



GUERNSEY
FINANCIAL
SERVICES
COMMISSION

ANNUAL REPORT &
FINANCIAL STATEMENTS 2003

ANNUAL REPORT

For the year ended 31 December 2003

This report, including the financial statements as required by section 18 of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987, as amended ("the Commission Law"), is made in pursuance of section 6 of the Commission Law to the States Policy Council and submitted by the Chief Minister 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".



GUERNSEY
FINANCIAL
SERVICES
COMMISSION

Guernsey Financial Services Commission

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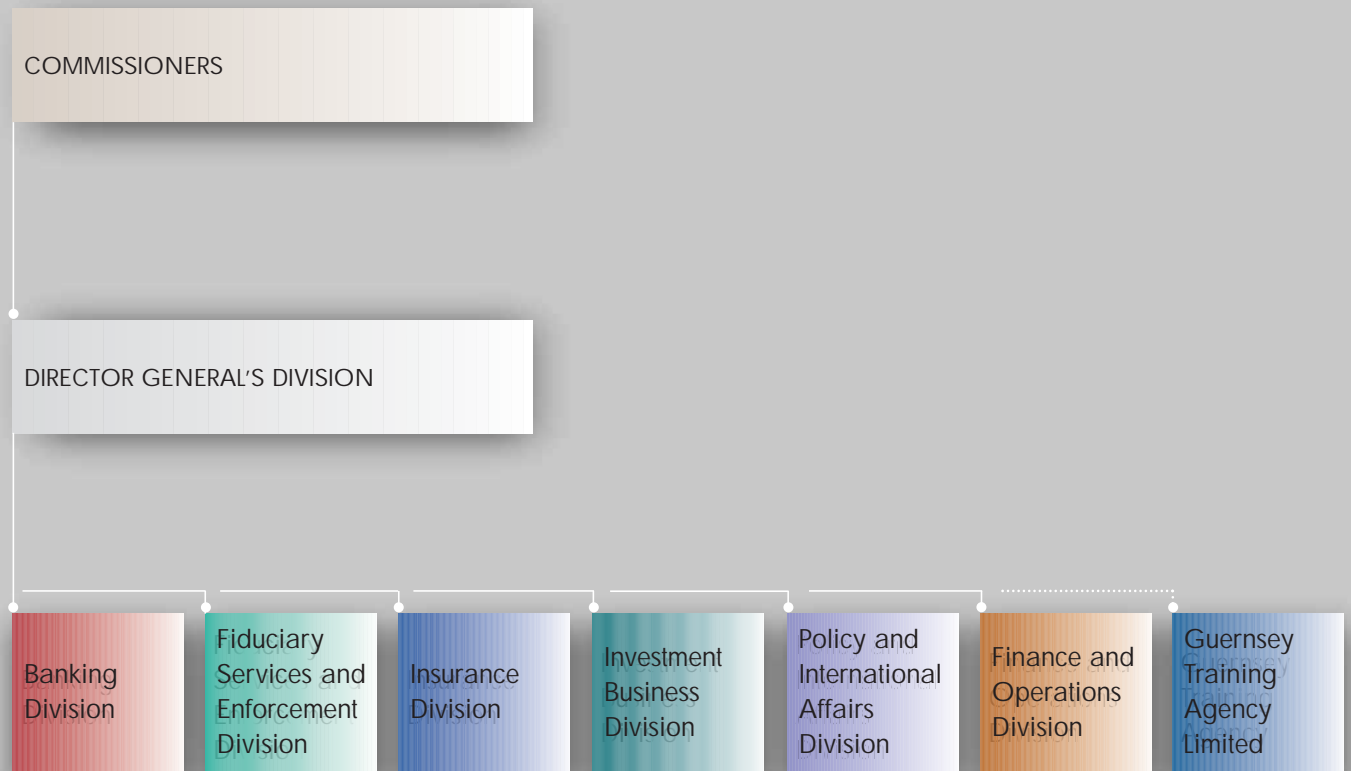
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COMMISSION STRUCTURE



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.

COMMISSIONERS



John Hallam FCA
Chairman of the Commission

John Hallam has served as a Commissioner for 16 years, becoming Chairman in 2003. He has 30 years' experience in accountancy, latterly as the partner in charge of PricewaterhouseCoopers in Guernsey, specialising in the provision of audit and advisory services to financial service sector companies. 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

Leslie Priestley has served as a Commissioner for five years, becoming Vice-Chairman in 2003. He has been involved in banking for 40 years, holding senior appointments in Barclays and TSB, finally as Chief Executive, TSB England and Wales plc and a director of the TSB Group. He is currently a director of Prudential Banking plc, Pinnacle Insurance plc, Egg plc and other companies. 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; a Visiting Fellow at Bangor University and Chairman of the CAA Pension Scheme.



Nigel Carey LL.B

Nigel Carey has served as a Commissioner for 12 years. He has 30 years' legal experience, being 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 Olsen (then Carey Langlois) 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

Mel Carvill has served as a Commissioner for five years. He is Direttore Centrale, Head of Strategy and Corporate Finance, at Assicurazioni Generali SpA and is a director of financial services companies in North America, Europe and Asia. He has served as President of the Guernsey Society of Chartered and Certified Accountants, the Insurance Institute of Guernsey and the Guernsey Association of Pension Funds.



David Mallett
BA (Dunelm) FCA

David Mallett was appointed as a Commissioner in 2003. He has over 30 years' experience in banking and banking supervision. He joined the Bank of

SENIOR EXECUTIVES

England's Banking Supervision Division in 1975 and was closely involved in the rescue and orderly run-down of a number of failed banks, the development of regulatory practice and 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. He has been a member of the Council of the Institute of Chartered Accountants in England and Wales and is co-author of "Banking: a Regulatory Accounting and Auditing Guide". In 2003 he completed 14 years as a member of the Financial Reporting Review Panel.



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.



Alan Fleming ACII
Director of Insurance

Alan Fleming started his career with British Engine Insurance Company, then moved to ICI where he gained 29 years' experience of insurance and reinsurance. In 1993 he was seconded to the Association of Insurance and Risk Managers ("AIRMIC") as Executive Director and also served on the Court of Governors of the Institute of Risk Management. He was appointed Head of Risk Management for Guinness plc in 1995 and subsequently in 1997 became Director of Global Risk Management for Diageo. He joined Railtrack in 1999 as Head of Insurance and Risk Management and also in 2000 – 2001 served as Chairman of AIRMIC. He was appointed as Strategic Account Manager at Aon in November 2001 and joined the Commission in November 2003.



Philip Marr MSc (Econ), CFE
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.



Neville Roberts FCA
Head of Finance and Operations

Neville Roberts is a Fellow of the Institute of Chartered Accountants. He served articles with Thomson McLintock where, following qualification, he worked in the field of receivership. In 1976 he moved to Ford Motor Co. before transferring to Schroder Life and Unit Trusts as Group Financial Accountant. He came to Guernsey as Director of Finance and Operations for the Schroder international group of companies. For 12 years prior to joining the Commission, he was Head of Finance and Operations for NRG Distribution. In August 2003 he was appointed as the Commission's first Head of Finance and Operations.



CHAIRMAN'S STATEMENT

I am delighted that the report of the International Monetary Fund ("IMF"), following its in-depth evaluation of the Bailiwick's financial regulation and criminal justice framework, was extremely positive. It described Guernsey as having a high standard of compliance with the standards set by the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors ("IAIS"), the International Organization of Securities Commissions ("IOSCO") and the Financial Action Task Force ("FATF"). Guernsey fully satisfied the Offshore Group of Banking Supervisors ("OGBS") Statement of Best Practice for Trust and Company Service Providers. All of these standards have been adopted by Guernsey as the foundations on which to build our reputation as a finance centre.

In summary, the report also commended:-

- the Bailiwick's comprehensive regulatory framework and supervisory structure;
- the action that continues to be taken by the authorities to preserve the Bailiwick's good international reputation;
- the level of international cooperation displayed by the Bailiwick;
- the Commission as being well established and well respected, with experienced staff;
- the Commission's good range of regulatory and enforcement powers;
- the fact that Guernsey was one of the first jurisdictions to apply a comprehensive regulatory regime for trust and company service providers; and
- the developed framework for anti-money laundering and combating the financing of terrorism and the strong rapport between the Commission and licensed institutions on these issues.

Naturally, the report contains recommendations about further enhancing our legislation and policies. The action plan developed by the Guernsey authorities for dealing with those recommendations forms part of volume I of the report. We shall soon issue a policy on the standards of corporate governance we expect of all financial institutions. We shall also be strengthening our programme of reviews to ascertain compliance with those standards. In addition, the Commission will be promoting an amendment to the Protection of Investors Law to provide for the appointment of inspectors and the recovery of the costs of those inspectors. Similar powers are already contained in the other regulatory laws administered by the Commission.

The Commission continued its regulatory activities during the year. This included an investigation

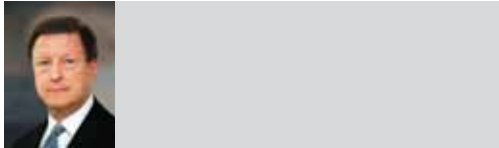
into the sale of investments in split capital investment trusts in Guernsey. In this context, I am mindful that Guernsey is now a significant finance centre and the regulatory issues faced by the Commission often have international or cross-border dimensions. Some of these, together with the need to appoint forensic accountants and take enforcement and legal action, have focused the attention of Commissioners and staff alike on the risks to the Commission and the value of Guernsey's reputation. Our planning processes have increasingly concentrated on establishing processes to mitigate those risks.

The year saw the retirement of Steve Butterworth as Director of Insurance. Steve made an enormous contribution to the Commission and to the local and international insurance sectors, since becoming responsible for insurance supervision in Guernsey in 1986. He was instrumental in introducing both the captive insurance and protected cell company regimes. Guernsey is now the world's fourth largest captive domicile. Steve was also one of the founders of the Offshore Group of Insurance Supervisors ("OGIS") and of the IAIS. Talmai Morgan, the Commission's first Director of Fiduciary Services and Enforcement, will also be leaving in the summer of 2004 to join the Guernsey Promotional Agency as its Chief Executive. Talmai joined the Commission in 1999 and was pivotal in the establishment of the pioneering regime for the regulation of company and trust administrators and company directors. This regime has significantly enhanced Guernsey's reputation. Both Steve and Talmai leave with our best wishes for the future.

I am delighted that Alan Fleming has joined us as Director of Insurance. Alan brings a wealth of private sector experience to the Commission, with over 30 years' experience in insurance, reinsurance and risk management. This will serve the Commission well, not least because it will ensure that we continue to appreciate fully the industry's perspective on regulatory issues.

The Commission will remain busy. The improved global outlook has led to a revitalisation of business activity. Mergers and acquisitions, together with corporate restructuring, will continue to change the local financial landscape. The international regulatory organisations will maintain their momentum on the development of new standards. These will all have an effect on the Commission's work but I am confident that, as always, we shall meet these challenges.

John Hallam
Chairman



DIRECTOR GENERAL'S STATEMENT

The Commission continues to be strongly committed to its primary task of regulating and supervising financial services in Guernsey and upholding the reputation of Guernsey as an international finance centre. In doing this we are conscious of the interests of our stakeholders.

Political and public accountability

2004 will see important developments in the streamlining of the political structures in Guernsey. Over the past year, the Commission has increased and formalised its liaison with the States Advisory and Finance Committee ("the Committee") and States Members. This has included introducing a programme of meetings with States Members on issues of current interest. We also meet on an annual basis with senior representatives of the Chief Pleas of Sark.

This emphasis on accountability to the democratically elected representatives will continue under the new political regime, information on which is contained in Appendix 1.

Protecting the public

One of the Commission's main aims is the protection of the public. Parts of our regime are specifically designed with this purpose in mind. For example, our product rules and codes require licensees to ensure that customers and prospective customers are treated fairly, advised properly, and provided with information that is fair and not misleading. We regularly post on our website information warning the public about illegal activities that may affect them. Another example of the Commission's efforts to inform and advise the public is the recent publication, in conjunction with the States of Guernsey, the Financial Intelligence Service ("FIS") and the Association of Guernsey Banks, of a pamphlet entitled *Fighting Crime and Terrorism*. This explains to the public why banks have to undertake due diligence on customers, and contains a commitment

from the banks that they will deal with their customers fairly and with common sense.

The Commission recognises the importance and economic sense of public education on financial matters. We are therefore discussing with the States Education Department how, within the bounds of our mandate, our staff can take part in programmes of financial education at schools.

Protecting clients

One of the most effective ways to protect clients from firms which do not meet the required standards is to refuse them licences in the first place. The Commission's authorisation processes are geared towards keeping out firms that do not make the grade. We take a similarly robust view of situations where firms which are already licensed have fallen below the standards expected of them. 2003 saw a considerable amount of investigative and enforcement activity. Some of this was reported in the press, but much was not because it was confidential.

Two cases of both local and national interest which are in the public arena continued to absorb a considerable amount of Commission time. The review of split capital investment trusts focuses on the management and corporate governance of the trusts, and on the suitability of advice and recommendations made to investors by Guernsey intermediaries. We are working with the authorities in Jersey and the UK and are obtaining advice about the possibility of legal action against the firms involved. In March 2004 the report compiled by Lord Penrose on *Equitable Life* was published. Although the Commission was not involved in the prudential regulation of *Equitable*, we are considering the information contained in the report in the context of the Guernsey branch policyholders. We are also considering whether the further enquiries and reviews initiated by the UK government as a result of the Penrose Report have any implications locally. We will keep our website updated with information that

may be helpful to Guernsey branch policyholders.

An important safeguard for clients of financial services firms in Guernsey would be the establishment of an ombudsman who could assist with the settlement of disputes. The Commission's current powers do not enable us to do this. Following discussions with the industry and the Committee it has been agreed that a consultation paper will be taken forward during 2004 proposing the establishment of an ombudsman function within the Commission. The staffing and support functions of the ombudsman would be provided by the Commission, but it would be legally and operationally independent.

An unfortunate consequence of the increasing level of investigative and enforcement action is the fact that the Commission – and through it the industry – is having to bear increasing costs. During 2004 we will, therefore, be considering what approach to recommend to government for the introduction of powers to ensure that, wherever appropriate, firms that have caused these additional costs should be held responsible and should bear them.

Industry relations

The Commission's policy of regulating effectively to international standards, taking tough enforcement action where there has been a breach of the requirements, and applying the laws and regulations as fairly and as adaptably as possible, will continue. Evidence indicates that this approach is working. During January 2004 Robert Finch, the Lord Mayor of the City of London, visited Guernsey. He brought two messages from the UK government and the City. He stated that "Guernsey has come out of recent reports very well and [is] one of the best regulated [finance centres] in the world... It has succeeded because it has a well-regulated system. [We are] very pleased to work with well regulated centres such as Guernsey". He also emphasised that the City is supportive of Guernsey and promised to take to the UK government

and business community the message that Guernsey stands alongside the City of London in terms of integrity, innovation and standards of service, and that we look forward to continuing our successful close working relationship.

This support is very welcome. I have often stressed that what is important is that a finance centre should be well regulated and cooperative and not whether or not it is "offshore". The Lord Mayor's visit made it clear that this view is shared by the UK government and the City.

Not surprisingly, given international trends in the industry, 2003 saw further consolidation in the field of banking. However, although the number of licensees contracted, it was encouraging that the amount of business transacted here was little changed. In the three other financial services sectors supervised by the Commission there was growth – in some areas very strong growth – as the following Divisional reports explain. There is no doubt that the skilful handling of negotiations by the Guernsey government on the EU Directive on Taxation of Savings Income has helped industry sentiment.

The Commission has continued to work closely with industry to set appropriate regulatory standards and to implement them in the most effective way. Our meetings with the Guernsey International Business Association ("GIBA") are more frequent and have been placed on a more formal footing. Each Division liaises regularly with its industry sector.

The volume of new requirements which need to be issued has reduced, to everyone's satisfaction. A number of useful initiatives were, however, brought to fruition during 2003. For example, the Commission issued a statement on introduced business and a Code of Practice for Banks. We also held consultations with industry on our approach to hedge funds. This resulted in a statement on the matter being issued in February 2004. Efforts to improve the regulatory regime continue. This includes working with the fund industry

to agree the implementation of rule waivers to facilitate certain hedge fund practices. In addition, the review of corporate governance standards being undertaken by the regulatory Divisions is aimed at harmonising the standards across all industry sectors.

Industry development

The Commission's call for an effective forum in which matters concerning the development of the finance industry in Guernsey could be discussed was met during 2003 by the establishment of the Finance Industry Policy Advisory Group ("FIPAG"). This brings together the government, industry and the Commission, with the support of the Attorney General. Despite its youth, FIPAG shows every sign of being a strong and effective body.

The Guernsey Promotional Agency, soundly established by John Bridle, is now moving into a new phase of activity. Its new Chief Executive, Talmai Morgan, who is moving from his current position at the Commission, is an excellent choice and whilst we are very sorry to see him go we look forward to working closely with him as he continues the Agency's development.

The Guernsey Training Agency Limited continues to play an essential part in upgrading skill levels in the finance industry. Under its current leadership it has considerably extended its range of courses, raised the number of students using its facilities, and increased the surplus generated from its courses. The Commission is very pleased to continue to support the Agency by providing staff and a large part of its funding on behalf of the industry. Together with GIBA and the Agency we are working on the setting of standards – voluntary in most cases – for qualifications and training in the industry. Concrete examples of this work are the introduction of the Guernsey Insurance Certificate and the Certificate in Captive Management – a world first. Such training was identified in the recent Finance Sector Study as

key to Guernsey's future competitive position.

Two very important pieces of work are being undertaken during 2004. First, administration provisions are to be introduced into the current company law. This is to be achieved before the end of the year. Second, a complete review of company law is being carried out. The aim of the review is to introduce a new and updated company law as soon as possible. The Commission is working on these initiatives with the industry, government and the Attorney General's Office.

The international arena

In order to enhance Guernsey's reputation, influence international standards and monitor developments in the international regulatory arena, I spent a considerable part of 2003 participating in international events. This included attending meetings of the Executive Committee of the IAIS, signing Memoranda of Understanding ("MoUs") with the regulators in the UK and France, meeting overseas regulators and law enforcement officials, and speaking at various conferences.

We contribute as much as possible to the international regulatory community by participating on standards-setting committees, preparing papers on new standards, commenting on proposed standards and hosting meetings. For example, the Commission celebrated its fifteenth birthday by hosting a seminar on international cooperation and the exchange of information. Over 100 international regulators, law enforcement officials, prosecutors and others with an interest in combating economic crime attended the seminar.

The year also saw further liaison with the IMF to finalise the report on its assessment in 2002 of Guernsey's regulatory and criminal justice framework. The IMF found that Guernsey has a high level of compliance with international standards. This was a very satisfactory outcome following the hard work put

in by all those involved, including the staff of the Attorney General's Office, the law enforcement authorities and the Commission. Copies of the report can be obtained from our website at www.gfsc.gg.

Commission governance

During 2003 the Commission's Audit and Risk Committee was reconstituted and formal programmes of internal audit of non-regulatory matters and compliance monitoring of regulatory matters were introduced. The committee appointed consultants to assist in its work on internal controls and corporate governance. It is particularly important that the Commission meets local and international expectations in these areas and I am pleased to report that the required standards have been met. More information on the work of the Audit and Risk Committee can be found in Appendix 1.

Commission staff

On the personnel front, I would like to thank all Commission staff. Their dedicated and professional work continues to stand us in good stead. In respect of the senior management team, I was very sorry to see Steve Butterworth retire during 2003. He had contributed much to the Commission, Guernsey and the international insurance community over a considerable number of years. We wish him well in his retirement. I am pleased to welcome Steve's successor, Alan Fleming, and also Neville Roberts, our new Head of Finance and Operations, who are both proving to be very effective additions to the senior management team.

Fees

Mindful of the general state of the international economy and the pressures on licensed firms, the Commission has looked very critically at its expenditure and has limited its fee increases as far as possible. This resulted in the Commission operating at

a modest deficit during 2003. Although we were equally cautious when setting the 2004 budget and the related fees, the Commission cannot continue to sustain operating losses. It is our stated and prudent intention to build up reserves equal to half a year's expenditure, and we are well short of this position. The Investment Business and Insurance Divisions are currently carrying out, with industry, extensive reviews of their fee structures. In determining the fee levels for 2005 and beyond we also need to take account of the costs of the investigation and enforcement action that we are increasingly being called upon to carry out and the as yet undetermined costs of establishing an ombudsman function.

Peter Neville
Director General



Sector trends

Profits in the banking sector declined by some 7% in 2003. The environment for private banking was difficult in the first half of the year and only recovered later in the year, reflecting higher stock market levels and greater securities activity. The continuing low-interest-rate environment meant that income earned on banks' capital remained muted. With profits depressed overall, banks continued to focus on reducing their cost bases. One-off restructuring costs and selective redundancy payments remained a feature of profit and loss accounts during the year but following that process many banks are positioned to be leaner and more efficient in 2004 and beyond.

Overall, deposits were down £2.2 billion, or some 3.1%, in sterling terms over the year from £71.9 billion at 31 December 2002 to £69.7 billion at the end of 2003 (table 1). Exchange rate factors, with the strengthening of sterling against the US dollar, accounted for over half of the difference. There was also some movement out of deposits in to alternatives to cash, as the prevailing low level of interest rates, particularly in Swiss francs and US dollars, meant that deposit rates were relatively unattractive. Over the year Swiss fiduciary deposits continued to decline to end the period at some £25.7 billion. Over the same period other deposits edged up to £44.0 billion. Figure 1 analyses bank deposits by currency at the end of 2003.

Bank lending at the end of the year held up at £6.2 billion and remained a reliable source of revenue for banks. Credit activity accounted for some 8.5% of total assets in Guernsey. Although important in revenue terms, lending is overshadowed on the asset side of the aggregated balance sheet by placements with banks and holdings of low-risk government securities (table 2). Figure 2 provides information on banks' assets at the year end, while figure 3 shows a breakdown of selected loans and advances.

The source of deposits held by the Bailiwick's banks at the end of 2003 was similar to that in the

Table 1. Licences and deposits at the year end

End	Banks licensed	Deposits £mns	Annual % change in deposits
1990	72	15,476	19.1
1991	72	16,250	5.0
1992	76	27,442	68.9
1993	75	37,482	36.6
1994	73	42,191	12.6
1995	73	46,855	11.1
1996	72	43,324	-7.5
1997	78	49,357	13.9
1998	78	52,922	7.2
1999	79	57,059	7.8
2000	77	68,474	20.0
2001	72	77,211	12.8
2002	67	71,943	-6.8
2003	61	69,703	-3.1

Figure 1. Analysis of deposits with Guernsey banks by currency at end 2003

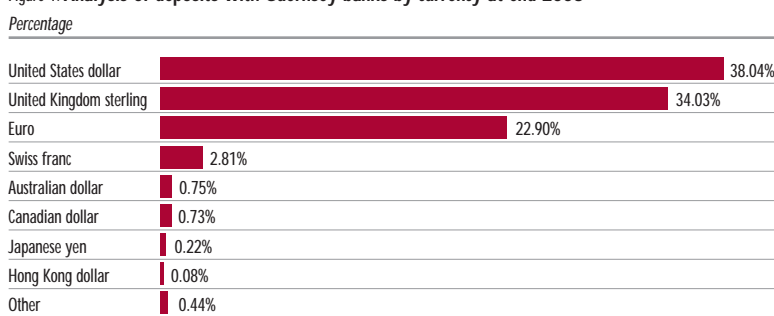
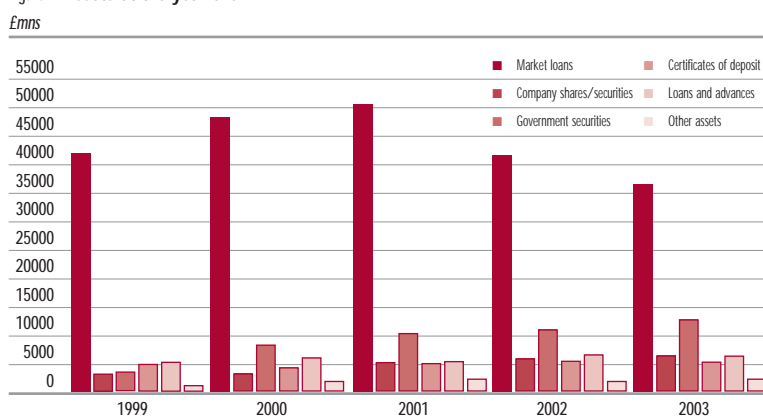


Figure 2. Assets at the year end



previous year, although the proportion of deposits from Switzerland was 4% down at 40% (figure 4). The disposition of assets was substantially the same as in 2002, being predominantly placements with group entities or low-risk assets in the United Kingdom and other European Union Member States (figure 5).

The total tier 1 capital of the banking sector

Figure 3. Selected loans and advances at the year end

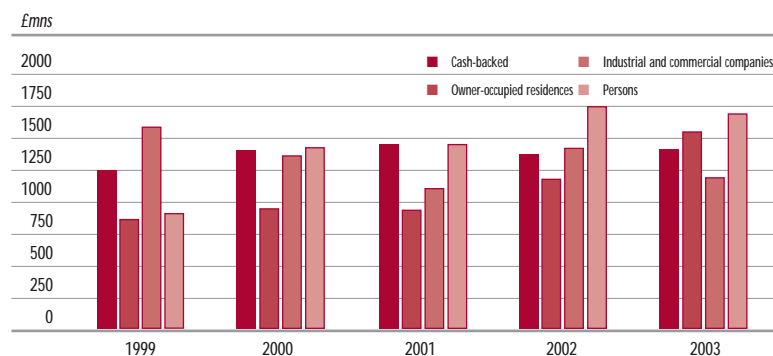


Figure 4. Source of bank deposits at end 2003

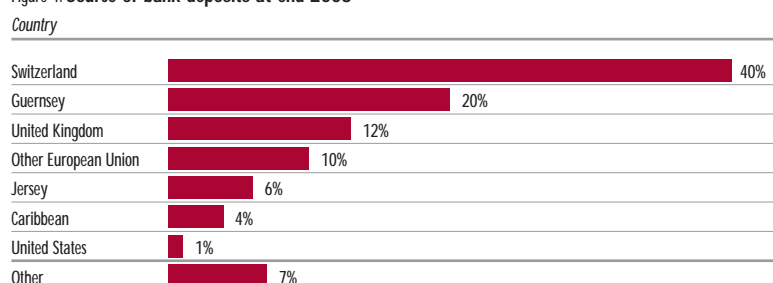


Figure 5. Disposition of bank assets at end 2003

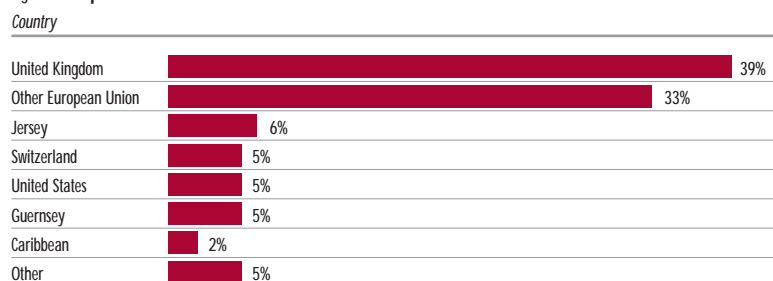


Table 2. Assets and liabilities of licensed banks at the year end

	1999	2000	2001	2002	2003		1999	2000	2001	2002	2003
	<i>total</i>	<i>total</i>	<i>total</i>	<i>total</i>	<i>total</i>		<i>total</i>	<i>total</i>	<i>total</i>	<i>total</i>	<i>total</i>
	<i>Emns</i>	<i>Emns</i>	<i>Emns</i>	<i>Emns</i>	<i>Emns</i>		<i>Emns</i>	<i>Emns</i>	<i>Emns</i>	<i>Emns</i>	<i>Emns</i>
Liabilities						Assets					
Tier 1 capital*	1357	1715	1841	1686	1585	Loans, advances and market loans with:					
Tier 2 capital**	83	27	27	23	21	Banks etc.	42138	48599	51602	42521	37654
						British Isles public sector	1	2	12	10	5
Deposits by:						Companies, persons, other	5066	5242	5333	6437	6189
Banks etc.	11468	13065	12424	13040	13811	Certificate of deposit	5287	4638	5412	5833	5497
British Isles public sector	50	50	59	51	44	Government securities	3882	8209	10466	11257	13129
Companies, persons, other	44598	54626	64728	58852	55848	Company shares/securities	3657	3687	5401	6521	7062
Other liabilities	4064	3080	2069	1108	1541	Other assets	1589	2186	2922	2181	3314
Total liabilities	61620	72563	81148	74760	72850	Total assets	61620	72563	81148	74760	72850

* Paid-up share capital and disclosed reserves

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

decreased to £1.6 billion in 2003, compared to £1.7 billion in 2002 (figure 6). The weighted average risk asset ratio remained healthy at 19.78% (figure 7).

The decision by a number of Guernsey banks to close their Guernsey operations during the year led to transfers of funds out of the Bailiwick. The Guernsey branches of ING Banque Bruxelles Lambert (Suisse) Limited and BSI AG, together with BNP Paribas (Guernsey) Limited, transferred funds to other jurisdictions as part of corporate streamlining actions. Two closures, Coutts (Guernsey) Limited and Saudi International Bank (Guernsey) Limited, were part of group-wide schemes to reduce the number of centres in which those banks were active. These latter closures had little impact on the level of deposits in Guernsey.

Rationalisation continued apace throughout the sector in 2003. On the face of it, the Lloyds TSB group's restructuring of its operations in the Crown Dependencies was the most extensive. This led to the surrender of the licences of the retail bank, Lloyds TSB Bank (Guernsey) Limited, and the private bank, Lloyds TSB Offshore Private Banking (Guernsey) Limited, and to the transfer of the businesses of those banks into a Jersey bank, Lloyds TSB Offshore Treasury Limited (which subsequently changed its name to Lloyds TSB Offshore Limited). The Guernsey branch of that entity now carries out the group's activities in the Bailiwick. This restructuring was driven by a major corporate

governance initiative designed to reduce the number of separate legal entities operating in the Islands. Further rationalisations took place at Schroders (C.I.) Limited and Bank Sarasin (C.I.) Limited, which had the effect of refining the number of functions which they perform in Guernsey.

The Bank of Bermuda (Guernsey) Limited was the subject of an agreed acquisition by the HSBC group. The acquiring bank was attracted in part by the fund administration and private banking capabilities of the Bank of Bermuda. The Commission understands that the Guernsey subsidiary will hold discussions with the local management of HSBC Private Bank to determine what synergies can be obtained from the merger of their local activities.

Separately, some smaller banks reported during the year that they were being prepared for sale, following decisions by their parents that they were not big enough to make an impact in their chosen markets. Ansbacher (Channel Islands) Limited and Leopold Joseph & Sons Limited announced that they were seeking new owners for their operations across several jurisdictions. The latter has recently agreed to an offer from the Bank of N.T. Butterfield Group. Banca Monte dei Paschi is trimming back its international network of subsidiaries and branches and is seeking a buyer for its Guernsey business, Banca Monte dei Paschi (Channel Islands) Limited.

Overall, the number of licences declined from 66 at the start of 2003 to 61 at the end of the year (figures 8 and 9). However, the restructuring of the Lloyds TSB group took effect over the year end, reducing the number of licences to 59 at the beginning of 2004. The prospect for the next year is to see a smaller number of banks, transacting substantially the same amount of business as currently.

Supervision and policy

The Banking Supervision (Bailiwick of Guernsey) Law, 1994 was amended in several respects in 2003. Revisions included the introduction of powers for the Commission to make prohibition orders against

Figure 6. Total tier 1 capital at the year end

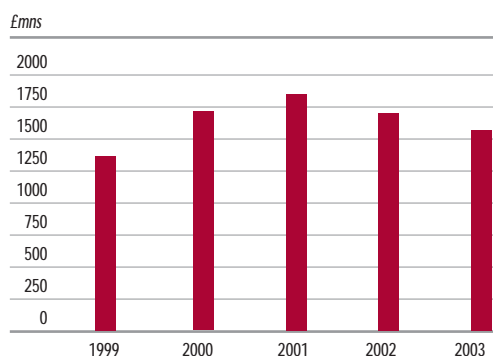


Figure 7. Distribution of locally incorporated banks by risk asset ratio at end 2003

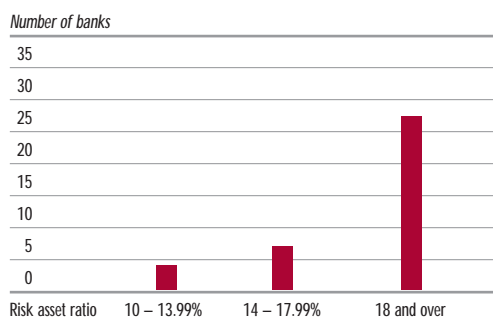


Figure 8. Country of origin of Guernsey licensed banks – subsidiaries at end 2003

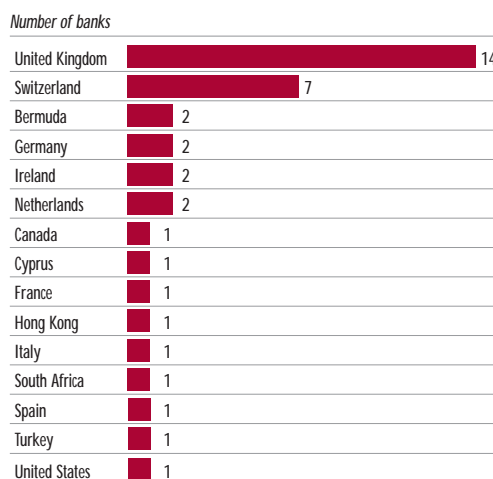
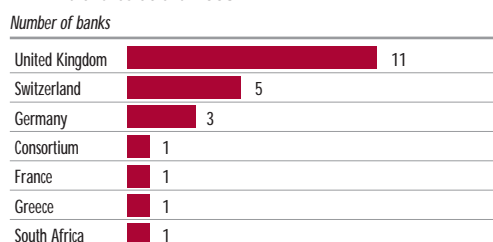


Figure 9. Country of origin of Guernsey licensed banks – branches at end 2003



individuals from being employed in the banking sector; provisions to permit the formal issue under the law of Codes of Practice; and requirements for banks to carry out annual reviews of various aspects of their business. Following these amendments, the Code of Practice for Banks was formally issued under the law in November 2003 after consultation with the Committee, the Policy and Finance Committee of the States of Alderney and the General Purposes and Finance Committee of the Chief Pleas of Sark. This Code had been issued informally in September 2002.

A further consequence of the changes to the law was the issue of a consultation document entitled "Guidelines for Corporate Governance and Risk Management". This document reflects the law's requirements for a bank's annual review to include a review of the responsibilities and conduct of the bank's board of directors with respect to corporate governance principles and whether there has been effective control by the bank's board over every aspect of risk management. In order for a bank to conduct the review effectively, guidance is needed from the Commission on what corporate governance and risk management standards are expected of them. The Commission has received responses to this consultation paper and is working towards the issue of guidance to the finance sector, which will be consistent across all Divisions of the Commission.

Another policy initiative in 2003 was the circulation to the local banking community of the Basel Committee on Banking Supervision's paper entitled "Principles for the Management of Credit Risk". A statement from the Director of Banking accompanied the paper, advising that the Commission endorses the principles contained in the paper and that banks are expected to take account of them. The extent to which banks have followed the Principles is reviewed when the Division carries out on-site credit reviews to banks. In addition, the Division enhanced its existing guidance on the requirements for reporting large exposures.

The Division's annual trading book survey was

undertaken to determine to what extent banks in Guernsey were engaged in proprietary trading. There is little own-account trading in banks in the Bailiwick and there was no material increase in such business compared with previous years.

With reference to know your customer/anti-money laundering standards, the Division began its second cycle of visits to banks and is continuing to feed back best practice advice to banks, using experience learnt from the first cycle. One of the Division's observations from the first cycle of visits is that the introduced business regime was not effective. In this regard, the Commission issued a Statement on Introduced Business in December 2003 (see page 36). Twenty-six anti-money laundering on-site visits were carried out in 2003 (the same number as in 2002). In addition, the Banking Division conducted know your customer/anti-money laundering on-site reviews to a bureau de change and a non-bank specialist lending firm in the Bailiwick.

As well as these anti-money laundering reviews, the Division continued with its programme of on-site credit reviews, which began in 2002. During the year, 10 credit reviews were carried out compared with five in 2002. These reviews were targeted towards those banks with significant loan books or whose loan books were a material proportion of their overall assets. The main finding from the reviews is that banks do not always explicitly record the risks associated with loan proposals to credit committees although in many cases the risks were recognised implicitly.

The programme of prudential supervisory visits to banks continued in 2003. During the year 65 formal prudential meetings were held with bank managements (68 in 2002). This included a prudential meeting with a branch of a Guernsey bank operating in Jersey and a prudential meeting held with Guernsey and head office representatives at the bank's head office outside the Bailiwick. In addition, there were 154 ad hoc meetings held with banks to discuss various matters such as strategy, changes in personnel, corporate

restructuring, bank and Commission policy, restructurings, mergers and acquisitions.

International developments

In November 2003 the IMF issued its report on its assessment of the supervision and regulation of the financial sector for Guernsey. The Commission was assessed by the IMF against the Basel Committee's Core Principles for Effective Banking Supervision. The report stated that the Commission has a high level of compliance with the Core Principles. This assessment compares favourably with Guernsey's peers and with large established countries.

The Director and Deputy Director attended the annual meeting of the OGBS in July 2003. This was hosted by the Bank of Mauritius and, as always, proved to be a vital forum for sharing ideas and views with other banking supervisors, together with representatives from the Basel Committee, the IMF and FATF. The conference was preceded by a course for banking supervisors on the Basel II Capital Accord proposals presented by the Financial Stability Institute.

The Director of Banking continued to attend meetings of the Working Group on Cross Border Banking. One of those meetings was hosted by the Commission in Guernsey. The Group includes members selected from the G10 countries and the OGBS, along with representatives from the Basel Committee. Part of the work of the Group in 2003 was to issue a letter in December to bank supervisors clarifying some perceived potential inconsistencies between the anti-money laundering standards laid out in the Basel Committee's paper "Customer Due Diligence for Banks" and FATF's revised Forty Recommendations. In particular, there had been some uncertainty over the treatment of introduced business. The letter issued to supervisors in December clarified this, enabling the Commission to issue its statement on introduced business to Guernsey banks and other financial institutions.

The Division carried out bilateral meetings in 2003 with the Swiss Federal Banking Commission

in November and the UK Financial Services Authority ("FSA") in December. Bilateral meetings also took place with the Jersey Financial Services Commission and the Isle of Man Financial Supervision Commission. In June 2003 the Director spoke on the subject of know your customer at a seminar, hosted by the Commission and held in Guernsey, on international cooperation and the exchange of information.

Finally, staff of the Division undertook training on Basel II hosted by the FSA and the British Bankers' Association in the UK and by the Financial Stability Institute in Basel, Switzerland. Basel II training will continue into 2004 to prepare staff for the introduction of the new Capital Accord.



The fiduciary sector

The Bailiwick's fiduciary sector continued to perform strongly in 2003 and the Fiduciary Services and Enforcement Division received 12 applications for new fiduciary businesses (seven applications for full fiduciary licences and five applications for personal fiduciary licences).

There was further consolidation in the sector, particularly in groups represented in more than one of the Crown Dependencies. At the year end, there were 151 full and 51 personal fiduciary licences in issue.

Regulation and supervision

During the year the Division continued to make decisions in relation to licence applications made by businesses in existence when the regulatory legislation came into force on 1 April 2001. The Division finalised this process in August 2003, referring some applications to the Enlarged Assessment Committee.

The Enlarged Assessment Committee stage of the decision-making process, representing the stage at which the Commission executive makes a decision in cases where the Division is not satisfied with an application, was completed in October 2003 (except for cases in which the applicant had asked the Commission to delay making a decision pending resolution of outstanding issues).

In tandem with this work, the Division undertook the continuing supervision of the licensed fiduciary businesses. This involved making detailed on-site visits to 52 licensees during the year, as well as attending numerous meetings and discussions over conduct of business and prudential issues.

Guernsey Financial Services Tribunal

The Guernsey Financial Services Tribunal was established by the Commission to hear challenges to the decisions of its executive. The Tribunal is chaired by Michael Blair QC, who was formerly General Counsel to the Board of the FSA and Chairman of the Investment Management Regulatory Organisation, the

Securities and Futures Authority and the Personal Investment Authority. Membership of the Tribunal also includes two lay members, selected from a panel of individuals suitably experienced in finance business, in each case. It operates independently of the Commission and hears cases in public with evidence being taken from the Commission and the applicant or licensee challenging the Commission's decision.

During the year the Tribunal heard two cases relating to applications for fiduciary licences. In April it reviewed the application of Mr T G M de Garis for a personal fiduciary licence, where the Commission executive had not been prepared to exercise its delegated powers to grant a licence. In June and July the Tribunal heard the case of Castle Company Management LLC Ltd, where the Commission executive had decided not to grant a full fiduciary licence to the applicant.

In each case, the Tribunal's opinion endorsed the decision of the Commission executive and a licence was refused by the Commission. In the second case, the decision was subject to an appeal by the licence applicant to the Seneschal's Court in Sark. This was heard in January 2004 and judgement was given in the Commission's favour. There is a further right of appeal against this decision to the Royal Court of Guernsey.

Liaison with the sector and internationally

The Director, Deputy Director and Assistant Director have met with the Guernsey Association of Trustees on a regular basis. The Director also made presentations to the Guernsey Society of Chartered and Certified Accountants, the Guernsey International Legal Association ("GILA") and the Institute of Directors ("IOD"), as well as speaking at a number of commercial seminars in Guernsey.

On an international level, the Director gave a presentation on trusts to an Egmont Group (the international association of financial intelligence units)

two-day workshop organised in Guernsey in February 2003 and spoke at the seminar on international cooperation and the exchange of information organised by the Commission in June 2003. He also addressed the Transcontinental Trusts Conference in London in June and the International Trusts Conference in London in December. The Deputy Director took part in the International Regulators Seminar organised by the FSA in December.

These events allow the Commission to inform other regulators and opinion-formers about the nature and standard of regulation in the Bailiwick, as well as giving an opportunity to keep abreast of developments in other jurisdictions.

Coordination with other jurisdictions

The Director and Deputy Director maintained close contact with their counterparts in the Isle of Man and Jersey and, during the year, these meetings were expanded to include a representative of the Gibraltar Financial Services Commission. Such meetings took place in March and December, with frequent bilateral contact between meetings. Their close liaison and cooperation contribute significantly to the avoidance of regulatory arbitrage between the jurisdictions and to the effective supervision of groups operating in more than one jurisdiction.

IMF report

Guernsey's regulation and supervision of the trust and corporate services industry were commended by the IMF in its report published in November 2003. The IMF confirmed that Guernsey's standards of regulation and supervision of trust and corporate service providers are fully consistent with the Statement of Best Practice for Trust and Company Service Providers issued by the OGBS in August 2002.

Companies

Guernsey remains one of the very few jurisdictions in the world 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 1,099 companies were formed and 16,071 were on the register at the year end.

Intelligence

The Division's regular contact with the Attorney General's Office, Guernsey Police, Customs and Excise and the FIS continues to be an important part of the mutual effort to deter and investigate the threat of financial crime and abuse of the local financial system. Formal meetings take place through The Bailiwick Financial Crime Committee, the Financial Crime Group and the Terrorist Finance Team. The Division is represented on all three bodies.

The Commission is also represented at the Financial Fraud Information Network in London. This gives an opportunity to learn about trends in fraud and assess any likely local impact. Specific cases are also discussed and intelligence exchanged amongst the members where gateways permit.

From the point of view of local issues, one of the subjects the Division has continued to deal with throughout the year has been websites for bogus banks on the internet falsely claiming to be licensed in Guernsey. The sites follow a similar pattern to those previously identified in 2002; it is believed that the bogus banks are being run by criminal gangs based in West Africa. Whenever such sites have been identified, public warnings have been issued by the Commission to advise potential depositors of the danger. The flurry of such bogus banks purporting to be licensed in Guernsey has tailed off.

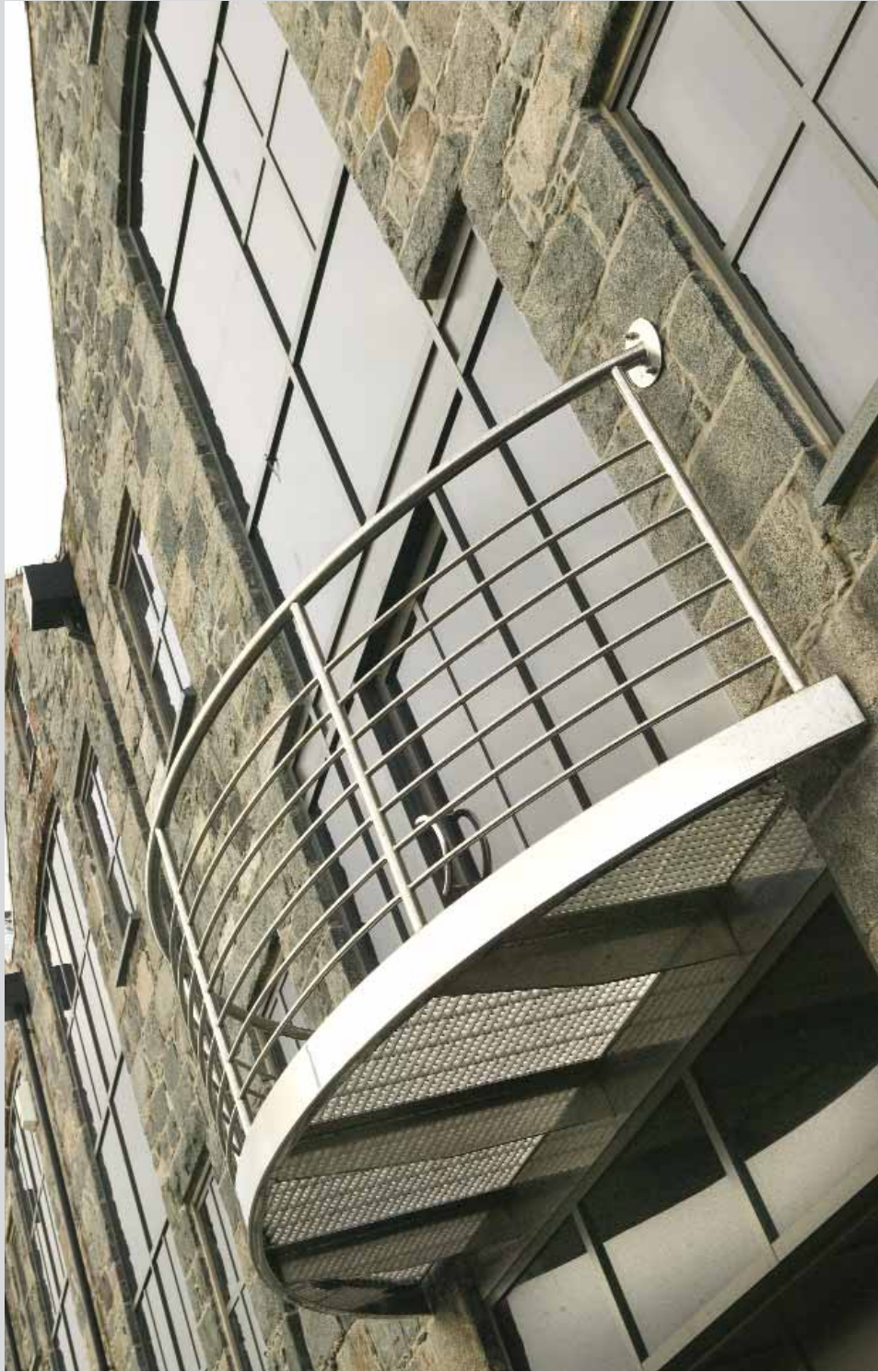
The Division has also identified various permutations of a scam which is achieved by intercepting mail between banks and their clients in southern Africa. The clients are sent bogus forms, purporting to be from tax authorities or the bank's security department. The forms ask for the client's passwords, PIN numbers and other confidential information and direct that the form should be sent to

a fax number, belonging to a criminal. Once in receipt of the confidential details, the criminal is in a position to attack the bank account. Warnings have been issued to banks and posted on the Commission's website in order to expose this type of fraud and attempt to prevent clients from falling for the scam.

The nature of some of the cases handled has meant that there has been close liaison between the Division and the Police and the FIS. The crossover of interests and skills has been of great assistance in two cases where there was a suspicion of a breach of the Regulation of Fiduciaries Law. In these cases, notices and search warrants were issued under the law in order to gather information and evidence of the suspected breaches.

The powers available under the above law have also been used to expose a local connection to an international fraudster. This helped disrupt the overtures that were being made in an attempt to defraud a client of the local company. Valuable information was gathered and, through the gateways available to the Commission, shared with overseas regulators and law enforcement agencies with an interest in the same parties.

International sanctions relating to Al-Qa'ida, Iraq and Zimbabwe have been amended during the year. The Division continues to have responsibility for notifying the finance sector and providing guidance whenever queries arise on such sanctions.



Captives and protected cell companies

In the world's general insurance markets, 2003 saw a continuation of the rate-hardening seen during 2002. With the effects of events such as the Enron and WorldCom collapses, and the large terrorism losses of 2001 still being felt by all sizes and types of insurers and reinsurers, many traditional insurances became even harder to place during the year.

Historically, a time when insurance capacity is scarce and premiums are generally increasing is a time of growth for the captive insurance sector. This proved to be the case in 2003. Thirty-two captives, including 12 protected cell companies ("PCCs"), were licensed during the year (table 3). The balance between new captives and new PCCs is skewed by those existing captives choosing to convert into PCCs. There were five such conversions in 2003 – they are represented in the Division's statistics as both surrenders of captive licences and additional PCC licences. The popularity of the PCC concept proved to be as strong as ever, with companies from locations as diverse as South Africa, Switzerland and Guernsey itself opting to set up captive insurance vehicles in a PCC form.

During 2003, 31 licences were surrendered. This can be partly attributed to merger and acquisition activity at captive parent level but also, as the Guernsey captive market is fairly mature, some captives had fulfilled their purpose by 2003 and were no longer required. The continuation of the housekeeping exercise, started in 2002, to clarify the position of those licensees that had not written business for some time, also contributed to the number of surrenders.

Many of the captives licensed during 2003 were established to write professional insurance cover for parent companies, which were being forced by the retail markets to take increased deductibles on risks that had previously been considered to be virtually loss-free. Another trend saw foreign insurers increasing their interest in using captives as a method for increasing capital efficiency, while retaining risks in a well-regulated environment respected by their home supervisors. Figure 10 shows the captive and PCC ownership by parent company business type at

Table 3. New licenses issued by the year end

Type	1999	2000	2001	2002	2003
Captive	12	19	18	30	20
PCCs	7	8	16	7	12
Cells	59	43	41	43	60
Totals	78	70	75	80	92

the end of the year.

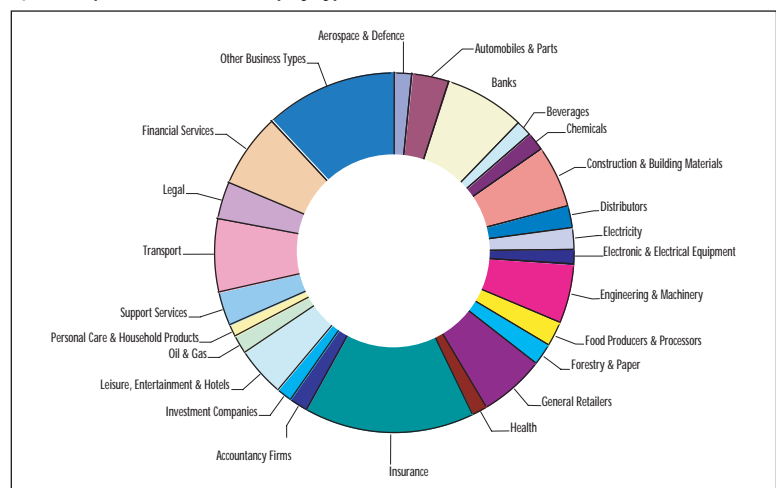
A record number of 60 cells were approved in the year. These cells were used for a number of purposes, including fronting vehicles for international non-admitted policies, access to terrorism cover offered by Pool Re, the UK government-backed provider of terrorism cover, and the funding of increased deductibles on policies written by the traditional market.

A number of cell surrenders were processed during 2003; in addition cells of life assurance companies that only held a single policy were removed from the statistics.

As table 3 shows, 2003 witnessed a record number of licences issued during the year and a 15% increase on those issued during 2002. This continued the ongoing trend of increasing volumes of new business being introduced to the Island year-on-year.

The Commission supported the introduction of the Certificate in Captive Insurance Management by Glasgow Caledonian University, the Guernsey Training Agency Limited and the Guernsey Insurance Companies and Managers Association. The qualification is a world-

Figure 10. Captive and PCC ownership by type of business at end 2003



first, and provides a certificate of competence to those professionals working in the captive area.

International life insurance

Twenty-three international life assurance companies were licensed by the Commission at the end of 2003. These companies included four branch operations and five PCCs. One branch and one company surrendered their licences during 2003. These surrenders were a consequence of the branch transferring the insured risks to the parent company and the maturity of the fixed-term policies written by the life company.

The market for these assurers is mainly expatriates, generally residing in countries outside Europe, and citizens of countries where residents are able to use their foreign exchange allowance to invest outside their home jurisdiction. Their ownership includes companies in France, Italy, Luxembourg, the Nordic countries, South Africa and the UK.

During 2003, the Commission was also involved in approving administration outsourcing arrangements for two international life companies: one within Guernsey and the other to the United Kingdom.

Domestic insurance business

There was little movement within the domestic market during 2003, with one new domestic insurer licence being issued and one being surrendered, maintaining the total number licensed, at the end of 2003, at 31. There was no change in the number of local mutuals, which remained 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, i.e. an authorised insurance representative or local office.

Those insurers writing Bailiwick risks without a physical presence in the Bailiwick, either writing business through an insurance intermediary or following an approach by a Guernsey resident, are categorised as recognised insurers and are not required to be licensed. The Commission relies on the home supervisors for supervision of these insurers.

Insurance intermediaries

As at the end of 2003 there were 53 licensed insurance intermediaries, representing a net reduction of 10 over the period. There were eight new licences issued and 18 were surrendered. These surrenders were mainly due to consolidation within the sector. In addition, some intermediaries were unable to comply with the Commission's Code of Practice, introduced in November 2002, which requires that a physical presence be maintained in the Bailiwick.

Minimum qualifications were introduced, by the Commission, at the beginning of 2003 for those advisers offering advice on long-term insurance products. Included within the required qualifications is the Guernsey Insurance Certificate. The syllabus is available on the Commission's website at www.gfsc.gg

Supervision and policy

2003 saw a bedding-in of the new insurance laws, the Insurance Business (Bailiwick of Guernsey) Law, 2002 and the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 which were introduced in November 2002. The new laws have settled in well and the insurance industry proved to be well prepared for their introduction.

The Commission continues to regulate insurers using a risk-based approach. As well as meeting minimum solvency requirements, each insurer must ascertain that the available funds 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 risk profile of the insured. Reinsurance and retrocession protection must be of sufficient quality to minimise any probability of non-recovery.

The Insurance Division has regular contact and maintains good relationships with supervisors in other jurisdictions.

During 2003 the Insurance Division explained its methods of supervision at a number of events. These

included the AIRMIC conference in Manchester, the Risk and Insurance Management Society ("RIMS") conference in Chicago and the Federation of European Risk Management Associations ("FERMA") Forum in Rome. Representatives of the Division also attended the Global Life Insurance Forum in Bermuda and the Actuarial Society of South Africa Convention in Johannesburg.

The Insurance Division continued its programme of on-site visits throughout the year. These visits allow the Division to gain a detailed understanding of each licensee's business procedures, the day-to-day running of the licensee and the associated risks and exposures, whilst enhancing the working relationship between Commission staff and licensee staff. It also gives the licensee the opportunity to understand more fully the Commission's requirements and provides clarification of the reasons behind the requirements. The on-site visit revolves around interviews with members of the licensee's staff, verification of anti-money laundering procedures and the inspection of documents and records. During 2003 the premises of 15 insurance intermediaries, eight international life companies, including two in South Africa, and six insurance managers were visited as part of the programme.

A similar level of visits is scheduled for 2004. Where a licensee has already received a visit as part of the programme for its sector, its inspection in 2004 will be "themed", that is, it will concentrate on specific issues, processes or functions in order that the Commission might gain a deeper insight into particular aspects of the licensee's operation.

International developments

The IMF's November 2003 report, following its evaluation of Guernsey's financial regulatory and criminal justice framework, stated that the Commission had a high level of compliance with the Insurance Core Principles of the IAIS.

Since the formation of the OGIS in 1993 and the establishment 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, together with the Director of Insurance, is an active member of a number of subcommittees, thus ensuring that the Commission is involved with setting policy for insurance supervision and protecting the interests of the international insurance sector. The Director General is an Executive Committee member of OGIS, representing the organisation in international matters. During the year the Insurance Division was active in OGIS meetings and drafted four technical papers. The Director of Insurance attends meetings of the IAIS, thus ensuring that the Commission is up-to-date with current thinking on international regulatory issues.

In connection with these supervisory associations it is appropriate to mention the retirement at the end of October of Steve Butterworth as Director of Insurance. Steve headed insurance regulation in Guernsey for 17 years, first in the Commercial Relations Department of the Committee, and then with the Commission from its commencement in 1988. Steve contributed greatly to the development and reputation of Guernsey as an insurance centre, not least by his involvement as a founder member of the above-mentioned associations.

The Director of Insurance and the Deputy Director regularly meet with industry associations and other representative bodies to ensure that the Commission is aware of insurance market conditions. The Director of Insurance and members of the Insurance Division made presentations on several occasions on insurance regulatory topics at conferences and seminars, both in Guernsey and overseas. This included the presentation, by the Director, of a paper on insurer fraud at the seminar on international cooperation and the exchange of information, hosted by the Commission in June 2003. The Division's Actuary and Assistant Actuary met the South African Financial Services Board in Pretoria to discuss the regulation of Guernsey branches of South African life assurance companies.



Market sentiment

In last year's report, it was noted that markets remained subdued at the end of 2002 but that the apparent stability at lower levels appeared to have stimulated a flow of new fund business applications. Dull market conditions persisted throughout the first half of 2003, but sentiment improved as fears of deep recession and outright depression began to recede. Low levels of interest rates, combined with improving sentiment, supported equity markets and during the second half of the year there was a noticeable firming of equity values.

That improvement in asset values supported the increased flow of new business applications which first became apparent in the final quarter of 2002. In order to meet industry expectations on the level of service in processing these higher business flows additional staff resources were transferred to the applications team and the team's operations were restructured into two groups. One group deals with promoters/sponsors new to the Bailiwick and the other deals with firms already well known to the Commission. For those latter firms, a "fast track" process was developed allowing a significant reduction in turnaround times. In the latter part of 2003, where documentation was submitted to the Commission in good order, response times of 72 hours or less were regularly being achieved.

The extent of the pressure on the applications team may be seen in the flow of new funds authorised during the year. In the open-ended sector, 26 new open-ended funds were authorised during 2003, compared with 17 during 2002 and a total of 108 new spokes of umbrella funds and/or cells of PCCs were established compared with 75 in 2002 (table 4). The value of protected cell and umbrella structures in allowing simple extensions to fund ranges, without repeating all the complexities of setting up a new corporate vehicle, was evidenced by these very strong growth figures. This is a trend which the Division expects to continue in the foreseeable future. The total value of open-ended funds increased by nearly 40%

Table 4. **New collective investment fund business at the year end**

	2002	2003
Open-ended funds – authorised	17	26
Open-ended funds – new classes approved	75	108
Closed-ended funds – approved	36	33

Table 5. **Open-ended funds at the year end**

	2002	2003	% change
Number of funds	210	208	-1
Number of investment pools	619	792	+27.9
Value of assets (€bns)	15.86	22.19	+39.9
Net new investment over year (€mns)	1,794	5,731	+219.4
Number of registered shareholders (000's)	129.6	117.5	-9.3
Stock exchange listed	59	57	-3.4

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

Figure 11. **Open-ended funds: geographical distribution of investments at end 2003**

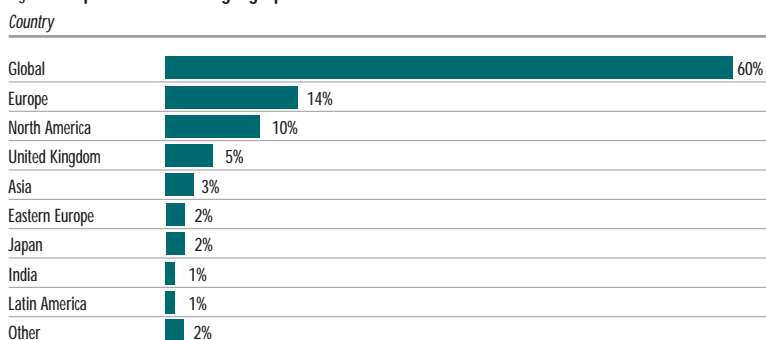
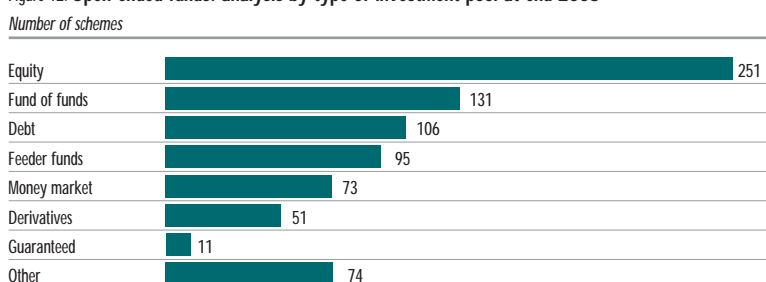


Figure 12. **Open-ended funds: analysis by type of investment pool at end 2003**



during the year, from £15.9 billion to £22.2 billion (table 5). In the late 1990s closed-ended funds had overtaken open-ended funds in value terms. However, the revival of interest in open-ended structures noted towards the end of 2002 was strongly evidenced in 2003, when, by 30 September, the value of open-ended structures exceeded those of closed-ended structures. Figures 11 to 13 show the geographical spread and types of investments in open-ended funds,

Figure 13. Nationality of sponsors/joint sponsors of Guernsey open-ended funds at end 2003

Number	
75	United Kingdom
47	Switzerland
31	Guernsey
13	United States
8	South Africa
6	Canada
6	France
5	Australia
5	Kuwait
2	Jordan
2	Luxembourg
1	Abu Dhabi
1	Bahamas
1	Belgium
1	Bermuda
1	British Virgin Islands
1	Denmark
1	Egypt
1	Germany
1	Hong Kong
1	India
1	Israel
1	Japan
1	Norway
1	Saudi Arabia
1	South Korea
1	Spain
1	Turkey

Table 6. Closed-ended funds at the year end

	2002	2003	% change
Number of funds	319	280	-12.2
Value of assets (€bns)	17.11	19.58	+14.4
Number of registered shareholders (000's)	39,307	47,396	+20.6
Stock exchange listed	75	66	-12

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.

Figure 14. Closed-ended funds: geographical distribution of investments at end 2003

Percentage	
28%	Europe
27%	United Kingdom
16%	Global
10%	North America
7%	Asia
3%	Eastern Europe
1%	Latin America
8%	Other

together with the nationality of sponsors of such funds at the end of 2003.

The closed-ended sector also experienced growth. The value of closed-ended funds increased from £17.1 billion at the end of 2002 to £19.6 billion at the end of 2003, an increase of 14%. A total of 33 new funds were authorised compared with 36 in 2002 (table 4). The Commission had signalled its intention, not least in last year's annual report, to introduce consent fees and annual fees for closed-end funds, since the consent process was very much a parallel to that of the authorisation process for open-ended vehicles, and consumed similar if not identical resources. The fees regulations came into force on 1 August 2003. As a result, a number of closed-end vehicles which had received consent but had either never commenced business owing to failure to meet initial launch targets, or else had not raised sufficient funds to be economically viable, decided to close down. This was reflected in a fall in the number of closed-end funds consents in force at the end of the year; this fell from a peak of 324 at 31 March 2003 to 280 by 31 December (table 6). The removal of these dormant vehicles from the statistics appears to have had little effect on the value of funds, which showed the respectable growth noted above. Figures 14 and 15 show the geographical distribution of investments and nationality of sponsors of closed-ended funds at the end of 2003. Figures 16 and 17 indicate the trend over time in the number of open and closed-ended funds managed in Guernsey and the assets under management.

The number of open-ended non-Guernsey schemes permitted to be serviced from the Bailiwick increased very strongly over the year from 143 at the end of December 2002 to 174 at the end of December 2003. The value of funds under management administration or custody in the Bailiwick increased from £8.4 billion at the beginning of the year to £14.6 billion at the end of the year, an increase of some 74% (table 7). The net number of institutions licensed under the Protection of Investors Law remained at 428 at the end of the year (figure 18).

Supervision and policy

During the course of 2003, the Division completed its review of the IMF assessment visit, which found a high level of compliance with IOSCO Principles. The existing legal framework provided a solid foundation for the IMF's conclusions. During the course of 2003, amendments to the Commission Law specifically permitting the obtaining of information on behalf of foreign regulators, strengthening the Protection of Investors Law by making market abuse a criminal offence and enhancing the Commission's powers to scrutinise directors and controllers of licensed investment businesses, further ensured that the regulatory regime was consistent with international expectations.

During 2004, the Division intends to follow up a number of issues raised in the IMF inspection. It will work towards the integration of the existing Designated Persons and Licensees (Financial Resources, Notifications, Conduct of Business and Compliance) Rules and strengthen solvency requirements. In consultation with the investment industry, the Commission will also consider whether it should recommend amendment of the Protection of Investors Law to provide a better framework for limiting unregulated and unsolicited approaches to Bailiwick residents; to strengthen the Commission's powers of intervention where it appears that a financial services business could fail and that investors might suffer as a consequence; and to utilise the existing exemption powers in the Protection of Investors Law to exclude purely inter-professional communication from the restrictive provisions of the Law.

As mentioned earlier, the applications process has been reorganised and streamlined. As in 2002, training sessions were organised for the main professional firms involved in fund applications in order to improve their understanding of the Commission's expectations and process.

The Commission also completed the process of

Figure 15. Nationality of sponsors/joint sponsors of Guernsey closed-ended funds at end 2003

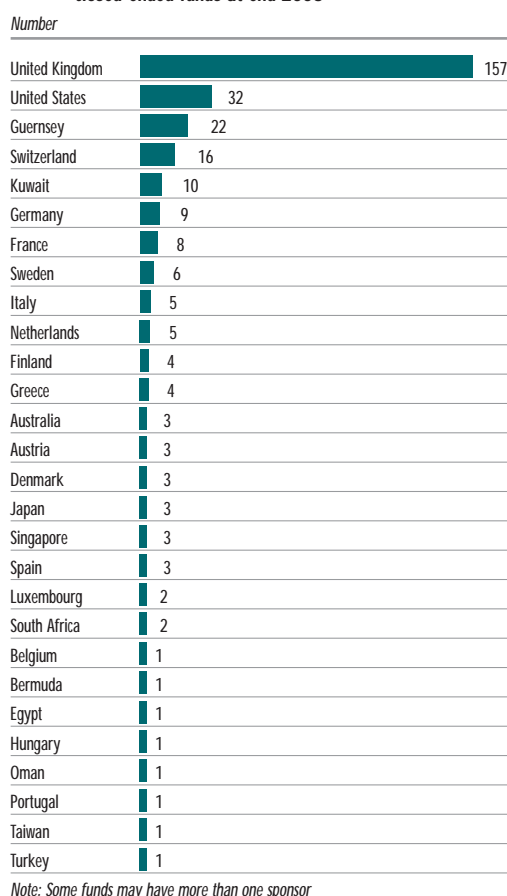
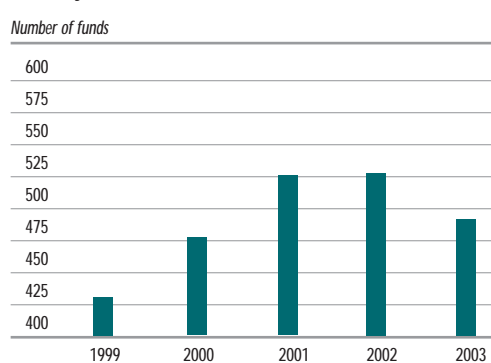


Figure 16. Total funds authorised and approved at the year end



public consultation on disclosure guidelines for closed-end investment funds by establishing the guidelines as formal policy. The purpose of establishing the policy was to enhance the understanding of promoters/sponsors of the Commission's expectations;

Figure 17. Total funds under management at the year end

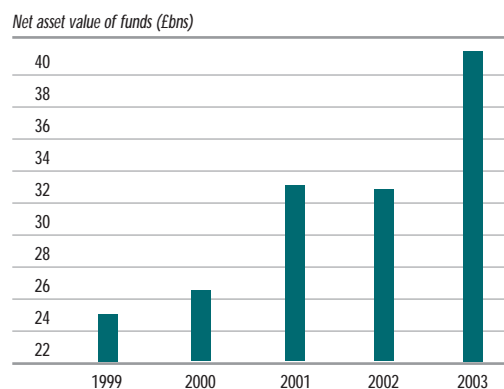
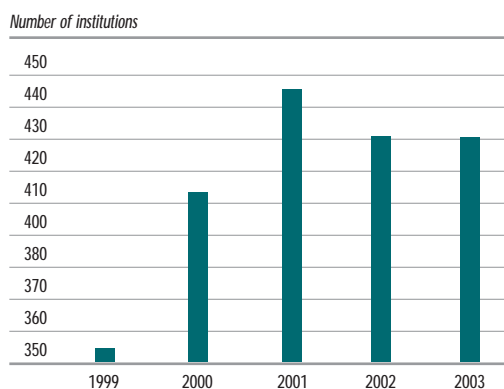


Table 7. Non-Guernsey schemes at the year end

	2002	2003	% change
Number of funds	143	174	+21.7
Value of assets (£mns)	8,382	14,612	+74.3
Stock exchange listed	20	36	+80.0

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

Figure 18. Number of institutions licensed under the Protection of Investors Law at the year end



in themselves the guidelines are not prescriptive, and the Commission does not expect promoters/sponsors to undertake disclosure obligations which would be irrelevant for the investment vehicle in question.

The significant growth in hedge fund business, and in particular funds of hedge funds, highlighted a number of technical issues where established rules and policy were not aligned with hedge fund market practice. The Division therefore launched a consultation process in mid-November on certain

aspects of hedge fund business: the role of custodians and prime brokers; asset segregation; net asset value and price estimation; and implications for client money rules. A wide range of responses were received to that consultation, including submissions from major international investment banks. In mid-February 2004 the Commission issued a policy statement indicating that it would be prepared to make standard rule waivers available to facilitate certain aspects of current hedge fund practice, and is now working with the industry on the detailed implementation of that policy.

During 2003 a total of 27 monitoring and inspection visits were made, compared with 26 during 2002 and 21 during 2001. Of these, seven were to designated managers and three were to designated custodians (including one conducted jointly with the FSA). Twelve of the visits were to investment advisers and independent financial advisers, two were to administrators of closed-ended investment funds and two were to administrators of non-Guernsey investment schemes. These also included one follow-up visit following the imposition of formal conditions on the licensee. In addition to the inspection visit jointly conducted with the FSA, one visit was conducted jointly with the Fiduciary Services and Enforcement Division and one with the Banking Division.

As in earlier years, the central objective of inspection visits was to satisfy the Commission that licensees have an effective control environment demonstrably providing effective management of the risks inherent in the business. The use of restrictive conditions on investment business licences, where the Commission finds that a firm's arrangements are unsatisfactory, remains central to the process of ensuring that firms respond appropriately to the Commission's views. One such condition, which had been put in place at the end of 2002, remained in place during 2003. Three further firms were subject to restrictive conditions during 2003, and one of those conditions was later removed following satisfactory progress in addressing the Commission's concerns.

Finally, it was discovered in one case that the non-Guernsey director of a licensed asset management business had been concluding investment management contracts with clients without the knowledge of the board of directors as a whole, and without any of the relevant transactions appearing in the company's books and records. Although the company was able to work with its auditors to restate its accounts from 1999 onwards to ensure that this previously unrecognised activity was properly reflected, the Commission continued to have concerns over delay by the company's board of directors and its administrator in notifying the Commission of these issues. Once it was satisfied, therefore, that proper arrangements to accommodate the company's clients had been made, the Commission terminated the company's licence.

The Division's review of split capital investment trusts continued during 2003, as did similar enquiries in the UK and Jersey. Due to the extensive nature of the review it was necessary to establish a dedicated team within the Division to consider the various resulting issues. In addition a firm of UK accountants was appointed under the Protection of Investors Law to provide forensic analysis and support.

The Commission's enquiry focuses on the management and corporate governance of the trusts themselves and the suitability of advice and recommendations made to investors by Guernsey intermediaries.

This is a complex investigation, which it is hoped to complete during 2004. There is considerable overlap between this enquiry and those being conducted in the UK and Jersey. The Commission is seeking legal advice from the Attorney General's Office in respect of possible action against firms.

International developments

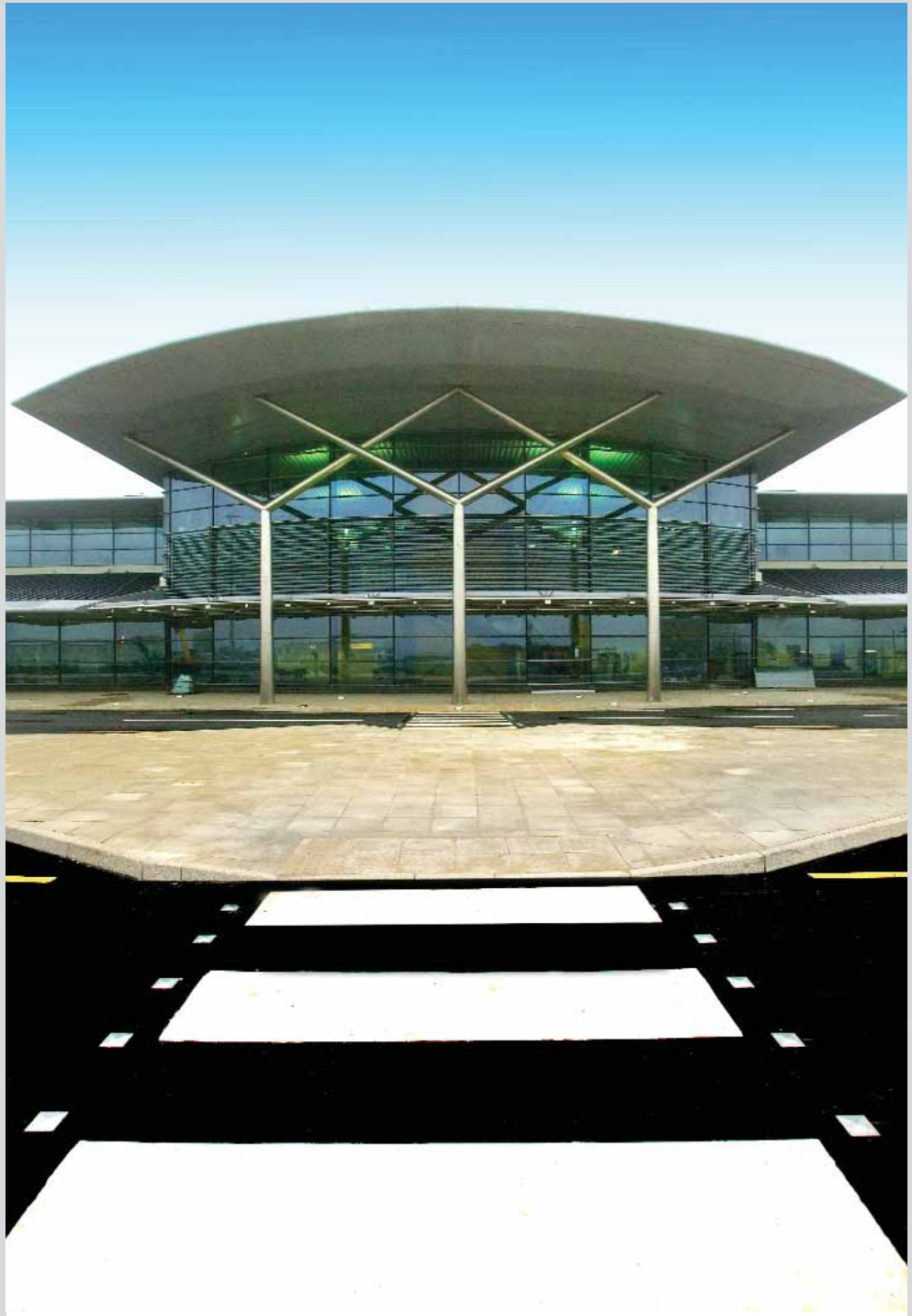
Continuing development of relationships with regulators in other jurisdictions remains an important focus of the Division's work. Significant progress has been made on securing accession to the IOSCO

multilateral MoU, and a bilateral MoU with the Commission des Opérations de Bourse in Paris was signed in June 2003. A formal MoU was also concluded with the FSA during the year. That MoU is to be further extended following the agreement reached with HM Treasury on Guernsey Class A funds, which culminated in those funds being formally designated by statutory instrument of the UK Parliament on 21 May 2003.

The Director of Investment Business represented the Commission at meetings of IOSCO's European Regional Committee and also at IOSCO's delayed annual meeting finally held in October. The Director also participated in a working party set up by the IOSCO European Regional Group whose paper on corporate governance issues was published in January 2004.

The Director of Investment Business spoke at the Commission's seminar on international cooperation and the exchange of information in June 2003, on the subject of the problems of information exchange and how to solve them.

In September, representatives of the Division attended the annual meeting of the Enlarged Contact Group of Collective Investment Scheme Supervisors. The Director of Investment Business once again represented Guernsey at the annual Globalisation of Mutual Funds Conference organised by the International Bar Association and the Investment Company Institute of America. The Director also represented the Commission at an international regulatory gathering hosted by the International Bank for Reconstruction and Development in Washington DC in December and at a regulatory conference on hedge funds organised by the Alternative Investment Management Association. Other senior staff attended a range of international seminars for both fund managers and regulators. In particular, they attended the regular seminars organised by the Securities and Exchange Commission in Washington DC and by the Toronto Centre in Canada.



POLICY AND INTERNATIONAL AFFAIRS

General

The Policy and International Affairs Division has day-to-day responsibility for the Commission's anti-money laundering and counter terrorist financing framework. It monitors international developments and has responsibility 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 Policy Council and external bodies such as the IMF.

Prevention of economic crime and terrorist financing

IMF assessment

The IMF's November 2003 report on its evaluation of Guernsey's financial regulation and law enforcement standards found that Guernsey had a high level of compliance with FATF's Forty Recommendations and the Eight Special Recommendations on Terrorist Financing. The issuing by the Commission of a statement on introduced business dealt with the most significant recommendation raised by the IMF in connection with the Guidance Notes.

Seminar on international cooperation and the exchange of information

The Commission marked its fifteenth anniversary in 2003 by sponsoring a seminar on international cooperation and the exchange of information. The seminar was aimed at regulators, financial intelligence officers, law enforcement officials, prosecutors and representatives of other authorities with an interest in financial services regulation and the prevention, detection, investigation and prosecution of economic crime.

The seminar was chaired by the Director General

of the Commission and attended by over 100 delegates from Belgium, Canada, France, Gibraltar, Guernsey, Ireland, the Isle of Man, Jersey, Malaysia, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States.

The seminar was wide-ranging and provided a variety of perspectives on the international effort to counter abuse of the financial system. The Commission was fortunate in attracting 12 pre-eminent experts from Ireland, the Isle of Man, Jersey, the United Kingdom and the United States to speak at the seminar. The speeches were wide-ranging and covered money laundering, financial regulation, knowing your customer, transnational securities activity, the regulation of trust and company service providers, insurer fraud, the freezing of assets, terrorist financing and how to solve problems of information exchange. The Deputy Director spoke at the seminar on the role of the regulator in countering money laundering and terrorist financing.

Other international matters

In May the Deputy Director spoke at an IMF Roundtable in Washington DC on the IMF's programme of assessments of jurisdictions' financial regulation and criminal justice regimes. In addition, in August the Deputy Director was seconded to the IMF and participated as an anti-money laundering and counter terrorist financing assessor in an IMF evaluation of another jurisdiction.

Crown Dependencies Anti-Money Laundering Group meetings

Two meetings were held in London during 2003, attended by representatives from the regulatory agencies, Police, Customs and Excise, 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 and the Deputy

Director (Policy and International Affairs). These meetings coordinate the Crown Dependencies' anti-money laundering/anti-terrorism 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 once in 2003. It is a forum for closer coordination at a strategic level between the Attorney General's Office, the Commission, Police, Customs and Excise and the FIS, in the 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), the Assistant Director (Enforcement) and a Senior Analyst from the Policy and International Affairs Division. 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 Excise and the FIS. Its objectives are to discuss particular cases of interest and provide practical assistance to interested parties. The group met once in 2003. The group established the Terrorist Finance Team in 2001 to coordinate action and responsibilities relating to terrorism matters. The team met five times in 2003.

Proceeds of Crime Regulations and the Guidance Notes

Proposed amendments to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations, 2002 and the Guidance Notes on the Prevention of Money Laundering and Countering the Financing of Terrorism were issued for consultation during July 2003. The majority of the proposals

reflected enhancements to the Regulations and Guidance Notes recommended by the IMF.

The principal proposed changes to the Regulations included provisions on wire transfer procedures, the training of staff, the monitoring of complex and unusually large transactions and the electronic holding of records received in paper form. The proposed changes to the Guidance Notes included new sections on the risk profiling of customers, wire transfers and hold mail services.

Mindful of the undesirability of requiring financial institutions to amend their systems in both 2003 and 2004, the majority of the changes will be made in the second half of 2004, when the Regulations and Guidance Notes will be amended in order to comply with FATF's revised Forty Recommendations. However, the Commission considers it appropriate to make the revisions concerning the electronic holding of records in the near future.

In January 2004 the Commission issued a revision to Appendix C of the Guidance Notes, adding Austria and South Africa to the list of jurisdictions whose authorised financial services businesses may be treated as if they were local. At the same time the opportunity was taken to clarify that the standards on such jurisdictions specified in the Guidance Notes are minimum standards.

Following the issue by FATF of its revised Forty Recommendations, the Division began work to revise the Regulations and Guidance Notes. In this connection, representatives of the Division and the two other regulatory Commissions in the Crown Dependencies commenced a series of meetings in order to discuss compliance with the new Recommendations and to coordinate the main features of the Commissions' anti-money laundering frameworks. The Isle of Man Insurance and Pensions Authority have also been regularly consulted and updated on progress made.

Introduced business statement

Following the issue of FATF's new Forty Recommendations, the Commission recognised that the finance sector required clarity on the implications of the various international standards applying to introduced business. Following consultation with the Joint Money Laundering Steering Group and the issue of a letter by the Basel Committee/OGBS Cross Border Working Group in December (see page 19) to banking supervisory bodies, the Commission issued a statement on introduced business, embodying the standards in FATF's Recommendations.

Fighting crime and terrorism leaflet

An important initiative was the issue of a leaflet on fighting crime and terrorism. This leaflet was sponsored by the Association of Guernsey Banks, together with the States of Guernsey, the Commission and the FIS. The leaflet is distributed by financial institutions. The aim of the leaflet is to provide general information to the customers of banks and other financial institutions on why they are asked to provide proof of identity to those institutions and contains a commitment by banks that they will deal with their customers in a fair manner and with common sense.

International developments

Memoranda of understanding

Although the Commission does not require MoUs to be in place in order to cooperate fully with foreign regulators, increasingly such agreements are seen by the regulator as necessary evidence of commitment by a regulatory body to cooperate and exchange information. The Commission has, therefore, adopted a more active approach to signing MoUs with foreign regulatory bodies. The Division is the main contact with such bodies during the drafting process. In June 2003 the Director General, together with the Deputy Director (Policy

and International Affairs), travelled to Paris to sign an MoU with the Commission des Opérations de Bourse. In July 2003 the Director General signed an MoU with the FSA in the United Kingdom and in January 2004 he signed an MoU with the Malta Financial Services Authority. The Division and the Investment Business Division have been working together to take forward the Commission's application to sign the IOSCO Multilateral MoU. The Division is also currently negotiating bilateral MoUs with a number of overseas regulatory bodies.

International meetings

In addition to signing MoUs in Paris and London, the Director General met with regulators and law enforcement officials in a number of other jurisdictions. The purpose of these meetings was to enhance international understanding of Guernsey's standards and to share views on topical issues. Two meetings were held with the Committee of European Securities Regulators. Together with the Attorney General and the States Supervisor, the Director General visited the United States and met with representatives of the US Department of Justice, the Financial Crimes Enforcement Network ("FinCEN"), the World Bank, the IMF, the US Securities and Exchange Commission, the Law Library of Congress and the New York County District Attorney's Office. The Director General also participated in a number of meetings of the IAIS and OGIS. As usual, the Director General spoke at the Cambridge International Symposium on Economic Crime, on stability as a policy and enforcement objective.

IMF survey

The Division provides statistics from Guernsey financial institutions to the IMF for its Coordinated Portfolio Investment Survey ("CPIS") on an annual basis. The Deputy Director is the CPIS statistician for the Bailiwick and is responsible for the compilation

of these statistics. In May 2003 he and a Senior Analyst from the Division attended a workshop for small economies with international finance centres, hosted by the IMF in Bermuda, where the data for 2001 were reviewed and issues arising from the collection of CPIS statistics were discussed. A follow-up workshop will be held in Guernsey in May 2004.

Each year, the Division asks 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 special purpose vehicles.

In 2002 information on cross-border investments was obtained from 151 institutions, representing 935 entities. Table 8 provides a summary of the results.

The total value of assets reported for Guernsey financial institutions as at 31 December 2002 was US\$85.1 billion, which was an increase of US\$17.6 billion over the assets reported in the 2001 survey. In addition to an increase in the quantity of reportable securities held, the weakening of the US dollar during 2002 had a significant impact on the results.

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.

Institutions representing more than 80% of the employees in the finance sector submitted responses to the firm of consultants administering the survey carried out to inform that discussion.

The conclusions were published at a presentation made by the President of the Committee, the Director General, the Vice-Chairman of GIBA and a representative of the survey administrator in May 2003. The survey has provided a great deal of useful information. In particular, the results have made an important contribution to the Committee's consideration of tax policy and the Committee's, the Commission's and the Guernsey Training Agency Limited's policies on the coordination of training standards and courses for staff in the finance sector. The survey has also informed refinements to the Commission's investment regulatory policies and procedures. Progress on taking forward the results of the survey is routinely discussed at the monthly meetings of FIPAG.

Ombudsman scheme

In early 2002 the Committee issued a consultation document proposing the establishment of a financial services ombudsman scheme. The document envisaged that the scheme would cover all business regulated by the Commission, together with a range of

Table 8. **IMF Coordinated Portfolio Investment Survey 2002**
Cross-border securities* owned by institutions in the Bailiwick of Guernsey at end 2002

<i>Sector</i>	<i>Equities</i>	<i>Short-term debt</i>	<i>Long-term debt</i>	<i>Total</i>
	<i>US\$mns</i>	<i>US\$mns</i>	<i>US\$mns</i>	<i>US\$mns</i>
Banks	670	12,186	25,525	38,381
Domestic insurers	2	–	40	42
Life insurers	1,164	169	1,122	2,455
Insurance managers and captives	1,157	4,270	2,818	8,245
Insurance intermediaries	68	–	–	68
Open and closed-ended collective investment funds	26,293	2,238	6,735	35,266
Special purpose vehicles	–	–	14	14
States of Guernsey	6	426	231	663
Total	29,360	19,289	36,485	85,134

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

other financial activities, including lending and pensions business and, potentially, consumer credit.

The Committee established a Financial Services Ombudsman Development Committee to assist it in the introduction of a scheme. The most significant practical issues arising from the consultation and discussion with the committee were funding for the scheme and a bias towards complainants when binding decisions were taken by the Ombudsman. In light of these issues, it is envisaged that the Policy Council will publish a further consultation paper in the spring of 2004, which will propose that the scheme will be administered by a separate department of, and will be funded by, the Commission. The Policy Council and the Commission consider that a scheme operated by an existing body will provide cost efficiencies. The other significant changes to the original proposals are likely to be that decisions should be binding on both the complainant and the institution and that the scheme should, in more difficult cases, be able to recover its costs from the institution.

Company law

The Director of Fiduciary Services and Enforcement is Chairman of the Company Law Reform Committee (see Appendix 2), while the Deputy Director (Policy and International Affairs) is Secretary to the committee.

Changes to company law regained momentum in 2003. Following discussion with the Attorney General's Office, it has been agreed to promote an amendment law including detailed administration provisions, provisions for the electronic settlement of shares and an increase in the maximum disqualification period for directors from five to 15 years. A consultation document containing these provisions was issued by the Commission in March 2004. In addition, a timetable has been drawn up for the consolidation and updating of company law generally. A Green Paper will be issued as soon as possible, inviting comments from all interested parties.



FINANCE AND OPERATIONS

General

The Operations and Human Resources Division was renamed during 2003, following the appointment of Neville Roberts to the new role of Head of Finance and Operations. The Division is responsible for key support services to the Commission and is divided into four sections: finance, information and communication systems, human resources, and premises and general administration.

Finance

The financial statements are shown on pages 45 to 51.

Fee income increased from 2002 as a result of fee level changes in 2003 and the increase in business activity across some of the business sectors.

This increase was more than covered by the expected rise in personnel costs and the continuing need for legal and professional expenditure including that related to the split capital investment trusts.

As a consequence of these higher costs, the Commission incurred a deficit of £200,288 for the year ended December 2003. The Commission remains committed to its long-term prudent policy to increase its reserves to a sum equivalent to six months' expenditure. This will enable absorption of unexpected or exceptional costs. However, the Commission is aware of the importance to the finance sector of managing its costs in a competitive environment and took account of this when setting the fee levels for 2004.

The Commission continues its close relationship with the Guernsey Training Agency Limited. It contributed 50% of the Agency's budgeted net operating expenditure in 2003 and has committed to do so again in 2004.

Fee legislation

Revised fee regulations came into effect on 1 January 2004. The following regulations apply to fees payable by the finance sector in Guernsey:

The Financial Services Commission (Fees)

Regulations, 2003

The Protected Cell Companies (Fees for Insurers) Regulations, 2003

The Regulation of Fiduciaries (Fees) Regulations, 2003

The Migration of Companies (Fees) (Amendment) Regulations, 1999

The Amalgamation of Companies (Fees) Regulations, 2000

Copies of the fees regulations and a summary of the fees payable are available on the Commission's website at www.gfsc.gg

Information systems

Several major information system projects have been scheduled for investigation or implementation in 2004. These include the enhancement of the Commission's central regulatory database and the automatic production of fee invoices to all licensees.

The website is currently being redesigned to make it more effective in providing information about the work of the Commission and will be relaunched before the end of 2004. The Commission will continue to make ever-greater use of the website for the provision of documents which have previously only been available in hard copy.

Human resources

At the end of March 2004, the Commission employed 90 staff, as well as three long-term contract employees. In addition, the Guernsey Training Agency Limited had 12 staff seconded to it by the Commission. The Agency employs its Chief Executive directly.

2003 saw a number of staff changes. These included the retirement of Steve Butterworth, Director of Insurance, and the recruitment of his replacement, Alan Fleming. Other additions were the recruitment of a Head of Finance and Operations and an Assistant Director in the Investment Business Division. These additions were complemented by three staff

promotions to Assistant Director in the Fiduciary Services and Enforcement, Insurance and Investment Business Divisions.

One of the Insurance Division's Senior Analysts has also been seconded for a year to the IAIS in Basel, Switzerland.

The Commission is keen to support its employees with their continuing professional education and it is noteworthy that 47 staff have attained relevant professional qualifications, with a further 17 currently undertaking professional studies.

In recent years the Commission has devoted increasing effort to developing and training its staff, and meeting best practice in this area.

Commissioners

In January 2004, the States re-elected John Hallam as a Commissioner for a three-year period from 2 February 2004 and as Chairman of the Commission for one year with effect from the same date. Advocate Nigel Carey gave notice that he wished to resign as a Commissioner with effect from 1 August 2004. As a result of this, Advocate Peter Harwood was elected by the States for a term of office from 1 August 2004 until 1 February 2006.

Premises

The premises at La Plaiderie Chambers reached full capacity at the end of 2002. The Commission has therefore acquired a limited amount of additional space in Le Marchant House, close to La Plaiderie Chambers. The Finance and Operations Division relocated to the new premises in March 2003.

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

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

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 applicable Guernsey law and United Kingdom accounting standards.

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 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 into 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 this 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

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

appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Commission's affairs at 31 December 2003 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
10 May 2004

The maintenance and integrity of the Commission's 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. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2003

	Note	2003 £	2002 £
Income	2		
Fees receivable		6,191,175	5,385,766
Income derived from the States of Guernsey:			
Interest on deposits with States Treasury		103,137	114,640
Administration of Control of Borrowing legislation		100,000	100,000
Development grant		200,000	200,000
Other income, including bank interest		15,534	4,645
		6,609,846	5,805,051
Expenses			
Salaries, pension contributions, staff recruitment and training		4,402,697	3,366,559
Legal and professional fees		476,243	526,249
Premises and equipment, including depreciation	4,9	727,987	660,027
Insurance		15,567	13,326
Commissioners' fees		73,584	20,000
Auditors' remuneration		4,650	4,500
Development expenses		505,985	396,348
Other operating expenses		238,421	182,399
Commission's contribution to expenses of Guernsey Training Agency Limited	8	365,000	295,397
		6,810,134	5,464,805
(Deficit)/surplus of income over expenditure	2	(200,288)	340,246
Balance brought forward		1,720,702	1,380,456
Balance carried forward		£ 1,520,414	£ 1,720,702

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the deficit of income over expenditure for the financial year.

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

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

BALANCE SHEET

as at 31 December 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	4	412,350	323,177
Current assets			
Debtors	5	194,551	60,215
Balances with States Treasury		1,965,123	2,011,986
Cash at bank and in hand		190,994	359,096
		2,350,668	2,431,297
Creditors - amounts falling due within one year	6	(1,242,604)	(1,033,772)
Net current assets		1,108,064	1,397,525
Total assets less current liabilities		£ 1,520,414	£ 1,720,702
Represented by:-			
Income and expenditure account		£ 1,520,414	£ 1,720,702

The financial statements on pages 45 to 51 were approved by the Commissioners and signed on their behalf on 4 May 2004 by:

J E Hallam
Chairman

L W Priestley
Vice-Chairman

P J Neville
Director General

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

CASH FLOW STATEMENT

for the year ended 31 December 2003

	Note	2003 £	2002 £
Reconciliation of (deficit)/surplus of income over expenditure to net cash (outflow)/inflow from operating activities			
(Deficit)/surplus of income over expenditure		(200,288)	340,246
Depreciation on tangible fixed assets	4	197,166	167,357
Loss on disposal of fixed assets		-	26,607
Interest receivable		(118,671)	(119,285)
(Decrease)/increase in operating debtors		(134,336)	83,025
Increase/(decrease) in operating creditors		208,832	363,777
Net cash (outflow)/inflow from operating activities		£(47,297)	£ 861,727

Cash flow statement

Net cash (outflow)/inflow from operating activities		(47,297)	861,727
Returns on investments and servicing of finance	12	118,671	119,285
Capital expenditure and financial investment	12	(286,339)	3,413
(Decrease)/increase in cash in the year		£(214,965)	£ 984,425

Reconciliation of net cash flow to movements in net cash

(Decrease)/increase in cash in the year		(214,965)	984,425
Net cash at 1 January 2003	13	2,371,082	1,386,657
Net cash at 31 December 2003	13	£2,156,117	£ 2,371,082

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

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2003

1. Accounting policies

(a) Convention

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

(b) Fees receivable

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

(c) Interest

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

(d) Tangible fixed assets and depreciation

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

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

(e) Foreign currency translation

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

(f) Leases

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

(g) Pension costs

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

2. Income and deficit of income over expenditure

Income and deficit 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

	Leasehold Improvements	Office Equipment and Fittings	Computer Equipment	Total
	£	£	£	£
Cost				
At 1 January 2003	48,567	551,880	362,729	963,176
Additions	-	121,125	165,214	286,339
<hr/>				
At 31 December 2003	48,567	673,005	527,943	1,249,515
<hr/>				
Depreciation				
At 1 January 2003	14,466	389,985	235,548	639,999
Charge for the year	6,279	75,404	115,483	197,166
<hr/>				
At 31 December 2003	20,745	465,389	351,031	837,165
<hr/>				
Net book value at 31 December 2002	£ 34,101	£ 161,895	£ 127,181	£ 323,177
<hr/>				
Net book value at 31 December 2003	£ 27,822	£ 207,616	£ 176,912	£ 412,350

5. Debtors

	2003	2002
	£	£
Fees receivable	27,006	14,246
Prepayments	123,745	35,957
Other debtors	14,995	10,012
Amount due from Guernsey Training Agency Limited	28,805	-
<hr/>		
	£ 194,551	£ 60,215

6. Creditors - amounts falling due within one year

	2003	2002
	£	£
General expense creditors	472,189	417,210
Accruals	95,814	63,955
Fees received in advance	674,601	539,833
Amount due to Guernsey Training Agency Limited	-	12,774
<hr/>		
	£ 1,242,604	£ 1,033,772

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. Superannuation

Employees of the Commission are eligible to be members of the States of Guernsey Public Servants' Pension Scheme. This is a defined benefit pension scheme funded by contributions from both the member and the employer. The employer contributions are determined on the basis of independent actuarial advice and are calculated to spread the expected cost of benefits payable to members over the period of those members' expected service lives.

	2003	2002
Charge for the year	£ 251,177	£ 170,982

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 advisors in a wide range of stock exchange securities. 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 most recent actuarial valuation of the scheme was carried out as at 31 December 2001. This showed that the Public Servants' Pension Scheme was 116% funded for past service accrued benefits.

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 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 inflation would increase at a rate of 3.1% 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.

In conjunction with that valuation the Advisory and Finance Committee instructed that an Actuarial Account should be established within the Public Servants' Pension Scheme for the Commission's members. The purpose of the Actuarial Account is to ensure there is no cross-subsidy between the contributions paid by the Commission on behalf of its members and the other employers within the Pension Scheme and vice versa.

Accordingly an Actuarial Account is to be established for the Commission with effect from 1 January 2004. The employer contributions are to be increased, on actuarial advice, to 10.4% of salaries from 1 January 2004. The employee contribution remains unchanged at 6%. The Actuarial Account is used solely for the purpose of determining the contributions payable to the Fund by the Commission. The claims of the Commission's pensioners and employees would continue to be made against the whole Fund and in the final resort against the States of Guernsey. The States of Guernsey, with the assistance of an independent firm of actuaries, is currently identifying the assets and liabilities of this separate Actuarial Account.

8. Guernsey Training Agency Limited

Guernsey Training Agency Limited arranges training for the finance industry and for other industry sectors. The company's staff, excluding its Chief Executive, are employed by the Commission and permanently seconded to the company. The Commission provided a grant of £365,000 in 2003 to the company in order to meet 50% of its budgeted net operating expenditure, the same amount being provided by the States of Guernsey via the Board of Industry.

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 underlease for Le Marchant House on 10 December 2011. The rentals payable in 2004 under the terms of the leases amount to £285,697 (2003: £285,697).

10. Contingent liability

As a consequence of fulfilling its regulatory responsibilities the Commission enters into legal actions from time to time, the costs of which may be significant. No provision has been made in the accounts for any future costs in respect of current legal actions because the nature, complexity and duration of such actions remain uncertain.

11. Controlling party

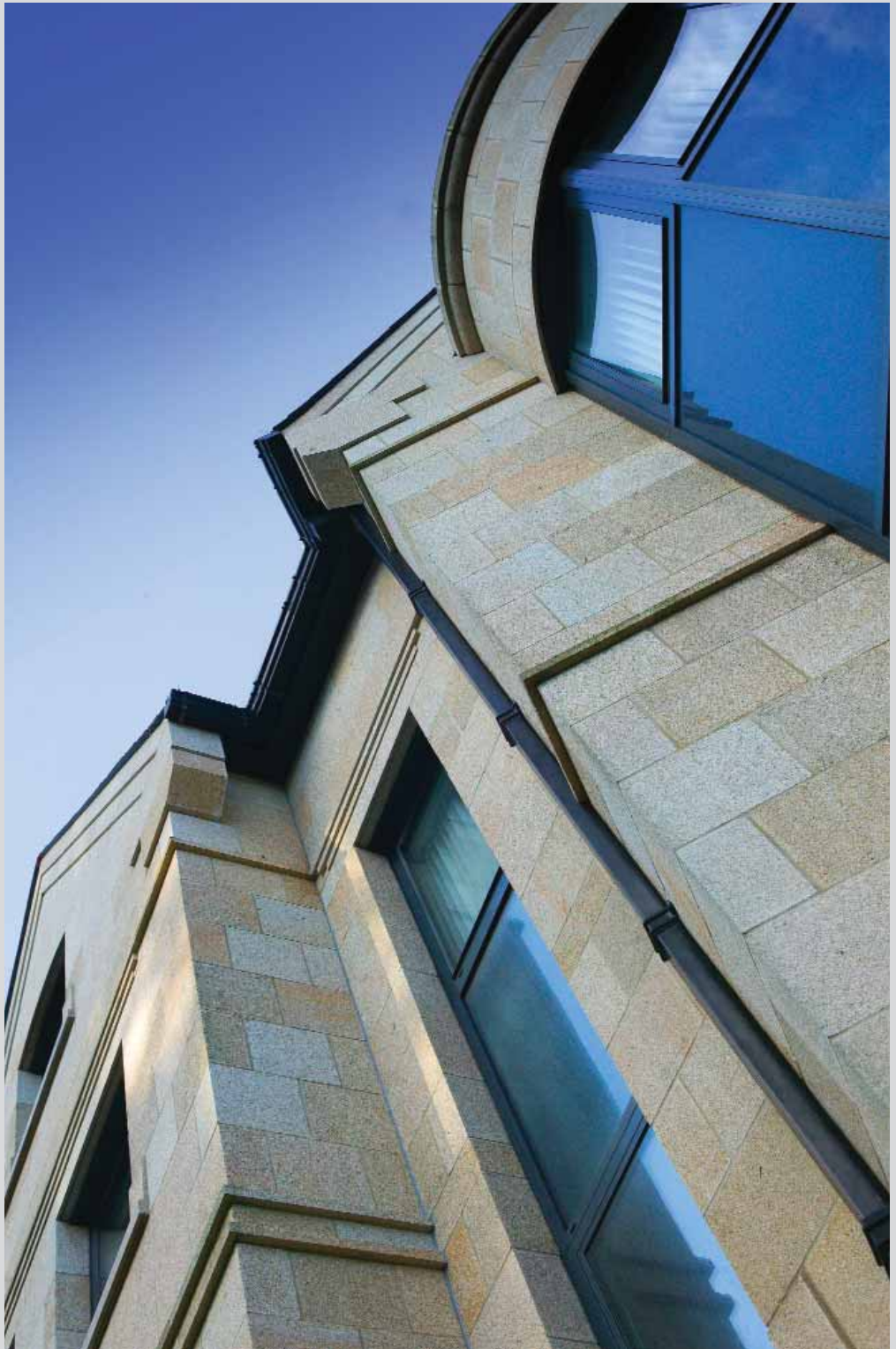
In the opinion of the Commissioners there is no controlling party of the Commission, as defined by Financial Reporting Standard No. 8 – Related Party Disclosures, as no party has the ability to direct the financial and operating policies of the Commission with a view to gaining economic benefits from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

12. Notes to the cash flow statement

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	118,671	119,285
<hr/>		
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(286,339)	(167,029)
Repayment of loan from the Guernsey Training Agency Limited	-	170,442
<hr/>		
Net cash (outflow)/inflow from capital expenditure and financial investment	£(286,339)	£3,413
<hr/>		

13. Analysis of net cash

	At 1 January 2003	Cash Flow	At 31 December 2003
Balance with States Treasury	2,011,986	(46,863)	1,965,123
Cash at bank and in hand	359,096	(168,102)	190,994
<hr/>			
	£ 2,371,082	£ (214,965)	£ 2,156,117
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Structure

The Guernsey Training Agency Limited is owned by a charitable trust with the protectors of the trust being the Commission and the Policy Council.

The trustees as at 31 December 2003 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 as at 31 December 2003 was as follows:-

Advocate Chris Bound	Collas Day
Keith Corbin (Chairman)	Nerine Trust Company Limited
Keith Dorrian	Management International (Guernsey) Limited
Dudley Jehan	NP Holdings Limited
David Leafe	Bank of Butterfield International (Guernsey) Limited
Nigel Lewis	States Board of Industry
Martyn Mann	Polar Instruments Limited
Ian Morris	Bacon & Woodrow
Mary Perkins	Specsavers Optical Group Limited
Deputy Kevin Prevel	States Board of Industry
Trevor Wakefield	States Education Council

Peter Marchant resigned from the Board during 2003, after seven years of service to the Agency. The directors and staff are most grateful to Peter for his important contribution to the development and work of the Agency.

General

The Training Agency formally changed its name to Guernsey Training Agency Limited during 2003.

The long-term objective of the Agency is to engender a training and development culture within all organisations throughout the Bailiwick, and procure and facilitate high-quality training and development programmes in all business sectors. This culture is expected to generate a highly qualified, knowledge-based workforce, enabling all organisations to compete within a global marketplace and to broaden the Bailiwick's skills base whilst adding value to all Bailiwick businesses. During 2003 the Agency once again proved to be successful in facilitating high-quality training and development initiatives for the Bailiwick workforce.

The Agency is currently funded on an equal basis by the States of Guernsey and the Commission.

At the end of 2003 the Agency had 887 registered students, who made 2,341 study visits to the centre. Over 320 training events took place, attracting over 4,400 delegates. Additionally, 194 examinations took place, during which 793

Table 9. Comparative training event/delegate numbers

Key statistics	1999	2000	2001	2002	2003
Registered number of students	485	614	715	818	887
Recorded number of study sessions	3113	2423	2731	1971	2341
Number of training events	227	270	254	295	322
Number of delegates attending	2674	2221	2549	2811	4463
Number of examination days	39	50	53	69	92
Number of examinations	69	144	140	158	194
Number of examination candidates	579	602	599	686	793

candidates were examined on a range of award-bearing programmes (table 9).

In addition to the Finance Sector and Commercial Sector Advisory Groups, a further two advisory groups were established during 2003, one concentrating on information technology and the other examining the training and development needs of the retail sector. These four advisory groups act as channels of communication between the commercial and financial sectors and met regularly during 2003.

In order to ensure that the strategic relationship between the College of Further Education and the Agency is developed and sustained, a Senior Management Forum has been established. The members of the Forum are the Principal and Vice-Principal of the College of Further Education and the Chief Executive and Deputy Chief Executive of the Agency. The Forum meets monthly and a statement of intent has been written to define the working relationship between the two organisations.

The Agency moved into new administrative premises at the end of 2003. The acquisition of Richmond House resolves the Agency's long-standing need for a more spacious administrative centre. The release of space at the Nelson Place study centre will facilitate the provision of additional teaching and study space.

Award-bearing programmes

Two new postgraduate programmes were launched in September 2003 – the MSc in e-Commerce (University of Plymouth) and the Master of Business Administration (University of Southampton). This is the first time a fully taught MBA has been offered on-island. The e-Commerce programme is technologically and academically demanding and required the establishment of a sophisticated computer laboratory capable of supporting complex software.

A third cohort of the two-year Postgraduate Diploma in Personnel Management through the University of Portsmouth commenced in September with 11 delegates.

The fourth cohort of the two-year MSc Corporate Governance/Grad ICSA entered its final year with 14 delegates. It is planned that a fifth programme will be offered in 2004.

The prestigious IOD Company Direction Programme commenced in October with 14 delegates; this is the fourth time the programme has been offered in Guernsey.

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. Two modules of the Securities Institute Diploma were offered during 2003.

Central Law Training once again delivered the Foundation and Diploma Programmes in Offshore Trust Management on behalf of the Society of Trust and Estate Practitioners ("STEP"). Seventeen students completed the Foundation Programme, with a further 26 students completing the Diploma Programme. Fifty-six students completed the Company and Practice Law Module of the Diploma Programme.

The International Compliance Association was established during 2002, offering diplomas in anti-money laundering and compliance. Twenty-three students undertook the Diploma in Compliance, five the Diploma in Anti-Money Laundering Reporting and Prevention and a further 26 successfully completed the new Certificate in Anti-Money Laundering Awareness Programme.

Forty students embarked on Chartered Institute of Marketing Programmes and it is particularly pleasing to note that a second cohort for the Postgraduate Diploma was achieved.

Eight delegates successfully completed the Certificate in Training Practice programme, leading to Associate Membership of the Chartered Institute of Personnel and Development.

Short courses and conferences

A series of half-day workshops entitled Anti-Money Laundering Awareness for Administrative Staff were held in April and November. These were offered on a sector basis and tutored by MHA Consulting and the FIS and attracted 144 delegates. In conjunction with the GFMA, five workshops were organised on subjects relevant to the collective investment fund sector, including hedge funds, emerging markets and private equity funds. These workshops attracted 160 delegates. A one-day course, Introduction to the Financial Services Sector, was held in October for new recruits to the industry. Through the Agency, the FIS offered two afternoon workshops providing an update on their work to over 130 delegates. Over 40 lunchtime seminars and short courses for managers were held during 2003, with over 300 delegates.

Investors in People

The Agency continues to manage the Investors in People project on behalf of the Commerce and Employment Department which, following changes to the structure of government in early May 2004, succeeded the Board of Industry. Some 14% of the working population work for an organisation that is either recognised or working towards recognition.

It is pleasing to note that five new organisations (including the Agency) achieved recognition in 2003.

e-Business and information technology

A major new initiative during 2003 for the Agency was the development of strategic and tactical plans for e-business and information technology training.

In addition to the launch of the MSc in e-Commerce in September, a number of students in addition to the degree cohort attended the degree's modules on a short-course basis.

The first Information Systems Examinations Board ("ISEB") certificated course – IT Service Management – was held in September. Following its success, an ISEB Service Management Foundation Course was run in October.

The information technology and e-commerce lunchtime seminar series held a number of workshops including Operational Excellence in IT Management, IT Law for the 21 Century and Managing Internet Security. These workshops attracted over 100 delegates.

During 2003 the Agency has consolidated its relationship with the British Computer Society ("BCS") and is represented on the committee of the newly formed Guernsey sub-branch. The Agency will jointly badge BCS seminars in the future.

The newly formed IT Advisory Group will provide the direction for future events.

Other initiatives

The Agency formally launched its own website in July 2003. Not only does this give an up-to-date picture of current activities, but it also showcases potential new initiatives. It is also planned to show the continuing professional development activities of professional bodies in Guernsey. The website address is www.guernseytrainingagency.com

The Chief Executive and Deputy Chief Executive arranged a series of visits to senior staff within the finance and commerce sectors to hear first-hand the training needs of organisations and to discuss the results of the Guernsey Finance Sector Study. The meetings have proven most valuable.

Following an initiative suggested by the Commission, a Back Office Training Module was designed by the Agency, the GFMA Education Subcommittee and the Financial Training Company for the Guernsey market. The course provides an introduction for new entrants to the collective investment fund management sector and also for new employees in the finance sector generally. After six months' practice by individuals, the course recommences and provides more in-depth knowledge. Some 35 delegates attended the first two sittings of this programme and it is anticipated that it will become a fixed part of the Guernsey finance sector's training framework.

The Guernsey Insurance Certificate, a new

qualification reflecting the regulatory requirements of the Commission, was designed, tutored and examined during 2003. Fifty-six candidates sat the first two examinations. The Agency secured formal award-bearing status of the qualification from the Chartered Insurance Institute.

The Insurance Education Forum met for the first time in February. This joint initiative between the Commission, the Insurance Institute of Guernsey and the Agency is designed to act as a catalyst in providing strategic direction for the development of insurance education and training within the Bailiwick. The forum has met three times and significant progress has been realised in addressing the education and training needs of the sector.

In 2003 the Securities Institute embarked on a formal approval process for those training providers who prepare candidates for the Institute's qualifications. The assessment criteria are designed for academic institutions. However, following discussions with the directorate of the Institute, it was keen to undertake a formal evaluation of the Agency. Following a rigorous assessment the Institute created a special category for the Agency and awarded it formal accreditation.

During 2003 the Agency secured formal accreditation for the Captive Insurance Certificate with the Chartered Insurance Institute. The training programme, offered through Glasgow Caledonian University, attracted 18 students during 2003. The Agency would like to pay tribute to John Parkinson, who died in December, for his enormous contribution to the development of this award-bearing programme. It is pleasing to note that other jurisdictions such as Gibraltar and North America are now looking to use this programme within their own industries.

It is planned that a Graduate Diploma in Law will commence in September 2004. Discussions with the Guernsey Bar Council, GILA and the Attorney General's Office demonstrate strong support for the Agency to engage with the profession in the delivery of continuing professional development courses.

FUNCTIONS AND STRUCTURE OF THE
COMMISSION

The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended ("the Commission Law") established the Commission with both general and statutory functions. The general functions include the taking of "such steps as the Commission considers necessary or expedient for the development and effective supervision of finance business in the Bailiwick". The statutory functions include those under the following laws:-

- the Banking Supervision (Bailiwick of Guernsey) Law, 1994 as amended;
- the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended;
- the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 as amended;
- the Insurance Business (Bailiwick of Guernsey) Law, 2002;
- the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002;
- section 3 of the Road Traffic (Compulsory Third Party Insurance) (Guernsey) Laws, 1936 to 1989;
- section 1 of the Surf-Riding Long Boards (Compulsory Third-Party Insurance) Law, 1969; and
- section 1 of the Vessels and Speed Boats (Compulsory Third-Party Insurance, Mooring Charges and Removal of Boats) (Guernsey) Law, 1972.

Following a review of the machinery of government, in May 2003 the States approved proposals for the establishment of a new and more streamlined government structure. These proposals took effect from the beginning of May 2004. They included the creation of a new position of Chief Minister, heading a Policy Council, and a reduction in the number of committees/departments responsible for the day-to-day functions of government. The Policy Council is responsible for international financial matters and for establishing the policy framework for financial regulation, including the government's relationship with, and reporting lines for, the Commission. As part of these changes the Commission Law was amended to state that the Commission shall issue its audited financial statements and the two reports referred to later in this appendix to the Policy Council. References to the Advisory and Finance Committee in the laws administered by the Commission have been amended in favour of the Policy Council. The Policy Council is also responsible for the administration of the Control of Borrowing Ordinances. Individual officials of the Commission act for the Policy Council in matters requiring consent under the Ordinances.

The new Commerce and Employment Department, rather than the Policy Council, is responsible for overseeing company, trust and limited partnership law. Commission officials act for the Department in matters requiring action by the Commission under certain sections of the Companies (Guernsey) Law, 1994.

The Commission Law provides that the Commission shall consist of five members (Commissioners) elected by the States of Guernsey from

persons nominated by the Policy Council and appearing to it to be persons having knowledge, qualifications or experience appropriate to the development and supervision of finance business in the Bailiwick. The Chairman is appointed from amongst the Commissioners and is elected by the States following nomination by the Policy Council. The Vice-Chairman is appointed by the Commissioners.

There were 14 meetings of the Commissioners in 2003. The attendance of the individual Commissioners at these meetings was as follows:- John Hallam – 13, Leslie Priestley – 13, Nigel Carey – 14, Mel Carvill – 12, David Mallett (appointed February 2003) – 13.

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.

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 on the Commission's activities during the previous year to the Policy Council;
- any statutory functions which:-
 - (i) require the Commissioners to consider representations concerning a decision which they propose to take; or
 - (ii) empower the Commission to cancel, revoke, suspend or withdraw a licence, consent, registration, permission or authorisation (except where the cancellation, revocation, suspension or withdrawal is done with the consent of the person who is, or who is acting on behalf of, the holder of the licence, consent, registration, permission or authorisation); or
 - (iii) empower the Commission to petition for the winding-up of a body corporate.

The Commission must, as soon as possible in each year, make a report to the Policy Council on its activities during the preceding year. The Chief Minister shall, as soon as possible, submit that report for consideration by the States.

The Commission Law also provides that the Commission shall:-

- (a) keep proper accounts and proper records in relation to those accounts; and
- (b) prepare in respect of each year a statement of accounts giving a true and fair view of the state of affairs of the Commission;

and that the accounts of the Commission shall be:-

- (a) audited by auditors appointed by the States; and

(b) laid before the States.

The Commission includes a copy of its audited financial statements in the annual report to the Policy Council referred to above.

By virtue of a change to the Commission Law in 2002, the Commission must review in each year, by the appointment of appropriately qualified and independent professional persons or otherwise:-

- (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.

The Commissioners are required to satisfy themselves in connection with the conclusions of each review and provide the Policy Council with a separate annual report on the matters covered by it. The report for 2003 has been provided to the Policy Council.

In light of these additional responsibilities, the Commission's Audit Committee was renamed the Audit and Risk Committee and its role extended to cover oversight of the management of risk. The committee comprises Leslie Priestley (who is the committee's Chairman), Mel Carvill and David Mallett. Meetings are usually attended by the Director General, the Head of Finance and Operations and the Deputy Director (Policy and International Affairs) (who is the committee's secretary). The committee met four times in 2003.

A rolling programme of assessment against international regulatory standards has also been put in place. Under this programme the Commission's Deputy Directors annually review the self-assessments and day-to-day activities of one of the regulatory Divisions against the standards of the appropriate international body. The Deputy Director of the Division responsible for complying with the international standards does not participate in the assessment.

Two firms of specialist external consultants were appointed during the year to assist with the reviews of the Commission's non-regulatory internal audit and corporate governance standards and to ensure that the Commission is up-to-date with current expectations in these areas. The Commission is satisfied that it meets these expectations. The internal audit function will continue to be undertaken by a third party during 2004.

A Financial Industry Policy Advisory Group ("FIPAG") has been formed as part of the machinery of government changes. This Group is chaired by the Chief Executive of the States of Guernsey and includes the Director General of the Commission, the Attorney General, the Chief Officer of the Commerce and Employment Department and representatives of the Guernsey International Business Association.

FIPAG's principal responsibilities include:-

- considering and advising on policy emanating from government;
- developing and recommending high-level government policy in respect of the financial services industry;
- initiating specific proposals for consideration by government;
- considering and advising on proposed regulatory changes emerging from the Commission;
- considering the impact of all non-financial legislation on the financial services industry;
- assisting with consultations on initiatives impacting on the finance sector, including those emanating from international organisations; and
- enabling Guernsey to keep up-to-date with developments in other jurisdictions.

The following advisory groups, committees and working parties have assisted the Commission and the Guernsey Training Agency Limited with their work. Only current outside members are listed.

Closed-ended Fund Working Party

After the completion of its work, the working party was wound up in 2003

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

Company Law Reform Committee

Adv. Ian Kirk	Guernsey Branch of the Institute of Directors
John Loveless	SG Hambros Trust Company (Guernsey) Limited
Adv. William Simpson	Guernsey Bar
Adv. Diana Thompson	Channel Islands Stock Exchange
Mark Thompson	Guernsey Society of Chartered and Certified Accountants

Guernsey Insurance Forum

Vince Bray	Association of British Insurers
Sean Clancy	Loss Adjusters in Guernsey
Mark Colton	Channel Islands Actuarial Society
Paul Cutter	Guernsey Association of Pension Funds and Association of Guernsey Insurers
Mike Johns	Insurance Institute of Guernsey (Education Secretary)
Alex Lindsay	Association of Guernsey Insurance Brokers
Kevin Rye	Guernsey Insurance Company Managers Association
Chris Schofield	Association of Guernsey Insurance Brokers
Tamlyn Stone	Life Insurance Association
Paul Sykes	Insurance Institute of Guernsey
John Wills	Guernsey Association of Mutual Insurance Societies

Joint Money Laundering Steering Group

Keith Corbin	Guernsey Association of Trustees
Mark de Garis	Financial Intelligence Service
Robin Fuller	Guernsey Fund Managers Association
Adv. Simon Howitt	Guernsey Bar
Steve Le Page	Guernsey Society of Chartered and Certified Accountants
Shane Le Prevost	Association of Guernsey Resident Stock Brokers
Robert Moore	Guernsey International Business Association and Association of Guernsey Banks
Julian Parker	Guernsey Association of Compliance Officers

Ian Robinson	International Life Offices
Kevin Rye	Guernsey Insurance Company Managers Association
Chris Schofield	Association of Guernsey Insurance Brokers
Peter Symes	Association of Guernsey Banks
Sue Thornhill	MHA Consulting

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

Trust Law Review Committee

Adv. David Allison	Rothschild Trust Guernsey Limited
Adv. Ian Kirk	Collas Day
Professor Paul Matthews	University of London

The Director General of the Commission and the Chief Executive of the Guernsey Training Agency Limited 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.

Please refer to the Commission's website at www.gfsc.gg or contact the Banking Division for the up-to-date list of licensees.

**Institutions holding a banking licence at
31 December 2003**

Adam & Company International Limited
Ahli United Bank (UK) PLC – Guernsey Branch
Alliance & Leicester Commercial Bank plc
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. Ltd, 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 (Suisse) SA
Bristol & West International Limited
BSI (Channel Islands) Limited
C & G Channel Islands Limited
Cheshire Guernsey Limited
Clariden Bank (Guernsey) Limited
Close Bank Guernsey Limited
The Co-operative Bank p.l.c.
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 Eurobank Ergasias International (C.I.) Limited
EFG Private Bank (Channel Islands) Limited
EFG Private Bank SA (Guernsey Branch)
First Active Bank Channel Islands Limited
HSBC Bank International Limited
HSBC Bank plc
HSBC Republic Bank (Guernsey) Limited
HSBC Republic Private Bank (Suisse) SA
HSH Nordbank (Guernsey) Limited
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
N M Rothschild & Sons (C.I.) Limited
Northern Rock (Guernsey) Limited

Portman Channel Islands Limited
RBSI Custody Bank Limited, Guernsey Branch
Rothschild Bank Switzerland (C.I.) Limited
Royal Bank of Canada (Channel Islands) Limited
The Royal Bank of Scotland International Ltd, Guernsey Branch
Sabanci Bank (Guernsey) Limited
Schroders (C.I.) Limited
SG Hambros Bank & Trust (Guernsey) Limited
Skipton Guernsey Limited
Yorkshire Guernsey Limited

Please refer to the Commission's website at www.gfsc.gg 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 2003

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

Achates Services Limited

Achates Trust Limited
Cardinal 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

Alex Picot & Company Limited

Amex International Trust (Guernsey) Limited

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

Ansbacher Trust Company (Guernsey) Limited

Anka Limited
Ansbacher Portfolio Nominees (Guernsey) Limited
Fiduciary Services Limited
JG Nominees (Guernsey) Limited
JG Secretaries Limited
JG Trustees Limited
Perseus Limited
Plaiderie Corporate Directors One Limited
Plaiderie Corporate Directors Two Limited
Plaiderie Corporate Secretaries Limited
Polaris Limited
Sarnia Yachts Limited
Topaz Investments Limited

THE REGULATION OF FIDUCIARIES, ADMINISTRATION
BUSINESSES AND COMPANY DIRECTORS, ETC.
(BAILIWICK OF GUERNSEY) LAW, 2000 –
LICENSEES AND APPLICANTS

Anson Fund Managers Limited

Anson Custody 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

AUB Trustees (Guernsey) Limited

Bachmann Trust Company Limited

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

Balchan Management Limited

Anchor Trust Company (Guernsey) Limited
Balchan Directors Limited
Balchan Nominees Limited
Balchan Secretaries Limited

Bank Hofmann Trustees Limited

Clariden Trust (Guernsey) Limited

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

Barclays Bank PLC

Barclays Nominees (Guernsey) Limited

Barclays Private Clients International Limited

Baring Trustees (Guernsey) Limited**Bartholomew Trust Company Limited**

Bartholomew Nominees Limited

BCL Trust Company (Guernsey) Limited**BDO Guernsey International Management Limited**

BDO Guernsey Trustees Limited

Bermuda Trust (Guernsey) Limited

First Somers (Guernsey) Limited

Second Somers (Guernsey) Limited

Betty & Dickson Trustees Limited**BGL Reads Group Limited**

Bajan 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

Commerce House Trustees Limited

Cosign Limited

Cosign Nominees Limited

Cosign Services Limited

Intertrust (Guernsey) Limited

JSH Services 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 Lince Salisbury Limited

Avenue Partners Limited

Avenue Trust Company Limited

Lince Muller

Lince Salisbury

Rose Garden Limited

Blenheim Fiduciary Group Limited

Blenheim Management Services Limited

Blenheim Trust Company Limited

Kensington Nominees Limited

Lambeth Nominees Limited

Westminster Nominees 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

BWCI Pension Trustees Limited

CA Fiduciary Services Limited

CA Nominees Limited

Cannon Asset Management 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 Olsen Trust Company (Guernsey) Limited

Carey Olsen Administration Support Services Limited

Carey Olsen Commercial Services Limited

Carey Olsen Pension Administration Services Limited

Carey Olsen Pension and Benefit Trustees Limited

C.L. Directors Limited

C.L. Nominees Limited

C.L. Secretaries Limited

M.C. Trustees Limited

Scholer Nominees Limited

Chamberlain Heritage Services Limited

Chamberlain Trustees Limited

Chandler Backer Fiduciaries Limited

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

Charter Trust Company Limited

Azure Limited
 Charter Management Limited
 Interco Services Limited

CIIC – Sogecore Insurance Managers Limited

Tactillum Limited

Close Trustees Guernsey Limited

Admiral Directors Limited
 Director Services (Guernsey) Limited
 Landmark Directors Limited
 Trafalgar Nominees Limited
 Victory Nominees Limited
 Viscount Trustees Guernsey Limited

Cogent Limited

Damont Limited
 Forein Limited
 Jolicot Limited

Confiance Limited

CCD Alpha Limited
 CCD Beta Limited
 CN Alpha Limited
 CN Beta Limited
 Consec Limited

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

Alderney Trustees Limited
 Anchor Nominees (Alderney) Limited
 Busby Nominees (Alderney) Limited
 Channel Nominees (Alderney) Limited
 Duncan Nominees (Alderney) Limited
 Frank Nominees (Alderney) Limited
 Giffoine Limited
 Huret Limited
 Ingot Limited

Coutts (Guernsey) Limited

Citron Limited
 Corpshare Limited
 Coutts Guernsey Nominees Limited
 Rouge Limited
 Vert Limited

Credit Suisse Trust Limited

Brock Nominees Limited
 Carentan Investments Limited
 Court Administration Limited
 Credit Suisse Trust Limited – Isle of Man
 Fundamentum Limited
 Keynedon Trustees Limited
 Kiloran Trust Company Limited
 Leeward Nominees Limited
 Primary Management Limited
 Prism Management Limited
 Swiss Nominee Services Limited
 Tenby Nominees Limited
 Touraine Trust Company Limited
 Viribus Nominees Limited
 Waterfront Securities Limited

Crossways Trustees Limited

REC Services Limited
 Standfast Limited

Deutsche Bank International Trust Co. Limited

DBMG Trust Company Limited
 Deutsche Bank (Cayman) Limited
 Deutsche Bank International Trust Co. (Cayman) Limited
 Deutsche Bank International Trust Co. (Jersey) Limited
 Deutsche Bank Investments (Guernsey) Limited
 Deutsche Bank Nominees (Guernsey) Limited
 Deutsche Bank Trustee Services (Guernsey) Limited
 Deutsche International Trust Corporation (C.I.) Limited
 Deutsche International Trustee Services (C.I.) Limited
 Deutsche Transnational Trustee Corporation Inc
 Ironshore Management Limited
 Regula Limited
 Trevona Limited

de Vernon Group SA

de Vernon Holdings Limited
 de Vernon Limited
 de Vernon Secretaries SA
 de Vernon Trustees Inc
 JC Brannam Inc
 LJ Willis Inc

Dixcart Trust Corporation Limited

Dixcart Financial Services Limited
 Dixcart Management Limited
 Dixcart.Net Limited
 Mayfield Trustees Limited
 Savannah Management Limited
 Yates Management Limited

EFG Private Bank (Channel Islands) Limited

Castle Court Protectors Limited
 Dallington Holdings Limited
 PB Nominees (Guernsey) Limited
 Strategic Asset Management Limited

Equity Trust (Guernsey) Limited

Aldgate Trust Company Limited
 Amarado Limited
 Barsac Company Limited
 Birchtown Limited
 Bishopsgate Nominees Limited
 Caravel Management Limited
 GCI Management Limited
 Kimali Services Limited
 Leadenhall Nominees Limited
 Leadenhall Services Limited
 Leadenhall Trust Company Limited
 Moultrie Investments Limited
 Oldwick Holdings Limited
 Powerforce Inc
 Riverdale Europe S.A.
 Threadneedle Services Limited
 Tower Secretaries Limited

F Haskins & Co.

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

Fairbairn Trust Company Limited

BoE Trust Company Limited
 FRT Directors Limited
 FRT Secretarial Limited
 NCS Nominees Guernsey Limited
 NIB International Trust Company Limited
 Spectrum Nominees Limited

Federal Trust Company Limited

Federal Trust Corporation Limited

FIFO Trust Limited

FIFO Limited
 OTC Limited
 OTC Services 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
 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
 Technical Services (Overseas) Limited
 Tredoric Limited
 Whitecourt Holdings Limited
 Whitestone Holdings Limited
 Wingrave Limited

Guernsey International Trustees Limited

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

Guernsey Trust Company Limited

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

Haines Watts (CI) Limited

HW Trust Company Limited

Hamilton Trustees Limited

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

Hansard Management Services Limited

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

Harbour Trustees Limited

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

Haven Trustees Limited

Century Limited
 Century Management Limited
 Century Nominees Limited

Heath Lambert Insurance Management (Guernsey) Limited**Heritage Fiduciaries Limited**

Adelphi Limited
 Anglo Secretaries Limited
 Anglo Services 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 Enterprises Limited

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

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

ILS (Isle of Man) Limited

The ILS Group Limited

Indosuez Trust Services Limited

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

International Private Equity Services Limited

IPES Trustees Limited

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

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

Iron Arm Limited

Iron Arm Nominees Limited
 Iron Arm Secretaries 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
 Dominion Limited
 Dorchester Limited
 Sarum Limited
 Shaftesbury Limited

Kingston Management (Guernsey) Limited

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

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 Limited
 Orbis Trustees Guernsey (1997) 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 (MRL) Limited
 Legis Nominees Limited
 Legis Trust Limited
 Nomos Trustees Limited

Ovaco Limited
 Ovalap Nominees Limited
 Second Ovalap Limited
 Sixth Ovalap Limited
 Third Ovalap Limited

Leopold Joseph Trust Company (Guernsey) Limited

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

Lloyds TSB Offshore Private Banking (Guernsey) Limited

Hill Samuel (Guernsey) Management Limited
 Hill Samuel (Guernsey) Services Limited
 Hill Samuel Offshore Trust Company Limited
 LBI Finanz Anstalt

Louvre Fiduciary Group Limited

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

m3 Trustees Limited

Galdana Limited

Man Fund Management (Guernsey) Limited**Marlborough Trust Company Limited**

Marlborough Nominees Limited
 Marlborough Secretaries Limited

Marsh Management Services Guernsey Limited**Marshall Secretarial Services Limited****Mayfair Trustees Limited****MeesPierson (C.I.) Limited**

Argenta Limited
 Athos Group Limited
 Court Trust Company Limited
 Creighton Services Limited
 Holme Head Limited
 Lexus Service Corporation Limited
 Lexus Services Limited
 Lotus Trust Company Limited
 MeesPierson Management (Guernsey) Limited
 MeesPierson Nominees (Guernsey) Limited
 Porthos Group Limited
 Stocksfield Limited

Mentor Trust Limited

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

Mercator Trust Company Limited

Anson Limited
Arbuthnot Trust (Guernsey) Limited
AT Nominees Limited
Cabot Limited
Chrisalis Trustees (Guernsey) Limited
Dewsbury International Limited
Exchange Services Limited
First Alliance Trust (Guernsey) Limited
Isis Fiduciary Corporation
Mercator Finance and Guarantors Limited
Mercator Management Services Limited
Mercator Nominees Limited
Mercator Secretaries Limited
Mercator Trustees Limited
MRG Services Limited
Ormond Limited
Pearson Fraser Consulting Limited
Pearson Fraser Limited
Saints Bay Trust Company Limited
Winslow Secretaries Limited

Merlin Group Securities Limited

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

Moore Stephens

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

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

NMT Trustees Limited

NMT Investments Limited

Norcosse Bell International Trustees Limited**Nordben Pension Trustees Limited****Oak Trust (Guernsey) Limited**

Oak Nominees Limited
Oak Secretaries Limited

Ogier Trustee (Guernsey) Limited

Golem Limited
Melog Limited
Vincentia Limited

Optimum Risk Research (International) Limited**Opus Fiduciary Services Limited**

Opus Management Limited
Opus Nominees Limited
Opus Trustees Limited

PA Trust Limited**Parkway Administration (Guernsey) Limited****Perfitts Limited****Perkins Trustees Limited**

Albany Secretarial Services Limited

PG Trustees Limited

PG Nominees Limited

Pont Street Trustees (Guernsey) Limited**Praxis Fiduciaries Limited**

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

Quill Trust Company Limited

BLP Trust Limited
Hirzel Management Limited

Rabobank Trust Company Guernsey Limited

Boar Nominees Limited
Rabobank Secretaries Guernsey Limited

Rawlinson & Hunter Limited

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

RBC Trustees (Guernsey) Limited

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

RBSI Trustee Services (Guernsey) Limited

Rock Nominees Limited
Roygen Nominees Limited
Royvest Nominees Limited

Rhine Trustees Limited**Rosetrust Limited**

Rosetrust Nominees Limited

Rothschild Trust Guernsey Limited

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

Safehaven International Limited

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

Saffery Champness Management International Limited

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

Saltire Trustees (Overseas) Limited

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

Sarnia Management Corporation Limited

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

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

Schroder Corporate Services (C.I.) Limited

Seamark Trust Company (CI) Limited

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

S G Hambros Trust Company (Guernsey) Limited

CDS International Limited
HTG Limited
TNS Services Limited

Sphere Management Limited

Sphere Holdings Limited
Sphere Trustees Limited

St Anne's Holdings Limited

Expert Holdings Limited
Freestar Directors Limited
Freestar Nominees Limited
Freestar Trustees Limited
Mayfair Nominees 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
Kameron Securities Limited
Kerryhead Limited
Lutine Services Limited
Management International Limited
Mardek Limited
Marjorie Securities Limited
Martin Securities Limited
St Peters Securities Limited

Stellar Holdings Limited**Stenham Gestinor Trustees Limited**

Aldenham 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

Trinity Trust Company Limited

Atlantic Services Limited
Ocean Services Limited
Orient Services Limited
Pacific Services Limited
Trinity Management Limited

Trust Corporation of the Channel Islands Limited

Private & Corporate Trustees Limited
TCCI Nominees Limited
TCCI Secretaries Limited

Trust Management (Alderney) 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 Group Limited
Walbrook Nominees (No 5) Limited
Walbrook Nominees (No 6) Limited
Walbrook Nominees (No 7) Limited

Weighbridge Trust Limited

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

Willcox & Co. (Guernsey) Limited

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

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

Carandale Limited
Enchante S.A.
Peregrine 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 2003

Allen, Mrs Pauline Angela
 Allez, Geoffrey William
 Atkinson, Peter John Granville
 Babbé, Richard Peter
 Betley, Timothy John
 Boerenbeker, Robert John Louis
 Bound, Christopher John
 Bulpitt, Wayne
 Carey, Nigel Thomas
 Clark, Russell
 Cole, Mrs Bertha Helen
 Collas, Richard John
 Cormack, Robert Christopher
 de Carteret, Simon Boyd
 Durham, Leonard William
 Eades, Michael John Seymour
 Elmont, Miss Julie Louise
 Evans, Rupert Arthur Rees
 Evelt, John Gordon Jesse
 Falle, Mrs Patricia Louise Erskine
 Gomoll, Stefan
 Grange, Anthony Robert
 Hall, Anthony Arthur
 Hallam, John Edward
 Harlow, Stephen John
 Hayes, John Anthony
 Henderson, Timothy James
 Hodson, Peter Michael Charles
 Kirk, Ian Michael
 Kowenicki, Richard Alexander
 Lainé, Stephen Andrew
 Langlois, John Emile
 Le Blanc, Anthony
 Le Blanc, Mrs Christine Elizabeth
 Leopard, Adrian John
 Lloyd, Ms Jacqueline Susan
 Loveridge, John Leonard
 May, Andrew Colin
 Misselbrook, Deryck Keith
 Mollett, Charles Sylvester
 Morris, William Russell
 Palmer, Patrick Michael Anthony
 Perfitt, Angus John
 Perrot, Roger Allan
 Radford, Gordon Nelson
 Shepherd, Robert George
 Taylor, Harry
 Tostevin, Nicholas John Mann
 Whitford, Richard Henry
 Wilson, Michael John
 Wright, Winston Thomas Patrick

The following persons with existing businesses 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 finally been determined. If you are in any doubt over whether a person is authorised to carry on fiduciary activities by way of business, please refer to the Commission's website at www.gfsc.gg or contact the Fiduciary Services and Enforcement Division.

Applicants for a full fiduciary licence at 31 December 2003

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

Castle Company Management LLC

Claridges Trustees Limited

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

Clifton Services Limited

Eurolink (C.I.) Limited

Cornèr 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

Globe Nominees Limited

Goldcrest Management Services Limited
 Trust Corporation (Alderney) Limited
 Weald Nominees 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 – Ireland
Secretary Limited
St Paul's Trust Company Limited

Randell & Loveridge**Securities Group Corporation Limited****Trinity Court (Management) Limited****Applicants for a personal fiduciary licence at
31 December 2003**

Couldridge, Mrs Caragh Anntoinette
Couldridge, Simon Ashley
Donnelly, John Trevor Greer
Sandle, Martin John
Veillard, Brian Eugene
Williams, Paul Joseph

Please refer to the Commission's website at www.gpsc.gg or contact the Insurance Division for the up-to-date list of licensees.

Domestic insurers registered at 31 December 2003

Ancient Order of Foresters Friendly Society
AXA General Insurance Limited
AXA Insurance UK plc
Britannic Assurance plc
Britannic Unit Linked Assurance Limited
The British United Provident Association Limited
CGNU Life Assurance Limited
CGU Insurance plc
CGU International 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
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 Company Limited
Police Mutual Assurance Society Limited
The Prudential Assurance Company Limited
Royal & Sun Alliance Insurance plc
Royal Liver Assurance Limited
The Royal London Mutual Insurance Society Limited
Scottish Boiler & General Insurance Company Limited
Scottish General Insurance Company Limited
Stonebridge International Insurance Limited

International insurers registered at 31 December 2003

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
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
Alsecure Insurance PCC Limited
Amadis Insurance Company Limited
Amco Insurance Company Limited
Amersham Insurance Services Limited

Amey Insurance Company PCC Limited
ANC Rental Corporation (Insurances) Limited
Arcadian Guernsey Limited
Archer Insurance Limited
Arisis Limited
Arjo Wiggins Appleton Insurance Limited
Ark Re Limited
Arla Insurance (Guernsey) Limited
Arnold Clark Insurance Limited
Arriva Insurance Limited
Ascot Underwriting Limited
Assay Insurance Services Limited
Atel Re 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
Barclays Insurance Guernsey PCC Limited
Batavia Insurance Limited
BBP (PCC) Insurance Limited
BDO Insurance Limited
Bee Insurance Limited
Belaire Insurance Company Limited
Belgrave Insurance PCC Limited
Belvoir Insurance Company Limited
Berkeley Berry Birch Insurance Company Limited
BH Insurance Limited
BIFA Mutual Insurance Company Limited
BLG Insurance Limited
Blue Swift Legal Insurance Services Limited
B M (Insurance) Limited
Bonaventure Insurance Company Limited
Bouverie Insurance Limited
Brecon Insurance Company Limited
Britsafe Insurance Services (Guernsey) Limited
Broom Insurance Company Limited
Brownstone Insurance (Guernsey) Limited
Brunel Insurance Services Limited
B S Insurance Limited
Buchanan Insurance Company Limited
Bulbourne Insurance Services Limited
Bulldog Insurance Company Limited
Burnaby Insurance (Guernsey) Limited
The Burnhill Insurance Company Limited
Butterfield Insurance (Guernsey) PCC Limited
Capita Group Insurance Company Limited
Capita Insurance Company Limited
Capstan Insurance Company Limited
Carfax Insurance Limited
Carfax Personal Lines Insurance PCC Limited
Carmelite Insurance Limited
Castle Insurance Limited
The Catholic National Mutual Limited

Caversham Insurance Limited	Flightform Insurance Limited
CBS Insurance Limited	Fortum Insurance Limited
Cellulose Insurance Limited	Franchisees Reinsurance and Insurance Enterprise Services Limited
Censure Insurance Company Limited	Friars Street Insurance Limited
Channel Life PCC Limited	Friary Court Insurance PCC Limited
Chepstow Insurance Limited	Friends Provident Life and Pensions Limited
CHG Insurance Limited	Fruitcover Limited
City and Commercial Insurance Company Limited	Fulmar Finance & Insurance Limited
City & Provincial Insurance (PCC) Limited	Fulwood Insurances Limited
Clarges Insurance Limited	Furnival Insurance Company Limited
Clerical Medical Investment Group Limited	Gamond Insurance Company Limited
CMP Insurance Limited	Garlan Insurance Limited
Coborn Insurance Company Limited	GCF Insurance Limited
Colins Limited	G E Mortgage Insurance Guernsey Limited
Colonnade Reinsurance Limited	Geberit Reinsurance Limited
Congressional Reinsurance Company (PCC) Limited	Geest (Guernsey) Limited
Connaught Insurance Company Limited	Generali International Limited
Consolidated Provident Insurance PCC Limited	Generali Worldwide Insurance Company Limited
Constantia Insurance Company (Guernsey) Limited	Global (Guernsey) Limited
Continental Indemnity Limited	Goitre Insurance Company Limited
Continuum Insurance Company PCC Limited	Goldsmiths Insurance Limited
Contrex Insurance Limited	Grafton Limited
Converium PCC Limited	Grange Insurance Company Limited
Cornhill Insurance (Guernsey) Limited	Guardian Shield Insurance Limited
Cowick Insurance Services Limited	Haldan Indemnity Limited
Cronors Insurance Limited	Hannover Re (Guernsey) PCC Limited
Crystal Insurance Company Limited	Harbour Insurance PCC Limited
Curzon Insurance Limited	Harlequin Insurance PCC Limited
The Delphic Insurance Company Limited	Hauteville Insurance Company Limited
Delta Insurance Limited	HBOS Insurance (PCC) Guernsey Limited
Derwent Insurance Limited	Headrow Reinsurance Limited
DLG Insurance Limited	Heritage Insurance PCC Limited
DMG Insurance Limited	Heritage Motor Vehicle Insurance Limited
Dove Insurance Company Limited	Heron Insurance Company Limited
Drummonds Insurance PCC Limited	Highland Reinsurance Limited
Eachairn Insurance Limited	Hinton Insurance Limited
Eakring Insurances Limited	Hiscox Insurance Company (Guernsey) Limited
Eastwood Insurance Company Limited	HJM Insurance Company Limited
Elecrent Insurance Limited	Home Finance Guarantors (Insurance) Limited
Electricity Producers Insurance Company Limited	HSBC Insurance (Guernsey) Limited
Environmental Insurance (Guernsey) Limited	HSBC Insurance PCC Limited
Euclidian Insurance PCC Limited	HSBC Insurance SPC Limited, Guernsey Branch
European Credit and Guarantee Insurance PCC Limited	HSBC Republic Reinsurance (Guernsey) Limited
European Life (Channel Islands) Limited	Hugo Re Limited
European Reinsurance (Guernsey) Limited	Iberia Reinsurance PCC Limited
Exel Insurance Limited	Ibex Reinsurance Company Limited
Fairfax Insurances Limited	IM Insurance Company Limited
Fairway Insurance Limited	The Independents' Advantage Insurance Company Limited
Fanum Reinsurance Limited	Inno Cap Insurance PCC Limited
Farmers Re Limited	Inreska Limited
Farringdon Insurance Company Limited	Inter-European Insurance Company Limited
Felcourt Insurance Company Limited	International Insurance & Guarantee Company Limited
Field Insurance Limited	International Movers Mutual Insurance Company Limited
Financial Insurance Guernsey PCC Limited	Interserve Insurance Company Limited
Finistere Life Assurance Company Limited	IPR Insurance Company Limited
First Century Insurance Limited	Ispat International Insurance Company Limited
The First Saxon Insurance Company Limited	Jancap Insurance PCC Limited

JCB Insurance Company Limited
 JLC Insurance Company Limited
 JLP Insurance Limited
 Jupiter Insurance Limited
 K2 Insurance Limited
 Kingsmill Insurance Company Limited
 Kirkstone Insurance Limited
 Kopinsure Limited
 Korin Insurance Limited
 La Coupe Insurance PCC Limited
 Laing O'Rourke Insurance Limited
 Lawgram Insurance Limited
 Le Meridien Insurance Company Limited
 Leaside Services (Guernsey) Limited
 Les Minquiers Limited
 Leumi Re Limited
 Lignin Insurance Company Limited
 Lincolnshire Insurance Company PCC Limited
 LINPAC Insurance Company Limited
 Lloyds TSB Bank Insurance Company Limited
 Lochside Insurance Limited
 Lombard International PCC Limited
 London Power Insurance Limited
 London Transport Insurance (Guernsey) Limited
 Lothbury Insurance Company Limited
 M3 Capital Assurance PCC Limited
 Mainstay Insurance Limited
 Mainstay Limited
 Malcolm Insurance (Guernsey) Limited
 Mallory Insurance Services PCC Limited
 Managed Risk Insurance PCC Limited
 Mannequin Insurance PCC Limited
 Manzillo Insurance (PCC) Limited
 Marble Insurance Limited
 Marconi Insurance Limited
 Markfield Insurance Company Limited
 Maxfort Insurance Limited
 MDDUS Insurance Limited
 MDU Insurance Limited
 The Meadows Indemnity Company Limited
 Messenger Insurance PCC Limited
 Metso Captive Insurance Limited
 MHACE Insurance Company Limited
 Michaelangelo Insurance Limited
 Mid-Pacific Reinsurance Company Limited
 Mill Stream Insurance Limited
 Minorities Insurance Company Limited
 Misys Group Insurance Limited
 Mithras Insurance Limited
 MITIE Reinsurance Company Limited
 Momentum Group Limited, Guernsey Branch
 Momentum International Insurance PCC Limited
 Moorfields Insurance Company (Guernsey) Limited
 Morse Insurance Company Limited
 Mountgrave Insurance Limited
 M.S. Insurance Limited
 M.S. Insurance L.P.
 M.S. Insurance II L.P.
 Mutual Indemnity (Bermuda) Limited, Guernsey Branch
 National Express Guernsey Limited
 N B Insurance Guernsey Limited
 Network Rail Insurance Limited
 Newport Re Limited
 New World Insurance Company Limited
 NGT Insurance Company (Guernsey) Limited
 Nightingale Insurance Limited
 Nisshin Insurance Guernsey PCC Limited
 Nordben Life & Pension Insurance Company Limited
 Northern Foods Insurance Limited
 Northern Rock Mortgage Indemnity Company Limited
 Northside Insurance Company Limited
 Norton Waverley Insurance PCC Limited
 Norwich Union Life & Pensions Limited
 Nova Insurance Limited
 Oakdale Insurance Company Limited
 O.C.S. Insurance (Guernsey) Limited
 Octavian Insurance Company Limited
 Old Mutual International (Guernsey) Limited
 Old Mutual Life Assurance Company (South Africa) Limited,
 Guernsey Branch
 Onbeach Insurance Limited
 Onestop Insurance Limited
 Orchid Insurance Limited
 Ortac Aviation Syndicate
 Osiris Marine and General Insurance Company Limited
 Parallel Insurance Services Limited
 The Patriot Insurance Company Limited
 Peninsula Insurance Limited
 Penningtons Insurance Limited
 Pentagram International Insurance Company Limited
 Peterborough Insurance PCC Limited
 Peter Cox Insurance Company Limited
 PHG Insurance Limited
 Pi Underwriting Limited
 Pilkington Insurance Limited
 Polygon Insurance Company Limited
 Pontifact Insurance Services Limited
 Portland Insurance Company Limited
 Porton Underwriting Limited
 Portway Insurance PCC Limited
 Postcap Guernsey Limited
 Premium Life International Limited
 Premium Securities (Bermuda) SAC Limited, Guernsey Branch
 Princess Management and Insurance Limited
 Prospect Underwriting Limited
 Protector Insurance Limited
 Provident International Credit Guarantee Company Limited
 Provident Reinsurance Limited
 Qinetiq Insurance PCC Limited
 Queen Street Mutual Company PCC Limited
 Rank Insurance Limited
 R B Insurance Limited
 Reigndei Limited
 Remus Limited

Renishaw Finance and Insurance (Guernsey) Limited
RIL Insurance Limited
Risk Underwriting (Guernsey) Limited
The Rock Company Limited
Romulus Limited
Roughton Insurances Limited
Royal & Sun Alliance Life & Pensions Limited
Royal & Sun Alliance Linked Assurances Limited
Rutherford Indemnity Limited
Rutland Insurance Limited
Sabre Insurance Company Limited
Sandringham Insurance Limited
Sarnia Insurance Company Limited
Saxon Insurance Company 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
Shield Insurance Company (Guernsey) Limited
Sixt Insurance Services PCC Limited
S L Insurance Limited
S.M. Insurance (Guernsey) Limited
SM Re Limited
Soteria Insurance Limited
Southon Insurance Company Limited
SPG Insurance Company Limited
St James's Insurance Limited
Stapleford Insurance Company Limited
Sure-ha International Limited
Talisman Guernsey Limited
Tayside Reinsurance Limited
TDG Insurance Limited
The Temple Insurance PCC Limited
Tempsford Insurance Company Limited
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
Topi Insurance Company Limited
Topsail Insurance Company Limited
Trans-European Insurance Limited
Travel Managers Insurance Company Limited
Unic Insurance Limited
United Insurance Company PCC Limited
United Life & Health Insurance Company Limited
Universal Insurances PCC Limited
Viceroy Insurance Company Limited
Vodafone Insurance Company Limited
Voyager Insurance Company Limited
Vulcan Insurance PCC Limited
Weightman Vizards Insurance Limited
West House Insurance Limited
White Rock Insurance Company PCC Limited
White Rock Prefic Insurance PCC Limited
White Summit Insurance Limited
Whitehall 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
WPD Insurance Limited
Wright Group Insurance Limited
W.S. Atkins Insurance (Guernsey) Limited
Yealme Insurance Limited
Yorksafte Insurance Company Limited

Please refer to the Commission's website at www.gpsc.gg or contact the Insurance Division for the up-to-date list of licensees.

Insurance managers authorised at 31 December 2003

Unrestricted

AIG Insurance Management Services (Guernsey) Limited
Alternative Risk Management Limited
AON Insurance Managers (Guernsey) Limited
Assicurazioni Generali (Insurance Managers) Limited
BWCI Insurance Management Limited
CIIC-Sogecore Insurance Managers Limited
Griffiths & Armour Captive Management Limited
Heath Lambert Insurance Management (Guernsey) Limited
HSBC Insurance Management (Guernsey) Limited
IAS (Guernsey) Limited
Insurance Corporation Service Company Limited
Investec Bank (Channel Islands) Insurance Management Services Limited
JLT Risk Solutions (Guernsey) Limited
Le Marchant Underwriting Management Limited
Marsh Management Services Guernsey Limited
Normandie Risk Management Limited
Optimum Risk Research (Channel Islands) Limited
Polygon Management Limited
Prism Insurance Management Limited
Risk Management Limited
Sartor Resources Limited
Sinser (Guernsey) Limited
Thomas Miller Risk Management (Guernsey) Limited
Willis Management (Guernsey) Limited

Restricted

Anfré Underwriting Agency Limited, restricted to managing:-
Heritage Insurance PCC Limited
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 Limited, 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 2003

A.J.R. Brokers
Alexander Forbes Channel Islands Limited
Anthony K Falcon Limited
Anthony Le Blanc & Partners
Argus Insurance Brokers Limited
Argyll Investment Services Limited
Association of Guernsey Travel Agents
Bank of Bermuda (Guernsey) Limited
Birch Insurance Brokers Limited
BSI (Channel Islands) Limited

Canivet Webber Financial Services Limited
Capital Solutions Limited
Channel Financial Services (Guernsey) Limited
Channel Insurance Brokers Limited
Cherry Godfrey Insurance Services Limited
Clarity Financial Limited
Clegg Gifford & Co Limited trading as CG Arrow
De Beauvoir (C.I.) Financial Consultants Limited
Doric Insurance Brokers Limited
FirstCity Insurance Company Limited
Fort Financial Services Limited
Goldridge Stone Limited
Guernsey Financial Consultants Limited
Heath Lambert Insurance Brokers (Guernsey) Limited
Hepburns Insurance Limited
HSBC Bank International Limited
HSBC Bank plc
The Islands' Insurance Brokers Limited
The Islands' Insurance Company Limited
Kensington Wealth Management S.a.r.l
Kraken Insurance Advisors Limited
Lloyds TSB Bank (Guernsey) Limited
Lloyds TSB Insurance Services Limited
Lloyds TSB Offshore Limited
Marsh Financial Services (Guernsey) Limited
Miller Insurance Services Limited
NetworkDirect Limited
Nova Financial Services Limited
Oracle Financial Services (Guernsey) Limited
Pentagon Insurance Brokers Limited
Principal Financial Limited
R A Rossborough (Guernsey) Limited
Rossborough Financial Planning Limited
Rossborough Healthcare International Limited
Ross-Gower Group Limited
The Royal Bank of Scotland International Limited
SG Hambros Bank & Trust (Guernsey) Limited
Sonecho Wealth Management Limited
SPS Wellbeing Limited
St James Global Limited
Tower Finance Limited
Trinity Court Agencies
Woodlock Financial Services

Please refer to the Commission's website at www.gpsc.gg or contact the Investment Business Division for the up-to-date list of licensees.

Designated trustees/custodians at 31 December 2003

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
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 2003

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
IFS Investments Limited
Insight Investment Management (CI) Limited
International Administration (Guernsey) Limited
Investec Asset Management Guernsey Limited
Kleinwort Benson (Guernsey) Fund Services Limited
Management International (Guernsey) Limited
Man Fund Management (Guernsey) Limited
Mourant Guernsey Limited
Old Mutual Fund Managers (Guernsey) Limited
Royal Bank of Canada Offshore Fund Managers Limited
Walbrook Fund Managers Limited

Principal managers at 31 December 2003

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

Concord Misr Investments (Guernsey) Limited
Consulta (Channel Islands) Limited
Convivo Guernsey Limited
Copernicus Asset Management Limited
Credit Suisse Asset Management (Guernsey) Limited
Cypresstree International Fund Management Company Limited
Dantrust Management (Guernsey) Limited
Delphi Asset Management (Guernsey) 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
Intrinsic Asset Management (Guernsey) 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
Long-Invest Capital Limited
M3 Capital Management (Guernsey) Limited
M & G (Guernsey) Limited
Merchbanc Management (Guernsey) Limited
Merrill Lynch International Capital Management (Guernsey) Limited
MIO Partners (Guernsey) Limited
Montier Asset Management Limited
Morley Fund Management (Channel Islands) Limited
MSG & Partners (CI) Limited
NBAD Fund Managers (Guernsey) Limited
Nemrod Management Limited
Paragon Asset Management Limited
Partners Asset Management Limited
Port Fund Managers (Guernsey) Limited
Private Fund Managers (Guernsey) Limited
PSG Fund Management (CI) Limited
Sarasin Funds Management (Guernsey) Limited
Saudi American Fund Management (Guernsey) Limited
Savoy Fund Managers (Guernsey) Limited
SC Invest Holding (Guernsey) Limited
Schroder Investment Management (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
 Warwick Asset Management (Channel Islands) Limited
 WestLB Guernsey Limited

Licensed investment exchange at 31 December 2003

Channel Islands Stock Exchange, LBG

Other licensees at 31 December 2003

Abacus Financial Consulting Limited
 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 G.P. (Guernsey) L.P.
 Alchemy Partners (Guernsey) Limited
 Alexander Forbes (C.I.) Limited
 Annington Management Services (Guernsey) Limited
 Ansbacher (Channel Islands) Limited - Guernsey Branch
 Ansbacher Investment Management (C.I.) Limited
 Anson Custody Limited
 Anson Registrars Limited
 Apax Europe IV GP Co. Limited
 Apax Europe V GP Co. Limited
 A.P. Financial Investment Services Limited
 Argyll Investment Services Limited
 Ascari Financial Services Limited
 Asset Risk Consultants Limited
 Atlantis Fund Management (Guernsey) Limited
 AUB General Partner (Guernsey) Limited
 Aviva Funds International Limited
 Baden-Württembergische Bank AG
 Balchan Management Limited
 Banca Monte dei Paschi (Channel Islands) Limited
 Banco Santander Central Hispano (Guernsey) Limited
 Bank Julius Baer & Co Ltd - 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 Fund Managers II Limited
 Baring Asia (GP) 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 Vostok Capital Partners Limited
 Baring Vostok Fund Managers Limited
 Barton Management Limited
 BCEA Advisers Limited

BCEE Advisers Limited
 BCEF (GP) Limited
 Berrington Fund Management 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 Management Limited
 BPEP Management Limited
 Bracken Partners Investments Channel Islands Limited
 BrainHeart General Partner Limited
 Brewin Dolphin Securities Limited
 BS Investments Limited
 BS Investments 2 Limited
 BS Partners Limited
 BSI (Channel Islands) Limited
 Butterfield Management Services (Guernsey) Limited
 Butterfield Trust (Guernsey) Limited
 Caldwell Associates Limited
 Cannon Asset Management Limited
 Capita IRG (CI) Limited
 Capita Trust Company (CI) Limited
 CapMan (Guernsey) Limited
 Carey Olsen Administration Support Services Limited
 Carey Olsen Trust Company Limited
 Castalia Partners Limited
 Castle Management (Guernsey) Limited
 CBI Finance Limited
 CEP Investment Administration Limited
 Channel Financial Services (Guernsey) Limited
 Channel Islands Fund Services Limited
 CIE Management II Limited
 CIS Unit Managers Limited
 Citadel International Wealthcare Limited
 Clariden Bank (Guernsey) Limited
 Clariden Trust (Guernsey) Limited
 Close Asset Management Guernsey Limited
 Close Asset Management Jersey Limited – Guernsey Branch
 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
 Coutts (Guernsey) Limited
 CQS International Limited
 Credit Suisse First Boston Guernsey Branch
 Credit Suisse Guernsey Branch
 Credit Suisse International Services Limited
 CSFB IGP Guernsey Branch
 CSFB LP Holding Guernsey Branch
 Cygnus Venture Partners (Guernsey) Limited
 D.A.H. Hambros Bank (Channel Islands) Limited
 Dalton Capital (Guernsey) Limited
 Dawnay Day Milroy Limited
 De Putron Fund Management (Guernsey) Limited

Deloitte & Touche Private Client Advisors International Limited	Heritage Fund Managers Limited
Deutsche Bank International Limited	Heritage Trust Limited
Deutsche Bank Investments (Guernsey) Limited	HFT (Guernsey) Limited
Dexion Capital (Guernsey) Limited	HL General Partner V Limited
DFD Capital Limited	HLSP Investment Management II Limited
Dixcart Trust Corporation Limited	HLSP Investment Management III Limited
Duke Street Capital Services Limited	HSBC Bank International Limited
DWS Investment Funds Limited	HSBC Investment Management (International) Limited
EarlyBirdCapital Management Limited	HSBC Republic Trust Company (Guernsey) Limited
EEP Managers Limited	Indosuez Administration Services Limited
EFG Private Bank (Channel Islands) Limited	Industrial Development & Investment Limited
EFG Private Bank S.A. (Guernsey Branch)	ING Real Estate (Guernsey) Limited
Electra European Fund (GP) Limited	ING RPI Management Limited
Emerald Management Limited	ING UK Property Income (General Partner) Limited
Endeavour G.P. (Guernsey) Limited	ING UK RF Management Limited
EQT Mezzanine Limited	INNKAP 3 General Partner Limited
EQT Northern Europe Limited	International Asset Monitor Limited
EQT Scandinavia Limited	International Fund Services (Guernsey) Limited
ESD Management III Limited	International Private Equity Services Limited
ESD Managers Limited	Investec Asset Management Channel Islands Limited
EuroSmallCaps Management Services Limited	Investec Bank (Channel Islands) Limited
E-Vestment Capital (Guernsey) Limited	Investec Trust Guernsey Limited
Excel Capital Partners III General Partner Limited	Investment Consultants and Brokers Limited
Excel Capital Partners IV General Partner Limited	Investment Fund Services Limited
Executive Wealth Management Limited	Investor Capital Management Asia Limited
Exeter Investments (Guernsey) Limited	I.P. Real Estate Asset Management (Guernsey) Limited
Fairway Fund Management (Guernsey) Limited	JNR Limited
Fauchier Partners Asset Management Limited	Julius Baer Trust Company (Channel Islands) Limited
Federal Trust Company Limited	Jupiter Trustees Limited
Finch Management and Marketing Limited	KAPPA IT Ventures (GP) Limited
First Arrow Global Fund Trustees Limited	KAPPA IT Ventures Second (GP) Limited
First Arrow Managed Fund Trustees Limited	KAPPA IT Ventures Special LP Limited
The First Cambridge Gateway General Partner Limited	KBEMF II (Guernsey) Limited
Folio Investments Limited	Kennet II GP Limited
Foord Asset Management (Guernsey) Limited	Kensington Wealth Management SARL
Franklin Templeton Investment Management Limited	Kleinwort Benson (Channel Islands) Investment Management Limited
FRM International Limited	Kleinwort Benson (Channel Islands) Limited, Guernsey Branch
FRM Investment Management (Americas) Limited	Kraken Financial Group Limited
Frontiers Capital General Partner Limited	LAF Sponsor Limited
GCI Partners Limited	L.C.F. Rothschild (C.I.) Limited
GCI II Partners Limited	Legis Corporate Services Limited
Generali Portfolio Management Limited	Legis International Fund Management Limited
Genesis Asset Managers Limited	Leopold Joseph & Sons (Guernsey) Limited
GEP Fund Managers Limited	Lloyds TSB Bank (Guernsey) Limited
Gerrard International Limited	Lloyds TSB Offshore Limited
G K B (General Partner) Limited	Lloyds TSB Offshore Private Banking (Guernsey) Limited
Global Growth Fund Co-Manager Limited	Longview Partners (Guernsey) Limited
Global Life Science Ventures (GP) Limited	Louvre Asset Management Limited
GLS (GP) Limited	Louvre Fiduciary Group Limited
GLSV Special Partner Limited	Manor Park (Guernsey) Limited
Go Equity General Partner Limited	Marsh Financial Services (Guernsey) Limited
GPL Limited	Marsh Management Services Guernsey Limited
Greenpark Capital Investment Management Limited	Merban Equity Guernsey Branch
Greenpark International General Partner I Limited	Mercator Investment Management Limited
HCF Guernsey Limited	Merlin Group Securities Limited
Helix Management Limited	Merrill Lynch Investment Managers (Channel Islands) Limited
Heritage Fiduciaries Limited	M.G. Financial Investment Services Limited

Millennium Asset Management Limited
 Milroy & Associates Limited
 Minerva Fund Management (Guernsey) Limited
 Montrose Asset Management Limited
 Morgan Stanley Investment Management Limited
 MSS Fund Management Limited
 MUST 4 General Partner (Guernsey) Limited
 National Bank of Greece – Guernsey Branch
 Newton International Investment Management Limited
 Newton Investment Management (Guernsey) Limited
 Nexit Infocom 2000 Limited
 Next Century Partners Limited
 Next Century Partners-e Limited
 NM Rothschild & Sons (C.I.) Limited
 Nordic Equity Management Limited
 Nordic Mezzanine GP Limited
 Nordic Mezzanine GP II Limited
 Nordic Venture Managers Limited
 Nordic Venture Partners Limited
 Nova Financial Services Limited
 Optimal Fund Management Limited
 Orbis Management Limited
 PAI Europe III General Partner Limited
 Pantheon Ventures (Guernsey) Limited
 Parkway Administration (Guernsey) Limited
 Partners Group (Guernsey) Limited
 Partners Group Management Limited
 Partners Private Equity Management Limited
 PCI III GP Limited
 Pearl Management Limited
 Pentagon Insurance Brokers Limited
 Permira Europe II Managers L.P.
 Permira Europe III G.P. Limited
 PESD Management Limited
 Phoenix International Limited
 Polytechnos (GP) Limited
 Polytechnos (GP) II Limited
 Praxis Asset Management Limited
 Princess Management and Insurance Limited
 Private Equity Fund Managers Limited
 Prospect Asset Management (Channel Islands) Limited
 PSG Asset Management (CI) Limited
 Quilter & Co Limited
 R & H Fund Services (Guernsey) Limited
 Rasmala Investments (Guernsey) Limited
 Rawlinson & Hunter 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
 Schroders (C.I.) Limited
 Schroder Administrative Services (C.I.) Limited
 Schroder Venture Managers (Guernsey) Limited
 Select Industries Management Company Limited
 Seymour Pierce Modus IBI Limited
 SGH V (GP) Limited
 SG Hambros Bank & Trust (Guernsey) Limited
 SG Hambros Trust Company (Guernsey) Limited
 Shamrock GP Limited
 Sierra GP Limited
 Sixela Investments Limited
 The Slovenian Fund Management Company (Guernsey) Limited
 Sonecho Wealth Management Limited
 Special Situations Venture (GP) Limited
 Special Situations Venture Managers (MLP) Limited
 Standard Chartered Grindlays Management Company (Guernsey) Limited
 Stenham Gestinor Asset Management Inc.
 Stenham Gestinor Trustees Limited
 Suala Capital Fund 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
 Transmanagement Limited
 Trident Trust Company (Guernsey) Limited
 Trust Management (Alderney) Limited
 Turk Ventures Advisory Limited
 Turk Venture Partners Limited
 UBK Buyout Investments (Guernsey) Limited
 The UBK European Property Company Limited
 Voltaire Distribution Limited
 Westbury Fund Management Limited
 Willfred T. Fry (C.I.) Limited
 Zenith Secretarial Services Limited

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

Please refer to the Commission's website at www.gpsc.gg or contact the Investment Business Division for the up-to-date list of authorised schemes.

**Authorised open-ended collective investment schemes at
31 December 2003****Class A schemes**

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

*The Collective Investment Schemes (Class A) Rules 2002, as amended,
and the Collective Investment Schemes (Compensation of Investors) Rules
1998, as amended, apply to the above.*

Class B schemes

AB Alternative Strategies Fund PCC Limited
AB International Fund Limited
Absolute Alpha Fund PCC Limited
Absolute Alpha Leaders Fund
Accorn Global Fund
Acumen Guaranteed Fund PCC Limited
Admiral Fund of Funds Limited
AHL Global Investments Limited
The American Stafford 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
ARIS Fund PCC Limited
Ashcourt Select Portfolio Limited
Ashcourt Sterling Bond Fund Limited
Ashmore Emerging Markets Liquid Investment Portfolio
Ashmore Global Special Situations Fund Limited
Ashmore Local Currency Debt Portfolio
Ashmore Russian Debt Portfolio
Ashmore Russian Equity Fund
Asset Holder PCC Limited
Asset Holder PCC No. 2 Limited
Aval Funds
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
Belvedere Fund Limited
CAM Global Selection 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
Clariden Global Investments Limited
Clariden International Investments PCC Limited
Clariden Investments Limited
Collins Stewart No II Fund PCC Limited
Collins Stewart No III Fund PCC Limited
The Collins Stewart PCC Limited
Compass Offshore Hedging Strategies PCC Limited
Compass Offshore Special Situations PCC Limited
Consulta Alternative Strategy Fund Limited
Consulta Canadian Energy Fund Limited
Consulta Capital Limited
Consulta Emerging Markets Debt Fund Limited
Consulta High Yield Fund Limited
Consulta Technology Fund Limited

Convivo PCC Limited
 Credit Suisse Asset Management Global Performance Funds
 Cypressree International Fund PCC Limited
 Dantrust II Limited
 The Dejima Fund Limited
 Delphi Global Limited
 Early Stage Defensive Hedge Fund Limited
 Early Stage Defensive Hedge Fund PCC Limited
 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
 Financial Risk Management Diana Fund
 Fitzwilliam Active Management PCC Limited
 Fitzwilliam International PCC Limited
 Foord Asset Management International Trust
 FRM Absolute Return Fund
 FRM Access Fund PCC Limited
 Genesis Condor Fund Limited
 GL Funds
 GL Target Funds
 Gulf Overseas Investment Fund Limited
 Hansa Fund PCC Limited
 Hemisphere Defensive HF PCC Limited
 Hemisphere Defensive HF (USD) Limited
 Hemisphere Equity Fund (EUR) Limited
 Hemisphere Equity Fund (USD) Limited
 Hemisphere Equity PCC Limited
 The Hermitage Fund
 HMF Funds
 Horizon Fund
 HRS Diversified Fund PCC Limited
 HRS Holdings Limited
 HSBC ISPartners Diversified Fund
 HSBC Republic Alternative Investments Portfolio
 HSBC Republic Alternative Portfolio
 HSBC Republic Portfolio Selection Fund
 HSBC Republic Strategies Fund
 HSBC Republic Uni-Folio
 The India I.T. Fund Limited
 Insight Investment Global Opportunities Funds
 Insight Investment International Funds Limited
 Insight Investment International Investment Funds
 Insight Investment International Managed Portfolio
 Insight Investment International Portfolio
 The International Mutual Fund PCC Limited
 Investec International Money Market Fund Limited
 Investec Premier Funds PCC Limited
 Investec Professional Investment Funds PCC Limited
 The ITM Selection Fund
 Jaivco
 KIC Global Strategy Fund Limited
 KMEFIC World Real Estate Liquidity Fund
 The Korea-Europe Fund Limited
 Latin America Capital Partners Limited
 Liontrust Guernsey Fund Limited
 Long-Invest Fund PCC Limited
 M & G Offshore British Opportunities Fund
 M & G Offshore Corporate Bond Fund Limited
 M & G Offshore European Smaller Companies Fund
 M & G Offshore Global Leaders Fund
 M & G Offshore Global Technology Fund
 M & G Offshore High Yield Corporate Bond Fund Limited
 M & G Offshore UK Growth Fund
 M3 Capital Mutual Fund PCC Limited
 Man Alternative Strategy Investments Limited
 Man-Vector 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
 Offshore Portfolios PCC Limited
 Old Mutual Fund Managers (Guernsey) PCC Limited
 Optimal Tracker Fund PCC Limited
 Paragon Capital Appreciation Fund Limited
 Partners Group Alternative Strategies PCC Limited
 Polygon Capital Limited
 The Professional Investor Fund PCC Limited
 Prospero Currency Fund Limited
 Prudential World Value Fund
 PSG Global Portfolio
 PSG International Portfolio Fund
 Raintree Global Fund Limited
 Royal Bank of Canada ARC Fund Limited
 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
 Savoy Global & Balanced Fund
 SC Trading Invest Limited
 Schroder Eastern European Fund
 Schroder Emerging Markets Fund
 Schroder Institutional Developing Markets Fund
 The Schroder Latin American Fund Limited
 SCNTF II Limited
 Select Global Strategies Limited
 Sogeval Fund Limited
 Speer Capital Preservation Fund
 The Stafford Global Equity Fund
 Stellar Funds PCC Limited
 Strategic Evarich Japan Fund Limited
 Strategic Investment Fund Limited
 Strategic Multi Hedge Fund Limited
 Strategic US Opportunities Fund Limited
 Supreme Growth Fund
 Swiss Capital Non-Traditional Funds PCC Limited
 Taurus Emerging Fund Limited

The Thai-Euro Fund
Total Return Fund PCC Limited
Trans Value Fund Limited
Wafra Global Fund Limited
Wafra Small Cap Fund Limited
Walbrook PCC No. 1 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
CSAM UK Property Unit Trust
Elven Investments Limited
European Credit Fund
Morley Alternative Investment Strategy Fund PCC Limited
NIF Holdings Fund PCC Limited
Oxford Fauchier Limited Partnership
Special Investments 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.

Liabilities		1999	2001	2003
		£mns	£mns	£mns
Deposit liabilities				
Banks/building societies registered in	United Kingdom	3578	3372	3666
	Channel Islands/Isle of Man	17193	19495	20103
Financial corporations registered in	United Kingdom	4050	2964	2576
	Channel Islands/Isle of Man	10948	13574	13277
Non-financial corporations registered in	United Kingdom	4354	5089	4061
	Channel Islands/Isle of Man	8873	9012	9300
Public sector registered in	United Kingdom	441	8	1
	Channel Islands/Isle of Man	388	425	369
Households and individual trusts registered in	United Kingdom	21151	24144	26111
	Channel Islands/Isle of Man	13293	16486	16709
Banks	Rest of world	36579	20874	68263
Other	Rest of world	68972	115217	79407
Total deposit liabilities		189820	230660	243843
Certificates of deposit issued		11256	1745	33622
Other liabilities		16787	39807	20616
Total liabilities		217863	272212	298081
Assets				
Loans, advances and market loans				
Banks/building societies registered in	United Kingdom	88450	108701	106844
	Channel Islands/Isle of Man	15942	13872	19480
Financial corporations registered in	United Kingdom	2121	989	606
	Channel Islands/Isle of Man	1046	1769	2029
Non-financial corporations registered in	United Kingdom	1227	1132	1239
	Channel Islands/Isle of Man	1524	1567	1923
Public sector registered in	United Kingdom	44	1	6
	Channel Islands/Isle of Man	26	67	61
Households and individual trusts registered in	United Kingdom	1212	1427	1889
	Channel Islands/Isle of Man	2402	3219	4720
Banks	Rest of world	58733	80842	85381
Other	Rest of world	7747	8822	8867
Certificates of deposit and other short-term paper issued/accepted by UK, Guernsey, Jersey or Isle of Man banks and building societies		9307	8107	7645
Investments and securities		14190	27440	37911
of which	United Kingdom	1381	2859	2434
	Rest of world	12809	24581	35477
Other assets		13892	14257	19480
Total assets		217863	272212	298081

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

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 Jaime Caruana, Governor of the Bank of Spain. 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, Macau, 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 and Budget. There are also several subcommittees that report to the Technical Committee and/or the Emerging Markets Committee in connection with: accounting; investments; reinsurance; solvency; insurance laws, regulations, practices and standards; supervision of financial conglomerates; insurance fraud; and education. The Executive Committee consists of supervisors from Mexico (Chairman), the United States of America (Vice-Chairman), Australia, Canada, Chile, Guernsey, India, Japan, Jordan, Luxembourg, Norway, Poland, Singapore, South Africa and Spain. There are also Task Forces on Enhancing Transparency and Disclosure in the Reinsurance Sector and on Assessment and Implementation of Insurance Core Principles.

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

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

The IAIS Twenty-Eight Insurance Core Principles and Methodology are the standards which Guernsey and all reputable regulatory bodies are seeking to apply.

The Offshore Group of Insurance Supervisors

The Offshore Group of Insurance Supervisors ("OGIS") was formed in 1993. Currently there are 14 members and five observers. 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 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 2003 was hosted by the Comisión Nacional Bancaria y de Valores in Mexico City. The 2004 annual meeting will be in Rome, hosted by Banca d'Italia.

International Organization of Securities Commissions

The International Organization of Securities Commissions ("IOSCO") is an association of securities regulatory organisations which was created in 1983 and now comprises 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 G7 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 Inter-American) which meet to discuss specific regional problems or considerations and a self-regulatory organisation consultative committee for self-regulatory organisations which are Affiliate Members of IOSCO. The Commission is a member of the European Committee.

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

Economic crime

The Financial Action Task Force on Money Laundering

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

FATF currently consists of 31 countries and two international organisations. The 31 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, the Russian Federation, Singapore, South Africa, 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. Since then, the Forty Recommendations have been revised twice, in 1996 and 2003, to ensure that they remain up-to-date and relevant to the evolving threat of money laundering. 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 Eight Special Recommendations on Terrorist Financing. When combined with the revised Forty Recommendations, the Special Recommendations set out the basic framework to detect, prevent and suppress the financing of terrorism and terrorist acts.

