

## How Guernsey is benefitting from the global MandA boom

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A variety of factors is fuelling a sustained boom in merger and acquisition (**M&A**) activity around the world. Figures quoted by respected researchers Mergermarket say that the second quarter of 2018 saw global M&A values reach their highest point since the 2008 financial crisis with more than a trillion US dollars spent – and the first half of the year has seen 8,560 deals with a combined value of US\$1.94 trillion.

Those figures are supported by some mega-deals across a variety of sectors. And irrespective of deal size, deal volume has been driven by a wide range of positive factors including private equity investors with significant reserves looking to exploit economic buoyancy, continued growth in emerging and developing economies notably in Asia and Africa, some investors taking advantage of value arising from currency movements, and the growth factor presented by innovation in technology.

All of this is very good news for the financial services community in Guernsey who are seeing significant growth in work as a result – not least law firms with experienced M&A teams.

Guernsey's strong position is helped very much by the diversity of its financial services industry. Guernsey is home not only to corporate asset holding vehicles which are likely targets of M&A transactions, but also the domicile of countless investment funds which make up a material proportion of the buyers or sellers in M&A transactions (and which are increasingly providers of non-bank debt to fund M&A transactions) as well as licensed banks involved in funding or advising on M&A deals, not to mention holding companies forming part of larger structures which are the subject of M&A transactions. All these provide reasons why Guernsey will be involved in some aspect of so many M&A deals.

Guernsey is also a jurisdiction in which parties are confident to do business. This is based upon our position as a well-regulated, first-class finance centre for international business, with high class professional services, tax neutrality, political stability, the rule of law and respect for property rights, independent courts and a willingness to embrace modern regulatory standards.

As a result, the M&A boom has been good for Guernsey, and good for Ogier - we were named the top offshore European M&A firm in Mergermarket's most recent report, and within the top ten of all European law firms after advising on a series of major transactions worth US\$86 billion in the first half of 2018 alone.

In our experience, the M&A transactions upon which Guernsey lawyers are most often instructed to advise tend to fall into one of three broad categories:

- Transactions involving locally headquartered, or owned, or focused organisations (but with an international client base) – these include the Gentoo sale to TMF, the Praxis IFM/Nerine merger, and the Equiom/Virtus Trust merger, three recent examples of financial services-related M&A activity.
- M&A involving international/global businesses but with a very significant local presence – such as the sale of the Deutsche trust activities to Butterfield, Barclays Trust sale to Zedra, and the Generali sale, all of which involved firms that include significant numbers of employees and a material scale of operations here in Guernsey.
- Transactions involving truly international/global businesses but with some element of local presence, such as Pfizer's restructuring to separate different elements of its business.

M&A transactions don't just involve matters of company law. Besides the work done by corporate law advisers in respect of this kind of M&A activity, there can also be very extensive collateral work. Where businesses are regulated by the Guernsey Financial Services Commission for example – as will be the case with the sale of financial services providers – extensive regulatory advice will be required.

Similarly, advice from banking and finance specialists will be required where (as is almost always the case) some level of debt is being taken on to support the purchase. There can also be competition, employment and property law issues that will require advice.

And beyond purely legal advice, M&A activity will inevitably require assistance in relation to accounting matters and may require additional support from a wide range of other specialists – actuaries, valuers, property advisors, management consultants, corporate administrators and similar. All have a role to play and can benefit.

Despite many suggestions over the last year or two that the global M&A boom will slow down or turnaround, the facts suggest that is not yet the case.

While financing remains cheap, both trade and investment buyers have capital to deploy, and a competitive commercial environment encourages consolidation in many markets, the boom looks set to continue. For so long as it does, and for so long as Guernsey continues to focus on its traditional strengths and its policy of proactive legal and regulatory enhancements, it seems

likely that Guernsey will continue to benefit in workflow across the financial services industry.

*Advocate Marcus Leese is managing partner of Ogier's growing Guernsey team. He specialises in banking and finance, corporate and commercial, investment funds, private client and trusts and is admitted in Guernsey, the BVI, England & Wales and New Zealand. Marcus spent four years in Ogier's Hong Kong office before returning to the Guernsey office in 2014 – during his time in Hong Kong he sat on the Joint Committee on Trust Law Reform, a body representing STEP, Hong Kong Trustees' Association and other industry groups which advised the Hong Kong government on the reform of Hong Kong trust law.*

## About Ogier

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

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