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Will OFFSHORE jurisdictions disappear??

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#### OFFSHORE JURISDICTIONS

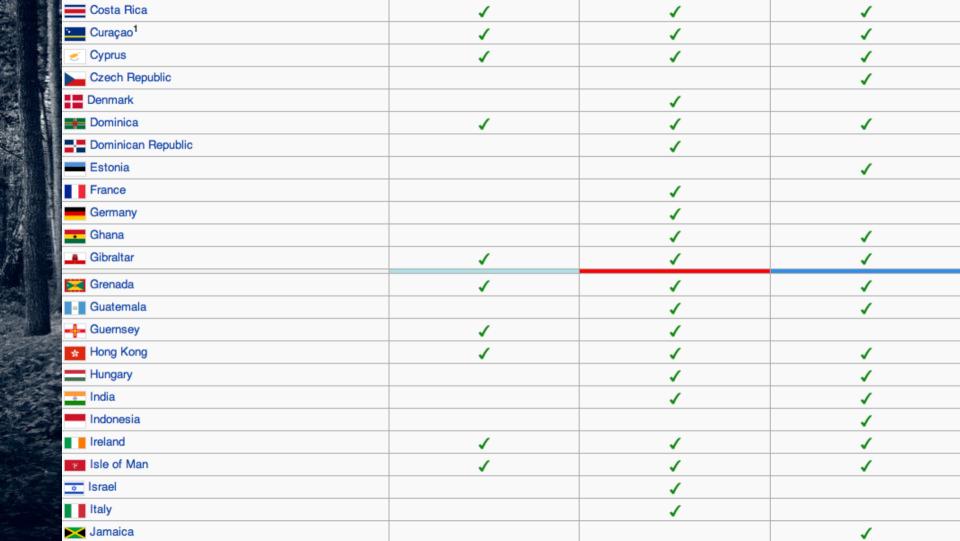
An OFC is a country or jurisdiction that provides financial services to nonresidents on a scale that is incommensurate with the size and the financing of its domestic economy.

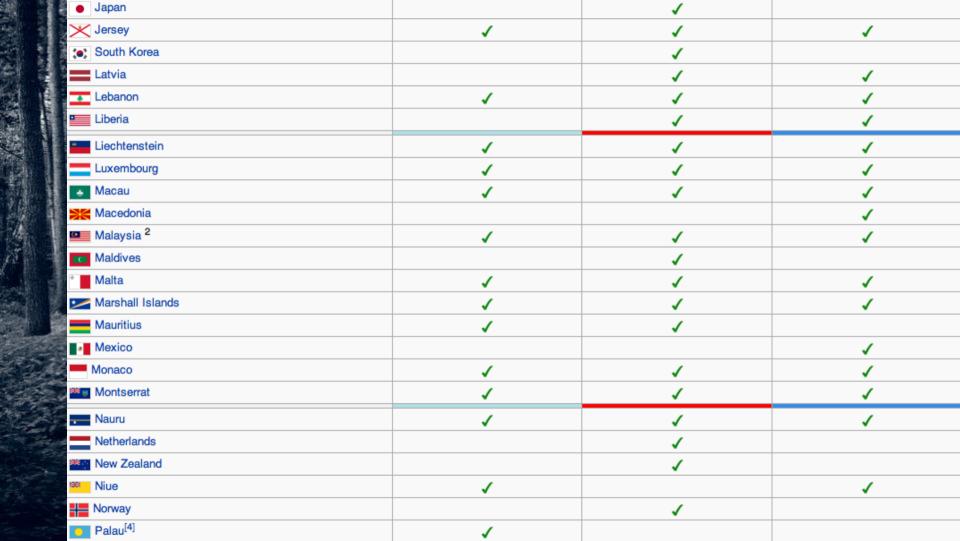
—Ahmed Zoromé, IMF Working Paper/07/87

## OFFSHORE JURISDICTIONS (IFC OR

OFC)

Country/Territory	De	Designated as offshore financial centres		
	IMF	FSI	OECD	
■ Andorra	✓	✓	✓	
Anguilla	✓	✓	✓	
Antigua and Barbuda	✓	✓	✓	
Aruba	✓	✓	✓	
Australia		✓		
Austria		✓	✓	
Bahamas	✓	✓	✓	
Bahrain	✓	✓	✓	
■ Barbados	✓	✓	✓	
■ Belgium		✓		
Belize	✓	✓	✓	
Bermuda	✓	✓	✓	
Botswana	✓	✓	✓	
◆ Brazil		✓	✓	
British Virgin Islands	✓	<b>√</b>	1	
Brunei	✓	✓	✓	
<b>■◆■</b> Canada		<b>√</b>		
Cape Verde	✓			
<b>ஊ</b> Cayman Islands	✓	<b>√</b>		
Chile			✓	
Cook Islands	✓	✓	✓	





	Panama	✓	✓	✓
	Philippines Philippines		✓	✓
	Poland			✓
	Portugal <sup>3</sup>		✓	✓
	Qatar Qatar			✓
	Russia		✓	✓
	Saint Kitts and Nevis	✓	✓	✓
	▲ Saint Lucia	✓	✓	✓
	Saint Vincent and the Grenadines	✓	✓	✓
	Samoa	✓	✓	✓
MA I	▲ San Marino		✓	✓
/ 3	Saudi Arabia		✓	
	Seychelles	✓	✓	✓
	Singapore	✓	✓	
	Sint Maarten <sup>1</sup>	✓		✓
	Slovak Republic			✓
	Slovenia			✓
	South Africa		✓	
	Spain		✓	
	Sweden		✓	
	◆ Switzerland	✓	✓	✓
	Trinidad and Tobago			✓
	Turks and Caicos Islands	✓	✓	✓
2-35°	United Arab Emirates	✓	✓	✓

# OFFSHORE JURISDICTIONS (IFC OR OFC)

Country/Territory	IMF	FSI	OECD
Vanuatu Vanuatu	1	✓	✓
<u>■</u> Uruguay	✓	✓	✓
William United States Virgin Islands		<b>✓</b>	
United States <sup>4</sup>		✓	
United Kingdom		✓	





### WHY OFC'S LAST 30 YEARS

#### At the start:

- Tax efficient structures
- Confidentiality
- Regulation or lack thereof

#### Later:

- Developed expertise
- Professional staff based in OFC's
- Lower overall cost
- Quality and sophistication



#### CHANGES THAT IMPACTED OFC'S

- 2008- Global Financial meltdown
- 2009- G20
- The IMF, FATF, and the OECD tax initiatives are all changing the way the Offshore Financial Center operates:
  - The IMF is doing more reviews on the OFC's to ensure that they comply with formal international regulatory standards that are set by Basel, the IAIS, and IOSCO
  - ❖ The FATF are fighting money laundering and the financing terrorism which is changing the inflows and outflows of money
  - The OECD tax initiatives will allow the US to help improve tax compliance involving foreign financial assets and offshore accounts. All three of these will affect the economy



#### IMPACT ON OFC'S

- More cooperation of OFC's
- Increased regulation
- Increased transparency (TIEA's/FATCA/MOU's)
- Some move towards onshore jurisdictions
- Increased cost for managers, investors and service providers



#### RESURGENCE OF OFC'S

- Innovative products or structures
- Changes in target markets
- Changes in how they brand themselves
- Increased competition
- Substance over form
- More efficient in order to keep afloat



#### EMERGENCE OF MIDSHORES

- IFCs that contain elements of both onshore and offshore
- Different business model as a hub for business.
- Business-friendly tax policies, while still boasting robust onshore financial services industries
- Increase of multi-layered structures; jurisdictions are performing different roles along the chain based on their competitive advantages



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#### SOME EXAMPLES

Cayman: enterprise city

Curacao: hub strategy (ssc and export facility/ezone)

Aruba: aircraft registration

 Anguilla: certificate of intellectual property residence and the certificate of economic purpose

Seychelles, with the ultimate owners managing their business through a Singapore entity



## CONCLUSION



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Today, there are many choices available, each with its own particular advantages and incentives. There is a trend towards combining the multiple 'shores' in order to created optimal structures.

When the recession begins to recede, OFC's will be less in the spotlight. Signs are evident already.

It appears that offshore jurisdictions or OFC's, will continue to have an important role to play in international finance for some time to come. That ship is not sinking anytime soon.



## SYVBK+CO

Thank you

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