



# The Cook Islands Review

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## Blockchain Potential

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Trading crypto-currencies and initial coin offerings are hot topics creating a frenzy among speculators seeking super profits and inspiring entrepreneurs to raise funds for projects intended to enhance the consumer experience. Notwithstanding the trading and fundraising, it is the technology that drives this activity that is creating the most excitement, especially in the financial services industry. It appears that “blockchain technology” has limitless possibilities, from storing information to replacing the banking system.

The anonymity afforded by crypto-currencies and the inherent decentralization and lack of regulation, are seen by many as a magnet for money launderers and cyber-criminals. Bill Gates and Warren Buffet have expressed concerns as to the volatility and sustainability of crypto-currencies and the disruption they may cause to economies. Jamie Dimon (CEO of JPMorgan Chase, the largest bank in the USA) has, in his organization’s latest annual report, acknowledged that crypto-currencies are potential disruptors to financial institutions and payment processors. The governor of the Bank of England, Mark Carney, was recently scathing in his assessment of Bitcoin saying it fails as money because it is wildly volatile, poorly understood, inefficient and not widely accepted. Despite the skepticism surrounding crypto-currencies, mainly from those in the financial establishment, the blockchain technology that underpins them appears to have gained widespread approval, even from those previously mentioned.

The Bitcoin Network was the first successful implementation of blockchain technology. Like a car or the internet, we do not need to understand how the blockchain works but simply how it can be used. A blockchain refers to the transparent, publicly accessible ledger that allows the secure transfer of assets using cryptography. Each transaction is tracked across a decentralized network of computers. Information is distributed but not copied. The larger the network grows, the more decentralized and secure it becomes.

The potential for blockchain technology to transform existing industries is as intriguing as it is exciting, with financial services seemingly at the forefront. Some potential applications noted to date include: the simplification of identity verification and other AML practices; improving the security of information and data held; conducting international remittances through peer to peer payments therefore cutting out middlemen and associated costs; completing all types of transactions, financial or otherwise, through the coding of contracts (smart contracts). Stock market trading would seem an obvious example for such an application. There may even be potential for smaller banks to reduce the risk of de-risking and the use of correspondent banking relationships.

Whether blockchain technology becomes a disruptive innovation displacing established financial products and services, and perhaps even the traditional financial system itself, remains to be seen. What we can expect however is that the blockchain will force the financial establishment to re-assess its models and systems thereby creating more efficient and effective services, which surely will be to the benefit of everyone.



**Alan Taylor, Marketing Director, presenting at the Southpac Trust Offshore Institute in Las Vegas, June 2017.**

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## Feature: Cook Islands Finance



**Tamatoa Jonassen, CEO, with Wang Xiquan of the Bank of China in China, June 2017.**

In April of this year the Cook Islands Financial Services Development Authority will commence operating as **Cook Islands Finance**. The FSDA is a statutory body established in 2009 to encourage, promote and develop the Cook Islands financial services industry. That industry includes all Cook Islands business related to banking, insurance and trust and company service providers. The FSDA works with stakeholders within the industry, the regulator and Cook Islands government to best present Cook Islands financial services internationally. The re-branding will provide the FSDA with a more recognisable and appropriate title on the international stage. To coincide with the re-branding, the FSDA's website is being reviewed and will be updated shortly to ensure that those wishing to obtain information on Cook Islands financial services can do so in the most efficient and user friendly manner.

## Articles Published

In February 2018 Alan Taylor, FSDA Marketing Director, had an article entitled **"To Protect and Preserve"** published in the STEP Journal, volume 26, issue 1. The article considers the importance of incorporating appropriate asset protection in wealth and succession planning and in particular the focus of the Cook Islands on this particular aspect of planning. Click [here](#) to read the full article.

The latest edition of Invest 2018 magazine features an interview with Tamatoa Jonassen, FSDA CEO. In the interview Tamatoa discusses why the Cook Islands is an attractive bridge to financial security. Click [here](#) to read the full article.

In January 2018 an article titled "Cook Islands: Your Asia Pacific Partner", by Nicky Burridge, was published in the Invest 2018 magazine. Nicky's article includes some highlights from the conference hosted by the FSDA in Hong Kong in November 2017. Click [here](#) to read the full article.

## In the News

**CRS moves closer:** Cook Islands financial institutions will commence filing pursuant to the OECD's Common Reporting Standard (CRS) later this year. In anticipation of this, two important events have recently occurred:

- (i) The Cook Islands tax authority has published Guidance Notes to assist Cook Islands financial institutions with their CRS reporting obligations. As part of its commitment to the automatic exchange of information for tax purposes, the Cook Islands has previously enacted the Income Tax (Automatic Exchange of Financial Account Information and Other Matters) Amendment Act 2016, the Income Tax Amendment Act 2017, and promulgated the Income Tax (Automatic Exchange of financial Account Information) Regulations 2017. A link to the Guidance Notes and relevant legislation can be found [here](#).
- (ii) The Cook Islands government has selected Digimap Ltd to provide the software and services required to meet the country's CRS reporting obligations. A link to the government's full media release can be found [here](#).

## New Factsheet: Foundations

The FSDA produces Factsheets that highlight Cook Islands financial services and products. The most recent Factsheet published features the Cook Islands Foundation. A list of Factsheets can be found [here](#).

**"the Cook Islands Financial Services Development Authority will commence operating as Cook Islands Finance."**



**Cook Islands Master Carver Michael Tavioni crafting another work of art.**



**Cook Islands  
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**Make the Cook Islands your  
bridge to financial security.**

Visit  
[www.cookislandsfinance.com](http://www.cookislandsfinance.com)



**World map showing the  
Cook Islands at the heart of  
the Pacific.**

## Managed Trustee Company Guidance Note

In January this year, the Cook Islands Financial Supervisory Commission (FSC), responsible for the supervision and regulation of financial entities and financial services in the Cook Islands, published guidance giving further clarity for the licensing, operation, and supervision of a Managed Trustee Company (MTC) in the Cook Islands.

An MTC opens the possibility for those wishing to conduct trustee company business in the Cook Islands to engage with an existing Cook Islands licensed trustee company and may result in reducing certain operational costs and benefiting from existing expertise. An MTC may also be appropriate as a stepping stone to expanded operations requiring a larger presence in the Cook Islands.

A link to the Guidance Note can be found [here](#).

## Visit Our Website

We regularly add topical items under our Industry News webpage and post articles to highlight Cook Islands financial services and products to advisors, intermediaries, clients and those with an interest in what the Cook Islands can provide. Please visit our [website](#) for more information.

## About Us

The Cook Islands Financial Services Development Authority is a government agency tasked with the development of the financial services industry in the Cook Islands. The FSDA was established in 2009 and functions independently from the Financial Supervisory Commission that regulates the industry. The FSDA focuses on promoting the Cook Islands, coordinating on industry relevant issues, and developing financial products and services. The FSDA is an important point of contact for any financial institution looking to establish a presence in the Cook Islands. Individuals seeking a Cook Islands financial service provider can find details on our website at [www.cookislandsfinance.com/service-providers.php](http://www.cookislandsfinance.com/service-providers.php).

## Licensed Trustee Companies in the Cook Islands

The following are trustee companies licensed in the Cook Islands:



**Important Information: The Cook Islands Financial Services Development Authority does not provide advice, recommendations or opinions regarding legal and/or tax matters under any circumstances. To the extent that this communication, or anything referenced herein may concern tax matters, it is not intended to be used, and cannot be used, for the purpose of avoiding tax liabilities or penalties that may be imposed by law, foreign and domestic. The Cook Islands Financial Services Development Authority strongly recommends that before any person makes a decision to create a structure, professional legal and tax advice should be taken in his/her country of residence.**