

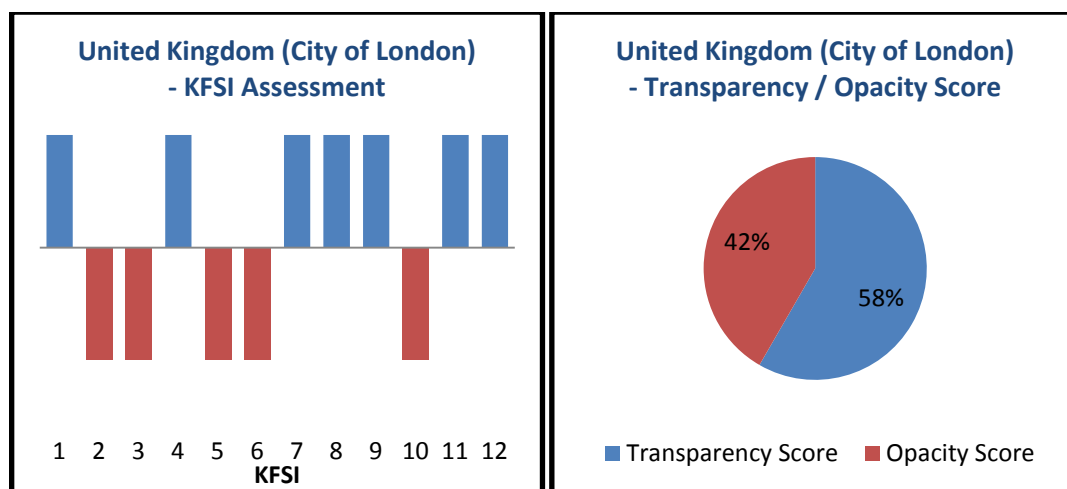
Jurisdiction Report - United Kingdom (City of London)

Purpose of this paper

This paper draws on key data collected on the secrecy jurisdiction of the United Kingdom (City of London). The full data set is available [here](#)¹. Background information about United Kingdom (City of London) is available from a number of sources². The assessment provided in this paper relates to 12 indicators reflecting the legal and financial arrangements of this jurisdiction (Key Financial Secrecy Indicators, KFSI). Details of these indicators are noted at the end of this report. The detailed data that supports this analysis is available on the Mapping the Faultlines web site³. This survey was based on regulatory reports, legislation and regulation in force at 31.12.2008⁴.

Key findings

The United Kingdom (City of London) achieved a positive result for seven of the questions we asked. A transparency score of 58 per cent has been awarded for the positive assessment of indicator number 1, 4, 7, 8, 9, 11 and 12. The negative assessment of all other indicators yields an opacity score of 42 per cent overall.



The numbers on the bottom axis of the left graph refer to the Key Financial Secrecy Indicators (KFSI) listed at the end of this report. The presence of a blue bar indicates a positive answer as does blue highlighted text in the analysis, below. The presence of a red bar indicates a negative answer as does red highlighted text below.

This opacity score arises because the United Kingdom (City of London):

1. Does not provide banking secrecy;
2. Does not put details of trusts on public record;
3. Does not comply sufficiently with international regulatory requirements

4. Requires that company accounts be available on public record;
5. Does not require that **beneficial ownership of companies is recorded on public record**;
6. Does not maintain **company ownership details in official records**;
7. Did respond to both of Tax Justice Network's requests for information;
8. Participates in the European Union Savings Tax Directive;
9. Has many tax information agreements;
10. Does not have **adequate access to banking information**;
11. Does not allow company redomiciliation;
12. Does not allow protected cell companies.

Other data⁵

	Number	Ranking ⁶
Financial services as a percentage of GDP	7%	27
Number of multinational company subsidiaries in the jurisdiction	Not Applicable	Not Applicable
Number of Big 4 firms in the jurisdiction	4	-
Number of lawyers in the jurisdiction	152800	8
Number of accountants in the jurisdiction	Not Available	Not Available

This data shows

1. That the United Kingdom (City of London) does have a significant dependence⁷ upon financial services;
2. That the Big Four accounting firms do have a significant presence⁸ in the United Kingdom (City of London), suggesting that it does host significant international activity;
3. That the United Kingdom (City of London) does not exhibit a significant number⁹ of lawyers when compared to other secrecy jurisdictions, suggesting the relative insignificance of its activities.

Particular points to note

While the UK's Financial Services Authority and the UK's Financial Intelligence Unit answered our questionnaire (TJN-Survey 2009), they provided few answers in their response. They did however state that redomiciliation clauses for companies are not prohibited (TJN-Survey 2009). While Offshore Simple reports that a change of domicile is not permitted (Offshoresimple.com¹⁰), OCRA reports that it is available "but subject to approval of Inland Revenue" (OCRA¹¹). In practice we suggest the UK does not allow redomiciliation. This is because it is only allowed following specific regulatory consents and by Act of Parliament. This makes the UK arrangement so fundamentally different from the redomiciliation arrangements common elsewhere that we have given the UK credit for blocking the commonplace form of redomiciliation.

Next steps for the United Kingdom (City of London)

The United Kingdom (City of London) performs relatively well when compared to other secrecy jurisdictions surveyed, however its 58% transparency score shows that it must still make progress in offering satisfactory financial transparency¹². If it is to play a full part in the modern financial community and wishes to impede and deter illicit financial flows, including flows originating from tax evasion, aggressive tax avoidance practices, corrupt practices and criminal activities it should take action on the points noted where it falls short of acceptable international standards.

The indicators we used (KFSI)

1	Is legal banking secrecy banned (i.e. Is there no legal right to banking secrecy)?
2	Is there a Public Trust and Foundations Registry?
3	Does the FATF rate 90% largely compliant and with no non-compliant ratings?
4	Are company accounts available for inspection by anyone for a fee of less than US\$10?
5	Are details of the beneficial ownership of companies available on public record online for less than US\$10?
6	Are details of the beneficial ownership of companies submitted to and kept updated by a competent authority?
7	Did the jurisdiction participate in the TJN Survey in 2009 (1=both questionnaires; 0.5 one questionnaire)?
8	Does the jurisdiction fully participate in Automatic Information Exchange (the European Savings Tax Directive)?
9	Has the jurisdiction at least 60 bilateral treaties providing for broad information exchange clauses covering all tax matters (either DTA or TIEA)?
10	Has the jurisdiction's authority effective access to bank information for information exchange purposes?
11	Does the jurisdiction prevent company redomiciliation?
12	Does the jurisdiction prevent protected cell companies from being created in its territory?

¹ That data is available here: http://www.secrecyjurisdictions.com/sj_database/menu.xml.

² CIA World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/index.html>; 28-8-09; Wikipedia: http://en.wikipedia.org/wiki/United_Kingdom; 18-9-09.

³ <http://www.secrecyjurisdictions.com>.

⁴ With the exception of KFSI 9 for which the cut-off date is 30-6-2009.

⁵ Based on the jurisdiction database on this site or TJN research.

⁶ The number of ranked jurisdictions varies for each indicator mainly because of differing data availability. For the ranking of the ratio of Financial Services in GDP this number is 29; for the number

of multinational companies' subsidiaries this number is 54; for lawyers the number is 25 and for accountants 26.

⁷ We defined significant dependence as a ratio of more than 5% of financial services in GDP.

⁸ We defined that the presence of the Big Four Accounting Firm is significant if there is more than one firm present.

⁹ For defining a "significant" number of lawyers and accountants we used the ratio of lawyers and accountants per head of population, computed the average and defined the numbers above average to indicate relative significance in the secrecy jurisdictions' activity.

¹⁰ <http://www.offshoresimple.com/uk.htm>; 3-6-09.

¹¹ <http://www.ocr.com/jurisdictions/ukcompanies.asp?LeftFrameName=18&UseReferer=1&referer=juris> ; 3-6-09.

¹² Our definition of financial transparency can be found here: www.secrecyjurisdictions.com/PDF/Glossary.pdf.