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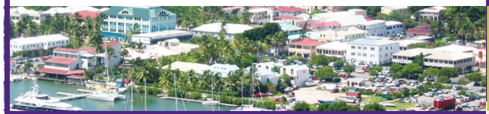

Bahrain Bermuda BVI Cayman Hong Kong
Jersey London Mauritius Seychelles Zurich

August 2009

BVI and Cayman Elevated to OECD "White List"

The British Virgin Islands (BVI) and the Cayman Islands each signed a Tax Information Exchange Agreement (TIEA) on 13 August 2009 with New Zealand, bringing to 12 the number of such agreements they have each now concluded. Each jurisdiction has, as a consequence, been upgraded to the "White List" as compiled by the Organisation for Economic Co-Operation and Development (OECD).

This essentially means that the BVI and the Cayman Islands are now considered as having substantially implemented the internationally agreed standard in respect of the effective exchange of information for tax purposes, as set by the OECD in April of this year following the G20 Summit in London.

Although these are very positive developments, it should be pointed out that the benchmark of 12 TIEAs (signed with major countries for the bilateral exchange of information on tax matters in an open and transparent manner) does not necessarily represent a quantitative ceiling. The OECD has reiterated that it is of critical importance that jurisdictions should be seeking to illustrate, in practice, that they have an ongoing commitment to effective and transparent exchange of tax information with those countries with which it has negotiated agreements. In tandem with this, they must also commit to a longer-term goal of extending their network of TIEAs to yet more member countries in this ongoing process. The BVI and the Cayman Islands are well positioned in this regard as they have already announced that they are in negotiations to seal further bilateral TIEAs over the coming months, starting with the Netherlands in the case of the BVI, by way of example.

The BVI and the Cayman Islands continue to demonstrate their willingness to position themselves as well regulated, transparent and co-operative financial centers. With a reputation built on integrity and openness, the two jurisdictions will seek to continue to distinguish themselves as legitimate jurisdictions in which to do business, being embraced by the global financial community in the process, whilst non-compliant centers will become increasingly ostracised. As a result, it is hoped that the BVI and the Cayman Islands will not only continue to retain existing business but also secure new opportunities at the expense of non-compliant jurisdictions, as clients who no longer feel comfortable operating in, or doing business through, "Grey Listed" jurisdictions move away from them.

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Jersey, Mauritius and the Republic of the Seychelles, three of the jurisdictions in which Appleby operates, were recognised as having demonstrated their commitment to, and were compliant with, the agreed tax standard prior to the OECD Progress Report published in April.

Since April, Bermuda and Bahrain have also joined the OECD "White List". Switzerland too has officially committed itself to OECD principles of effective exchange of information. It is currently in the course of negotiating tax treaties and expects to have progressed matters by the time the OECD next meets to carry out its review and evaluation of how those jurisdictions, which have confirmed their commitment to the internationally agreed principles of exchange of tax information, have fared in demonstrating and, ultimately, in meeting this commitment. This evaluation will take place very shortly on 1 and 2 September 2009 at the Global Forum on Taxation in Los Cabos in Mexico.

There is, naturally, a global climate of zero tolerance towards tax evasion and time is running out for non-compliant jurisdictions. OECD member countries are, furthermore, already pressing for a formal joint commitment from the OECD as to when sanctions will be imposed on such non-compliant jurisdictions. The BVI and the Cayman Islands are, however, well-placed not only to avoid such defensive measures but also to take advantage of their newly elevated status as fully compliant offshore financial centers.

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