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The crypto community in Gibraltar is celebrating the British Overseas Territory’s recent removal from the FATF (“Financial Action Task Force”) “Grey” List. It’s fair to say that there have been audible sighs of relief (and champagne corks popping) throughout the Rock following Gibraltar’s removal from not just the FATF Grey List, but also the UK and the European Commission’s list of high-risk countries.



The last few years have been worrying for Gibraltar. In 2017, the FATF, the organisation that leads global action to tackle money laundering and terrorist financing, placed Gibraltar on its Grey List, signifying that it had concerns over the Rock’s implementation of effective anti-money laundering and counter-terrorist financing (“AML/CFT”) measures. The FATF expects countries to have effective frameworks in place to combat these threats to financial systems and the broader economy. Not only must a country have compliant laws and regulations, but they must also be enforced.



The FATF Grey listing was a matter of grave concern in Gibraltar, not just to HM Government of Gibraltar, but also to the vibrant, competitive, and expanding financial services sector in the Territory. It raised questions about financial transparency and compliance, with potential for serious harm being caused to the reputation of Gibraltar as a financial services centre and consequent loss of investment.

HM Government of Gibraltar set about working tirelessly to improve the jurisdiction’s financial controls and to ensure that all agencies of government, from the prosecution service to the regulatory authorities were assessed and measures put in place to meet the areas of improvement designated by FATF.

A further significant concern to those on the Rock was the European Commission’s listing of Gibraltar as a high-risk country pursuant to the Fourth Anti-Money Laundering Directive (“4MLD”). The 4MLD establishes a legal framework for the prevention of AML/CFT and introduces measures to combat these threats. Despite the protests of HM Government of Gibraltar, who insisted that they had already gone a long way to meet the FATF’s requirements, the EU demanded that Gibraltar put in place measures designed to improve risk assessment, due diligence and information sharing between cross-border law enforcement agencies.



Since then, government agencies and the private sector in Gibraltar have worked hand-in-glove to strive to meet the requirements not just of the EU, but also the FATF and the UK. To their credit, they have succeeded.

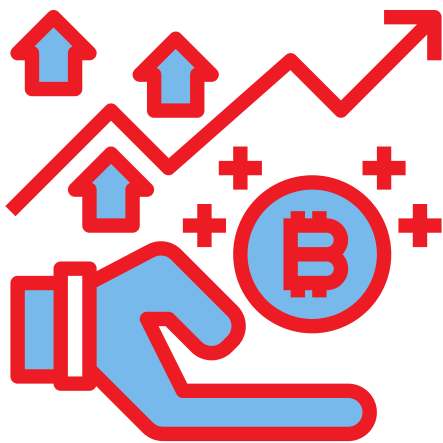
The EU’s decision in March 2024, which had immediate and binding effect on all EU member states, to remove Gibraltar from its list of high-risk countries was therefore greeted with much rejoicing on the Rock. It followed hard on the heels of the FATF’s decision in February 2024 to remove Gibraltar from its Grey List and the UK’s decision to similarly whitelist the Territory.

As the Chief Minister of Gibraltar, Fabian Picardo KC MP noted,

“Gibraltar’s FATF whitelisting not only enhances our reputation but also strengthens our position as a trusted and compliant international financial centre”.

There is no doubt that Gibraltar’s hard work in implementing effective strategies to combat the criminal use and movement of funds has paid off. It is now back on centre stage in the international financial world and is globally recognised as a responsible and transparent financial centre.

This is good news for the jurisdiction’s thriving financial services sector. Already having an advantage over other offshore centres, with passporting rights into the UK financial markets, Gibraltar’s providers of insurance, fintech, crypto, funds, wealth management and trust services stand to gain from the EU/UK/FATF whitelisting. Not only do they have the benefit of UK passporting rights, but they also have a strategically useful location on continental Europe, a low tax regime, a common law legal system and, last but not least, 300 days of lovely sunshine every year.



Gibraltar is a particularly attractive jurisdiction for DLT Providers and crypto funds and was ahead of the game when it introduced its DLT Regulatory Framework in 2018. The innovative approach promoted by the Government of Gibraltar and achieved with hard work from regulators and the industry, transformed the Rock into an international centre of excellence for business working with DLT and in the crypto space. The regulatory framework is designed to position Gibraltar as a jurisdiction that encourages innovation while simultaneously

upholding regulatory and strategic objectives. Gibraltar does not rely on inflexible regulations in this space, rather its financial regulator, the GFSC, recognises the rapidly changing nature of technology and the consequent need to have a flexible and adaptive approach.

This regulatory approach has clearly worked and the emergence of crypto funds, allowing institutional investors and others to invest in digital assets, has been a boon for Gibraltar. There is no doubt that the Overseas Territory has become well-known for being an agile and attractive jurisdiction for funds and investment with its bespoke regulatory environment providing sound consumer protection. Indeed, the Rock’s AML requirements for DLT Providers aligns with and often surpasses the EU’s 4MLD.

It goes without saying that, from a disputes perspective, the more crypto business that comes into Gibraltar, the more potential there will be for disputes.



All in all, the future definitely looks rosy for Gibraltar. It continues to be a very attractive destination for financial services companies and their contribution to the economy of Gibraltar cannot be understated. The hard work of many on the Rock in restoring Gibraltar to its rightful status is to be commended and there is a sense that this dedication will continue, indeed HM Government of Gibraltar has committed itself to such. After the last few years, it is clear that those involved in the financial services sector in Gibraltar realise and understand the importance of maintaining high standards in tackling money laundering and terrorist financing in order to combat economic crime.

It is a proud moment for Gibraltar, now restored to its rightful place as a global financial centre.