

## Isle of Man welcomes findings of UK review of offshore finance centres

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CHIEF Minister Tony Brown MHK today welcomed the findings of Michael Foot's Review of Crown Dependencies and Overseas Territories as a "positive, constructive, and independent assessment of the Isle of Man's status as a well-regulated and co-operative jurisdiction with a sound and diverse economy able to cope with and adjust to global economic crises".

"Government will need time to consider the report in detail", the Chief Minister said, "but we welcome its broad findings which recognise the work that the Isle of Man has done over the past decade and acknowledges that our actions to diversify our economy, measure and control public spending and build financial reserves during periods of economic growth have provided us with the resilience we have today. It is especially pleasing that many of the main recommendations of the report align with policies the Isle of Man already has in place or is committed to implementing."

For example, the report notes that:

- the Isle of Man will move to automatic exchange of information on tax on savings with EU members by July 2011 and Foot urges other jurisdictions to make a similar commitment;
- only in the Isle of Man does an Ombudsman complaints scheme exist along the lines of that in the UK, and Foot suggests other jurisdictions should consider whether introducing such a scheme is justified;
- the OECD had assessed that its standards on exchange of information have been "substantially implemented" by the Isle of Man.

Recognising the efforts that the Isle of Man and other British offshore finance centres have made in meeting standards, Foot recommends that "international pressure must also be maintained on competitor jurisdictions to raise their standards" on tax transparency, financial sector regulation and financial crime.

The Chief Minister said, "I am also pleased that Foot was able to acknowledge that the Isle of Man makes a significant contribution to the UK economy, by providing a gateway to route funds to the City and by servicing the financial needs of many UK nationals living abroad."

The Report has identified one area of action for the Isle of Man: increasing the Island's degree of compliance with FATFs "key and core" recommendations. Since the IMF's assessment, the Isle of Man has enacted its Proceeds of Crime Act to address recovery of criminal assets and money laundering issues, and has established a robust new regime for dealing with external requests. Work to progress legislation dealing with other concerns is underway.

Issues around depositor compensation schemes are also examined in the report which notes that the Isle of Man has had a scheme since 1991 and that, with its cap on liability "seeks to strike a balance between providing comfort to retail depositors and not leaving banks facing potentially unlimited liability." The Treasury is currently consulting with the Financial Supervision Commission, the Isle of Man Bankers Association, relevant financial service industry participants and the public to develop proposals focusing on ways in which the Island might provide affordable depositors' protection and best respond to any future bank insolvency, whilst maintaining international confidence in the Isle of Man.

The Foot Review was commissioned by Alistair Darling in December 2008 to identify the opportunities and challenges generated for British offshore financial centres by turmoil in the financial markets and the subsequent impact on the world economy. In preparing his report, Foot looked at the Isle of Man and the Channel Islands along with six Overseas Territories – Anguilla, Bermuda, British Virgin Islands, Cayman Island, Gibraltar, Turks and Caicos Islands.

*The Review Report can be found on the Chief Secretary's Office website at: [www.gov.im/cso](http://www.gov.im/cso)*