

FAMILY OFFICES SWITCHING TO GUERNSEY SUPPORTS ISLAND'S APPROACH

18 DECEMBER 2018

Plans for Guernsey to enhance its offering for family office structures for high net worth individuals reflect the mood of the market, according to a Guernsey lawyer.

Nicholas Donnithorne, head of the trust and pensions team at Guernsey law firm Babbe, said that sizeable family offices have been relocating to the island in recent months.

In that time, he has advised fiduciaries in connection with a £1bn. structure relocating from Monaco, placing a Delaware \$2.5m. family office into a new Guernsey structure, and the conversion of a traditional £300m. trust and company structure into a family office.

Such transactions are providing high value work for professional firms in Guernsey and, in some cases, creating new jobs locally when a family office employs its own staff.

Mr Donnithorne said that ultra-high net worth families, which are often complex and geographically spread, were increasingly placing their wealth and the associated risk around the world. Typically, the patriarchs of the family offices involved are located in Europe, the Middle East and the United States.

“Guernsey is seeing more of this work now than historically was the case. We are seen as a transparent and well-regulated international finance centre that is not on any black lists,” he said.

“We also have flexible laws. For example, Guernsey foundations are seen as more accommodative than, say, the equivalent Jersey law. In Guernsey there is no requirement for any of the councillors to be resident, unlike Jersey where residency is a requirement for at least one councillor.”

Babbe assists Guernsey licensed fiduciaries in relation to their role within the structure and advises the principal of the family office on the structuring, working with tax or other relevant consultants.

Also, implementing the Guernsey legal aspects of the transaction, such as employment contracts, service agreements, the purchase of real estate and the creation of trusts.

Dr Andy Sloan, Deputy Chief Executive, Strategy, at Guernsey Finance, is driving the development of the family office workstream as part of Guernsey's new Financial Services Policy Framework.

“Guernsey's success in this market has long been based on the three cornerstones of stability, security and service. We are ideally positioned to service family office structures and this evidence shows this continues to ring true, and our approach is in line with what the industry is already starting to see,” he said.

“Our objective is to become foremost of mind amongst the global financial community for the provision of specialist family office and private wealth services, and hone our legal and regulatory approach to provide the most supportive global environment and ecosystem for servicing private capital and wealth.”

The development echoes bullish comments from David Bowen of Deloitte, at the Guernsey Private Wealth Forum in November, when he highlighted an upturn in interest in family office structures in the Channel Islands.

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