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To: ALL MEDIA

Please see the below media statement from the Deputy Premier and Minister of Finance, the Hon. E. T. Richards JP, MP.

Bermuda responds to serial errors in Oxfam report on offshore centres

The Government of Bermuda notes with surprise and disappointment statements by Oxfam concerning tax and transparency in which Bermuda has been wrongly included.

Oxfam has made substantial errors in its claims, as far at least as they intend to encompass Bermuda. Specifically it refers to:

- a) A ranking of jurisdictions based wholly on volume of assets, not on any recognised criteria of transparency or compliance, on which measures Bermuda always scores very well. It should be emphasised too that the right to set a corporate tax rate is recognised by the UN as a sovereign right and is considered by Bermuda to be an essential contributor to its world-leading reinsurance centre, along with political stability, regulatory excellence and geographic independence.
- b) 'Anonymous shell corporations'; these simply do not exist on the island, nor elsewhere in relation to corporations registered in Bermuda where continually updated beneficial ownership information is fully available to relevant international authorities on request, which is a leading position on disclosure by all international standards. In fact, Bermuda's register has been in existence for 70 years.
- c) 'Failure to cooperate with international process to combat tax avoidance...and transparency'; Bermuda is fully committed to all of the relevant OECD and other global initiatives, including on BEPs [Base Erosion and Profit Shifting], and scores extremely well on all internationally recognised tables. Until recently, it was the only Overseas Territory or Crown Dependency to have signed up to the country-by-country reporting standards. The island is barely mentioned in the Panama papers for instance, and ranks better than the UK and the US in the Tax Justice Network's Financial Secrecy Index.

More generally, Oxfam, directly and indirectly, appears simply to have ignored Bermuda's internationally recognised role as a centre of corporate and tax transparency and compliance, a key ally in the fight against money-laundering and all criminal

activities, and a committed partner in the initiatives of the OECD on tax reform under the BEPs initiative. We have benefitted in recent years from a flight to quality, as companies have begun to respond to global transparency initiatives.

We have a leading role in supporting global property/catastrophe and other insurance, which directly benefits many of the 'poorest people' to which Oxfam refers, as well as providing employment in many economies beyond our shores, including the UK. Bermuda provides one third of global property/catastrophe reinsurance, and around 14% of the aggregate global reinsurance premium is written out of Bermuda, employing 39,000 people worldwide.

Notes to Editors

Bermuda has worked as key partners with all relevant countries and organisations on following the related issues:

1. US FATCA: Bermuda in 2013 signed an IGA with the US Treasury on FATCA implementation, which came relatively soon after Bermuda signed at Warwick Camp, Bermuda on January 12, 2009 the MLAT (Mutual Legal Assistance Treaty) with the United States representative the US Consul General to Bermuda.
2. Anti-Money Laundering: Bermuda has consistently been rated/*or once again been rated* by the US State Department in its annual International Narcotics Control Strategy Report in the "lowest-risk" category for money laundering and financial-system risk.

More recent international and bi-lateral items:

3. OECD CRS: In 2014, at the OECD Global Forum meeting in Berlin Germany, Bermuda signed on as an early adopter of the OECD's Common Reporting Standards ("CRS") for the sharing of financial institution information with other CRS participating jurisdictions. This exchange is to begin in 2017. Bermuda's exchange with the UK on international arrangements similar to the US FATCA IGA took effect this year. This will be succeeded by the UK-Bermuda CRS reporting when it takes effect.
4. Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Bermuda is a signatory to this multilateral convention ("the MAC") , which is a multilateral TIEA as well as facilitating automatic exchange of information, and therefore, Bermuda has tax information exchange relationships with over 106 jurisdictions which achieves Bermuda's commitment to have TIEA's with all members States of the G20 and the EU and with all of Bermuda's major trading partners.
5. 2016 CbC (OECD BEPS Country by Country reporting regime)
Bermuda is an early adopter of the OECD Country by Country Reports (CbC) for its multi-national corporations and will have reporting requirements for calendar year 2016 to be filed by year-end 2017. On April 15th, 2016 Bermuda became the 33rd country to sign the CbC MCAA (Multilateral Competent Authority Agreement). It was the first Overseas Territory or Crown Dependency to do so. As well, unlike

many OECD countries who have signed 2017 CbC, Bermuda signed the 2016 CbC option requiring reporting by Bermuda entities to the Ministry of Finance by December 31st, 2017 whereas many countries signed 2017 CbC which requires entities in those countries to report by December 31st, 2018, while quite a few countries including some of the very large countries in the Eastern Hemisphere have yet to sign up to CbC.

5. OECD Global Forum Ranking: In 2013 Bermuda was rated "Largely Compliant" by the OECD Global Forum on Tax Transparency, the identical ranking given to both the US and the UK.
6. Beneficial Ownership Records: Bermuda has maintained a corporate registry since 1939 and has collected beneficial ownership information (the ultimate beneficial ownership chain) on legal entities ever since. Ownership information is collected from those with more than 10% controlling interest, a much higher standard than the new UK central registry's standard at 25%.
7. Shell Companies: Bermuda is not a domicile of choice for entities choosing to set up shell corporations. Our research indicates that Bermuda constitutes only 2% of the corporate registrations in the jurisdictions that comprise the leading British Crown Dependencies and Overseas Territories. Bermuda's total is 15,600 compared with 100,000 in the Cayman Islands and nearly 500,000 in the British Virgin Islands. Note, this compares to 1,100,000 in Delaware.
8. Law Enforcement Information Sharing: Bermuda signed in April 2016 an MOU with the British National Crime Agency (NCA) to expedite the sharing of beneficial ownership data with the NCA. The turnaround time is 24 hours.
9. Beneficial Ownership International Standard Development: On May 12 2016 at UK Prime Minister David Cameron's Anti-Corruption Summit Bermuda was recognized as one of 33 jurisdictions that has committed to develop an international standard for the automatic sharing of beneficial ownership information with government officials. We expect this may become a new G20 and OECD standard in the coming years.
10. TIEA's: For background information, Bermuda has bilateral TIEA's with 43 jurisdictions and was the first jurisdiction to ascend to the G20/OECD whitelist for 12 signed TIEAs after the April 2nd 2009 London G20 Summit had created the whitelist. Bermuda ascended to the whitelist a mere several months later that year on June 8th, 2009.

International Standards on Regulation:

In the area of financial services, insurance/reinsurance comprises the largest sector and there is a strong and robust regulatory framework in place in relation to its activities.

Bermuda's insurance regulator, the Bermuda Monetary Authority (BMA), is globally recognized as meeting international standards. The BMA's regulatory requirements are robust and are reviewed on its website www.BMA.bm. Here are four pertinent summary points on Bermuda's international regulatory standards commitments:

1. European Union: Bermuda has been granted Full Equivalence status by the European Union under its insurance Solvency II prudential regulatory requirements for commercial insurers thus affording efficient cross border reinsurance trade and recognition of the BMA as a group insurance supervisor for the EU subsidiaries of Bermuda insurance groups. Bermuda is one of only two jurisdictions granted this equivalence recognition.
2. US NAIC: Bermuda and the BMA are also recognized by the US National Association of Insurance Commissioners (NAIC) as a Qualified Jurisdiction – one of only seven foreign jurisdictions receiving this designation for commercial insurers. As with the EU this designation allows for efficient cross border (re)insurance trade which allows Bermuda’s reinsurers to assist US citizens and businesses with their globally unique risk management needs.
3. Regulatory Information Sharing MOU’s: The BMA has regulatory Memorandums of Understanding (MOU) with the International Association of Insurance Supervisors (IAIS), the NAIC, the US Commodities Futures Trading Commission (USCFTC), the International Organization of Securities Commissioners (IOSCO), 11 US states (AZ, GA, FL, IL, MO, MD, NE, NY, PA, OH and TX), and a total of 26 such MOU’s with regulatory bodies. The BMA is also in frequent contact with the US Treasury’s Federal Insurance Office (FIO) and Bermuda’s US market contribution is cited in a number of FIO reports.
4. Banking: Bermuda is not a banking domicile for private banks like some jurisdictions to the South (Bermuda has only four ‘commercial’ banks) and Bermuda implemented the Basel III banking regulatory requirements in 2015. Bermuda has never been a “bank secrecy” jurisdiction. Panama Papers:

Bermuda collects tax revenues equal to nearly 17% of its GDP. Bermuda’s tax system is based on consumption taxes with an additional large contribution from a payroll tax paid by employers on incomes earned by employees. Bermuda has not adopted tax laws intended to attract corporation formation, rather its 100 years plus system of consumption tax has served it well in financing its government. Analogous to many business structures, Bermuda’s tax laws and treaty commitments avoid double taxation of corporations and facilitate taxation of income accruing to the beneficial owners outside of Bermuda. Its commitment is to be at the forefront of transparency and cooperation by helping other jurisdictions claim revenue they believe their taxpayers are obligated to pay.

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