



Seychelles

International Business Focus

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PRESIDENT HAILS PROGRESS IN OFFSHORE SECTOR

President James Michel has hailed progress in Seychelles' offshore industry and announced the opening of a banking college as part of the Government's effort in providing specialised training to Seychellois professionals so as to meet the ever expanding demand in the Seychelles banking, financial and offshore sectors. This followed the touring of the Seychelles International Business Authority (SIBA) headquarters as well as various operators in the adjoining International Trade Zone on the 12th July 2008.

The President also congratulated staff working at the SIBA for their hard work and dedication. On hand to guide President Michel around the various facilities during the visit were SIBA Chairman Mr. Conrad Benoit and Chief Executive Mr. Steve Fanny.

The Financial Services Industry is currently regarded as one of the major pillars of the economy. Speaking to journalists after the visit, President Michel said the occasion had allowed him to see the progress made in

the offshore sector, importantly this progress forms part of a blueprint to double the country's gross domestic product within the next 10 years. Noting that growth in this sector has been phenomenal, President Michel said there is enormous potential for it to develop further.

The President also noted that land allocated to the International Trade Zone was saturated and there is a need to find extra land to cater for expansion.

The re-emergence of Seychelles into the Southern African Development Community (SADC) provides scope for wider developments of this sector as there is high expectation that this will bring new demand and interests for trade from within the SADC countries and the African Region in general.

With the recent introduction of a second offshore bank, BMI Offshore, the Seychelles is positioning itself as a world class center for financial services in the Indian Ocean.

President Michel called on young Seychellois professionals to take advantage of the immense growth in the offshore sector and the vast potential which come with it.

Furthermore he said he was proud to note that many Seychellois professionals are already gaining valuable experience and developing their skills in the Offshore Sector, for instance, by working with foreign based International Corporate Service Providers. This, the President said, will stand them in good stead in the future if they want to set up their own businesses.

Noting that economic reform does not yield success overnight, he said that he was happy to note the country's economy is now at a stage of development that bodes well for the future. He also had praise for the management and staff of SIBA for the excellent work they are doing in promoting Seychelles as a growing offshore financial center with sound credibility and reputation.

Double Taxation Avoidance Agreement Update

Ratified/In force	Signed/Published	Negotiations Concluded	Negotiations in Progress	Agreement to Negotiate
China	Zimbabwe	Egypt	Philippines	Tanzania
South Africa	Belgium	Bahrain	Malta	Sweden
Indonesia	Qatar	Czech Republic	Ivory Coast	
Oman	Kuwait	Tunisia	Morocco	
Botswana		Namibia	Jamaica	
Thailand		Russia	Israel	
Vietnam		Zambia	Turkey	
Barbados			Burundi	
Mauritius			Spain	
Malaysia			Portugal	
Cyprus			Kenya	
UAE			Pakistan	
			Uganda	
			Burundi	
			Lesotho	

Editorial

Since entering the realm of the financial services industry over ten years ago, Seychelles has come a long way from its humble beginnings. The Seychelles is now recognised as one of the leading offshore jurisdictions.

The previous twelve months saw many developments in terms of activities relating both directly or indirectly to International Business Companies (IBCs), Companies (Special Licence) (CSL) and other entities regulated by the Seychelles International Business Authority (SIBA).

October 2007 saw the coming into force of the Securities Act, 2007 whilst the Mutual and Hedge Funds Act, 2008 became law in January 2008. The Securities and Financial Markets Division of the Seychelles Central Bank has been created to supervise the protection of investors and policy holders in Seychelles securities, fund and insurance markets.

Working together with our partners in the industry, it is SIBA's goal to ensure sustainable growth within the industry, while adopting a framework which conforms to the internationally accepted standards set by the IMF, the FATF and the OECD.

The introduction of a wider range of products and structures provided for under the Securities Act 2007, the Mutual and Hedge Fund Act 2008, and with the upcoming introduction of a new Foundations Law together with amendments to our existing legal framework, further demonstrates our commitment and determination to achieving the above.

The Seychelles International Trade Zone (SITZ) has witnessed significant increases in the level of business activity over the recent years. The growth has surpassed even the most optimistic expectations, consuming all available warehouse space within the SITZ. SIBA has this year finalised a USD 13 million investment plan for the erecting of three new warehouses and office blocks. Once completed this project will more than double the existing warehousing space and will meet the ever increasing demand from investors.

These developments have been based on extensive research and appraisal of the markets and the new opportunities being offered to our international investment products have been well received.

Steve Fanny

Managing Director, SIBA

Tel: +482 380 800, Fax: +248 380 888

Email: siba@seychelles.net

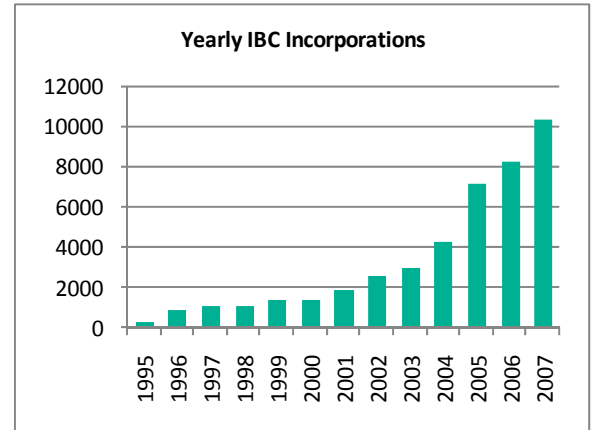
Website: <http://www.siba.net>

STATISTICS

New Record of 10,293 Seychelles IBC registrations for 2007

Over the last few years, the Seychelles International Business Authority (SIBA) has experienced a significant growth in the number of offshore products which it registered, licensed and regulates. The growth is more apparent in the number of IBCs incorporated, companies special licences licensed and trusts registered. The year 2007 saw a record number of IBC incorporations, totalling at 10,293. The industry is showing no signs of slowing down with the first two quarters of 2008 recording a 57.3% increase in business when compared to the same period of the previous year. This growth rate is expected to be sustained throughout the rest of this financial year.

This growth has been influenced greatly by the number of professionals which have been licensed, from the coming into force of the International Corporate Service Providers' Act, 2003. From the year 2005 to 2008, 34 new International Corporate Service Providers and 11 International Trustee Service Providers are being licensed to provide regulated services connected with the formation, administration and management of the above-mentioned entities.



LEGISLATION

ANTI-MONEY LAUNDERING BILL

The New Anti-Money Laundering (Amendment) Bill, 2008 seeks to amend certain provisions of the Anti - Money Laundering Act, 2006.

It provides for a more effective and efficient process whereby persons who are convicted for 'criminal conduct' as defined in the Act and found to have benefited from such conduct by the court; shall have that benefit removed from them.

The Bill provides to the Attorney General a robust series of remedies for before and after conviction, to ensure that pending the outcome of the sentencing process, realizable property as defined in the Bill will not be removed from the Republic or otherwise dissipated.

In addition, it provides for a pecuniary penalty order in relation to the benefit of the criminal conduct of the person convicted to be made by the Court which will be enforceable on the application of the Attorney General.

Section 3 of the Act has been amended to provide for a newly expanded definition of the crime of money laundering, which now provides for offences committed outside the Republic and for an efficient methodology whereby the connection between the criminal conduct and the money laundering activities is to be determined on the civil standard of proof.

The definition of criminal conduct has also been expanded to provide for offences committed outside the Republic.

Provision is made for an efficient methodology whereby the connection between the criminal conduct and the money laundering activities is

to be determined on the civil standard of proof and in specified circumstances the onus shifts on the Defendant to demonstrate a legitimate source, failing which property will be presumed to be the benefit from criminal conduct.

Part 3 of the Act which provides for the establishment of the Financial Intelligence Unit (F.I.U), which will be vested with responsibilities regarding the monitoring of statutory and anti - money laundering procures for local banks and other related entities.

The FIU also vested with powers to conduct investigations so as to obtain pecuniary penalty orders, consequent upon a criminal conviction, and also to apply to the Supreme Court for orders under the Civil Confiscation Bill. The new provisions considerably expand the nature of and the powers and duties of the F.I.U as well as setting it up as a corporate body. Sections 17 and 18 provide for its management structure, as well as appointments of Assets Agents who can apply to a Judge for, and execute warrants. Asset Agents will further have the authority to seize cash and any other materials.

The main objectives of the F.I.U will be to monitor and enforce compliance by reporting entities with the anti money laundering obligations under Part 2 of the Act; identify assets wherever situated which are or suspect to be derived from criminal conduct, and to take appropriate action under the law to deprive those persons of the benefit of such assets in whole or in part.

LEGISLATION

SECURITIES ACT 2007

One of three very important laws recently enacted and fully implemented this year, the new Seychelles Securities 2007 Act paves the way for a new securities industry in Seychelles. Similar to the new Mutual Funds and Hedge Funds Act 2008 and Insurance Act 2008, the Securities Act 2007 aims to provide a well regulated, but efficient and enticing framework in which to operate.

The provisions of the Securities Act 2007 aims to instill confidence in investors by licensing and regulating all of the components of the market and by providing internationally accepted guidelines to which participants must adhere. The Act accounts for offenses such as insider trading, price rigging, market manipulation, use of deceptive statements and fraudulent transactions. For public securities there is a requirement that information be publicly known before it is acted upon or charges may be brought for insider dealing.

Possibly the most important component of the new Securities Act was the enabling language for the creation of a new Seychelles Stock Exchange. The Act states that no person may operate a securities exchange from Seychelles whether physically, electronically or otherwise without a Securities Exchange license issued by the Securities Authority. A contract

was awarded by the Securities Authority and the establishment of the physical stock exchange and IT backbone is underway with a recently announced anticipated launch in September of this year.

To oversee the new Seychelles Stock Exchange, the Securities Act 2007 calls for the creation of a new Securities Authority within Central Bank: the Securities and Financial Markets Division. The Securities and Financial Markets Division is charged with regulating all licensable activities as set out in the new Act as well as licensing and oversight of the various collective investment schemes as outlined in the Mutual Funds and Hedge Funds Act 2008.

The Securities Act 2007 goes on to expressly address the licensing and oversight of several professions and components that tie in with the Seychelles Stock Exchange such as clearing agencies, securities dealers, investment advisors, securities dealer's representatives, investment advisor's representatives, custodians of securities and auditors.

The Securities Act 2007 specifies several "recognized jurisdictions" in association with application for "exempt" status by which the licencing requirements are reduced. These

jurisdictions include Austria, Australia, Bahamas, Bahrain, Belgium, Bermuda, British Virgin Islands, Canada, Cayman Islands, Cyprus, Denmark, France, Germany, Gibraltar, Guernsey, Holland, Hong Kong, Ireland, Isle of Man, Japan, Jersey, Luxembourg, Malaysia (including Labuan), Mauritius, New Zealand, Singapore, South Africa, Switzerland, United Arab Emirates, United Kingdom and the United States of America.

Broadly, the Act includes in its definition of securities; shares of companies or of funds, debentures, bonds, certificates of deposits, warrants and options. Importantly, the Act also includes within the definition of securities Contracts for Differences (CFDs) and allows for the listing and live trading and regulation of these CFDs. CFDs are an increasingly popular investment product whereby investors can take advantage of leverage to increase returns. The only other known exchange offering live trading of CFDs is in Australia.

The Act further gives license holders a number of tax efficient solutions to bring new business to the Financial Centre.

Bobby Brantley Jr.

Sterling Offshore Ltd.

MUTUAL FUND AND HEDGE FUND ACT 2008

The Mutual Fund and Hedge Fund Act, 2008 provides a new regulatory environment for collective investment schemes.

Under the Act a mutual fund can be a company, unit trust or partnership, in Seychelles or a recognized jurisdiction, that collects and pools investor funds for collective investment purposes.

The Bill provides for three types of funds, namely; private funds (with no more than 50 investors), professional funds (with a minimum investment of USD 100,00 or equivalent per investor), public funds (all other funds).

The Act requires the Authority to ascertain if applicants, operators, promoters and administrators of a fund are "fit and proper" persons, that the custodian of the fund is a licensed bank or an otherwise approved person and that the investors' interests are adequately protected.

A public fund that invites members of the

public to purchase shares or other equity interests is required to provide such detailed information as would enable them to make an informed decision.

The Act also seeks to regulate mutual fund administration which involves the management and control of the assets of a mutual fund. Where a foreign administrator is authorized to conduct mutual fund administration under the law of a recognised jurisdiction such administrator may be exempted from the requirement to have a local licence, but the exemption itself, valid for one year, should be renewed annually.

A Seychelles fund administrator may carry on administration in respect to an unspecified number of mutual funds whereas a restricted Seychelles fund administrator must act in respect of the mutual funds specified in the licence.

Licensed mutual funds as well as fund administrators are entitled to tax exemp-

tions and concessions under specific laws for a period of 20 years. These conditions create a tax efficient environment in which the funds and administrators to operate.

Other provisions that fund administrators and investors may find advantageous are the possibility of licensing companies incorporated in recognised jurisdictions. The provision further allows structuring of funds through tax exempt structures such as the Seychelles IBC or tax paying structures such as the Seychelles CSL with access to tax relief under Seychelles' Double Taxation Avoidance Agreements, as well as exemptions from Seychelles withholding tax and stamp duty. The Act further enables funds meeting certain criteria and licensed as a mutual fund in a recognised jurisdiction to be exempt from the licensing requirements of the Act subject to the approval of the Authority.

GENERAL NEWS

BMI OFFSHORE BECOMES SECOND OFFSHORE BANK IN SEYCHELLES

The Bahrain based BankMuscat International (BMI) is entering the offshore banking sector after receiving a licence from the Central Bank on the 26th March 2008 to establish a joint venture with one of Seychelles' largest banks, Nouvobanq.

Offshore banking allows businesses and private individuals from other countries to take advantage of banking services, favourable tax rates and the good reputation offered by the Seychelles banking sector.

BMI is registered in Bahrain and regulated by the Central Bank, but was set up in association with financial institutions from Bahrain, the United Arab Emirates, Kuwait and Oman.

The Bahrain-based BMI Bank has announced the appointment of Frank Hoareau as managing director of its new offshore banking business in Seychelles, the BMI Offshore Bank.

Mr. Hoareau brings with him extensive experience and knowledge of the offshore industry and banking in general. BMI Offshore Bank will be managed by BMI and

provide offshore banking and private banking services. The bank aims to provide access to trust and investment services for both corporate and private customers residing abroad.

Currently the Banks offers basic products such as transaction banking in multi currency accounts, term deposits, mortgages for Integrated Resort Schemes and Net banking facilities. Over the next three to four months it hopes to offer credit and debit card facilities, loan financing and Private Banking with access the UBS investment platform.

The bank is located at the Marina House building on Eden Island, where a special ceremony was held on the 7th July 2008 To commemorate the launch of the bank during which President Michel officially opened the bank.



BMI Chief Executive Andrew Bainbridge (right) and Managing Director Frank Hoareau (left)



Barclays Appoints new Managing Director

Mr Loganaden Sidambaram is the new man charged with Barclays Bank PLC's expansion in the region in retail and commercial banking, cards and advisory services.

Mr Sidambaram has over 25 years of banking experience and was previously associated with Barclays as the regional treasurer in Botswana. He is a senior banker with experience in treasury, financial analysis, organisational restructuring and process improvement.

"With his strong background, and having handled several senior roles within Barclays emerging markets, he is well positioned to lead the Seychelles operations," said a communiqué from the bank.

Commenting on the new appointment, Samir

Bhatia, managing director – India and Indian Ocean, said: "We are delighted to appoint Loganaden to the role of MD for Seychelles. As regional treasurer in Barclays Botswana, he has made significant contributions, and we wish him continued success in his new role.

"We would also like to thank Frank (Hoareau) for the positive contribution he made to the Seychelles business during his tenure. We wish him all the very best for his future endeavours."

Mr Sidambaram said: "It is a great honour to be given responsibility to lead the organisation in this region. I will do my best towards strengthening the business further and guiding the team in providing an even better service to our customers."

Qatar announces further USD 400m in FDI

Qatari Diar Real Estate Investment Company announced the final cost of \$400 million for a tourism project to be located to the South of Mahe, the main island of the Seychelles archipelago, at a stone-laying ceremony held on the 1st June 2008.

The heir apparent of Qatar, Sheikh Tamim Bin Hamad Al-Thani, and vice president Belmont unveiled a plaque to commemorate the start of the project. The presence of Sheikh Tamim Bin Hamad is a testimony to the good relationship and corporation that exists between Qatar and the Seychelles.

The projects is a key addition to the Qatari government's portfolio of overseas investments and, in turn, to the diversification of Seychelles' portfolio of tourism products.

The 840,000 square meter luxury development will include a five-star resort and spa as well as freehold residential villas.

Tuna Cannery Brings € 42m Into Economy

Mr. Alain Olivieri, general manager of the Indian Ocean Tuna (IOT) cannery, explained that the direct contribution to the Seychelles economy from the company totalled €42 million (18% of Seychelles' GNP) during 2007 financial year.

He further commented that besides giving employment to workers—which varies between 2,000 and 2,600—IOT also provides a significant level of indirect employment for up to 1,000 other people through related port and other activities.

"The Factory's current daily throughput volume is 300 metric tones with the capacity to go up to 400 tonnes, IOT's current daily output is 1.2 million cans."

Mr. Olivieri said that during the last two years IOT has been processing about 70,000 tons of raw material a year but added that this is lower than the average of 85,000 for the last five years because the drop in catches due to El Nino and other similar phenomena. This created a shortage in the supply chain which forced the plant to reduce production," he said.

Mr. Olivieri however later reaffirmed that he believes fish stocks remain high. The lower than average catches can be attributed to abnormal surface temperatures. Once this phenomenon is over, tuna will swim significantly closer to the surface and catches will return to previous levels. The unusual temperatures have forced plankton to move deeper into the sea and with them the fish that feeds on them, such as the Tuna.