

MIGRATING TO GUERNSEY - A JURISDICTION OF QUALITY AND SUBSTANCE

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Over recent years, Guernsey has seen an influx of entities migrating from other jurisdictions, for a multitude of reasons, which reflects Guernsey's strong offering in key areas across the financial services sector. Carey Olsen Senior Associate James Cooke looks at the island's strengths which are helping bring about a flight to quality.

Another wave of migrations is anticipated in light of the EU's new substance requirements with Guernsey, unlike some other offshore jurisdictions, in a prime position to provide real substance on-island due to its high-quality fund administration sector and substantial pool of non-executive directors.

Migrations into Guernsey are typically straightforward, subject to requirements of the jurisdiction being exited and consent of the Guernsey Financial Services Commission (for funds or regulated entities) and once shareholder approval has been obtained, can be achieved quickly. Migrations are usually from familiar offshore jurisdictions. Carey Olsen advises on Bermuda, BVI, Cayman Islands, Guernsey and Jersey law, so can deal with all aspects of the migration, often from the same office via a single dual-qualified team, simplifying the process and reducing costs.

Key areas in which we have recently seen migrations to Guernsey, and expect to see more of in the near future, are:

Jurisdiction of choice outside the UK for London Stock Exchange (LSE) listings

At the end of June 2019, there were 112 Guernsey LSE listed entities, with more than half on the Main Market. This was over 40 more than Guernsey's nearest competitor, and well over double that of any other non-UK jurisdiction. Investor comfort is crucial and the UK Takeover Code is hard-wired into Guernsey legislation, offering additional shareholder protection. Underlining Guernsey's attractiveness for listings on the LSE, Carey Olsen has recently acted for:

- Okyo Pharma Limited, a life sciences and biotechnology company, which migrated from the BVI; and
- Vietnam Holdings Limited, a fund dedicated to sustainable investments in Vietnam's stock market, which migrated from the Cayman Islands.

Okyo Pharma and Vietnam migrated as part of their progression from AIM to the Main Market.

Consolidation for Guernsey-administered groups

Historically companies may have been incorporated elsewhere offshore, but administered from Guernsey due to the quality administration services which have been a hallmark of Guernsey's financial services industry for many years. This is often seen with private wealth or real estate investment structures, which require multiple single-asset holding companies. Many clients now realise that the historic benefits of incorporating elsewhere have been eroded. Guernsey's companies law introduced in 2009 is user-friendly and flexible in respect of a range of corporate actions, incorporation costs are competitive and Guernsey does not suffer from the reputational concerns surrounding certain other jurisdictions. These clients now usually incorporate new companies in Guernsey. Carey Olsen has assisted many clients with consolidation exercises, moving multiple group companies incorporated elsewhere to Guernsey, to simplify and streamline structures and reduce advisers' costs.

To satisfy substance requirements

Guernsey and other jurisdictions have recently introduced legislation to meet the needs of a 'legal substance requirement for entities doing business in or through' a jurisdiction, as required by the EU. Under Guernsey's legislation (which satisfies EU requirements) certain tax resident companies, including fund management and pure equity holding companies, must demonstrate sufficient substance in Guernsey.

Guernsey has always operated with the infrastructure necessary to support substance. Guernsey regulated

companies in particular have always been required to meet extremely onerous governance requirements. The island also has the resources, both in terms of expertise and physical numbers, to ensure all types of entity subject to substance can be expertly managed and controlled from the jurisdiction. Guernsey is ready.

WE ARE GUERNSEY is the brand under which Guernsey Finance promotes the island's financial services sector internationally. Guernsey Finance - the promotional agency for the island's finance industry internationally - is a joint industry and Government initiative responsible for the promotion of Guernsey. Under the leadership of Chief Executive Dominic Wheatley, the agency ensures that the core values and competencies of the island's finance sector are accepted and respected by the global community and that financial business development flows are enhanced.

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