



# HFM

SPECIAL REPORT

## BERMUDA 2017

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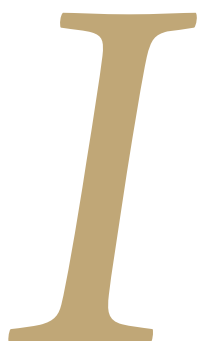
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In a time marked by geopolitical turbulence on both sides of the Atlantic, there may be a temptation to shut down until the storm passes. In Bermuda, however, we are well-versed in weathering hurricanes; when tough conditions hit, we fortify, dig in our heels and face the tempest head-on.

The machinations of Brexit, coupled with daily controversies around looming US tax reform and other Trump administration proposals, wield significant impact on international capital flows and foreign direct investment. Yet despite the current political uncertainty, it's business as usual in Bermuda. Our island's strengths play very well to this unpredictable environment. We're

known for stability, for quality, for corporate sustainability and for providing a safe harbour in times of turmoil. Our jurisdiction also has a record of providing solutions to tough challenges – including innovative ways to manage and diversify risk. And our long-standing reputation for robust regulation and compliance continues to differentiate us from other jurisdictions, giving clients and investors comfort that Bermuda will be a long-term partner.

Against a backdrop of improving economic indicators – Bermuda's national GDP counts two years of positive growth, and tourism metrics are setting new records – we have seen a number of exciting developments on the international business front. Notably, in 2016, Bermuda added the Limited Liability Company (LLC) to its array of available legal structures. Modelled closely on the Delaware product, Bermuda's LLC is familiar to US clients and proving popular for managers establishing private equity vehicles and holding companies.

We're diversifying our economy, as evidenced by the formation of new maritime and aircraft authorities to promote registration and management of ships, superyachts and jets. The insurance and asset management industries are exploring creative ways to embrace disruptive technologies such as artificial intelligence and blockchain. And with 2017's successful hosting of the 35th America's Cup, the island has enjoyed a huge boost to its profile as leaders of Fortune 500 companies and high-net-worth visitors flocked to Bermuda in droves, many for the first time. Our agency, along with many Bermuda businesses, has been meeting with these valuable visitors to share the many advantages and opportunities our jurisdiction offers. The aim is to develop new relationships and create a legacy of fresh investment to fuel our economy long after the America's Cup concludes.

In this year's edition of *HFMWeek's* Bermuda Special Report, industry leaders discuss the continuing revitalisation of the island's asset-management sector. We are seeing an uptick in the use of Bermuda fund structures by hedge and private equity fund managers, including some very well-known names. The recent formation of Alternative Investment Management Association and 100 Women in Finance groups here increases our visibility with such internationally recognised industry organisations. Bermuda is also once again hosting a number of annual fund conferences, including the Global Fund Forum and World Alternative Investment Summit. Additionally, our successes in the spheres of insurance linked securities and family-office solutions exemplify our innovative strength, and our constant adaptation to fast-changing regulatory requirements demonstrates our commitment to top-tier quality above all else.

We hope you enjoy this report, and we invite you to explore Bermuda's wealth of new business opportunities for yourself.



### Sean Moran

Sean Moran is head of business development at the BDA, responsible for supervising the team of business development managers and coordinators. He is also responsible for the agency's Asset Management and Trust & Private Client sectors. Moran has more than 20 years of financial services experience in Bermuda, Hong Kong and New York.

# HFM

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# THE CONTINUING RISE OF A STRONG DOMICILE

SCOTT BURNS, OF THE HORSESHOE GROUP, ALISON MORRISON, OF OYSTER, AND CRAIG BRIDGEWATER, OF KPMG, CONSIDER SOME OF THE FACTORS THAT RETAIN BERMUDA'S POSITION AS AN INNOVATIVE, APPEALING FUNDS DOMICILE



**Scott Burns** is an SVP at Horseshoe Fund Services Ltd (HFSL). As an SVP, Scott is responsible for the fund operations team and head of the private equity services group. HFSL's product offering specializes in hedge funds, fund of hedge funds, private equity funds and ILS funds.

**HFMWeek (HFM):** What sectors will help drive Bermuda's growth in the Alternative Investment fund space?

**Scott Burns (SB):** We are certainly beginning to see some positive momentum in the fund space in Bermuda and signs of renewed interest in Bermuda as a choice for offshore domicile. While this growth is coming from multiple different sectors including healthcare and real estate, one area that fits very well in Bermuda's sweet spot is the booming financial services technology (fintech) space.

Fintech has a very similar feel to the early days of the Insurance Linked Securities (ILS) growth in Bermuda. Bermuda leveraged several of its strengths as a leading offshore financial services centre to establish its dominance in the jurisdiction of choice for the ILS fund space. Many of those same attributes have Bermuda well-positioned to take the lead in providing the ideal domicile for this high-growth sector. Bermuda has a very experienced and well-established ecosystem that supports the alternative investment fund space. This network of service providers, regulators and finance professionals positions Bermuda very well to become the jurisdiction of choice for the fintech movement. Not only does Bermuda offer a deep bench of very experienced professionals, but also the fund services industry has formed a cohesive group that works closely with the government and other stakeholders to provide friction-free entry into the Bermuda space.

The experienced network of industry professionals coupled with Bermuda's leading position as a financial service centre and jurisdiction for global insurance, combine to put Bermuda in pole position for the fintech space. Very similar to the ILS Bermuda success story, the fintech story is poised to be written as another big win for Bermuda.

**HFM:** Are there any current trends in the alternative fund structure area that will impact Bermuda's growth in the Alternative Investment Fund space?

**SB:** One trend we see is an increase in the fundraising and fund launches for permanent capital alternative investment funds. A permanent capital structure has attributes of both

closed-ended and open-ended fund structures. These funds are characterised by longer-term durations; often either evergreen, or with terms in excess of 15 years. Similar to a private equity closed-ended structure, they are being raised to invest in hard-to-value assets such as infrastructure, real estate and private companies and these investments have very lengthy holding periods of more than seven years. These funds also have hedge fund open-ended features such as the ability for investors to subscribe and redeem at any time. The management fees and performance fees often borrow mechanics from both open and closed-ended funds. These structures offer the dual advantage of the ability to invest in very long-term investments and significantly reducing the need to continually fundraise.

While most offshore jurisdictions have developed more of a singular focus inside the alternative investment fund space, Bermuda has created a unique selling point by establishing deep expertise in several types of fund structures. The dominance of Bermuda in the ILS space is well-chronicled, but Bermuda has also developed industry-leading expertise in the traditional hedge fund space. In addition, Bermuda was one of the first jurisdictions to develop the private equity structuring and fund administration expertise back in the 1980s and has continued to build on that early head start to create significant industry depth.

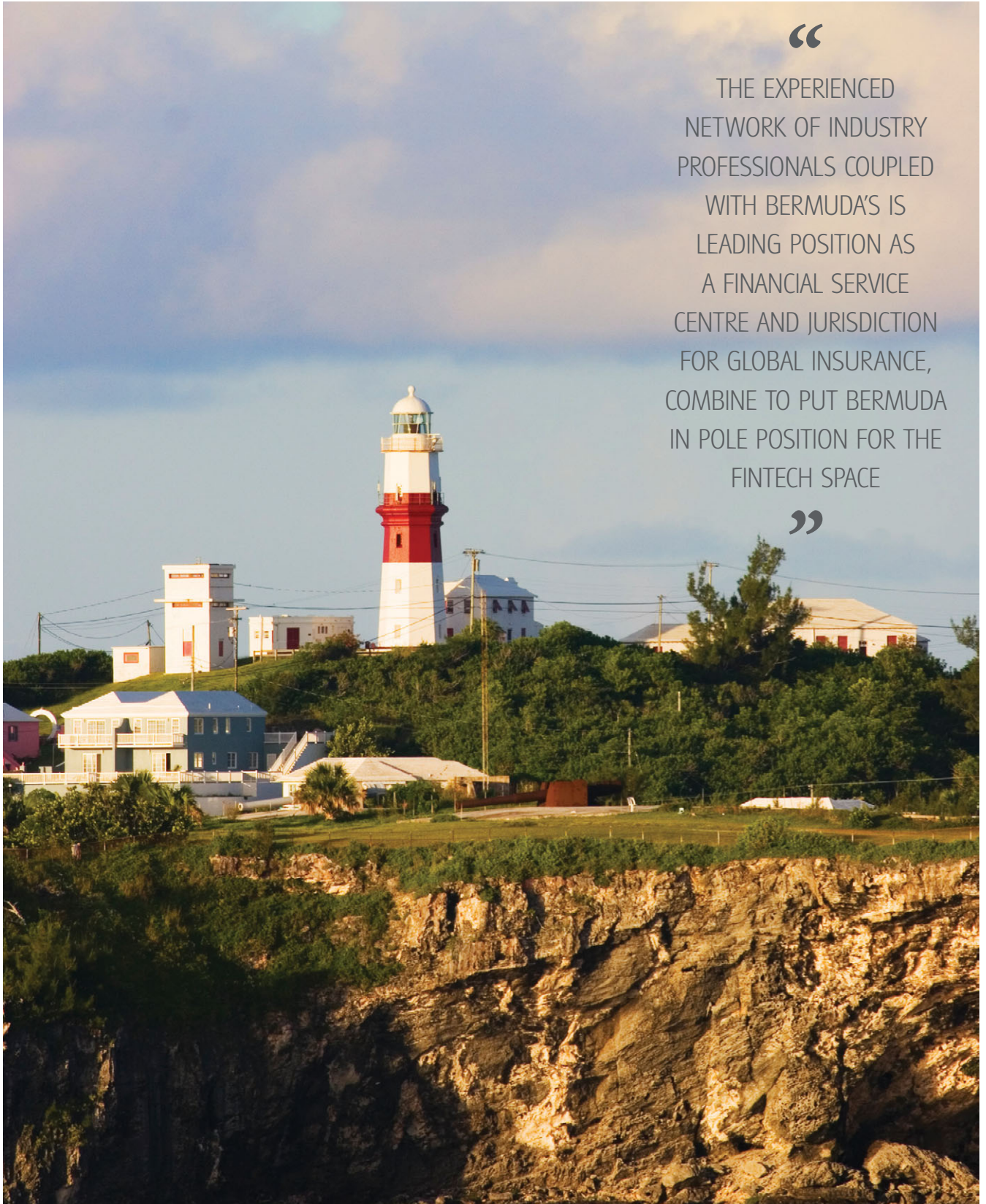
We believe the combination of decades of experience with both closed-ended and open-ended fund structures has positioned Bermuda very well for the recent growth of permanent capital alternative investment funds.

While the permanent capital fund structure brings significant advantages over traditional private equity and hedge fund structures, it also produces a more complex fund structure to administer. Since this type of structure has characteristics of both the closed-ended private equity structures and the traditional hedge fund structures, service providers, such as Horseshoe Fund Services, with significant experience in both structure types are required to successfully administer and structure these funds.

Bermuda is well-positioned to leverage decades of

“AMENDMENTS TO VARIOUS PARTNERSHIP ACTS AND THE COMPANIES ACT HAVE ALLOWED BERMUDA TO IMPROVE ITS PRODUCT OFFERING AND INCREASE ITS COMPETITIVENESS AS A PREMIER JURISDICTION”





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THE EXPERIENCED  
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CENTRE AND JURISDICTION  
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COMBINE TO PUT BERMUDA  
IN POLE POSITION FOR THE  
FINTECH SPACE

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experience in both the hedge fund and private equity fund structure formation and administration, and emerge as the leading domicile of choice for the permanent capital fund managers.

**HFM: What levels of change has Bermuda experienced in light of recent developments in, and newly implemented, legislature?**

**Alison Morrison (AM):** Bermuda continues to enhance the island's legal framework to ensure the jurisdiction remains globally competitive in an ever changing regulatory environment. Amendments to various Partnership Acts and the Companies Act have allowed Bermuda to improve its product offering and increase its competitiveness as a premier jurisdiction. The various updates allow for more flexibility in the management and operation of partnerships, allowing for growth within the asset management industry. These changes have resulted in an increase in the number of asset managers who have chosen to make Bermuda their home base. In addition, the introduction of the Limited Liability Company (LLC) Act has helped drive more business to Bermuda as our legislation is closely modelled on Delaware law and something that US legal advisers can promote on our behalf.

We have also seen the introduction of licensing of corporate service providers, which has created a structure for the prudential oversight of these firms in Bermuda. The regulatory framework will not only assist in addressing anti-money laundering (AML) and anti-terrorist financing (ATF) matters, but will also help to ensure that all corporate service providers are regulated to standards that will maintain Bermuda's reputation as a premier offshore financial centre.

As Bermuda continues to build upon its strong anti-money laundering/anti-terrorist financing regime we have seen additional requirements introduced, such as the obligation for all regulated entities to undergo an independent AML audit at least annually. Oyster has undertaken a number of AML audits for regulated entities at this time and continues to see this as a major growth area of business during 2017 and on an ongoing basis.

**HFM: What upcoming developments are set to further bolster Bermuda as a choice funds domicile?**

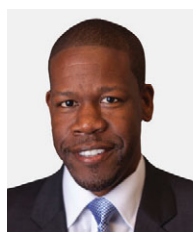
**AM:** Bermuda as a jurisdiction is constantly looking for ways to improve and enhance our product offerings within all industry sectors. We have certainly seen significant growth and a renewed interest in domiciling funds on the island. Ongoing collaboration between all industry sectors, the Bermuda Business Development Agency, government and the Bermuda Monetary Authority are key to our continued success. The convergence between the insurance and asset management industries has led to a thriving ILS sector that continues to grow and has ensured that Bermuda remains a premier jurisdiction. In addition, our new Class A and Class B funds now in place allow for speed to market, which is particularly attractive to managers selecting a domicile for their new funds.

Bermuda continues to look for ways to attract managers to the island. We have also seen a tremendous growth in conferences held in Bermuda over the past couple of years, which have led to opportunities to showcase our talented pool of individuals. The Regulatory Compliance



**Alison Morrison**

has been involved in the financial services industry in Bermuda, Cayman and the British Virgin Islands for over 25 years. She has worked as a part of multi-national firms and banks, and has extensive experience in anti-money laundering (AML) regulations, risk management, policy development, corporate governance, training, and operational compliance.



**Craig Bridgewater**

is head of Investments and Banking at KPMG in Bermuda. He has significant experience providing audit and advisory services to the financial services industry, including Bermuda-based funds and investment managers.

Association has hosted a conference in Bermuda for the past couple of years, as has Hedge Connection's Global Fund Forum.

We have a strong regulatory framework that is attractive to new managers looking to establish funds and managers who are based on the East Coast and able to visit the island and meet with their lawyer, accountant, fund administrator and directors all in one day. This convenience is a strong selling point for Bermuda.

**HFM: What are proving to be the key emergent trends in Bermuda in terms of fund structures being launched and the types of companies domiciling within the jurisdiction during 2017 and why?**

**Craig Bridgewater (CB):** Bermuda is seeing a lot of interest in non-traditional and special focus investment structures including private equity and venture capital. Bermuda is attractive in this area given the significant amount of intellectual capital and experienced governance resources. This sector of the asset management industry requires specialist skill sets from its service providers including administration, corporate and legal services, and accounting, audit and advisory services. Bermuda is well placed in this regard.

The structures that are facilitating this trend include the segregated accounts companies (SAC) structure – which provides the statutory segregation of assets and liabilities – and private closed-ended funds whether in the form of an LLC, limited company, or partnership. The SAC structures have been legally tested and provide an efficient platform to introduce and expand the number of funds under management. Accounts or cells are easily activated and there is also the ability for one cell to invest in another.

**HFM: What factors are driving these trends and how is Bermuda positioned to foster growth in these areas?**

**CB:** The large amounts of private capital available in global markets and the desire to deploy this capital into investments that provide attractive returns is one of the trends driving growth in private equity and venture capital structures. This coupled with many infrastructure, real estate and other large scale project investments provides a great environment and impetus for growth.

Bermuda is well positioned to foster this growth given its level of intellectual capital, location, global regulatory standards and tax neutrality.

**HFM: How has your approach towards attracting firms to Bermuda developed in 2017, and how is it set to develop throughout the year?**

**CB:** Our approach has not changed significantly over recent years. As a jurisdiction we recognised that the major markets that interact with us include New York and London. In addition, these markets represent the significant gateways to capital that is looking to be deployed. As a result, our business development efforts are focused on forging relationships and informing significant stakeholders located in these markets. As mentioned above, the Bermuda Business Development Agency has played a key role in coordinating members in the industry towards approaching these markets. This will continue to evolve in 2017 and thereafter. ■



# BSX – PART OF BERMUDA'S INNOVATIVE SUCCESS

GREG WOJCIECHOWSKI, OF BSX, DISCUSSES THE FACTORS WHICH HAVE ENSURED THE BSX'S CONTINUED EVOLUTION AND SUCCESS



**Greg Wojciechowski** is president and chief executive officer of the Bermuda Stock Exchange (BSX). He is the chairman of the Financial Intelligence Agency in Bermuda, chairman of ILS Bermuda Ltd. and sits on the Board of Directors of the World Federation of Exchanges (WFE).

**E**stablished in 1971, the Bermuda Stock Exchange has developed to become the world's leading, fully electronic, offshore securities market. Bermuda, already an established global financial centre and the world's third largest reinsurance market in the world, is now considered the world's risk capital with its well-respected and regulated financial services platform.

While its primary responsibility lies with firmly supporting Bermuda's domestic capital markets and investors, the BSX's entrepreneurial spirit has led it to evolve as a niche market focusing on specialised areas. A particular niche has been carved-out in the support of the Insurance Linked Securities (ILS) space, and this is now a world-class area of expertise. Currently there are over 800 securities listed on the BSX, of which over 300 are offshore funds and 200 are ILS. Bermuda has emerged as a true centre of excellence for the creation, support and listing of these structures, and at the time of writing, the BSX has hit record levels of ILS listings with 211 securities with a market cap value of \$23bn.

The BSX is a critical component of Bermuda's domestic capital market. The exchange provides a regulated market in which buyers and sellers of listed stock can conduct business using world-class electronic trading, clearing and settlement technology. Trading and settlement occurs daily and is supported by a network of regulated professional financial intermediaries.

What sets the Exchange apart from its competitors is its longevity in providing a modern, electronic, internationally recognised stock exchange platform to our domestic market as well as our international clients. The BSX was at the forefront in creating the exchange structure that can be seen in some smaller exchanges.

Other key features that have ensured BSX's success are the sophistication of Bermuda's commercial platform and Bermuda's unique geographic location, nestled nicely between two of the largest and deepest capital market and insurance industries in the world.

The firm's client base comprises domestic and international corporations and investors. We offer them a solid, modern and regulated stock exchange platform

that adds value with our well-known brand and reputation. BSX takes a commercially sensible approach when dealing with new business, while never forgetting its critical regulatory responsibilities to ensure that the market platform maintains international best practice standards.

## A POSITIVE 2016

From both a commercial and organisational perspective, 2016 was a very positive year for the BSX. Perhaps the most significant development was our appointment to the Board of Directors of the World Federation of Exchanges, the global association of exchanges and clearinghouses. This prestigious appointment makes the BSX the first offshore exchange to become a full member and a member of the Board of Directors – a real testament to the hard work of the BSX team.

We saw positive listing activity across most sectors in 2016, including international equities, debt, collective investment vehicles and ILS. International debt listing activity was particularly strong, growing by over 100 per cent from 55 to 116. As of 31 December 2016, the total number of listed securities stood at 753.

In 2016, the BSX recorded a record number of ILS listings – 61 in total, with a capitalisation value of \$6.2bn, including several new variable rate note programmes and 19 new notes under established programmes. In total, the number of ILS-listed vehicles grew from 151 to 175 (a 16% increase), while the overall value of the securities grew from \$19.2bn to \$21.2bn (a 10% increase).

There were also 29 new collective investment vehicles, two international equities, 19 new derivatives and 74 fixed income securities listed, along with 11 subsequent issues undertaken by existing listed issuers, including those of Butterfield Bank and Keytech.

De-listings included several ILS vehicles, international debt structures and Butterfield Bank's 8% preferred share class, all of which matured as part of the normal course of business. The RB/BSX index closed the year at 1,923.79, up 47.52% over 2015.

Trading volume was up 31.75% year-on-year with a





total of 8.22m shares traded. Correspondingly, share value ended the year at \$48.6m, as compared with \$22.9m in 2015, representing a 112.23% increase.

The Bermuda Securities Depositary (BSD), the Central Counter Party (CCP) and Central Securities Depositary (CSD), continued to ensure orderly settlement of trades and processing of all domestic corporate actions. At year's end, the BSD held 58% of all domestic listed securities in custody, up from 40% over the last year. The BSX ended the year with a total market capitalisation of \$343.8bn, \$2.5bn of which represented the domestic market, up a notable 41.24 per cent over the previous year.

The accomplishments of the BSX to date, particularly the 2016 results, are directly attributable to the hard work of a dedicated team of world-class stock exchange professionals that manage and operate the exchange on a daily basis. The BSX team clearly understands the importance of a modern and solid domestic capital market, how the

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THE BSX'S  
ENTREPRENEURIAL SPIRIT  
HAS LED IT TO EVOLVE AS A  
NICHE MARKET FOCUSING  
ON SPECIALISED AREAS  
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BSX platform is central to this and how all the pieces collectively contribute to the health and development of Bermuda's economy.

#### READY FOR ANOTHER STRONG YEAR

Bermuda and the BSX are well-positioned for an excellent 2017. As the Exchange has emerged as a solid niche exchange market platform, we will seek to add value and create new opportunities where we can. One very logical area will be to ride the acceleration of the convergence of the insurance and capital markets industries by creating an exchange focused on insurance products.

Whatever 2017 has in store, the BSX, given its longevity in the business, deep pool of stock exchange experience, its unique and critical geographic location, the sophistication of the jurisdiction in which it operates and its well-known platform, is well prepared to address and take advantage of any new opportunity that comes its way. ■

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# BERMUDA'S SOPHISTICATED INTERNATIONAL TRANSPARENCY AND REGULATORY ENVIRONMENT

STEPHANIE P. SANDERSON, OF BEESMONT, REFLECTS ON BERMUDA'S INTERNATIONAL REPUTATION AND THE DESIGNATIONS THE DOMICILE HAS ACHIEVED, WHICH MAKE BERMUDA A SOUND AND ADVANTAGEOUS BUSINESS HUB



**Stephanie P.**

**Sanderson** is a partner in the Corporate Department at BeesMont Law Limited. She joined the firm in 2010 and practices in all areas of corporate and commercial law with an emphasis on investment funds, mergers and acquisitions, corporate re-organisations and cross-border transactions. Sanderson also advises on Bermuda international tax law, compliance, corporate governance and regulatory matters in addition to general corporate matters.

Increasing complexity in cross-border structures, the effects of the recent global financial crisis, increasing fears over diminished tax revenues and multiple financial scandals have impacted various countries around the world. These concerns, and increased globalisation, have driven the push for greater transparency and internationally agreed standards of due diligence and reporting. International financial centres must now uphold the principles of transparency and exchange information with global partners in order to stay in the game.

Bermuda's reputation as a 'blue chip' international business jurisdiction and its long-standing position of transparency and cooperation has historically differentiated Bermuda from other jurisdictions. Discerning fund managers and investors are increasingly seeking a sophisticated jurisdiction which offers balanced regulation and is internationally respected as a place in which to invest and conduct business. Bermuda provides this 'gold standard'. The jurisdiction is therefore benefitting from a flight-to-quality phenomenon as fund managers, investors and organisations are increasingly reacting to global regulatory pressures and finding that Bermuda is a safe and respected offshore jurisdiction.

## INTERNATIONAL LEADER

Bermuda is an overseas territory of the United Kingdom with English as its official language and is ideally located between Europe and the United States. It is regarded as a reputable international finance centre with sophisticated international business carried on in the jurisdic-

tion and a strong infrastructure including a 400-year-old court system, an internationally recognised stock exchange (Bermuda Stock Exchange) and depth of market experience. Bermuda is home to an unrivalled collection of talent and intellectual capital in key sectors and services including fund administrators, auditors, financial advisers, lawyers, IT specialists, corporate secretaries and a full range of support services.

Bermuda's principal regulator, the Bermuda Monetary Authority, is globally recognised as meeting international standards and is a member of the International Organisation of Securities Commissions. In 2016, Bermuda was granted coveted full EU Solvency II equivalency which means that Bermuda's commercial (re) insurers are not disadvantaged when seeking and writing business in the EU, an achievement that serves as concrete validation of the jurisdiction's regulatory sophistication. Bermuda has further achieved recognition

by the US National Association of Insurance Commissioners as a Qualified Jurisdiction – one of only seven foreign jurisdictions with this designation.

Bermuda was selected as one of the hand-picked countries which the European Securities and Markets Authority (Esma) identified to assess in respect of the EU Alternative Investment Fund Managers Directive (AIFMD). It has been actively working to demonstrate that it should be granted the AIFMD 'passport' — a recognition that, if Bermuda achieves, would provide important benefits to Bermuda's investment funds sector and yet another reason for fund managers to establish offshore funds in Bermuda.

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FUND MANAGERS,  
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INCREASINGLY REACTING  
TO GLOBAL REGULATORY  
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THAT BERMUDA IS A SAFE  
AND RESPECTED OFFSHORE  
JURISDICTION  
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## COLLABORATION

Bermuda maintains its reputation as an industry leader through its well-balanced and collaborative approach when it comes to its regulatory environment and transparency regimes. The jurisdiction continuously modernises its legislation and infrastructure to offer competitive options to fund managers, stakeholders and potential investors in Bermuda.

The Bermuda Government and Bermuda Monetary Authority work closely with the private sector to develop laws and regulations that enhance the business environment in Bermuda by implementing sensible, risk-appropriate and forward-thinking policies and globally recognised regulatory regimes.

## TRANSPARENCY AND INTERNATIONAL COOPERATION

Bermuda is recognised by the international community for its commitment and cooperation as regards transparency and information exchange while maintaining a sensible, business-friendly approach. Bermuda is fully committed to global initiatives to prevent tax evasion and money laundering and has continued to score well on internationally recognised indices.

Bermuda's consumption-based tax system has been in place for over 100 years and has served it well in financing its government and infrastructure. Bermuda's tax laws and various treaty commitments avoid double taxation of corporations and it is committed to assisting other jurisdictions claim revenue their taxpayers are obligated to pay.

Bermuda can be credited with maintaining a beneficial ownership registry for about 70 years, long before the international community agreed that this should become a standard requirement in major business centres, and it continues to hone the regime. 'Anonymous shell companies' are simply not permitted in Bermuda.

Bermuda has bilateral Tax Information Exchange Agreements with 43 jurisdictions and was the first jurisdiction to be elevated to the Organisation for Economic Cooperation and Development (OECD) 'white list' in 2009 in recognition of the implementation of internationally agreed tax standards. Bermuda has never had bank or financial secrecy laws and the jurisdiction implemented the Basel III global regulatory framework for more resilient banks and banking systems in 2015, imposing capital adequacy requirements and liquidity coverage ratios.

## AUTOMATIC EXCHANGE OF INFORMATION

International automatic exchange of information regimes began with the establishment of the United States' Foreign Account Tax Compliance Act (Fatca) and the United Kingdom's 'UK Fatca' or 'CDOT' (CDOT) some years ago. The principle was solidified more recently through the large-scale adoption of the Common Reporting Standard (CRS) and has been further developed by the introduction of Country-by-Country Reporting through the OECD's Base Erosion and Profit Shifting (Beps) Project.

Bermuda entered into inter-governmental agreements in 2013 with the US and the UK to exchange tax-related information under Fatca and CDOT on

account holders located in Bermuda. However, the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (Convention) is one of the keys to the legal and operational structure for the automatic exchange of information under the CRS and Country-by-Country Reporting and includes rules on confidentiality and proper use of information. It is a freestanding agreement developed jointly by the OECD and the Council of Europe and is the most comprehensive multilateral instrument available in the area of tax co-operation. The Convention was extended to Bermuda in 2014.

## THE CRS

Bermuda was one of the first countries to sign up to the CRS as part of the 'Early Adopter Group', undertaking the first exchanges of information by September 2017.

The CRS framework was developed by the OECD in response to requests by the G20 and calls on jurisdictions to obtain information from financial institutions and automatically exchange information with partner jurisdictions on an annual basis. The CRS has become the global standard for the automatic exchange of tax-related financial information which includes information relating to bank accounts and certain financial assets.

The CRS draws extensively on the intergovernmental approach of Fatca, although the CRS does deviate in certain respects. The United States has not adopted CRS but has continued with the Fatca regime so that, in Bermuda, Fatca runs alongside the CRS whereas CDOT will eventually be replaced by the CRS.

## COUNTRY-BY-COUNTRY REPORTING

Bermuda was the first British Overseas Territory to adopt the OECD's Country-by-Country Reporting regime. The 15-point Beps Action Plan was introduced by the OECD and G20 countries to enhance transparency for tax administrations by providing them with information to assess high-level transfer pricing and other Beps-related risks. Action 13 includes the Country-by-Country Reporting regime and provides for annual reporting in each tax jurisdiction in which a multinational group (meeting the criteria) does business.

The Country-by-Country Reporting regime only applies to multinational enterprises located in two or more jurisdictions that meet the €750m (\$839.1m) threshold. It is expected that this threshold exempts approximately 85-90% of multinational enterprise groups who, as a result, do not fall within the ambit of the regime.

## STAYING INFORMED

Now, more than ever, it is important to stay informed by monitoring developments on both international and domestic fronts. The OECD website is essential for keeping up with the latest developments in relation to its global initiatives and regimes, including the CRS and the Beps Project. Domestically, the Bermuda Ministry of Finance has issued various statements and guidance on transparency matters including Fatca, CDOT, CRS and Country-by-Country Reporting which are available through its web page. ■



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# THE BERMUDA INSURANCE LINKED SECURITIES MARKET

BRIAN DESMOND, OF THE HORSESHOE GROUP, GREG WOJCIECHOWSKI, OF BSX, AND HENRY KOMANSKY, OF OYSTER, EXPLAIN THE ASSET CLASS, THE ADVANTAGES OF FORMING ILS STRUCTURES IN BERMUDA, AND REFLECT ON THE CURRENT STATE OF THE REGION'S ILS MARKET



**Brian Desmond** is an EVP at the Horseshoe Group and head of the fund services division, Horseshoe Fund Services Ltd (HFSL). As head of HFSL, Desmond is responsible for operations, product development, technology, and overall operations strategy. HFSL's product offering specialises in hedge funds, fund of hedge funds, private equity funds and ILS funds.

**HFMWeek (HFM):** For readers unfamiliar with ILS Funds, can you give a brief summary of the asset class?

**Brian Desmond (BD):** Insurance Linked Securities (ILS) are financial instruments sold to investors and whose value is affected by an insured loss event. Two examples of the financial instruments used are catastrophe bonds and collateralised reinsurance contracts. The buyer of protection, or the entity that is transferring the insurance risk is called the cedent and the seller or writer of the protection could be an individual investor or a hedge fund. For investors in the ILS market, the ILS asset class is not correlated with financial markets, creates diversification and additional opportunity to enhance investment returns.

A hedge fund can buy or sell catastrophe bonds directly in the primary or secondary market. The bonds are commonly structured as floating rate bonds with maturities usually less than three years, so the investor would receive coupons periodically and of course has the risk of losing the invested principle if a significant loss event occurred.

A hedge fund can also invest in collateralised reinsurance contracts, which are private illiquid deals that usually have a 12-month term. To write reinsurance, the entity writing the business is required to have an insurance licence. Therefore, a hedge fund, for example, cannot enter into private reinsurance deals directly but instead will invest through a Special Purpose Insurer or what is commonly called a Transformer. The hedge fund will purchase preference shares of the Transformer and the Transformer will use the subscription monies received to write the reinsurance transactions. Reinsurance transactions can take the form of a traditional reinsurance contract or derivative. The reinsurance limit or notional

amount of the reinsurance contract is typically fully collateralised, thus removing any credit risk. The collateral assets are typically held in a trust account in highly rated liquid securities for the duration of the contract period until loss activity can be quantified. If the underlying contract is loss free, the collateral is returned to the investor along with the premium paid in by the reinsurance buyer.

In cases where investors or hedge funds do not have their own 'transforming vehicle', dedicated ILS service providers such as the Horseshoe Group can facilitate through the use of their own Transformer. Horseshoe can help investors interested in establishing an ILS fund or accessing the ILS market in general, from the set-up phase through to the ongoing administration and valuation work, while also providing them with an infrastructure to invest into specific reinsurance structures.

**HFM:** In regards to fund NAV calculations for ILS funds, are there any nuances that investors should be aware of compared to traditional hedge funds?

**BD:** As regards general fund administration and accounting for ILS funds, there are certainly different complexities than, for example, a standard long-short equity hedge fund.

ILS funds, in many cases, are investing in private transactions, which means as administrator, we are dealing with level three assets in terms of valuation. The importance of administrator oversight when funds own hard-to-value assets cannot be overstated, and investors gain a lot of comfort when they know the fund they are investing substantial money in is administered by specialists in the valuation of those hard-to-value assets. In terms of

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FOR INVESTORS IN THE ILS  
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INVESTMENT RETURNS  
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valuation, Horseshoe are well equipped to verify that our clients' premium earnings are consistent with their portfolio's underlying, potentially seasonal, exposure and are also well qualified to test the assumptions our clients use in determining a loss estimate and building a buffer around that estimate for additional uncertainty.

Another difference from traditional hedge funds relates to side pocketing. When investors in traditional hedge funds hear about side pocketing, they generally associate the concept with poor performance and some of the emergency measures that funds had to take in dealing with the market meltdown in 2008/2009. However, in the ILS market, due to the uncertainty around the magnitude of losses and a potentially protracted settlement period associated with a catastrophic event, the creation of side pockets can be a regular occurrence. The creation of the side pocket allows for continued fair and orderly subscriptions and redemptions after a significant event.

A third area where ILS funds can be different is in their liquidity/redemption provisions. Due to the hybrid mix of liquid and illiquid securities that ILS funds may own, ILS funds have come up with some innovative ways to deal with redemptions such as using the concept of slow pay shares. In this process, a slow pay series or class is created for the relevant investor, and the investor's share of the in-force contracts as of the redemption date are transferred to the slow pay share class and the investor is paid funds as the portfolio contracts reach maturity.

**HFM:** Please update us on the current insurance linked securities market in Bermuda.



**Greg Wojciechowski**

is president and chief executive officer of the Bermuda Stock Exchange (BSX). He is the chairman of the Financial Intelligence Agency in Bermuda, chairman of ILS Bermuda Ltd. and sits on the Board of Directors of the World Federation of Exchanges (WFE).

**Greg Wojciechowski (GW):** Bermuda has emerged as the global centre of excellence for the creation, support and listing of ILS structures.

Bermuda's position as a global leader in ILS should come as no surprise when one reflects on Bermuda's significance in the international insurance and reinsurance industry. Bermuda is the world's third largest reinsurance market and is known as 'the world's risk capital'. For decades Bermuda has been at the forefront of innovative commercial and risk solutions for its global clientele. Longevity in this industry has resulted in commercial infrastructure in Bermuda predicated on deep industry knowledge and world-class service provider support.

This tried-and-tested infrastructure, coupled with a global reputation as a well-regulated, mature international financial centre, combine to create the foundation upon which many innovative commercial solutions have been designed and launched. Bermuda is well-known as the pioneer of the captive insurer and remains the leading domicile for this industry segment. Bermuda is highly regarded for its experience in property catastrophe insurance and specialty lines of insurance.

Given this rich history of deep industry experience, it is clear how Bermuda has become a hub of innovation for the insurance market and a leader in the ILS space.

ILS vehicles, catastrophe bonds, collateralised reinsurance structures, ILWs and sidecar vehicles continue to develop and the market in these structures continues to grow. ILS issuance volume was the largest ever at Q1 2017, reaching \$27.2bn, an outstanding show of record-

breaking growth. The Bermuda Stock Exchange (BSX) now lists over 80% of the global outstanding issuances.

New risk capital is coming to market in record numbers as investors continue to find ILS an attractive and diversifying asset class. Global professional investors continue to be very interested in the space and this interest is drawing record levels of investment capital flowing into the ILS space. Bermuda is at the centre of this development. 2016 was a very impressive year in respect of the number of vehicles launched globally, with the majority being Bermuda vehicles.

The Bermuda Stock Exchange recorded a record number of ILS listings in 2016 – 61 vehicles with a capitalisation value of over \$6bn were listed, bringing its year end number of listed ILS vehicles to 175 (a 16% increase from the previous year). 2017 to date has been very active and at the time of writing, the number of ILS vehicles listed on the BSX stood at 207 with an aggregate market capitalisation of approximately \$23bn, a commanding percentage of global ILS catastrophe bond issuances.

Bermuda is clearly focused on this segment of the industry and remains actively engaged with the market to ensure that any structural changes or developments, which might occur, are clearly understood and that the Bermuda product evolves accordingly.

#### **HFM: Why is Bermuda the domicile of choice for ILS funds?**

**GW:** Simply stated, Bermuda is the Silicon Valley of Risk. The creation of a world-class domicile able to dominate market share in a complex and dynamic sector such as ILS does not happen overnight. The position that Bermuda has carved out for itself has been the result of years of collaborative effort of a number of key stakeholders.

For a domicile to be successful, the sum of many parts must combine seamlessly to service the needs of the market while instilling confidence that the processes that support business and reduce unnecessary friction, costs and uncertainty.

Bermuda's position as a domicile of choice for ILS fund structures is logical given its longstanding experience, strength and knowledge in the offshore investment fund space. Bermuda is known for its expertise, commercial infrastructure and regulatory framework that support the fund industry. ILS and the ILS fund sector in Bermuda is a perfect illustration of the convergence of the insurance and capital market in Bermuda – it is respected globally for risk innovation and establishment of some of the largest and brightest ILS fund managers in the industry.

Every aspect of the convergence chain exists and operates in Bermuda. Couple investor activity with the reinsurance industry creating new risk transfer vehicles. Service providers assist in the creation, management, structuring, accounting or valuation, and the stock exchange listing such structures, along with a respected regulator that takes a risk-based approach to oversight responsibilities – this all comes together to support a built-for-purpose specialised marketplace. This Silicon Valley phenomenon places Bermuda in a very unique position upon



**Henry Komansky** is an attorney specialising in compliance, anti-money laundering and counter terrorist financing (AML/CFT). He has held executive positions in an international banking group, a long-term life insurance company, and Bermuda's Financial Intelligence Agency. Komansky also served as a prosecuting attorney and Special Agent for the Federal Bureau of Investigation.

which it can continue to innovate and drive solutions in the industry to meet its ever-evolving needs.

#### **HFM: What innovation has Bermuda's ILS industry experienced in recent years?**

**Henry Komansky (HK):** In recent years, we have seen further consolidation in the industry as traditional reinsurers acquired ILS funds to obtain access to their investor and client base. This allowed them to reduce the costs of their own reinsurance spend and enhance their return on capital through fee generation while providing investors with access to greater depth and diversity of insurance risk. Others have formed partnerships with Lloyds vehicles to use that platform's global reach to cede business into Bermuda funds or private collateralised structures.

More recently we have seen the formation of open ended funds in Bermuda that are investing in a much wider variety of risk including casualty, life and structured credit opportunities in the reinsurance market. We have also seen a number of new players forming in the life reinsurance sector to take advantage of Bermuda's world class Solvency II equivalence regime. Investors in these initiatives are investing longer term than would be the case in a typical non-life ILS Cat fund in the anticipation of getting greater diversity and enhanced return. This trend looks like it will continue to grow and thrive in Bermuda.

#### **HFM: Please comment on developments in regulation and compliance relating to ILS funds and structures.**

**HK:** Innovation in Bermuda can only happen in an environment that allows investors and counter-parties to sleep at night. Bermuda has invested heavily in regulation and compliance to provide a platform that is both commercially focused while meeting the high bar required these days.

Oyster has been at the forefront of many of these developments, helping our clients with the design and implementation of best-in-class compliance policies, processes and controls as well as providing insight and training into the evolving regulatory and compliance environment.

Speed to market has always been seen as a critical service in Bermuda. ILS and reinsurance funds can now form in as little as a day for Class A exempted funds with no regulatory pre-approvals and in as little as 10 days for designated Class B exempted funds with minimal regulatory involvement. Class B funds are designed for use by fund operators who meet all the eligibility of Class A funds except their investment managers do not meet the more stringent pre-qualification criteria.

Oyster have assisted our ILS fund clients through this process and where needed we have experience in helping ILS fund managers register with the SEC, address US Blue Sky filing requirements and act as their chief compliance officer.

Bermuda also has a world-class Special Purpose Insurer (SPI) licence whereby SPI's can be formed quickly with only a \$1 of capital and we have seen this structure evolve from use for a single transaction to more evergreen structures that allow for multiple cells within the SPI. We believe this is a very flexible and attractive structure to the ILS industry. ■

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ILS AND REINSURANCE  
FUNDS CAN NOW FORM  
IN AS LITTLE AS A DAY FOR  
CLASS A EXEMPTED FUNDS  
WITH NO REGULATORY  
PRE-APPROVALS AND IN  
AS LITTLE AS 10 DAYS  
FOR DESIGNATED CLASS B  
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# BOLSTERING BERMUDA'S PROMINENCE

IFOR HUGHES, OF BMA, HIGHLIGHTS PLANS TO ENHANCE BERMUDA'S INVESTMENT BUSINESS AND FUNDS SUPERVISORY AND REGULATORY REGIMES, AIFMD-RELATED DEVELOPMENTS AND THE ISLAND'S ILS MARKET



**Ifor Hughes** is responsible for the day-to-day management and delivery of a portfolio of policy initiatives, and providing ongoing policy support and guidance. With over 30 years' experience in Bermuda's financial services sector, Ifor previously held roles in Bermuda's banking industry and at the Government of Bermuda. He joined the Authority in 2012 within the Macroprudential Risk team (now known as Financial Stability) and was appointed to his current position in 2014.

**HFMWeek (HFM): What regulatory initiatives does Bermuda have planned in the asset management space?**

**Ifor Hughes (IH):** The key investment-related initiative for 2017 is the publication of a discussion paper, which will propose enhancements to the existing investment business and investment fund regimes. These enhancements will reflect new international standards, and best practices for the supervision and regulation of the respective sectors. Separately, a thematic review will be launched of trust sector compliance with the Corporate Governance Policy for Investment Business and Fund Administrators.

In addition to the above, and while no immediate action by relevant EU authorities is expected, the BMA continues in its efforts to secure a third-country passport pursuant to the AIFMD, via which Bermuda-licensed fund managers can manage and market funds in the European Union.

**HFM: What progress was made with developing Bermuda's AIFM regime in 2016 and what is expected in 2017?**

**IH:** Bermuda took several important steps on the AIFM front in 2016, while maintaining regular contact with the European Securities and Markets Authority (Esma).

Key legislative developments occurred in July, with the Investment Business Amendment Act 2015 brought into force and the Investment Funds Amendment Act 2016 (which made enhancements to the Authority's enforcement powers in respect of investment funds) receiving assent. During the same month, Bermuda's AIFM rules were officially published and may now be brought into force at the appropriate time with the issuance of a Commencement Order.

Also in July 2016, Esma published its opinion and advice regarding all 12 non-EU countries assessed for possible extension of the AIFMD passport. In Bermuda's case, Esma advised there were "no significant obstacles in the areas of competition, market disruption and the monitoring of systemic risk impeding the application of the AIFMD passport" to Bermuda, but that no definitive advice could be provided with respect to investor protection consider-

ations and effectiveness of enforcement provisions.

The Authority remains committed to completing the process of developing a Bermuda AIFM regime. However, at this stage, EU authorities have not identified a timeline for concluding outstanding third-country assessments, or for the possible extension of the AIFMD passport to any third countries. Until such time as AIFMD passports are available to any third countries, Bermuda managers may manage and market their funds into the EU via existing National Private Placement Regimes.

**HFM: Bermuda is a respected global (re)insurance centre and also known for its innovative structures such as insurance-linked securities (ILS). How does this make for an ideal platform for its alternative investment and hedge funds sector?**

**IH:** Bermuda does indeed have a track record for developing innovative structures in both the risk and capital markets, and also where these markets converge. To support the conduct of such innovative business, the island boasts a large network of quality service providers, including law firms, fund administrators and accountancy firms. These factors, along with pragmatic policies and a highly-skilled workforce, make

Bermuda an ideal location in which to do business, including asset management.

The Authority provides a bespoke, risk-based approach to the variety of sectors on the island, applying appropriate levels of supervision and regulation depending on the nature, scale and complexity of the activity involved and the profile of the investors.

The ILS market is an example of the Bermuda approach at work. These securities represent one of the most significant developments in the (re)insurance sector during recent years – with Bermuda emerging as the global market leader after implementing a regulatory framework in 2009 to facilitate their formation and oversight. A product of the convergence between the insurance and capital markets, ILS may be used in addition, or as an alternative, to the purchase of reinsurance. The regulatory and supervisory framework also encompasses sidecars, Industry Loss Warranties and collateralised reinsurance vehicles. ■

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BERMUDA DOES INDEED  
HAVE A TRACK RECORD FOR  
DEVELOPING INNOVATIVE  
STRUCTURES IN BOTH THE  
RISK AND CAPITAL MARKETS  
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# A COMPREHENSIVE SOLUTION FOR FAMILY OFFICES

SEAN MORAN, OF BDA, REFLECTS ON BERMUDA'S SUITABILITY FOR THE FAMILY OFFICE



**Sean Moran** is head of business development at the BDA, responsible for supervising the team of business development managers and coordinators. He is also responsible for the agency's Asset Management and Trust & Private Client sectors. Moran has more than 20 years of financial services experience in Bermuda, Hong Kong and New York.

**F**or decades, high-net-worth individuals (HNWIs) and families have valued Bermuda for the array of services available in the jurisdiction to support trust structuring, private-wealth preservation, estate management and succession planning.

As HNWIs continue to look for better ways to protect and manage their wealth, Bermuda is leveraging its well-earned reputation as a leading trust and private-client centre to firmly position itself as an ideal location to establish and/or operate a family office.

## BREADTH OF SERVICES

A family office in its truest sense puts a more institutionalised structure around a family's financial affairs, enabling a more disciplined and professional approach to managing them. Whether a single- or multi-family office, there will be a number of specific functions that need to be executed with skill and efficiency, such as legal and fiduciary services, asset allocation, investment management, insurance, administrative services, philanthropy and charitable giving. Family office operators may choose to outsource all these functions, hire talent to execute them in-house, or some combination of the two.

Bermuda can offer the full suite of products and services a family office could need. The island is a premier international financial centre, well-known for its insurance and reinsurance industry, but also endowed with mature and well-developed trust, legal, asset management and administration sectors. The international business sector is supported by tax and regulatory compliance experts, auditors, accountants, and business advisory firms, and this support infrastructure makes Bermuda uniquely equipped to be a one-stop shop for attending to the needs of a fully functioning family office infrastructure.

## LOCATION, LIFESTYLE AND STABILITY

Besides its appeal from a financial services perspective, Bermuda is also a convenient and comfortable place to live and work. The island's location in the North Atlantic, with easy access to London, New York, Miami and Toronto, makes it an ideal jumping-off point to major financial hubs and gateway cities too, and through which HNWIs and their children travel most frequently. Flight times average less than two hours to New York, and less than seven hours to London. Conveniently, the island's airport offers the advantage of US Customs & Immigration pre-clearance on

departure, shortening travel time. Bermuda is a particularly attractive base for multi-national families whose children may be attending schools in the UK, US east coast, and Canada.

Bermuda is a democratic, self-governing British Overseas Territory, with a political system that provides stability and consistency. It is a safe and secure jurisdiction, where terrorism, kidnapping, violent crime, natural and man-made disasters are not everyday concerns.

The island has a history of being transparent yet discreet; while Bermuda complies with the highest international standards of tax and anti-money-laundering compliance, there are governmental controls in place to ensure that any solicitations for financial information are properly approved in accordance with tax information exchange agreements and other official arrangements, to minimise the risk of inappropriate requests.

Offering one of the highest levels of GDP per capita in the world, as well as excellent education, sophisticated telecommunications, access to world-class healthcare, myriad cultural and sporting attractions, and sub-tropical physical beauty, Bermuda's lifestyle is enviable by any standard. Recent changes to the island's residency requirements now permit persons over the age of 18 to obtain a residency certificate enabling them to reside (but not work) in Bermuda indefinitely, provided the criteria are satisfied.

## LEGAL AND TAX STRUCTURE

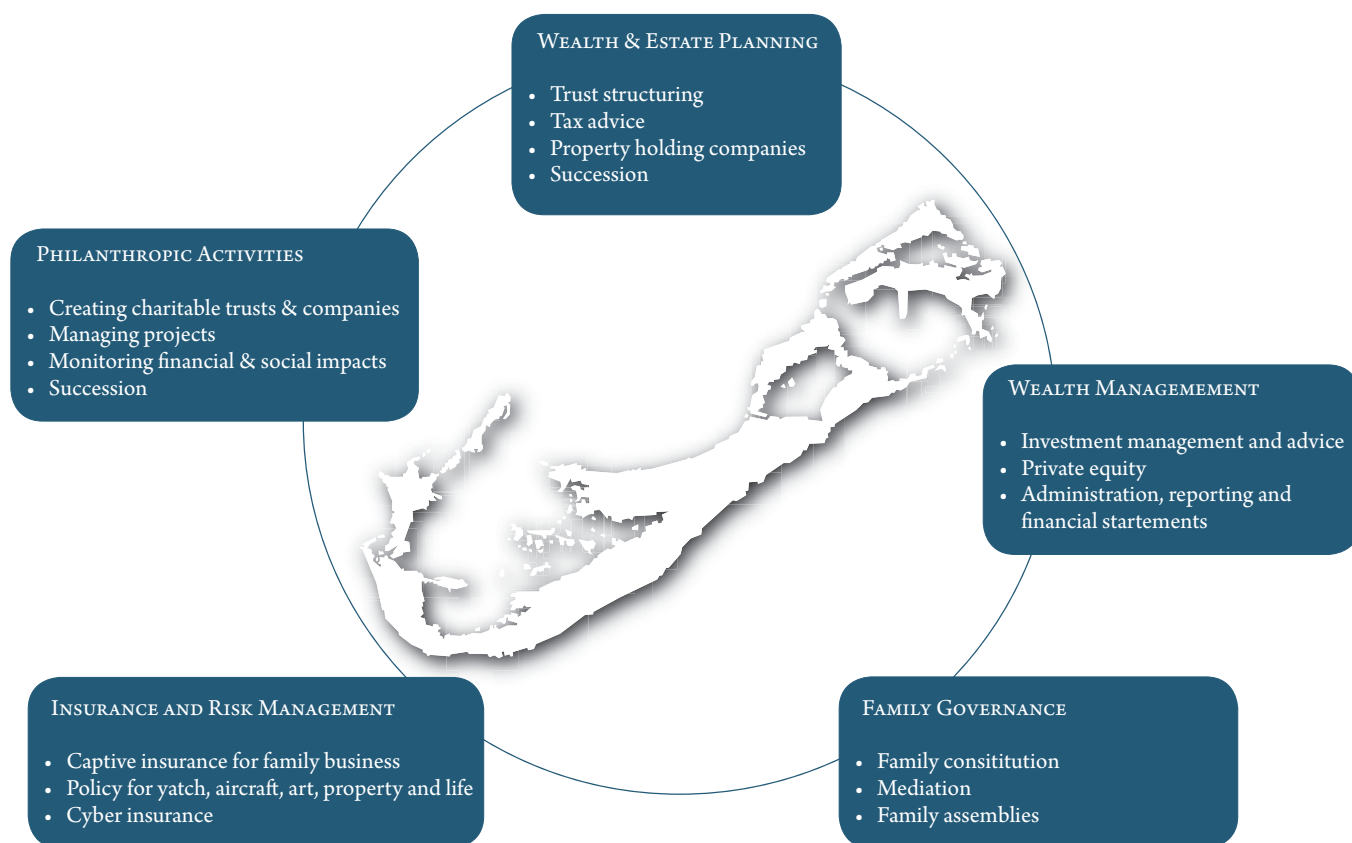
Bermuda has had its own parliament and courts since the early 1600s; in fact, Bermuda's legal system marked its 400th anniversary in 2016.

The island uses English common law and principles of equity, with recourse to the UK Judicial Committee of the Privy Council. Overlaying this foundation, which provides certainty and predictability, Bermuda continually implements and updates its laws to facilitate the use of trusts and other investment structures for modern commercial applications. Domestic legislation has allowed for progressive and innovative products that family offices find useful, such as private trust companies (PTCs) and segregated accounts companies (SACs).

A tax-neutral jurisdiction, Bermuda has no income, capital gains or corporate taxes. Its consumption-based system does levy payroll tax, import duties, social insurance, and custom duties on goods and services – a major component of the island's tax revenues. Bermuda's unique tax system was designed to support its own infrastructure.



## FAMILY OFFICE SERVICE SOLUTIONS IN BERMUDA



### PEOPLE

For any business to thrive, it must have the right people, both in its own operation and in its service providers. Particularly in the family office sphere, personal relationships between wealth owners and their trusted employees and advisers are of paramount importance. Statistics confirm that a family's wealth, if not properly managed, is often completely dissipated within three generations. Having trained staff and highly-qualified external partners operating for the benefit of a properly structured family office can safeguard against this phenomenon.

Bermuda is home to world-class expertise across multiple business sectors. Corporate and private client lawyers, leading (Big Four) accounting and audit firms, fund administrators, financial advisers and wealth managers, IT specialists, actuaries, re/insurance underwriters, brokers, and support services – all can be found within the two-square-mile parameters of the city of Hamilton. These quality financial intermediaries have a decades-long history of working together, and often have close personal relationships with each other by virtue of the fact that they live and work on the same 21-square-mile island. In that respect, Bermuda and the family office industry share a very important characteristic: we rely on personal relationships for success.

### CASE STUDY

A director of a large single family office explains the drivers behind his principal's decision to establish the operation in Bermuda:

"The European family that we represent selected Bermuda as the preferred jurisdiction for the domicile of assets and their family office structure. The decision was made nearly 20 years ago after careful review of global options. Investment decisions and executions are handled from Bermuda, together with all asset administration, financial accounting and reporting.

It is essential to be based in a well-respected jurisdiction when dealing in sophisticated, international financial products and service providers. Bermuda fully meets the highest global compliance and transparency standards with superior professional services supporting all of our activities. Consistency in terms of the British-based legal system, stable government structure combined with ideal geographical location and efficient global communication links inspire the confidence of the family in knowing that long-term inter-generational decisions can be safely made."

*For more information on how Bermuda can benefit your family office, contact the BDA at [info@bda.bm](mailto:info@bda.bm). ■*



**BERMUDA BUSINESS DEVELOPMENT AGENCY (BDA), Sean Moran // email: sean@bda.bm // T 441/292 4203**

The Bermuda Business Development Agency (BDA) encourages direct investment and helps international companies start up, re-locate or expand their business in Bermuda – a vibrant funds and financial services centre. An independent, public-private partnership, the agency is the primary point of contact for prospective business, providing connections to industry professionals, regulatory officials, and key contacts in the Bermuda government to facilitate jurisdictional decision-making. Bermuda's proximity to both North America and Europe makes it an ideal location for companies serving global markets, along with its highly respected and business-friendly regulatory reputation, sophisticated infrastructure, world-class workforce and access to capital, legal, audit, banking and IT service-providers.



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BeesMont Law Limited is a Bermuda law firm which specialises in the areas of investment funds, structured finance, secured lending, M&A, corporate advisory work, aircraft registration and financing, international tax, employment, litigation and property law. A number of its clients are quality multi-national institutions using Bermuda as a base to structure their businesses or for financing. As a boutique firm, BeesMont Law Limited is able to ensure that each of its clients receives personal attention through its responsive and results orientated approach.  
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The Bermuda Stock Exchange (BSX) is now the world's leading fully electronic offshore securities market, with a current market capitalisation (excluding mutual funds) of over \$300 bn. The Bermuda Stock Exchange (BSX) is now the world's leading fully electronic offshore securities market, with a current market capitalisation (excluding mutual funds) of over \$300bn. There are over 750 securities listed on the BSX of which over 300 are offshore funds and 175 are Insurance Linked Securities. Bermuda has emerged as a centre of excellence for the creation, support and listing of ILS structures.



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Horseshoe Fund Services Ltd. (Horseshoe) is part of the Horseshoe Group, an independent and privately-owned group of companies, forming a leading independent fund administrator and insurance manager dedicated to both the insurance linked securities and the alternative fund markets with offices in Bermuda, the Cayman Islands, the United States, Gibraltar and Sri Lanka. Horseshoe has significant experience in providing comprehensive back and middle office solutions to alternative investment funds and Horseshoe's advanced technology, experienced staff, SOC 1Type II control environment and superior client service have made Horseshoe an award winning leader in fund administration.



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KPMG in Bermuda is a professional services firm of over 180 outstanding professionals delivering audit, tax and advisory services to a broad cross section of local and international companies, with a principal focus on financial services. We provide industry insight to help organisations negotiate risks and perform in the dynamic and challenging environments in which they do business.



**Oyster Consulting (Bermuda) Ltd. Alison Morrison, Managing Director, Cumberland House, Victoria Street, Hamilton, HM 11, Bermuda // T 441 541 5036 // email: Alison.morrison@oyster.bm // www.oyster.bm**

Oyster Consulting (Bermuda) provides comprehensive, cost-effective compliance and operational consulting to financial services and related firms in Bermuda and around the world. Our professionals bring highly-integrated industry knowledge and deep functional expertise to help our clients protect and grow their business. We offer practical solutions, creating simplicity in a complex environment. Oyster Consulting (Bermuda) is supported by a team of over 50 industry professionals within Oyster Consulting LLC, located in Richmond, Virginia. Our consultants bring the combined knowledge of both Oyster teams. Oyster Consulting (Bermuda) is able to provide a unique service to our clients with the ability to combine expertise in Bermuda, the US and Europe.



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*KPMG in Bermuda was proud to sponsor Team Bermuda during the Red Bull Youth America's Cup. The team are seen here preparing to foil the AC45 catamaran during the race finals.*

