

Funds Domicile Report – 21 May 2007

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The Isle of Man recently completed a major review of the Island's funds sector, the recommendations of which are contained in the "Smith Report"¹. The recommendations outlined in the report will be implemented in September 2007, which will have significant benefits for the Island's funds sector and the wider financial services industry. The ultimate goal of the Island's Funds industry is to grow assets under administration from \$50 billion currently, to \$100 billion by 2010. In addition funds under management are forecast to grow to \$50 billion in the same time span.

A new specialist fund will be introduced featuring a \$100,000 minimum initial subscription with flexibility to base management and or administration in other jurisdictions, no restrictions on investment strategies and a "light touch" regulatory framework.

Expected outcomes include an increased tax contribution from the funds industry and the attraction of fund management businesses (or specific functions thereof) to the island. This resonates well with the Isle of Man Finance strategic objective of creating a larger Fund Management community characterised by sustainable absolute return performance in a well regulated and respected fund environment.

1. "Smith Report" review of the Isle of Man fund industry chaired by international funds expert Paul Smith former Global Head of HSBC's Alternative Funds Division.

¹ "Smith Report" review of the Isle of Man Fund industry chaired by international fund expert Paul Smith, former Global Head of HSBC's alternative Funds Services Division