

# TOTAL FLEXIBILITY

24 APRIL 2015

Ogier's William Simpson and Val Rouse outline some of Guernsey's fund structures and how the evolving regulatory landscape maintains Guernsey as a premier domicile.

HFMWeek (HFM): What are the different fund types that have been set up in Guernsey?

William Simpson and Val Rouse (WS&VR): Guernsey, as an established off shore jurisdiction, continues to be a popular home for all fund types, including many open-ended funds as well as for the administration of non-Guernsey funds. Guernsey's closed-ended investment funds are currently a particular growth area in terms of recent setups and new enquiries. Examples of recent closed-ended fund structures advised on by Ogier include a fourth Guernsey fund for Mid Europa investing in Central and Eastern Europe and Turkey, which closed at €800m, a London main market listed infrastructure fund for Sequoia raising £150m, and a fund raising \$500m investing in a pan-African portfolio of private equity investments for Development Partners. Ogier is also seeing many more enquiries and has received instructions on various new funds for launch later this year, including debt funds and London main market listings.

HFM: What are the advantages of these fund structures?

WS&VR: Guernsey has always offered a very flexible open-ended funds' regime, which lends itself to all types of fund structures, including hedge funds. The lack of restriction on investment parameters (other than a requirement for the spread of risk) means that many different types of open ended funds may be quite easily established in Guernsey. There is also flexibility in the closed-ended fund regime. A Guernsey closed-ended investment fund may be either registered or authorised. The main difference can be found in the application process, where a lighter regulatory touch applies. A registered fund may normally be established within a shorter overall timetable than an authorised fund.

HFM: Why have these funds found a home in Guernsey?

WS&VR: Guernsey has modern and up-to-date legislation to govern corporate and limited partnership vehicles. Authorised and registered closed-ended funds established as Guernsey limited companies have proved very suitable for the UK listed market. Guernsey remains the preferred jurisdiction, excluding the UK, for the listing of vehicles of the London Stock Exchange. Figures to the end of November 2014 show 119 Guernsey-incorporated entities listed on its various markets. A structure including one or more Guernsey limited partnership is also well suited for private equity fund purposes. Guernsey licensed administrators have experience of and are well placed to administer general partner and carry vehicles associated with such structures. Ogier can also assist with licence applications and all Guernsey related matters.

HFM: How has the Guernsey regulatory system developed to accommodate these fund structures?

WS&VR: The existing flexibility within the Guernsey regulatory system means that a wide range of fund structures can be accommodated, without (unlike other jurisdictions) the need to amend legislation and/or design bespoke regimes. That said, the overall legal and regulatory framework remains under constant review and improvements continue to be made from time to time. For example, a recent change to the rules governing registered funds means that such schemes may now be offered directly to the public in Guernsey. It is understood that this will assist with the Volcker Rule, which would appear to prevent US banking entities from sponsoring, investing in or having certain relationships with a fund that could not be sold to investors in its home jurisdiction.

HFM: Has Guernsey's non-EU stance played a part in which fund types it attracts?

WS&VR: Guernsey took a very pro-active approach to the introduction of the AIFMD. The marketing of Guernsey funds under national private placement regimes is generally working well in most European countries. However, it must be remembered that the AIFMD will not apply to all Guernsey funds. A Guernsey fund which is not marketed in the EU will fall outside of the Directive. Certain fund structures advised on by Ogier fall into this category. Conversely, Ogier works closely with EU onshore counsel in the case of Guernsey funds which are to be

marketed in the EU and can advise on the application of the Guernsey AIFMD marketing rules.

HFM: Do you see new fund types being introduced in the future. If so, which ones and why?

WS&VR: Possibly: Guernsey continues to keep its regulatory regime under review. However, the existing regulatory regime remains flexible enough both to permit innovative solutions and to accommodate a wide range of fund types.

An original version of this article was published in [HFM Week](#), Guernsey supplement, April 2015.

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.

PO Box 655, St Peter Port,  
Guernsey, GY1 3PN

+44 (0)1481 720071

[INFO@WEAREGUERNSEY.COM](mailto:INFO@WEAREGUERNSEY.COM)

