

The list goes on – why Guernsey bridges the gap between funds and Stock Exchanges

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It's no secret that new investment company listings have been relatively sporadic of late – I won't say this is entirely down to Brexit (see below recent successful initial public offerings which Ogier Guernsey has acted on), but it's clear to me that Brexit has stalled a number of fundraisings which have gone out to market. Fortunately, the word is that as soon as we have a bit of clarity on the way forward, there may be a race to market.

Taking a longer term view, data from the London Stock Exchange to the end of January 2019 shows that Guernsey is home to more non-UK incorporated companies listed on the LSE than any other jurisdiction globally. Guernsey won't be directly impacted by Brexit – we are not part of the EU, and never have been – and so if the structure works now, it will almost certainly work after Brexit.

That's not to say that we're unaffected by the EU – the news that EU finance ministers signed off on Guernsey's substance laws confirmed Guernsey's status as a fully compliant jurisdiction for the purposes of tax transparency and tax co-operation. This is great, if not unexpected news (so if your offering documents have risk factors which say otherwise, please amend them now) and has had the knock-on effect that the European Investment Fund is once again permitted to invest into Guernsey funds. The EIF, which has invested into Guernsey funds previously as part of 147 billion euros invested across Europe, provides risk finance for small and medium-sized enterprises across Europe, backed by the European Investment Bank, European Union, and a range of public and private banks and finance institutions.

The offering to the EU extends further - the latest report on AIFMD by the European Commission (the 'Report on the Operation of the Alternative Investment Fund Managers Directive, 10 December 2018') says that "statistical evidence indicates that the EU management passport is working well, but the EU marketing passport is lagging behind and is suffering from the different approaches taken by NCAs [National Competent Authorities]" which "results in additional costs for the industry and investors, and undermines the benefits of the AIF passport and therefore

the Single Market.". The report goes on to state that "it has therefore been of EU added value that national private placement regimes (NPPRs) are permitted to operate. Some interviewees called for the non-EU passports to be introduced and a significant number, from a range of Member States and third countries, called for the NPPRs to be retained, even if the non-EU passports are introduced.". It's clear to me that for some the passport will likely be a good choice, but for the significant majority of new managers private placement will still likely be cheaper and simpler. Food for thought.

Meanwhile, we continue to advise on funds listed on stock exchanges such as the London Stock Exchange including the Main Market, AIM and the Specialist Fund Segment, The International Securities Exchange (TISE), Euronext Netherlands, as well as structures listed on other European and non-European exchanges. Most recently our team has been pleased to assist on Baillie Gifford's first Guernsey registered fund, The Schiehallion Fund Limited. Last year also saw Ogier advising on the initial public offerings of Hipgnosis Songs Fund Limited, Merian Chrysalis Investment Company Limited and Trian Investors 1 Limited. The list goes on...

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