



Perception and reality: Forces driving the offshore industry

Martin Crawford, Group CEO

18 November 2013, Hong Kong

 **OFFSHORE INCORPORATIONS**

What can happen in a year?

Serbia's offshore scandal
Secrecy for Sale: Inside the Global Offshore Money Maze

THE GLOBAL MUCKRAKER
News from The International Consortium of Investigative Journalists

Island of the Widows
Thousands of men working in central American sugarcane fields are dying of chronic kidney disease, raising concerns about how tissues are obtained.

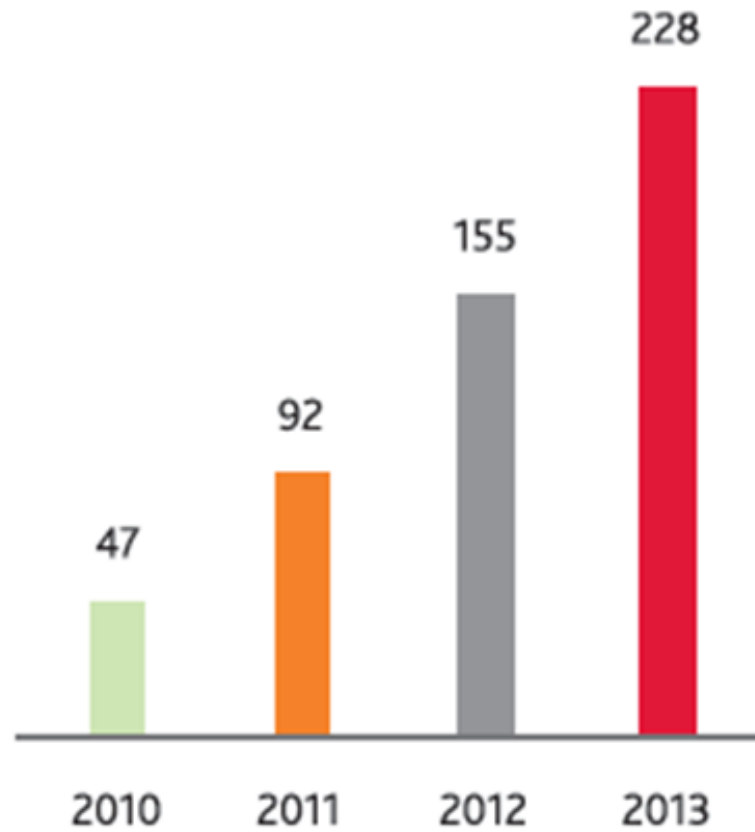
Skin and Bone
Recycling dead humans into medical implants is a lucrative trade, rousing concerns about how tissues are obtained.

Plunder in the Pacific
As other fisheries are pushed to their limits, giant trawlers move southward toward Antarctica to catch what is left.



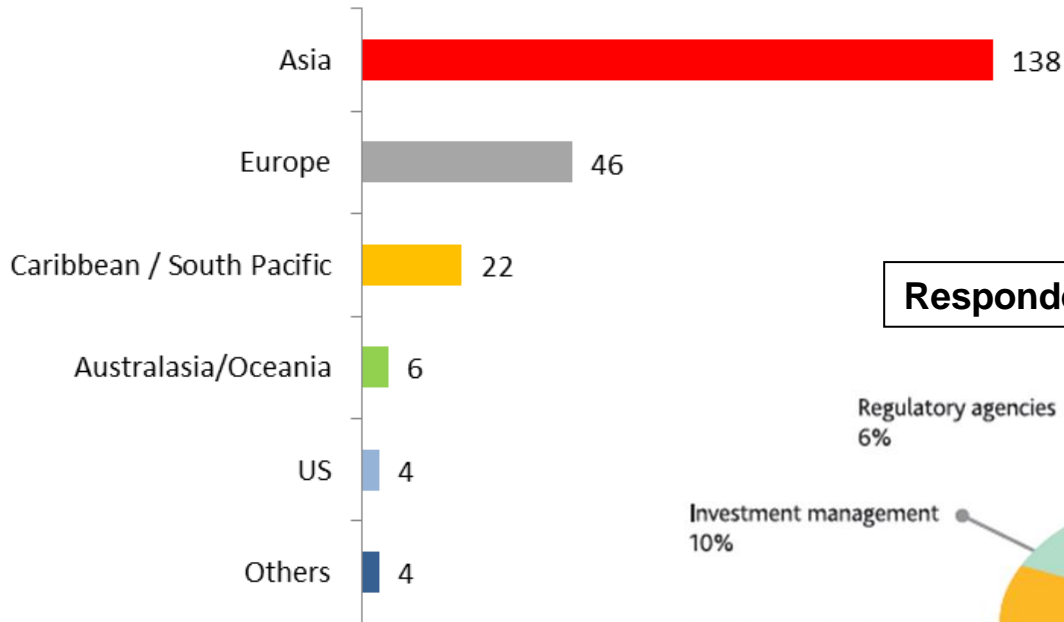
Development of Survey Sample

Number of survey respondents

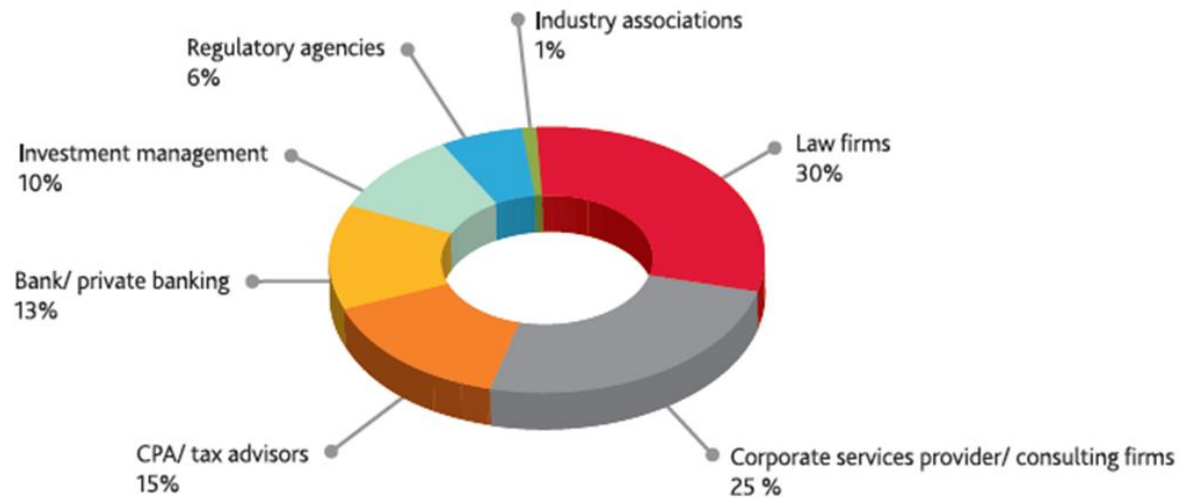


Development of Survey Sample

Respondents by country



Respondents by industry segment





Years at a Glance





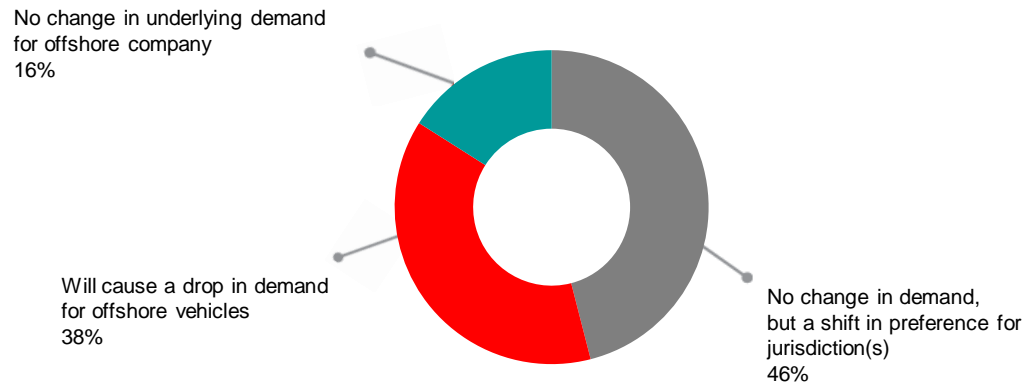
Today's discussion topics



1. The big picture: A public relations problem?
2. Jurisdictions: Victims of their own success?
3. Regulations: Uncertainty and inevitability
4. Customers: A broader base but still a China story
5. Market Drivers: Much more than tax planning
6. Recommendations

1. The big picture: A public relations problem?

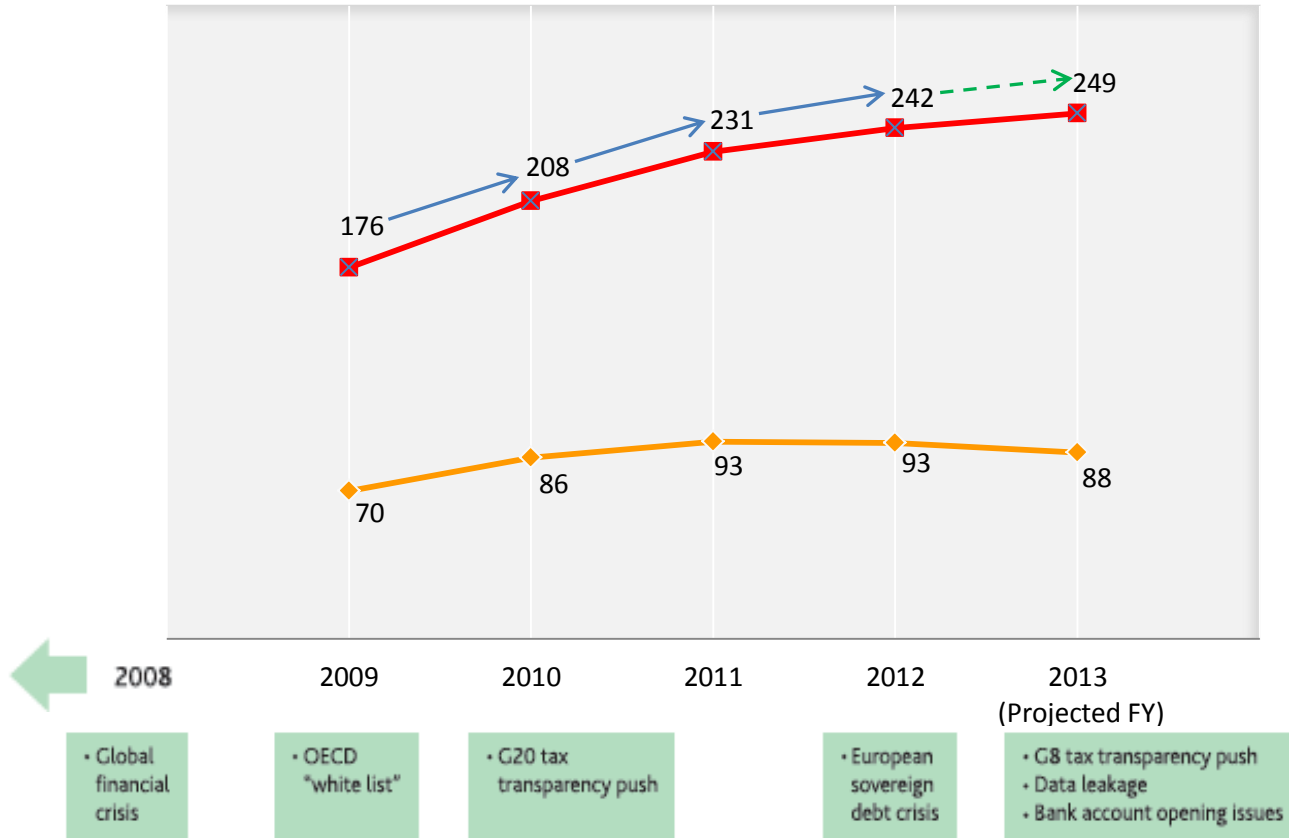
Q - Is there a change in the underlying demand for offshore vehicles due to recent data leakages and other macro pressure?



Source: OIL

1. The big picture: the impact on underlying demand?

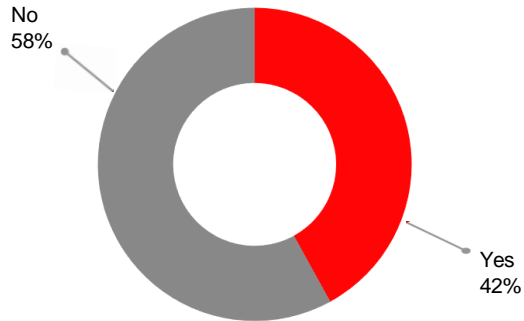
“Aggregated” jurisdictional new incorporation volume 2009 - 2013



Source:
 Major jurisdictions: The BVI FSC, The Cayman Islands Government General Registry, Samoa International Finance Authority, Seychelles agent (includes all incorporations), Jersey Finance, Delaware Division of Corporations, Guernsey Registry

1. The big picture: A public relations problem?

Q - Has the battle for public opinion been lost in the offshore industry during past few years?



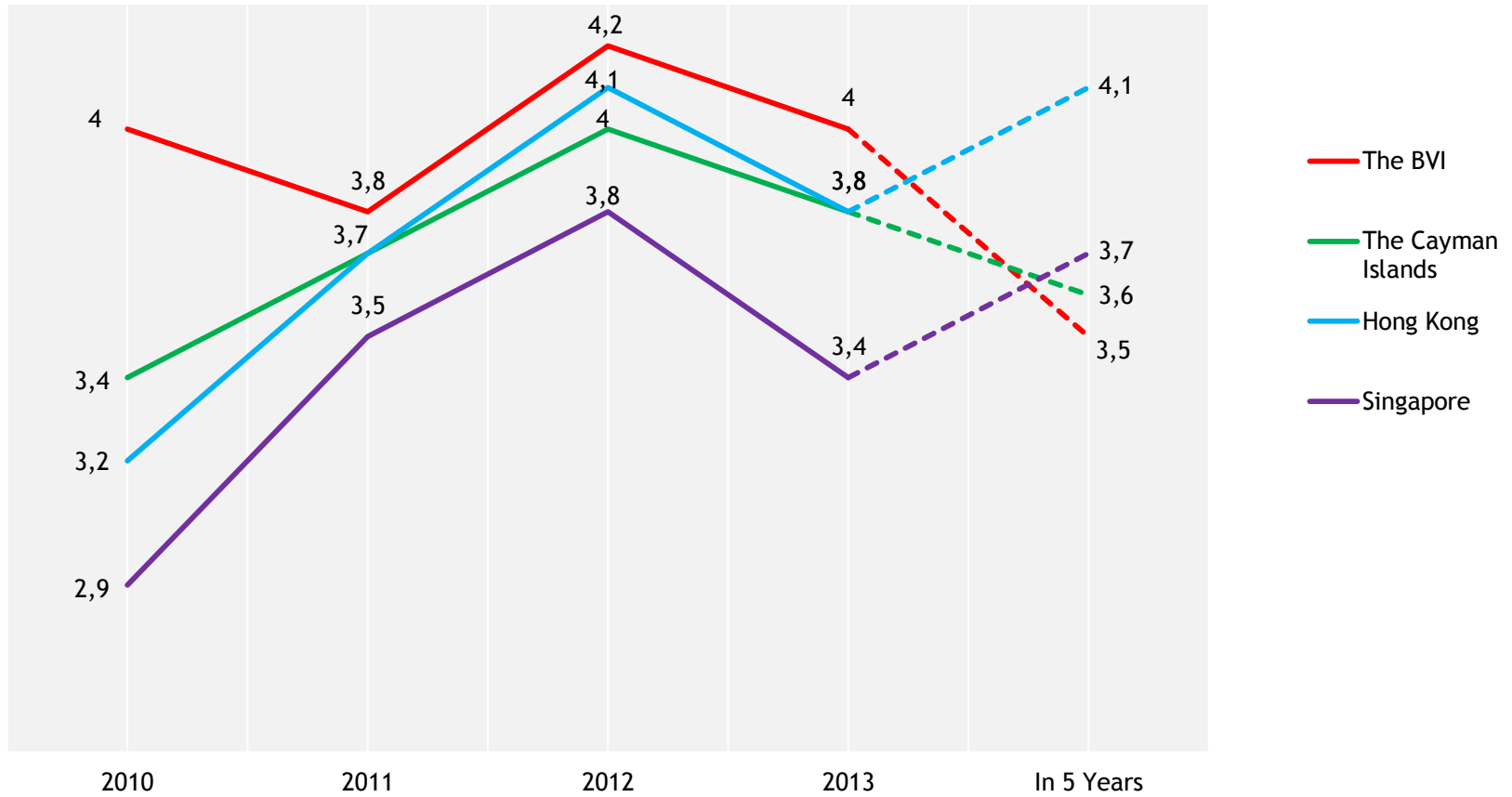
Q - How can the industry enhance its public image?



^Includes combination of public relations, engaging with clients and internal controls
Source: OIL

2. Jurisdictions: Victims of their own success?

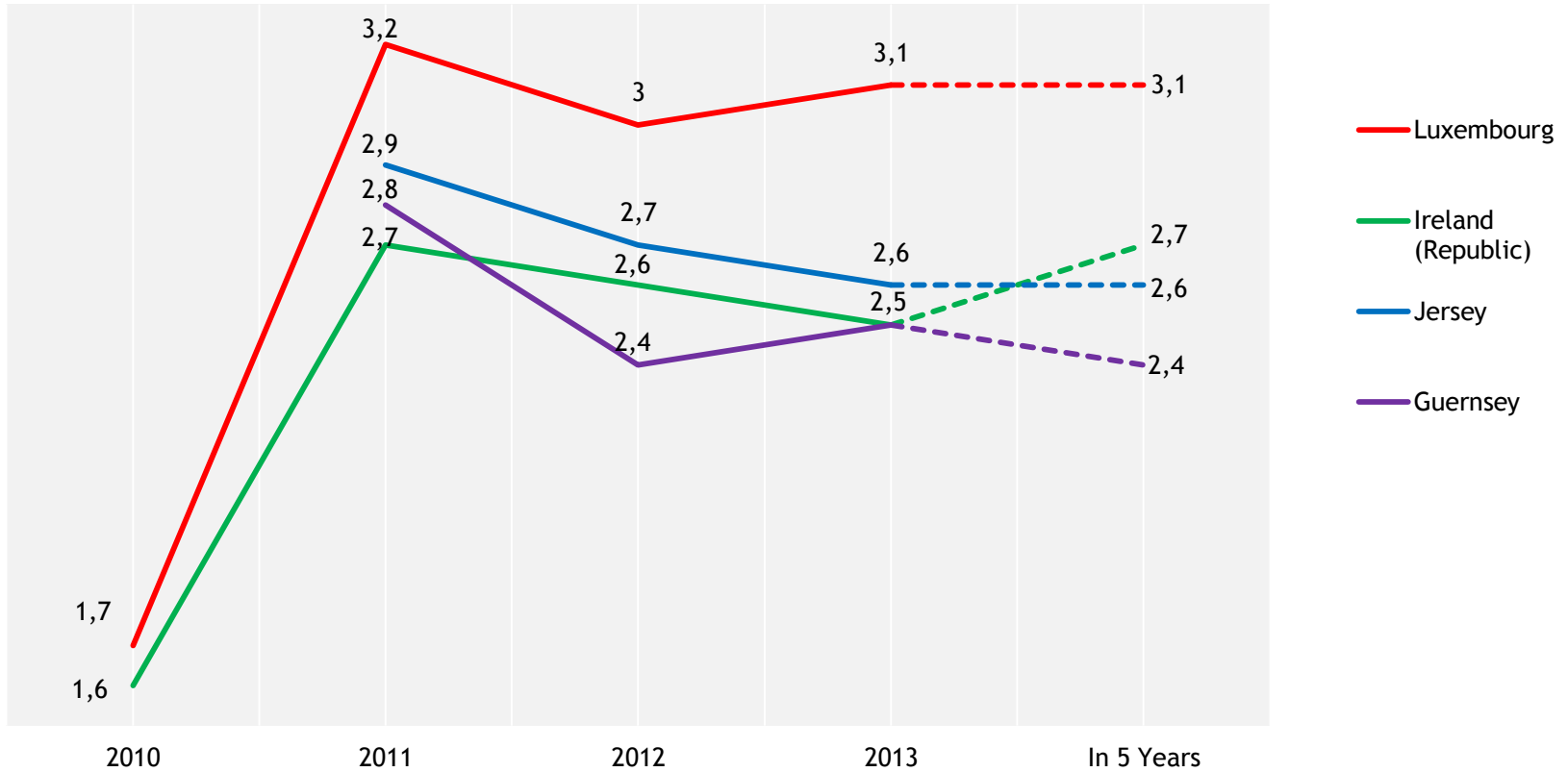
Jurisdictions by importance



Source: OIL

2. Jurisdictions: Victims of their own success?

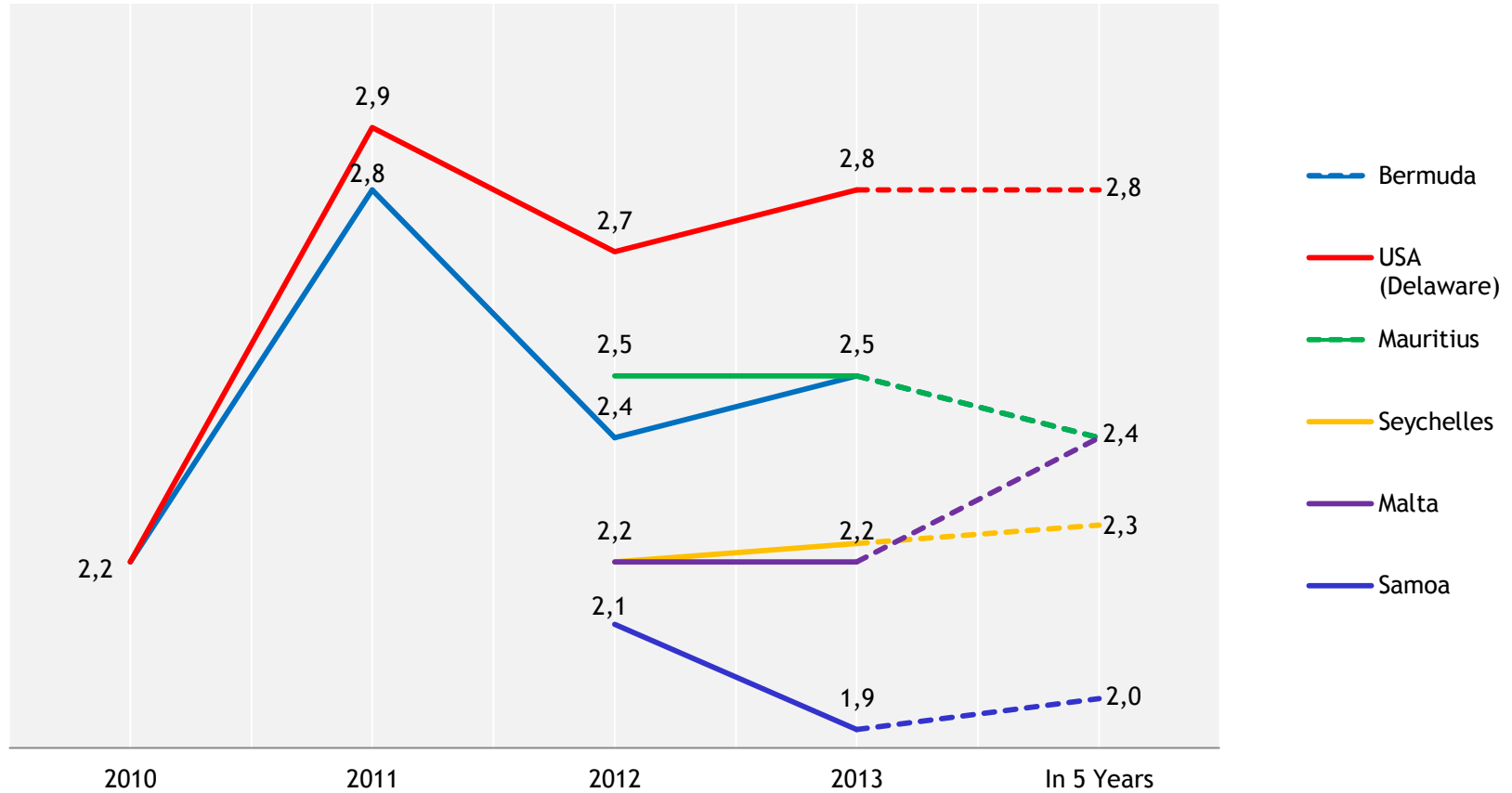
Jurisdictions by importance



Source: OIL

2. Jurisdictions: Victims of their own success?

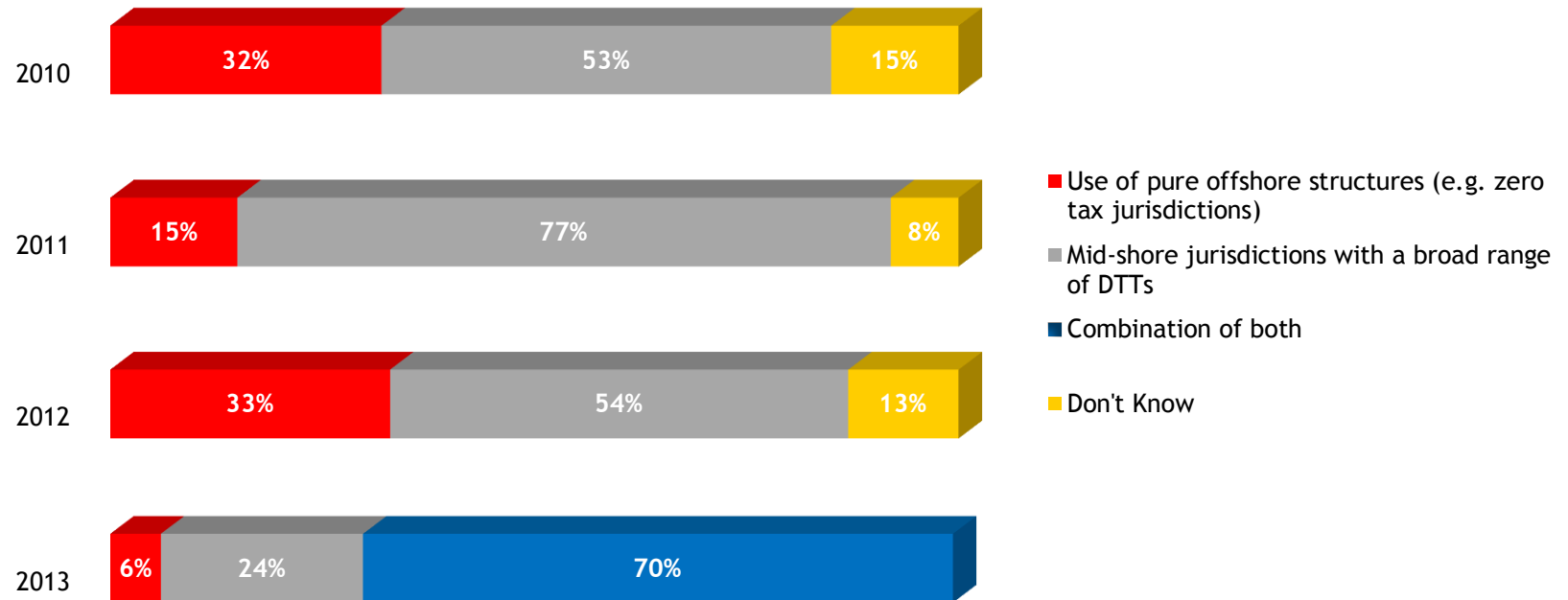
Jurisdictions by importance



Source: OIL

2. Jurisdictions: Combining offshore & mid-shore

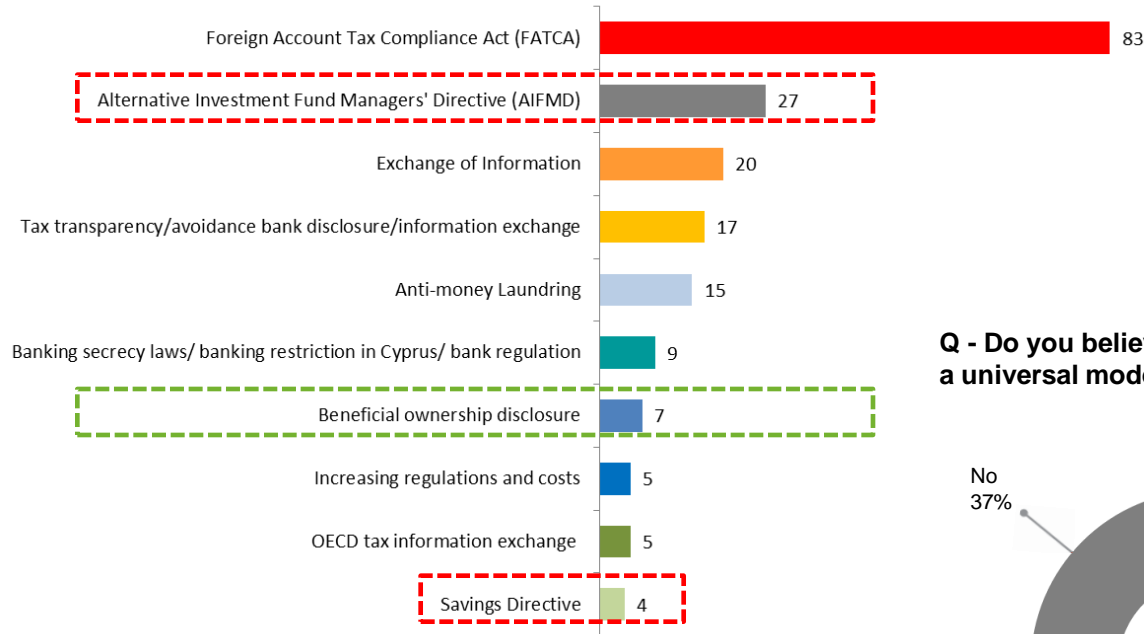
Q – Where do you see future demand relating to offshore and mid-shore structures?



Source: OIL

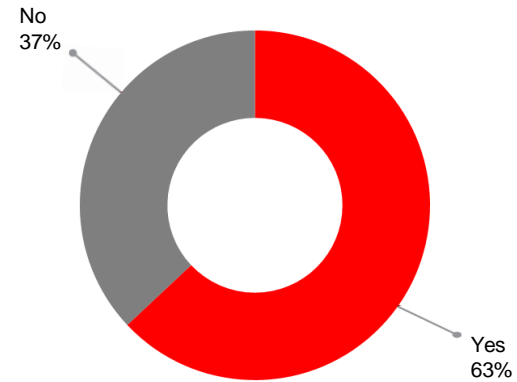
3. Regulation: Uncertainty and inevitability

Q - Regulations, new or existing, which are likely to be an impact on the offshore market in the next 5 years?



Indicates EU regulations that are influencing the industry
Source: OIL

Q - Do you believe that FATCA will be adopted as a universal model; driven by the OECD by 2020?



3. Regulation: Public register for beneficial ownership?

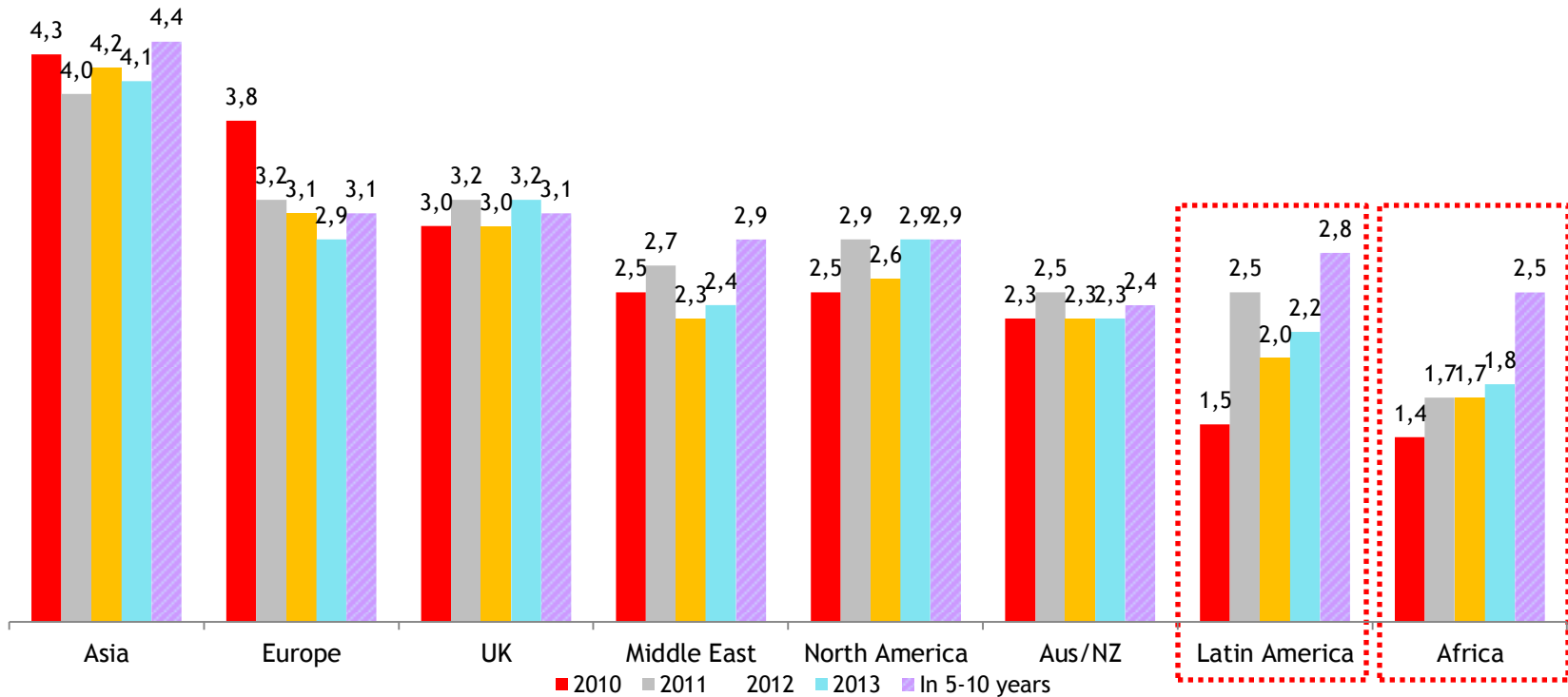


Beneficial ownership always recorded	Legal ownership recorded (some or all type of corporate vehicles)	No beneficial owner information
(Include the following jurisdictions)		
Bermuda	The UK	The BVI
Costa Rica	Germany	The Cayman Islands
India	Singapore	Austria
Jersey	Switzerland	Seychelles
	Isle of Man	The US

“Automatic exchange of information between nations and a register (public or otherwise) recording beneficial ownership is a question of when ...”

4. Customers – a broader base but still an Asian (China) story

Client origination by region

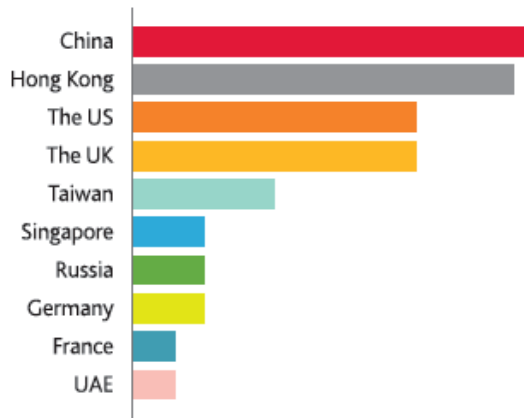


Region with the highest CAGR (2010-13) growth
Source: OIL

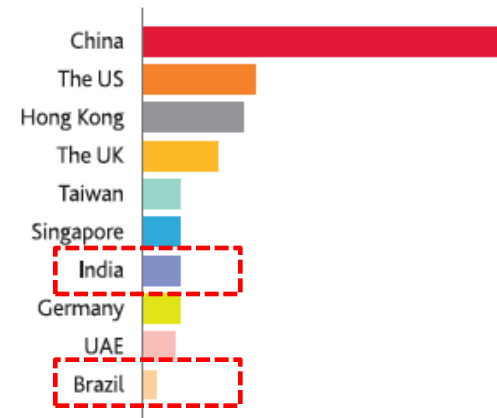
4. Customers – a broader base but still an Asian (China) story

Client origination by country

Top 10 locations - Now



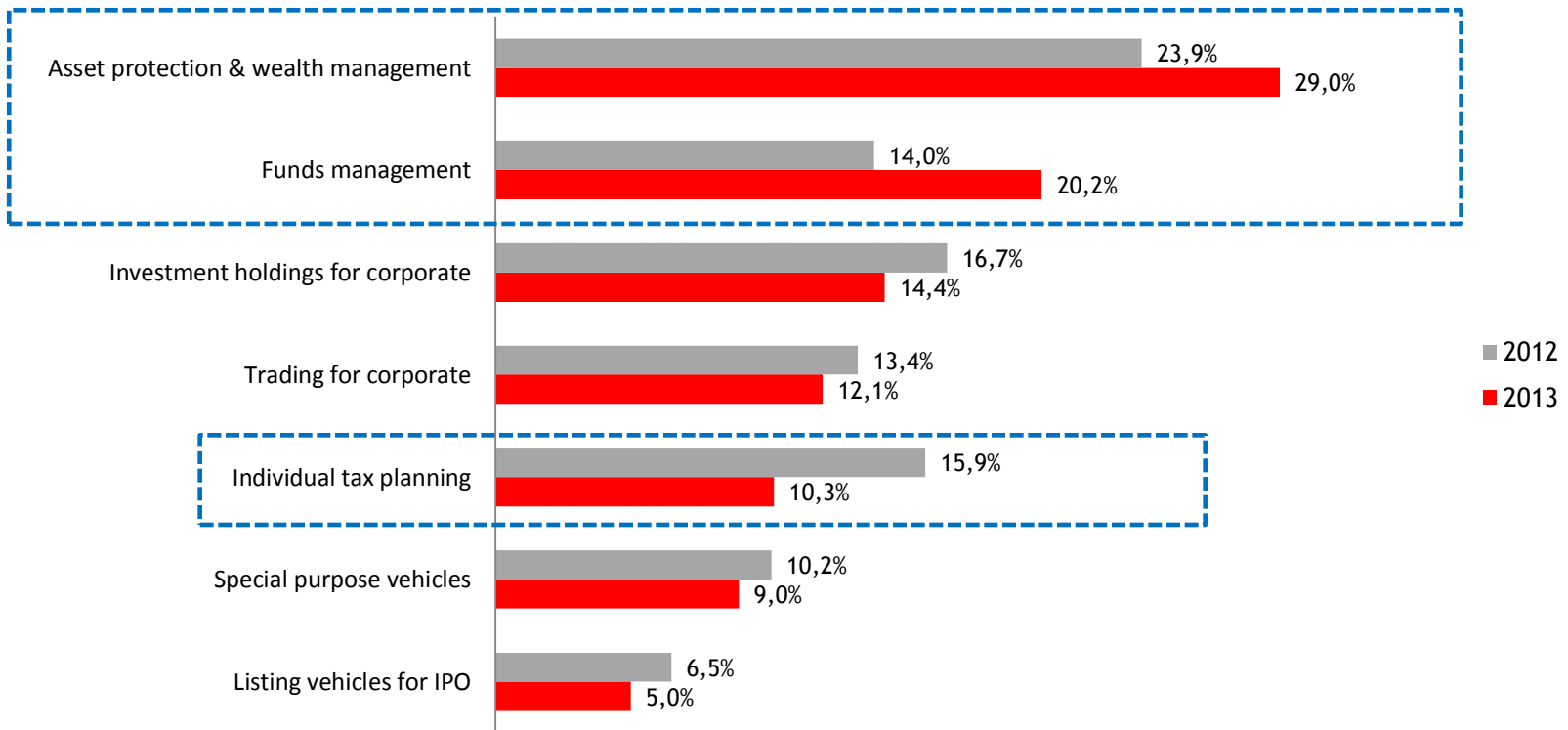
Top 10 locations - Next five years



Source: OIL

5. Market drivers – Much more than tax planning

Q – What is the main driver for using offshore structures within your client base?



Source: OIL

5. Market drivers – Much more than just tax planning

Q – Which end-user segments have seen the biggest growth in the last two years?



Source: OIL

1. Formation of a Global Offshore Industry Association. A single platform to
 - ▼ represent at international forums (e.g. OECD, G20)
 - ▼ establish uniform standards
 - ▼ drive the PR / lobbying approach to educate on legitimate benefits to global economy
 - ▼ media education – a balanced view
2. Increased collaboration between all industry participants (Banks, Accounting Firms, Law Firms, CSPs and Jurisdictions) to promote offshore financial services benefits
3. In Asia, regulatory oversight for CSPs within “originating” markets

- ▶ The industry is changing; remain still at your peril
- ▶ A plateau; or gearing up for the next wave of growth?
- ▶ Transparency is not enough. Need to “be seen” to be transparent
- ▶ The moral debate, careful for what you wish for ...
- ▶ Jurisdictional popularity – a temporary “blip” or something more fundamental?
- ▶ Automatic exchanges and registers of ownership – is this the end game?
- ▶ Future Success Formula = Globalization + China + mid-shore / offshore + HNWI + Asset Protection



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