



Approval of new Alternative Banking Regime

As a leading fiduciary on the Island, I am sure Optimus is not alone in finding it more and more difficult to bank client entity monies. As regulation is becoming more stringent and parent banks are directed by their UK shareholders, our clients' options have narrowed in the last few years. So much so that we are looking to use alternative banking options - which is unhealthy for our island's economy, and very frustrating for us to take this business off island. I am sure this is proving equally challenging for other sectors of the finance sector, such as e-business.

We therefore welcome the recent consultation and subsequent approval by the Isle of Man Parliament in passing laws which will establish a new alternative banking regime on the Isle of Man that will come into affect on **1 August 2016**.

It is a positive step for our Island and provide alternative options to the high street banks who are currently turning our business away. It is encouraging that the Isle of Man Government are continually re-thinking and re-shaping our banking sector to create more competition to the existing major players.

The proposed regime will expand the existing Class 1 (deposit taking) banking licence to include three tiers of banking:-

- Class 1 (1) – for the typical existing banks and retail deposit taking
- Class 1 (2) for non-retail deposit takers – those that provide services to a very limited class of individuals and corporates. Minimum of £3.5m capital requirement
- Class 1 (3) for Representative Offices of foreign banks, not able to take deposits on the island

Unlike other jurisdictions, the Island is trying to be on the front foot in the ever changing world of the offshore industry which we see as another positive move by the Isle of Man and once again, we are seeing the Island looking to the future and trying to make provisions to protect key industries.

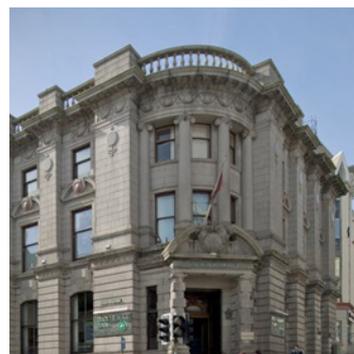
An established and highly successful model is that of Hong Kong where they maintain a three-tier system of deposit-taking institutions, namely, licensed banks, restricted licensed banks and deposit-taking companies. Hong Kong has one of the highest concentration of banking institutions in the world. 71 of the largest 100 banks in the world have an operation in Hong Kong.

So as a firm, we welcome this move by the Government and happy to discuss this in more detail either if you or your clients are thinking about moving your banking to the Island.

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"Expansion of the existing Class 1"

