Guernsey Financial Services Commission

Annual Report & Financial Statements 2002
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”.

ANNUAL REPORT
For the year ended 31 December 2002
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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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”.

Guernsey Financial Services Commission
COMMISSIONERS
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
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.

Talmai Morgan MA Cantab., Barrister, TEP
Director of Fiduciary Services and Enforcement
Talmai 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.
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
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.
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 Societa 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*
**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.

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 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.

Table 1. Licences and deposits at the year end

<table>
<thead>
<tr>
<th>End</th>
<th>Banks licensed</th>
<th>Deposits £mns</th>
<th>Annual change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>72</td>
<td>15,476</td>
<td>19.1</td>
</tr>
<tr>
<td>1991</td>
<td>72</td>
<td>16,250</td>
<td>5.0</td>
</tr>
<tr>
<td>1992</td>
<td>76</td>
<td>27,492</td>
<td>68.9</td>
</tr>
<tr>
<td>1993</td>
<td>75</td>
<td>37,402</td>
<td>36.6</td>
</tr>
<tr>
<td>1994</td>
<td>73</td>
<td>42,191</td>
<td>12.6</td>
</tr>
<tr>
<td>1995</td>
<td>73</td>
<td>46,855</td>
<td>11.1</td>
</tr>
<tr>
<td>1996</td>
<td>72</td>
<td>43,324</td>
<td>-7.5</td>
</tr>
<tr>
<td>1997</td>
<td>78</td>
<td>49,357</td>
<td>13.9</td>
</tr>
<tr>
<td>1998</td>
<td>78</td>
<td>52,922</td>
<td>7.2</td>
</tr>
<tr>
<td>1999</td>
<td>79</td>
<td>57,059</td>
<td>7.8</td>
</tr>
<tr>
<td>2000</td>
<td>77</td>
<td>68,474</td>
<td>20.0</td>
</tr>
<tr>
<td>2001</td>
<td>72</td>
<td>77,211</td>
<td>12.8</td>
</tr>
<tr>
<td>2002</td>
<td>67</td>
<td>71,943</td>
<td>-6.8</td>
</tr>
</tbody>
</table>
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 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
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

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

<table>
<thead>
<tr>
<th>Assets</th>
<th>2000 total £mns</th>
<th>2001 total £mns</th>
<th>2002 total £mns</th>
<th>2000 total £mns</th>
<th>2001 total £mns</th>
<th>2002 total £mns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks etc.</td>
<td>48599</td>
<td>51802</td>
<td>49252</td>
<td>1715</td>
<td>1841</td>
<td>1686</td>
</tr>
<tr>
<td>British Isles public sector</td>
<td>2</td>
<td>12</td>
<td>10</td>
<td>27</td>
<td>27</td>
<td>23</td>
</tr>
<tr>
<td>Companies, persons, other</td>
<td>5242</td>
<td>5333</td>
<td>6437</td>
<td>Deposits by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banks etc.</td>
<td>13065</td>
<td>12424</td>
<td>13040</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CDs</td>
<td>4638</td>
<td>5412</td>
<td>5833</td>
<td>British Isles public sector</td>
<td>50</td>
<td>59</td>
</tr>
<tr>
<td>Government securities</td>
<td>8209</td>
<td>10466</td>
<td>11257</td>
<td>Companies, persons, other</td>
<td>54626</td>
<td>64728</td>
</tr>
<tr>
<td>Company shares/securities</td>
<td>3607</td>
<td>5401</td>
<td>6521</td>
<td>Other liabilities</td>
<td>3080</td>
<td>2669</td>
</tr>
<tr>
<td>Other assets</td>
<td>2186</td>
<td>2922</td>
<td>2181</td>
<td>Total liabilities</td>
<td>72563</td>
<td>81148</td>
</tr>
<tr>
<td>Total assets</td>
<td>72563</td>
<td>81148</td>
<td>74760</td>
<td>Total liabilities</td>
<td>72563</td>
<td>81148</td>
</tr>
</tbody>
</table>

* Tier 1 capital
** Tier 2 capital
* Paid-up share capital and disclosed reserves
** Undisclosed reserves, revaluation reserves, general provisions, debt/equity instruments and subordinated debts.
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.

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.

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 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. 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.

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

The Division undertook several bilateral meetings with other banking regulators during the year. The Swiss Federal Banking Commission was visited in November. This 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, 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.

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**Figure 9. Disposition of bank assets at end 2002**

- **Guernsey**: 4%
- **United Kingdom**: 22%
- **Other European states**: 6%
- **Switzerland**: 8%
- **United States**: 2%
- **Other developed countries**: 4%
- **Caribbean**: 1%
- **Other**: 1%
**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.
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.
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 3. Number of international insurance companies registered at the year end

<table>
<thead>
<tr>
<th>Year</th>
<th>Captives</th>
<th>PCCs</th>
<th>Sub total</th>
<th>PCC cells</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>253</td>
<td>44</td>
<td>297</td>
<td>171</td>
<td>510</td>
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<tr>
<td>2002</td>
<td>265</td>
<td>50</td>
<td>315</td>
<td>209</td>
<td>583</td>
</tr>
</tbody>
</table>

*The number of cells excludes life cells

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

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

*Joint ownership, three European joint ventures.

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>1</td>
</tr>
<tr>
<td>Australia</td>
<td>8</td>
</tr>
<tr>
<td>Canada</td>
<td>1</td>
</tr>
<tr>
<td>Caribbean</td>
<td>2</td>
</tr>
<tr>
<td>Europe</td>
<td>44</td>
</tr>
<tr>
<td>Far East</td>
<td>4</td>
</tr>
<tr>
<td>Guernsey</td>
<td>9</td>
</tr>
<tr>
<td>International*</td>
<td>9</td>
</tr>
<tr>
<td>Middle East</td>
<td>3</td>
</tr>
<tr>
<td>Northern Europe</td>
<td>9</td>
</tr>
<tr>
<td>South Africa</td>
<td>11</td>
</tr>
<tr>
<td>Southern Europe</td>
<td>9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>67</td>
</tr>
<tr>
<td>United States</td>
<td>40</td>
</tr>
<tr>
<td>Worldwide</td>
<td>1</td>
</tr>
<tr>
<td>Total cells</td>
<td>209</td>
</tr>
</tbody>
</table>

*Joint ownership, three European joint ventures.

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 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 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
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 role 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.
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 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 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 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 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 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).

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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).

| Figure 11. Total funds under management at the year end |
| Net asset value of schemes £mns |
| 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 |
| 1996 | 12,391 | 16,534 | 15,494 | 22,945 | 33,197 | 33,973 |
| 1997 | 13,191 | 16,534 | 15,494 | 22,945 | 33,197 | 33,973 |
| 1998 | 15,194 | 16,534 | 15,494 | 22,945 | 33,197 | 33,973 |
| 1999 | 15,945 | 16,534 | 15,494 | 22,945 | 33,197 | 33,973 |
| 2000 | 16,446 | 16,534 | 15,494 | 22,945 | 33,197 | 33,973 |
| 2001 | 33,197 | 33,197 | 33,197 | 33,197 | 33,197 | 33,197 |
| 2002 | 33,973 | 33,973 | 33,973 | 33,973 | 33,973 | 33,973 |

Table 8. Closed-ended funds at the year end

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of funds</td>
<td>311</td>
<td>319</td>
<td>+2.57</td>
</tr>
<tr>
<td>Value of assets (£lbs)</td>
<td>17.51</td>
<td>17.11</td>
<td>-2.28</td>
</tr>
<tr>
<td>Number of registered shareholders (000’s)</td>
<td>36,344</td>
<td>39,307</td>
<td>+8.15</td>
</tr>
<tr>
<td>Stock exchange listed</td>
<td>72</td>
<td>75</td>
<td>+4.17</td>
</tr>
</tbody>
</table>

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,
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 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
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 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.

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

**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 amended and extended by the Protected Cell Companies (Fees) 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.

**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 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.

**Figure 19. Commission revenue and expenditure**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenditure</th>
<th>Surplus/deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>£1,294,986</td>
<td>£1,301,564</td>
<td>£6,578</td>
</tr>
<tr>
<td>1998</td>
<td>£1,697,544</td>
<td>£1,725,546</td>
<td>-27,992</td>
</tr>
<tr>
<td>1999</td>
<td>£2,224,986</td>
<td>£2,397,544</td>
<td>-172,558</td>
</tr>
<tr>
<td>2000</td>
<td>£2,806,815</td>
<td>£2,713,498</td>
<td>93,317</td>
</tr>
<tr>
<td>2001</td>
<td>£3,399,472</td>
<td>£3,383,458</td>
<td>16,014</td>
</tr>
<tr>
<td>2002</td>
<td>£3,880,494</td>
<td>£3,828,437</td>
<td>52,057</td>
</tr>
</tbody>
</table>

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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 overarching 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.

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 Leafe: 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
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 ICSA 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 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.
COMMISSION ORGANOGRAM
as at 31 March 2003
Guernsey Financial Services Commission

COMMISSION ORGANOGRAM
as at 31 March 2003

Director General
Peter Neville

Personal Assistant
Judy Porter

Banking Division
Director of Banking
Philip Marr

Investment Business Division
Director of Investment Business
Peter Moffatt

Insurance Division
Director of Insurance
Steve Butterworth

Deputy Director of Banking
Chris Le Marchant

Deputy Director of Investment Business
Carl Rosumek

Deputy Director of Insurance
Diane Colton

Assistant Director
Audrey Branch

Senior Analysts
Hugh Bygott-Webb
Chris Knight

Senior Analysts
Emma Bailey
Louise Bougourd
Helen Knight
Juliette Robilliard
Fiona White

Senior Analysts
Tracy Anderson
Richard Bowyer
Peter Child
Peter Cooke
Dean Wickens

Analysts
Stuart Bailey
Natasha Duquemin
Mike Ozanne
Nin Ritchie

Analysts
Martin Attwooll
Jan Bird
Chris Bisson
Emma Broome
Jonathan Crossan
Michael Haenel
Ide-Marie Helie
Nick Herquin
Mark Le Page
David McCloskey
Dawn Phillips
Yumei Zhang

Analysts
Karen Brookes
Imon Choudhury
Emma Farrow
Simon Fisher
David Richings

Secretary
Rebecca Penney

Secretary
Rachel Warr

Secretary
Nina Degnen
Claire Jehan

Secretaries

Project Secretary
Sophie Richards

Actuary
Mike Poulding

Assistant Actuary
Hatish Talati

Consultant
Tony Ayton (c)
Chief Executive
Prof. Richard Conder

Deputy Chief Executive
Fiona Naftel

Assistant Director (Human Resources)
Georgette Scott

Assistant Director (Special Projects)
Jerz Jurkiewicz

IT Administrator
Stacey Walker

Human Resources Officer
Tammy Lodge

Human Resources Assistant
Camie Matthews

Administration Manager (Accounts)
Carol Rea

Training Manager (IT)
David Spaven (t)

Training Coordinators
Lynne Bougourd
Andrea Sarchett-Luff
Kate Winter
Joanna Watts

Office Supervisor
Lucy Willot

Training Administrator/Receptionist
Sandra Arundale

Caretaker
Richard Nash

Note: all Training Agency staff apart from the Chief Executive are seconded from the 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 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 Commissions’ 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 Commissions’ 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.
Guernsey Financial Services Commission

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 2002

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

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.
Guernsey Financial Services Commission

BALANCE SHEET
as at 31 December 2002

Note 2002 2001
£ £

Fixed assets
Tangible assets 4/8(ii) 323,177 350,112

Current assets
Debtors 5 60,215 300,908
Balances with States Treasury 2,011,986 1,357,346
Cash at bank and in hand 359,096 29,311

2,431,297 1,687,565

Creditors – Amounts falling due within one year 6 (1,033,772) (657,221)

Net current assets 1,397,525 1,030,344

Total assets less current liabilities £ 1,720,702 £ 1,380,456

Represented by:
Income and expenditure account £ 1,720,702 £ 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

Reconciliation of surplus of income over expenditure
to net cash inflow from operating activities

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

Cash flow statement

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities</td>
<td>861,727</td>
<td>406,148</td>
</tr>
<tr>
<td>Returns on investments and servicing of finance</td>
<td>11</td>
<td>111,493</td>
</tr>
<tr>
<td>Capital expenditure and financial investment</td>
<td>11</td>
<td>(341,448)</td>
</tr>
<tr>
<td>Increase in cash in the year</td>
<td><strong>£ 984,425</strong></td>
<td><strong>£ 176,193</strong></td>
</tr>
</tbody>
</table>

Reconciliation of net cash flow to movements in net cash

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in cash in the year</td>
<td>984,425</td>
<td>176,193</td>
</tr>
<tr>
<td>Net cash at 1 January 2002</td>
<td>12</td>
<td>1,386,657</td>
</tr>
<tr>
<td>Net cash at 31 December 2002</td>
<td>12</td>
<td><strong>£ 2,371,082</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>over the shorter of the term of the lease and the estimated useful economic life of the assets</td>
</tr>
<tr>
<td>Office equipment and fittings</td>
<td>25% straight line</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>33 1/3% straight line</td>
</tr>
</tbody>
</table>

(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).
### 4. Tangible assets

<table>
<thead>
<tr>
<th></th>
<th>Leasehold Improvements</th>
<th>Office Equipment and Fittings</th>
<th>Computer Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2002</td>
<td>99,225</td>
<td>560,156</td>
<td>370,089</td>
<td>1,029,470</td>
</tr>
<tr>
<td>Additions</td>
<td>921</td>
<td>79,770</td>
<td>86,338</td>
<td>167,029</td>
</tr>
<tr>
<td>Disposals – Commission</td>
<td>–</td>
<td>–</td>
<td>(34,245)</td>
<td>(34,245)</td>
</tr>
<tr>
<td>Disposals – Training Agency</td>
<td>(51,579)</td>
<td>(88,046)</td>
<td>(59,453)</td>
<td>(199,078)</td>
</tr>
<tr>
<td><strong>At 31 December 2002</strong></td>
<td>48,567</td>
<td>551,880</td>
<td>362,729</td>
<td>963,176</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2002</td>
<td>60,072</td>
<td>396,328</td>
<td>222,958</td>
<td>679,358</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>4,656</td>
<td>79,184</td>
<td>83,517</td>
<td>167,357</td>
</tr>
<tr>
<td>On disposals – Commission</td>
<td>–</td>
<td>–</td>
<td>(34,215)</td>
<td>(34,215)</td>
</tr>
<tr>
<td>On disposals – Training Agency</td>
<td>(50,262)</td>
<td>(85,527)</td>
<td>(36,712)</td>
<td>(172,501)</td>
</tr>
<tr>
<td><strong>At 31 December 2002</strong></td>
<td>14,466</td>
<td>389,985</td>
<td>235,548</td>
<td>639,999</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>£</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees receivable</td>
<td>14,246</td>
<td>34,416</td>
</tr>
<tr>
<td>Prepayments</td>
<td>35,957</td>
<td>86,990</td>
</tr>
<tr>
<td>Other debtors</td>
<td>10,012</td>
<td>21,834</td>
</tr>
<tr>
<td>Amount due from Training Agency Limited (note 8)</td>
<td>–</td>
<td>157,668</td>
</tr>
<tr>
<td></td>
<td><strong>60,215</strong></td>
<td><strong>300,908</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>£</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General expense creditors</td>
<td><strong>417,210</strong></td>
<td>288,196</td>
</tr>
<tr>
<td>Accruals</td>
<td><strong>63,955</strong></td>
<td>45,500</td>
</tr>
<tr>
<td>Fees received in advance</td>
<td><strong>539,833</strong></td>
<td>323,525</td>
</tr>
<tr>
<td>Amount due to Training Agency Limited (note 8)</td>
<td><strong>12,774</strong></td>
<td>–</td>
</tr>
<tr>
<td></td>
<td><strong>1,033,772</strong></td>
<td><strong>657,221</strong></td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge for the year</td>
<td>£ 170,982</td>
<td>£ 122,632</td>
</tr>
</tbody>
</table>

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.
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

<table>
<thead>
<tr>
<th>Returns on investments and servicing of finance</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>119,285</td>
<td>111,493</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital expenditure and financial investment</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to acquire tangible fixed assets</td>
<td>(167,029)</td>
<td>(227,245)</td>
</tr>
<tr>
<td>Repayment of loan from the Training Agency Limited</td>
<td>170,442</td>
<td>(114,203)</td>
</tr>
</tbody>
</table>

Net cash inflow/(outflow) from capital expenditure and financial investment

<table>
<thead>
<tr>
<th>Net cash inflow/(outflow) from capital expenditure and financial investment</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,413</td>
<td>(341,448)</td>
</tr>
</tbody>
</table>

12. Analysis of net cash

<table>
<thead>
<tr>
<th></th>
<th>At 1 January 2002</th>
<th>Cash Flow</th>
<th>At 31 December 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance with States Treasury</td>
<td>1,357,346</td>
<td>654,640</td>
<td>2,011,986</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>29,311</td>
<td>329,785</td>
<td>359,096</td>
</tr>
</tbody>
</table>

£ 1,386,657 £ 984,425 £ 2,371,082
The Commissioners' duty to make an annual report to the Advisory and the power of the Commissioners to delegate functions; jointly and severally. All statutory functions of the Commission may be delegated certain of their statutory functions to the executive staff of the Commission. These statutory functions are exercised by the executives both individually and as members of the Executive Committee. The Committee is responsible for administration of the Control of Borrowing Ordinances. Individual officials of the Committee 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.

The Committee is responsible for administration of the Control of Borrowing Ordinances. Individual officials of the Committee 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.

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
  - require the Commissioners to consider representations concerning a decision which they propose to take; or
  - empower the Commission to cancel, revoke, suspend or withdraw a 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 meeting 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.
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 Bannier 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 Cleave 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 Nordbø, 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 Representative of the Guernsey Insurance (from January 2003)
Conor Jennings Company Managers Association
(untill December 2002)
Andy Oeffen Thomas Miller Risk Management
(General) Limited
Julian Parker Guernsey Society of Chartered and
Certified Accountants
Ian Robinson Guernsey Association of Chartered Officers
Peter Rose International Life Officers
Chris Schofield Guernsey International Business Association
Peter Symes Association of Guernsey Insurance Brokers

Pensions Advisory Panel
Paul Buckle Care Olsen
Winston Bull Guernsey Association of Pension Funds
Paul Cutter Nordbø 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.
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.i.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 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
Saudia 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
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.gsc.guernsey.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
AIG 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
Cantilibra 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
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
<table>
<thead>
<tr>
<th>Name</th>
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<tr>
<td>Chamberlain Heritage Services Limited</td>
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<tr>
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<td>Azure Limited</td>
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<td>Charter Management Limited</td>
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<tr>
<td>Interco Services Limited</td>
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<tr>
<td>CLIC - Sagecore Insurance Managers Limited</td>
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<tr>
<td>Clarke Middleton Associates Limited</td>
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<tr>
<td>Close Trustees Guernsey Limited</td>
</tr>
<tr>
<td>Admiral Directors Limited</td>
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<tr>
<td>Director Services (Guernsey) Limited</td>
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<tr>
<td>Landmark Directors Limited</td>
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<tr>
<td>Trafalgar Nominees Limited</td>
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<tr>
<td>Victory Nominees Limited</td>
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<tr>
<td>Viscount Trustees Guernsey Limited</td>
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<tr>
<td>Codan Trust Company (Guernsey) Limited</td>
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<td>Codan (Guernsey) Limited</td>
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<td>Codan Management (Guernsey) Limited</td>
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<tr>
<td>Codan Services (T&amp;C) Limited</td>
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<tr>
<td>Orient Services Limited</td>
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<tr>
<td>Controlfida Trustees Limited</td>
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<tr>
<td>Corporate Planning Trustees (Guernsey) Limited</td>
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<tr>
<td>Corporate Services (Alderney) Limited</td>
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<tr>
<td>Alderney Trustees Limited</td>
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<tr>
<td>Anchor Nominees (Alderney) Limited</td>
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<td>Busby Nominees (Alderney) Limited</td>
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<td>Channel Nominees (Alderney) Limited</td>
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<tr>
<td>Duncan Nominees (Alderney) Limited</td>
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<tr>
<td>Frank Nominees (Alderney) Limited</td>
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<td>Giffoine Limited</td>
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<td>Huret Limited</td>
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<td>Ingot Limited</td>
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<tr>
<td>Coutts (Guernsey) Limited</td>
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<tr>
<td>Citron Limited</td>
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<tr>
<td>Corpshare Limited</td>
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<tr>
<td>Coutts Guernsey Nominees Limited</td>
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<tr>
<td>Rouge Limited</td>
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<tr>
<td>Vert Limited</td>
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<tr>
<td>Credit Suisse Trust Limited</td>
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<tr>
<td>Brock Nominees Limited</td>
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<tr>
<td>Carentan Investments Limited</td>
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<tr>
<td>College Trustees Limited</td>
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<tr>
<td>Court Administration Limited</td>
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<tr>
<td>Credit Suisse Trust Limited - Isle of Man</td>
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<tr>
<td>Fundamentum Limited</td>
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<tr>
<td>Keyredon Trustees Limited</td>
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<tr>
<td>Kiloran Trust Company Limited</td>
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<tr>
<td>Leeward Nominees Limited</td>
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<td>Primary Management Limited</td>
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<td>Swiss Nominee Services Limited</td>
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<tr>
<td>Tenby Nominees Limited</td>
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<tr>
<td>Touraine Trust Company Limited</td>
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<tr>
<td>Viribus Nominees Limited</td>
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<tr>
<td>Waterfront Securities Limited</td>
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<tr>
<td>Crossways Trustees Limited</td>
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<td>REC Services Limited</td>
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<td>Standfast Limited</td>
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<tr>
<td>DBS Trustee Limited</td>
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<tr>
<td>de Vernon Group SA</td>
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<td>de Vernon Holdings Limited</td>
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<td>de Vernon Limited</td>
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<tr>
<td>de Vernon Secretaries SA</td>
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<tr>
<td>de Vernon Trustees Inc</td>
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<tr>
<td>LJ Willis Inc</td>
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<tr>
<td>JC Brannam Inc</td>
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<tr>
<td>Deutsche Bank International Trust Co. Limited</td>
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<tr>
<td>DBMG Trust Company Limited</td>
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<tr>
<td>Deutsche Bank (Cayman) Limited</td>
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<tr>
<td>Deutsche Bank International Trust Co. (Cayman) Limited</td>
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<tr>
<td>Deutsche Bank Investments (Guernsey) Limited</td>
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<tr>
<td>Deutsche Bank Nominees (Guernsey) Limited</td>
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<tr>
<td>Deutsche Bank Trustee Services (Guernsey) Limited</td>
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<tr>
<td>Deutsche International Trust Corporation (C.I.) Limited</td>
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<tr>
<td>Deutsche International Trustee Services (C.I.) Limited</td>
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<tr>
<td>Deutsche Transnational Trustee Corporation Inc</td>
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<tr>
<td>Regula Limited</td>
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<tr>
<td>Trevona Limited</td>
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<tr>
<td>Dixcart Trust Corporation Limited</td>
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<td>Dixcart Financial Services Limited</td>
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<td>Dixcart Management Limited</td>
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<td>Dixcart.Net Limited</td>
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<tr>
<td>Mayfield Trustees Limited</td>
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<tr>
<td>Savannah Management Limited</td>
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<tr>
<td>Yates Management Limited</td>
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<tr>
<td>Eagle Star Trust Company (Guernsey) Limited</td>
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<tr>
<td>Eagle Star Trust Company (Jersey) Limited</td>
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<tr>
<td>Stellar Holdings Limited</td>
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<tr>
<td>EFG Private Bank (Channel Islands) Limited</td>
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<tr>
<td>Castle Court Protectors Limited</td>
</tr>
<tr>
<td>Dallington Holdings Limited</td>
</tr>
<tr>
<td>FB Nominees (Guernsey) Limited</td>
</tr>
<tr>
<td>Strategic Asset Management Limited</td>
</tr>
</tbody>
</table>
Guernsey Financial Services Commission

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 Secretaries 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

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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 (Guernsey) 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
Shafesbury 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
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 (MRJ) 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
Stockfield 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
Breams 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
Padi En Van Kralingen Trust (Guernsey) Limited
Pearson Fraser Consulting Limited
Pearson Fraser Limited

APPENDIX 4 CONTINUED

Guernsey Financial Services Commission
Safehaven International Limited
Bach and Associates Limited
Bach and Hudson Consulting Limited
Keats Limited
Safehaven Marine Holdings Limited
Safehaven Trustees Limited
Wordsworth Limited

Saffery Champness Management International Limited
Champness Limited
Clare/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
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 (Cl) 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
Mardex Limited
Marjorie Securities Limited
Martin Securities Limited
St Peters Securities Limited

Stenham Gestinor Trustees Limited
Aldenhaw 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
Meradolina Limited
Seydar 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
Evett, 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
Perfit, 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
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.gsc.guernsey.com 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
BIP Trust Limited
Hirzel Management Limited

Randell & Loveridge

Rhine Trustees Limited

Sabanci 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
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
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
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
Belcap Insurance PCC Limited
Belvoir Insurance Company Limited
BH Insurance Limited
BIFA Mutual Insurance Company Limited
BIG Insurance Limited
Blue Swift Legal Insurance Services Limited
B M (Insurance) Limited
Bonaventure Insurance Company Limited
Bouverie Insurance Limited
Brendan Insurance Company Limited
Britsafe Insurance Services (Guernsey) Limited
Broom Insurance Company Limited
Brownstone Insurance (Guernsey) Limited
BSI 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 Group Insurance Company Limited
Carfax Personal Lines Insurance PCC Limited
Carrington Life Insurance Limited
Castel 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
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-ia 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
Waterlight 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
Yeamle Insurance Limited
Yorksafe Insurance Company Limited
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
Clie-Sogerco 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
Ander 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.I.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 Poli 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
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
Wallbrook Fund Managers Limited

Principal managers at 31 December 2002

Aberdeen Guernsey Limited
Absolute Return Investment Managers Limited
Apollo Investment Management Limited
Appleton Funds Management (C.I.) 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 (C.I.) Limited
Belinvest Management (Guernsey) Limited
BOL 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
LongInvest Capital Limited
M3 Capital Management (Guernsey) Limited
M & G (Guernsey) Limited
Merchants Management (Guernsey) Limited
Merrill Lynch International Capital Management (Guernsey) Limited
Montier Asset Management Limited
Morley Fund Management (Channel Islands) Limited
MSG & Partners (C.I.) 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
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
AUIQ Limited
Amington 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
Angyll Investment Services Limited
Ascarfi Financial Services Limited
Asset Risk Consultants Limited
Atlantis Fund Management (Guernsey) Limited
Aviva Funds International Limited
Baden-Württembergische Bank AG
Balcham 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
Caztie 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 Healthcare 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
Coller Investment Management Limited
Collins Stewart Asset Management Limited
Collins Stewart (CI) Limited
Colocar International Limited
Comgest Asset Management Limited
Comgest YWM Limited
Couls (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
EGT Northern Europe Limited
EGT 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
Fauquier 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
General 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
ININKAP 3 General Partner Limited
International Asset Monitor Limited
International Batter Management Limited
International Fund Services (Guernsey) Limited
International Private Equity Services Limited
Investac 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
APPENDIX 7 CONTINUED

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
nenCoTec General Partner Limited
Newton International Investment Management Limited
Newton Investment Management (Guernsey) Limited
Next 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
**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


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

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Guernsey Financial Services Commission
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
Hauterville 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 IITM Selection Fund
Jaivo
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
LongInvest 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
Sogoval 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
Wilen 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

#### Liabilities

<table>
<thead>
<tr>
<th>Deposits</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£mns</td>
<td>£mns</td>
<td>£mns</td>
</tr>
<tr>
<td><strong>Deposit liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banks/building societies registered in United Kingdom</td>
<td>3746</td>
<td>3372</td>
<td>3577</td>
</tr>
<tr>
<td>Channel Islands/Isle of Man</td>
<td>17160</td>
<td>19495</td>
<td>19570</td>
</tr>
<tr>
<td>Financial corporations registered in United Kingdom</td>
<td>3409</td>
<td>2964</td>
<td>3272</td>
</tr>
<tr>
<td>Channel Islands/Isle of Man</td>
<td>13577</td>
<td>13574</td>
<td>12626</td>
</tr>
<tr>
<td>Non-financial corporations registered in United Kingdom</td>
<td>5227</td>
<td>5089</td>
<td>4502</td>
</tr>
<tr>
<td>Channel Islands/Isle of Man</td>
<td>8729</td>
<td>9012</td>
<td>9186</td>
</tr>
<tr>
<td>Public sector registered in United Kingdom</td>
<td>7</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Channel Islands/Isle of Man</td>
<td>393</td>
<td>425</td>
<td>457</td>
</tr>
<tr>
<td>Households and individual trusts registered in United Kingdom</td>
<td>21887</td>
<td>24144</td>
<td>25159</td>
</tr>
<tr>
<td>Channel Islands/Isle of Man</td>
<td>14240</td>
<td>16486</td>
<td>16236</td>
</tr>
<tr>
<td>Banks Rest of world</td>
<td>18341</td>
<td>20874</td>
<td>56065</td>
</tr>
<tr>
<td>Other Rest of world</td>
<td>103684</td>
<td>115217</td>
<td>82489</td>
</tr>
<tr>
<td><strong>Total deposit liabilities</strong></td>
<td>210400</td>
<td>230660</td>
<td>233152</td>
</tr>
<tr>
<td><strong>Certificates of deposit issued</strong></td>
<td>11197</td>
<td>1745</td>
<td>2675</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>21901</td>
<td>39807</td>
<td>45570</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>243498</td>
<td>272212</td>
<td>281397</td>
</tr>
</tbody>
</table>

#### Assets

<table>
<thead>
<tr>
<th>Loans, advances and market loans</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£mns</td>
<td>£mns</td>
<td>£mns</td>
</tr>
<tr>
<td><strong>Loans, advances and market loans</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banks/building societies registered in United Kingdom</td>
<td>103033</td>
<td>108701</td>
<td>109002</td>
</tr>
<tr>
<td>Channel Islands/Isle of Man</td>
<td>14890</td>
<td>13872</td>
<td>14291</td>
</tr>
<tr>
<td>Financial corporations registered in United Kingdom</td>
<td>766</td>
<td>989</td>
<td>575</td>
</tr>
<tr>
<td>Channel Islands/Isle of Man</td>
<td>1533</td>
<td>1769</td>
<td>1781</td>
</tr>
<tr>
<td>Non-financial corporations registered in United Kingdom</td>
<td>1237</td>
<td>1132</td>
<td>1001</td>
</tr>
<tr>
<td>Channel Islands/Isle of Man</td>
<td>1916</td>
<td>1567</td>
<td>1732</td>
</tr>
<tr>
<td>Public sector registered in United Kingdom</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Channel Islands/Isle of Man</td>
<td>36</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Households and individual trusts registered in United Kingdom</td>
<td>1521</td>
<td>1427</td>
<td>1872</td>
</tr>
<tr>
<td>Channel Islands/Isle of Man</td>
<td>2779</td>
<td>3219</td>
<td>3721</td>
</tr>
<tr>
<td>Banks Rest of world</td>
<td>64768</td>
<td>80842</td>
<td>81561</td>
</tr>
<tr>
<td>Other Rest of world</td>
<td>9143</td>
<td>8822</td>
<td>9543</td>
</tr>
<tr>
<td><strong>Certificates of deposit and other short-term paper issued/accepted by UK, Guernsey, Jersey or Isle of Man banks and building societies</strong></td>
<td>7233</td>
<td>8107</td>
<td>9231</td>
</tr>
<tr>
<td><strong>Investments and securities</strong></td>
<td>21065</td>
<td>27440</td>
<td>29304</td>
</tr>
<tr>
<td>of which United Kingdom</td>
<td>2040</td>
<td>2859</td>
<td>2008</td>
</tr>
<tr>
<td>Rest of world</td>
<td>19025</td>
<td>24581</td>
<td>27296</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>13572</td>
<td>14257</td>
<td>17715</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>243498</td>
<td>272212</td>
<td>281397</td>
</tr>
</tbody>
</table>

### 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.

### 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 Bylaws, 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
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 intergovernmental 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.