

TURKS AND CAICOS ISLANDS

BEAUTIFUL BY NATURE

FINANCIAL SERVICES COMMISSION

ANNUAL REPORT 2008



Financial Services Commission
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Turks and Caicos Islands

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Turks and Caicos Islands
Financial Services Commission: Annual Report 2008

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Functions and Structure of the Commission

The Financial Services Commission ("The FSC") is a statutory body established and regulated by the Financial Services Commission Ordinance of May 2001 (revised October 2007). The FSC began operating on April 1, 2002 and is responsible for:

- Administering the Financial Services Commission Ordinance;
- Supervising the conduct of financial services business;
- Monitoring the financial services business carried on, and its development in the Turks and Caicos Islands ("TCI").

The financial services ordinances comprise of seven primary legislations with superintendents having specific duties and twenty six other separate legislations directly or indirectly impacting on the functions and responsibilities of the FSC.

The FSC also manages the operations of the Registry

of Trade Marks and Patents and the Companies Registry, which provide company incorporation and ancillary services.

The ordinance of 2001 was replaced with the FSC Ordinance 2007 which seeks to strengthen the regulatory powers of the commission as well as its financial integrity.

Licensed Activities

There are seven (7) activities in the Financial Services Industry which when carried out in the TCI that would be subject to licensing. These are: -

- (a) Conducting banking business;
- (b) The work of a professional trustee;
- (c) Insurance business and insurance company management;
- (d) Operating mutual funds;
- (e) Investment dealing;
- (f) Company Management;
- (g) Money transmitters business.

Functions and Structure of the Commission (cont'd)

The Financial Services Commission provides superintendents for each of these activities and within each sector the Superintendent is responsible for :-

- (a) Reviewing applications for licensing and making recommendations;
- (b) Recording renewals;
- (c) Collecting licence fees
- (d) Inspection of licensed financial institutions;
- (e) Reviewing financial accounts and statutory returns;
- (f) Investigating reports and complaints as well as irregularities;
- (g) Undertaking enforcement action and recommending the cancellation of licences;
- (h) Development of the industry through prudent regulations and the application of ethical, professional standards;
- (i) Advising and making recommendations to the TCI Government for appropriate legislative changes.

The FSC maintains a general overview of the financial sector. Part of this oversight activity includes:-

- Ensuring only licensed institutions carry out business where a licence is a legal requirement;
- Investigate all complaints coming from participants in the industry.

Companies Registry

The Registry is responsible for :-

- (a) Incorporating new companies;
- (b) Registering foreign companies;
- (c) Collecting annual fees from companies;
- (d) Provision of a public register for inspection of company files;
- (e) Striking non-compliant companies from the Register.

Functions and Structure of the Commission (cont'd)

**The Office of the Registrar
of Trademarks**

The Registrar of Trademarks is responsible for maintaining a Register of Trademarks with the names and addresses of the proprietors, notification of assignments, conditions, limitations and such other matters relating to trademarks.

**Office of the Registrar of
Patents**

The Registrar of Patents is responsible for maintaining a register of names and addresses of grantees of Certificates of Registration under the Patents Ordinance.

Functions & Composition of Board of Directors

The board of directors is constituted under Section 5 of the Financial Services Commission Ordinance and consists of seven (7) members, two (2) of whom are ex officio.

The Principal functions of the board are:-

- (a) To establish the policy of the Commission and monitor and oversee its implementation;
- (b) To monitor and oversee the management of the Commission by the managing director to ensure that the resources are utilized economically and efficiently, that internal controls are in place etc.;
- (c) To approve the budget and the financial statements and
- (d) To appoint the senior officers, except the managing director.

The directors for the time being are listed below:-

Stanley Sanford Lightbourne

Mr. Lightbourne is a seasoned banker having worked at Barclays Bank for twenty eight (28) years, twelve (12) of which were as branch manager of various branches and four (4) as area manager. Mr. Lightbourne also worked as manager of Belize Bank (Turks and Caicos) Ltd. for several years and is the current chairman of that bank.

Delton Jones

Mr. Jones holds a degree in Economics and is the Permanent Secretary in the Ministry of Finance.

J. Kevin Higgins

Mr. Higgins holds a B.A. degree in Economics and Economic History from The University of the West Indies, an M.A. in Economics

Functions & Composition of Board of Directors

from Vanderbilt University and an M.B.A. in Finance from the University of Miami. Mr. Higgins is a frequent lecturer and presenter on financial topics including offshore financial services and is an author of several books on the offshore sector.

Oswald Simons

Mr. Simons is a past banker having worked at a number of banks for almost thirty years. Mr. Simons is the past founding president of Kiwanis Club Intl., of Grand Turk and currently operates his own business.

Earle Malcolm

Mr. Malcolm is a human resources specialist and businessman. Mr. Malcolm sits on the board of various government bodies.

Gordon Kerr

Mr. Kerr is a graduate of the Universities of Strathclyde and Dundee. After practicing in Scotland he was called to practice in the Turks and Caicos Islands. Mr. Kerr is a former president of the TCI Bar Association and acts as a magistrate of the courts of the Turks and Caicos Islands.

Neville Cadogan

Mr. Neville Cadogan has been the managing Director of the Commission since 2004. Mr. Cadogan is a Certified Public Accountant (CPA) and holds a degree in Accounting from the University of the West Indies. Mr. Cadogan worked as an auditor with PricewaterhouseCoopers in Jamaica before going to Nevis where he was the Managing Director of the Financial Services Commission of Nevis.

Chairman's Report

The Financial Services Commission of the Turks and Caicos Islands marks this year as the sixth year of its coming into being. It also marks the turning point in its operation as it is now fully independent of the central government in that it will no longer be financed by budgetary subventions but will pay its expenses directly from fees collected.

The Commission takes seriously its role of ensuring the financial integrity and stability of the financial sector of the islands. As such continued vigilance was placed on the enforcement of the laws under its jurisdiction and where shortcomings were detected changes were made. To this end various pieces of legislation were amended during the period.

The performance of the Commission was quite commendable and I must take this opportunity to thank the dedicated staff and management who have worked

hard to obtain the goals that were set. We recognize the importance of staff development and as such programmes were instituted for training of these our most valued resources. We continue to participate in international fora dealing with capital adequacy, money laundering, bank supervision, risk management and mutual evaluations.

The supervisory capability of the Commission will be strengthened in the near future with the commissioning of the Kreview System that will automate the process regarding inspections. This will ensure that the review is of the highest quality. We estimate that within the next eight (8) months this system will be installed. Hardware that are needed to interface with this new system have already been acquired, tested and installed. This action will ensure quick implementation once the new system arrives from the developers.

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Chairman's Report (cont'd)

Despite our successes we must not become complacent and we will have to strive in the coming years to exceed our targets and to deepen and strengthen our operations so that we can seek to grow the industry. We will seek to increase the market share of the Turks and Caicos Islands in the overseas financial sector by improving our legislative framework and

implementing the necessary infrastructure to encourage companies and businesses to settle here.

May God bless you.

Sanford Lightbourne
Chairman

Managing Director's Report

The fiscal year 2007/08 saw significant improvements in the financial and operational aspects of the Commission. There were also significant changes in the human resources area as well as with the Superintendent of Insurance, who had overseen the insurance sector for the last six (6) years, demitting office. We also saw the post of Financial Controller, which was vacant for almost a year, being filled half way into the financial year.

The Commission maintained its focus, which was primarily the stability of the sector, by enhancing its oversight through the increased number of inspections carried out. To this end several inspections were conducted on local entities such as banks, trust companies and company managers. Several captive insurance companies were also examined at their head offices overseas. The inspection of the banks focused on credit and general operational issues.

The Registrar of Companies stepped up his efforts to ensure compliance with the Companies Ordinance by striking off companies that had failed to file returns for the years 2005 to 2007. Every six (6) months strike notices are being sent out to delinquent companies.

The period saw two (2) new banking licences being issued, one to Royal Bank of Canada and another to International Banking Group TCI Limited. One other application from Eastern Europe is currently being vetted. There were five (5) licences issued for company managers and two (2) for trustees. There were two thousand, one hundred and thirty four (2,134) companies incorporated during the period, four hundred and sixty two (462) trademarks registered and three (3) patents issued. See Table 2 for a summary of information relating to licences issued and incorporations during the review period.

Managing Director's Report (cont'd)

Several pieces of legislation were introduced such as the Money Transmitters Ordinance, the Proceeds of Crime Ordinance, the Anti Money Laundering Regulations and the Code of Conduct. These are all aimed at tightening up the reporting requirements to deter money laundering and terrorism financing as well as to ensure integrity in the overall system.

Legislative changes to the Financial Services Commission Ordinance during the second half of the period were made affecting the manner in which the Commission is financed. Provisions were made for the Commission to finance its operations directly from the revenues collected rather than receiving a subvention from the government. Furthermore it was allowed to build up a reserve to cover expenses in cases where there were little or no revenues. Under this formula 33 1/3% of any surplus generated during the financial year ending March 2009 will be retained and 66 2/3% for that of the

year ending March 2010. Thereafter all surplus will be returned to the government. No reserves were created for the current year. Total fees collected for the period were \$6.6M of which \$6.2M was payable to the government. Subvention received was \$1M. Operating expenses amounted to \$1.5M (Table 1). Fees budgeted for the period were \$5.7M, thus returning a positive variance of almost \$1M. Most of the positive performance came from the category of Land Share Transfer Duties. Annual Renewal Fees did not perform as strongly as expected and improved focus will be placed in the next fiscal year to ensure compliance with the Companies Ordinance as well as to ensure that we have a clean database.

We project an increase in revenue flows once the increased fees under the Banking Ordinance are put into effect. The new changes to the Ordinance provide for an application fee as well as

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Managing Director's Report (cont'd)

annual fees to be charged. Previously, no application fees were charged for processing any application for a licence submitted by the banks. These provisions have not yet been implemented as the amendments are still awaiting parliamentary approval. Increased focus will be made in the next financial year in relation to

the banks and their operational procedures, risk practices and credit policies.

Neville Cadogan
Managing Director

	QRT1	QRT2	QRT3	QRT4	Total
	\$	\$	\$	\$	\$
Total Fees	1,441,094	765,986	1,325,808	3,103,904	6,636,792
Govt. Share	1,441,094	765,986	1,273,751	2,746,555	6,227,386
Net Fees	0	0	52,057	357,349	409,406
Subvention	0	525,000	525,000	0	1,050,000
Interest	0	0	0	11,300	11,300
Misc Income	0	0	0	27,755	27,755
FSC Income	0	525,000	577,057	396,404	1,498,461
Expenses	- 379,175	-378,410	- 344,472	- 396,404	-1,498,461
Net Income	- 379,175	146,590	232,585	-	-

Table 1 Performance per Quarter 2007/08

Category	Banks	Company Managers	Trustees	Companies	Marks	Patents
Licences Issued	2	5	2	-	462	3
Incorporations	-	-	-	2,134	-	-
Companies on the Register	10	42	19	16,000 ¹	15,000 ¹	94

Table 2 Licensing & Incorporations 2007/08

¹Approximate Figures

Review of the industry

Banking

The banking sector continues to be strong with core assets growth of 31% over the previous year. Total deposits, balances with other banks and total loans and advances of the national banks stood at \$1.757 Billion. The jurisdiction saw the addition of two (2) new banks to the sector with the possibility of another one shortly. The total number of banks stood at ten (10) with nine (9) having a national and overseas licence and one (1) an overseas licence only.

The Commission is working diligently to prepare the sector for the implementation of the Basel Core Principles regarding capital adequacy which seeks to link an entity's capital with the quality of assets. Emphasis will also be placed on credit quality and operation risk. We have positioned our staff to be ready to guide the

sector in this area and as such various fora dealing with these issues were attended during the year. However, the industry needs to be properly prepared for this very important issue of capital adequacy under the Principles and as such work will be started in the near future to do a comprehensive analysis of the sector in order for the implementation phase to begin. We do not foresee the Principles being implemented until 2010. It should be noted that our counterparts in Europe have already implemented the second phase of the Core Principles, Basel II.

Strict supervision will be maintained over the sector by continued on-site and off-site inspections. Strong focus will be placed on operations and internal control policies as well as credit standards.

Review of the industry

Companies and Trademarks Registry

The Companies Registry continues to provide the bulk of the revenues of the Commission, representing some 48% of core revenues in 2008, down from 59% in 2007. Ignoring income from land share transfer duties, fees from the registration of new companies was the second highest category of income. The total number of incorporations for the year was 2,134.

Ongoing efforts are being made to clean up the registry database to ensure that at all times the companies on record are active ones. To this end delinquent entities are being struck off. At the end of the financial year there were approximately 16,000 companies on file.

Due to the fall off in competition in the telecommunications industry the number of registration

for trademarks fell from 572 in the previous year to 462 in the current. There were approximately 15,000 active trademarks on file.

Trust and Company Managers

This area of operation saw five (5) licences being issued for company managers and two (2) trustees. At the end of the year there were forty two (42) active companies holding a management licence and nineteen (19) trust licensees.

As with any other sector of the Commission's business this area is actively monitored and a policy has been developed whereby approximately 25% of the licensees in each category are inspected annually.

Review of the industry

Insurance

There was a marginal increase in the number of licences issued for insurance companies over the previous year. Of this producer owned reinsurance companies (PORCs) provided the bulk. There were approximately 2,700 captive insurance companies on file.

Continued oversight was the order of the day as several onsite inspections were conducted on insurance entities, including visits to head offices in Panama and the USA, where parents of various captive insurers are located.

Legislative Changes

The fiscal year ending March 2008 saw a number of activities taking place. Firstly there were changes to various pieces of legislation, most notably of which were the changes in the Financial Services Ordinance, 2007. This repealed the

Ordinance of 2001 which contained twenty eight (28) sections and replaced it with one containing fifty eight (58) sections. The new ordinance retained the provisions dealing with constitution of the board, functions and powers of the Commission, role of the governor, source of funds, borrowing powers and reporting duties. However, it differs significantly in that the old Ordinance did not deal adequately with the regulatory powers of the Commission. Some of these are detailed below:

Section 23 gives the power to require documents and information from a licensee, a former licensee or persons connected with a licensee. A magistrate may, in pursuance of this power, issue a search warrant for said documents or information. Further power is granted to the Commission to also inspect real and personal property belonging

Review of the industry

Legislative Changes (cont'd)

to any person of the category of persons referred to above. The latter category includes subsidiaries and holding companies of licencees.

Other powers expressly granted are enforcement action, appointment at expense of licencee of qualified persons to examine the affairs of the licencee, issuing of directives, issuing in conjunction with the court of protection orders and the issuing of public statement. Most notably section 41 grants it the power to require a licencee to remove a director deemed not fit and proper. The Commission may issue a Code and Guidelines.

The Commission is empowered to cooperate with foreign regulatory authorities or persons having functions in relation to financial crimes and such cooperation may include the sharing of documents and information.

In the exercise of this duty the Commission is expected to take certain quid pro quos or other issues into consideration before granting a request for information sharing.

The Commission may take disciplinary action against a licencee where it is satisfied that the licencee has committed a disciplinary offence by imposing a pecuniary penalty.

The most far reaching change in the new Ordinance from a fiscal point of view is the provisions of Section 17, providing for specified revenues collected to be shared in accordance with the formula provided for in Schedule 3 of the Ordinance. This new provision will ensure that the Commission is no longer financially dependent on central government for its financing needs and furthermore satisfy the requirements of The IMF &

Review of the industry

Legislative Changes (cont'd)

CFATF regarding independence of the Commission in performing its duties.

Section 56 of the FSC Ordinance 2007 made provision for a number of statutes to be amended, namely: *Business Names (Registration) Ordinance; Banking Ordinance; Companies Ordinance; Company Management (Licensing) Ordinance; Insurance Ordinance; Investment Dealers (Licensing) Ordinance; Limited Partnerships Ordinance; Mutual Funds Ordinance; Patents Ordinance and Trustees Licensing Ordinance.* The major focus of the changes to these ordinances was to remove the power granted to the licensing committee or the Permanent Secretary of Finance and replace it with the Commission itself. This move will result in greater speed and efficiency in responding to licencees requests and demands.

A new Trademarks Ordinance was promulgated effective October 8, 2007. While maintaining the basic provisions of the repealed Ordinance, the new Ordinance introduced some novel provisions. The basic provisions outline what are registrable marks and state that a mark can be registered or renewed for a period of 10 years. Section 29 provides that a trade mark is to be deemed personal property with possibility of various co-owners and that the rights attached to any mark can be assigned. Section 72 provides that the registration of marks must now be done through a local agent.

The revised Proceeds of Crime Ordinance 2007 came into force on October 8, 2007 and provides that if a defendant is convicted in court of an offence falling within the following categories:

- ✓ Drug trafficking
- ✓ Money laundering
- ✓ Directing terrorism

Review of the industry

Legislative Changes (cont'd)

- ✓ People trafficking or
- ✓ Arms trafficking

or is committed to the Supreme Court in accordance with the provisions of Section 55 and the defendant has benefitted from his general or particular criminal conduct and it is deemed appropriate to do so by the court or the prosecutor then confiscation orders against any "realizable property" owned by that defendant may be made.

Section 59 provides for a Civil Recovery Authority having the power to recover property and cash which is or represent property obtained through unlawful conduct in civil proceedings. Provision is made under Section 63 for the tracing of property to third parties.

For money laundering offences a Reporting Authority, made up of various departments and

agents, including the Managing Director of the Financial Services Commission, is charged with, inter alia, receiving disclosures required to be made under the Ordinance. Such disclosures would include suspicious transactions reporting by banks and money transmitters, for example. Section 111 empowers the Authority to issue a Code of Conduct that will seek to guide those concerned with practical aspects of the legislation. To this end the *Anti-Money Laundering and Prevention of Terrorist Financing Code* was promulgated. Section 120 provides that where a person has knowledge or suspects that another is engaged in money laundering and that information came about during the course of a relevant business then he is required to disclose that information to the Money Laundering Reporting Officer or to the Authority and is guilty of an

Review of the industry

Legislative Changes (cont'd)

Offence if disclosure should have been made and it was not. Where "tipping off" is done by a person that results in an investigation becoming prejudiced then this constitutes an offence.

Other provisions of the new Ordinance include the power to issue account monitoring orders, production of documents orders, customer information orders and providing for the procedures to be followed in overseas co-operation in matters of money laundering, etc.

In addition to the Code which was developed, the Commission also issued the *Guidance Notes in Relation to Cross Border Transactions* in January 2008 and the *Company Management Guidelines 2007*.

New Legislation

A new Money Transmitters Ordinance 2007 came into

force on October 8, 2007. This Ordinance provides for the licensing and regulation of money services businesses and (a) defines what constitutes a money service business and (b) provides that a licensee under this Ordinance does not need to also obtain a licence under the Business Licensing Ordinance. It provides that businesses licensed under either the Banking or Trustees Licensing Ordinances to carry on money services business in conjunction with their normal business activities are not required to be licensed under this ordinance.

This ordinance provides for the paying of an annual renewal fee on or before 31st December after the grant of the licence, including a penalty for late payment. Applicants are required to have a restricted deposit of not less than \$75,000, produce returns upon the

Review of the industry

New Legislation (cont'd)

request of the Commission, produce audited accounts within three months of its year end and also provide an auditor's certificate of its compliance with the Code. A licensee is also required to maintain adequate reserves and liquid assets as well as ensure it has a risk management policy and proper record keeping.

As at the end of the financial year no business has been licensed as yet due to a moratorium which was granted so that the businesses could be prepared for licensing. We expect, however, that after the licensing period is over at least six (6) entities will be licensed under this ordinance.

Training

Continued focus on training of staff was emphasized during the year. Training was provided for staff as well as industry

practitioners. To this end a three (3) day trust seminar was held in September 2007 which was attended by forty (40) regulators. The exercise was geared at updating the regulators on the new developments in the industry. The session was well received. The event was partially funded by the Caribbean Regional Technical Assistance Centre.

The major focus of staff training during the year was in relation to risk analysis and capital adequacy. To this end the banking department attended a number of overseas seminars and conferences namely:

Barbados Credit Risk Analysis School
[February 18-23, 2008];

OSFI Overview of Basel Implementation
Progress [November 20-21, 2007];

CGBS Planning Meeting, Barbados
[January 28-29, 2008];

Review of the industry

Training (cont'd)

Conglomerate and Consolidated
Supervision, Jamaica [April 11-13, 2007];

Risk Management and Internal Control,
Trinidad [October 22-27, 2007].

Other seminars attended were the Insurance Services Training in British Virgin Islands funded by CARTAC and the Leadership IQ Management course in Atlanta, USA. In addition to seminars the insurance department also participated in the Asia-Pacific Rendezvous 2007 marketing drive on July 9-10, 2007 which was funded by the Risk and Insurance Research Group.

CFATF Plenary

As part of the Caribbean Financial Action Task Force the Commission was subject to a mutual evaluation in October of 2007. A second draft of the report has been received and there are some areas that have not been agreed between the Commission

and the Committee. The report was scheduled to be read at the May 2008 Plenary in Haiti but this has been postponed until the November sitting.

In addition to our own evaluation the Commission participated, through its representative the managing director, in evaluations of Antigua.

The Way Forward

It is our strong belief that by the end of the next financial year March 2009 the Financial Services Commission of the Turks and Caicos Islands would have had all the resources in place to be a stronger and more effective regulator. We also foresee a better working environment for the staff with all the technology at their fingertips that will make them on par with any other regulator in the business. More training opportunities

Review of the industry

The Way Forward (cont'd)

for staff will ensure greater loyalty to the Commission. Our stakeholders, the practitioners, will also be able to buy into our expectations for the future as the new systems to be

installed will also be to their benefit as well.

Operational Support

Human Resources

At the end of the financial year the Commission had twenty one (21) permanent employees and two (2) part time employees broken down per department as follows:

<u>Department</u>	<u># Employees</u>	<u>Head of Department</u>
Managing Director's office	1	Neville Cadogan
Trust and Company Managers	1	Kenisha Bacchus
Insurance	2	Vacant
Office Management	3	Nadene Harvey
Companies Registry and Marks	8	John James
Money Transmitters	1	Neville Cadogan
Banking	1	Vacant
Finance	3	Desmond Morrison
Systems Administration	3	Cathrice James

The head of the insurance department resigned in November of 2007. Every effort is being made to ensure that the positions above which are vacant will be filled in the next financial year. To this end various interviews were held between January and February 2008 to find suitable and qualified applicants.

The Commission is constantly seeking to upgrade the skills of its employees to make them better prepared for their

functions and as such it has in place a policy whereby staff who attend courses relevant to their career are reimbursed for the cost of successful completion of the course.

Systems Administration

Systems administration plays an important and vital role in the functioning of the Commission and as such every effort has been made in ensuring that the department

Operational Support

is well staffed and up to date. This department plays a major support role for the Finance and Companies Registry Departments.

The FSC is actively pursuing a change-over of its Companies Registry database to one that uses the KRegistry System. This will provide a more user friendly atmosphere for company searches and database management. Furthermore the Banking Department is seeking to upgrade its monitoring capabilities and as such it has commissioned the KReview System. The latter will improve the quality of on-site audits by ensuring completeness in working paper preparations and quality of the reviews conducted. To these ends the systems department is working assiduously with the developers of the softwares to ensure that all the user requirements are properly quantified for implementation to take place within the next

financial year. The total estimated cost of the systems is Six Hundred Thousand Dollars (\$600,000), with \$293,000 spent to date. Of the total spent to date \$93,000 was spent during the current financial year. An estimated balance of \$300,000 is left to be paid to the developers of the systems which is to be financed by central government.

The FSC acquired new servers costing approximately \$43,000 in preparation for the systems referred to above. These were satisfactorily installed during March and are currently hosting all office programmes. The next step in the upgrading of the systems capability of the Commission will be to link the head office in Grand Turk with its branch in Providenciales by means of a Virtual Private Network (VPN).

AUDITORS' REPORT

To the Board of Directors of the Financial Services Commission

We have audited the balance sheet of Financial Services Commission as at March 31, 2008 and the statements of revenue and expenditure, changes in sources of funding and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

This report, including the opinion, has been prepared for and only for the Financial Services Commission's Board as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

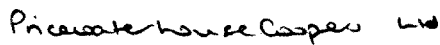
Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Financial Services Commission as at March 31, 2008 and the results of its operations and the cash flow for the year then ended in accordance with International Financial Reporting Standards.


Chartered Accountants
Providenciales

Date: December 4, 2008

Financial Services Commission

Balance Sheet

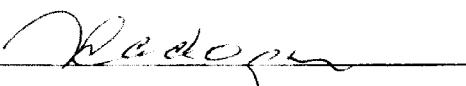
As at March 31, 2008

(Expressed in United States Dollars)

	2008 \$	2007 \$
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2a)	3,807,916	739,207
Prepayments (Note 4)	290,136	290,971
Staff advances (Note 5)	28,482	20,085
	<u>4,126,534</u>	<u>1,050,263</u>
Fixed Assets (Note 2b & 6)	343,130	287,316
Total Assets	<u>4,469,664</u>	<u>1,337,579</u>
LIABILITIES AND SOURCES OF FUNDING		
Current Liabilities		
Accounts payable (Note 8)	3,126,020	6,240
Accruals	43,716	55,135
Deferred income (Note 9)	26,951	26,951
Advances for due diligence (Note 10)	2,075	1,400
	<u>3,198,762</u>	<u>89,726</u>
Deferred Income (Note 9)	314,896	291,847
Total Liabilities	<u>3,513,658</u>	<u>381,573</u>
Sources of Funding		
Retained surplus	956,006	956,006
Total Liabilities and Sources of Funding	<u>4,469,664</u>	<u>1,337,579</u>

Approved for issuance on behalf of the Board of Directors of Financial Services Commission

on December 4, 2008


Director


Director

The accompanying notes form an integral part of these financial statements

**Turks and Caicos Islands
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**Statement of Revenue and Expenditure
For the Year Ended March 31, 2008
(Expressed in United States Dollars)**

	2008 \$	2007 \$
Income		
Gross Revenue (Note 2c)	4,429,187	-
Transfer to TCI Government (Note 2c)	(4,019,781)	-
<hr/>		
Share of revenue retained	409,406	-
Government Subvention (Note 2c)	1,050,000	1,900,000
Government Grants (Note 2c & 11)	26,951	16,436
Interest & Other Income	12,104	-
<hr/>		
Total Income	1,498,461	1,916,436
<hr/>		
Expenditure		
Staff Costs (Note 12)	938,770	883,805
Travel and Subsistence (Note 13)	121,957	72,530
Utility Charges (Note 14)	32,101	26,099
Communication Expenses (Note 15)	37,906	30,028
Office Expenses (Note 16)	33,453	15,970
Maintenance Expenses (Note 17)	42,436	13,013
Rental of Buildings	81,000	81,000
Insurance (Note 18)	35,509	34,791
Training	18,658	2,754
Subscriptions & Contrib'n. (Note 19)	33,322	30,582
Audit	16,254	13,913
Other Operating & Admin. (Note 20)	37,145	13,501
Security Expenses	955	2,775
Professional & Consultancy	8,025	-
Depreciation	60,970	24,705
<hr/>		
Total Expenditure	1,498,461	1,245,466
<hr/>		
NET SURPLUS	-	670,970
<hr/>		
=====		

The accompanying notes form an integral part of the financial statements.

**Turks and Caicos Islands
Financial Services Commission: Annual Report**

**Statement of Changes in Sources of Funding
For the Year Ended March 31, 2008
Expressed in United States Dollars)**

	Retained Surplus \$	Total \$
As at April 1, 2006	285,036	285,036
Net Surplus	670,970	670,970
As at March 31, 2007	956,006	956,006
Net Surplus	-	-
As at March 31, 2008	956,006	956,006

Under the terms of the Financial Services Commission Ordinance and the transitional provisions thereto, the Financial Services Commission (FSC) is entitled to create a reserve fund to cover expected recurrent expenditure as follows:

	Percentage of expected recurrent <u>expenditure</u>
Year ended March 31, 2008	0%
Year ended March 31, 2009	33%
Year ended March 31, 2010	66%
Year ended March 31, 2011 and onwards	100%

The accompanying notes form an integral part of the financial statements.

**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Statement of Cash Flows
For the Year Ended March 31, 2008
(Expressed in United States Dollars)**

	2008	2007
	\$	\$
Operating Activities:		
Net Surplus	-	670,970
Add Depreciation	60,970	24,705
	60,970	695,675
Changes in Working Capital Components Other than cash and cash equivalents		
Staff Advances	(8,397)	(3,976)
Prepayments	835	(66,000)
Accounts Payable	3,119,780	-
Accruals	(11,419)	(2,041)
Deferred Income	23,049	26,375
Advances for due diligence	675	-
	3,185,493	650,034
Investing Activities		
Building and improvements	-	(124,550)
Computer Equipment	(40,952)	(47,970)
Office Furniture	(12,278)	(34,114)
Office Equipment	(-)	(2,365)
Motor Vehicles	(63,554)	(-)
	(116,784)	(208,999)
Net Cash used in Investing Activities	(116,784)	(208,999)
Net Increase in Cash & Cash Equivalents	3,068,709	441,035
Cash & Cash Equivalents at start of year	739,207	298,172
Cash & Cash Equivalents at end of Year	3,807,916	739,207
	=====	=====

The accompanying notes form an integral part of the financial statements.

**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

1. Formation and Purpose

The Turks and Caicos Islands Financial Services Commission was established under the Financial Services Commission Ordinance of May 2001 and commenced operations on April 1, 2002. This was replaced by the FSC Ordinance of October 2007.

Its purposes are to administer the provisions of the Ordinance and subsidiary legislations which grant it the power to issue and revoke licences, supervise institutions engaged in financial services businesses and advise the government and the Governor of changes needed to ensure the stability and security of the financial sector.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the FSC have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards. The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. In the Board's opinion there are no significant accounting estimates or judgements impacting these financial statements.

Standards, Amendment and Interpretations Effective in 2007

IFRS 7, 'Financial Instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of Financial Statements - Capital Disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the FSC's financial instruments, or the disclosures relating to trade and other payables.

The significant accounting policies adopted in the preparation of these financial statements are set out below. Accounting policies have been applied consistently to all years presented, unless otherwise stated.

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

2. Summary of Significant Accounting Policies (continued)

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, balances with banks and other financial institutions with original maturities of three months or less and fixed deposits held with banks and other financial institutions with original maturities of twelve months or less. Fixed deposits can be readily converted into cash with the loss of interest at any time.

(b) Fixed Assets

Fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of revenue and expenditure during the financial period in which they are incurred.

Depreciation on fixed assets is calculated using the straight-line method to reduce the cost to their residual values over their estimated useful lives, as follows:

Building and improvements	40 years
Computer equipment	3 years
Office equipment	10 years
Office furniture	10 years
Motor vehicles	5 years

Depreciation is charged from the month of acquisition.

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

2. Summary of Significant Accounting Policies (continued)

(b) Fixed Assets (continued)

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of revenue and expenditure.

(c) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the FSC's activities.

The FSC recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the FSC's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The FSC bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Financial Services Income

Income is recognised when the right to receive payment is established. Fees collected are shown as gross revenue within the statement of revenue and expenditure and are pro-rated from October 6, 2007 between the FSC and Government of the Turks & Caicos Islands in accordance with the FSC Ordinance.

(ii) Government Subvention

Government subvention is recognised when the right to receive payment is established.

(iii) Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the FSC reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

2. Summary of Significant Accounting Policies (continued)

(c) Revenue Recognition (continued)

instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(d) Government Grants

Grants are received from Government for development purposes and cover both capital and revenue expenditure. The revenue grant is recognised as income when the expense has been incurred. Any grant relating to capital items is recognised as income to match the depreciation charged against the asset.

(e) Foreign Currency Transactions

Transactions in foreign currencies are translated to United States dollars at the foreign exchange rate ruling at the date of the transaction.

(f) Financial Assets

The FSC classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The FSC's loans and receivables comprise cash and cash equivalents and staff advances.

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the FSC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the FSC has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

2. Summary of Significant Accounting Policies (continued)

(f) Financial Assets (continued)

cost using the effective interest method. If the market for a financial asset is not active, the FSC establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The FSC assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

3. Financial Risk Management

3.1 Financial risk factors

The FSC's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The FSC's overall risk management programme seeks to minimise potential adverse effects on the FSC's financial performance.

Risk management is carried out by management under policies approved by the Board. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and liquidity risk.

(a) Cash flow and fair value interest rate risk

The FSC's interest rate risk arises from fixed deposits and loans receivable with fixed interest rates, which expose it to fair value interest rate risk. Fixed deposits have maturities of 12 months or less thereby reducing fair value interest rate risk.

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Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

3. Financial Risk Management (continued)

3.1 Financial risk factors (continued)

(a) Cash flow and fair value interest rate risk (continued)

The FSC does not have any material interest bearing assets and liabilities subject to variable interest rates and therefore, cash flow interest rate risk is minimal.

(b) Credit risk

Credit risk arises from cash and cash equivalents, however this is mitigated by only depositing with regionally recognised banks and financial institutions.

(c) Liquidity risk

The FSC maintains flexibility in funding by maintaining the majority of its assets in short-term, highly liquid instruments.

Prudent liquidity risk management implies maintaining sufficient cash to pay liabilities as they fall due.

Management monitors rolling forecasts of the FSC's liquidity reserve comprising cash and cash equivalents on the basis of expected cash flow.

The FSC's financial liabilities at the year-end have contractual maturities of less than one year from the balance sheet date.

Given the nature of FSC's operations, liquidity risk is considered minimal.

3.2 Reserve risk management

The FSC's objectives when managing reserves are to safeguard its ability to continue as a going concern in order to provide both present and future benefits to the financial services sector.

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

Financial Risk Management (continued)

3.2 Reserve risk management (continued)

In order to maintain or adjust the reserve structure, the FSC is directed, by the Financial Services Commission Ordinance and provisions thereto, to create a reserve to fund expected recurrent expenditure.

3.3 Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The FSC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Techniques, such as estimated discounted cash flows, are used to determine fair value of all financial instruments.

4. Prepayments

This amount includes \$266,000 of payments to KPMG and REFLEXIS Systems Inc. for the supply of the KRegistry and KReview Application Software, in accordance with the contracts dated January 25, 2006 and February 1, 2006. As at the year-end whilst work had been performed in this regard, the software and databases are not yet functional.

5. Staff Advances

This amount represents Christmas advances taken by members of staff as well as regular salary advances to be deducted from monthly salary.

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

6. Fixed Assets - Current Analysis

	Building and improvements \$	Office furniture \$	Office equipment \$	Computer equipment \$	Motor vehicles \$	Total \$
Cost						
Balance as at April 1, 2007	124,550	112,518	55,085	92,299	-	384,452
Acquisitions	-	12,278	-	40,952	63,554	116,784
Balance as at March 31, 2008	124,550	124,796	55,085	133,251	63,554	501,236
Accumulated Depreciation						
Balance as at April 1, 2007	1,178	33,505	19,187	43,266	-	97,136
Depreciation	3,114	12,398	5,509	27,238	12,711	60,970
Balance as at March 31, 2008	4,292	45,903	24,696	70,504	12,711	158,106
Net Book Value						
As at March 31, 2008	120,258	78,893	30,389	62,747	50,843	343,130
As at March 31, 2007	123,372	79,013	35,898	49,033	-	287,316

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**Notes to Financial Statements
For the Year Ended March 31, 2007**

6. Fixed Assets - Prior Year Analysis

	Building and improvements \$	Office furniture \$	Office equipment \$	Computer equipment \$	Total \$
Cost					
Balance as at April 1, 2006	-	78,404	52,720	44,329	175,453
Acquisitions	124,550	34,114	2,365	47,970	208,999
Balance as at March 31, 2007	124,550	112,518	55,085	92,299	384,452
Accumulated Depreciation					
Balance as at April 1, 2006	-	25,362	13,832	33,237	72,431
Depreciation	1,178	8,143	5,355	10,029	24,705
Balance as at March 31, 2007	1,178	33,505	19,187	43,266	97,136
Net Book Value					
As at March 31, 2007	123,372	79,013	35,898	49,033	287,316

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**Notes to Financial Statements
For the Year Ended March 31, 2008**

7. Comparison of Results with Budget

	Actual	Budget	(Excess) / Savings
	\$	\$	\$
Revenue			
Gross Revenue	6,636,792	-	-
Cost of Sales	(6,227,386)	-	-
Share of Revenues Retained	409,406	1,120,131	(710,725)
Government Subvention	1,050,000	1,050,000	-
Release of Government Grants	26,950	-	26,950
Other Income	12,105	-	12,105
	1,498,461	2,170,131	(671,670)
Expenditure			
Staff Costs	938,770	1,229,330	290,560
Travel and Subsistence	121,957	182,959	61,002
Utility Charges	32,101	35,933	3,832
Communication Expenses	37,906	32,918	(4,988)
Office Expenses	33,453	30,000	(3,453)
Maintenance Expenses	42,436	170,700	128,264
Rental of Buildings	81,000	93,480	12,480
Insurance	35,509	63,500	27,991
Training	18,658	74,900	56,242
Subscriptions & Contributions	33,322	87,231	53,909
Audit	16,254	12,000	(4,254)
Other Operating & Admin.	37,145	49,180	12,035
Security Expenses	955	8,000	7,045
Professional & Consultancy	8,025	100,000	91,975
Depreciation	60,970	-	(60,970)
Total Expenditure	1,498,461	2,170,131	671,670
NET SURPLUS	-	-	-

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

8. Accounts Payable

Included in accounts payable is rent owing to the Government of the Turks and Caicos Islands (the Government) of \$6,240 (2006:\$6,240). Under the terms of the Ordinance the Government's share of revenues and any surplus in excess of recurrent expenditure is to be settled to the Government for payment into the consolidated fund. At the year-end \$3,119,780 was due to the Government in this regard.

9. Deferred Income

Project	Initial Warrant Amounts	Accumulated Amortisation	Balance Remaining
	\$	\$	\$
No. 2061	72,143	48,845	23,298
No. 1905	22,833	11,988	10,845
No. 1902	7,147	3,869	3,278
No. 2714	24,693	11,381	13,312
No. 2878	258,746	17,632	291,114
Total	435,562	93,715	341,847
	=====	=====	=====

Deferred income to be released over the next 12 months will be \$26,951 (\$2006:\$26,951). Amounts to be released in over 12 months time will be \$314,896 (2006:\$291,847).

a) Project No. 2061

During the financial year ended March 31, 2003 the Commission received a Development Warrant to the order of \$72,263 of which \$72,143 was for the purchase of office equipment and furniture for its new offices at the Harry E. Francis

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

9. Deferred Income (continued)

a) Project No. 2061 (continued)

Building on Pond Street. The funds from the warrant are released to income on the same basis as the assets are depreciated. \$118 was released immediately as it related to a direct expense.

b) Project No. 1905

During the financial year ended March 31, 2003 the Commission received a Development Warrant of \$24,342 of which \$22,833 was to purchase the telephone system for its new offices located on Pond Street. The funds from the warrant are released to income on the same basis as the assets are depreciated. \$1,509 was released immediately as it related to a direct expense.

c) Project No. 1902

During the financial year ended March 31, 2003 the Commission received a Development Warrant of \$35,300 of which \$7,147 was to purchase filing system for the Companies Registry Archive, which is located in one of the Franklyn Misick Buildings on Church Folly Road. The funds from the warrant are released to income on the same basis as the assets are depreciated. \$28,153 was released immediately as it related to a direct expense.

d) Project No. 2714

During the financial year ended March 31, 2006 the Commission received a Development Warrant of up to \$53,410 to purchase furniture, equipment and vehicles. The funds from the warrant are released to income on the same basis as the assets are depreciated. \$28,657 was received during the year in which \$3,965 was released immediately as it related to a direct expense.

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

9. Deferred Income (continued)

e) Project No. 2878

During the financial year ended March 31, 2006 the Commission received a Development Warrants up to \$300,000, for the Financial Services Commission E-Initiative of which \$216,000 was paid as an initial deposit to KPMG and REFLEXIS Systems Inc. as per signed contracts for the supply of KReview and KRegistry Application Software. \$200 was released immediately as it related to a direct expense.

During the year ended March 31, 2007 the Commission received a further sum of \$42,810 towards the acquisition of a server. The sum of \$65 was released immediately as it related to a direct expense.

During the year ended March 31, 2008, the Commission received a further sum of \$50,000 in respect of the said project.

As at the year-end work is still being carried out with a view to having the databases and software set up and functional as soon as feasibly possible.

10. Advances for Due Diligence

This amount represents amounts received from applicants to cover the costs of due diligence to be carried out relating to license applications.

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

11. Release of Government Grants

This can be analyzed as follows:-

	2008 \$	2007 \$
Revenue Cost	-	65
Amortisation of Deferred Income	26,951	16,371
	26,951	16,436
	=====	=====

12. Staff Costs

This can be analyzed as follows:-

	2008 \$	2007 \$
Salaries & Wages	780,669	771,706
National Insurance	25,194	25,206
Gratuity	26,988	12,584
Allowances	30,740	38,836
Directors' Fees & Expenses	75,179	35,473
	938,770	883,805
	=====	=====

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

13. Travel and Subsistence

This can be analyzed as follows:-

	2008 \$	2007 \$
Accommodation & Subsistence-Local	44,160	18,814
Transport-Air and Sea Fares	23,693	13,705
Transport-Other	7,372	9,533
Accommodation & Subsist. - Intl.	21,301	15,342
Airfares-International Travel	20,232	13,350
Other Cost on International Travel	5,199	1,786
	121,957	72,530
	=====	=====

14. Utility Charges

This can be analyzed as follows:-

	2008 \$	2007 \$
Electricity Charges	30,958	25,295
Water Charges	1,143	804
	32,101	26,099
	=====	=====

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

15. Communication Expenses

This can be analyzed as follows:-

	2008	2007
	\$	\$
Facsimile-Local Cost	1,766	593
Facsimile-International Cost	207	206
Telephone-Local Cost	15,825	13,689
Telephone-International Cost	2,839	1,745
Internet Charges	5,200	4,332
Postage and Courier	1,729	1,305
Line Rental	10,340	8,158
	37,906	30,028
	=====	=====

16. Office Expenses

This can be analyzed as follows:

	2008	2007
	\$	\$
Office Supplies	32,318	15,670
Printing and Binding	1,135	300
	33,453	15,970
	=====	=====

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

17. Repairs and Maintenance Expenses

This can be analyzed as follows:-

	2008 \$	2007 \$
Maintenance-Fixed Assets/Air Con.	10,775	2,950
General Property Maintenance	18,659	5,799
Repairs to Office Equipment	2,557	988
Maintenance of Software	861	852
Maintenance of Hardware	2,352	2,424
Maintenance Strata Property	6,795	-
Service of Vehicles	437	-
	42,436	13,013
	=====	

18. Insurance

This can be analyzed as follows:

	2008 \$	2007 \$
Motor Vehicle Insurance	4,521	-
Peril Insurance	12,963	12,226
Employer Medical	18,025	22,565
	35,509	34,791
	=====	

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**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Notes to Financial Statements
For the Year Ended March 31, 2008**

19. Subscriptions & Contributions

This can be analyzed as follows:

	2008 \$	2007 \$
Subscription	6,060	1,954
Contribution to Intl. Institutions	10,862	15,077
Contribution to Regional Inst.	16,400	13,551
	33,322	30,582
	=====	=====

20. Other Operating and Administrative Expenses

This can be analyzed as follows:-

	2008 \$	2007 \$
Bank Charges	1,800	2,514
Local Hosting and Entertainment	25,565	7,795
Meetings and Conferences	3,533	1,792
Advertising	5,105	1,400
Other Operating Expenses	1,142	-
	37,145	13,501
	=====	=====

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Turks and Caicos Islands
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Notes to Financial Statements
For the Year Ended March 31, 2008

21. Commitments

Commitments as at March 31, 2008 consist of:-

	Falling due within one year \$	Total \$
KPMG	50,000	50,000
REFLEXIS Systems Inc.	250,000	250,000
	300,000	300,000
	=====	=====

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Appendices: Financial Services Related Laws

Financial Services Commission Ordinance 2007
Banking Ordinance (Cap 118)
Insurance Ordinance (Cap 112)
Trusts Ordinance (Cap 124)
Trustees Licensing Ordinance (Cap 123)
Company Management (Licensing) Ordinance 1999
Companies Ordinance (Cap 122)
International Financial Institutions Ordinance (Cap 120)
Mutual Funds Ordinance 1998
Investment Dealers (Licensing) Ordinance 2001
Proceeds of Crime Ordinance 2007
Anti-Money Laundering Regulations 2007
Anti-Money Laundering and Prevention of Terrorist Financing Code
2007
Anti-Terrorism (Financial and Other Measures) (Overseas
Territories) Order 2002
Mutual Legal Assistance (U.S.A.) Ordinance (Cap 37)
Confidential Relationships Ordinance (Cap 125)
Limited Partnerships Ordinance (Cap 126)
Trade Marks Ordinance (Cap 132)
Patents Ordinance (Cap 131)
Money Transmitters Ordinance 2007
Business Names (Registration) Ordinance (Cap 128)

**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

Appendices: List of Licensed Banks at March 31, 2008

Belize Bank Turks and Caicos Limited
Bordier International Bank and Trust Co Ltd
First Caribbean International Bank
Hallmark Bank
Hemisphere Bank
International Banking Group TCI Limited
Royal Bank of Canada
Scotaibank
TCI Bank Limited
Turks and Caicos Banking Company Limited

**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

Appendices: List of Active Trust Companies at March 31, 2008

Coriats (Caribbean) Ltd.
The Chartered Trust Company
Temple Trust Company Ltd.
Albany Trustee Company (Turks & Caicos) Limited
ICSL Trust Corporation Limited
Hallmark Trust Limited
Ango-Swiss Trust Company Ltd.
Sigma Trust Company Ltd.
M&S Trust Company Limited
Meridian Trust Company
Canada Trust
Berkshire Trust Company Ltd.
Logberg Trust Corporation Limited
Sovereign Trust (TCI) Ltd.
Empower Trust Company Ltd.
Trueco Trust Company Limited
Private Counsel Trust Ltd.
Continental Trust Corporation Ltd.
Galina Trust Limited

**Turks and Caicos Islands
Financial Services Commission: Annual Report 2008**

**Appendices: List of Active Company Management Licensees
At March 31, 2008**

Morris Cottingham Corporate Services Limited
The Chartered Trust Company
Logberg Corporate Services Ltd.
KPMG Corporate Services Limited
M&S Trust Company Limited
Claymore Corporate Services Ltd.
Brittanic Management Limited
Caribbean Management Services Limited
Empower Corporation Limited
George C.J. More
PricewaterhouseCoopers Ltd.
Hallmark Trust Limited
Temple Trust Company Ltd.
Sea-cair Corporate Services Ltd.
Berkshire Trust Company Ltd.
Turks and Caicos First Secretarial
Sovereign Trust (TCI) Ltd.
International Company Services (TCI) Ltd.
Corporation Services Ltd.
Omni Corporate Resources International Limited
International Corporate and Legal Services Limited
Paradigm Corporate Management Services Ltd.
Lloyd Rodney & Associates
Saunders Management Ltd.
Star Management Services Ltd.
Sterling Corporate Management Ltd.
Paradise Corporate Services Ltd.
Sunset Management Services Ltd.
Diamond Corporate Services Ltd.
Belle Corporate Management Ltd.
Commonwealth Management Ltd.
Skippings Rutley
Hugh G. O'Neill & Co.
Coriats Caribbean Limited
Chalmers Management Ltd.
Taino Management Ltd.
Allied Management Services Ltd.
SS Corporate Services Ltd.
Alliance Realty Ltd.
Samuel, Emmanuella & Daniel McCleery
Regent Management Ltd.
Barnett & Associates