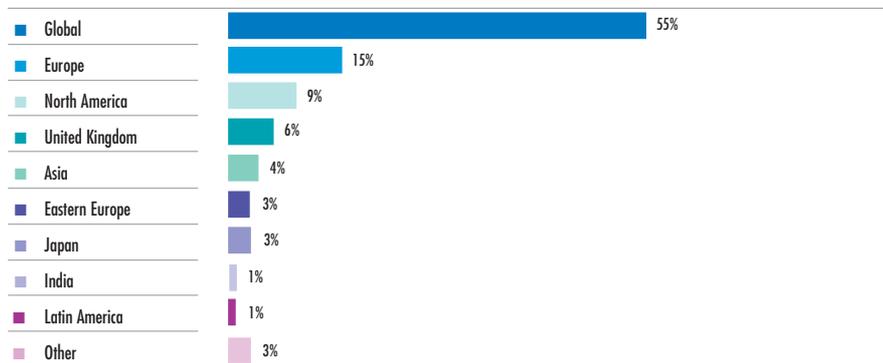
new investment funds. These have been supplemented by training sessions organised for the main professional firms involved in making fund applications, in order to improve their understanding of the Commission's expectations. The training sessions were found beneficial by the recipients, and the Commission is committed to repeating them again in 2003 for a different range of sponsors.

The Commission also published for public consultation a consistent set of disclosure guidelines for closed-end investment funds. That consultation period, which was extended at the request of the industry, was concluded towards the end of the year. The Commission will provide feedback to the public on the comments

received and establish the guidelines as formal guidance.

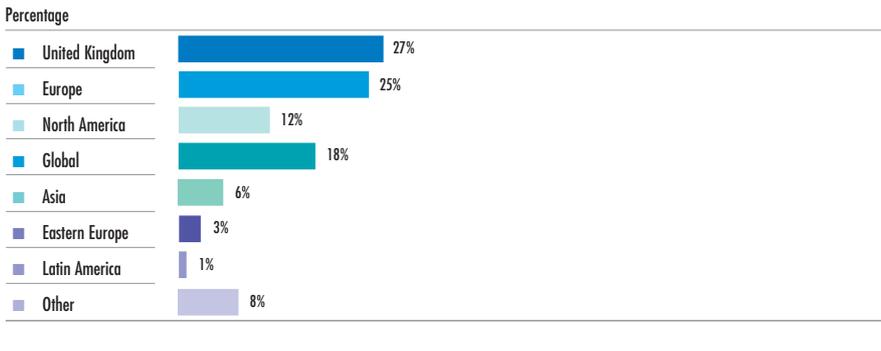
The Investment Business Division has continued to meet its objective of increasing the scope and frequency of its inspection visits. During 2002 a total of 26 visits were made, compared with 21 during 2001 and 15 during 2000. Of these, five were to designated managers and eight to designated custodians/trustees; these visits included four follow up visits to confirm remedial efforts. The remaining inspection visits covered broker/dealers; intermediaries; administrators of closed-ended funds; and the Channel Islands Stock Exchange. They included one inspection,

Figure 12. Open-ended funds: geographical distribution of investments at end 2002



INVESTMENT BUSINESS CONTINUED

Figure 13. Closed-ended funds: geographical distribution of investments at end 2002

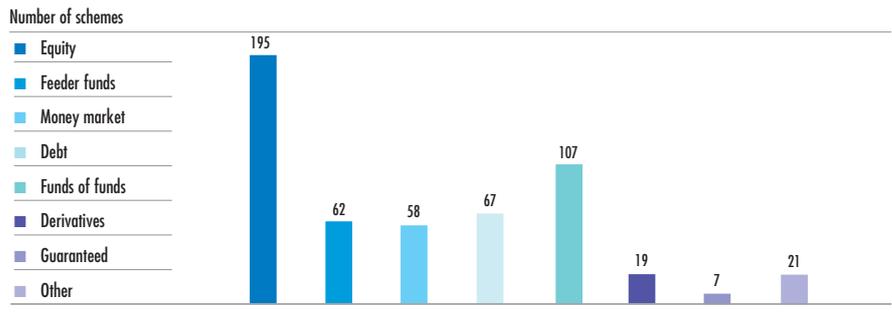


together with a representative from the Banking Division, of an Irish bank to which custody functions were outsourced. Two inspection visits were conducted jointly with the Insurance Division. The refinements to the Division’s on-site monitoring process which were implemented during 2001 demonstrated their effectiveness during 2002 in the increased number of inspection visits. The use of preliminary document assessment before the formal inspection enabled teams to focus their enquiries more effectively by reducing the time which they needed to spend at licensees’ premises.

The Division’s overall objective, of satisfying itself that licensees have an effective control environment which demonstrably provides effective management of the risks inherent in the business, remains central to the process. Where weaknesses are identified, the Commission expects the licensee to implement a remedial programme. In certain cases, this will be associated with the

imposition of formal conditions on the relevant licence, typically restricting the capacity to take on new business until the remedial programme is complete. One such restriction on a custodian/trustee, which had been put in place during 2001, was lifted following a satisfactory review in the early

Figure 14. Open-ended funds: analysis by type of investment pool at end 2002



part of 2002. During the year, licence restrictions were placed on another custodian/trustee, a fund administrator and a broker/dealer.

In the case of the custodian/trustee, licence conditions were imposed because

the firms were not exercising effective oversight of funds, and the managers of funds, to which they had been appointed, and senior management had not acted to remedy the situation. Senior management controls and the client take-on process were issues of concern at the broker/dealer and the fund administrator whose licences were restricted. Restrictions on the custodian/trustee were lifted during the course of the year.

A further aspect of the Division’s monitoring work during 2002 concerned split capital investment trusts. A substantial number were established as Guernsey companies. The Division is therefore conducting a wide-ranging review of the actions of board of directors, fund

administrators, brokers and intermediaries. This enquiry, which also involves liaison with the FSA and the Jersey Financial Services Commission, is extensive and has absorbed a considerable amount of the Division’s resource. It will continue to do so during 2003.

The Collective Investment Schemes (Class A) Rules 2002 came into force on 1 October. It is intended that these rules will supersede the original retail Collective Investment Scheme Rules which were introduced in 1988. Further discussions

Table 9. Non-Guernsey schemes at the year end

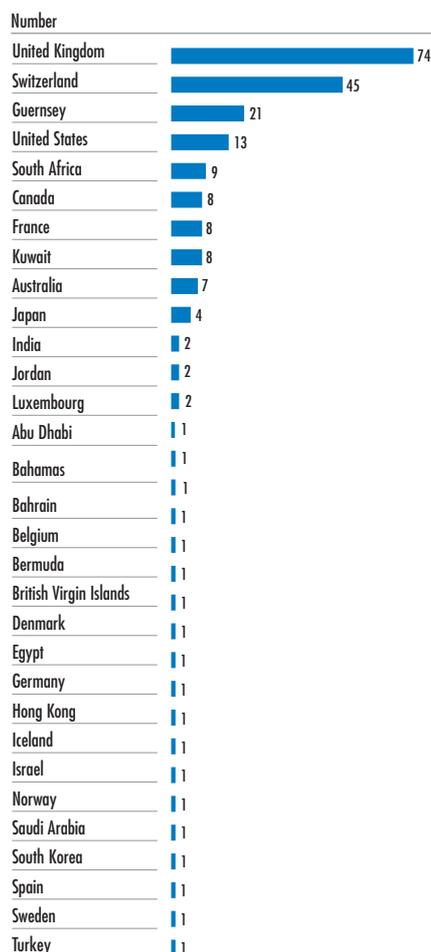
	2001	2002	% change
Number of funds	143	143	0
Value of assets (£mns)	8,876	8,382	-5.57
Stock exchange listed	20	20	0

These open-ended schemes incorporated/established in other jurisdictions are not Guernsey authorised/approved. However, Guernsey institutions licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 provide management/administration or custody services to such schemes with specific approval from the Commission.

were held during the year with officials of HM Treasury and the FSA with a view to putting in place a new UK Designation Order for these rules. It is understood that there are now no technical issues preventing the establishment of a new Designation Order, and officials of HM Treasury have indicated that they expect to lay the appropriate statutory instrument before Parliament in the near future.

As there are now significantly more closed-ended funds than open-ended funds which come under the auspices of the Commission, fees regulations will be made in the spring of 2003 which will require

Figure 15. Nationality of sponsors/joint sponsors of Guernsey open-ended funds at end 2002



Note: Some funds have more than one sponsor.

such funds to pay fees. The proposed fee structure will be £2,600 for each application and an annual fee of £2,000.

### International developments

Relationships with regulators in other jurisdictions continue to develop. Many of these contacts are now organised within the ambit of the IOSCO. Following the events of 11 September 2001, IOSCO proceeded to develop a multilateral MoU providing a standardised framework for the exchange of information between regulators and members of IOSCO. The Commission has applied to participate in that general arrangement. In addition to this, further progress has been made on bilateral MoUs with the FSA, with the Commission des Operations de Bourse in Paris, and with BaFin (the new integrated German regulatory agency).

The Director General and the Director of Investment Business represented the Commission at IOSCO's annual meeting in May, and the Director of Investment Business represented the Commission at IOSCO's European Regional Meeting in October. The Commission has also been invited to join a working party set up by the IOSCO European Regional Group to consider corporate governance issues.

Figure 17. Number of institutions licensed under the Protection of Investors Law

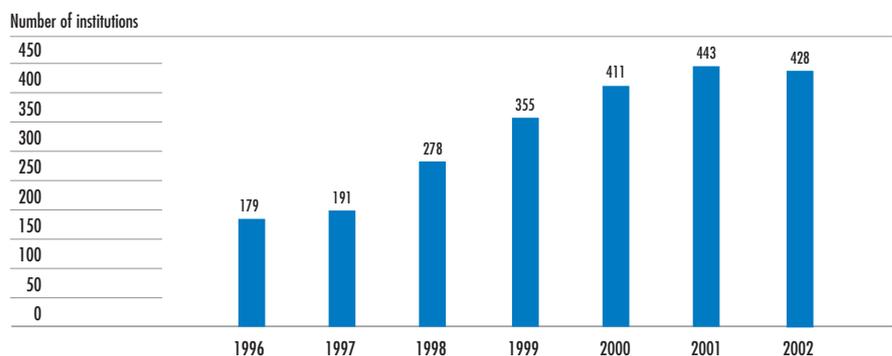
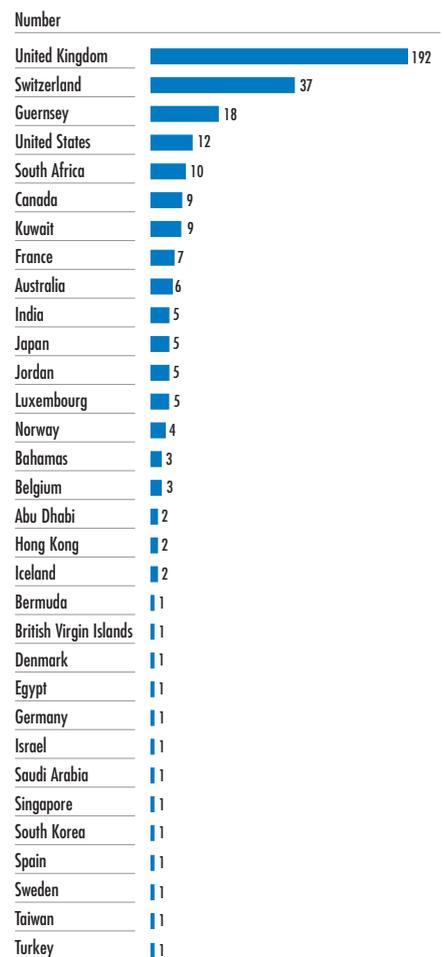


Figure 16. Nationality of sponsors/joint sponsors of Guernsey closed-ended funds at end 2002



Note: Some funds have more than one sponsor.

In September, the Commission hosted the annual meeting of the Enlarged Contact Group of Collective Investment Scheme Supervisors. This body, which draws its

## INVESTMENT BUSINESS CONTINUED

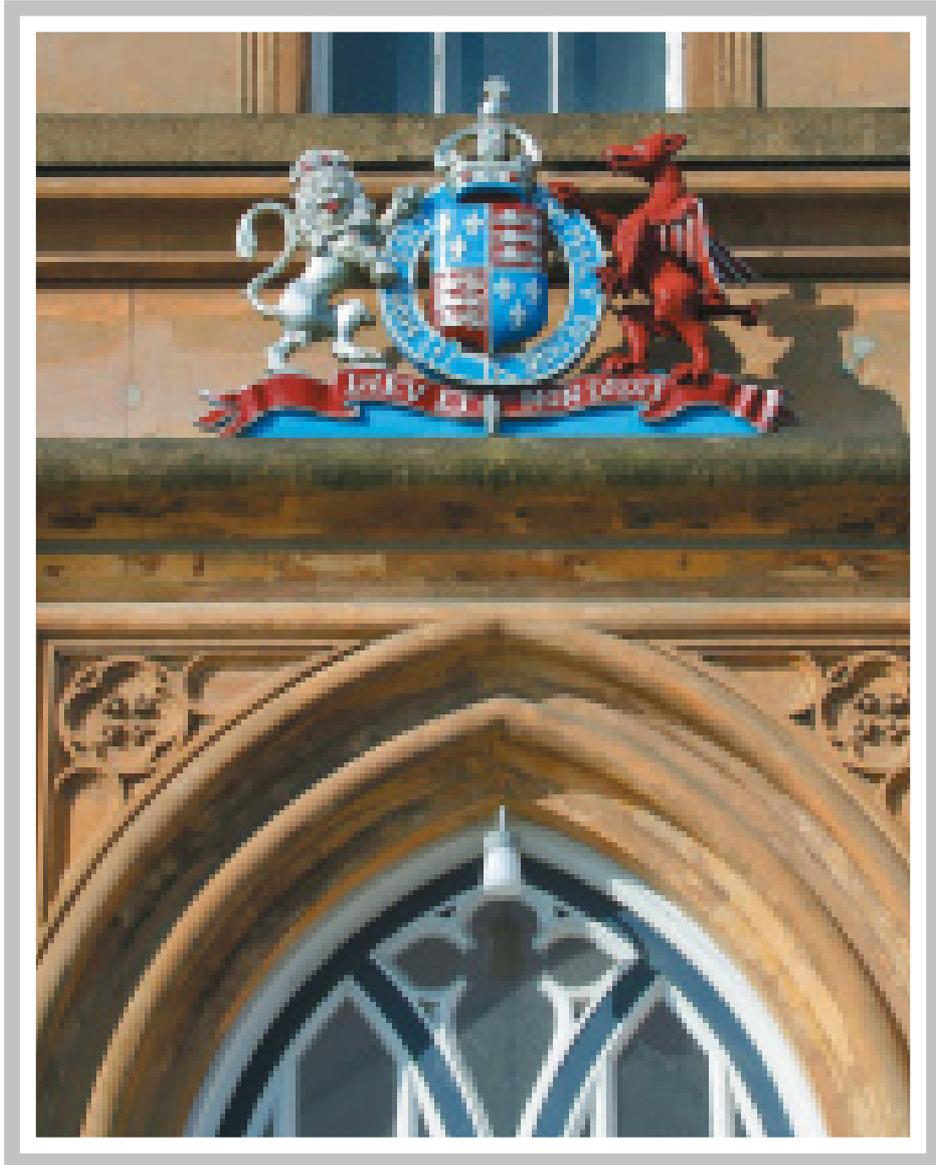
membership from Europe, North and South America and the Far East, provides a forum for regulators to deal with practical problems arising from collective investment scheme regulation. The Director of Investment Business was invited to speak at the annual "Globalisation of Mutual Funds" conference in Bermuda organised by the Investment Companies of America and the International Bar Association. On this occasion the conference opened with a regulators' panel including, in addition to the Commission, representatives from the FSA, the United States Securities and

Exchange Commission ("SEC"), the Hong Kong Securities and Futures Commission and the Bermuda Monetary Authority.

The Division also continued with the initiative first taken in 2001 to develop contact with the European Commission in Brussels, and to that end the Director of Investment Business called on representatives of various directorates dealing with financial services and also with exchange of information on financial crime. The opportunity was taken to visit the Luxembourg Commission de Surveillance du Secteur Financier in order to develop

dialogue between the two institutions.

The Division always seeks to develop its staff by the use of appropriate training seminars and conferences. Particular focus was placed on training on fund management topics including particular issues surrounding hedge funds and their administration. Senior staff attended international seminars for regulators around the world, coordinated by the SEC in Washington D.C. and also by the Toronto Centre in Canada.



## POLICY AND INTERNATIONAL AFFAIRS

### **General**

The Policy and International Affairs Division has day to day responsibility for the Commission's anti-money laundering and counter terrorist financing framework. It monitors international developments and from March 2002 took over responsibility from the Banking Division for the Guidance Notes on the Prevention of Money Laundering and Countering the Financing of Terrorism. In addition, the Division deals with major policy issues of the Commission such as changes to legislation and international affairs. Together with the Director General, it is the main link with the Attorney General's Office, the Committee and external bodies such as the IMF.

### **Prevention of Economic Crime and Terrorist Financing**

#### **Amendments to the Financial Services Commission Law**

The Commission's activities in connection with the prevention of economic crime and terrorist financing were reflected in an amendment to the Commission Law in October. This amendment provided the Commission with the explicit function of countering financial crime and terrorist financing.

#### **Crown Dependencies Anti-Money Laundering Group meetings**

Two meetings were held in London during 2002 attended by representatives from the regulatory agencies, Police, Customs, financial intelligence units and the Attorneys General from the three Crown Dependencies. The Commission was represented by the Director General, the Director of Fiduciary Services and

Enforcement, the Deputy Director (Policy and International Affairs) and the consultant to the Policy and International Affairs Division. These meetings coordinate the Crown Dependencies' anti-money laundering/anti-terrorist financing policies, discuss issues of common interest and provide a forum for the exchange of ideas and views.

#### **The Bailiwick Financial Crime Committee**

This committee met twice in 2002. It is a forum for closer coordination at a strategic level between the Attorney General's Office, the Commission, Police, Customs and the FIS, in the areas of prevention, detection, investigation and prosecution of economic crime and the countering of terrorist financing. The Commission is represented by the Director General, the Director of Fiduciary Services and Enforcement, the Deputy Director (Policy and International Affairs) and the Assistant Director (Enforcement). The Deputy Director (Policy and International Affairs) acts as secretary to the committee.

The Financial Crime Group reports to the Bailiwick Financial Crime Committee and comprises executives of the Attorney General's Office, the Commission, Police, Customs and the FIS. Its objectives are to discuss particular cases of interest and provide practical assistance to interested parties. The group met five times in 2002. The Terrorist Finance Team was established in 2001 to coordinate action and responsibilities relating to terrorism matters. The team, consisting of representatives of the Commission, the FIS, Police Special Branch, the Attorney General's Office and Customs, met five times in 2002.

### **Proceeds of Crime Regulations**

As a result of work undertaken by the Commission in 2001 and early 2002, in May the Committee made amendment Regulations under the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999. These Regulations extended the definition of financial services businesses to include, for example, the provision of services in relation to the business of lending, financial leasing, money or value transmission services, and the provision of services for the transmission of value through a value transfer system. In addition, the Regulations required firms carrying on financial services business, which were not regulated by the Commission, to notify information on their ownership, structure and business activities to the Commission. Fifty-three such firms have notified the Commission that they are carrying on financial services business as defined by the Regulations.

Following proposals by the Commission, new Regulations (the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations, 2002), were made in August by the Committee. These replaced the original 1999 Regulations and the three amendments (including the May 2002 amendment mentioned above) to those Regulations. The August 2002 Regulations contain similar provisions to the repealed Regulations; the most significant changes were additions to take account of the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 and other recent anti-terrorism legislation. The changes mean that it is an offence for financial services businesses to fail to have appropriate procedures to counter terrorist financing.

These changes assist the Bailiwick to

comply with the Forty Recommendations and the VIII Special Recommendations on Terrorist Financing issued by FATF.

### **Guidance Notes**

In August the Commission issued revised Guidance Notes under the new Criminal Justice Regulations and the Terrorism and Crime Law. The revisions provided guidance to financial services businesses on how to counter terrorist financing, correspondent banking issues, reporting suspicions in connection with refused business, and brought the Notes up-to-date with recent local developments such as changes to FIS policies.

The changes resulted in the Guidance Notes being renamed the "Guidance Notes on the Prevention of Money Laundering and Countering the Financing of Terrorism".

### **Business From Sensitive Sources Notice**

In August the Commission issued its fourth Business From Sensitive Sources Notice ("BSS Notice"). The BSS Notice drew the attention of financial services businesses to FATF's Review to Identify Non-Cooperative Countries or Territories: Increasing the World-wide Effectiveness of Anti-Money Laundering Measures. The BSS Notice also advised such businesses to continue to exercise a greater degree of caution when taking on business from jurisdictions on FATF's list of Non-Cooperative Countries or Territories.

### **Position Paper**

Following the issue of a joint consultation paper with the Jersey Financial Services Commission and the Isle of Man Financial Supervision Commission, in February 2002 the three Commissions issued the position

paper entitled "Overriding Principles for a Revised Know Your Customer Framework." This Paper does not amend the Guidance Notes. It lays down enhanced anti-money laundering standards which the regulatory bodies expect financial services businesses to move towards implementing. These standards cover such issues as identification requirements in connection with accounts pre-dating 1 January 2000, when the main anti-money laundering legislation, the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, came into force; who should be considered principals for the purposes of verifying identity; and enhancements to the reliable introduction regime. The Commission will issue draft revisions to the Guidance Notes for consultation following the publication of FATF's conclusions to its review of its Forty Recommendations.

### **Training**

In July 2002 a programme of anti-money laundering training courses for senior management, compliance officers and money laundering reporting officers was hosted by the Training Agency. These courses are held annually.

This programme was organised in close cooperation with the Commission, the FIS and MHA Consulting. Each of the banking, insurance and investment sectors had one-day dedicated courses. The fiduciary services sector had two one-day courses in Guernsey and two half-day courses in Sark and Alderney. The courses attracted 192 delegates.

International speakers included representatives from the European Commission, Vista Consulting Group of USA, the National Criminal Intelligence Service,

HM Treasury, MHA Consulting, the Federal Reserve Bank of New York, the United States Department of Justice and the University of St Andrews Centre for the Study of Terrorism and Political Violence. Representatives of the Attorney General's Office, the Commission, the FIS, Police and Customs also participated in the courses.

The opportunity was also taken during the programme to provide two half-day training seminars for Commission staff.

### **International developments**

#### **Memoranda of Understanding**

The Commission has adopted a more active approach to the signing of MoUs with foreign regulatory bodies. Although the Commission does not require MoUs to be in place in order to cooperate fully with foreign regulators, increasingly such agreements are seen as necessary evidence of commitment by a regulatory body to cooperate and exchange information. Accordingly, the Director General, on behalf of the Commission, signed MoUs with the Commission des Operations de Bourse and the Isle of Man Financial Supervision Commission at a meeting of IOSCO in Istanbul in May 2002. The Commission is currently negotiating MoUs with a number of other overseas regulatory bodies.

#### **IMF survey**

Further to a visit to Guernsey in 2000 by the Statistical Department of the IMF, the Commission agreed to participate in the IMF's 2001 Coordinated Portfolio Investment Survey ("CPIS"). The Deputy Director (Policy and International Affairs) is the CPIS statistician for the Bailiwick and, accordingly, attended a seminar for small economies with

## POLICY AND INTERNATIONAL AFFAIRS CONTINUED

international finance centres hosted by the IMF in Jersey in May. The Commission asked relevant institutions to provide cross-border investment statistics in respect of Guernsey banks, open-ended and closed-ended collective investment funds, insurers, insurance intermediaries/brokers and SPVs. Following a pilot study, some 170 institutions were approached to provide statistical information on a voluntary basis. It is pleasing to be able to state that the Commission was able to provide the IMF with aggregated information from all of the

Commission in discussing how the Island's limited resources can be used more effectively. Following a pilot exercise, a comprehensive survey (the Guernsey Finance Sector Study) of the finance sector, jointly sponsored by the Commission, the Committee and GIBA, was launched in the summer of 2002.

Institutions representing more than 80% of the employees in the finance sector have submitted responses to the firm of consultants administering the survey. The conclusions will be published in May 2003.

### Legislation

The Division was closely involved with the introduction of the Financial Services Commission (Bailiwick of Guernsey) (Amendment) Law, 2002 ("the Commission Amendment Law"), most provisions of which came into force in October. These provisions charge the Commission with the explicit responsibility of countering financial crime and the financing of terrorism, introduce a formal relationship between the Commission and the General Purposes and Finance Committee of the Chief Pleas of Sark and improve the Commission's ability to exchange information with regulatory and law enforcement bodies. The remaining provisions, which related to the appointment of the Commissioners, were activated in February 2003, and changed the mechanism by which the Commissioners are appointed so that the President of the Committee is no longer, *ex officio*, the Chairman of the Commission. It also requires the Commissioners to satisfy themselves as to the Commission's internal audit and corporate governance procedures and provide a report annually to the Committee.

In 2002, the Division liaised with the Committee and the Attorney General's Office on a number of changes to the regulatory legislation administered by the Commission. A policy letter was approved by the States of Guernsey in the autumn which will lead to changes to the Banking Supervision Law, the Protection of Investors Law, the Financial Services Commission Law, the Regulation of Fiduciaries Law and the Control of Borrowing Ordinances. These amendments follow a comprehensive review by the Commission of the international standards to which it is subject and will assist it to meet those standards.

Table 10. Coordinated Portfolio Investment Survey 2001

Cross-border securities\* owned by institutions in the Bailiwick of Guernsey at end 2001 (US\$mns)

Sector	Equities	Short-term debt	Long-term debt	Total
Banks	806	9,400	20,201	30,407
Domestic insurers	30	–	33	63
Life insurers	1,165	55	1,047	2,267
Insurance managers and captives	652	1,664	2,382	4,698
Insurance intermediaries	239	–	67	306
Open and closed-ended collective investment funds	22,095	831	6,201	29,127
Special purpose vehicles	–	–	229	229
States of Guernsey	4	379	6	389
Total	24,991	12,329	30,166	67,486

\*The IMF Coordinated Portfolio Investment Survey includes information on cross-border holdings of equities, short-term debt and long-term debt. It does not include other assets, such as cash, derivatives, Islamic investments or property.

institutions it approached.

Table 10 provides a summary of the results. Guernsey banks and open and closed-ended collective investment funds account for £59.5 billion of the total value of assets, reported of £67.5 billion. As one would expect, investments by Guernsey banks were made predominantly in the lower risk asset class of long-term debt instruments. Collective investment funds were predominantly invested in equities.

The CPIS will be conducted annually.

### Other developments

#### Guernsey Finance Sector Study

In the autumn of 2001 the Director General called upon the finance sector to join the

### Ombudsman scheme

In early 2002 the Committee issued a consultation document proposing the establishment of a financial services ombudsman scheme. The document envisaged that the scheme will cover all business regulated by the Commission, together with a range of other financial activities, including lending and pensions business and, potentially, consumer credit.

The Committee has established a Financial Services Ombudsman Development Committee which will assist it in establishing the scheme. The Division and the Director General are closely involved with the operation of this committee.



## OPERATIONS AND HUMAN RESOURCES

### General

The Operations and Human Resources Division is responsible for the Commission's finances, information systems, human resources, premises and general administration.

### Commissioners and staff

In February 2003 the provisions of the Commission Amendment Law relating to the appointment of Commissioners came into effect. These provisions repealed the arrangements whereby the President of the Committee was, ex officio, the Chairman of the Commissioners. As a result of this, Laurie Morgan stepped down as Chairman of the Commissioners. The Commission welcomed its new Chairman, John Hallam, in February 2003. Also in February, Leslie Priestley became Vice-Chairman. In addition, the Commission welcomed a new Commissioner, David Mallett.

At the end of March 2003 the Commission employed 79 staff, including two consultants. The Training Agency had a further nine staff seconded to it by the Commission. The Training Agency employs its Chief Executive directly.

There were three staff promotions within the Commission between April 2002 and the end of March 2003. Two of these were promotions to Senior Analyst, one in the Banking Division and the other in the Investment Business Division. The third was in the Fiduciary Services and Enforcement Division where a Senior Analyst was promoted to Assistant Director. In addition, three further staff were recognised for rôle changes that took place during the course of the year.

In 2002, additional staff were recruited across the Commission. An additional Senior

Analyst was recruited by the Investment Business Division, together with four further Analysts. An additional Senior Analyst and an Analyst were recruited for the Fiduciary Services and Enforcement Division. The Insurance Division took on a further three staff in 2002, and in early 2003 the international life assurance team was strengthened by the recruitment of an Assistant Actuary. The Policy and International Affairs Division recruited an anti-money laundering specialist on a

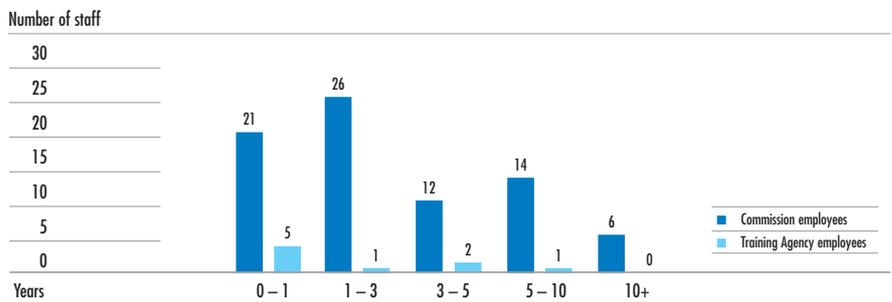
consultancy basis and a Senior Analyst to assist with its statistical workload. A Head of Human Resources and a Human Resource Officer were appointed to the Operations and Human Resources Division during the year. These appointments, together with the internal transfer of another member of staff to the human resources team, will enable the Commission to work towards the Investors in People award. Investors in People is a recognised standard which provides a framework for improving business performance and competitiveness by setting and communicating business objectives and developing people to meet these objectives.

Looking forward, the Commission is in the closing stages of recruiting a new Director of Insurance, as Steve Butterworth, the present post-holder, is due to retire in August 2003.

Figure 18 shows the length of service of staff in the Commission and the Training Agency. The Commission has a low turnover of just under 10% annually, which compares favourably with the Guernsey finance sector where turnover averaged 17% last year.

Thirty-eight of the Commission's staff are professionally qualified. Of these, eight are studying for further professional qualifications. Four staff are preparing for their first professional qualifications. Much emphasis is placed on developing staff to

Figure 18. Length of service at end March 2003



meet increasing demands on their technical expertise and the Commission continues to support a wide array of technical courses, workshops and conferences.

### Training Agency

A full time Chief Executive, Richard Conder, was appointed to the Training Agency in February 2002. Other promotions and changes at the Agency are described on page 37. A Finance and Resources Committee has been established to assist with setting policy. The Director General is a member of this committee. The Training Agency has now taken over all responsibility for its accounting function from the Commission.

### Premises

The premises at La Plaiderie Chambers have

now reached their capacity. The Commission has taken the decision to expand by the acquisition of a limited amount of additional space in a nearby building.

### Information technology

Development of the information system continues. A new central database is now in place which provides additional facilities. A pilot for a document management system will be run during 2003 and the experience gained from this project will be used to develop a full system.

The website is a much-visited facility providing information, news and access to copies of legislation and rules. Development of the website continues to ensure that it is up-to-date, informative and user-friendly.

During 2003 the Commission will introduce a formal fee invoicing system.

regard to expenses, significant costs were incurred in preparatory work for the IMF visit. These costs are reflected in the increase in the legal and professional expenses paid by the Commission in 2002.

The Commission considers that it is prudent to increase its reserves to a sum equivalent to six months' expenditure. This will allow the Commission to absorb exceptional or unexpected costs in a particular year. Figure 19 shows the Commission's revenue and expenditure over the last six years.

### Fees

The Commission's main source of income is fees.

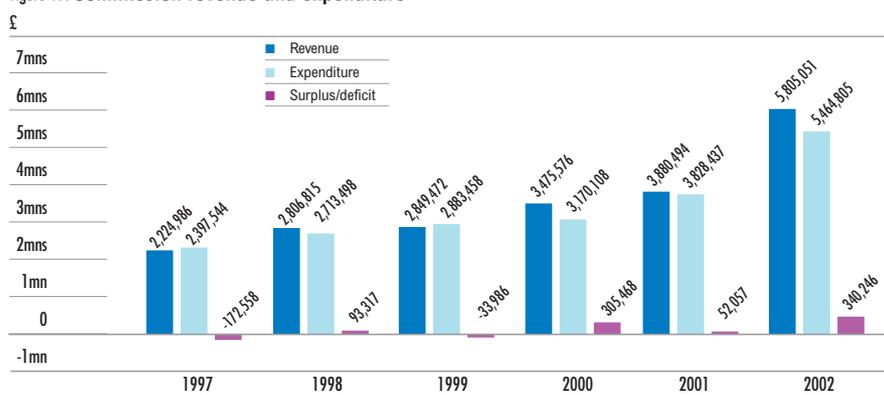
On 1 January 1998 the Financial Services Commission (Fees) Regulations, 1997 came into effect, establishing a new fee structure. This structure has since been

the Migration of Companies (Fees) (Amendment) Regulations, 1999 which came into force on 1 April 1999; the Amalgamation of Companies (Fees) Regulations, 2000 which came into operation on 23 August 2000; the Financial Services Commission (Fees) (Amendment) Regulations, 2001 which came into effect on 1 January 2002; the Protected Cell Companies (Fees for Insurers) (Amendment) Regulations, 2001 which came into force on 1 January 2002; the Financial Services Commission (Fees) (Amendment) Regulations, 2002 which came into force on 1 January 2003; the Protected Cell Companies (Fees for Insurers) (Amendment) Regulations, 2002 which came into force on 1 January 2003; and the Regulation of Fiduciaries (Fees) Regulations, 2002 which came into force on 1 January 2003.

Copies of the fees regulations are available from the Commission.

As well as covering the costs of supervision and regulation, the fees paid to the Commission provide for half of the external funding of the costs of the Training Agency. The States of Guernsey also contribute to the funding of the Training Agency and provide its premises rent-free.

Figure 19. Commission revenue and expenditure



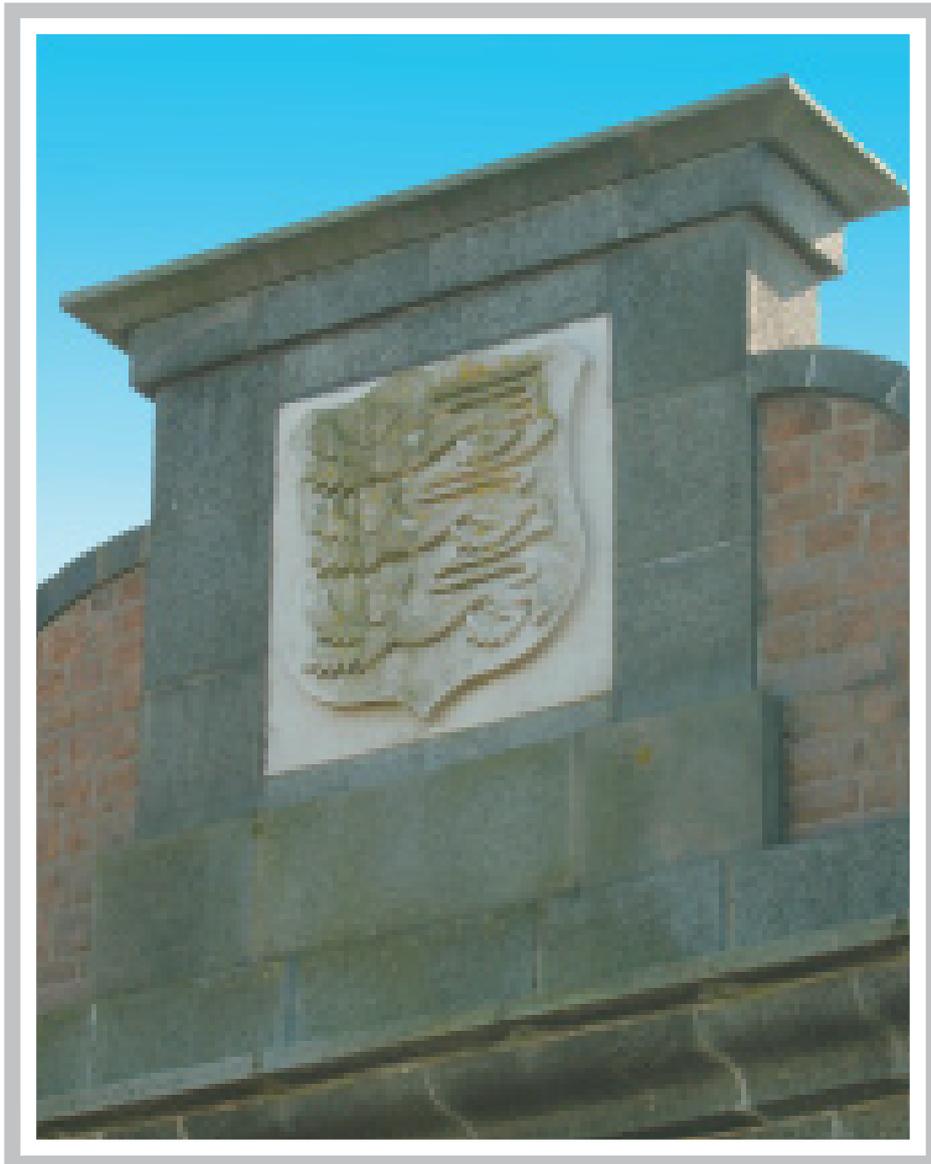
### Auditors

PricewaterhouseCoopers were appointed as the Commission's external auditors from 2002.

### Income and expenditure

Fee income increased from 2001 as a result of the fee level rises in 2002 and increased business activities in some sectors. With

amended and extended by the Protected Cell Companies (Fees for Insurers) Regulations, 1998 which came into operation on 1 April 1998; the Financial Services Commission (Fees) (Amendment) Regulations, 1998 which came into effect on 7 July 1998; the Financial Services Commission (Fees) Regulations, 1998 which came into operation on 1 January 1999;



## TRAINING AGENCY

### Structure

The Training Agency, which is constituted as a limited liability company, is owned by a charitable trust, the protectors of which are the Commission and the Committee.

#### The trustees at 31 December 2002 were as follows:-

Stephen Jones	Appointed by the Guernsey International Business Association
Peter Morgan	Appointed by the States Board of Industry
Peter Neville	Appointed by the Commission
Deputy John Roper	Appointed by the States Education Council

#### The Board of Directors of the Agency at 31 December 2002 was as follows:-

Keith Corbin (Chairman)	Nerine Trust Company Limited
Advocate Chris Bound	Collas Day
Keith Dorrian	Management International (Guernsey) Limited
Dudley Jehan	N P Holdings Limited
David Leafé	Bank of Butterfield International (Guernsey) Limited
Nigel Lewis	States Board of Industry
Martyn Mann	Polar Instruments Limited
Peter Marchant	The Royal Bank of Scotland International trading as NatWest Offshore Limited
Ian Morris	Bacon & Woodrow
Mary Perkins	Specsavers Optical Group Limited
Deputy Kevin Prevel	States Board of Industry
Trevor Wakefield	States Education Council

### General

After seven years' service Robin Fuller resigned from the board during 2002. The Directors and staff are most grateful to Robin for his important contribution to the development and work of the Training Agency. Two new members joined the board in 2002, Trevor Wakefield in April and Keith Dorrian in December.

In February 2002 Professor Richard Conder, former Pro-Vice Chancellor of Bournemouth University, took up his position as the first full-time Chief Executive of the Agency. During the last six months of 2002 there were significant developments in the organisation's management infrastructure.

Jane Walden left the Agency in September to take up a post at the College of Further Education. Jane's contribution to the Agency was unique and the Directors and staff are most grateful to her for her hard work and dedication over the years. In November 2002 Fiona Naftel was promoted to Deputy Chief Executive.

A key objective in 2002 was to formulate a policy for the long-term development of the Training Agency. A strategic plan, which provides a blue print for the Agency's development over the next five years, was approved by the Board of the Training Agency in late 2002. On the recommendation of the Chief Executive, the

Board established a Finance and Resources sub-committee to oversee financial stewardship and infrastructure development on behalf of the Board.

The over-arching objective of the Training Agency is to support a training and development culture within all organisations throughout the Bailiwick and through the procurement and facilitation of high quality training and development programmes in all business sectors. This development of a highly qualified, knowledge based workforce enables all organisations to compete within the global market place and the broadening of the skills base inevitably adds value to all Bailiwick businesses.

## TRAINING AGENCY CONTINUED

The major challenges facing the Agency are the increasing demands of employers, professional institutes and students, the increased supervision of the financial services sector, and the increasingly complex and varied training needs of the commercial sector.

In October the States of Guernsey agreed to the continued funding of the Agency at an increased level until 2005. The Commission has also planned to increase its own funding of the Agency. The States charged the States Board of Industry and the States Education Council to report to it during 2003 on the successes, aspirations and future costs of the Training Agency and the potential for integration of the work of the Business School and the Training Agency.

At the end of 2002 the Agency had 818 registered students who made nearly 2000 study visits to the centre. The decrease in the number of study visits from 2001 will have arisen as a result of some of the space previously allocated to private study being used to accommodate the staff of the Agency. During the year over 290 training events took place, attracting over 2800 delegates. Additionally, there were 158 examinations in which 686 candidates were examined on a range of award bearing programmes (table 11).

### Award bearing programmes

Two major postgraduate programmes took place at the Agency's Nelson Place premises during 2002. The third cohort of the MSc in Corporate Governance/Grad ICOSA completed the programme in June with 10 graduates. A fourth programme commenced in October with 16 students. In addition, the second cohort of 10 graduates

entered the final year of the two-year Postgraduate Diploma in Personnel Management/Grad CIPD. It is planned that a third programme will be offered in 2003 with the opportunity to study for a Masters degree offered to those Guernsey students who have already gained the diploma.

A third cohort of the Institute of Directors' Company Direction Programme commenced in October, attracting 13 participants.

A close working relationship exists between the Guernsey Fund Managers Association ("GFMA"), the Securities Institute and the Agency in facilitating programmes for the investment sector. A full range of programmes has taken place to support participants studying for the Investment Advice Certificate and the Financial Planning Certificate.

Central Law Training once again delivered the Foundation and Diploma Programmes in Offshore Trust Management on behalf of STEP. In January, eight participants completed the STEP diploma,

pass rate was achieved. A further Foundation Certificate will be offered in 2003.

During 2002 the newly formed International Compliance Association established two new diplomas for money laundering reporting officers and compliance officers, as well as a lower level certificate in money laundering awareness. The qualifications were launched with 17 students embarking on the diploma for money laundering reporting officers in the late autumn. The diploma for compliance officers and the certificate commenced in early 2003.

Eight students successfully completed the Advanced Certificate in Marketing Practice and a further 10 successfully completed the Certificate in Marketing. In the autumn all three award bearing programmes of the Chartered Institute of Marketing were offered for the first time in the Channel Islands, with a total of 42 participants.

A third cohort of the Certificate in Training Practice, leading to Associate

Table 11. Key training statistics

	1997	1998	1999	2000	2001	2002
Registered number of students	254	415	485	614	715	818
Recorded number of study sessions	1693	2875	3113	2423	2731	1971
Number of training events	154	253	227	270	254	295
Number of delegates attending	528	1362	2674	2221	2549	2811
Number of examination days	26	41	39	50	53	69
Number of examinations	*	*	69	144	140	158
Number of examination candidates	*	*	579	602	599	686

\* not previously recorded

with four students gaining a distinction. These students were the first to obtain this award in Guernsey. A further 24 students commenced the diploma during 2002. Twenty-three students completed the STEP Foundation Certificate in April and a 100%

Membership of the Chartered Institute of Personnel and Development, commenced during the year with eight delegates.

During 2002, 63 delegates attended the course leading to the Introductory Certificate in Management awarded by the National

Examining Board for Supervision and Management. This programme has now been replaced by the Introductory Certificate in Team Leading. Twenty-six students enrolled on this new programme, which commenced in November.

### **Short courses**

During February a series of workshops took place focusing on the prevention of money laundering. The courses were designed for administrative staff and 220 delegates attended the series.

As discussed on page 31, the Agency facilitated the "Bailiwick Prevention of Financial Crime" courses for the finance sector in July.

In conjunction with the GFMA, the Agency held workshops on hedge funds and private equity, with 145 and 80 delegates respectively.

In June a "Financial Service in Guernsey Awareness Course" for journalists was held, with 10 delegates representing the media. Speakers came from the key sectors within the finance sector.

An introductory course on the financial services sector was held in October for staff new to the finance industry. Sixteen delegates attended the course.

### **Investors in People**

The Agency continues to manage the Investors in People project on behalf of the States Board of Industry. Some 12% of the working population now work for an organisation that is either recognised or working towards recognition.

During 2002 the Agency itself commenced working towards Investors in People and received accreditation in February 2003.

### **Other initiatives**

In September at the "Risk 2002" conference the Guernsey Insurance Company Managers Association launched a training initiative for the captive insurance sector. The programme, accredited by Glasgow Caledonian University, attracted 10 participants. The Agency is also designing a course entitled "Introduction to Captives" in conjunction with the insurance industry.

In the spring of 2003 a study manual was developed for authorised insurance representatives who conduct long-term insurance business. This forms the basis of the new Guernsey Insurance Certificate. The first sitting of the examination will be held in June 2003 and future sittings will be held quarterly thereafter.

A second Guernsey Leadership Programme was held in June 2002 with 12 participants. The programme, facilitated by two faculty members from the London Business School, comprised two main components, "Strategic Thinking" and "Leadership of People". A successful Leadership Challenge Conference was held in November 2002, attended by 80 delegates.

### **E-business and information technology**

The development of strategic and tactical plans for e-business and information technology training is a major new initiative for the Agency. This builds on the earlier work of the IT in Society Working Group. An information technology specialist was seconded to the Agency on a part-time basis from September in order to take forward this important initiative.

A survey, sponsored by the States Board of Industry, targeted 600 businesses in the

Bailiwick in order to gauge the current status of information technology and e-commerce skills. This will enable training to be focused on areas of need and facilitate the benchmarking of progress in workforce skills. The results of this survey were published in early 2003.

The Agency is also testing the viability of offering award bearing programmes in both e-commerce and information technology.

Additionally, a focus group consisting of a panel of senior representatives from leading businesses, information technology service providers and professional firms was established in 2002 to provide feedback on the Agency's proposals and initiatives.

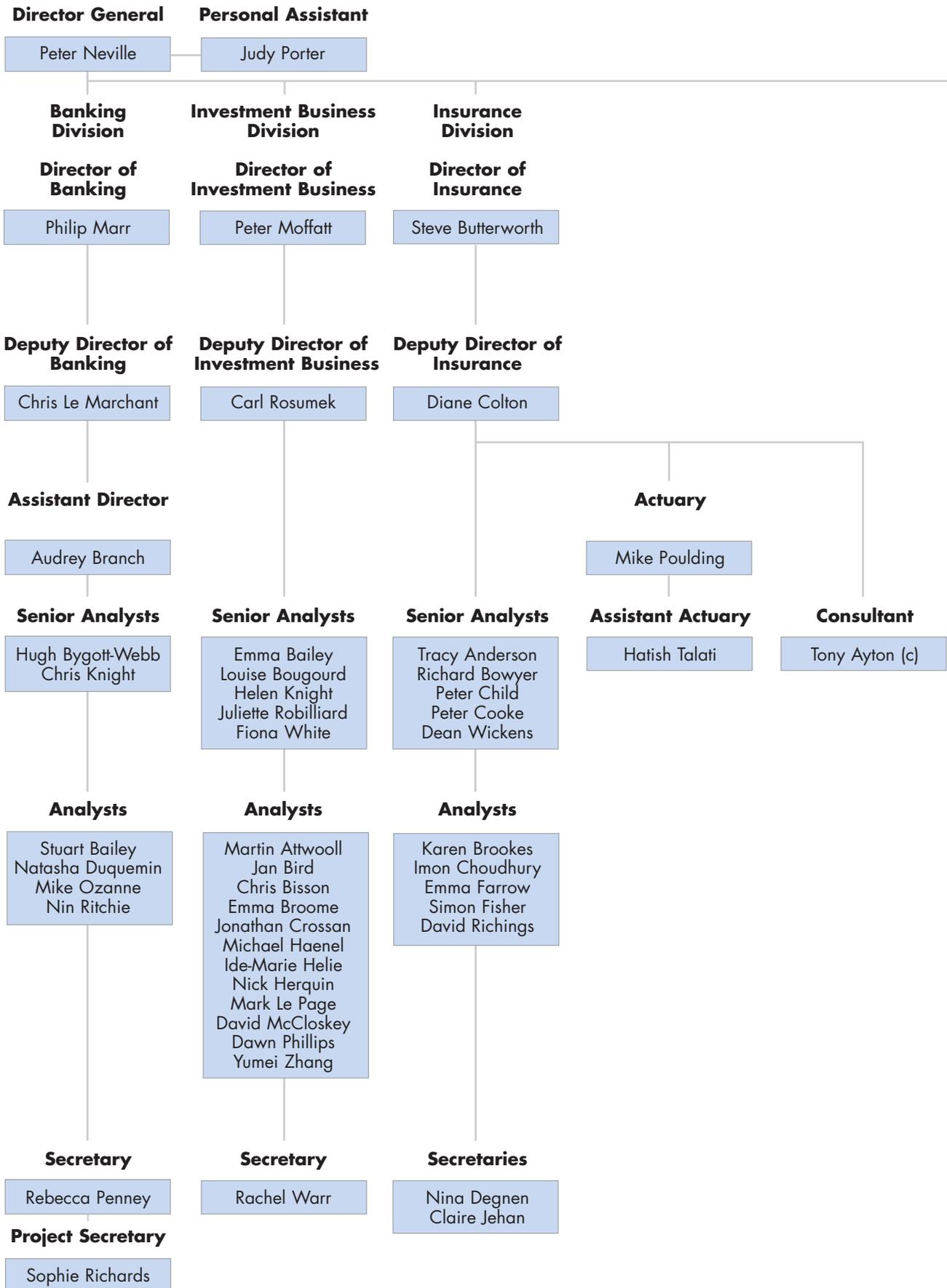
Guernsey Financial Services Commission

## COMMISSION ORGANOGRAM

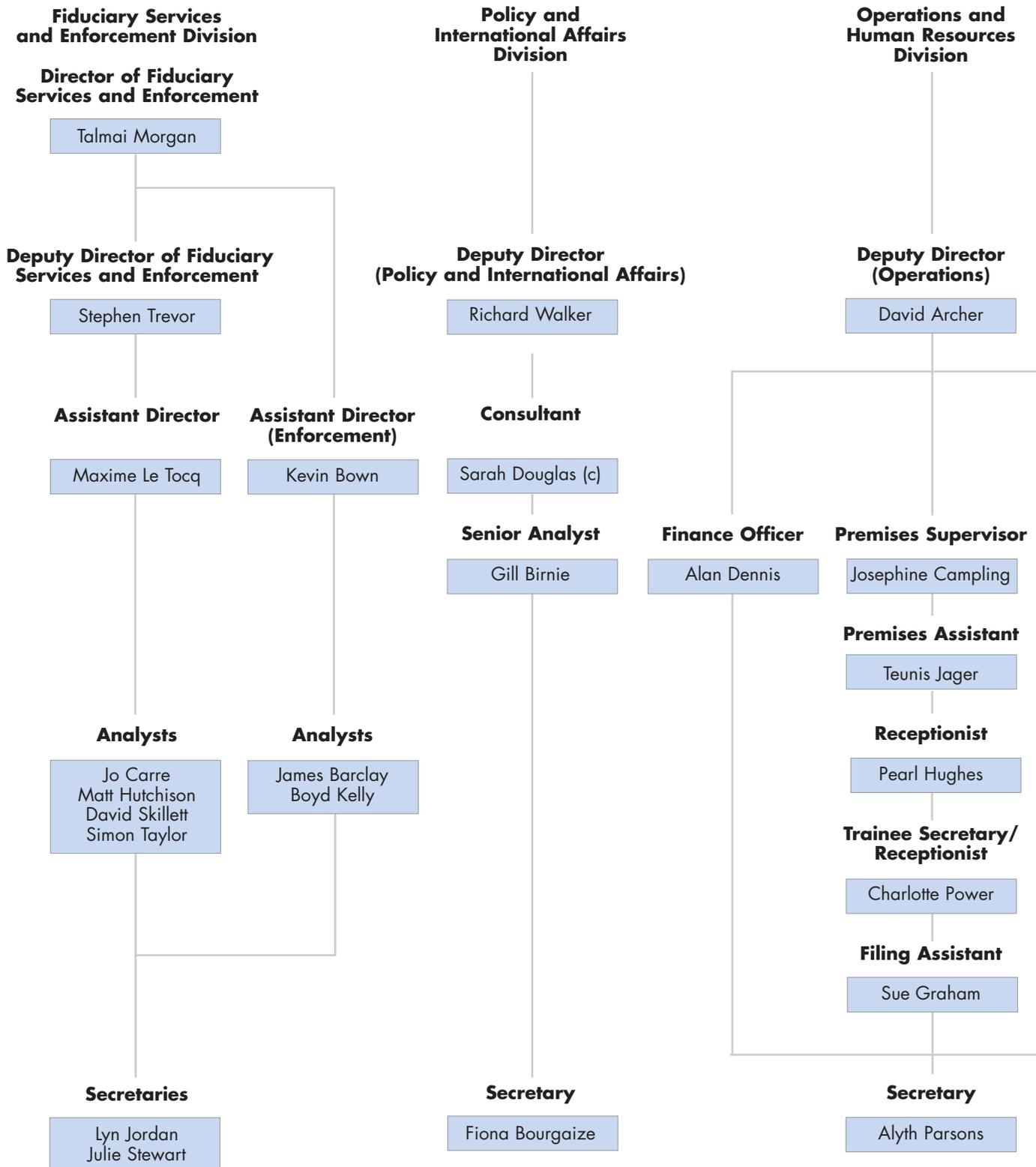
as at 31 March 2003

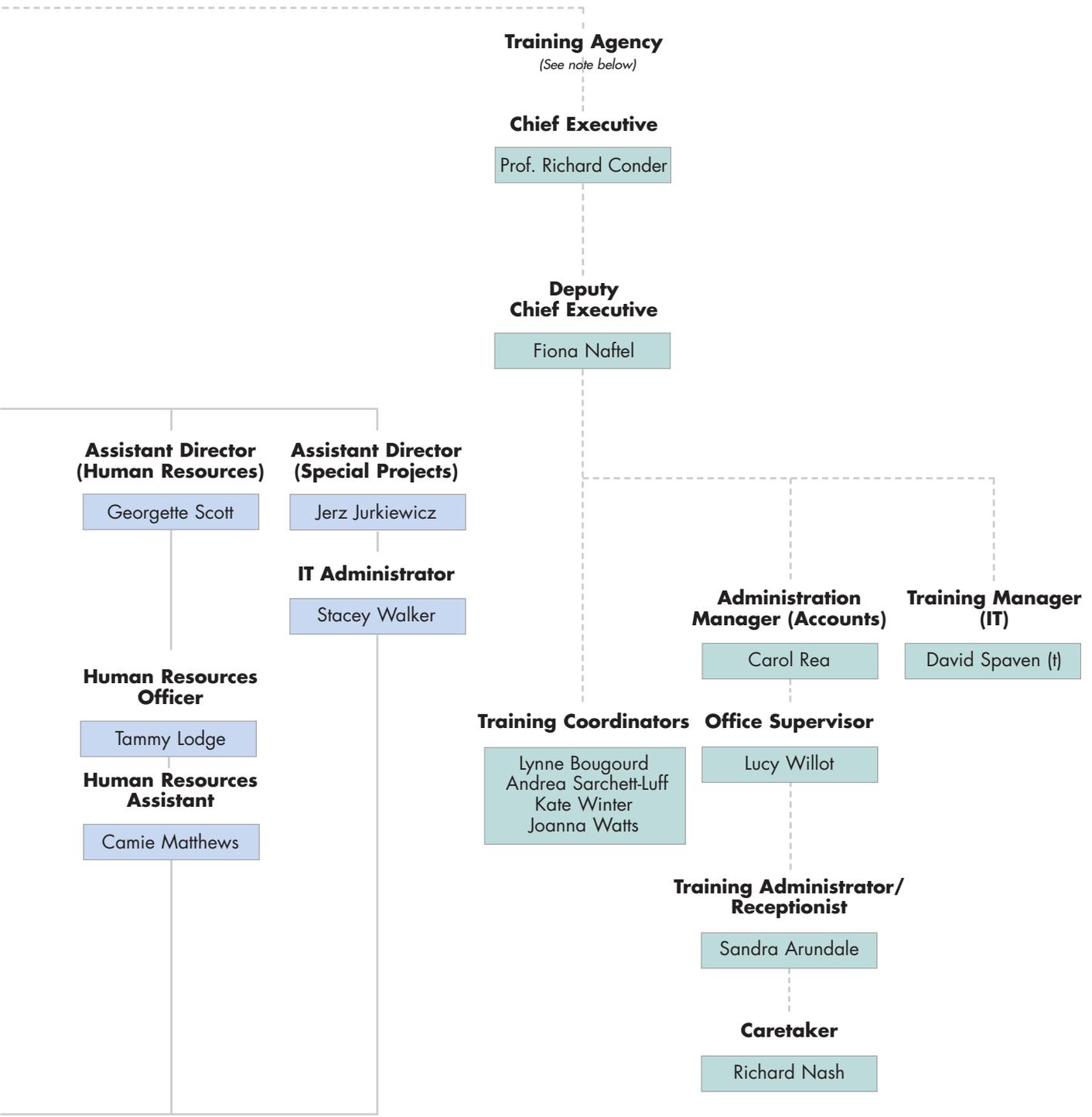
COMMISSION ORGANOGRAM

as at 31 March 2003



(c) Consultants  
(t) Temporary appointment





Note: all Training Agency staff apart from the Chief Executive are seconded from the Commission.

## INDEPENDENT AUDITORS' REPORT TO THE COMMISSIONERS OF THE GUERNSEY FINANCIAL SERVICES COMMISSION

We have audited the financial statements which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes 1 to 12.

### **Statement of Commissioners Responsibilities**

The Commissioners are required by The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended to prepare financial statements for each accounting period which give a true and fair view of the state of affairs of the Commission and of the income and expenditure of the Commission for the period. In preparing these financial statements, the Commissioners are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue to operate.

The Commissioners are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission and to enable them to ensure that the financial statements have been prepared in accordance with The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended and United Kingdom accounting standards. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud, error and non compliance with law or regulations.

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

The Commissioners are responsible for preparing the Annual Report. This includes responsibility for preparing the financial

statements in accordance with generally accepted accounting principles in the United Kingdom.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Commissioners as a body in accordance with Section 18 of The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended. We also report to you if the Commissioners have not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information as described in the contents section of the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with 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 Commissioners in the preparation of the financial statements,

and of whether the accounting policies are appropriate to the Commissioners' 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Commissioners' affairs at 31 December 2002 and of its income and expenditure and cash flows for the year then ended in accordance with United Kingdom accounting standards and have been properly prepared in accordance with The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended.

PricewaterhouseCoopers  
Chartered Accountants  
Guernsey, Channel Islands  
2003

- a) The maintenance and integrity of the Guernsey Financial Services Commission website is the responsibility of the commissioners; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 December 2002

	Note	<b>2002</b> £	2001 £
<b>Income</b>	2		
Fees receivable		<b>5,385,766</b>	3,469,001
Bank interest and other income		<b>119,285</b>	111,493
		<b>5,505,051</b>	3,580,494
Grants from the States of Guernsey		<b>300,000</b>	300,000
		<b>5,805,051</b>	3,880,494
<b>Expenses</b>			
Salaries, pension contributions, staff recruitment and training		<b>3,366,559</b>	2,258,688
Legal and professional fees		<b>526,249</b>	318,239
Premises and equipment, including depreciation	4/8(ii)/9	<b>660,027</b>	574,743
Operating expenses		<b>592,073</b>	503,794
Total operating expenses		<b>5,144,908</b>	3,655,464
Commissioners' fees		<b>20,000</b>	20,000
Auditors' remuneration		<b>4,500</b>	4,575
Commission contribution to expenses of Training Agency Limited	8(i)	<b>295,397</b>	148,398
Total expenses		<b>5,464,805</b>	3,828,437
<b>Surplus of income over expenditure</b>	2	<b>340,246</b>	52,057
Balance brought forward		<b>1,380,456</b>	1,328,399
<b>Balance carried forward</b>		<b>£ 1,720,702</b>	£ 1,380,456

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There were no recognised gains or losses other than the surplus of income over expenditure for the financial year therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the surplus for the financial year as stated above and its historical cost equivalent.

The notes on pages 48 to 51 form an integral part of these financial statements.

**BALANCE SHEET**  
as at 31 December 2002

	Note	<b>2002</b>	2001
		<b>£</b>	£
<b>Fixed assets</b>			
Tangible assets	4/8(ii)	<b>323,177</b>	350,112
<b>Current assets</b>			
Debtors	5	<b>60,215</b>	300,908
Balances with States Treasury		<b>2,011,986</b>	1,357,346
Cash at bank and in hand		<b>359,096</b>	29,311
		<b>2,431,297</b>	1,687,565
<b>Creditors – Amounts falling due within one year</b>	6	<b>(1,033,772)</b>	(657,221)
<b>Net current assets</b>		<b>1,397,525</b>	1,030,344
<b>Total assets less current liabilities</b>		<b>£ 1,720,702</b>	£ 1,380,456
<b>Represented by:</b>			
<b>Income and expenditure account</b>		<b>£ 1,720,702</b>	£ 1,380,456

The financial statements on pages 45 to 51 were approved by the Commissioners and signed on their behalf on 15 April 2003 by:

J E Hallam

L Priestley

*Chairman*

*Vice-Chairman*

The notes on pages 48 to 51 form an integral part of these financial statements.

**CASH FLOW STATEMENT**  
for the year ended 31 December 2002

	Note	<b>2002</b>	2001
		<b>£</b>	£
<b>Reconciliation of surplus of income over expenditure to net cash inflow from operating activities</b>			
Surplus of income over expenditure		<b>340,246</b>	52,057
Depreciation on tangible fixed assets		<b>167,357</b>	136,121
Loss on disposal of fixed assets		<b>26,607</b>	33
Interest receivable		<b>(119,285)</b>	(111,493)
Decrease/(increase) in operating debtors		<b>83,025</b>	(42,140)
Increase in operating creditors		<b>363,777</b>	371,570
<b>Net cash inflow from operating activities</b>		<b>£ 861,727</b>	£ 406,148

**Cash flow statement**

Net cash inflow from operating activities		<b>861,727</b>	406,148
Returns on investments and servicing of finance	11	<b>119,285</b>	111,493
Capital expenditure and financial investment	11	<b>3,413</b>	(341,448)
<b>Increase in cash in the year</b>		<b>£ 984,425</b>	£ 176,193

**Reconciliation of net cash flow to movements in net cash**

Increase in cash in the year		<b>984,425</b>	176,193
Net cash at 1 January 2002	12	<b>1,386,657</b>	1,210,464
<b>Net cash at 31 December 2002</b>	12	<b>£ 2,371,082</b>	£ 1,386,657

The notes on pages 48 to 51 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
31 December 2002

**1. Accounting policies**

**(a) Convention**

These financial statements have been prepared in accordance with the historical cost convention and under applicable accounting standards in the United Kingdom. The principal accounting policies which the Commissioners have adopted within that convention are set out below.

**(b) Fees receivable**

Fees receivable are recorded when they fall due to the Commission and are recognised in the income and expenditure account on an accruals basis.

**(c) Interest**

Bank and States Treasury deposit interest is accounted for on an accruals basis.

**(d) Tangible fixed assets and depreciation**

Depreciation on tangible fixed assets is calculated to write down their cost to their estimated residual values over the period of their estimated useful economic lives at the following annual rates:-

Leasehold improvements	over the shorter of the term of the lease and the estimated useful economic life of the assets
Office equipment and fittings	25% straight line
Computer equipment	33 1/3% straight line

**(e) Foreign currency translation**

Assets and liabilities denominated in currencies other than sterling have been translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions during the year have been translated at the rates of exchange ruling at the date of the transaction.

**(f) Leases**

Rental payments made in relation to office accommodation are treated as operating leases and are charged to the income and expenditure account on a straight line basis over the lease term.

**(g) Pension costs**

Pension costs for employees in the defined benefit scheme are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the service lives of the employees.

**2. Income and surplus of income over expenditure**

Income and surplus of income over expenditure derive wholly from continuing activities.

**3. Taxation**

The Commission is exempt from the provisions of the Income Tax (Guernsey) Law 1975 (as amended).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**4. Tangible assets**

	Leasehold Improvements £	Office Equipment and Fittings £	Computer Equipment £	Total £
<b>Cost</b>				
At 1 January 2002	99,225	560,156	370,089	1,029,470
Additions	921	79,770	86,338	167,029
Disposals – Commission	–	–	(34,245)	(34,245)
Disposals – Training Agency	(51,579)	(88,046)	(59,453)	(199,078)
At 31 December 2002	48,567	551,880	362,729	963,176
<b>Depreciation</b>				
At 1 January 2002	60,072	396,328	222,958	679,358
Charge for the year	4,656	79,184	83,517	167,357
On disposals – Commission	–	–	(34,215)	(34,215)
On disposals – Training Agency	(50,262)	(85,527)	(36,712)	(172,501)
At 31 December 2002	14,466	389,985	235,548	639,999
Net book value at 31 December 2001	39,153	163,828	147,131	350,112
At 31 December 2002	34,101	161,895	127,181	323,177

**5. Debtors**

	2002 £	2001 £
Fees receivable	14,246	34,416
Prepayments	35,957	86,990
Other debtors	10,012	21,834
Amount due from Training Agency Limited (note 8)	–	157,668
	<b>60,215</b>	300,908

**6. Creditors – amounts falling due within one year**

	2002 £	2001 £
General expense creditors	417,210	288,196
Accruals	63,955	45,500
Fees received in advance	539,833	323,525
Amount due to Training Agency Limited (note 8)	12,774	–
	<b>1,033,772</b>	657,221

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**7. Superannuation**

Employees of the Commission are eligible to be members of the States of Guernsey Public Servants' Pension Scheme. This is a defined benefits scheme funded by contributions from both employer and employee at rates which are determined periodically on the basis of actuarial advice, and which are calculated to spread the expected costs of benefits payable to employees over the expected service lives of those employees.

	<b>2002</b>	2001
Charge for the year	<b>£ 170,982</b>	£ 122,632

As a result of the pension scheme being a multi-employer scheme the Commissioners of the Guernsey Financial Services Commission are unable to identify the share of the assets and liabilities of the scheme that relate to the Commission. As such, in accordance with the requirements of Financial Reporting Standard No. 17 – Retirement Benefits, the pension scheme has been accounted for as if it were a defined contribution scheme.

Full details relating to the funding of the superannuation scheme are provided in the Superannuation Fund section of the accounts for the States of Guernsey. A summary of the main features is given below:

The assets of the scheme are held separately from other States assets. The fund is under the control of the States Advisory and Finance Committee, which has arranged for it to be invested by professional advisers in a wide range of stock exchange securities.

The pension costs relating to the scheme are assessed in accordance with the advice of qualified actuaries using the attained age method of valuation. The most recent actuarial valuation of the scheme was conducted as at 31 December 2001. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 6.65% per annum, that the general rate of salaries would increase at the rate of 4.5% per annum, and that pensions and deferred pensions would increase at the rate of 3.1% per annum. These are assumptions which are derived from market yields on fixed interest and index linked gilts at the valuation date.

The assets and liabilities of the scheme are separated between those relating to public servants (including employees of the Commission), those relating to teachers, and those relating to States Members. The valuation showed that the actuarial value of the assets relating to public servants at 31 December 2001 represented 115.7% of the actuarial value of the accrued liabilities relating to this group. The market value of the assets of the pool incorporating the Commission amounted to £592,441,000 at 31 December 2001.

**8. Training Agency Limited**

i) Training Agency Limited arranges training for the finance industry and for other industry sectors. The company's staff are employed by the Commission and permanently seconded to the company. The Commission currently provides funding to the company in order to meet 50% of its budgeted net operating expenditure, the other 50% being provided by the States of Guernsey via the Board of Industry. The accounts of the company are available separately and show how the funding from the Commission and from the States of Guernsey is utilised in the operation of the company.

ii) Included in the tangible fixed assets set out in note 4 are assets which relate exclusively to the Training Agency Limited and which are situated at its premises in Smith Street. On 1 January 2002 the Commission transferred ownership of those fixed assets of the Training Agency Limited that remained owned by the Commission to the Training Agency Limited, writing off the net book value of these assets amounting to £26,577.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**9. Financial commitments**

The Commission leases office accommodation at La Plaiderie Chambers and Le Marchant House. The lease for La Plaiderie Chambers expires on 25 March 2020 and the under lease for Le Marchant House on 10 December 2011. The rentals payable in 2003 under the terms of these leases amount to £273,097 (2002: £245,397).

**10. Controlling party**

In the opinion of the Commissioners there is no controlling party of the Commission, as defined by Financial Reporting Standard No. 8 - Related Party Disclosures, as no party has the ability to direct the financial and operating policies of the Commission with a view to gaining economic benefits from their direction.

**11. Notes to the cash flow statement**

	<b>2002</b>	2001
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	<b>119,285</b>	111,493
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	<b>(167,029)</b>	(227,245)
Repayment of loan from the Training Agency Limited	<b>170,442</b>	(114,203)
Net cash inflow/(outflow) from capital expenditure and financial investment	<b>3,413</b>	(341,448)

**12. Analysis of net cash**

	<b>At 1 January 2002</b>	<b>Cash Flow</b>	<b>At 31 December 2002</b>
Balance with States Treasury	<b>1,357,346</b>	<b>654,640</b>	<b>2,011,986</b>
Cash at bank and in hand	<b>29,311</b>	<b>329,785</b>	<b>359,096</b>
	<b>£ 1,386,657</b>	<b>£ 984,425</b>	<b>£ 2,371,082</b>

## APPENDIX 1 FUNCTIONS AND STRUCTURE OF THE COMMISSION

The Commission Law established the Commission with both general and statutory functions. The general functions include the taking of "such steps as the Commission considers necessary or expedient for the development and effective supervision of finance business in the Bailiwick". The statutory functions include those under the following laws:-

The Protection of Depositors, Companies and Prevention of Fraud (Bailiwick of Guernsey) Law, 1969 as amended

The Banking Supervision (Bailiwick of Guernsey) Law, 1994 as amended

The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended

The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000

The Insurance Business (Bailiwick of Guernsey) Law, 2002

The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002

Section 3 of the Road Traffic (Compulsory Third Party Insurance) (Guernsey) Laws, 1936 to 1989

Section 1 of the Surf-Riding Long Boards (Compulsory Third-Party Insurance) Law, 1969

Section 1 of the Vessels and Speed Boats (Compulsory Third-Party Insurance, Mooring Charges and Removal of Boats) (Guernsey) Law, 1972.

The Committee is responsible for administration of the Control of Borrowing Ordinances. Individual officials of the Commission act for the Committee in matters requiring consent under the Ordinances. Under a similar arrangement, Commission officials act for the Committee in matters requiring action by the Commission under certain sections of the Companies (Guernsey) Law, 1994.

Schedule 1 to the Commission Law provides that the Commission shall consist of five members (Commissioners) elected by the States from persons nominated by the Committee and appearing to it to be persons having knowledge, qualifications or experience appropriate to the development and supervision of finance business in the Bailiwick. The Chairman is appointed from amongst the Commissioners and is elected by the States following nomination by the Committee. The Vice-Chairman is appointed by the Commissioners.

Under section 19 of the Commission Law the Commissioners have delegated certain of their statutory functions to the executive staff of the Commission. These statutory functions are exercised by the executives both jointly and severally. All statutory functions of the Commission may be delegated to the executives except:-

- the power of the Commissioners to delegate functions;
- the Commissioners' duty to make an annual report to the Advisory and Finance Committee;
- any statutory functions which
  - (i) require the Commissioners to consider representations concerning a decision which they propose to take; or
  - (ii) empower the Commission to cancel, revoke, suspend or withdraw a licence, consent, registration, permission or authorisation (except where the cancellation, revocation, suspension or withdrawal is done with the consent of the person who is, or who is acting on behalf of, the holder of the licence, consent, registration, permission

or authorisation); or

- (iii) empower the Commission to petition for the winding up of a body corporate.

The Director General and Directors of the Commission have full discretion as to which of the executives of the Commission are permitted to exercise any or all of the authorities delegated by the Commissioners.

Changes to the Commission Law in 2002 impose new responsibilities on the Commissioners. The Commissioners must now review in each year:-

- (a) the adequacy and application of the Commission's systems of internal control;
- (b) the selection and application of the Commission's accounting policies and accounting procedures;
- (c) the effective, efficient and economical management of the Commission's assets and resources; and
- (d) the Commission's compliance with such generally accepted principles of good corporate governance as it is reasonable to regard as being applicable to the Commission;

and satisfy themselves in connection with the conclusions of any such review. To that end, and in light of recent proposals emanating from the UK on new standards for the role of Audit Committees and on corporate governance, the Commission's Audit Committee has taken on an enhanced role.

There were 10 meetings of the Commissioners in 2002. The attendance of the individual Commissioners at these meetings was as follows:- Laurie Morgan – eight, John Hallam – eight, Nigel Carey – nine, Mel Carvill – eight, Leslie Priestley – ten.

The Commission Law also makes provision for the appointment of such officers and servants as are necessary for carrying out the Commission's functions and for the most senior officer to have the title Director General.

Section 22 of the Commission Law provides that no member, officer or servant of the Commission is personally liable in any civil proceedings in respect of anything done or omitted to be done in the discharge or purported discharge of any function (statutory or general) of the Commission under the Commission Law unless the thing is done or omitted to be done in bad faith. Similarly:-

The Financial Services Commission (Limitation of Liability) Ordinance, 1990 and

The Protection of Investors (Limitation of Liability) Ordinance, 1990

made by the States in exercise of powers under section 23 of the Commission Law, together with section 55 of the Banking Supervision (Bailiwick of Guernsey) Law, 1994 and section 57 of the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, section 93 of the Insurance Business (Bailiwick of Guernsey) Law, 2002 and section 70 of the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 provide variously that no liability shall be incurred by the States, the Committee or the Commission in respect of anything done or omitted to be done in the discharge of the Commission's various statutory functions unless the thing is done or omitted to be done in bad faith.

## APPENDIX 2 COMMITTEES AND WORKING PARTIES

The following advisory groups, committees and work parties have assisted the Commission and the Training Agency with their work. Outside members only are listed.

**Class A Rules Working Party**

Jeff Burton	Barings (Guernsey) Limited
Adv. Nigel Carey	Carey Olsen
David Farrimond	KPMG
Chris Hill	Guernsey International Fund Managers Limited
Bruce Riley	Independent consultant

**Closed-ended Fund Working Party**

Paul Banner	Credit Suisse Fund Administration Limited
Adv. Nigel Carey	Carey Olsen
Adv. Peter Harwood	Ozannes
Connie Helyar	International Private Equity Services Limited
Chris Hill	Guernsey International Fund Managers Limited
John Le Prevost	Anson Fund Managers Limited

**Guernsey Insurance Forum**

Karl Bradley	Insurance Institute of Guernsey
Vincent Bray	Association of British Insurers
Peter Butler	British Insurance Brokers Association
Mel Carvill	Guernsey Association of Pension Funds
Sean Clancy	Loss Adjusters in Guernsey
Michael Clarke	Life Insurance Association
Tom Cleal	Guernsey Friendly Societies Council
Paul Cutter	Association of Guernsey Insurers
Clive James	Guernsey Insurance Company Managers Association
Steven Jones	Channel Islands Actuarial Society
Alex Lindsay	Association of Guernsey Insurance Brokers
Chris Schofield	Association of Guernsey Insurance Brokers
Paul Sykes	Insurance Institute of Guernsey (Education Secretary)
John Wills	Guernsey Association of Mutual Insurance Societies

**Insurance Law Review Committee**

Rodney Benjamin	Bacon & Woodrow
Paul Cutter	Nordben Life and Pensions Insurance Company Limited
Adv. Peter Harwood	Ozannes
Ron Hendry	Independent consultant
Barry Jenkinson	Independent consultant
Ian McCathie	Aon Insurance Managers (Guernsey) Limited
Ian Morris	Bacon & Woodrow
Chris Schofield	Normandie Risk Management Limited
Barry Seymour	Aon Insurance Managers (Guernsey) Limited
Richard Tee	Heritage Group Limited
Peter Walpole	Insurance Corporation of the Channel Islands Limited

**Joint Money Laundering Steering Group**

Allister Carey	Association of Guernsey Resident Stock Brokers
Keith Corbin	Guernsey Association of Trustees
Mark de Garis	Financial Intelligence Service
Robin Fuller	Guernsey Fund Managers Association

Simon Howitt	Guernsey Bar
Clive James <i>(from January 2003)</i>	Representative of the Guernsey Insurance Company Managers Association
Conor Jennings <i>(until December 2002)</i>	Thomas Miller Risk Management (Guernsey) Limited
Andy Offen	Guernsey Society of Chartered and Certified Accountants
Julian Parker	Guernsey Association of Compliance Officers
Ian Robinson	International Life Officers
Peter Rose	Guernsey International Business Association
Chris Schofield	Association of Guernsey Insurance Brokers
Peter Symes	Association of Guernsey Banks

**Pensions Advisory Panel**

Paul Buckle	Carey Olsen
Winston Bull	Guernsey Association of Pension Funds
Paul Cutter	Nordben Life and Pensions Insurance Company Limited
Pat Merriman	Occupational Pensions Advisory Service
Tony Spruce	International Energy Group Limited

**Review of FNCC Rules Working Party**

Jeff Burton	Barings (Guernsey) Limited
Mike Clarke	Clarke Middleton Associates
Shane Le Prevost	Collins Stewart (CI) Limited
Anthony Paul	Close Fund Services Limited
Peter Radford	Bordeaux Services Limited
Alex Ward	Royal Bank of Canada Offshore Fund Managers Limited

**Training Agency Commercial Sector Advisory Group**

Dudley Jehan	N P Holdings Limited
Stuart Le Maitre	States Board of Industry
Martyn Mann	Polar Instruments Limited
Mary Perkins	Specsavers Optical Group Limited
Trevor Wakefield	College of Further Education

**Training Agency Finance Sector Advisory Group**

John Clacy	Guernsey Association of Chartered and Certified Accountants
Jill Despres	International Bankers' Association
Keith Dorrian	Guernsey Fund Managers Association
Anne Ewing	Institute of Chartered Secretaries and Administrators
Ken Gibbs	Chartered Institute of Bankers/Institute of Financial Services
Shaun Lacey	Society of Trust and Estate Practitioners and the Securities Institute
Ian Robinson	Representative of the insurance sector
Trevor Wakefield	College of Further Education

*The Director General of the Commission and the Chief Executive of the Training Agency and their colleagues take this opportunity of acknowledging the contribution made by the members of these groups and of thanking them for their support and assistance.*

## APPENDIX 3 THE BANKING SUPERVISION (BAILIWICK OF GUERNSEY) LAW, 1994

**Institutions holding a banking licence at 31 December 2002**

Adam & Company International Limited  
 Alliance & Leicester PLC  
 Ansbacher (Channel Islands) Limited, Guernsey Branch  
 Baden-Württembergische Bank AG  
 Banca Monte dei Paschi (Channel Islands) Limited  
 Banco Santander Central Hispano (Guernsey) Limited  
 Bank Julius Baer & Co. Limited, Guernsey Branch  
 Bank of Bermuda (Guernsey) Limited  
 Bank of Butterfield International (Guernsey) Limited  
 Bank of Cyprus (Channel Islands) Limited  
 Bank Sarasin (C.I.) Limited  
 Banque Cantonale Vaudoise, Guernsey Branch  
 Barclays Bank PLC  
 Barclays Private Clients International Limited, Guernsey Branch  
 Barings (Guernsey) Limited  
 BNP Paribas Guernsey Limited  
 BNP Paribas (Suisse) SA  
 Bristol & West International Limited  
 BSI AG  
 BSI (Channel Islands) Limited  
 C & G Channel Islands Limited  
 Cheshire Guernsey Limited  
 Clariden Bank (Guernsey) Limited  
 Close Bank Guernsey Limited  
 The Co-operative Bank p.l.c.  
 Coutts (Guernsey) Limited  
 Credit Suisse First Boston, Guernsey Branch  
 Credit Suisse, Guernsey Branch  
 Credit Suisse (Guernsey) Limited  
 D.A.H. Hambros Bank (Channel Islands) Limited  
 Deutsche Bank International Limited  
 EFG Private Bank (Channel Islands) Limited  
 EFG Private Bank SA (Guernsey Branch)  
 EFG Eurobank Ergasias International (C.I.) Limited  
 First Active Bank Channel Islands Limited  
 FleetBoston Financial (Guernsey) Limited  
 Girobank PLC  
 Hamburgische Landesbank (Guernsey) Limited  
 HSBC Bank International Limited  
 HSBC Bank plc  
 HSBC Republic Bank (Guernsey) Limited  
 HSBC Republic Bank (Suisse) S.A., Guernsey Branch  
 ING Banque Bruxelles Lambert (Suisse) Ltd, Guernsey Branch  
 Investec Bank (Channel Islands) Limited  
 Kleinwort Benson (Channel Islands) Limited, Guernsey Branch  
 Kleinwort Benson (Guernsey) Limited  
 Leopold Joseph & Sons (Guernsey) Limited  
 Lloyds TSB Bank (Guernsey) Limited  
 Lloyds TSB Offshore Private Banking (Guernsey) Limited  
 Lloyds TSB Offshore Treasury Limited, Guernsey Branch  
 MeesPierson (C.I.) Limited  
 Mellon Bank (Channel Islands) Limited  
 National Bank of Greece SA, Guernsey Branch  
 Northern Rock (Guernsey) Limited  
 Portman Channel Islands Limited  
 RBSI Custody Bank Limited, Guernsey Branch  
 N M Rothschild & Sons (C.I.) Limited  
 Rothschild Bank Switzerland (C.I.) Limited  
 Royal Bank of Canada (Channel Islands) Limited  
 The Royal Bank of Scotland International Limited, Guernsey Branch  
 Sabanci Bank (Guernsey) Limited  
 Saudi International Bank (Guernsey) Limited  
 Schroders (C.I.) Limited  
 SG Hambros Bank & Trust (Guernsey) Limited  
 Skipton Guernsey Limited  
 The United Bank of Kuwait PLC, Guernsey Branch  
 Yorkshire Guernsey Limited

APPENDIX 4 THE REGULATION OF FIDUCIARIES, ADMINISTRATION BUSINESSES AND COMPANY DIRECTORS, ETC. (BAILIWICK OF GUERNSEY) LAW, 2000

*Applications for a fiduciary licence by existing businesses received by 31 May 2001 are determined on a regular basis. Please refer to the Commission's website at [www.gfsc.guernseyci.com](http://www.gfsc.guernseyci.com) or contact the Fiduciary Services and Enforcement Division for the up-to-date list of licensees.*

**Institutions holding a full fiduciary licence at 31 December 2002**

*Where licences were granted on a joint application, the name of the lead licensee is shown first in bold type.*

**Abacus Financial Services Limited**

Abacus (C.I.) Limited  
Abacus Corporate Services Limited  
Abacus (Guernsey) Limited  
Abacus (Nominees) Limited  
Abacus Secretaries (Guernsey) Limited  
Abacus Trustees (Guernsey) Limited  
Abacus Trustees (Jersey) Limited  
Whiteley Trustees Limited

**Acumen International (Fiduciary Services) Limited**

**Adam & Company International Trustees Limited**

Adam & Company International Nominees Limited

**Albany Trustee Company Limited**

Albany Trustee Company (UK) Limited  
Argonaut (Guernsey) Limited  
Argonaut (Jersey) Limited  
Continental Nominees Limited  
Investment Services (Guernsey) Limited  
Island Nominees Limited  
Jersey Advisory Bureau Limited

**Allied Trust Company Limited**

Allied Nominees Limited  
Allied Trust Directors One Limited  
Allied Trust Directors Two Limited  
BSCHG Consejeros Limited  
BSCHG Directors Limited

**Amex International Trust (Guernsey) Limited**

AITG Corporate Secretaries Limited  
Birdsong Limited  
Nominees One Limited  
Nominees Two Limited  
Songbird Limited

**Ansbacher Trust Company (Guernsey) Limited**

Anka Limited  
Ansbacher Portfolio Nominees (Guernsey) Limited  
Fiduciary Services Limited  
JG Nominees (Guernsey) Limited  
JG Secretaries Limited  
JG Trustees Limited  
Perseus Limited  
Plaiderie Corporate Directors One Limited

Plaiderie Corporate Directors Two Limited  
Plaiderie Corporate Secretaries Limited  
Polaris Limited  
Sarnia Yachts Limited  
Topaz Investments Limited

**Anson Fund Managers Limited**

**AON Services (Guernsey) Limited**

**Appleton Trust Company (C.I.) Limited**

Appleton Nominees (C.I.) Limited

**Artemis Trustees Limited**

Artemis Corporate Services Limited  
Artemis Nominees Limited  
Artemis Secretaries Limited

**Bachmann Trust Company Limited**

ADL One Limited  
ADL Two Limited  
Bachmann Alpha Limited  
Bachmann Beta Limited  
Bachmann (Channel Islands) Limited  
Bachmann Corporate Services Limited  
Bachmann Delta Limited  
Bachmann Epsilon Limited  
Bachmann Gamma Limited  
Bachmann Nominees Limited  
Bachmann Omega Limited  
Bachmann Pi Limited  
Bachmann Securities Limited  
Bachmann Trust Company (UK) Limited  
Cantalibra Limited  
Commercial Trading Limited  
Fidsec Limited  
Guernsey Ship Management Limited  
Marine Nominees Limited  
MDL Limited  
NVWBC Trustees Limited  
PDL Limited  
Plantation Trust Limited

**Bank Hofmann Trustees Limited**

Clariden Trust (Guernsey) Limited  
Leu Trustees (Guernsey) Limited

**Bank of Montreal Trust Company (C.I.) Limited**

**Barclays Bank PLC**

Barclays Nominees (Guernsey) Limited

**Barclays Private Bank & Trust Limited**

Barclaytrust Channel Islands Limited  
Barclaytrust International (Guernsey) Limited

APPENDIX 4 CONTINUED

**Baring Trustees (Guernsey) Limited**

**Bartholomew Trust Company Limited**

Bartholomew Nominees Limited

**BCL Trust Company (Guernsey) Limited**

**Benow Trustees Limited**

**Bermuda Trust (Guernsey) Limited**

First Somers (Guernsey) Limited

Second Somers (Guernsey) Limited

**Betty & Dickson Trustees Limited**

**BGL Reads Group Limited**

Bajan Limited

BDO Guernsey International Management Limited

BDO Guernsey Trustees Limited

BGL Reads International Management Limited

BGL Reads Private Clients Limited

BGL Reads Trust Company Limited

BGL Trustees Limited

Channel Corporate Services Limited

Chart Trust Company Limited

C.M.S Limited

Codale Secretaries Limited

Cosign Limited

Cosign Nominees Limited

Cosign Services Limited

Hugo Holdings Limited

JSH Services Limited

Mathieu Limited

Merley Holdings Limited

Penhall Limited

Perbury Limited

Prisim Services Limited

Pritchards Nominees Limited

Pritchards Secretarial Services Limited

Pritchards Trustees Limited

Probus Reads Trust Company Limited

Relton Holdings Limited

Spread Nominees Limited

Spread Services Limited

Spread Trustee Company Limited

**BKR Haines Watts (CI) Limited**

BKR HW Trust Company Limited

**BKR Lince Salisbury Limited**

Avenue Partners Limited

Avenue Trust Company Limited

Lince Muller

Lince Salisbury

Rose Garden Limited

**BMPS Trustees (C.I.) Limited**

BMPS Corporate Services (C.I.) Limited

BMPS Nominees (C.I.) Limited

City Nominees Limited

Saints Trustees Limited

**BNP Paribas International Trustee (Guernsey) Limited**

**Bordeaux Services Limited**

**Bourse Trust Company Limited**

Aberthaw Trading Limited

Cowbridge Holdings Limited

Minehead Holdings Limited

Towpath Holdings Limited

**BSI Trust Corporation (Channel Islands) Limited**

BSI Administrators (Channel Islands) Limited

**Butterfield Trust (Guernsey) Limited**

Bank of Butterfield International (Guernsey) Limited

BNTB Nominees (Guernsey) Limited

Butterfield Management Services (Guernsey) Limited

Halsfield Limited

Havre Corporate Services Limited

Havre Management Services Limited

Rose Nominees Limited

Rosebank Management Limited

**BWCI Trust Company Limited**

Bacon & Woodrow Pension Trustees (C.I.) Limited

**CA Fiduciary Services Limited**

CA Nominees Limited

**Cannon Trust Company Limited**

Cannon Corporate Directors Limited

Cannon Corporate Services Limited

Cannon International Limited

Cannon Investments Limited

Cannon Nominees Limited

Cannon Secretaries Limited

Euro Finance Limited

**Carey Langlois Trust Company Limited**

C.L. Directors Limited

C.L. Nominees Limited

C.L. Secretaries Limited

Carey Langlois Administration Services Limited

Carey Langlois Commercial Services Limited

Carey Langlois Pension Administration Services Limited

Carey Langlois Pension and Benefit Trustees Limited

M.C. Trustees Limited

Scholer Nominees Limited

**Chamberlain Heritage Services Limited**

Chamberlain Trustees Limited

**Charter Trust Company Limited**

Azure Limited

Charter Management Limited

Interco Services Limited

**CIIC - Sogecore Insurance Managers Limited****Clarke Middleton Associates Limited****Close Trustees Guernsey Limited**

Admiral Directors Limited

Director Services (Guernsey) Limited

Landmark Directors Limited

Trafalgar Nominees Limited

Victory Nominees Limited

Viscount Trustees Guernsey Limited

**Codan Trust Company (Guernsey) Limited**

Codan (Guernsey) Limited

Codan Management (Guernsey) Limited

Codan Services (T&C) Limited

Orient Services Limited

**Controlfida Trustees Limited****Corporate Planning Trustees (Guernsey) Limited****Corporate Services (Alderney) Limited**

Alderney Trustees Limited

Anchor Nominees (Alderney) Limited

Busby Nominees (Alderney) Limited

Channel Nominees (Alderney) Limited

Duncan Nominees (Alderney) Limited

Frank Nominees (Alderney) Limited

Giffoine Limited

Huret Limited

Ingot Limited

**Coutts (Guernsey) Limited**

Citron Limited

Corpshare Limited

Coutts Guernsey Nominees Limited

Rouge Limited

Vert Limited

**Credit Suisse Trust Limited**

Brock Nominees Limited

Carentan Investments Limited

College Trustees Limited

Court Administration Limited

Credit Suisse Trust Limited - Isle of Man

Fundamentum Limited

Keynedon Trustees Limited

Kiloran Trust Company Limited

Leeward Nominees Limited

Primary Management Limited

Prism Management Limited

Swiss Nominee Services Limited

Tenby Nominees Limited

Touraine Trust Company Limited

Viribus Nominees Limited

Waterfront Securities Limited

**Crossways Trustees Limited**

REC Services Limited

Standfast Limited

**DBS Trustee Limited****de Vernon Group SA**

de Vernon Holdings Limited

de Vernon Limited

de Vernon Secretaries SA

de Vernon Trustees Inc

IJ Willis Inc

JC Brannam Inc

**Deutsche Bank International Trust Co. Limited**

DBMG Trust Company Limited

Deutsche Bank (Cayman) Limited

Deutsche Bank International Trust Co. (Cayman) Limited

Deutsche Bank Investments (Guernsey) Limited

Deutsche Bank Nominees (Guernsey) Limited

Deutsche Bank Trustee Services (Guernsey) Limited

Deutsche International Trust Corporation (C.I.) Limited

Deutsche International Trustee Services (C.I.) Limited

Deutsche Transnational Trustee Corporation Inc

Regula Limited

Trevona Limited

**Dixcart Trust Corporation Limited**

Dixcart Financial Services Limited

Dixcart Management Limited

Dixcart.Net Limited

Mayfield Trustees Limited

Savannah Management Limited

Yates Management Limited

**Eagle Star Trust Company (Guernsey) Limited**

Eagle Star Trust Company (Jersey) Limited

Stellar Holdings Limited

**EFG Private Bank (Channel Islands) Limited**

Castle Court Protectors Limited

Dallington Holdings Limited

PB Nominees (Guernsey) Limited

Strategic Asset Management Limited

APPENDIX 4 CONTINUED

**F Haskins & Co**

Codirse Limited  
College Chambers (No.1) Limited  
College Chambers (No.2) Limited  
College Chambers Administrative Services Limited  
College Chambers Nominees (No.1) Limited  
College Chambers Nominees (No.2) Limited  
College Chambers Trustees Limited

**Fairbairn Trust Company Limited**

FRT Directors Limited  
FRT Secretarial Limited  
NCS Nominees Guernsey Limited  
Spectrum Nominees Limited

**Federal Trust Company Limited**

Federal Trust Corporation Limited

**Fornells Limited**

Lizard Limited  
Scar Limited

**Fort Management Services Limited**

Elton Limited  
Eros Nominees Limited  
Fort Investments Limited  
Fort Limited  
Fort Trustees Limited  
Regent Nominees Limited  
Sloane Nominees Limited

**Goethe Management Limited**

Agential Merchants Limited  
Arden Secretaries Limited  
Ardennes Holdings Limited  
Barton Secretaries Limited  
Broadstone Enterprises Limited  
Certidor Limited  
Chad Management Limited  
Consultancy Services Overseas Limited  
Corridet Limited  
Craystere Limited  
Fairport Holdings Limited  
G.M. Trustees Limited  
Goethe Holdings Limited  
Grafton Services Limited  
Parkridge Holdings Limited  
Rushworth Holdings Limited  
Statefare Securities Limited  
Stateline Securities Limited  
Taymanor Limited  
Technical Services (Overseas) Limited  
Tredoric Limited  
Tudorlord Limited  
Whitecourt Holdings Limited  
Whitestone Holdings Limited  
Wingrave Limited

**Guernsey Trust Company Limited**

GTC Alpha Limited  
GTC Beta Limited  
GTC One Limited  
GTC Secretaries Limited  
GTC Two Limited

**Hamilton Trustees Limited**

Glenross Limited  
Hamilton Management Services Limited  
Hamilton Nominees Limited  
Hamilton Secretarial Services Limited  
Kappa Limited

**Hansard Management Services Limited**

B.L.A. Limited  
Hansard Trust Company Limited  
Island Directors Limited  
Island Secretaries Limited

**Harbour Trustees Limited**

Corporate Directorate Services Limited  
Corporate Secretary Services Limited  
Harbour Consultancy Services Limited  
Harbour Court Director Limited  
Harbour Group Director Limited  
Harbour Group Protector Limited  
Harbour International Services Limited  
Harbour Nominees Limited  
KS Nominees Limited  
KS Trustees Limited

**Haven Trustees Limited**

Century Limited  
Century Management Limited

**Heritage Fiduciaries Limited**

Adelphi Limited  
Anglo Secretaries Limited  
Anglo Services Limited  
Anglo Trust (Jersey) Limited  
Anglo Trust Limited  
Barnham Limited  
Cavendish Securities Limited  
Delta Confirmers Limited  
Elan Holdings and Investments Limited  
Forest Securities Limited  
Heritage Property Holdings Limited  
Heritage Trust Limited  
Wigmore Consultants Limited

**Hero Nominees Limited**

**HSBC Republic Trust Company (Guernsey) Limited**

Eton Corporate Services Limited  
Eton Management Limited  
HSBC International Trustee Limited  
HSBC Investments (Bahamas) Limited  
HSBC Republic Bank (Guernsey) Limited  
Midland Bank Trustee (Guernsey) Limited  
Republic Nominees Limited

**Indosuez Trust Services Limited**

Cherry and Neale Limited  
Cloverdale Holdings Limited  
Duet Services Limited  
Levant Services Limited  
Palermo Holdings Limited  
Wynndel Limited

**Insinger Trust (Guernsey) Limited**

Aldgate Trust Company Limited  
Amarado Limited  
Barsac Company Limited  
Birchtown Limited  
Bishopsgate Nominees Limited  
Caravel Management Limited  
Channel Life Trust Company Limited  
Kimali Services Limited  
Leadenhall Nominees Limited  
Leadenhall Services Limited  
Leadenhall Trust Company Limited  
Moultrie Investments Limited  
Oldwick Holdings Limited  
Riverdale Limited  
Threadneedle Services Limited  
Tower Secretaries Limited

**International Private Equity Services Limited**

IPES Trustees Limited

**Intertrust (Guernsey) Limited****Investec Bank (Channel Islands) Nominees Limited****Investec Trust Guernsey Limited**

Bayeux Trustees Limited  
Bengal Nominees Limited  
Executive Nominees Limited  
Finistere Directors Limited  
Finistere Limited  
Finistere Nominees Limited  
Finistere Secretaries Limited  
GFT Directors Limited  
Quality Court Trustees (Channel Islands) Limited  
Quiboy Limited  
Theodores Trustees (Guernsey) Limited

**Ironwood Trustees Limited****Julius Baer Trust Company (Channel Islands) Limited**

BJB Nominees (Guernsey) Limited  
JB Secretaries (Guernsey) Limited  
T.C. Directors (Channel Islands) Limited  
Ursa Alpha Limited  
Ursa Beta Limited

**Jupiter Administration Limited**

Coole Park Limited  
Dinosaur Limited  
Jupiter Nominees Limited  
Jupiter Trustees Limited  
Quarrymount Limited

**The Kensington Corporation Limited**

Dartmouth Limited  
Devonport Limited  
Disney Limited  
Dominion Limited  
Dorchester Limited  
Sarum Limited  
Shaftesbury Limited

**Kingston Management (Guernsey) Limited**

Hawkshead Investments Limited  
Kendal Limited  
Kingston Trustees Limited  
Oxford Investments Limited  
Wessex Holdings Limited

**KLA Trust Company Limited****Kleinwort Benson (Channel Islands) Trustees Limited**

Borrowdale Nominees Limited  
Corporate Directors (No 1) Limited  
Corporate Directors (No 2) Limited  
Corporate Services (Guernsey) Limited  
Fenchurch Nominees (Singapore) PTE Limited  
Fitrust Fiduciaire et Trustee SA  
Guernsey Nominees Limited  
Hilary Nominees Limited  
K.B. (C.I.) Nominees Limited  
Kleinwort Benson (Geneva) Trustee SA  
Kleinwort Benson (Guernsey) Limited  
Kleinwort Benson (Guernsey) Trustees Limited  
Kleinwort Benson International Trustees Limited  
Kleinwort Benson (Jersey) Trustees Limited  
Knowlfa Limited  
Langdale Nominees Limited  
Orbis Business Services Limited  
Orbis Group Limited  
Orbis Management Limited  
Orbis Pension Trustees Limited  
Orbis Trustees Guernsey (1997) Limited  
Orbis Trustees Guernsey Limited  
Orbis Trustees Jersey Limited  
Orbis Trustees Limited  
Property Nominees (Channel Islands) Limited

APPENDIX 4 CONTINUED

**KPMG Secretaries Limited**

Lyth Nominees Limited  
Winster Nominees Limited

**L & S Services Limited Partnership**

Enzian Limited  
Honor Trustees Limited  
Jardy Directors Limited  
Lisle Secretaries Limited  
Lisle Trustees Limited  
Manor Directors Limited  
Old Manor Trustees Limited  
Phoenix Nominees Limited  
Sarsura Directors Limited  
Wild Plateau Limited

**Law Trust Limited**

**Legis Corporate Services Limited**

Doric Limited  
Fifth Ovalap Limited  
First Ovalap Limited  
Fourth Ovalap Limited  
Ionic Limited  
Lapco Limited  
Legis BVI Limited  
Legis International Management Limited  
Legis (MRL) Limited  
Legis Nominees Limited  
Legis Trust Limited  
Nomos Trustees Limited  
Ovaco Limited  
Ovalap Nominees Limited  
Second Ovalap Limited  
Sixth Ovalap Limited  
Third Ovalap Limited

**Leopold Joseph Trust Company (Guernsey) Limited**

Albert Limited  
Gresham Limited  
Leopold Joseph & Sons (Guernsey) Nominees Limited  
Leopold Joseph Secretaries (Guernsey) Limited  
Moulinet Trustees Limited

**Lloyds TSB Offshore Private Banking (Guernsey) Limited**

Hill Samuel Offshore Trust Company Limited  
LBI (Guernsey) Nominees Limited  
Lloyds TSB Management Limited  
Lloyds TSB Services Limited

**Louvre Fiduciary Group Limited**

Grenadier International Limited  
Louvre Nominees One Limited  
Louvre Nominees Two Limited  
Louvre Secretaries Limited  
Louvre Trustees Limited

**m3 Trustees Limited**

**Marsh Management Services Guernsey Limited**

**Marshall Secretarial Services Limited**

New Street Nominees Limited

**Mayfair Trustees Limited**

**MeesPierson (C.I.) Limited**

Albany Associates Limited  
Ardgowan Holdings Limited  
Argenta Limited  
Athos Group Limited  
Court Trust Company Limited  
Creighton Services Limited  
Holme Head Limited  
INB Holdings Limited  
Lexus Service Corporation Limited  
Locherben Company Limited  
Lotus Trust Company Limited  
MeesPierson Management (Guernsey) Limited  
MeesPierson Nominees (Guernsey) Limited  
MeesPierson Trust (Asia) Limited  
Porthos Group Limited  
Stocksfield Limited

**Mentor Trust Limited**

MCO (BVI) Limited  
Mentor Nominees Limited  
Mentor Secretaries Limited  
Mentor Trustees Limited  
Spook Limited

**Mercator Trust Company Limited**

Alex Picot Limited  
Anson Limited  
Arbuthnot Trust (Guernsey) Limited  
AT Nominees Limited  
Brems Trustees Limited  
Cabot Limited  
Chrisalis Trustees (Guernsey) Limited  
Dewsbury International Limited  
Exchange Services Limited  
Isis Fiduciary Corporation  
Mercator Finance and Guarantors Limited  
Mercator Management Services Limited  
Mercator Nominees Limited  
Mercator Secretaries Limited  
Mercator Trustees Limited  
Mewbec Limited  
Moores Rowland Trust Company (Guernsey) Limited  
MRG Services Limited  
Ormond Limited  
Padt En Van Kralingen Trust (Guernsey) Limited  
Pearson Fraser Consulting Limited  
Pearson Fraser Limited

Saints Bay Trust Company Limited  
Winslow Secretaries Limited

**Merlin Group Securities Limited**

Cranberry Investments Inc  
Merlin Group (Clients) Limited  
Merlin Group Nominees Limited  
Merlin (Protectors) Limited  
Merlin Services Limited  
Procard Services Inc  
Pronet Personnel Limited

**Moore Stephens**

First Island Nominees (Guernsey) Limited  
First Island Properties (Guernsey) Limited  
First Island Secretaries (Guernsey) Limited  
First Island Trustees (Guernsey) Limited  
Moore Stephens Trust Company (Guernsey) Limited

**Mutual Trust Management Guernsey Limited**

**N. M. T. Trustees Limited**

**Nordben Pension Trustees Limited**

**Ogier Trustee (Guernsey) Limited**

Golem Limited  
Melog Limited

**Optimum Risk Research (International) Limited**

**Opus Fiduciary Services Limited**

Opus Management Limited  
Opus Nominees Limited  
Opus Trustees Limited

**PA Trust Limited**

**Parkway Administration (Guernsey) Limited**

**Perkins Trustees Limited**

Albany Secretarial Services Limited

**PG Trustees Limited**

PG Nominees Limited

**Pont Street Trustees (Guernsey) Limited**

**Praxis Fiduciaries Limited**

PKF Trustees Limited  
Praxis Directors One Limited  
Praxis Directors Two Limited  
Praxis Fiscal Consultants Limited  
Praxis Nominees Limited  
Praxis Portfolio Trustees Limited  
Praxis Secretaries Limited  
Praxis Trustees Limited

**Rabobank Trust Company Guernsey Limited**

Rabobank Secretaries Guernsey Limited

**Rawlinson & Hunter Limited**

Granary Trust Limited  
International Company Management Limited  
Kings House Management Limited  
Kings House Trustees Limited  
Portman Welbeck Limited  
R & H Trust Co. (Guernsey) Limited

**RBC Trustees (Guernsey) Limited**

Guernroy Limited  
RBC Corporate Services (Guernsey) Limited  
RBC Directorship Services (Guernsey) Limited  
RBC Trustees International Limited  
Royal Bank of Canada (Asia) Limited  
Royal Bank of Canada (Channel Islands) Limited  
Royal Bank of Canada Offshore Fund Managers Limited  
Royal Bank of Canada Trust Company (Asia) Limited  
Royal Bank of Canada Trust Company (Bahamas) Limited  
Royal Bank of Canada Trust Company (Cayman) Limited  
Royal Bank of Canada Trust Corporation Limited  
Royal Bank of Canada Trustees (Jersey) Limited  
Royal Trust (Bermuda) Limited  
Roycan Protector Limited  
Roycan Trust Company SA

**RBSI Trustee Services (Guernsey) Limited**

Rock Nominees Limited  
Roygen Nominees Limited  
Royvest Nominees Limited

**Rosetrust Limited**

Rosetrust Nominees Limited

**Rothschild Trust Guernsey Limited**

Casquets Limited  
Ensifer Trust Company (CI) Limited  
First Board Limited  
First Court Limited  
Guernsey Global Trust Limited  
Rothschild Corporate Administration Services Inc  
Rothschild Corporate Fiduciary Services Limited  
Rothschild Switzerland (CI) Trustees Limited  
Rothschild Trust (Bermuda) Limited  
Rothschild Trust Canada Inc  
Rothschild Trust Corporation Limited  
Rothschild Trust Financial Services Limited  
Rothschild Trust Jersey Limited  
Rothschild Trust New Zealand Limited  
Second Board Limited  
Second Court Limited  
Third Board Limited

APPENDIX 4 CONTINUED

**Safehaven International Limited**

Bach and Associates Limited  
 Bach and Hodson Consulting Limited  
 Keats Limited  
 Safehaven Marine Holdings Limited  
 Safehaven Trustees Limited  
 Wordsworth Limited

**Saffery Champness Management International Limited**

Champness Limited  
 Clore/Duffield Foundations Nominees Limited  
 Consolidated Funds Investments Nominees Limited  
 Hexagon Trust Company (C.I.) Limited  
 J. Rothschild Nominees (Guernsey) Limited  
 Octavian Nominees Limited  
 Proteus Nominees Limited  
 RHK Nominees Limited  
 Rysaffe International Services Limited  
 Rysaffe Limited  
 Rysaffe Nominees (C.I.) Limited  
 Rysaffe Trustee Company (C.I.) Limited  
 Saffery Champness Trust Corporation  
 Saffery Champness Trustees Limited  
 Saffery Limited  
 Saffery Trustee Company (C.I.) Limited

**Saltire Trustees (Overseas) Limited**

Saltire (Nominees) Limited  
 Turcan Connell  
 Turcan Connell Trustees (Guernsey) Limited

**Sarnia Management Corporation Limited**

Bordage Directors Limited  
 Extratime Management Limited  
 Fistral Directors Limited  
 Fistral Limited  
 Fistral Trustees Limited  
 Sarnia Directors Limited

**SBTC Limited**

**Schroder Executor & Trustee Company (C.I.) Limited**

Schroder Corporate Services (C.I.) Limited

**Seamark Trust Company (CI) Limited**

Collatine Limited  
 Euro-Seamark Limited  
 Listard Limited  
 Nestorian Limited  
 Staffport Limited  
 Tagus Investments Limited

**S G Hambros Trust Company (Guernsey) Limited**

CDS International Limited  
 HTG Limited  
 TNS Services Limited

**Sphere Management Limited**

Sphere Holdings Limited  
 Sphere Trustees Limited

**St Anne's Holdings Limited**

Expert Holdings Limited  
 Freestar Directors Limited  
 Freestar Nominees Limited  
 Freestar Trustees Limited  
 Orion Nominees Limited  
 Orion Trust Limited  
 The Pensioneer Trustee Company (Guernsey) Limited  
 Richmond Corporate Services Limited  
 Richmond Nominees Limited  
 Scorpio International Limited  
 Scorpio Secretarial Services Limited  
 Sherama SA  
 St Anne's Trustees Limited

**St Peters Trust Company Limited**

Abaco Secretaries Limited  
 Allaire Limited  
 Andros Management Limited  
 Appendale Services Limited  
 Astonmain Limited  
 Conemara Limited  
 Cornet Trustees Limited  
 Goldenthorpe Limited  
 H Johns Limited  
 Kameroon Securities Limited  
 Kerryhead Limited  
 Lutine Services Limited  
 Management International Limited  
 Mardek Limited  
 Marjorie Securities Limited  
 Martin Securities Limited  
 St Peters Securities Limited

**Stenham Gestinor Trustees Limited**

Aldenhams Investments Limited  
 Amalthea Limited  
 Brunswick Limited  
 Burhou Limited  
 Centaurus Limited  
 Longoak Investments Limited  
 Ortac Limited

**Towers Perrin Share Plan Services (Guernsey) Limited**

**Trident Trust Company (Guernsey) Limited**

The Cabinet Trust Company Limited  
 Hillcrest Executor & Trustee Company Limited  
 Island Consultants Nominees Limited  
 Trident Nominees (Guernsey) Limited  
 Western House Nominees Limited

**Trust Management (Alderney) Limited****UBK Trustees (Guernsey) Limited****Valora Holding Finance Limited****Walbrook Trustees (Guernsey) Limited**

Lindmar Trust Company Limited  
SVH Services Limited  
Walbrook Corporate Services (Guernsey) Limited  
Walbrook Directors (No 1) Limited  
Walbrook Directors (No 2) Limited  
Walbrook Nominees (No 5) Limited  
Walbrook Nominees (No 6) Limited  
Walbrook Nominees (No 7) Limited

**Weighbridge Trust Limited**

Averon Holdings Limited  
Bournemead International Limited  
Edgewater Estates Limited  
Marble Hill Investments Limited  
Merdolino Limited  
Seydor Limited  
Weighbridge Trust Administration Limited  
WT Consultancy Limited  
Zuma Holdings Inc

**Willcox & Co (Guernsey) Limited**

Eagle Secretaries Limited  
Eagle Trustee Services Limited  
Eagle Trustees Limited  
Willcox & Co (Nominees) Limited

**Willis Management (Guernsey) Limited****Willow Trust Limited**

Carandale Limited  
Enchante S.A.  
Peregrine Management Limited  
Peregrine Nominees No.1. Limited  
Peregrine Nominees No.2. Limited  
Peregrine Trustees Limited  
Willow Corporate Services Limited  
Willow Trustees Limited

**Zenith Secretarial Services Limited**

Zenith Trust Company Limited

**Persons holding a personal fiduciary licence at 31 December 2002**

Allen, Mrs Pauline Angela  
Allez, Geoffrey William  
Atkinson, Peter John Granville  
Babbe, Richard Peter  
Betley, Timothy John  
Bound, Christopher John  
Brocklebank, Robin John  
Bulpitt, Wayne  
Carey, Nigel Thomas  
Clark, Russell  
Cole, Mrs Bertha Helen  
Collas, Richard John  
Collins, Ms Mary Anne  
Cormack, Robert Christopher  
Eades, Michael John Seymour  
Evans, Rupert Arthur Rees  
Evet, John Gordon Jesse  
Falle, Mrs Patricia Louise Erskine  
Grange, Anthony Robert  
Hall, Anthony Arthur  
Hallam, John Edward  
Harlow, Stephen John  
Hayes, John Anthony  
Henderson, Timothy James  
Hester, Mrs Claire Catherine Thurkettle  
Kirk, Ian Michael  
Kowenicki, Richard Alexander  
Lainé, Stephen Andrew  
Langlois, John Emile  
Le Blanc, Anthony  
Leopard, Adrian John  
Lloyd, Ms Jacqueline Susan  
Loveridge, John Leonard  
May, Andrew Colin  
Misselbrook, Deryck Keith  
Mollett, Charles Sylvester  
Morris, William Russell  
Palmer, Patrick Michael Anthony  
Perfitt, Angus John  
Perrot, Roger Allan  
Peters, John Fabian  
Radford, Gordon Nelson  
Taylor, Harry  
Tostevin, Nicholas John Mann  
Whitford, Richard Henry  
Wilson, Michael John  
Wright, Winston Thomas Patrick

## APPENDIX 4 CONTINUED

*The following persons with existing business applied for fiduciary licences by 31 May 2001 and are deemed to be licensed fiduciaries under the transitional provisions in section 59 of the Regulation of Fiduciaries Law. They are therefore authorised to carry on regulated fiduciary activities by way of business although their licence applications have not been determined. In addition to the persons listed below, others have applied for exemption from the provisions of the Regulation of Fiduciaries Law. If you are in any doubt over whether a person is authorised to carry on fiduciary activities by way of business, please refer to the Commission's website at [www.gfsc.guernsey.gi](http://www.gfsc.guernsey.gi) or contact the Fiduciary Services and Enforcement Division.*

**Applicants for a full fiduciary licence at 31 December 2002**

*Where applicants have applied jointly, the name of the lead applicant is shown first in bold type.*

**Achates Services Limited**

Achates Trust Limited  
Cardinal Limited

**Alex Picot & Company Limited**

**A. S. & K. Services (Guernsey) Limited**

**Blenheim Fiduciary Group Limited**

Blenheim Management Services Limited  
Blenheim Trust Company Limited  
Kensington Nominees Limited  
Lambeth Nominees Limited  
Westminster Nominees Limited

**BTL Limited**

Balchan Directors Limited  
Balchan Management Limited  
Balchan Secretaries Limited

**Castle Company Management LLC**

**Castle Trust Company Limited**

Beauvais Trust Company Limited  
Beckston Investments Limited  
Castle Trust Services Limited  
City Corporate Services Limited  
Cobo Nominees Limited  
Dickens & Co  
Gramos Investment Holdings Limited  
Regent Administration Limited  
Vazon Nominees Limited

**Chandler Backer & Co**

CB Directors Limited  
CB Nominees Limited  
CB Secretaries Limited  
CB Trustees Limited  
CBT Management Limited

**Channel Group Management Limited**

Accounting Services Limited  
Channel Investment Management Limited  
Channel Nominees Limited  
Coreford Corporation  
International Fiduciary Services Inc

**Claridges Trustees Limited**

Claridges Trust Company (Guernsey) Limited  
First Nominees Limited  
Second Nominees Limited

**Clifton Services Limited**

Eurolink (C.I.) Limited

**Corner Trust (C.I.) Limited**

**Corporate Secretarial Services Limited**

Cain Nominees Limited  
Centaur Financial Services Limited  
City Gate Trust Company Limited  
Court Directors Limited  
Fermain Legal Services Limited  
Livingstone Nominee Services Limited  
Marchant Directors Limited  
Oakdale Trustees Limited  
Solent Nominees Limited  
Victoria Nominee Services Limited

**Direct Holdings Limited**

Arden Investments Limited  
Avondale Nominees Limited  
Chancery Trust Company Limited  
Direct Administration Limited  
Direct Securities Limited  
Direct Trustees Limited

**Duncan Lawrie Trust Company Limited**

Sterling Securities Limited

**Future Film Management (C.I.) Limited**

**Glenhoney Limited**

FIFO Limited  
OTC Limited

**Globe Nominees Limited**

Goldcrest Management Services Limited  
Trust Corporation (Alderney) Limited  
Weald Nominees Limited

**Guernsey International Trustees Limited**

Crusader International Inc.  
GCS Limited  
Protectors Limited  
Royal Fiduciary Group Limited  
SMS Limited  
Taurus Nominees Limited

**ICM International Company Management  
Partner and Associates Limited**

**ILS (Corporate Services) Limited**

ILS Group Holdings Limited  
International Law Systems Limited

**Iron Arm Limited**

Iron Arm Nominees Limited  
Iron Arm Secretaries Limited

**LBI Finanz Anstalt**

**Mignot Trustees Limited**

**Nerine Trust Company Limited**

Amelaine Limited  
Bellhall Investments Limited  
Brookland Enterprise Limited  
C&D Consulting Limited  
Elmlee Investments Limited  
Genro Impex (UK) Limited  
Kloisters Inc  
Larem Management Limited  
Larem Trustees Limited  
Leigh Management Limited  
Oakdene Limited  
Ravensport Limited  
Ridgeville Investment Company Limited  
S.C.S Trust Company Limited  
Southbox Limited  
Summerland Trading Limited  
Tanelorn Investments Limited  
Vestry Services Limited  
Woodleigh Limited

**Oak Trust (Guernsey) Limited**

Oak Nominees Limited  
Oak Secretaries Limited

**Obelisk International Trust Company (Guernsey) Limited**

Obelisk Nominees Limited  
Obelisk Secretaries Limited

**Old Crown Trust Limited**

Aegis Trust Limited  
C.I. Administration Limited  
Co. Howat  
Director Limited  
Old Crown Limited  
Old Crown Trust Limited (Irish)  
Secretary Limited  
St Paul's Trust Company Limited

**OME Trust Company Limited**

**Quill Trust Company Limited**

BLP Trust Limited  
Hirzel Management Limited

**Randell & Loveridge**

**Rhine Trustees Limited**

**Sabancı Bank (Guernsey) Limited**

**Trinity Court (Management) Limited**

**Trust Securities Corporation Limited**

**Applicants for a personal fiduciary licence at  
31 December 2002**

Boerenbeker, Robert John Louis  
Couldridge, Mrs Caragh Anntoinette  
Couldridge, Simon Ashley  
De Carteret, Simon Boyd  
De Garis, Thomas George Mauger  
Dewe, Nicholas John  
Donnelly, John Trevor Greer  
Gibson, Raymond Terry  
Grigg-Gibson, Mrs Helen Lucy  
Peters, Ms Samantha Kim  
Sandle, Martin John  
Tonks, Mrs Cheryl Mary  
Tonks, Peter Francis Luce  
Veillard, Brian Eugene  
Vian, Mrs Barbara Jose  
Williams, Paul Joseph  
Wyatt, David Graham

APPENDIX 5 THE INSURANCE BUSINESS (BAILIWICK OF GUERNSEY) LAW, 2002

**Domestic insurers registered at 31 December 2002**

Ancient Order of Foresters Friendly Society  
 Axa Insurance plc  
 Britannic Assurance plc  
 Britannic Unit Linked Assurance Limited  
 The British United Provident Association Limited  
 CGNU Life Assurance Limited  
 CGU International Insurance plc  
 CGU Insurance plc  
 Combined Insurance Company of America  
 Co-operative Insurance Society Limited  
 DBI Insurance Company Limited  
 Domestic & General Insurance plc  
 Eagle Star Life Assurance Company Limited  
 The Equitable Life Assurance Society  
 Guardian Insurance Limited  
 The Guernsey Alliance Insurance Society  
 Guernsey Mutual Insurance Society  
 Independent Order of Odd Fellows Manchester Unity Friendly Society  
 Insurance Corporation of the Channel Islands Limited  
 The Islands' Insurance Company Limited  
 La Fraternelle Mutual Fire Insurance Society  
 Lloyds TSB Life Assurance Company Limited  
 National Farmers Union Mutual Insurance Limited  
 Police Mutual Assurance Society Limited  
 The Prudential Assurance Company Limited  
 Royal & Sun Alliance Insurance plc  
 Royal Liver Assurance Limited  
 The Royal London Mutual Insurance Society Limited  
 Scottish Boiler & General Insurance Company Limited  
 Scottish General Insurance Company Limited  
 Western Provident Association Limited

**Offshore insurers registered at 31 December 2002**

A.A. Reinsurance Company (Guernsey) Limited  
 ABB Insurance Limited  
 Aberdeen International Limited  
 Abigroup Risk Management Services Limited  
 Absolut Insurance Limited  
 ABTA Insurance Company (Guernsey) Limited  
 ABTA Travel Agents Insurance Company Limited  
 Acacia Insurance (Guernsey) Limited  
 ACE PCC Insurance Limited  
 Aegis Insurance Company Limited  
 Affinity Partners Limited  
 AG Insurance Company Limited  
 Agrochem Insurance Company Limited  
 AGS Insurance Company Limited  
 Albemarle Insurance Company Limited  
 Alliance & Leicester Mortgage Insurance (Guernsey) Limited  
 Amadis Insurance Company Limited  
 Amco Insurance Company Limited  
 Amersham Insurance Services Limited  
 Amey Insurance Company PCC Limited  
 ANC Rental Corporation (Insurances) Limited  
 Arcadian Guernsey Limited  
 Archer Insurance Limited

Arisis Limited  
 Arjo Wiggins Appleton Insurance Limited  
 Ark Re Limited  
 Arla Insurance (Guernsey) Limited  
 Arnold Clark Insurance Limited  
 Arriva Insurance Limited  
 Ascot Underwriting Limited  
 Assay Insurance Services Limited  
 Automotive Financial Insurances Limited  
 Automotive Services Insurance Limited  
 Aviation Baggage Claims Insurance Company Limited  
 Aztec Insurance Limited  
 Bailiwick Insurance PCC Limited  
 Baker Street Risk and Insurance (Guernsey) Limited  
 Banks's Brewery Insurance Limited  
 Bantam Insurance Company Limited  
 BBP (PCC) Insurance Limited  
 BDO Insurance Limited  
 Bee Insurance Limited  
 Belaire Insurance Company Limited  
 Belgrave Insurance PCC Limited  
 Bellcap Insurance PCC Limited  
 Belvoir Insurance Company Limited  
 BH Insurance Limited  
 BIFA Mutual Insurance Company Limited  
 BLG Insurance Limited  
 Blue Swift Legal Insurance Services Limited  
 B M (Insurance) Limited  
 Bonaventure Insurance Company Limited  
 Bouverie Insurance Limited  
 Brecon Insurance Company Limited  
 Britsafe Insurance Services (Guernsey) Limited  
 Broom Insurance Company Limited  
 Brownstone Insurance (Guernsey) Limited  
 B S Insurance Limited  
 Buchanan Insurance Company Limited  
 Bulldog Insurance Company Limited  
 Burnaby Insurance (Guernsey) Limited  
 The Burnhill Insurance Company Limited  
 Butterfield Insurance (Guernsey) PCC Limited  
 Capita Group Insurance Company Limited  
 Capita Insurance Company Limited  
 Capstan Insurance Company Limited  
 Carfax Insurance Limited  
 Carfax Personal Lines Insurance PCC Limited  
 Carmelite Insurance Limited  
 Castle Insurance Limited  
 The Catholic National Mutual Limited  
 Caversham Insurance Limited  
 CBS Insurance Limited  
 Cellulose Insurance Limited  
 Censure Insurance Company Limited  
 Channel Life PCC Limited  
 Chepstow Insurance Limited  
 CHG Insurance Limited  
 C.I. Credit Insurance Limited  
 City and Commercial Insurance Company Limited

City & Provincial Insurance (PCC) Limited  
 Clarges Insurance Limited  
 Clerical Medical Investment Group Limited  
 Clydesdale Insurance Services Limited  
 CMP Insurance Limited  
 Coborn Insurance Company Limited  
 Colins Limited  
 Colonnade Reinsurance Limited  
 Congressional Reinsurance Company (PCC) Limited  
 Connaught Insurance Company Limited  
 Consolidated Provident Insurance PCC Limited  
 Continental Indemnity Limited  
 Continental Life (International) Limited  
 Continuum Insurance Company PCC Limited  
 Contrex Insurance Limited  
 Converium PCC Limited  
 Cornhill Insurance (Guernsey) Limited  
 Countrywide Insurance Company Limited  
 Cowick Insurance Services Limited  
 Cronors Insurance Limited  
 Crystal Insurance Company Limited  
 Curzon Insurance Limited  
 Deburn Indemnity Limited  
 The Delphic Insurance Company Limited  
 Delta Insurance Limited  
 Derwent Insurance Limited  
 DLG Insurance Limited  
 DMG Insurance Limited  
 Dove Insurance Company Limited  
 Drummonds Insurance PCC Limited  
 Eachairn Insurance Limited  
 Eakring Insurances Limited  
 Eastwood Insurance Company Limited  
 ECS Reinsurance Limited  
 Elecrent Insurance Limited  
 Electricity Producers Insurance Company Limited  
 Environmental Insurance (Guernsey) Limited  
 Euclidian Insurance PCC Limited  
 European Credit and Guarantee Insurance PCC Limited  
 European Life (Channel Islands) Limited  
 European Reinsurance (Guernsey) Limited  
 Exel Insurance Limited  
 Fairfax Insurances Limited  
 Fairway Insurance Limited  
 Fanum Reinsurance Limited  
 Farmers Re Limited  
 Farringdon Insurance Company Limited  
 Felcourt Insurance Company Limited  
 Felcourt Insurance Company (Overseas) Limited  
 Field Insurance Limited  
 Finistere Life Assurance Company Limited  
 First Century Insurance Limited  
 The First Saxon Insurance Company Limited  
 Flightform Insurance Limited  
 Fortum Insurance Limited  
 Foundation Reinsurance (PCC) Limited  
 Franchisees Reinsurance and Insurance Enterprise Services Limited  
 Friars Street Insurance Limited  
 Friends Provident Life and Pensions Limited  
 Fruitcover Limited  
 Fulmar Finance & Insurance Limited  
 Fulwood Insurances Limited  
 Furnival Insurance Company Limited  
 Gamond Insurance Company Limited  
 Garlan Insurance Limited  
 GCF Insurance Limited  
 Geberit Reinsurance Limited  
 Geest (Guernsey) Limited  
 Generali International Limited  
 Generali Worldwide Insurance Company Limited  
 Glensure Insurance Company Limited  
 Global (Guernsey) Limited  
 Goitre Insurance Company Limited  
 Goldsmiths Insurance Limited  
 Grafton Limited  
 Grange Insurance Company Limited  
 Guardian Shield Insurance Limited  
 Haldan Indemnity Limited  
 Hannover Re (Guernsey) PCC Limited  
 Harbour Insurance PCC Limited  
 Harlequin Insurance PCC Limited  
 Hauteville Insurance Company Limited  
 HBOS Insurance (PCC) Guernsey Limited  
 Headrow Reinsurance Limited  
 Heritage Insurance PCC Limited  
 Heritage Motor Vehicle Insurance Limited  
 Heron Insurance Company Limited  
 Highland Reinsurance Limited  
 Hinton Insurance Limited  
 Hiscox Insurance Company (Guernsey) Limited  
 HJM Insurance Company Limited  
 Holdright Insurance Company Limited  
 Hollard International Insurance (PCC) Limited  
 Home Finance Guarantors (Insurance) Limited  
 HSBC Insurance (Guernsey) Limited  
 HSBC Insurance PCC Limited  
 HSBC Insurance SPC Limited, Guernsey Branch  
 Hugo Re Limited  
 Iberia Reinsurance Limited  
 IM Insurance Company Limited  
 The Independents' Advantage Insurance Company Limited  
 Ineska Limited  
 Inter-European Insurance Company Limited  
 International Insurance & Guarantee Company Limited  
 International Movers Mutual Insurance Company Limited  
 Interserve Insurance Company Limited  
 Ispat International Insurance Company Limited  
 Jancap Insurance PCC Limited  
 JCB Insurance Company Limited  
 JLC Insurance Company Limited  
 JLP Insurance Limited  
 Jupiter Insurance Limited  
 KF Insurance Services Limited  
 Kingsmill Insurance Company Limited

## APPENDIX 5 CONTINUED

Kirkstone Insurance Limited  
 Kopinsure Limited  
 Korin Insurance Limited  
 La Coupe Insurance PCC Limited  
 Lawgram Insurance Limited  
 Leaside Services (Guernsey) Limited  
 Le Meridien Insurance Company Limited  
 Les Minquiers Limited  
 Leumi Re Limited  
 Life Association of Guernsey Limited  
 Lignin Insurance Company Limited  
 LINPAC Insurance Company Limited  
 Lloyds TSB Bank Insurance Company Limited  
 Lochside Insurance Limited  
 Lombard International PCC Limited  
 London Power Insurance Limited  
 London Transport Insurance (Guernsey) Limited  
 Lothbury Insurance Company Limited  
 M3 Capital Assurance PCC Limited  
 Mainstay Insurance Limited  
 Mainstay Limited  
 Malcolm Insurance (Guernsey) Limited  
 Mallory Insurance Services PCC Limited  
 Mannequin Insurance PCC Limited  
 Marconi Insurance Limited  
 Markfield Insurance Company Limited  
 Maxfort Insurance Limited  
 The May Insurance Company Limited  
 MDDUS Insurance Limited  
 MDU Insurance Limited  
 The Meadows Indemnity Company Limited  
 Messenger Insurance PCC Limited  
 Metso Captive Insurance Limited  
 Meyer International Insurance Limited  
 MHACE Insurance Company Limited  
 Michaelangelo Insurance Limited  
 Mid-Pacific Reinsurance Company Limited  
 Millennium Life Assurance Company Limited  
 Mill Stream Insurance Limited  
 Minorities Insurance Company Limited  
 Mithras Insurance Limited  
 MITIE Reinsurance Company Limited  
 Momentum Group Limited, Guernsey Branch  
 Moorfields Insurance Company (Guernsey) Limited  
 Morse Insurance Company Limited  
 Mountgrave Insurance Limited  
 M S Insurance Limited  
 Mutual Indemnity (Bermuda) Limited, Guernsey Branch  
 National Express Guernsey Limited  
 N B Insurance Guernsey Limited  
 Newport Re Limited  
 New World Insurance Company Limited  
 NGT Insurance Limited  
 Nightingale Insurance Limited  
 Nisshin Insurance Guernsey PCC Limited  
 Nordben Life & Pension Insurance Company Limited  
 Northern Foods Insurance Limited  
 Northern Rock Mortgage Indemnity Company Limited  
 Northside Insurance Company Limited  
 Norton Waverley Insurance PCC Limited  
 Norwich Union Life & Pensions Limited  
 Nova Insurance Limited  
 O.C.S. Insurance (Guernsey) Limited  
 Octavian Insurance Company Limited  
 Old Mutual International (Guernsey) Limited  
 Old Mutual Life Assurance Company (South Africa) Limited, Guernsey Branch  
 Onestop Insurance Limited  
 Orchid Insurance Limited  
 Ortac Aviation Syndicate  
 Osiris Marine and General Insurance Company Limited  
 P.I. Insurance Company Limited  
 Parallel Insurance Services Limited  
 The Patriot Insurance Company Limited  
 Peninsula Insurance Limited  
 Penningtons Insurance Limited  
 Pentagram International Insurance Company Limited  
 Peter Cox Insurance Company Limited  
 Peterborough Insurance PCC Limited  
 PHG Insurance Limited  
 Pi Underwriting Limited  
 Pilkington Insurance Limited  
 Polygon Insurance Company Limited  
 Portland Insurance Company Limited  
 Porton Underwriting Limited  
 Portway Insurance PCC Limited  
 PostCap Guernsey Limited  
 Powerhouse Insurance (Guernsey) Limited  
 Praetorian Insurance Company Limited  
 Premium Life International Limited  
 Premium Securities (Bermuda) SAC Limited, Guernsey Branch  
 Princess Management and Insurance Limited  
 Prospect Underwriting Limited  
 Protector Insurance Limited  
 Provident International Credit Guarantee Company Limited  
 Provident Reinsurance Limited  
 QinetiQ Insurance Limited  
 Queen Street Mutual Company Limited  
 Railtrack Insurance Limited  
 Rank Insurance Limited  
 R B Insurance Limited  
 Reigndei Limited  
 Remus Limited  
 Renishaw Finance and Insurance (Guernsey) Limited  
 RIL Insurance Limited  
 Risk Underwriting (Guernsey) Limited  
 The Rock Company Limited  
 Romulus Limited  
 Royal & Sun Alliance Life & Pensions Limited  
 Royal & Sun Alliance Linked Insurances Limited  
 Rutherford Indemnity Limited  
 Rutland Insurance Limited  
 S L Insurance Limited  
 Sandringham Insurance Limited

Sarnia Insurance Company Limited  
Saxon Insurance Company Limited  
SB Insurance Limited  
Scanport Insurance Limited  
Scarcroft Insurance Limited  
SCMT Insurance Company Limited  
Scor Channel Limited  
Scout Insurance (Guernsey) Limited  
SDH Insurance Company Limited  
Selfridges Insurance (Guernsey) Limited  
Senator Insurance Limited  
Serco Insurance Company Limited  
Servicecover (Guernsey) Limited  
SG Life (Guernsey) Limited  
Sixt Insurance Services PCC Limited  
Shield Insurance Company (Guernsey) Limited  
S.M. Insurance (Guernsey) Limited  
SM Re Limited  
Soteria Insurance Limited  
Southon Insurance Company Limited  
SPG Insurance Company Limited  
Spread Eagle Insurance Company Limited  
SRH Reinsurance Company Limited  
St James's Insurance Limited  
Stapleford Insurance Company Limited  
Sunfish Insurance PCC Limited  
Sure-ha International Limited  
Tain Insurance Company Limited  
Talisman Guernsey Limited  
Tayside Reinsurance Limited  
TDG Insurance Limited  
The Temple Insurance PCC Limited  
Tempsford Insurance Company Limited  
The Tepco Reinsurance Company PCC Limited  
Terrace Insurances Limited  
Terrace Insurances PCC Limited  
Tesco Insurance Limited  
Thame Insurance Company Limited  
Thomas Miller Insurance PCC Limited  
Thomson Travel Insurance Services Limited  
Thorn Insurance Company Limited  
TI Group Insurance Limited  
Topsail Insurance Company Limited  
Trans-European Insurance Limited  
Travel Managers Insurance Company Limited  
Two Oceans Reinsurance Company Limited  
Unic Insurance Limited  
United Insurance Company PCC Limited  
United Life & Health Insurance Company Limited  
Universal Insurances PCC Limited  
Valkaray Insurance Limited  
Viceroy Insurance Company Limited  
Vodafone Insurance Company Limited  
Voyager Insurance Company Limited  
Vulcan Insurance PCC Limited  
W.S. Atkins Insurance (Guernsey) Limited  
Watertight Insurance Limited

Weightman Vizards Insurance Limited  
West House Insurance Limited  
Whitehall Insurance Company Limited  
White Rock Insurance Company PCC Limited  
Windsor Limited  
Winguard Insurance Company Limited  
Wingspan Insurance (Guernsey) Limited  
Winston Insurance Company Limited  
Woodcroft Insurance Company Limited  
Woolworths Insurance (Guernsey) Limited  
World Traveller Insurance Limited  
Worldwide Insurance PCC Limited  
WPD Insurance Limited  
Wright Group Insurance Company Limited  
Wright Group Insurance PCC Limited  
Yealme Insurance Limited  
Yorksafes Insurance Company Limited

APPENDIX 6 THE INSURANCE MANAGERS AND INSURANCE INTERMEDIARIES  
(BAILIWICK OF GUERNSEY) LAW, 2002

**Insurance managers authorised at 31 December 2002**

**Unrestricted**

AIG Insurance Management Services (Guernsey) Limited  
Aon Insurance Managers (Guernsey) Limited  
Assicurazioni Generali (Insurance Managers) Limited  
Bacon & Woodrow Insurance Management (C.I.) Limited  
CIIC-Sogecore Insurance Consultants Limited  
Griffiths & Armour Captive Management Limited  
Heath Lambert Insurance Management (Guernsey) Limited  
HSBC Insurance Management (Guernsey) Limited  
Insurance Corporation Service Company Limited  
International Risk Management (Guernsey) Limited  
Investec Bank (Channel Islands) Insurance Management Services Limited  
JLT Risk Solutions (Guernsey) Limited  
Langtry Insurance Services (Guernsey) Limited  
Le Marchant Underwriting Management Limited  
Marsh Management Services Guernsey Limited  
Mutual Risk Management (Guernsey) Limited  
Normandie Risk Management Limited  
Optimum Risk Research (Channel Islands) Limited  
Polygon Management Limited  
Prism Insurance Management Limited  
Risk Management Limited  
Sartor Resources Limited  
Sinser (Guernsey) Limited  
Thomas Miller Risk Management (Guernsey) Limited  
Willis Management (Guernsey) Limited

**Restricted**

Anfré Underwriting Agency Limited, restricted to managing:- Waterbourne Underwriting Agency  
Channel Life Management Consultants Limited, restricted to managing:- Channel Life PCC Limited  
Orion Insurance Management Limited, restricted to managing:- La Fraternelle Mutual Fire Insurance Society and the Ancient Order of Foresters Friendly Society  
Ortac Underwriting Agency, restricted to managing:- Ortac Aviation Syndicate  
Portman Welbeck Limited, restricted to managing:- Prospect Underwriting Limited and Winston Insurance Company Limited

**Intermediaries registered at 31 December 2002**

A.J.R. Brokers  
Alexander Forbes Channel Islands Limited  
Anthony Le Blanc & Partners  
Argus Insurance Brokers Limited  
Argyll Investment Services Limited  
Arrow Insurance Brokers (Guernsey) Limited  
Arrow Insurance Brokers (Life & Pensions) Limited  
Bank of Bermuda (Guernsey) Limited  
Birch Insurance Brokers Limited  
B.P. Financial Services  
BSI (Channel Islands) Limited  
Canivet Webber Financial Services Limited  
Channel Financial Services (Guernsey) Limited  
Channel Insurance Brokers Limited

The Channel Islands' Co-Operative Society Limited trading as Offshore Leisure Limited  
Channel Islands Executive Travel Limited trading as Uniglobe Island Travel  
Charlesworth International (Guernsey) Limited  
Clarity Financial Limited  
Clarke Middleton Associates Limited  
Clegg Gifford (Islands) Limited  
De Beauvoir (C.I.) Financial Consultants Limited  
De La Rue and Jones Financial Services Limited  
Doric Insurance Brokers Limited  
FirstCity Insurance Brokers Limited  
Goldridge Stone Limited  
Guernsey Financial Consultants Limited  
Heath Lambert Insurance Brokers (Guernsey) Limited  
HSBC Bank International Limited  
HSBC Bank plc  
Island International Travel Limited  
The Islands' Insurance Brokers Limited  
The Islands' Insurance Company Limited  
Lloyds TSB Bank (Guernsey) Limited  
Lloyds TSB Insurance Services Limited  
Lloyds TSB Offshore Private Banking (Guernsey) Limited  
Lunn Poly Limited  
Marsh Financial Services (Guernsey) Limited  
Miller Insurance Services Limited  
Mercator Asset Management Limited  
Millfield Private Clients S.A.R.L.  
NetworkDirect Limited  
Normandie Insurance Brokers Limited  
Nova Financial Services Limited  
Oracle Financial Services (Guernsey) Limited  
Pentagon Insurance Brokers Limited  
Principal Financial Limited  
Rattner Mackenzie Insurance Services (Guernsey) Limited  
R A Rossborough (Guernsey) Limited  
Rossborough Financial Planning Limited  
Rossborough Healthcare International Limited  
Rossborough Insurance Brokers (Alderney) Limited  
Ross-Gower Group Limited  
Royal Bank of Canada (Channel Islands) Limited  
The Royal Bank of Scotland International Limited  
SG Hambros Bank & Trust (Guernsey) Limited  
Southern Insurance Management Limited  
St James Global Limited  
Tippett Financial Services  
Tower Finance Limited  
Trafalgar Travel Limited  
Trinity Court Agencies (C.I.) Limited  
United Assurance Management Services Limited  
Woodlock Financial Services

APPENDIX 7 THE PROTECTION OF INVESTORS (BAILIWICK OF GUERNSEY) LAW, 1987 – LICENSEES

**Designated trustees/custodians at 31 December 2002**

Bank of Bermuda (Guernsey) Limited  
 Bank of Butterfield International (Guernsey) Limited  
 Barings (Guernsey) Limited  
 Close International Custody Services Limited  
 Credit Suisse (Guernsey) Limited  
 Credit Suisse Trustee Services Limited  
 HSBC Bank PLC  
 HSBC Republic Bank (Guernsey) Limited  
 Investec Bank (Channel Islands) Limited  
 Kleinwort Benson (Guernsey) Limited  
 Kleinwort Benson (Guernsey) Trustees Limited  
 MeesPierson (C.I.) Limited  
 RBSI Trustee Services (Guernsey) Limited  
 Royal Bank of Canada (Channel Islands) Limited  
 State Street Trustees (Guernsey) Limited

**Designated managers at 31 December 2002**

Anson Fund Managers Limited  
 AOS Fund Services Limited  
 Bachmann Fund Administration Limited  
 BISYS Fund Services (Guernsey) Limited  
 Bordeaux Services Limited  
 Butterfield Fund Managers (Guernsey) Limited  
 Close Fund Services Limited  
 Credit Suisse Fund Administration Limited  
 Guernsey International Fund Managers Limited  
 HSBC Fund Administration (Guernsey) Limited  
 HSBC Republic Management (Guernsey) Limited  
 International Administration (Guernsey) Limited  
 Investec Asset Management Guernsey Limited  
 Kleinwort Benson (Guernsey) Fund Services Limited  
 Lloyds TSB Fund Managers (Guernsey) Limited  
 Management International (Guernsey) Limited  
 Man Fund Management (Guernsey) Limited  
 Old Mutual Fund Managers (Guernsey) Limited  
 Redbridge Offshore Limited  
 Rothschild Asset Management (C.I.) Limited  
 Royal Bank of Canada Offshore Fund Managers Limited  
 Walbrook Fund Managers Limited

**Principal managers at 31 December 2002**

Aberdeen Guernsey Limited  
 Absolute Return Investment Managers Limited  
 Apollo Investment Management Limited  
 Appleton Funds Management (CI) Limited  
 Arab Bank Fund Managers (Guernsey) Limited  
 Ashcourt Asset Management Guernsey Limited  
 Ashmore Management Company Limited  
 Bank Hofmann Fund Management (Guernsey) Limited  
 Baring Asset Management (CI) Limited  
 Belinvest Management (Guernsey) Limited  
 BGL Reads Fund Management Limited  
 Cardona Lloyd (Guernsey) Limited  
 Citadel Guernsey Limited  
 Clariden Financial Products (Guernsey) Limited  
 Collins Stewart Fund Management Limited

Compass Managers Limited  
 Concord Misr Investments (Guernsey) Limited  
 Consulta (Channel Islands) Limited  
 Copernicus Asset Management Limited  
 Credit Suisse Asset Management (Guernsey) Limited  
 Dantrust Management (Guernsey) Limited  
 Delphi Asset Management (Guernsey) Limited  
 Ely Place Fund Managers (Channel Islands) Limited  
 Elysian Investment Management Limited  
 Equinox Finance Management (Guernsey) Limited  
 European Credit Management (Guernsey) Limited  
 Fauchier General Partner Limited  
 FF & P Asset Management (Guernsey) Limited  
 FRM Investment Management Limited  
 FundInvest (Guernsey) Limited  
 Genesis Fund Managers Limited  
 GL Fund Management (Guernsey) Limited  
 GYS Investment Management Limited  
 Hanseatic Asset Management LBG  
 Hermitage Capital Management Limited  
 HRS Asset Management Limited  
 IBJ AMI (Guernsey) Limited  
 Intrinsic Asset Management (Guernsey) Limited  
 Investec Investment Management (Channel Islands) Limited  
 ITM Fund Managers Limited  
 KIC Fund Managers (Guernsey) Limited  
 KME Fund Managers Limited  
 Landsbanki Capital International Limited  
 L.C.F. Rothschild Asset Management (C.I.) Limited  
 Liontrust International (Guernsey) Limited  
 London & Oxford Fund Management Limited  
 Long-Invest Capital Limited  
 M3 Capital Management (Guernsey) Limited  
 M & G (Guernsey) Limited  
 Merchbank Management (Guernsey) Limited  
 Merrill Lynch International Capital Management (Guernsey) Limited  
 Montier Asset Management Limited  
 Morley Fund Management (Channel Islands) Limited  
 MSG & Partners (CI) Limited  
 NBAD Fund Managers (Guernsey) Limited  
 Nemrod Management Limited  
 Oasis Global Management Company (Guernsey) Limited  
 Paragon Asset Management Limited  
 Partners Asset Management Limited  
 Platinum Fund Managers (Guernsey) Limited  
 Port Fund Managers (Guernsey) Limited  
 Private Fund Managers (Guernsey) Limited  
 Prospect Street International Fund Management Company Limited  
 RG Management Limited  
 Sarasin Funds Management (Guernsey) Limited  
 Saudi American Fund Management (Guernsey) Limited  
 Savoy Fund Managers (Guernsey) Limited  
 Schroder Investment Management (Guernsey) Limited  
 SC Invest Holding (Guernsey) Limited  
 Sigma Asset Management (Guernsey) Limited  
 Sogeval Management Limited  
 Stamford Asset Management Limited

## APPENDIX 7 CONTINUED

Strategic Management Limited  
 T.A.L. Asset Management (Guernsey) Limited  
 Trident Investment Management (Guernsey) Limited  
 Unigestion (Guernsey) Limited  
 UTI International Limited  
 Wafra International Investment Management Limited  
 WestLB Guernsey Limited

**Licensed investment exchange at 31 December 2002**

Channel Islands Stock Exchange, LBG

**Other licensees at 31 December 2002**

Abacus Fund Managers (Guernsey) Limited  
 ABN AMRO Development Capital (Guernsey) Limited  
 Access Capital Partners (Guernsey) Limited  
 Adam & Company International Limited  
 ADD Management Limited  
 ADD Partners (Guernsey) Limited  
 Adelphi Management Limited  
 AIB Holdings Limited  
 Alchemy Partners (Guernsey) Limited  
 Alchemy Partners G.P. (Guernsey) L.P.  
 Alexander Forbes (C.I.) Limited  
 ALQ Limited  
 Annington Management Services (Guernsey) Limited  
 Ansbacher (Channel Islands) Limited - Guernsey Branch  
 Ansbacher Investment Management (C.I.) Limited  
 Anson Registrars Limited  
 Apax Europe IV GP Co. Limited  
 Apax Europe V GP Co. Limited  
 A.P. Financial Investment Services Limited  
 Appleton Asset Management (CI) Limited  
 Argyll Investment Services Limited  
 Ascari Financial Services Limited  
 Asset Risk Consultants Limited  
 Atlantis Fund Management (Guernsey) Limited  
 Aviva Funds International Limited  
 Baden-Württembergische Bank AG  
 Balchan Management Limited  
 Banca Monte dei Paschi (Channel Islands) Limited  
 Banco Santander Central Hispano (Guernsey) Limited  
 B & S Investments Limited  
 Bank Julius Baer & Co Limited, Guernsey Branch  
 Bank of Cyprus (Channel Islands) Limited  
 Bank of Montreal Trust Company (C.I.) Limited  
 Bank Sarasin (C.I.) Limited  
 Barclays Bank PLC  
 Barclays Global Investors Guernsey Limited  
 Barclays Private Bank & Trust Limited  
 Barclays Private Clients International Limited  
 Baring Asia (GP) Limited  
 Baring Asia Fund Managers II Limited  
 Baring European Fund Managers Limited  
 Baring Latin America Fund Managers Limited  
 Baring Latin America General Partner Limited  
 Baring Latin America Partners Limited  
 Baring Mexico (GP) Limited  
 Baring Private Equity Partners (Asia) Limited  
 Baring Vostok Capital Partners Limited  
 Baring Vostok Fund Managers Limited  
 Barton Management Limited  
 BCEA Advisers Limited  
 BCEE Advisers Limited  
 BCEF (GP) Limited  
 BCL Investments Limited  
 Beta Corporate Services Limited  
 BFS Investments (Guernsey) Limited  
 BGL Reads Asset Management Limited  
 BNP Paribas Asset Management U.K. Limited  
 BNP Paribas Fauchier Partners Limited  
 BNP Paribas Guernsey Limited  
 BPEP Management Limited  
 Bracken Partners Investments Channel Islands Limited  
 BrainHeart General Partner Limited  
 Brewin Dolphin Securities Limited  
 BSI (Channel Islands) Limited  
 BS Partners Limited  
 Butterfield Management Services (Guernsey) Limited  
 Butterfield Trust (Guernsey) Limited  
 Caldwell Associates Limited  
 Cannon Trust Company Limited  
 Capita IRG (CI) Limited  
 Capita Trust Company (CI) Limited  
 CapMan (Guernsey) Limited  
 Carey Langlois Administration Support Services Limited  
 Carey Langlois Trust Company Limited  
 Castalia Partners Limited  
 Castle Management (Guernsey) Limited  
 CBI Finance Limited  
 CEP Investment Administration Limited  
 Channel Financial Services (Guernsey) Limited  
 Channel Islands Fund Services Limited  
 CIE Management II Limited  
 CIS Unit Managers Limited  
 Citadel International Wealthcare Limited  
 Clariden Bank (Guernsey) Limited  
 Clariden Trust (Guernsey) Limited  
 Clarke Middleton Associates Limited  
 Close Asset Management Guernsey Limited  
 Close Bank Guernsey Limited  
 CLSA Guernsey Limited  
 Collier Investment Management Limited  
 Collins Stewart Asset Management Limited  
 Collins Stewart (CI) Limited  
 Colocar International Limited  
 Comgest Asset Management Limited  
 Comgest YWM Limited  
 Coutts (Guernsey) Limited  
 CQS International Limited  
 Credit Suisse First Boston Guernsey Branch  
 Credit Suisse First Boston Private Equity Guernsey Branch  
 Credit Suisse Guernsey Branch  
 Credit Suisse International Services Limited  
 Credit Suisse Trust Limited

CS CS Management Limited  
 CSFB IGP Guernsey Branch  
 CS SCF Management Limited  
 Cygnus Venture Partners (Guernsey) Limited  
 D.A.H. Hambros Bank (Channel Islands) Limited  
 Dalton Capital (Guernsey) Limited  
 De Putron Fund Management (Guernsey) Limited  
 Deutsche Bank International Limited  
 Deutsche Bank Investments (Guernsey) Limited  
 Dexion Capital (Guernsey) Limited  
 D F D Capital Limited  
 Dixcart Trust Corporation Limited  
 Dresdner RCM Global Investors (Guernsey) Limited  
 Duke Street Capital Services Limited  
 DWS Investment Funds Limited  
 EarlyBirdCapital Management Limited  
 EEP Managers Limited  
 EFG Private Bank (Channel Islands) Limited  
 EFG Private Bank SA (Guernsey Branch)  
 Electra European Fund (GP) Limited  
 Emerald Management Limited  
 Endeavour G.P. (Guernsey) Limited  
 EQT Northern Europe Limited  
 EQT Scandinavia Limited  
 ESD Managers Limited  
 EuroSmallCaps Management Services Limited  
 E-Vestment Capital (Guernsey) Limited  
 Excel Capital Partners III General Partner Limited  
 Excel Capital Partners IV General Partner Limited  
 Executive Wealth Management Limited  
 Exeter Investments (Guernsey) Limited  
 Fairway Fund Management (Guernsey) Limited  
 Fauchier Partners Asset Management Limited  
 Federal Trust Company Limited  
 Finch Management and Marketing Limited  
 First Arrow Global Fund Trustees Limited  
 First Arrow International Growth Fund Trustees Limited  
 First Arrow Managed Fund Trustees Limited  
 The First Cambridge Gateway General Partner Limited  
 FleetBoston Financial (Guernsey) Limited  
 Folio Investments Limited  
 Foord Asset Management (Guernsey) Limited  
 Franklin Templeton Investment Management Limited  
 FRM International Limited  
 FRM Investment Management (Americas) Limited  
 Garrington Financial Services (C.I.) Limited  
 GCI Partners Limited  
 GCI II Partners Limited  
 Generali Portfolio Management Limited  
 Genesis Asset Managers Limited  
 GEP Fund Managers Limited  
 G K B (General Partner) Limited  
 Global Capital Management Limited  
 Global Life Science Ventures (GP) Limited  
 GLS (GP) Limited  
 GLSV Special Partner Limited  
 Go Equity General Partner Limited  
 Greenpark Capital Investment Management Limited  
 Greenpark International General Partner I Limited  
 Greig Middleton International Limited  
 HCF Guernsey Limited  
 Helix Management Limited  
 Heritage Trust Limited  
 HFT (Guernsey) Limited  
 HL General Partner V Limited  
 HLSP Investment Management II Limited  
 HLSP Investment Management III Limited  
 HSBC Bank International Limited  
 HSBC Investment Management (International) Limited  
 HSBC Republic Trust Company (Guernsey) Limited  
 iHilal (Guernsey) Limited  
 Indochina Asset Management Limited  
 Indosuez Administration Services Limited  
 Industrial Development & Investment Limited  
 ING Real Estate (Guernsey) Limited  
 ING RPF Management Limited  
 ING UK Property Income (General Partner) Limited  
 INNKAP 3 General Partner Limited  
 International Asset Monitor Limited  
 International Bottler Management Limited  
 International Fund Services (Guernsey) Limited  
 International Private Equity Services Limited  
 Investec Asset Management Channel Islands Limited  
 Investec Trust Guernsey Limited  
 Investment Consultants and Brokers Limited  
 Investor Capital Management Asia Limited  
 Investor Group G.P. Limited  
 I.P. Real Estate Asset Management (Guernsey) Limited  
 Julius Baer Trust Company (Channel Islands) Limited  
 KAPPA IT Ventures (GP) Limited  
 KAPPA IT Ventures Second (GP) Limited  
 KAPPA IT Ventures Special LP Limited  
 KBEMF II (Guernsey) Limited  
 Kleinwort Benson (Channel Islands) Investment Management Limited  
 Kleinwort Benson (Channel Islands) Limited, Guernsey Branch  
 LAF Sponsor Limited  
 Larem Trustees Limited  
 Lazard Fund Managers (CI) Limited  
 L.C.F. Rothschild (C.I.) Limited  
 Legis Corporate Services Limited  
 Leopold Joseph & Sons (Guernsey) Limited  
 Lloyds TSB Bank (Guernsey) Limited  
 Lloyds TSB Independent Financial Advisers Limited  
 Lloyds TSB Offshore Private Banking (Guernsey) Limited  
 Longview Partners (Guernsey) Limited  
 Louvre Asset Management Limited  
 The Louvre Trust Company Limited  
 Manor Park (Guernsey) Limited  
 Marsh Financial Services (Guernsey) Limited  
 Marsh Management Services Guernsey Limited  
 Merban Equity Guernsey Branch  
 Mercator Asset Management Limited  
 Merlin Group Securities Limited  
 Merrill Lynch Investment Managers (Channel Islands) Limited - Guernsey Branch  
 Millennium Asset Management Limited

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Milroy & Associates Limited  
 Minerva Fund Management (Guernsey) Limited  
 Moore Stephens  
 Morgan Stanley Investment Management Limited  
 MUST 4 General Partner (Guernsey) Limited  
 National Bank of Greece - Guernsey Branch  
 nCoTec General Partner Limited  
 Newton International Investment Management Limited  
 Newton Investment Management (Guernsey) Limited  
 Nexit Infocom 2000 Limited  
 Next Century Partners Limited  
 Next Century Partners-e Limited  
 NM Rothschild & Sons (C.I.) Limited  
 Nordic Equity Management Limited  
 Nordic Mezzanine GP Limited  
 Nordic Venture Managers Limited  
 Nordic Venture Partners Limited  
 Nova Financial Services Limited  
 Orbis Management Limited  
 PAI Europe III General Partner Limited  
 Pantheon Ventures (Guernsey) Limited  
 Parkway Administration (Guernsey) Limited  
 Partners Group Europe Management Limited  
 Partners Group (Guernsey) Limited  
 Partners Private Equity Management Limited  
 PCI III GP Limited  
 Pearl Management Limited  
 Pentagon Insurance Brokers Limited  
 Permira Europe II Managers L.P.  
 PESD Management Limited  
 Phoenix International Limited  
 Polytechnos (GP) Limited  
 Polytechnos (GP) II Limited  
 Praxis Asset Management Limited  
 Princess Management and Insurance Limited  
 Prospect Asset Management (Channel Islands) Limited  
 Prosperco Investment Management (Guernsey) Limited  
 Quilter & Co Limited  
 R & H Fund Services (Guernsey) Limited  
 RBSI Custody Bank Limited  
 Rossborough Financial Planning Limited  
 Rothschild Bank Switzerland (C.I.) Limited  
 Rothschild Corporate Fiduciary Services Limited  
 Rothschild Private Management (C.I.) Limited  
 Rothschild Ventures (Guernsey) Limited  
 Royal Bank of Canada Investment Management (Guernsey) Limited  
 Royal Bank of Scotland International Limited  
 Royal London Asset Management C.I. Limited  
 Royal London Custody Services C.I. Limited  
 Ruffer (Channel Islands) Limited  
 Saffery Champness Management International Limited  
 SAM Equity Partners Limited  
 SanPaolo IMI Capital Partners Limited  
 Sapphire Managers (Europe) Limited  
 ScanEast Managing Partner Limited  
 Schroder Executor & Trustee Company (C.I.) Limited  
 Schroder Venture Managers (Guernsey) Limited  
 Schroders (C.I.) Limited  
 Select Industries Management Company Limited  
 Seymour Pierce Modus IBI Limited  
 SG Hambros Bank & Trust (Guernsey) Limited  
 SG Hambros Trust Company (Guernsey) Limited  
 SGH V (GP) Limited  
 Singer & Friedlander Investment Management (Guernsey) Limited  
 Sixela Investments Limited  
 The Slovenian Fund Management Company (Guernsey) Limited  
 Special Situations Venture (GP) Limited  
 Special Situations Venture Managers (MLP) Limited  
 SP Investments (Guernsey) Limited  
 Standard Chartered Grindlays Management Company (Guernsey) Limited  
 Stenham Gestinor Asset Management Inc  
 Stenham Gestinor Trustees Limited  
 Suala Capital Fund Limited  
 Technolife Partners Limited  
 Techtics Capital Management Limited  
 Terra Firma Investments (GP) Limited  
 Terra Firma Investments (GP) 2 Limited  
 Thesis Asset Management International Limited  
 Thornhill Guernsey Limited  
 Threadneedle Portfolio Services Limited  
 3K Capital (GP) Limited  
 Transmanagement Limited  
 Trident Trust Company (Guernsey) Limited  
 Trust Management (Alderney) Limited  
 Turk Venture Partners Limited  
 Turk Ventures Advisory Limited  
 UBK Buyout Investments (Guernsey) Limited  
 The UBK European Property Company Limited  
 Voltaire Distribution Limited  
 Washington Financial (Guernsey) Limited  
 Westbury Capital Management Limited  
 Westbury Fund Management Limited  
 Wilfred T. Fry (C.I.) Limited  
 Zenith Secretarial Services Limited

APPENDIX 8 THE PROTECTION OF INVESTORS (BAILIWICK OF GUERNSEY) LAW, 1987 –  
COLLECTIVE INVESTMENT SCHEMES

**Authorised open-ended collective investment schemes at  
31 December 2002**

**Class A schemes**

Dresdner Private Banking Strategic Investment Fund Limited  
The Elite Personal Portfolio Service  
Five Arrows Currency Fund Limited  
Five Arrows International Bond Funds Limited  
Five Arrows International Reserves Limited  
Investec Global Strategy Fund Limited  
Investec International Accumulation Fund Limited  
Lloyds TSB Money Fund Limited  
The Old Mutual International Portfolio  
Royal Bank of Canada Global Funds  
Royal Bank of Canada International Currencies Fund Limited  
Sarasin (CI) EquiSar Sterling Global Thematic Fund  
Sarasin (CI) GlobalSar Dollar Balanced Fund  
Sarasin (CI) GlobalSar Sterling Balanced Fund  
Sarasin CI EquiSar Dollar Global Thematic Fund  
Sarasin CI Income Portfolio  
Schroder India Fund  
Schroder Offshore Cash Fund  
Schroder Taiwan Fund

*The Collective Investment Schemes Rules 1988 and the Collective Investment Schemes (Compensation of Investors) Rules 1988 apply to the above.*

**Class B schemes**

AB Alternative Strategies Fund PCC Limited  
AB International Fund Limited  
Aberdeen PCC Limited  
Absolute Alpha Fund PCC Limited  
Absolute Alpha II Fund PCC Limited  
Absolute Alpha Fund III PCC Limited  
Absolute Alpha Leaders Fund  
Accorn Global Fund  
AHL Global Investments Limited  
Al-Awsat Fund  
Anglo Norman Investment Fund PCC Limited  
Apollo Californian Fund Limited  
Apollo European Fund Limited  
Apollo Global Fund Limited  
Apollo Hedge Fund Limited  
Apollo Japan Fund Limited  
Apollo Tiger Fund Limited  
Appleton Global Portfolio  
Appleton International Portfolio Fund  
ARIS Fund PCC Limited  
Ashcourt Select Portfolio Limited  
Ashmore East European Local Currency Debt Portfolio  
Ashmore Emerging Markets Liquid Investment Portfolio  
Ashmore Local Currency Debt Portfolio  
Ashmore Russian Debt Portfolio  
Ashmore Russian Equity Fund  
Asset Holder PCC Limited  
Asset Holder PCC No 2 Limited  
Bank Hofmann - Dollarrent  
Bank Hofmann - Eurorent  
Bank Hofmann - Swissrent  
Bank Hofmann Alternative Funds  
Bank Hofmann Alternative Strategies  
Bank Hofmann Bond Funds  
Bank Hofmann Stock Funds  
Baring Chrysalis Fund Limited  
Belinvest Fund  
Belvedere Fund Limited  
The Capital Appreciation Trust Limited  
Capricorn Fund PCC Limited  
Cardinal Fund of Funds Limited  
Cardona Lloyd Hedge Portfolio Limited  
Central and Eastern European Fund Limited  
CIBC Private Clients Fund Limited  
Citadel Global Selection Limited  
Clariden Global Investments Limited  
Clariden International Investments PCC Limited  
Clariden Investments Limited  
Clariden Special Investments PCC Limited  
Collins Stewart PCC Limited  
Collins Stewart No II Fund PCC Limited  
Collins Stewart No III Fund PCC Limited  
Compass Offshore Hedging Strategies PCC Limited  
Compass Offshore Special Situations PCC Limited  
Consulta Alternative Strategy Fund Limited  
Consulta Capital Limited

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Consulta Canadian Energy Fund Limited  
 Consulta Emerging Markets Debt Fund Limited  
 Consulta High Yield Fund Limited  
 Consulta Technology Fund Limited  
 Credit Suisse Asset Management Global Performance Funds  
 Dantrust II Limited  
 The Dejima Fund Limited  
 Deloitte & Touche PCC No.1 Limited  
 Delphi Global Limited  
 DIAM International Fund  
 Dynamic Growth Fund  
 The Egyptian Growth Investment Company Limited  
 Elysian Fund Limited  
 The European Growth Fund Limited  
 The Euro Spain Fund Limited  
 FF & P Alternative Strategy Income PCC Limited  
 Fitzwilliam Active Management PCC Limited  
 Fitzwilliam International PCC Limited  
 Five Arrows Global Opportunities Funds  
 Five Arrows International Funds Limited  
 Five Arrows International Investment Funds  
 Five Arrows International Managed Portfolio  
 Five Arrows International Portfolio  
 Foord Asset Management International Trust  
 FRM Absolute Return Fund  
 Genesis Condor Fund Limited  
 GL Funds  
 Global Strategic Investment Fund Limited  
 GL Target Funds  
 Gulf Overseas Investment Fund Limited  
 Hansa Fund PCC Limited  
 Hauteville Global & Balanced Fund  
 Hemisphere Defensive HF PCC Limited  
 Hemisphere Defensive HF (USD) Limited  
 Hemisphere Equity Fund (EUR) Limited  
 Hemisphere Equity Fund (USD) Limited  
 The Hermitage Fund  
 Horizon Fund  
 HRS Diversified Fund PCC Limited  
 HRS Holdings Limited  
 HSBC Republic Alternative Portfolio  
 HSBC Republic Portfolio Selection Fund  
 HSBC Republic Strategies Fund  
 HSBC Republic Uni-Folio  
 India Access Limited  
 The India I.T. Fund Limited  
 Intrinsic Alternative Strategies PCC Limited  
 Intrinsic Portfolio Fund PCC Limited  
 Investec Premier Funds PCC Limited  
 Investec Professional Investment Funds PCC Limited  
 The ITM Selection Fund  
 Jaivco  
 KIC Global Strategy Fund Limited  
 KMEFIC World Real Estate Liquidity Fund  
 The Korea-Europe Fund Limited  
 Landsbanki PCC (Guernsey) Limited  
 Latin America Capital Partners Limited  
 Liontrust Guernsey Fund Limited  
 London & Oxford Value Fund  
 Long-Invest Fund PCC Limited  
 M & G Offshore British Opportunities Fund  
 M & G Offshore Corporate Bond Fund Limited  
 M & G Offshore European Smaller Companies Fund  
 M & G Offshore Global Leaders Fund  
 M & G Offshore Global Technology Fund  
 M & G Offshore High Yield Corporate Bond Fund Limited  
 M & G Offshore UK Growth Fund  
 M3 Capital Mutual Fund PCC Limited  
 Man Alternative Strategy Investments Limited  
 Man-Vector Diversified Limited  
 Man-Vector Global Investments Limited  
 Merchbank International Funds  
 Merrill Lynch Series Trust known as "The India Fund"  
 Monument Growth Fund  
 Multi-Manager Investment Programmes PCC Limited  
 NBAD Global Growth Fund PCC Limited  
 Nemrod Euro Limited  
 Nemrod Leveraged Holdings Limited  
 Nippon Growth Fund Limited  
 Oasis Global Investment Scheme Limited  
 Offshore Portfolios PCC Limited  
 Old Mutual Fund Managers (Guernsey) PCC Limited  
 Optimal Tracker Fund PCC Limited  
 Paragon Capital Appreciation Fund Limited  
 Platinum Investment Fund  
 The Professional Investor Fund PCC Limited  
 Prospect Street International Fund PCC Limited  
 Prospero Currency Fund Limited  
 Prudential World Value Fund  
 Raintree Global Fund Limited  
 RG World Fund Limited  
 Royal Bank of Canada ARC Fund Limited  
 Royal Bank of Canada Strategic Ratchet Fund  
 Russian Opportunities Fund Limited  
 SAM Arbitrage Holdings PCC Limited  
 SAM Credit Holdings PCC Limited  
 SAM Diversified Holdings PCC Limited  
 SAM Trading Holdings PCC Limited  
 Saudi Arabia Investment Fund Limited  
 SC Trading Invest Limited  
 Schroder Eastern European Fund  
 Schroder Emerging Markets Fund  
 Schroder Institutional Developing Markets Fund  
 The Schroder Latin American Fund Limited  
 Select Global Strategies Limited  
 Sogeval Fund Limited  
 Speer Capital Preservation Fund  
 The Stafford Global Equity Fund  
 Stellar Funds PCC Limited  
 Strategic Multi Hedge Fund Limited  
 Strategic US Opportunities Fund Limited  
 Supreme Growth Fund  
 Swiss Capital Funds PCC (Guernsey) Limited  
 Swiss Capital Non-Traditional Funds PCC Limited

T.A.L. Private Investment Funds  
Taurus Emerging Fund Limited  
Trans Value Fund Limited  
Wafra European Small Cap Fund Limited  
Wafra Global Fund Limited  
Wafra Small Cap Fund Limited  
Waxwing International Limited  
Westbourne Growth Fund PCC Limited  
Westbury Commercial Property Fund Limited  
Wilén Trust  
Winterthur/Sarasin EPP Equisar Dollar Fund  
Winterthur/Sarasin EPP Globalsar Dollar Fund

*The Collective Investment Schemes (Class B) Rules 1990 apply to the above*

**Class Q schemes**

The Cambridge Absolute Return Limited Partnership  
Compass Offshore HTV PCC Limited  
European Credit Fund  
Morley Alternative Investment Strategy Fund PCC Limited  
NIF Holdings Fund PCC Limited  
Oxford Fauchier Limited Partnership  
Partners Group Alternative Strategies PCC Limited  
WIN Alternative Investments Fund  
Winterthur Short Term Reserve Funds

*The Collective Investment Schemes (Qualifying Professional Investor Funds)  
(Class Q) Rules 1998 apply to the above*

## APPENDIX 9 BALANCE SHEETS FOR THE BANKING SECTORS IN THE CROWN DEPENDENCIES 2000 TO 2002

<b>Liabilities</b>		<b>2000</b>	<b>2001</b>	<b>2002</b>
		<b>£mns</b>	<b>£mns</b>	<b>£mns</b>
<b>Deposit liabilities</b>				
Banks/building societies registered in	United Kingdom	3746	3372	3577
	Channel Islands/Isle of Man	17160	19495	19570
Financial corporations registered in	United Kingdom	3409	2964	3272
	Channel Islands/Isle of Man	13577	13574	12626
Non-financial corporations registered in	United Kingdom	5227	5089	4502
	Channel Islands/Isle of Man	8729	9012	9186
Public sector registered in	United Kingdom	7	8	13
	Channel Islands/Isle of Man	393	425	457
Households and individual trusts registered in	United Kingdom	21887	24144	25159
	Channel Islands/Isle of Man	14240	16486	16236
Banks	Rest of world	18341	20874	56065
Other	Rest of world	103684	115217	82489
Total deposit liabilities		210400	230660	233152
Certificates of deposit issued		11197	1745	2675
Other liabilities		21901	39807	45570
Total liabilities		243498	272212	281397
<b>Assets</b>				
<b>Loans, advances and market loans</b>				
Banks/building societies registered in	United Kingdom	103033	108701	109002
	Channel Islands/Isle of Man	14890	13872	14291
Financial corporations registered in	United Kingdom	766	989	575
	Channel Islands/Isle of Man	1533	1769	1781
Non-financial corporations registered in	United Kingdom	1237	1132	1001
	Channel Islands/Isle of Man	1916	1567	1732
Public sector registered in	United Kingdom	6	1	1
	Channel Islands/Isle of Man	36	67	67
Households and individual trusts registered in	United Kingdom	1521	1427	1872
	Channel Islands/Isle of Man	2779	3219	3721
Banks	Rest of world	64768	80842	81561
Other	Rest of world	9143	8822	9543
Certificates of deposit and other short-term paper issued/accepted by UK, Guernsey, Jersey or Isle of Man banks and building societies		7233	8107	9231
Investments and securities		21065	27440	29304
of which	United Kingdom	2040	2859	2008
	Rest of world	19025	24581	27296
Other assets		13572	14257	17715
Total assets		243498	272212	281397

Sources: Bank of England, Guernsey Financial Services Commission, Isle of Man Treasury and Jersey Financial Services Commission.

## APPENDIX 10 INTERNATIONAL REGULATORY AND SUPERVISORY BODIES

**Banking****The Basel Committee on Banking Supervision**

The Basel Committee on Banking Supervision is a committee of banking supervisory authorities which was established by the central bank Governors of the Group of Ten countries in 1975. It consists of senior representatives of the banking supervisory authorities and central banks of Belgium, Canada, France, Germany, Italy, Japan, Luxembourg, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States of America. Its current chairman is Mr William J McDonough, president and chief executive officer of the Federal Reserve Bank of New York. The Basel Committee usually meets at the Bank for International Settlements in Basel, where its permanent Secretariat is located.

The Basel Committee is responsible for issuing guidelines on standards which the international community expects from banks and bank supervisors. The best known of these were probably the Basel Concordat in 1983 and the Basel Capital Accord of 1988. The Concordat set out demarcation lines for supervisors while the Capital Accord established how supervisors should measure the amount of capital needed to support a bank's risk. The Capital Accord introduced the concept of a minimum risk asset ratio of 8%. More recently, the Basel Committee has introduced Twenty-Five Core Principles of Effective Banking Supervision and an underlying methodology. It is in the course of producing a revised Capital Accord and has already issued substantial consultation papers.

The Basel Committee's work is much more extensive than this brief list might indicate. It has produced papers on a wide variety of subjects and has contributed substantially to the improving of international standards of banking supervision.

A complete list of publications is available on the website for the Bank of International Settlements under Basel Committee, Publications. The website address is [www.bis.org](http://www.bis.org).

**The Offshore Group of Banking Supervisors**

The Offshore Group of Banking Supervisors ("OGBS") was established in 1980 as a forum for supervisory cooperation between the banking supervisors in offshore financial centres. Current members of the Group are:- Aruba, Bahamas, Bahrain, Barbados, Bermuda, Cayman Islands, Cyprus, Gibraltar, Guernsey, Hong Kong, Isle of Man, Jersey, Labuan, Mauritius, the Netherlands Antilles, Panama, Singapore and Vanuatu.

The group meets annually. In years when the International Conference of Banking Supervisors is held, it meets at that conference's venue; in other years it meets at a location in one of the jurisdictions represented in the group.

Guernsey was a founding member of the OGBS. It is a useful forum where offshore centres can make their views known and compare experience with similar financial centres. It also enables concerns to be passed to the Basel Committee. An example of this in practice is the working group made up of Basel Committee and OGBS members, which has produced papers on the supervision of cross-border banking and on customer due diligence requirements for banks. The Director of Banking is a member of this joint working group.

The Director of Fiduciary Services and Enforcement is a member of the

international working group established under the auspices of the OGBS to set international standards for the regulation of trust and corporate service providers.

**Insurance****The International Association of Insurance Fraud Agencies**

Guernsey is a member of the International Association of Insurance Fraud Agencies ("IAIFA"). The IAIFA was formed in 1986 by the directors of insurance fraud agencies from the United States of America and Canada.

The IAIFA aims to coordinate the efforts, training and education of law enforcement agencies, government bodies and the insurance industry to prevent and combat insurance fraud worldwide more effectively. By working with regulators, law enforcement agencies and companies, the IAIFA attempts to break down jurisdictional barriers. The association is also active in encouraging other enforcement agencies to share information to the mutual benefit of all who are involved in assuring a high level of integrity throughout the insurance industry.

**The International Association of Insurance Supervisors**

The International Association of Insurance Supervisors ("IAIS") was formed in 1993 and comprises international regulatory officials representing over 100 countries. It is led by an Executive Committee and supported by a full-time Secretary General located at the Bank for International Settlements in Basel, Switzerland.

There are several committees within the IAIS:- Executive, Technical, Emerging Markets Issues, Budget and Conference Planning. There are also several subcommittees that report to the Technical Committee and/or the Emerging Markets Issues Committee in connection with:- accounting; investments; reinsurance; solvency; insurance laws, regulations, practices and standards; supervision of financial conglomerates; exchange of information; insurance fraud; derivatives; and education. The Executive Committee consists of supervisors from Mexico (chairman), Australia (vice-chairman), Canada, Chile, Guernsey, India, Japan, Jordan, Luxembourg, Norway, Poland, Singapore, South Africa, the United Kingdom and the United States of America. There is also an Electronic Commerce/Internet Working Group and a Task Force on Enhanced Disclosure.

Under the IAIS By-laws, supervisors resolve to:-

- (a) cooperate to ensure improved supervision of the insurance industry on a domestic as well as an international level, in order to maintain efficient, fair, safe and stable insurance markets for the benefit and protection of policyholders; and
- (b) unite their efforts to develop practical standards that members may choose to apply.

**The Offshore Group of Insurance Supervisors**

The Offshore Group of Insurance Supervisors ("OGIS") was formed in 1993. It consists of full members and provisional members, as well as non-member observers (14 members and five observers) and its main objectives are:-

- (a) to provide mechanisms and fora whereby insurance supervisors from

APPENDIX 10 CONTINUED

jurisdictions concerned with cross-border insurance business may discuss areas of mutual interest and concern and formulate appropriate policies;

- (b) to provide assistance and encouragement to appropriate non-member jurisdictions to establish regimes for the supervision of cross-border insurance business at least to standards equivalent to those of OGIS;
- (c) to represent the interests of OGIS at international insurance fora; and
- (d) generally, to promote the proper supervision of cross-border insurance business.

The membership criteria of OGIS are:-

- (a) agreement with the objects of OGIS concerned with cross-border insurance business;
- (b) having legislation in place:-
  - (i) which enables the regulatory authority to supervise insurance business adequately; and
  - (ii) which permits the exchange of information with other regulatory authorities for the purposes of the prudential regulation of insurance business;
- (c) effective enforcement of its insurance legislation and other relevant legislation;
- (d) adequate resources (including properly qualified supervisory personnel) to regulate its cross-border insurance business effectively; and
- (e) a clear commitment to the implementation of the 1996 anti-money laundering recommendations of the Financial Action Task Force on Money Laundering.

**Investment**

**Enlarged Contact Group on the Supervision of Collective Investment Funds**

The Enlarged Contact Group on the Supervision of Collective Investment Funds ("ECG") is an informal group of collective investment fund regulators established in 1970.

Membership was originally restricted to the regulatory authorities of the European Union Member States, but has now widened significantly to include, in addition to the 15 European Union Member States, Guernsey and the other Crown Dependencies, Brazil, Canada, Hong Kong, Japan, Mexico, Norway, Switzerland, South Africa and the United States of America.

The ECG holds annual meetings, chaired and organised by the host regulatory authority. These annual meetings include discussions on current regulatory topics, international regulatory cooperation, and recent developments in regulation in the member countries. During the year, members maintain contact on regulatory matters such as the

exchange of information.

The ECG's annual meeting in 2002 was hosted by the Guernsey Financial Services Commission.

**International Organization of Securities Commissions**

The International Organization of Securities Commissions ("IOSCO") is an association of securities regulatory organisations created in 1983 and now comprising more than 170 members. The Commission was originally admitted as an Associate Member in 1991 and became a Full Member in 1997.

IOSCO now embraces almost all the world's securities and derivatives regulatory bodies and plays an increasingly important rôle in assisting members to achieve and maintain high regulatory standards in the interests of investors and the prevention of crime.

The main objectives of IOSCO's members are:-

- (a) to cooperate together to promote high standards of regulation in order to maintain just, efficient and sound markets;
- (b) to exchange information on their respective experiences in order to promote the development of domestic markets;
- (c) to unite their efforts to establish standards and an effective surveillance of international securities transactions; and
- (d) to provide mutual assistance to promote the integrity of the markets by a rigorous application of the standards and by effective enforcement against offences.

IOSCO works with several other major international fora, such as the G-7 Financial Stability Forum, the Basel Committee on Banking Supervision and the IAIS to ensure, in particular, close coordination with banking and insurance regulators. The work of IOSCO is directed by an Executive Committee supported by a permanent Secretariat. In turn, the Executive Committee has established two specialised working committees, the Technical Committee and the Emerging Markets Committee, to address the following functional areas:-

- (a) disclosure and accounting;
- (b) regulation of secondary markets;
- (c) regulation of market intermediaries;
- (d) enforcement and the exchange of information; and
- (e) investment management.

There are also four Regional Standing Committees (Africa/Middle East, Asia-Pacific, European and Interamerican) which meet to discuss specific regional problems or considerations and a self regulatory organisation consultative committee for self-regulatory organisations which are Affiliate Members of IOSCO. The Commission is a member of the European Committee.

All Full and Associate Members comprise the Presidents' Committee, which meets during the IOSCO annual conference and has all the powers necessary or convenient to achieve the purposes of IOSCO.

## **Economic Crime**

### **The Financial Action Task Force on Money Laundering**

The Financial Action Task Force on Money Laundering ("FATF") is an inter-governmental body whose purpose is the development and promotion of policies to combat money laundering – the processing of criminal proceeds in order to disguise their illegal origin. These policies aim to prevent such proceeds from being utilised in future criminal activities and from affecting legitimate economic activities.

FATF currently consists of 29 countries and two international organisations. The 29 FATF member countries and governments are:- Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America. The two international organisations are the European Commission and the Gulf Co-operation Council. The OGBS is one of several bodies which is affiliated to FATF.

FATF originally drew up Recommendations in 1990. In 1996 the Forty Recommendations were revised to take into account the experience gained over the previous six years and to reflect changes in the global money-laundering environment. From time to time, the Forty Recommendations are extended by the issue of interpretative notes.

The Forty Recommendations set out a basic framework for anti-money laundering efforts and they are designed to be of universal application. They cover the criminal justice system and law enforcement, the financial system and its regulation, and international cooperation.

In early 2000 FATF issued Twenty-five Criteria for Defining Non-cooperative Countries or Territories. These criteria are designed to ensure that international cooperation in the fight against money laundering is not impeded by detrimental rules and practices of financial centres. In addition, in the autumn of 2001 FATF issued VIII Special Recommendations on Terrorist Financing. When combined with the Forty Recommendations, the special recommendations set out the basic framework to detect, prevent and suppress the financing of terrorism and terrorist acts.

In 2002 FATF issued a substantial consultation document on proposed changes to the Forty Recommendations. Its conclusions are expected to be published in June 2003.





