

The United Kingdom

RISK & COMPLIANCE REPORT

DATE: December 2018

Executive Summary - United Kingdom

Sanctions:

None

FAFT list of AML Deficient Countries

No

Higher Risk Areas:

US Dept of State Money Laundering assessment
Conduit for Offshore Financial Centres

Major Investment Areas:**Agriculture - products:**

cereals, oilseed, potatoes, vegetables; cattle, sheep, poultry; fish

Industries:

machine tools, electric power equipment, automation equipment, railroad equipment, shipbuilding, aircraft, motor vehicles and parts, electronics and communications equipment, metals, chemicals, coal, petroleum, paper and paper products, food processing, textiles, clothing, other consumer goods

Exports - commodities:

manufactured goods, fuels, chemicals; food, beverages, tobacco

Exports - partners:

Germany 11.5%, US 10.6%, Netherlands 8.9%, France 7.4%, Ireland 6%, Belgium 5.1% (2012)

Imports - commodities:

manufactured goods, machinery, fuels; foodstuffs

Imports - partners:

Germany 12.5%, China 8.1%, Netherlands 7.3%, US 6.8%, France 5.3%, Belgium 4.4% (2012)

Investment Restrictions:

The UK imposes few impediments to foreign ownership. The UK subscribes to the OECD Codes of Liberalization of Capital Movements and of Current Invisible Operations, as well as the OECD National Treatment Instrument.

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Section 1 - Background

The United Kingdom has historically played a leading role in developing parliamentary democracy and in advancing literature and science. At its zenith in the 19th century, the British Empire stretched over one-fourth of the earth's surface. The first half of the 20th century saw the UK's strength seriously depleted in two world wars and the Irish Republic's withdrawal from the union. The second half witnessed the dismantling of the Empire and the UK rebuilding itself into a modern and prosperous European nation. As one of five permanent members of the UN Security Council and a founding member of NATO and the Commonwealth, the UK pursues a global approach to foreign policy. The UK is also an active member of the EU, although it chose to remain outside the Economic and Monetary Union. The Scottish Parliament, the National Assembly for Wales, and the Northern Ireland Assembly were established in 1999. The latter was suspended until May 2007 due to wrangling over the peace process, but devolution was fully completed in March 2010.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

The United Kingdom is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in the United Kingdom was undertaken by the Financial Action Task Force (FATF) in 2018. According to that Evaluation, the United Kingdom was deemed Compliant for 23 and Largely Compliant for 15 of the FATF 40 Recommendations. It was deemed Highly Effective for 4 and Substantially Effective for 4 of the Effectiveness & Technical Compliance ratings.

Key Findings

The UK has a robust understanding of its ML/TF risks which is reflected in its public national risk assessments (NRAs). National AML/CFT policies, strategies and activities seek to address the risks identified in the NRAs. National co-ordination and co-operation on AML/CFT issues at both the policy and operational levels has improved significantly since the last evaluation.

The UK proactively investigates, prosecutes and convicts a range of TF activity, in line with its identified risks in this area. A particularly positive feature of the system is the strong public/private partnership on TF matters. This is facilitated by the Joint Money Laundering Intelligence Task Force (JMLIT) which facilitates public/private information sharing including on TF and ML investigations.

The UK routinely and aggressively identifies, pursues and prioritises ML investigations and prosecutions. It achieves around 7 900 investigations, 2 000 prosecutions and 1 400 convictions annually for standalone ML or where ML is the principal offence. The UK investigates and prosecutes a wide range of ML activity. Investigations of high-end ML (a long-standing risk area for the UK) have increased since being prioritised in 2014. These cases generally take years to progress to prosecution and conviction and limited statistics are available on high-end ML investigations, prosecutions and convictions prior to its prioritisation in 2014. As a result, it is not yet clear whether the level prosecutions and convictions of high-end ML is fully consistent with the UK's threats, risk profile and national AML/CFT policies.

Another strong point of the system is that all entities within the FATF definition of financial institutions and all DNFBPs are subject to comprehensive AML/CFT requirements and subject to supervision. Supervisors' outreach activities, and fitness and proprietary controls are generally strong. Each supervisor takes a slightly different approach to risk-based supervision.

However, while positive steps have been taken, there are weaknesses in the risk-based approach to supervision even among the statutory supervisors.

The UK has been a leader in designating terrorists at the UN and EU level, and takes a leading role promoting effective global implementation of proliferation-related TFS. The UK has frozen assets and other funds pursuant to its proliferation financing sanctions program and taken steps to increase the overall effectiveness of its targeted financial sanctions (TFS) regime, including through the creation of the Office of Financial Sanctions Implementation and the strengthening of penalties for breaching TFS. However, minor improvements are required in relation to applying penalties for sanctions breaches, ensuring consistent application of TFS and communicating designations immediately. The UK has a good understanding of the TF risks associated with NPOs and has been effective in taking action to protect the sector from abuse. The UK also has a robust confiscation regime through which it can and does deprive terrorists of assets.

Available financial intelligence and analysis is regularly used by a wide range of competent authorities to support investigations of ML/TF and related predicate offences, trace assets, enforce confiscation orders and identify risks. However, the UK has made a deliberate policy decision to limit the role of the UK Financial Intelligence Unit (UKFIU) in undertaking operational and strategic analysis which calls into question whether suspicious activity report (SAR) data is being fully exploited in a systematic and holistic way and providing adequate support to investigators. Additionally, while reports of a high quality are being received, the SAR regime requires a significant overhaul to improve the quality of financial intelligence available to the competent authorities.

The UK is a global leader in promoting corporate transparency and has a good understanding of the ML/TF risks posed by legal persons and arrangements. The UK has a comprehensive legal framework requiring all financial institutions and all DNFBPs to conduct customer due diligence and obtain and maintain beneficial ownership information in a manner that is generally in line with the FATF requirements. Beneficial information on trusts is available to the competent authorities through a registry of trusts with tax consequences in the UK. The information in the trust register is verified for accuracy, but the register itself is not yet fully populated. For legal persons, basic and beneficial ownership information is freely and immediately available to the public and all competent authorities through a central public register. This information is not verified for accuracy which limits its reliability. Authorities confirmed that beneficial ownership information, where held in the UK, was obtainable for investigative purposes in a timely manner via available informal and formal investigative tools, including JMLIT and the NCA s.7 gateway.

Risks and General Situation

The UK faces significant ML risks from overseas, in particular from other financial centres (including some of its Overseas Territories and Crown Dependencies), due to its position as a major global financial centre and the world's largest centre for cross-border banking. In particular, the UK is vulnerable and at risk of being used as a destination or transit location for criminal proceeds. Criminal activity in the UK also generates a significant amount of proceeds although domestic crime levels have continued to decrease over the past 20 years. The main money laundering (ML) risks include high-end ML, cash-based ML, and the laundering of proceeds from fraud and tax offences, drug offending and human trafficking,

and organised crime. The UK also faces particular and significant risks from laundering the proceeds of foreign predicate crimes, including transnational organised crime and overseas corruption

The UK faces severe threats from international terrorism. Terrorist financing activity in the UK is usually low-level, involving small amounts of funds raised by UK-based individuals to fund their own travel to join terrorist groups, to send to terrorist associates, or to finance their own terrorist attack plans. The UK also faces threats from Northern Ireland-related terrorism which are rated severe in Northern Ireland and substantial in Great Britain. The nature of the Northern Ireland-related terrorism threat has evolved with paramilitaries and terrorist groups focusing on forms of organised crime which are not all specifically intended to raise funds for terrorism.

Overall Level of Compliance and Effectiveness

The UK has implemented an AML/CFT system that is effective in many respects. Particularly good results are being achieved in the areas of investigation and prosecution of ML/TF, confiscation, the implementation of targeted financial sanctions related to terrorism and proliferation, protecting the non-profit sector from terrorist abuse, understanding the ML/TF risks facing the country, preventing misuse of legal structures and co-operating domestically and internationally to address them. However, major improvements are needed to strengthen supervision and implementation of preventive measures, and ensure that financial intelligence is fully exploited.

In terms of technical compliance, the legal framework is particularly strong with only two areas in need of significant improvements—measures related to correspondent banking and the UKFIU. The UK has significantly strengthened its AML/CFT framework since its last evaluation particularly in relation to operational co-ordination among law enforcement agencies, stronger investigative tools, mechanisms to facilitate public/private information sharing, and the creation of an authority to address inconsistencies in the supervision of lawyers and accountants. One important issue which is outstanding from the previous assessment is the need to enhance the resources and capabilities available to the UKFIU.

IMF Report - United Kingdom: Anti-Money Laundering/Combating the Financing of Terrorism (August 2011)

Money Laundering and Terrorism Finance Situation

The MER indicates that the overall threat to the United Kingdom from serious organized crime and related money laundering was high. The U.K. law enforcement has estimated that the economic and social costs of serious organized crime, including the costs of combating it, at upwards of £20 billion a year. The total quantified organized crime market in the United Kingdom was reportedly worth about £15 billion per year as follows:

drugs (50 percent); excise fraud (25 percent); fraud (12 percent); counterfeiting (7 percent); and organized immigration crime (6 percent).

Estimated total recoverable criminal assets per annum at the time were £4.75 billion, of which it was estimated that £2.75 billion was sent overseas. According to the assessment, cash remained the mainstay of most serious organized criminal activity in the United Kingdom

At the time of the assessment, the following typologies were of most concern to U.K. law enforcement: cash/value couriering; financial abuse through certain nonfinancial businesses and professions, as well as through money transmission agents (including Hawala and other alternative remittance systems); cash-rich businesses and front companies; high-value assets and property; abuse of bank accounts, and other over-the-counter financial sector products.

The United Kingdom has had substantial experience responding to terrorist threats and addressing the support networks that make terrorist acts possible. The principal terrorist threat facing the United Kingdom identified in the assessment was from Islamic extremists. Attacks have been carried out in Britain by both British nationals and by outsiders. The use of banks to move terrorist funds overseas was thought to have declined in response to the tightening of controls in that sector. Two areas that were identified in the assessment as being of growing concern were the abuse of charitable organizations to raise and distribute funds, and the abuse through money service business (MSB) sector (including alternative remittance services) to move funds.

AML/CFT Strategies and Priorities

According to the assessment, the United Kingdom was committed to identifying and interdicting the flow of illicit funds across and within its borders, and to the disruption and dismantling of the money laundering and terrorist finance networks that move such funds. This was made clear in the government's Anti Money Laundering Strategy, published in October 2004. The government's policies for AML/CFT were underpinned by three key objectives: to deter, through the establishment of enforceable safeguards and supervision; to detect, using the financial intelligence generated by money laundering controls to identify and target criminals and terrorist financiers; and to disrupt, maximizing the use of available penalties such as prosecutions or asset seizures.

As of the 2007 MER, the United Kingdom's priorities were: the domestic implementation of the Third EU Money Laundering Directive, and the adoption of appropriate domestic controls derived from the payments regulation and the mandatory declaration of currency regulation; reform of the "suspicious activity reporting" framework further to a comprehensive analysis of its current effectiveness (the Lander Review);

development of an enhanced regulatory environment for MSBs based on a domestic assessment of their significance in facilitating ML and TF; an assessment of the extent to which current controls for charitable organizations are fit for purpose in respect of TF; the European Commission's 2005 "Communication" on this topic and domestic intelligence assessments; and measures to further restrict couriering cash through the implementation of a new set of European controls.

The United Kingdom's annual threat assessment on serious and organized crime included a section on ML that analyzed the effectiveness of the United Kingdom's controls in meeting the threat and identified areas for improvement. Law enforcement and the wider AML/CFT

community contributed to the development of these threat assessments. At the time of the FATF on-site visit, a joint Treasury–Home Office–SOCA exercise was underway to map and define U.K. strategy on ML and FT for the future. This AML/CFT strategy was published on February 28, 2007.

Legal and Institutional AML/CFT Framework

According to the MER, the United Kingdom had a comprehensive legal structure to combat ML and TF. The ML offense was broad, fully covering the elements of the Vienna and Palermo Conventions, and the number of prosecutions and convictions was increasing. The TF offense was also broad. The introduction of the Proceeds of Crime Act 2002 (POCA) had a significant and positive impact on the United Kingdom's ability to restrain, confiscate, and recover proceeds of crime. The United Kingdom also established an effective terrorist asset-freezing regime. Overall, the U.K. Financial Intelligence Unit (FIU) appeared to be generally effective. The United Kingdom also designated a number of competent authorities to investigate and prosecute ML and TF offenses. Measures for domestic and international cooperation were generally comprehensive.

All types of "financial institutions" as defined in the FATF Recommendations are active in the United Kingdom and all are covered by the MLRs. The United Kingdom is a major international centre for investment and private banking and had one of the largest commercial banking sectors in the world. The U.K. insurance industry is the largest in Europe and third largest in the world. The United Kingdom is also one of the largest fund-management markets in the world. It has a strong international orientation and attracted significant overseas funds (an estimate of the U.K. funds management industry at the end of 2004 was that over £2,960 billion of funds were under management, which included international private wealth management, hedge funds, and private equity).

According to the assessment, the effectiveness of preventive measures for financial institutions varied, but the situation was expected to improve with the implementation of the Third EU Money Laundering Directive later in 2007. As identified in the MER, the main customer-due-diligence (CDD) deficiencies were that the identification and verification of the identity of beneficial owners of accounts were not required by law or regulation. Record-keeping and suspicious transaction (or activity) reporting requirements were viewed as comprehensive and effective; however, the Financial Services Authority (FSA) had extensive powers to monitor and ensure compliance by the financial institutions it regulated. While the assessment viewed the supervisory system as comprehensive for larger firms, supervision of certain smaller firms (including some small banks, insurance companies, securities dealers, and investment managers) was thought to require enhancement. In response to these findings, the FSA commenced a project looking at AML/CFT systems and controls in small firms: 159 small firms were selected across the wholesale and retail sectors, and a report was published in May 2010. In addition, the FSA's Financial Crime Operations Team now routinely visits small firms as part of its case work and ongoing thematic work, and has visited a total of 337 firms from 2007 to 2010.

All types of DNFBPs, as defined in the FATF Recommendations, are active in the United Kingdom and all are covered by the MLRs. The DNFBPs appeared to be effectively complying with their STR obligations. There was generally comprehensive monitoring of casinos, lawyers, and certain accountants; the main deficiencies identified in the assessment

were the lack of AML/CFT supervision for the real estate and company service provider sectors and certain unregulated accountants.

The United Kingdom has a wide range of legal persons and arrangements. Legal forms include: Companies Act companies and other forms of companies (both public and private), partnerships, and societies. Trusts are a longstanding, popular, and integral part of the legal and economic landscape of the United Kingdom.

US Department of State Money Laundering assessment (INCSR)

United Kingdom is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

The UK plays a leading role in European and world finance. Money laundering presents a significant risk to the UK because of the size, sophistication, and reputation of its financial markets. UK law enforcement invested resources over a number of years in tackling cash-based money laundering and the drug trade, which largely generates proceeds in the form of cash. The UK should follow through on plans to fill intelligence gaps, strengthen the law enforcement response, remove inconsistencies in the supervisory regime, and increase its international reach to tackle money laundering.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Most money laundering is cash-based, particularly cash collection networks, international controllers, and MSBs. Professional enablers in the legal and accountancy sector are used to move and launder criminal proceeds. There have historically been intelligence gaps, in particular in relation to 'high-end' money laundering, where the proceeds are held in bank accounts, real estate, or other investments rather than cash; this type of laundering is particularly relevant to major frauds and serious foreign corruption. Law enforcement agencies have taken increased steps in recent years to fill these gaps.

KEY AML LAWS AND REGULATIONS

Money laundering is criminalized, and the UK uses an "all crimes" approach to determine money laundering predicate crimes. The UK has a comprehensive AML regime and is an active participant in multilateral efforts to counter transnational financial crimes. The UK transposed the EU's Fourth Anti-Money Laundering Directive into UK law in June 2017. The new regulations expand the definition of PEPs to include both foreign and domestic PEPs. Such measures are applied on a risk-sensitive basis. The Financial Conduct Authority (FCA) has provided guidance on how firms should identify PEPs, and how higher- and lower-risk PEPs should be treated.

The UK supervises both financial institutions and DNFBPs for AML compliance. There are 25 AML supervisors in the UK, ranging from public sector statutory organizations to professional bodies. The UK has a mandatory reporting process for supervisors. The Annual Report on AML/CFT supervision is intended to improve the transparency and accountability of supervision and enforcement in the UK and encourage the use of best practices. Her

Majesty's Treasury has completed a review of the effectiveness of the supervisory regime to address inconsistencies and to ensure a risk-based approach is fully embedded. As a result, the UK has introduced legislation to strengthen the requirements on all AML supervisors and is legislating to create a new team of AML supervision experts in the FCA to share best practices across the system and help to ensure professional-body AML supervisors comply with their obligations.

The FCA is in charge of consumer protection and the integrity of the UK's financial system and directly supervises financial institutions for AML. The FCA follows a risk-based approach to AML supervision of financial institutions, working closely with regulatory and industry stakeholders to identify and mitigate current and emerging financial crime risks.

The UK is a member of the FATF.

AML DEFICIENCIES

In 2016, the UK implemented an AML/CFT Action Plan to address deficiencies noted in the previous year's national risk assessment (NRA), including increasing collaboration among law enforcement agencies, supervisors, and the private sector; filling intelligence gaps and strengthening the law enforcement response; removing inconsistencies in the supervisory regime; and increasing the international reach to tackle money laundering. In 2017, the UK released another NRA, with key findings including substantial risks from high-end money laundering, typically involving fraud, corruption, or tax evasion; cash-based money laundering; and gaps in law enforcement's response to money laundering at the local police level.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

In 2016, there were 1,998 money laundering-related prosecutions and 1,435 convictions. In June 2014, the Crown Prosecution Service Proceeds of Crime team was established to streamline confiscation work, although asset recovery powers are available to a range of UK agencies. UK legislation provides for non-conviction-based confiscation as another means of recovering criminal assets, alongside conviction-based confiscation. Non-conviction-based asset recovery is most commonly used when it is not possible to obtain a conviction, for example, if a defendant has died or fled.

In June 2016, the UK established a freely accessible public register of company beneficial ownership information. Companies that do not provide information are subject to penalties. The register also may be used by covered entities to supplement, but not replace, CDD checks.

The UK is also developing a central register, only available to law enforcement and the FIU, of beneficial ownership information for trusts. Current proposals for this mechanism will require the registry of UK trusts. As for non-UK trusts, registration will be required for those trusts receiving income from a UK funding source and those trusts with taxable assets in the UK.

In 2016, the UK permanently instituted a Joint Money Laundering Intelligence Task Force, which brings together banks and key UK law enforcement agencies to collaborate on the detection and disruption of money launderers. The UK also formed the International Anti-Corruption Coordination Centre, a multiagency international task force which includes U.S. law enforcement representatives.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, The United Kingdom does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

EU White list of Equivalent Jurisdictions

The United Kingdom is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

The United Kingdom is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2017:

The United Kingdom of Great Britain and Northern Ireland (UK) is a significant consumer country of illicit drugs, and, to a lesser extent, a transshipment route for drugs destined for other international markets. International criminal organizations that traffic drugs into the UK also engage in a wide assortment of additional criminal activity, such as financial crimes and money laundering.

The most commonly used drug by UK adults is marijuana followed by cocaine. However, among 16 to 24 year olds, cocaine use falls to third place, following marijuana and MDMA (ecstasy). In August, officers from the National Crime Agency (NCA) and the Border Force made one of the most significant drug seizures in UK history, seizing more than a metric ton of cocaine with a street value of approximately \$100 million from a fishing trawler off the English coast.

The Psychoactive Substances Act came into effect in May 2016 and established a blanket ban across the UK on synthetic substances that stimulate the effects of traditional illicit narcotics. The law also creates new powers for police to shut down illegal "headshops" and UK-based online dealers. Dealers in the now-illegal psychoactive substances face up to seven years in prison. Alongside the legislation, the UK rolled out new education programs targeting at-risk youth and provided capacity-building training to local areas to help them prevent and respond to the use of these substances.

The United States and the United Kingdom enjoy an excellent bilateral relationship and cooperate closely on multilateral narcotics enforcement efforts. The United States and UK have a memorandum of understanding allowing U.S. Coast Guard Law Enforcement teams and Airborne Use of Force Detachments to operate from the platforms of UK naval vessels in the Caribbean. The United States continues to conduct coordinated drug trafficking and money laundering investigations with the UK National Crime Agency and Metropolitan Police Service, as well as Police Scotland, the Police Services of Northern Ireland, and other UK law enforcement agencies. The United States has provided lead information on drug shipments bound for the UK, including couriers, parcels, and containerized cargo.

US State Dept Trafficking in Persons Report 2016 (introduction):

The United Kingdom is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

The United Kingdom (UK) is a source, transit, and destination country for men, women, and children subjected to sex trafficking and forced labor, including domestic servitude. Most foreign trafficking victims come from Africa, Asia, and Eastern Europe. Albania, Vietnam, Nigeria, Romania, and Poland were the top countries of origin for potential victims identified during the past year. UK children continue to be subjected to sex trafficking within the country. Officials identified two potential transgender sex trafficking victims in 2015. Migrant workers in the UK are subjected to forced labor in agriculture, cannabis cultivation,

construction, food processing, factories, domestic service, nail salons, food services, car washes, and on fishing boats. Children in the care system and unaccompanied migrant children are vulnerable to trafficking. Foreign domestic workers in diplomatic households are particularly vulnerable to trafficking and abuse. In Northern Ireland, migrants from Albania and Romania are vulnerable to forced labor in agricultural work and at car washes.

The Government of the United Kingdom fully meets the minimum standards for the elimination of trafficking. In 2015, the government enacted the Modern Slavery Act, which consolidated and strengthened existing laws for perpetrators, increased protections for victims, and established the UK's first independent anti-slavery commissioner. The act was also the first national law in the world to require large corporations operating in the country to publish the steps they are taking to eradicate trafficking from their supply chains. The independent anti-slavery commissioner released a strategic plan, laying out priorities for the UK to combat human trafficking from 2015 to 2017 and a roadmap for accomplishing them. The government prosecuted 60 percent more traffickers in 2015 than in 2014 and had 50 percent more successful convictions. While authorities continued to identify a large and growing number of potential trafficking victims, a 40 percent increase over the previous reporting period, the victim identification and referral system did not assist all those requiring help. In particular, the government did not provide for victim care following a 45-day reflection period, after which authorities generally deported foreign victims.

US State Dept Terrorism Report 2016

Overview: In 2016, the United Kingdom (UK) continued to increase resources to fight terrorism at home and abroad. The UK continued its military efforts against ISIS as a partner in the Global Coalition to Defeat ISIS, which included strike and surveillance operations in Syria and Iraq, as well as a full range of participation in counterterrorism-related working groups of the coalition. The UK is also taking the lead in designing a country-wide program for the coalition to provide training and equipment to counter the threat from improvised explosive devices (IEDs). The UK also expanded counter-ISIS efforts to Libya. Following ISIS attacks in France and Belgium, the UK increased efforts to enhance the counterterrorism capabilities of partner nations, including working more closely with European Union (EU) countries on shared foreign terrorist fighter concerns. Domestically, Prime Minister May worked toward the introduction of an updated Counterterrorism Strategy, and the parliament passed legislation revamping the government's electronic surveillance collection. The UK also took steps to expand the government's ability to counter terrorist financing and to prevent abuse of the charitable sector for terrorism purposes. UK law enforcement agencies have not announced the number of terrorist attacks disrupted in 2016, saying only that 12 attacks were disrupted in the past three years.

The UK separately assesses the Northern Ireland-related terrorism threat level for Northern Ireland and for Great Britain (England, Scotland, and Wales). While the threat level in Northern Ireland from Northern Ireland-related terrorism remained severe, the UK raised the threat level for Northern Ireland-related terrorism in Great Britain to substantial (from moderate). According to a 2015 assessment of paramilitary groups, the most serious terrorist threat was posed by dissident republican groups who oppose the peace process. Dissident republicans continued to target police officers primarily, but prison officers and members of the armed forces have also been targeted. The November 2015 Fresh Start Agreement

established a three-member panel on the disbandment of paramilitary groups, which released a strategy in May to help eliminate paramilitary activities and organized crime in Northern Ireland. The Northern Ireland Executive incorporated the report's recommendations into an action plan in July. A new four-member Independent Reporting Commission appointed in December will oversee implementation of the action plan and provide annual reports noting progress. Tension and in-fighting within republican and loyalist organizations persisted.

Legislation, Law Enforcement, and Border Security: UK law enforcement officials continued to make use of reinforced counterterrorism legislation permitting the government to surveil, interdict, and control the movements of suspected terrorists. In November, Parliament passed the Investigatory Powers Act 2016, the most significant update of British surveillance laws in 15 years.

The Metropolitan Police Service (Met) led the UK's national counterterrorism law enforcement effort. The Met's Counter Terrorism Command operates against the threat of terrorism at a local, national, and international level and supports the national Counter Terrorism Network and the Senior National Coordinator of Counter Terrorism. The Met works closely with other UK police constabularies, MI5, and other agencies in all matters related to terrorism, to include investigation, prosecution, prevention, and protection. UK counterterrorism agencies conducted advanced international investigations, managed crisis response, and provided border security.

The UK is committed to implementing fully UN Security Council resolutions (UNSCR) 2178 and 2199, and is an important partner in urging other nations to do the same, especially within the EU. The UK issues machine-readable passports with an imbedded electronic chip. The UK continued to issue some non-electronic passports through 2008. As of April 2016, the UK required persons with unexpired non-electronic passports to obtain new electronic passports for travel to the United States. UK travel documents and visas contain a number of security features to prevent tampering and fraud. The UK has advanced biometric screening capabilities at some points of entry, but at others, such as ferry ports, there is no screening at all. The UK requires international airlines to collect Advance Passenger Information and demonstrated strong leadership in successfully encouraging the Council of the EU to approve a directive regulating the use of Passenger Name Records (PNR) data in April.

The U.S. and UK law enforcement communities have excellent information sharing and collaboration in counterterrorism. Several UK and U.S. law enforcement agencies embed personnel in each other's organizations to improve communication, information sharing, and joint response. U.S. law enforcement agencies routinely coordinate their investigations with their UK counterparts, resulting in numerous arrests and convictions.

In Northern Ireland, the Crime Operations Department is responsible for conducting terrorism investigations and works closely with MI5 and An Garda Síochána (Ireland's police force) on a range of issues. The Police Service of Northern Ireland reported an increase in security-related deaths, casualties of paramilitary style assaults, confiscation of firearms and ammunition, and charges for terrorist-related offenses in 2016. There was a decrease in shooting and bombing incidents, casualties of paramilitary style shootings, explosives confiscated, and terrorism-related arrests. Law enforcement actions in Northern Ireland during 2016 led to the recovery of firearms, high explosives, chemicals, and a range of IEDs.

In July, the UK convicted Anjem Choudary, along with co-defendant Mohammed Mizanur Rahman, of inviting support for a proscribed terrorist organization (ISIS) under the UK Terrorism Act 2000, which makes it a criminal offence to belong, or profess to belong, to a proscribed terrorist organization in the UK or overseas, or to invite support for such an organization.

Countering the Financing of Terrorism: The UK is a member of the Financial Action Task Force (FATF) and has observer or cooperating status in the following FATF-style regional bodies: the Eastern and Southern Africa Anti-Money Laundering Group; the Caribbean Financial Action Task Force; Asia Pacific Group on Money Laundering; and the Middle East and North Africa Financial Action Task Force. The UK's financial intelligence unit, part of the National Crime Agency, is a member of the Egmont Group of Financial Intelligence Units. The UK is also an active participant of the Defeat-ISIS Coalition's Counterterrorism Finance Working Group.

In October, new counterterrorist finance legislation came into force through the Charities and Social Investment Bill to enable the Charity Commission to more effectively deal with abuse of the charitable sector, including for terrorist purposes. The UK's Criminal Finances Bill, which will implement the EU's 4th Anti-Money Laundering Directive, is currently with Parliament.

The UK actively prosecutes those involved in terrorist finance. Since 2001, 62 individuals have been charged under sections 15-19 of the Terrorism Act 2000 ('fundraising'); of those, 22 individuals were convicted. Additionally, individuals suspected of funding terrorism were convicted of related offenses (fraud, money laundering, etc.).

The UK freezes assets in accordance with UN Security Council resolution (UNSCR) 1373 and 2178 and the UN Security Council ISIL (Da'esh) and al-Qa'ida sanctions regime. Like other members of the EU, the UK currently implements UN listings by way of EU regulation, which involves a delay between UN adoption and listings taking legal effect. Asset freezes under UN obligations are made as soon as corresponding EU regulations come into force. If aware of assets held in the UK, the government proactively notifies financial institutions, to compensate for any delay in legal effect of the UN decision. Parliament was reviewing at year's end the Policing and Crime Bill, which, if adopted, would allow the UK to immediately implement UN sanctions decisions on a temporary basis until the EU regulations come into force. For domestic asset freezes under UNSCR 1373, action is taken immediately. As of March, the UK held approximately US \$107,000 in frozen assets: US \$19,000 under the Terrorist Asset-Freezing Act 2010 (TAFA), US \$13,800 under the EU terrorist asset freezing regime, and US \$74,200 related to the UNSC ISIL (Da'esh) and al-Qa'ida sanctions regime. Her Majesty's Treasury licenses funds to individuals subject to asset freezes for daily living expenses and legal costs; therefore, the amount frozen fluctuates over time.

Her Majesty's Revenue and Customs (HMRC) regulates money transfer and remittance services. HMRC requires remitters to understand to whom they are sending money and collect originator and recipient information. UK charities have a duty to report suspicions of terrorist financing offenses under section 19 of the Terrorism Act 2000. It is an offense to fail to make such a report. Such reports are filed directly with the police or with the National Crime Agency. Charities with an annual income of US \$31,500 per year or more are obliged to file with the Charity Commission serious incident reports of fraud, theft, or other criminal behavior to include support for proscribed organizations or individuals. Charities with an annual

income under US \$31,500 per year “should” report such incidents to the commission, but failure to do so does not result in a criminal offense.

The UK electronically distributes a consolidated list of all UK designated terrorists and terrorist entities (to include UN targets, EU targets, and UK domestic targets under the TAFSA) to 16,000 subscribers, mainly in the UK and its overseas territories.

International Sanctions

None Applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	82
World Governance Indicator – Control of Corruption	94

Corruption does not represent a constraint to business in the United Kingdom, and companies are very unlikely to be put in a situation where bribery is needed. Despite some isolated instances of abuse of administrative power, the UK promotes high ethical standards in public services. The UK Bribery Act establishes liability for corruption offences committed anywhere in the world, including bribery between businesses and of foreign public officials. It also introduces a liability offence for companies that fail to prevent bribery committed by representatives; this can be avoided only by implementing preventive anti-corruption policies and procedures. There is no distinction made between bribery and facilitation payments, and these practices rarely occur in the UK. Gifts and hospitality can be considered illegal depending on the intent and benefit obtained. The UK has a strong legal framework for fighting bribery at home and abroad, and the agencies tasked with fighting corruption are efficient and independent. **Information provided by GAN Integrity.**

Corruption and Government Transparency - Report by US State Department

Although isolated instances of bribery and corruption have occurred in the UK, U.S. investors have not identified corruption of public officials as a factor in doing business in the UK.

The UK formally ratified the OECD Convention on Combating Bribery in December 1998. The UK also signed the UN Convention Against Corruption in December 2003 and ratified it on February 8, 2006. The UK has launched a number of initiatives to reduce corruption overseas. The OECD Working Group on Bribery (WGB) criticized the UK's implementation of the Anti-Bribery convention. The OECD and other international organizations promoting global anti-corruption initiatives pressured the UK to update its anti-bribery legislation which was last amended in 1916. In 2007, the UK Law Commission began a consultation process to draft a Bribery Bill that met OECD standards. A report was published in October 2008 and consultations with experts from the OECD were held in early 2009. The new Bill was published in draft in March 2009 and adopted by Parliament with cross-party support as the 2010 Bribery Act in April 2010.

The Bribery Act 2010 came into force on July 1, 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. The scope of the law is extra-territorial. Under the Bribery Act, a relevant person or company can be prosecuted for bribery if the crime is committed abroad. The Act applies to UK citizens, residents and companies established under UK law. In addition, non-UK companies can be held liable for a failure to prevent bribery if they do business in the UK.

Section 9 of the Act requires the Government to publish guidance on procedures that commercial organizations can put in place to prevent bribery on their behalf. It creates the following offences: Active bribery - promising or giving a financial or other advantage; Passive bribery- agreeing to receive or accepting a financial or other advantage; Bribery of foreign public officials, and; the failure of commercial organizations to prevent bribery by an associated person (corporate offence). The first prosecution under the Act (a domestic case) went forward in 2011. A UK administrative clerk faces charges under Section 2 of the Act for requesting and receiving a bribe intending to improperly perform his functions as a result.

Section 3 - Economy

The UK, a leading trading power and financial centre, is the third largest economy in Europe after Germany and France. Agriculture is intensive, highly mechanized, and efficient by European standards, producing about 60% of food needs with less than 2% of the labour force. The UK has large coal, natural gas, and oil resources, but its oil and natural gas reserves are declining; the UK has been a net importer of energy since 2005. Services, particularly banking, insurance, and business services, are key drivers of British GDP growth. Manufacturing, meanwhile, has declined in importance but still accounts for about 10% of economic output.

In 2008, the global financial crisis hit the economy particularly hard, due to the importance of its financial sector. Falling home prices, high consumer debt, and the global economic slowdown compounded Britain's economic problems, pushing the economy into recession in the latter half of 2008 and prompting the then BROWN (Labour) government to implement a number of measures to stimulate the economy and stabilize the financial markets. Facing burgeoning public deficits and debt levels, in 2010 the CAMERON-led coalition government (between Conservatives and Liberal Democrats) initiated an austerity program, which has continued under the new Conservative majority government. However, the deficit still remains one of the highest in the G7, standing at 5.1% of GDP as of mid-2015. London intends to eliminate its deficit by 2020, primarily through additional cuts to public spending and welfare benefits. It has also pledged to lower its corporation tax from 20% to 18% by 2020.

In 2012, weak consumer spending and subdued business investment weighed on the economy, however, GDP grew 1.7% in 2013 and 2.8% in 2014, accelerating because of greater consumer spending and a recovering housing market. As of late 2015, the Bank of England is examining when to begin raising interest rates from historically low levels while being cautious not to damage economic growth. While the UK is one of the fastest growing economies in the G7, economists are concerned about the potential negative impact if the UK votes to leave the EU. The UK has an extensive trade relationship with other EU members through its access to the single market and economic observers have warned an exit could jeopardize its position as the central location for European financial services.

Agriculture - products:

cereals, oilseed, potatoes, vegetables; cattle, sheep, poultry; fish

Industries:

machine tools, electric power equipment, automation equipment, railroad equipment, shipbuilding, aircraft, motor vehicles and parts, electronics and communications equipment, metals, chemicals, coal, petroleum, paper and paper products, food processing

Exports - commodities:

manufactured goods, fuels, chemicals; food, beverages, tobacco

Exports - partners:

US 14.6%, Germany 10.1%, Switzerland 7%, China 6%, France 5.9%, Netherlands 5.8%, Ireland 5.5% (2015)

Imports - commodities:

manufactured goods, machinery, fuels; foodstuffs

Imports - partners:

Germany 14.8%, China 9.8%, US 9.2%, Netherlands 7.5%, France 5.8%, Belgium 5% (2015)

Banking

According to the European Banking Federation, the UK banking sector is the largest in Europe based on asset value, with 332 banks authorized to do business in the UK, retail deposits of GBP 3.6 trillion (USD 5.8 trillion) and an estimated 50 percent of all the EU's investment banking activity. The total assets of the UK banking sector were about 7.2 trillion GBP (USD 11.5 trillion) 2009.

During 2008 and 2009 As a result of the financial crisis, the UK government nationalized two banks, Northern Rock and Bradford & Bingley, and took significant stakes in the Royal Bank of Scotland (RBS) and Lloyds Banking Group. The government's stake in these banks is managed, at arm's-length, by UK Financial Investments (UKFI), a company wholly owned by HM Treasury.

With the exception of Bradford & Bingley (which will be wound down), UKFI will execute an investment strategy for disposing of the investments through sale, redemption or buy-back. The UK government does not intend to be a permanent investor in UK financial institutions. The government is preparing for the sale of Northern Rock, back to the private sector, probably in the first half of 2011. The rescue packages were authorized by the European Commission under EC Treaty state aid rules, which ensures state aid packages do not result in significant market distortions. At the end of 2009, the European Commission approved state aid measures for RBS and Lloyds but insisted on substantial divestments to limit market distortions.

Stock Exchange

The London Stock Exchange is one of the most active equity markets in the world. London's markets have the advantage of bridging the gap between the day's trading in the Asian markets and the opening of the U.S. market. This bridge effect is also evident as many Russian and Central European companies have used London stock exchanges to tap global capital markets. The Alternative Investment Market (AIM), established in 1995 as a sub-market of the London Stock Exchange, is specifically designed for smaller, growing companies. The AIM has a more flexible regulatory system than the Main Market and has no minimum market capitalization requirements. Since its launch, the AIM has raised approximately GBP 60 billion (USD 96 billion) for more than 3,100 companies.

Executive Summary

The United Kingdom (UK) actively encourages foreign direct investment (FDI). Many of the world's largest firms have UK branches and manufacturing subsidiaries. The UK imposes few impediments to foreign ownership and throughout the past decade, the UK has been Europe's top recipient of FDI. The UK government provides comprehensive statistics on FDI in its annual Inward Investment Report: <https://www.gov.uk/government/publications/ukti-inward-investment-report-2014-to-2015/ukti-inward-investment-report-2014-to-2015-online-viewing>. The United States remains the largest source of FDI into the UK and remains the top destination for UK direct investment abroad, continuing the strong investment partnership between the two countries. The UK is politically stable with a modern infrastructure, and U.S. companies have traditionally found establishing a base in the UK to be an effective means of accessing the EU market. Many U.S. companies have operations in the UK, including all top 100 of the Fortune 500 firms. The UK hosts more than half of the European, Middle Eastern and African corporate headquarters of American-owned firms.

Market entry for U.S. firms is facilitated by a common language, legal heritage, and similar business institutions and practices. Long-term political, economic, and regulatory stability, coupled with relatively low rates of taxation and inflation make the UK particularly attractive to foreign investors. The UK Government has sought to attract further foreign investment to the UK through trade missions and through targeting small and medium enterprises. Recent studies show that the UK is also making improvements in financial flexibility, policy regime for start-ups, and entrepreneurial culture. The UK is especially well supported by its financial and professional services industries. The UK has a transparent tax system in which local and foreign-owned companies are taxed alike. The British pound sterling is a free-floating currency with no restrictions on its transfer or conversion. There are no exchange controls restricting the transfer of funds associated with an investment into or out of the UK.

The UK legal system provides a high level of protection for intellectual property. Private ownership is also protected by law and monitored for competition-restricting behavior. U.S. exporters and investors generally will find little difference between the United States and UK in the conduct of business, and common law prevails as the basis for commercial transactions in the UK.

The UK banking sector is the largest in Europe, and foreign investors, employers, and market participants have been treated equally under government initiatives. Government policies are intended to facilitate the free flow of capital and to support the flow of resources in the product and services markets. Foreign investors are able to obtain credit in the local market at normal market terms, and a wide range of credit instruments are available. UK legal, regulatory, and accounting systems are transparent and consistent with international standards.

There is a strong awareness of corporate social responsibility principles among UK businesses. The UK's labor force is the second largest in the European Union, at just over 40 million people. In Q1 2016, the UK's unemployment rate was 5.1 %. The unemployment rate is projected to be in the range of 4.3% to 6.3% between 2016 and 2020.

<http://www.tradingeconomics.com/united-kingdom/unemployment-rate/forecast>

About 26% of UK employees belong to a union, a low proportion by UK historical standards. The United States and UK have enjoyed a "Commerce and Navigation" Treaty since 1815 which guarantees national treatment of U.S. investors. A Bilateral Tax Treaty specifically protects U.S. and UK investors from double taxation. There are no signs of increased protectionism against foreign investment, and none are expected.

Many U.S. firms are attracted to the UK for the domestic market and as a beachhead for the European Union Single Market. On June 23, 2016, the UK will hold a Referendum on its continuing membership in the EU. If the British public votes to leave the EU, it is likely to bring a period of substantial uncertainty in the UK. This is likely to impact the overall attractiveness of the UK as an investment destination for U.S. companies.

If the UK remains a part of the EU, the UK is forecast to experience significant benefits if the U.S. and the EU are able to conclude the Transatlantic Trade and Investment Partnership (TTIP).

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	10 of 168	http://www.transparency.org/cpi2015/#results-table
World Bank's Doing Business Report "Ease of Doing Business"	2016	6 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	2 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2014	USD 43,390	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

With a few exceptions, the UK does not discriminate between nationals and foreign individuals in the formation and operation of private companies. U.S. companies establishing British subsidiaries generally encounter no special nationality requirements on directors or shareholders, although at least one director of any company registered in the UK must be ordinarily resident in the UK. Once established in the UK, foreign-owned companies are treated no differently from UK firms. Within the EU, the British Government is a strong defender of the rights of any British-registered company, irrespective of its nationality of ownership.

Other Investment Policy Reviews

The Economist Intelligence Unit and World Bank Group's "Doing Business 2016" have current investment policy reports for the United Kingdom.

<http://www.doingbusiness.org/data/exploreeconomies/united-kingdom/>;

<http://country.eiu.com/united-kingdom>

Laws/Regulations on Foreign Direct Investment

The procedure for establishing a company in the UK is identical for British and foreign investors. No approval mechanisms exist for foreign investment; foreigners may freely establish or purchase enterprises in the UK, with few exceptions, and acquire land or buildings.

Tax avoidance by multinational companies, including several major U.S. firms, has been a controversial political issue and subject to investigations by the UK Parliament and EU authorities. However, foreign and UK firms remain subject to the same tax laws, and several UK firms have also been criticized for tax avoidance. Foreign investors may have access to certain EU and UK regional grants and incentives designed to attract industry to areas of high unemployment, but these do not include tax concessions.

As of 2016, the UK taxes corporations 21% on profits over USD 2.1 million (GBP 1.5 million). Small companies are taxed at a rate of 20% for profits up to USD 426,000 (GBP 300,000) and marginal tax relief is granted on profits between these thresholds. Tax deductions are allowed for expenditure and depreciation of assets used for trade purposes. These include machinery, plant, industrial buildings, and assets used for research and development. A special rate of 20% is given to unit trusts and open-ended investment companies. There are different Corporation Tax rates for companies that make profits from oil extraction or oil rights in the UK or UK continental shelf. These are known as 'ring fence' companies: small companies are taxed at a rate of 19% for profits up to USD 426,000 (GBP 300,000), and 30% for profits over USD 426,000 (GBP 300,000).

The UK has a simple system of personal income tax. The basic income tax rate for 2015-2016 is 20% on the first USD 44,807 (GBP 31,785) of earned income. Earnings between USD 44,807 (GBP 31,785) and USD 211,456 (GBP 150,000) are taxed at 40 percent, and earnings above USD 211,456 (GBP 150,000) are taxed at 45 percent. UK citizens also make mandatory payments of about 12% of income into the National Insurance system, which funds social security and retirement benefits. The UK requires non-domiciled residents of the UK to either pay tax on their worldwide income or the tax on the relevant part of their remitted foreign income being brought into the UK. If they have been resident for 7 years or more, and they choose to pay tax only on their remitted earnings, they may be subject to an additional charge of USD 48,141 (GBP 30,000) or USD 83,235 (GBP 50,000).

The Scottish Parliament has the legal power to increase or decrease the basic income tax rate in Scotland, currently 20%, by a maximum of 3% points. The Scottish Government has been opposed to increasing tax rates, mainly because any financial advantage gained by an increase in taxes would be offset by the need to establish a new administrative body to manage the new revenue.

Business Registration

The UK's investment promotion agency is UK Trade and Investment (UKTI).

The UK has straightforward procedures for registering a new business. UKTI provides comprehensive information for prospective investors from abroad on line and through direct contacts.

Enquiries for overseas companies looking to set up in the UK

Email enquiries@ukti-invest.com

Contact form www.contactus.ukti.gov.uk/enquiry/topic

Telephone: +44 (0)20 7333 5442

Overseas companies can contact the UKTI Investment Services Team for information about setting up in the UK, including the help that is available directly related to investment in [Life Sciences](#), [Automotive, Regeneration projects](#), [Financial Services](#) and [Offshore Wind](#)

Further information is available at these links:

<https://www.gov.uk/government/collections/investment-in-the-uk-guidance-for-overseas-businesses>

<https://www.gov.uk/government/publications/entrepreneurs-setting-up-in-the-uk>

Information on how to set up a company in the UK is available here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/511065/GP_1_Incorporation_and_Names_March_2016_v5_5-ver0.34.pdf

Industrial Promotion

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign ownership is limited in only a few strategically privatized companies, such as Rolls Royce (aerospace) and BAE Systems (aircraft and defense). No individual foreign shareholder may own more than 15% of these companies. Theoretically, the government can block the acquisition of manufacturing assets from abroad by invoking the Industry Act 1975, but it has never done so. Investments in energy and power generation require environmental approvals. Certain service activities (like radio and land-based television broadcasting) are subject to licensing.

The UK requires that at least one director of any company registered in the UK must be ordinarily resident in the UK. The UK, as a member of the Organization for Economic Cooperation and Development (OECD), subscribes to the OECD Codes of Liberalization, committed to minimal limits on foreign investment.

Privatization Program

There are 20 fully or partly state-owned enterprises in the UK, spread across a wide range of sectors, ranging from large, well-known companies to small trading houses. Some of these are scheduled to be privatized within the next few years. The privatization of state-owned utilities is now essentially complete. With regard to future investment opportunities, the few remaining government-owned enterprises or government shares in other utilities are likely to be sold off to the private sector when market conditions improve.

Screening of FDI

While the UK does not have a formalized investment review body to assess the suitability of foreign investments in national security sensitive areas, an ad hoc investment review process does exist and is led by the relevant government ministry with regulatory responsibility for the sector in question (e.g., the Secretary of State for Energy and Climate Change would have responsibility for review of investments in the energy sector). U.S. companies have not been the target of these ad hoc reviews.

Competition Law

UK competition law contains both British and European elements. The Competition Act 1998 and the Enterprise Act 2002 are the most important statutes for cases with a purely national dimension. However, if the impact of a business' conduct crosses borders, EU law applies. Section 60 of the Competition Act 1998 provides that UK rules are to be applied in line with European jurisprudence.

The Companies Act of 1985, administered by the Department for Business, Innovation and Skills (BIS), governs ownership and operation of private companies. On November 8, 2006 the UK passed the Companies Act of 2006 to replace the 1985 Act. The law simplifies and modernizes existing rules rather than make any dramatic shift in the company law regime.

BIS uses a transparent code of practice that is fully in accord with EU merger control regulations, in evaluating bids and mergers for possible referral to the Competition Commission. The Competition Act of 1998 strengthened competition law and enhanced the enforcement powers of the Office of Fair Trading (OFT). Prohibitions under the act relate to competition-restricting agreements and abusive behavior by entities in dominant market positions. The Enterprise Act of 2002 established the OFT as an independent statutory body with a Board, and gives it a greater role in ensuring that markets work well. Also, in accordance with EU law, if deemed in the public interest, transactions in the media or that raise national security concerns may be reviewed by the Secretary of State of BIS. In 2014, the Competition Commission and the OFT merged into a single Non Departmental Government Body: the Competition and Markets Authority. This new body is responsible for investigating mergers that could restrict competition, conducting market studies and investigations where there may be competition problems, investigating breaches of EU and UK prohibitions, initiating criminal proceedings against individuals who commit cartel offenses, and enforcing consumer protection legislation. This body is unlikely to alter UK competition policy.

UK competition law has three main tasks: 1) prohibiting agreements or practices that restrict free trading and competition between business entities (this includes in particular the repression of cartels); 2) banning abusive behavior by a firm dominating a market, or anti-competitive practices that tend to lead to such a dominant position (practices controlled in this way may include predatory pricing, tying, price gouging, refusal to deal and many others); and 3) supervising the mergers and acquisitions of large corporations, including some joint ventures. Transactions that are considered to threaten the competitive process can be prohibited altogether, or approved subject to "remedies" such as an obligation to divest part of the merged business or to offer licenses or access to facilities to enable other businesses to continue competing.

The Competition and Markets Authority (CMA) is the primary regulatory body for competition law enforcement. It was created through the merger of the Office of Fair Trading (OFT) with the Competition Commission through the Enterprise and Regulatory Reform Act 2013. Competition law is closely connected with law on deregulation of access to markets, state aids and subsidies, the privatization of state owned assets, and the establishment of independent sector regulators.

Although the OFT and the Competition Commission have general review authority, specific "watchdog" agencies such as Ofgem (the electricity and gas markets regulation authority), Ofcom (the communications regulation authority), and Ofwat (the water services regulation authority) are also charged with seeing how the operation of those specific markets work.

Special Section on the British Overseas Territories

The British Overseas Territories (BOTs) comprise Anguilla, British Antarctic Territory, Bermuda, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, Pitcairn Islands, St. Helena and its dependencies Ascension and Tristan da Cunha, Turks and Caicos Islands, South Georgia and South Sandwich Islands, and Sovereign Base Areas on Cyprus. The BOTs retain a substantial measure of responsibility for their own affairs. Local self-government is usually provided by an Executive Council and elected legislature. Governors or Commissioners are appointed by the Crown on the advice of the British Foreign Secretary, and retain responsibility for external affairs, defense, and internal security. However, the UK imposed direct rule on the Turks and Caicos Islands in August 2009 after an inquiry found evidence of corruption and incompetence. Its Premier was removed and its constitution was suspended. The UK restored Home Rule following elections in November 2012.

The UK's Department for International Development (DFID) is committed to "help to provide an improved environment for economic and social development and promote self-sustainability" of the BOTs. Many of the territories are now broadly self-sufficient. However, DFID maintains development assistance programs in St. Helena, Montserrat, and Pitcairn, including budgetary aid to meet the islands' essential needs and development assistance to help encourage economic growth and social development. Other BOTs receive small levels of assistance through "cross-territory" programs for issues such as environmental protection, disaster prevention, HIV/AIDS and child protection. The UK also lends to the BOTs as needed, up to a pre-set limit, but assumes no liability for them if they encounter financial difficulty.

Many of the BOTs, particularly those in the Caribbean, have been hit hard by the financial crisis. In the Cayman Islands, the British Virgin Islands, the Turks and Caicos and Anguilla, decreases in financial services activity and tourism have resulted in falling output and government revenue. Fisheries and tourism activity in the Falkland Islands have fallen while the government revenues of Gibraltar, with its more diversified economy, have been resilient. To mitigate the impact of the crisis, the territories are reprioritizing government expenditure and looking at ways to increase revenue. Additionally, BOTs may request higher borrowing limits from the UK.

Seven of the BOTs have financial centers: Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Montserrat, and the Turks and Caicos Islands. In April 2009, during the London G20 Summit, all of these territories were placed on the OECD's "grey list" of

jurisdictions that have committed to the internationally agreed tax standard, developed by the OECD, but have not yet substantially implemented it by signing the 12 tax information exchange agreements.. In 2015, the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, rated Anguilla as "partially compliant" and the other six territories were rated as "largely compliant" with the internationally agreed tax standard.

Anguilla: Anguilla is a neutral tax jurisdiction. There are no income, capital gains, estate, profit or other forms of direct taxation on either individuals or corporations, for residents or non-residents of the jurisdiction. The territory has no exchange rate controls. Non-Anguillan nationals may purchase property, but the transfer of land to an alien includes a 12.5% tax.

British Virgin Islands: The government of the British Virgin Islands welcomes FDI and offers a series of incentive packages aimed at reducing the cost of doing business on the islands. These range from relief on customs duties on imported capital goods to relief from corporation tax payments over specific periods. Crown land grants are not available to non-British Virgin Islanders, but private land can be leased or purchased following the approval of an Alien Land Holding License. There is no corporate income tax, capital gains tax, branch tax, or withholding tax for companies incorporated under the BVI Business Companies Act. Payroll tax is imposed on every employer and self-employed person who conducts business in BVI. The tax rate is 10 percent for employers or self-employed persons whose financial year payroll does not exceed USD 150,000, whose annual turnover does not exceed USD 300,000, and who employ seven or fewer employees. All other employers are subject to 14 percent tax. Eight percent of the tax may be reclaimed and paid by the employees, however, the first USD 10,000 of actual remuneration paid to an employee or self-employed person is exempt from tax.

Cayman Islands: There are no direct taxes in the Cayman Islands. In most districts, the government charges stamp duty of six percent on the value of real estate at sale; however, certain districts, including Seven Mile Beach, are subject to a rate of nine percent. There is a one percent fee payable on mortgages of less than KYD 300,000, and one and a half percent on mortgages of KYD 300,000 or higher. There are no controls on the foreign ownership of property and land. Investors can receive import duty waivers on equipment, building materials, machinery, manufacturing materials, and other tools.

Falkland Islands: Companies located in the Falkland Islands are charged corporation tax at 21% on the first GBP one million and 26% for all amounts in excess of GBP one million. The individual income tax rate is 21% for earnings below USD 16,882 (GBP 12,000) and 26% above this level.

Gibraltar: The government of Gibraltar encourages foreign investment. Gibraltar is a low-tax jurisdiction (no capital, branch, or sales taxes) with a stable currency and few restrictions on moving capital or repatriating dividends. The corporate income tax rate is 20 percent for utility, energy, and fuel supply companies, and 10 percent for all other companies. It is a member of the EU and offers EU funding for projects that improve the island's economic development.

Montserrat: The government of Montserrat welcomes new private foreign investment. Foreign investors are permitted to acquire real estate, subject to the acquisition of an Alien Land Holding license which carries a fee of five percent of the purchase price. The government

also imposes stamp and transfer fees of 2.6 percent of the property value on all real estate transactions. Foreign investment in Montserrat is subject to the same taxation rules as local investment, and is eligible for tax holidays and other incentives. Montserrat has preferential trade agreements with the United States, Canada, and Europe. The government allows 100% foreign ownership of businesses but the administration of public utilities remains wholly in the public sector.

St. Helena: The island of St. Helena is open to foreign investment and welcomes expressions of interest from companies wanting to invest. Its government operates an Approved Investor scheme, which offers concessions to businesses that meet a set of criteria outlined in the government's Economic Development Ordinance and Tourism Policy – particularly tourism projects that will be trading at the time of the May 2016 opening of the St. Helena airport. All applications under the scheme are processed by the St. Helena Development Agency.

Pitcairn Islands: The Pitcairn Islands have approximately 50 residents, with a workforce of approximately 15. The territory does not have an airstrip or safe harbor. Residents exist on fishing, subsistence farming, and handcrafts.

The Turks and Caicos Islands: The islands operate an "open arms" investment policy. Through the policy, the government commits to: a streamlined business licensing system; a responsive immigration policy to give investment security; access to government owned land under long-term leases; and a variety of duty concessions to qualified investors. The islands have a "no tax" status, but property purchasers must pay a stamp duty on purchases over USD 25,000. Depending on the island, the stamp duty rate may be up to 6.5 percent for purchases up to USD 250,000, eight percent for purchases USD 250,001 to USD 500,000, and 10 percent for purchases over \$500,000.

2. Conversion and Transfer Policies

Foreign Exchange

The British pound sterling (GBP) is a free-floating currency with no restrictions on its transfer or conversion. There are no exchange controls restricting the transfer of funds associated with an investment into or out of the UK.

The Finance Act 2004 repealed the old rules governing thin capitalization, which allowed companies to assess their borrowing capacity on a consolidated basis. Under the new rules, companies which have borrowed from a UK-based or overseas parent need to show that the loan could have been made on a stand-alone basis or face possible transfer pricing penalties. These rules were not established to limit currency transfers, but rather to limit attempts by multinational enterprises to present what is in substance an equity investment as a debt investment to obtain more favorable tax treatment.

Remittance Policies

Not applicable.

3. Expropriation and Compensation

Expropriation of corporate assets or nationalization of an industry requires a special Act of Parliament, as seen in the February 2008 nationalization of the bank Northern Rock. In the

event of nationalization, the British government follows customary international law, providing prompt, adequate, and effective compensation.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The UK is a common law country. UK business contracts are legally enforceable in the UK, but not in the United States or other foreign jurisdictions. International disputes are resolved through litigation in the UK Courts or by arbitration, mediation, or some other alternative dispute resolution (ADR) method. The UK has a long history of applying the rule of law to business disputes. London is an international hub for dispute resolution with over 10,000 cases filed annually.

Bankruptcy

The UK has strong bankruptcy protections going back to the Bankruptcy Act of 1542, and in modern days both individual bankruptcy and corporate insolvency are regulated in the UK primarily by the Insolvency Act 1986 and the Insolvency Rules 1986, regulated through determinations in UK courts. The World Bank's Doing Business Report Ranks the UK 13/189 for ease of resolving insolvency.

Regarding individual bankruptcy law, the court will oblige a bankrupt individual to sell assets to pay dividends to creditors. A bankrupt person must inform future creditors about the bankrupt status and may not act as the director of a company during the period of bankruptcy. Bankruptcy is not criminalized in the UK, and the Enterprise Act of 2002 dictates that for England and Wales, bankruptcy will not normally last longer than 12 months. At the end of the bankrupt period, the individual is normally no longer held liable for bankruptcy debts unless the individual is determined to be culpable for his or her own insolvency, in which case the bankruptcy period can last up to 15 years.

For corporations declaring insolvency, UK insolvency law seeks to equitably distribute losses between creditors, employees, the community, and other stakeholders in an effort to rescue the company. Liability is limited to the amount of the investment. If a company cannot be rescued, it is liquidated and assets are sold to pay debts to creditors, including foreign investors.

Investment Disputes

Over 10,000 commercial disputes a year take place in London, many with an international dimension, reflecting the city's strong position as an international center for legal services. Most of the disputes center on the maritime, commodities, financial services, and construction sectors. The London Court of International Arbitration and the International Chamber of Commerce's International Court of Arbitration are the leading administrators of international arbitrations. The Stock Exchange Panel on Takeovers and Mergers mediates takeover bid disputes, and there is a further right of appeal to the Stock Exchange Appeals Committee.

International Arbitration

As a member of the International Center for Settlement of Investment Disputes (ICSID), the UK accepts binding international arbitration between foreign investors and the state. As a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the UK provides local enforcement on arbitration judgments decided in other signatory countries.

London is a thriving center for the resolution of international disputes through arbitration under a variety of procedural rules such as those of the London Court of International Arbitration, the International Chamber of Commerce, the Stockholm Chamber of Commerce, the American Arbitration Association International Centre for Dispute Resolution, and many others. Many of these arbitrations involve parties with no connection to the jurisdiction, but are drawn to the jurisdiction because they perceive it to be a neutral venue with an arbitration law and courts that support arbitration. They also choose London-based arbitration because of the general prevalence of the English language and law in international commerce. A wide range of contractual and non-contractual claims can be referred to arbitration in this jurisdiction including disputes involving intellectual property rights, competition disputes, and statutory claims. There are no restrictions on foreign nationals acting as arbitration counsel or arbitrators in this jurisdiction. There are few restrictions on foreign lawyers practicing in the jurisdiction as evidenced by the fact that over 200 foreign law firms have offices in London.

ICSID Convention and New York Convention

The UK is a member of the International Center for Settlement of Investment Disputes (ICSID) and a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The latter convention has territorial application to Gibraltar (September 24, 1975), Hong Kong (January 21, 1977), Isle of Man (February 22, 1979), Bermuda (November 14, 1979), Belize and Cayman Islands (November 26, 1980), Guernsey (April 19, 1985), Bailiwick of Jersey (May 28, 2002), and British Virgin Islands (February 24, 2014).

The United Kingdom has consciously elected not to follow the UNCITRAL Model Law on International Commercial Arbitration. Enforcement of an arbitral award in the UK is dependent upon where the award was granted. The process for enforcement in any particular case is dependent upon the seat of arbitration and the arbitration rules that apply. Arbitral awards in the UK can be enforced under a number of different regimes, namely: The Arbitration Act 1996; The New York Convention; The Geneva Convention 1927; The Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933; and Common Law.

The Arbitration Act 1996 governs all arbitrations seated in England, Wales and Northern Ireland, both domestic and international. The full text of the Arbitration Act can be found here: <http://www.legislation.gov.uk/ukpga/1996/23/data.pdf>. The Arbitration Act is heavily influenced by the UNCITRAL Model Law, but it has some important differences. For example, the Arbitration Act covers both domestic and international arbitration; the document containing the parties' arbitration agreement need not be signed; an English court is only able to stay its own proceedings and cannot refer a matter to arbitration; the default provisions in the Arbitration Act require the appointment of a sole arbitrator as opposed to three arbitrators; a party retains the power to treat its party-nominated arbitrator as the sole arbitrator in the event that the other party fails to make an appointment (where the parties'

agreement provides that each party is required to appoint an arbitrator); there is no time limit on a party's opposition to the appointment of an arbitrator; parties must expressly opt out of most of the provisions of the Arbitration Act which confer default procedural powers on the arbitrators; and there are no strict rules governing the exchange of pleadings. Section 66 of the Arbitration Act applies to all domestic and foreign arbitral awards. Sections 100 to 103 of the Arbitration Act provide for enforcement of arbitral awards under the New York Convention 1958. Section 99 of the Arbitration Act provides for the enforcement of arbitral awards made in certain countries under the Geneva Convention 1927.

Under Section 66 of the Arbitration Act, the court's permission is required for an international arbitral award to be enforced in the UK. Once the court has given permission, judgment may be entered in terms of the arbitral award and enforced in the same manner as a court judgment or order. Permission will not be granted by the court if the party against whom enforcement is sought can show that (a) the tribunal lacked substantive jurisdiction and (b) the right to raise such an objection has not been lost.

Duration of Dispute Resolution – Local Courts

The length of proceedings varies greatly. If the parties have a relatively straightforward dispute, co-operate, and adopt a fast track procedure, arbitration can be concluded within months or even weeks. In a substantial international arbitration involving complex facts, many witnesses and experts and post-hearing briefs, the arbitration could take many years. A reasonably substantial international arbitration will likely take between one and two years.

There are two alternative procedures that can be followed in order to enforce an award. The first is to seek leave of the court for permission to enforce. The second is to begin an action on the award, seeking the same relief from the court as set out in the tribunal's award. Enforcement of an award made in the jurisdiction may be opposed by challenging the award. However, the court also may refuse to enforce an award that is unclear, does not specify an amount, or offends public policy. Enforcement of a foreign award may be opposed on any of the limited grounds set out in the New York Convention. A stay may be granted for a limited time pending a challenge to the order for enforcement. The court will consider the likelihood of success and whether enforcement of the award will be made more or less difficult as a result of the stay. Conditions that might be imposed on granting the stay include such matters as paying a sum into court. Where multiple awards are to be rendered, the court may give permission for the tribunal to continue hearing other matters, especially where there may be a long delay between awards. UK courts have a good record of enforcing arbitral awards. The courts will enforce an arbitral award in the same way that they will enforce an order or judgment of a court. At the time of writing, there are no examples of the English courts enforcing awards which were set aside by the courts at the place of arbitration.

Most awards are complied with voluntarily. If the party against whom the award was made fails to comply, the party seeking enforcement can apply to the court. The length of time it takes to enforce an award which complies with the requirements of the New York Convention will depend on whether there are complex objections to enforcement which require the court to investigate the facts of the case. If a case raises complex issues of public importance the case could be appealed to the Court of Appeal and then to the Supreme Court. This process could take around two years. If no complex objections are raised, the

party seeking enforcement can apply to the court using a summary procedure that is fast and efficient. There are time limits relating to the enforcement of the award. Failure to comply with an award is treated as a breach of the arbitration agreement. An action on the award must be brought within six years of the failure to comply with the award or 12 years if the arbitration agreement was made under seal. If the award does not specify a time for compliance, a court will imply a term of reasonableness.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

The U.K.s has not notified the WTO of any measures that are inconsistent with its TRIMS obligations.'

Performance bonds or guarantees are generally not needed in British commerce, nor is any technology transfer, joint venture, or local management participation or control requirement imposed on suppliers. Government and industry encourage prompt payment, but a tradition does not exist of providing an additional discount to encourage early settlement of accounts.

Information on the UK's participation at the WTO is provided here: https://www.wto.org/english/thewto_e/countries_e/united_kingdom_e.htm

Investment Incentives

The UK offers a range of incentives for companies of any nationality locating in depressed regions of the country, as long as the investment generates employment. UKTI works with its partner organizations in the devolved administrations - Scottish Development International, the Welsh Government and Invest Northern Ireland – and with London and Partners and Local Enterprise Partnerships (LEPs) throughout England, to promote each region's particular strengths and expertise to overseas investors. .

Additionally, assistance can be obtained through the EU Structural Funds through 2020. The UK will receive approximately USD 13.2 billion (EUR 9.571 billion) in structural funds. USD 633 million (EUR 457 million) will be allocated to Northern Ireland, USD 1.1 billion (EUR 795 million) to Scotland, USD 2.9 billion (EUR 2.145 billion) to Wales, and USD 8.6 billion (EUR 6.174 billion) to England. The UK is currently working with the European Commission on what sorts of projects the funds will be allocated. The EU Structural Investment Funds (ESIF) Growth Programme that helps allocate the funds in England has stated that the funds will be allocated towards projects that promote sustainable and quality employment, promote social inclusion, combat poverty and any discrimination, and invest in education, training and vocational training.

Local authorities in England and Wales also have power under the Local Government and Housing Act of 1989 to promote the economic development of their areas through a variety of assistance schemes, including the provision of grants, loan capital, property, or other financial benefit. Separate legislation, granting similar powers to local authorities, applies to Scotland and Northern Ireland. Where available, both domestic and overseas investors may also be eligible for loans from the European Investment Bank.

Research and Development

U.S. and other foreign firms are able to participate in UK Government financed and/or subsidized research and development programs.

Performance Requirements

The UK Government does not mandate local employment, however, at least one director of any company registered in the UK must be ordinarily resident in the UK.

New immigration rules (HC1888) that came into effect on April 6, 2012 have wide-ranging implications for foreign employees, primarily affecting businesses looking to sponsor migrants under Tier 2 as well as migrants looking to apply for settlement in the UK. In particular, the UK Government has introduced a 12-month cooling off period for Tier 2 (General) applications similar to the one that is currently in place for Tier 2 (intra-company transfer). The effect of this is that, while those who enter the UK under Tier 2 (General) to work for one company will be able to apply in-country under Tier 2 (General) to work for another company, if they leave the UK, they will not be able to apply to re-enter the UK under a fresh Tier 2 (general) permission until 12 months after their previous Tier 2 (general) permission has expired.

In addition, those who enter the UK under Tier 2 (intra-company transfer) after April 6, 2011 will not be able to change their status in-country to Tier 2 (General) under any circumstances. If they leave the UK, they will also not be able to apply to enter the UK under Tier 2 (general) until 12 months after their previous Tier 2 (intra-company transfer) permission has expired.

These provisions represent a significant tightening of the Tier 2 requirements. One of the consequences is that, where an individual is sent to the UK on assignment under Tier 2 (intra-company transfer), and the sponsoring company subsequently wishes to hire them permanently in the UK, they will not be able to apply either to remain in the UK under Tier 2 (General) or leave the UK and submit a Tier 2 (General) application overseas.

This change will mean that employers will have to carefully consider the long-term plans for all assignees that they send to the UK and whether Tier 2 (intra-company transfer) is the most appropriate category. This is because, if the assignee is subsequently required in the UK on a long-term basis, it will not be possible for them to make a new application under Tier 2 (General) until at least 12 months after their Tier 2 (intra-company transfer) permission has expired.

Rising levels of immigration to the UK have continued to generate political controversy and led the government to announce additional changes in the Tier 2 visa system in 2016. Those changes are outlined at: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-03-24/HCWS660/>

Data Storage

The UK does not follow "forced localization" and does not require foreign IT firms to turn over source code. There is an ongoing debate in the UK about encryption and government surveillance. This debate and related issues over data retention and the investigatory powers of the state related to data are expected to be resolved by revisions to UK law by the end of 2016.

The UK must also comply with EU rules on data privacy. Provided the UK remains a member of the EU, as of 2018, companies operating in the UK will need to comply with the EU General Data Protection Regulation. This is expected to have a significant impact on companies operating in the UK.

6. Protection of Property Rights

Real Property

The UK has robust real property laws stemming from legislation including the Law of Property Act 1925, the Settled Land Act 1925, the Land Charges Act 1972, the Trusts of Land and Appointment of Trustees Act 1996, and the Land Registration Act 2002. Interests in property are well enforced, and mortgages and liens have been recorded reliably since the Land Registry Act of 1862. The Land Registry is the government database where all land ownership and transaction data is held for England and Wales, and it is reliably accessible online, here: <https://www.gov.uk/search-property-information-land-registry>. Scotland has its own Registers of Scotland, while Northern Ireland operates land registration through the Land and Property Services.

Intellectual Property Rights

The UK legal system provides a high level of intellectual property rights (IPR) protection. Enforcement mechanisms are comparable to those available in the United States. The UK is a member of the World Intellectual Property Organization (WIPO). The UK is also a member of the major intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works; the Paris Convention for the Protection of Industrial Property; the Universal Copyright Convention; the Geneva Phonograms Convention; and the Patent Cooperation Treaty. The UK has signed and, through various EU Directives, implemented both the WIPO Copyright Treaty (WCT) and WIPO Performance and Phonograms Treaty (WPPT), known as the internet treaties.

The Intellectual Property Office (IPO) is the official UK government body responsible for intellectual property rights including patents, designs, trademarks and copyright. The IPO web site contains comprehensive information on UK law and practice in these areas. <https://www.gov.uk/government/organisations/intellectual-property-office>

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

U.S. Embassy London and other U.S. Government agencies, including the Department of Homeland Security, work with UK law enforcement on IPR disputes.

Embassy London point-of-contact for IP policy:

U.S. Embassy London
Economic Section
24 Grosvenor Square
London W1K6AH
United Kingdom

+44 (0)20-7499-9000

LondonEconomic@state.gov

In addition, virtually every major U.S. law firm has a London office and most will be able to advise on IP matters or suggest experienced local attorneys.

7. Transparency of the Regulatory System

U.S. exporters and investors generally will find little difference between the United States and UK in the conduct of business. Common law prevails in the UK as the basis for commercial transactions, and the International Commercial Terms (INCOTERMS) of the International Chambers of Commerce are accepted definitions of trading terms. In terms of accounting standards and audit provisions firms in the UK must use the International Financial Reporting Standards (IFRS) set by the International Accounting Standards Board (IASB) and approved by the European Commission. The UK's Accounting Standards Board provides guidance to firms on accounting standards and works with the IASB on international standards.

Statutory authority over prices and competition in various industries is given to independent regulators, for example Ofcom, Ofwat, Ofgem, the Office of Fair Trading (OFT), the Rail Regulator, and the Prudential Regulatory Authority (PRA). The PRA was created out of the dissolution of the Financial Services Authority (FSA) in 2013. The PRA reports to the Financial Policy Committee (FPC) in the Bank of England. The FPC is headed by a new Deputy Governor (currently Andrew Bailey, who assumed his role 1 April 2013). The PRA is responsible for supervising the safety and soundness of individual financial firms, while the FPC takes a systemic view of the financial system and provides macro-prudential regulation and policy actions. The Consumer and Markets Authority (CMA) acts as a single integrated regulator focused on conduct in financial markets. These regulators work to protect the interests of consumers while ensuring that the markets they regulate are functioning efficiently. Most laws and regulations are published in draft for public comment prior to implementation.

The one significant difference between the regulatory environment in the UK and the United States is that the UK is part of the European Union and is mandated to comply with and enforce EU regulations and directives. EU rules will inevitably impact any company wishing to do business in the UK. The U.S. government has expressed concerns about the degree of transparency in the EU regulatory process.

8. Efficient Capital Markets and Portfolio Investment

The City of London houses one of the world's largest and most comprehensive financial centers. London offers all forms of financial services: commercial banking; investment banking; insurance; venture capital; private equity; stock and currency brokers; fund managers; commodity dealers; accounting and legal services; as well as electronic clearing and settlement systems and bank payments systems. London has been highly regarded by investors because of its solid regulatory, legal, and tax environment, a supportive market infrastructure, and a dynamic and highly skilled workforce.

Government policies are intended to facilitate the free flow of capital and to support the flow of resources in the product and services markets. Foreign investors are able to obtain credit in the local market at normal market terms, and a wide range of credit instruments are available. The principles involved in legal, regulatory, and accounting systems are

transparent, and they are consistent with international standards. In all cases, regulations have been published and are applied on a non-discriminatory basis by the PRA.

The London Stock Exchange is one of the most active equity markets in the world. London's markets have the advantage of bridging the gap between the day's trading in the Asian markets and the opening of the U.S. market. This bridge effect is also evident as many Russian and Central European companies have used London stock exchanges to tap global capital markets. The Alternative Investment Market (AIM), established in 1995 as a sub-market of the London Stock Exchange, is specifically designed for smaller, growing companies. The AIM has a more flexible regulatory system than the Main Market and has no minimum market capitalization requirements. Since its launch, the AIM has raised approximately USD 38 billion (GBP 24 billion) for more than 2,200 companies.

Money and Banking System, Hostile Takeovers

The UK banking sector is the largest in Europe. According to TheCityUK, 164 financial services firms from the EU are based in the UK and EU banks in the UK hold USD 2.3 trillion (GBP 1.4 trillion) in assets, 17 percent of total UK bank assets. The financial and related professional services industry contributed approximately 12.6% of total UK GDP in 2013, employed around 1.16 million people, and contributed USD 1.1 trillion (GBP 650 billion) in tax receipts (which is 11.7% of total UK tax receipts). While banks remained concerned that excessive regulation in the wake of the financial crisis could drive business and talent away from London, the UK is expected to maintain its position as a top financial hub.

UK banks were particularly hard-hit by the global financial crisis. Large-scale lay-offs were common and mergers, nationalizations, and bank failures have left a consolidated playing field. In 2011, Northern Rock, wholly nationalized by the government during the financial crisis, was sold back to the private sector (Virgin Money). In 2008, the Government also announced a series of "bank rescue measures" including taking large equity stakes in two key banks, the Royal Bank of Scotland and Lloyds Banking Group. Government stakes are managed at arm's-length by UK Financial Investments (UKFI) and are approved by the European Commission to comply with state intervention rules. The UK took a 40% stake in Lloyds but has since sold off some GBP 9 (USD 13.95) billion worth of Lloyds shares, reducing its holdings to less than 22%. The UK Government currently holds about 81% of the Royal Bank of Scotland.

The Takeover Panel, an independent authority that administers the City of London's code on takeovers and mergers has revised its code as it relates to hostile takeovers and the impact on existing shareholders for the target firm. It has made a range of amendments to its code to reduce the negative impact of hostile takeovers, with the stated objectives of: increasing the protection for offeree companies against protracted 'virtual bid' periods; strengthening the position of the offeree company; increasing transparency and improving the quality of disclosure; and, providing greater recognition of the interests of offeree company employees.

9. Competition from State-Owned Enterprises

There are 20 state-owned, or partly-owned, enterprises in the UK, with a combined turnover of about USD 17.9 billion (GBP 11.5 billion) in the year ending March 2011. The UK's state-

owned enterprises are spread across a wide range of sectors and are listed here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/208096/foi-130687-companies-uk-tax-payer-shareholder.pdf. They range from large, well-known companies to small trading funds. Some of these, where appropriate, are due to be sold to the private sector over the next few years. The government has already successfully sold Northern Rock, the bank nationalized during the financial crisis in 2007. It has also sold its shares in Tote, the betting firm, for USD 444 million (GBP 265 million).

The UK's Shareholder Executive, within BIS, works with government departments and management teams to help these companies perform effectively. It advises government ministers and officials on a wide range of shareholder issues including objectives, governance, strategy, performance, monitoring, board appointments and remuneration. It sets overall objectives for the businesses and agrees on a strategic plan with the board for delivering those objectives; the board is then accountable for delivery. Where appropriate, it appoints the Chair and actively participates in other board appointments. It sets compensation principles, works with the business to agree dividend policy, and monitors performance. Under the terms of the Government-Owned Business Framework, the UK government must provide all external financing for state-owned business. Businesses are charged at the market rate to ensure they do not receive any commercial advantage from the ability to borrow at, or below, the market rate.

During 2008 and 2009, the UK government nationalized two banks, Northern Rock and Bradford & Bingley, and took significant stakes in the Royal Bank of Scotland (RBS) and Lloyds Banking Group. The government's stake in these banks is managed, at arm's-length, by UK Financial Investments (UKFI), a company wholly owned by HM Treasury. With the exception of Bradford & Bingley (which will be wound down), UKFI will execute an investment strategy for disposing of the investments through sale, redemption or buy-back. The UK government does not intend to be a permanent investor in UK financial institutions. The government has successfully sold the "good bank" section of Northern Rock to Virgin Money. Additionally, in March 2014, UKFI announced it would begin selling off Lloyds shares. Further sales of RBS and Lloyds are expected once market conditions improve. The rescue packages were authorized by the European Commission under EC Treaty state aid rules, which ensures state aid packages do not result in significant market distortions. At the end of 2009, the European Commission approved state aid measures for RBS and Lloyds but insisted on substantial divestments to limit market distortions. These divestments of retail branches have been fulfilled.

OECD Guidelines on Corporate Governance of SOEs

An active OECD member, the UK has some of the highest standards of corporate governance in the world. The UK Corporate Governance Code (formerly the Combined Code) sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.

Sovereign Wealth Funds

The United Kingdom does not maintain a national wealth fund. Although there have at time been calls to turn The Crown Estate -- created in 1760 by Parliament as a means of funding the British monarchy -- into a wealth fund, there are no plans to do so. Moreover, with assets

of just under USD 12 billion, The Crown Estate would be small in relation to other national funds.

10. Responsible Business Conduct

There is a general awareness of expectations and standards for responsible business conduct. Businesses in the UK are accountable for some activities that fall under corporate social responsibility – such as human resources, environmental issues, sustainable development, and health and safety practices – through a wide variety of existing guidelines at national, EU and global levels. There is a strong awareness of corporate social responsibility principles among UK businesses, promoted by UK business associations such as the Confederation of British Industry and the UK government.

The UK government adheres to the OECD Guidelines for Multinational Enterprises. The government is committed to the promotion and implementation of these guidelines and encourages UK multinational enterprises to adopt high corporate standards involving all aspects of the guidelines. The UK established a National Contact Point (NCP) to promote the guidelines and to consider complaints that a multinational enterprise's behavior is inconsistent with them. The UK NCP is housed in BIS and is partially funded by DFID. A Steering Board monitors the work of the UK NCP and provides strategic guidance. It is composed of representatives of relevant government departments and four external members nominated by the Trades Union Congress, the Confederation of British Industry, the All Party Parliamentary Group on the Great Lakes Region of Africa, and the NGO community.

<http://mneguidelines.oecd.org/ncps/unitedkingdom.htm>

The results of a UK government consultation on corporate social responsibility can be found here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300265/bis-14-651-good-for-business-and-society-government-response-to-call-for-views-on-corporate-responsibility.pdf

Information on UK and EU regulations and policies relating to the procurement of supplies, services and works for the public sector, and the relevance of promoting responsible business conduct, are found here: <https://www.gov.uk/guidance/public-sector-procurement-policy>

11. Political Violence

The UK is politically stable, with a modern infrastructure, but shares with the rest of the world an increased threat of terrorist incidents. With the Northern Ireland Assembly elections of May 2011, Northern Ireland marked the successful completion of the first full term of representative, power-sharing government in its history. Despite continuing political stability and progress, certain small but potentially violent groups opposed to the peace settlement have targeted police, military, and justice-related entities with firearms and explosives. It is likely possible that these groups, to include dissident republican groups such as the Real IRA and Continuity IRA, will attempt future attacks on security targets. Most recently, in December 2012 and January 2013, frequent violent demonstrations have taken place in Belfast in reaction to a decision by Belfast City Hall to limit the amount of days the Union flag will fly over the building. Some of these demonstrations have turned violent, resulting in injuries to police, opposition, and personal property; arrests; and, in some cases, criminal

charges being brought against the participants. These demonstrations remain highly localized and do not negatively affect the positive overarching investment climate in Northern Ireland.

Environmental advocacy groups in the UK have been involved with numerous protests against a variety of business activities, including: airport expansion, bypass roads, offshore structures, wind farms, civilian nuclear power plants, and petrochemical facilities. These protests tend not to be violent but can be disruptive, with the aim of obtaining maximum media exposure.

12. Corruption

Although isolated instances of bribery and corruption have occurred in the UK, U.S. investors have not identified corruption of public officials as a factor in doing business in the UK.

The Bribery Act 2010 came into force on July 1, 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. The scope of the law is extra-territorial. Under the Bribery Act, a relevant person or company can be prosecuted for bribery if the crime is committed abroad. The Act applies to UK citizens, residents and companies established under UK law. In addition, non-UK companies can be held liable for a failure to prevent bribery if they do business in the UK.

Section 9 of the Act requires the UK Government to publish guidance on procedures that commercial organizations can put in place to prevent bribery on their behalf. It creates the following offences: Active bribery - promising or giving a financial or other advantage; Passive bribery- agreeing to receive or accepting a financial or other advantage; Bribery of foreign public officials, and; the failure of commercial organizations to prevent bribery by an associated person (corporate offence). The first prosecution under the Act (a domestic case) went forward in 2011. A UK administrative clerk faced charges under Section 2 of the Act for requesting and receiving a bribe intending to improperly perform his functions as a result.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The UK formally ratified the OECD Convention on Combating Bribery in December 1998. The UK also signed the UN Convention Against Corruption in December 2003 and ratified it in 2006. The UK has launched a number of initiatives to reduce corruption overseas. The OECD Working Group on Bribery (WGB) criticized the UK's implementation of the Anti-Bribery convention. The OECD and other international organizations promoting global anti-corruption initiatives pressured the UK to update its anti-bribery legislation which was last amended in 1916. In 2007, the UK Law Commission began a consultation process to draft a Bribery Bill that met OECD standards. A report was published in October 2008 and consultations with experts from the OECD were held in early 2009. The new Bill was published in draft in March 2009 and adopted by Parliament with cross-party support as the 2010 Bribery Act in April 2010.

Resources to Report Corruption

UK law provides criminal penalties for corruption by officials, and the government routinely implements these laws effectively. The Serious Fraud Office (SFO) is an independent government department, operating under the superintendence of the Attorney General with

jurisdiction in England, Wales, and Northern Ireland. It investigates and prosecutes those who commit serious or complex fraud, bribery, and corruption, and pursues them and others for the proceeds of their crime.

The SFO is the UK's lead agency to which all allegations of bribery of foreign public officials by British nationals or companies incorporated in the United Kingdom should be reported - even in relation to conduct that occurred overseas. Some of these allegations, where they involve serious or complex fraud and corruption, may fall to the SFO to investigate. Some may be more appropriate for other agencies to investigate, such as the Overseas Anti-Corruption Unit of the City of London Police (OACU). When the SFO receives a report of possible corruption, its intelligence team makes an assessment and decides if the matter is best dealt with by the SFO or passed to one of our law enforcement partners. Allegation can be reported in confidence using the SFO's secure online reporting form:

<http://www.sfo.gov.uk/bribery--corruption/where-should-i-report-corruption.aspx>. Details can also be sent to the SFO in writing:

SFO Confidential
Serious Fraud Office
2-4 Cockspur Street
London, SW1Y 5BS
United Kingdom

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

The UK has concluded 104 Bilateral Investment Treaties (known in the UK as Investment Promotion and Protection Agreements) with other countries, of which 92 are in force: Albania, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bolivia, Bosnia & Herzegovina, Bulgaria, Burundi, Cameroon, Chile, China, Congo, Cote D'Ivoire, Croatia, Cuba, Czech Republic, Dominica, Ecuador, Egypt, El Salvador, Estonia, Georgia, Ghana, Grenada, Guyana, Haiti, Honduras, Hong Kong, Hungary, India, Indonesia, Jamaica, Jordan, Kazakhstan, Korea, Kyrgyzstan, Laos, Latvia, Lebanon, Lesotho, Lithuania, Malaysia, Malta, Mauritius, Mexico, Moldova, Mongolia, Morocco, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Romania, Russian Federation, Saint Lucia, Senegal, Serbia, Sierra Leone, Singapore, Slovenia, South Africa, Sri Lanka, Swaziland, Tanzania, Thailand, Tonga, Trinidad & Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, UAE, Uruguay, Uzbekistan, Venezuela, Vietnam, and Yemen.

Bilateral Taxation Treaties

The United States and UK have enjoyed a "Commerce and Navigation" Treaty since 1815 which guarantees national treatment of U.S. investors. A Bilateral Tax Treaty specifically protects U.S. and UK investors from double taxation. The UK is a member state of the European Union, which is currently negotiating with the United States a Transatlantic Trade and Investment Partnership (T-TIP). T-TIP will contain an investment chapter with all the provisions typically found in a U.S. bilateral investment treaty (BIT), thus will enhance U.S.-UK

investment protections. The UK has its own bilateral tax treaties with more than 100 (mostly developing) countries and a network of about a dozen double taxation agreements.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

The cargo ports and freight transshipment points at Liverpool, Prestwick, Sheerness, Southampton, and Tilbury that are used for cargo storage and consolidation are designated as Free Trade Zones. No activities that add value to the commodities are permitted within the Free Trade Zones, which are reserved for bonded storage, cargo consolidation, and reconfiguration of non-EU goods. The Free Trade Zones offer little benefit to U.S. exporters or investors, or any other non-EU exporters or investors.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$B USD)	2014	2,687	2013	2,678	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2013	393,696	2014	587,943	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States (\$M USD, stock positions)	2013	361,830	2014	448,548	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2013	54.5%	2013	63.3%	N/A

*Office of National Statistics - www.ons.gov.uk

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	1,744,718	100%	Total Outward	1,513,125	100%
USA	405,313	23%	USA	396,055	26%
Netherlands	286,195	16%	Netherlands	183,697	12%
Luxembourg	130,705	7%	Luxembourg	163,325	10%
France	127,578	7%	France	57,533	4%
Germany	98,507	6%	Ireland	54,472	4%

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	3,909,076	100%	All Countries	1,783,244	100%	All Countries	2,125,832	100%
USA	1,023,330	26%	USA	609,836	34%	USA	413,493	19%
France	303,295	8%	Ireland	148,935	8%	France	226,724	11%
Ireland	287,240	7%	Japan	133,409	7%	Germany	223,944	11%
Netherlands	233,768	6%	France	76,571	4%	Netherlands	160,687	8%
Japan	220,487	6%	Switzerland	68,496	4%	International Organizations	105,445	5%

Source: IMF Coordinated Portfolio Investment Survey

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

Common law system; has nonbinding judicial review of Acts of Parliament under the Human Rights Act of 1998

International organization participation:

ADB (nonregional member), AfDB (nonregional member), Arctic Council (observer), Australia Group, BIS, C, CBSS (observer), CD, CDB, CE, CERN, EAPC, EBRD, EIB, EITI (implementing country), ESA, EU, FAO, FATF, G-20, G-5, G-7, G-8, G-10, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRC, IGAD (partners), IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MONUSCO, NATO, NEA, NSG, OAS (observer), OECD, OPCW, OSCE, Paris Club, PCA, PIF (partner), SELEC (observer), UN, UNCTAD, UNESCO, UNFICYP, UNHCR, UNIDO, UNISFA, UNMISS, UNRWA, UNSC (permanent), UPU, WCO, WHO, WIPO, WMO, WTO, ZC



Section 6 - Tax

Exchange control

There are no exchange controls in the UK.

Treaty and non-treaty withholding tax rates

United Kingdom has signed **148 agreements** (**124 DTC** and **24 TIEA** agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Albania	DTC	26 Mar 2013	not yet in force	Unreviewed	Yes	
Anguilla	TIEA	20 Jul 2009	17 Feb 2011	Yes	Yes	
Antigua and Barbuda	TIEA	19 Jan 2010	19 May 2011	Yes	Yes	
Argentina	DTC	3 Jan 1996	1 Aug 1997	Yes	No	
Armenia	DTC	13 Jul 2011	21 Feb 2012	Unreviewed	Yes	
Aruba	TIEA	5 Nov 2010	1 Jan 2012	Yes	Yes	
Australia	DTC	21 Aug 2003	17 Dec 2003	Yes	No	
Austria	DTC	30 Apr 1969	13 Nov 1970	Yes	Yes	
Azerbaijan	DTC	23 Feb 1994	3 Oct 1995	Unreviewed	No	
Bahamas, The	TIEA	29 Oct 2009	7 Jan 2011	Yes	Yes	
Bahrain	DTC	10 Mar 2010	19 Dec 2012	Yes	Yes	
Bangladesh	DTC	8 Aug 1979	8 Jul 1990	Unreviewed	No	
Barbados	DTC	26 Apr 2012	19 Dec 2012	Yes	Yes	
Belarus	DTC	7 Mar 1995	not yet in force	Unreviewed	No	
Belarus	DTC	31 Jul 1985	30 Jan 1986	Unreviewed	No	
Belgium	DTC	1 Jun 1987	21 Oct 1989	Yes	Yes	
Belize	DTC	1 Jan 1947	1 Jan 1947	No	No	
Belize	TIEA	25 Mar 2010	1 Aug 2011	Yes	Yes	
Bermuda	TIEA	5 Dec 2007	9 Dec 2008	Yes	Yes	
Bolivia	DTC	3 Nov 1994	23 Oct 1995	Unreviewed	No	
Bosnia and Herzegovina	DTC	6 Nov 1981	18 Sep 1982	Unreviewed	No	
Botswana	DTC	9 Sep 2005	4 Sep 2006	No	Yes	
Brazil	TIEA	28 Sep 2012	not yet in force	Yes	Yes	
Brunei Darussalam	DTC	8 Dec 1950	8 Dec 1950	No	No	
Brunei Darussalam	DTC Protocol	11 Dec 2012	not yet in force	Unreviewed	Yes	
Bulgaria	DTC	16 Sep 1987	28 Dec 1987	Unreviewed	No	
Canada	DTC	8 Sep 1978	17 Dec 1980	Yes	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Cayman Islands	DTC	15 Jun 2009	20 Dec 2010	Yes	Yes	
Chile	DTC	12 Jul 2003	21 Dec 2004	Yes	No	
China	DTC	26 Jul 1984	23 Dec 1984	Yes	No	
Croatia	DTC	6 Nov 1981	18 Sep 2009	Unreviewed	No	
Curaçao	TIEA	10 Sep 2010	not yet in force	Yes	Yes	
Cyprus	DTC	20 Jun 1974	1 Nov 1974	Yes	No	
Czech Republic	DTC	5 Nov 1990	20 Dec 1991	Yes	No	
Côte d'Ivoire	DTC	20 Jun 1985	24 Jan 1987	Unreviewed	No	
Denmark	DTC	11 Nov 1980	17 Dec 1980	Yes	No	
Dominica	TIEA	31 Mar 2010	13 Dec 2011	No	Yes	
Egypt	DTC	25 May 1977	23 Aug 1980	No	No	
Estonia	DTC	12 May 1994	19 Dec 1994	Yes	No	
Ethiopia	DTC	9 Jun 2011	21 Feb 2013	Unreviewed	Yes	
Falkland Islands (Malvinas)	DTC	17 Dec 1997	18 Dec 1997	Unreviewed	No	
Faroe Islands	DTC	20 Jun 2007	3 Jun 2008	Unreviewed	Yes	
Fiji	DTC	21 Dec 1975	27 Aug 1976	No	No	
Finland	DTC	17 Jul 1969	5 Feb 1970	Yes	No	
Former Yugoslav Republic of Macedonia	DTC	8 Nov 2006	8 Aug 2007	Yes	Yes	
France	DTC	19 Jun 2008	18 Dec 2009	Yes	Yes	
Gambia, The	DTC	20 May 1980	5 Jul 1982	No	No	
Georgia	DTC	13 Jul 2004	11 Oct 2005	Unreviewed	No	
Germany	DTC	30 May 2010	1 Jan 2011	Yes	Yes	
Ghana	DTC	20 Jan 1993	10 Aug 1994	Yes	No	
Gibraltar	TIEA	27 Aug 2009	15 Dec 2010	Yes	Yes	
Greece	DTC	25 Jun 1953	15 Jan 1954	Yes	No	
Grenada	DTC	4 Mar 1949	4 Mar 1949	No	No	
Grenada	TIEA	31 Mar 2010	10 Jan 2012	Yes	Yes	
Guernsey	DTC	24 Jun 1952	24 Jun 1952	No	Yes	
Guernsey	TIEA	20 Jan 2009	27 Nov 2009	Yes	Yes	
Guyana	DTC	31 Aug 1992	18 Dec 1992	Unreviewed	No	
Hong Kong, China	DTC	21 Jun 2010	20 Dec 2010	Yes	Yes	
Hungary	DTC	7 Sep 2011	28 Dec 2011	Yes	Yes	
Iceland	DTC	30 Sep 1991	1 Jan 1992	Yes	No	
India	DTC	25 Jan 1993	26 Oct 1993	Yes	No	
India	DTC Protocol	30 Oct 2012	not yet in force	Yes	Yes	
Indonesia	DTC	5 Apr 1993	14 Apr 1994	Yes	No	
Ireland	DTC	2 Jun 1976	23 Dec 1976	Yes	No	
Isle of Man	DTC	29 Jul 1955	29 Jul 1955	No	No	
Isle of Man	TIEA	29 Sep 2008	4 Feb 2009	Yes	Yes	
Israel	DTC	20 Apr 1970	25 Mar 1971	No	No	
Italy	DTC	21 Oct 1988	31 Dec 1990	Yes	No	
Jamaica	DTC	16 Mar 1973	31 Dec 1973	Yes	No	
Japan	DTC	2 Feb 2006	12 Oct 2006	Yes	Yes	
Jersey	DTC	24 Jun 1952	1 Jan 1951	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Jersey	TIEA	10 Mar 2009	27 Nov 2009	Yes	Yes	
Jordan	DTC	22 Jul 2001	24 Mar 2002	Unreviewed	No	
Kazakhstan	DTC	21 Mar 1994	15 Dec 1996	Unreviewed	No	
Kenya	DTC	31 Jul 1973	1 Jan 1974	No	No	
Kiribati	DTC	10 May 1950	10 May 1950	No	No	
Korea, Republic of	DTC	25 Oct 1996	29 Dec 1996	Yes	No	
Kuwait	DTC	21 Jul 1999	1 Jul 2000	Unreviewed	No	
Latvia	DTC	8 May 1996	31 Dec 1996	Unreviewed	No	
Lesotho	DTC	17 Dec 1997	23 Dec 1997	Unreviewed	No	
Liberia	TIEA	7 Nov 2010	30 Mar 2012	Yes	Yes	
Libya	DTC	17 Aug 2008	8 Mar 2010	Unreviewed	Yes	
Liechtenstein	DTC	11 Jun 2012	19 Dec 2012	Yes	Yes	
Liechtenstein	TIEA	11 Aug 2009	2 Dec 2010	No	Yes	
Lithuania	DTC	19 Mar 2001	28 Nov 2002	Yes	No	
Luxembourg	DTC	24 May 1967	3 Jul 1968	Yes	Yes	
Malawi	DTC	25 Nov 1955	25 Nov 1955	Unreviewed	No	
Malaysia	DTC	10 Dec 1996	18 May 1998	Yes	Yes	
Malta	DTC	12 May 1994	27 Mar 1995	Yes	No	
Marshall Islands	TIEA	20 Mar 2012	not yet in force	Yes	Yes	
Mauritius	DTC	11 Feb 1981	26 Oct 1987	Yes	Yes	
Mexico	DTC	2 Jun 1994	15 Dec 1994	Yes	Yes	
Moldova, Republic of	DTC	8 Nov 2007	30 Oct 2008	Unreviewed	Yes	
Mongolia	DTC	23 Apr 1996	4 Dec 1996	Unreviewed	No	
Montenegro	DTC	6 Nov 1981	16 Sep 1982	Unreviewed	No	
Montserrat	DTC	19 Dec 1947	19 Dec 1947	Yes	Yes	
Morocco	DTC	8 Sep 1981	29 Nov 1990	Unreviewed	No	
Myanmar	DTC	13 Mar 1950	13 Mar 1950	Unreviewed	No	
Namibia	DTC	28 May 1962	19 Dec 1962	No	No	
Netherlands	DTC	7 Nov 1980	6 Apr 1981	Yes	Yes	
New Zealand	DTC	4 Aug 1983	16 Mar 1984	Yes	Yes	
Nigeria	DTC	9 Jun 1987	27 Dec 1987	No	No	
Norway	DTC	14 Mar 2013	not yet in force	Yes	Yes	
Norway	DTC	12 Oct 2000	12 Dec 2000	Yes	No	
Oman	DTC	23 Feb 1998	9 Nov 1998	No	No	
Pakistan	DTC	24 Nov 1986	8 Dec 1987	Unreviewed	No	
Papua New Guinea	DTC	17 Sep 1991	20 Dec 1991	No	No	
Philippines	DTC	10 Jun 1976	23 Jan 1978	Yes	No	
Poland	DTC	20 Jul 2006	1 Jan 2007	Yes	Yes	
Portugal	DTC	27 Mar 1968	20 Jan 1969	Yes	No	
Qatar	DTC	25 Jun 2009	15 Oct 2010	Yes	Yes	
Romania	DTC	18 Sep 1975	21 Nov 1976	Unreviewed	No	
Russian Federation	DTC	15 Feb 1994	1 Jan 1998	No	No	
Saint Kitts and Nevis	TIEA	18 Jan 2010	19 May 2011	Yes	Yes	
Saint Lucia	TIEA	18 Jan 2010	19 May 2011	Yes	Yes	
Saint Vincent and the Grenadines	TIEA	18 Jan 2010	18 May 2011	Yes	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
San Marino	TIEA	16 Feb 2010	27 Jul 2011	Yes	Yes	
Saudi Arabia	DTC	31 Oct 2007	1 Jan 2009	Yes	Yes	
Serbia	DTC	6 Nov 1981	16 Sep 1982	Unreviewed	No	
Sierra Leone	DTC	19 Dec 1947	19 Dec 1947	No	No	
Singapore	DTC	12 Feb 1997	26 Dec 1997	Yes	Yes	
Sint Maarten	TIEA	10 Sep 2010	not yet in force	Yes	Yes	
Slovakia	DTC	5 Nov 1990	20 Dec 1991	Yes	No	
Slovenia	DTC	13 Nov 2007	12 Sep 2008	Yes	Yes	
Solomon Islands	DTC	10 May 1950	10 May 1950	No	No	
South Africa	DTC	4 Jul 2002	17 Dec 2002	Yes	Yes	
Spain	DTC	21 Oct 1975	25 Nov 1976	Yes	No	
Spain	DTC	14 Mar 2013	not yet in force	Yes	Yes	
Sri Lanka	DTC	21 Jun 1979	21 May 1980	No	No	
Sudan	DTC	8 Mar 1975	8 Oct 1977	Unreviewed	No	
Swaziland	DTC	26 Nov 1968	18 Mar 1969	No	No	
Sweden	DTC	30 Aug 1983	26 Mar 1984	Yes	No	
Switzerland	DTC	8 Dec 1977	7 Oct 1978	No	Yes	
Tajikistan	DTC	31 Jul 1985	18 Apr 1997	Unreviewed	No	
Thailand	DTC	18 Feb 1981	20 Nov 1981	Unreviewed	No	
Trinidad and Tobago	DTC	31 Dec 1982	22 Dec 1983	No	No	
Tunisia	DTC	15 Dec 1982	20 Jan 1984	No	No	
Turkey	DTC	19 Feb 1986	26 Oct 1988	Yes	No	
Turkmenistan	DTC	31 Jul 1985	30 Jan 1986	Unreviewed	No	
Turks and Caicos Islands	TIEA	22 Jul 2009	25 Jan 2011	Yes	Yes	
Tuvalu	DTC	10 May 1950	10 May 1950	No	No	
Uganda	DTC	23 Dec 1992	21 Dec 1993	Unreviewed	No	
Ukraine	DTC	10 Feb 1993	11 Aug 1993	Unreviewed	No	
United States	DTC	24 Jul 2001	31 Mar 2003	Yes	No	
Uzbekistan	DTC	15 Oct 1993	10 Jun 1994	Unreviewed	No	
Venezuela	DTC	11 Mar 1996	31 Dec 1996	Unreviewed	No	
Viet nam	DTC	9 Apr 1994	15 Dec 1994	Unreviewed	No	
Virgin Islands, British	TIEA	29 Oct 2008	12 Apr 2010	Yes	Yes	
Zambia	DTC	22 Mar 1973	29 Mar 1973	No	No	
Zimbabwe	DTC	19 Oct 1982	11 Feb 1983	No	No	

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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