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POST-BREXIT GUERNSEY: A PROMISING GROWTH OPPORTUNITY FOR INVESTMENT PROFESSIONALS

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Whilst the EU and UK's messy divorce continues to unfold, [IQ-EQ](#) Chief Commercial Officer in Guernsey, Jacques Vermeulen, explains why the island has remained a dependable home for financial services.

Guernsey's global position and leverage within the financial services sector is unique. As the UK works to establish itself as a financial player outside of the European Union, Guernsey's operations remain largely unchanged. Although the island has a very close relationship with the UK, as a self-governing British Crown dependency it has never itself been an EU member, leaving it protected from the direct impacts of Brexit. In an environment of uncertainty, the continuity that Guernsey's political neutrality has to offer makes it highly sought after by global investors.

Guernsey resides as a 'third country' for financial services – namely in the areas of tax and legislation. Whilst the UK's Treaty of Accession in 1973 outlines Guernsey's trading relationship with Europe, it does not cover the provision of services, meaning that Guernsey can define its own service agreements. Because of this, Brexit's impact on the island extends only to trading between itself and the EU, which (apart from fisheries) is very minimal, and financial services remain unaffected.

There are various bilateral agreements currently in place between Guernsey and EU member states, including numerous tax information exchange agreements, which have resulted in some aspects of EU legislation being adopted. Guernsey has the ability to market financial services into the EU because those services currently meet the stipulations imposed by them. Indeed, Guernsey features on both the EU and OECD whitelists, meeting economic substance and international compliance standards – all adding to Guernsey's reputation as a high-calibre international financial hub.

Arguably, Guernsey's attractiveness has only been enhanced by Brexit. Change always presents opportunities and Guernsey has never been slow in innovating and adapting to exploit those opportunities. With its fast-track regulatory approval regime and the National Private Placement Regime (NPPR) for funds – which has proved to be quicker, less expensive and more flexible than the AIFMD passport – Guernsey's agile approach is attractive to many investors as well as fund managers.

Being in the GMT time zone and only a short flight away from London and the wider UK, Guernsey is also in a prime spot for conducting business. It is providing a steady and dependable home for a growing number of global fund professionals, and the island's funds sector is already exhibiting exciting growth.

As clients increasingly look towards Guernsey as an international financial centre of choice and as an alternative route to the EU, this momentum is only set to increase. Guernsey can offer both new fund establishment as well as re-domiciliation (the increased ease of which is proving increasingly popular).

New rule enhancements, such as the alterations to the Guernsey Private Investment Fund (PIF) regime in April this year, have already earned popularity points amongst investors. Following a public consultation, the revised rules now offer three alternative routes to enable a PIF to be created. This kind of product offering not only demonstrates Guernsey's flexible approach, but also their attention to local fund needs.

Currently more than £120 billion of regulated private equity funds are domiciled in Guernsey and more than 100 Guernsey companies are listed on the London Stock Exchange. And value is increasing at a significant rate. Over Q4 2020, the total net asset value of Guernsey funds increased by £9.4 billion (3.9%) to £245.5 billion. Last year, total net asset values increased by £17.9 billion (7.8%), demonstrating international enthusiasm for the sector.

Similarly, the international appetite for Guernsey's fiduciary services, in particular the establishment of SPVs (be they companies, foundations or LLPs), is unabated. As one of the first places in the world to regulate the provision of trust services, Guernsey's experience makes it a trusted, safe and dependable place for investors.

In turbulent times, the Bailiwick of Guernsey continues to prove itself as the ideal location for a wide range of financial services. With a pragmatic and approachable regulator, an effective regulatory regime, helpful legislation and a highly skilled workforce, the message is clear: Guernsey is open for business.

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 Rupert Pleasant, 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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