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Communiqué

The last quarter of 2007 proved to be both a challenging and exciting time for ISOLAS, with many ongoing projects coming to fruition.

A flurry of activity in November led to the completion and launch of our new corporate image, the most fundamental change being the change of name and new firm logo. The feedback thus far from the business community has been very complimentary. I firmly believe that we have achieved what we set out to achieve and that our new image portrays us for what we represent; an energetic, vibrant and modern law firm, whilst at the same time maintaining our traditional family values. For this reason, all at ISOLAS agreed to incorporate '1892', the year of our establishment, as a key feature of the firm's new logo.

I trust that those of you who have had the opportunity of visiting us at our offices in recent weeks will have appreciated the completion of phase 1 of our planned major refurbishment programme, our new spacious and modern ground floor reception area at Portland House. The work does not stop there and planning for the second stage is well underway.

“The legal team and support staff continues to grow in parallel with our clients’ needs.”

In terms of growth, ISOLAS has grown in more ways than one. The legal team and support staff continues to grow in parallel with our clients' needs. As a firm we are constantly seeking to recruit expertise to provide our clients with the best possible service. Allied to this has been an increase in staff training, greater investment and upgrade in IT and software and the creation and development of a 'client portal system', the first Law firm in Gibraltar to add this innovation.

I would like to take this opportunity to invite you all to visit our new and improved website at www.gibraltarlawyers.com. We are confident that you will find it both easy to use and informative. Finally, it is with some satisfaction that I note that our office in Spain, ISOLAS POZO, has recently added two more Spanish lawyers to its ranks,

further enhancing its practice areas and strengthening the team.

I look forward with great enthusiasm to 2008 and the challenges that it may bring. I am confident that our funds legal team will go from strength to strength and, together with the Fiduciary Group which includes a licensed Fund Administration department, will be able to offer all services from legal to corporate and secretarial, banking, accounting and compliance all comprehensively covered under one roof.

I trust that you will find the contents of this newsletter informative and useful. If you should have any particular queries or I can assist in any way whatsoever, please feel free to contact me at christian.rocca@isolas.gi.

In this issue

Page

1. Introduction _____
2. New arrivals _____
Proposed LLP legislation
3. Back to Business _____
4. Gibraltar seminars in London _____

NEW ARRIVALS



**Kerrin
Drago**

After completing his Bar exams, Kerrin returned to Gibraltar to work with a local law firm where he practiced for a number of years in a number of different legal areas. He has now joined ISOLAS to assist with the firm's personal injury workload, an area of law with which he is very familiar. Kerrin represents both claimants and defendants, and will also deal with general litigation matters as part of the firm's Litigation Team.



**Selwyn
Figueras**

Selwyn rejoins the firm after a few years away from private practice. A fully qualified barrister, much of his time will be spent on business development both locally and internationally.

Selwyn has extensive knowledge of the industry and knows what clients want and require. He brings with him fresh ideas. His strengths lie not only in his in-depth legal knowledge but also in his ability to communicate



**Jonathan
Garcia**

Jonathan is a familiar face at ISOLAS, having taken a year out of his studies to work within the firm's companies department before returning to the UK to undertake and successfully complete his Bar course. He has now joined ISOLAS as a fully-qualified barrister and is working closely with one of the firm's partners in various financing and commercial transactions as well as in admiralty and shipping matters

His strong corporate background will stand him in good stead for the future and he has already been heavily involved in advising on structures involving Protected Cell Companies as well as in the drafting and production of the new draft Limited Liability Partnership legislation currently under discussion



LIMITED LIABILITY PARTNERSHIPS IN GIBRALTAR

Jonathan Garcia
jonathan.garcia@isolas.gi

BACKGROUND

In the shadow of massive litigation faced by partnerships, for example, following the Enron collapse, the push towards limited liability has been increasing in pace. In the United Kingdom, the Limited Liability Partnerships Act 2000 came into force on 6 April 2001 and since its interception, LLPs are becoming an increasingly familiar part of the business landscape.

In Gibraltar, businesses such as accountants, lawyers and surveyors are private businesses owned completely by the partners. In the event of bankruptcy, the partners themselves have unlimited liability and could potentially lose all their assets, unlike a limited company where only the company's assets are at stake.

The law relating to Limited Liability Partnerships (LLP(s)) is currently under discussion in Gibraltar and it is hoped that LLP legislation will soon come into force, finally giving partners limited liability without having to issue share capital.

The governing legislation will be little more than a framework Act, only containing details of incorporation, membership and taxation, providing powers to apply the provisions of company law and insolvency law, with appropriate modifications, to

LLPs. It is envisaged that once the legislation comes into force, regulations which in turn make applicable to an LLP certain provisions of the Companies Act (especially on accounts, audit and corporate insolvency), will also follow.

A SEPARATE LEGAL ENTITY

Confusingly, an LLP is not legally a partnership. It is, however - like a company - a corporate body with a continuing legal existence independent of its members. Generally, partnership law does not apply to LLPs. An LLP has the legal capacity to do anything that a natural person can do and exists wholly independently of its members and changes thereto. It has an open ended and indefinite existence, and will continue until it is wound up.

INTERNAL RELATIONS

Members of an LLP are free to agree between themselves the terms of the relationship between them. This makes the LLP very a very flexible vehicle. The internal affairs of an LLP (the rights and duties between the LLP and its members) are ordinarily set out in an LLP agreement. Even though the legislation envisages that an LLP agreement will be the norm, there is no requirement for this to be in place.

"This makes the LLP very a very flexible vehicle."

The agreement remains confidential between the members and the LLP and no disclosure or registration requirements apply. In lieu of having an agreement, there are a number of "default" provisions (dealing, for example, with management, profit sharing and contribution on winding-up). The "default" provisions are likely to produce unsatisfactory results except in the most basic and straightforward arrangements.

MEMBERS

An LLP can only be formed where two or more persons come together for the purposes of carrying on a lawful business with a view to profit. It will therefore not be appropriate as a vehicle for non-profit making activities. In law, a "person" includes individuals and companies. The members of an LLP can therefore be companies, individuals or a mixture of the two. The legislation also requires that two or more members be identified as the designated members who will have statutory responsibility for inter alia

signing and delivering annual accounts (the first time these partnerships have had to issue audited accounts) and returns to the register of companies.

USES OF LLPS DAY-TO-DAY BUSINESS

LLPs have been primarily designed with the professionals such as accountants, surveyors, lawyers and architects in mind, whose partners may potentially be at risk from the careless or accidental negligence of a colleague. For example, partners in accountancy firms would be protected from personal liability if a claim was successfully pursued by a major client, as would partners in a construction business would be protected if say, a new building collapsed, resulting in a large claim for damages against them. An LLP may also be appropriate for a partnership where some partners are not actively involved.

The basic principle, and frequently the

driving factor of a conversion to limited liability, is that the liability of a member is limited to the assets that he puts into the LLP, his capital contribution and undrawn profits in particular. However, it is worth remembering that, as a member of an LLP, an individual's liabilities are "limited" rather than becoming non-existent.

The downside is that an LLP is unlikely to be useful for a small trading company of any sort because a conventional limited liability company is likely to perform an appropriate role at less cost.

COLLECTIVE INVESTMENT SCHEME

It is also envisaged that LLPs will have a place in the financial services sector, particularly in the investment funds industry. However, it is uncertain at this stage whether the scope of the Financial Services legislation will be extended so that

limited liability partnerships are capable of being collective investment schemes.

Notwithstanding the above, it would provide a popular form of collective investment vehicle, primarily because it is regarded as fiscally tax transparent with no local tax exposure. This would attract numerous collective investment schemes and private venture capital schemes as well as the forming of property holdings and financing structures.

CONCLUSION

There is no doubt that the LLP structure will appeal to the professions who want to limit liability while still having the option of carrying on business as a partnership. However, the LLP is a new legal form and there are uncertainties as to how these entities will be treated, mainly in connection with their use within the financial services sector.

BACK TO BUSINESS

"People don't want to be 'marketed to,' they want to be 'communicated with!'"

Communication between lawyer and client is the one aspect of the professional relationship in respect of which clients believe there is always room for improvement. Understanding the clients' concerns in this regard, ISOLAS is actively seeking to improve, in a variety of different and innovative ways, the lines of communication between its lawyers and its clients. Providing clients with the means of communicating their concerns and needs to the Firm in the first instance is the obvious starting point.

A further part of ISOLAS' various initiatives and efforts to consolidate the Firm's client care, marketing and business development drives, has been the recruitment of practising barrister, Selwyn Figueras, as their Business Development and Quality Control Manager.

Selwyn, in an earlier stint with the Firm some years ago, had practiced alongside a number of the partners in a wide variety of matters at all levels of the profession. Selwyn remembers his time at ISOLAS fondly. 'I was very fortunate when I first joined Isola & Isola (as it was then known) in 2003, to have been assigned to work with the late (and great) Peter J Isola. Working with such a knowledgeable, experienced and respected member of the Bar was, all at once, both a sobering and enlightening experience. Discussing the finer points of local laws, it was invaluable to have access to a mentor who didn't just understand the topic in question, but had more likely than not had a hand in the negotiation and drafting of the legislation itself!

In 2006, in pursuit of a new opportunity, Selwyn left ISOLAS for a short spell at the employed bar as in-house Counsel and Director for one of Gibraltar's small company and trust management/family offices. Selwyn was then approached late last year with the suggestion of taking on responsibility for business development at ISOLAS, which challenge he readily and happily accepted. "ISOLAS reputation both locally and internationally means that half the marketing battle is effectively already won" said Selwyn. "The challenge is to frame ISOLAS' services in the context of the Gibraltar plc product and get out there. Gibraltar has a lot to offer over the offshore finance industry competition. Our location in Europe and the recognition of Gibraltar as a prestigious, reputable and co-operative jurisdiction places us in an advantageous position with respect to other non-EU jurisdictions. Exploitation of the growing markets in fund and wealth management is key to the success of ISOLAS and the jurisdiction as a whole."

The development and growth of the Firm in recent years owes much to the development of Gibraltar as an internationally recognised finance centre and work stemming from it. ISOLAS' focus, however, remains firmly on the local market, the stalwart of ISOLAS' success. The Firm continues to direct its efforts at maintaining its local reputation for



high standards of service and a client-focused approach to legal work with new, value added and innovative solutions, provided as part of a service worthy of the best international law firms

Over the coming months, ISOLAS will be rolling out new initiatives on the local and international scene which the Firm hopes will cement its reputation as a forward thinking and dynamic firm with the resources, experience and expertise to serve the needs of its clients, old and new. Selwyn will also be taking charge of the Firm's 'quality control,' acting as a first and personal port of call for clients with suggestions and comments about the Firm's services and, where necessary, looking to improve and develop relevant aspects of the Firm's service in a client-driven and mutually beneficial approach to Isolas' development.

"It's clear that new strategies and development of new services will present some interesting challenges but I'm looking forward to working with everyone and I'm sure the rewards will be worth all the hard work in the coming months."

Selwyn Figueras
Business Development Manager
selwyn.figueras@isolas.gi

GIBRALTAR SEMINARS IN LONDON

The most recent seminars organized by the Government of Gibraltar in association with the Gibraltar financial services industry took place at the Grange City Hotel in London between the 12th - 14th February. Each of the three seminars were extremely well attended by mainly London based professionals, intermediaries and private clients seeking to be informed and updated on the products and services available from Gibraltar. Fiduciary and ISOLAS were fortunate enough to be represented on each of the 3 seminar days as follows.

Gibraltar Insurance Seminar 12th February

Christian Hernandez of ISOLAS spoke at the Insurance Seminar on the practical and legal aspects of setting up a Gibraltar insurer. The presentation focused on the administrative and legal requirements for Gibraltar companies, the attractive regulatory and financial environment for insurance companies in Gibraltar and the available passporting rights within the EU, as well as the Gibraltar Tax Regime in general. Other subjects covered during the seminar included 'Gibraltar and the UK motor market', 'Why Dixons chose Gibraltar' and 'Anticipated future developments for the domicile.'

For queries relating to insurance, please contact Christian.hernandez@isolas.gi

Gibraltar Funds Seminar 13th February

The Gibraltar Funds seminar was probably the best attended of the three and this really reflects the growth and recent interest in the development of Gibraltar as a jurisdiction for funds. Cecilia Gatus of Fiduciary Fund Administration Limited covered the topic of 'Establishing a Gibraltar Experienced Investor Fund with a PCC structure', a very popular option for asset managers. The seminar covered a basic introduction of the Protected Cell Company, its key features, and how this product can be used within the Experienced Investor Fund regime. Other speakers focused on the reason for setting up their operations in Gibraltar, the Gibraltar Funds' EU competitive advantage and the regulatory framework for Gibraltar domiciled funds.

For queries relating to Fund administration, please contact cecilia.gatus@fiduciary.com

Private Clients Seminar 14th February

This seminar focused on various private client related products and services available from Gibraltar including taxation and corporate issues and establishing high net worth individual tax residence in Gibraltar, a particularly relevant feature given the 'non-dom' issues in the UK. Joey Garcia of ISOLAS spoke on 'the Experienced Investor Funds regime' and the use of the Experienced Investor Fund for the private client, or family office seeking to set up boutique funds for specific purposes within a cost effective environment, as well as setting out the procedure and requirements for setting up such a fund. Property developments, and wealth management services were also covered along with a general overview of the opportunities in Gibraltar's international financial services centre.

For queries relating to Gibraltar Funds, please contact joey.garcia@isolas.gi

Speaker biographies, and the presentations themselves are available to view under the Financial Services Tab of the Gibraltar Government Website. www.gibraltar.gov.gi. The next set of presentations will take place in Zurich, Lugano and Geneva as set out below as part of our up and coming events.

Up and coming events

Date	Event	Location
19 - 22 May 2008	Switzerland Seminars Week	Switzerland
September 2008	ISOLAS Golf Day	La Reserva, Spain
TBA	Employment Seminar	ISOLAS Offices, Gibraltar
TBA	Small Business Department Coffee Morning	ISOLAS Offices, Gibraltar



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Portland House Glacis Road PO Box 204 Gibraltar Tel +350 200 78363