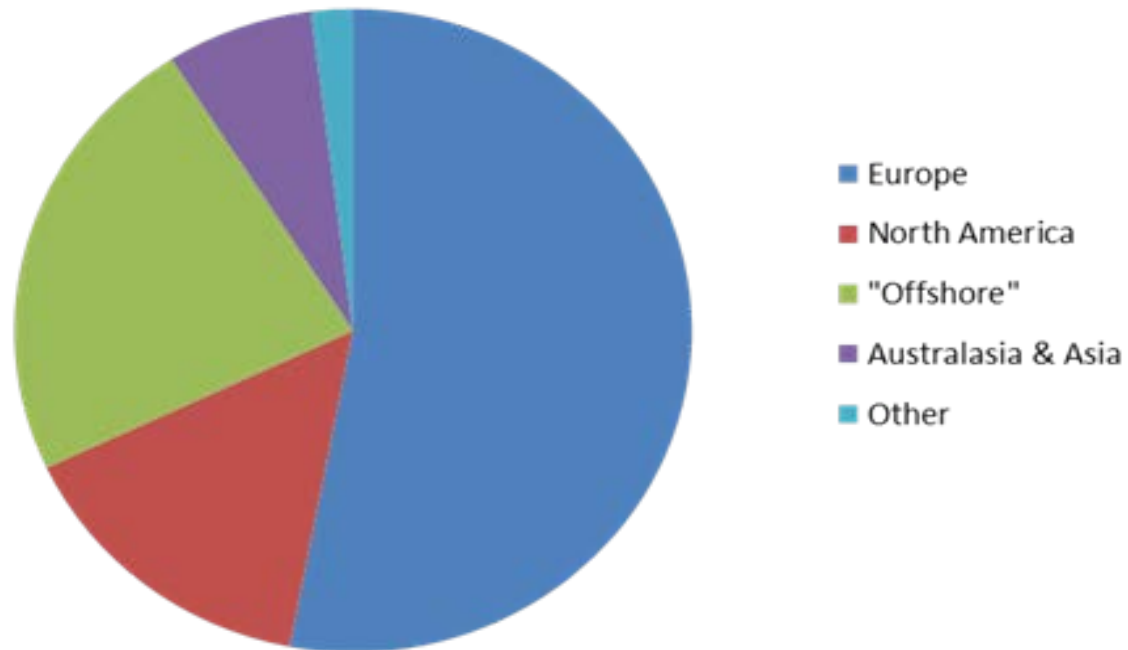


Global Initiatives & how they impact your private client business

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- 25% of STEP members are in IFCs



Global Initiatives

- G8/G20 – sets agenda for OECD (& France chairs G20 this year)
- OECD – includes both FATF and Global Forum
- EU – Not quite ‘global’ but have major influence and increasingly taking extra-territorial view.
- Unilateral extra-territorial initiatives – US FATCA, India(?), Brazil(?)

NB – Transparency increases the further you go down on this list!

Does the EU matter?

- Member of G-20 in its own right – France, Germany, Italy and UK all EU members but also G-20 members.
- Works closely with Global Forum and FATF.
- Is relatively open in its consultation processes.
- Can get bogged down in its internal processes e.g. EUSD.
- But – is increasingly putting pressure on ‘EU partners’ – CD’s, Switzerland, etc. – Caribbean next?
- Has been main focus of debate with US on FATCA.

NB - EU also has major agenda of interest to anyone working with cross border families!

The threat of unilateralism

- US action reflects domestic political pressures post-UBS.
- Other G20 members beginning to look at similar measures.
- Nightmare scenario is industry has to meet a whole range of inconsistent reporting requirements.
- Countries such as UK have lobbied 'at highest level' over extra-territorial nature of FATCA. EU is now main focus of lobbying via EUSD.

The pressure for transparency – AML

- G7 established FATF under umbrella of OECD at 1989 Paris summit.
- FATF published 40 Recommendations in 1990.
- FATF Methodology for peer reviews published 2004.
- FATF is clear model on which Global Forum (tax) is based.
- Pressure to get tax evasion declared a criminal offence (and therefore part of FATF's agenda).
- Global Forum and FATF staff work closely with each other.

The pressure for transparency - tax

- G7 put 'harmful tax practices' and 'tax havens' on agenda at 1996 Lyon summit
- OECD – published first list of tax havens in 2000
- OECD – created Global Forum in 2002
- Global Forum – starts publishing annual assessments in 2006
- Global Forum – acquires own budget and staff 2009/10 with 3 year initial mandate.

Key items on Global Forum/FATF agendas

- Understanding common law with respect to trusts
- Trust registers ('The Cashcroft Question')
- Which jurisdiction regulates a cross-border trust?
- Defining beneficial owners
- Trusts that are part of complex chains

STEP & Global Forum/FATF

- Published series of Policy Briefings – e.g. an international survey of AML reporting systems on the danger.
- Held workshops on trusts for senior officials.
- STEP invited to prepare confidential briefings on key issues to Global Forum, FATF and key national governments.
- Main issues:
 - Trust registers
 - Common law vs AML legislation (GF vs FATF)
 - Place of effective management
 - Definition of beneficial owners

Bahamas & Global Forum

- Phase 1 Peer Review – generally ‘OK’
- Phase 2 - availability of information - will focus on ‘effectiveness of common law regime’ - standard conclusion.
- Phase 2 - accounting regime - questions around whether fiduciary obligations are sufficient.
- Phase 2 - key issue likely to be ‘Cashcroft question’.
- Long term pressure for automatic information exchange.

Helping STEP members & their businesses

- Wide recognition among practitioners that world is changing – it always does!
- STEP sponsored research report “Offshore Evolution” to help members adapt to changes.
- In-depth interviews with over 30 leading practitioners, survey of over 500 STEP member views.

Offshore Evolution


- 52% of participants see changes in environment that require change in their business models.
- 32% see changes in environment but feel their business models can cope.
- 16% see little fundamental change in the business environment.

Main Issues identified

- Secrecy will die - 70% agree
- Advice will be global rather than local - 93%
- “Trusts plus” holistic solutions will grow - 78%
- Clients will focus more on reputation - 86%

The “transparency dividend”

Secrecy will die. 

So global, not local, tax advice will drive
the industry. 

Advisors need skills to ensure client is globally
compliant. 

For which they will charge a premium.

STEP Member Confidence Survey

