

Guernsey is riding high in the global funds industry

Sara Bourne, head of corporate at the Carey Group and chairwoman of the ICSA's Guernsey branch, looks at Guernsey as a jurisdiction for funds activity

WITH Guernsey the number one jurisdiction globally for non-UK entities listed on the London Stock Exchange (129 listed entities at the end of December 2015, according to LSE data), and with £228bn-worth of funds currently under management, Guernsey can rightly claim its place as a major player in the global funds industry.

What is more, Guernsey's financial services sector benefits the UK and European economies substantially. KPMG reported in May 2015 that Guernsey's fund industry facilitated £25bn of inward investment to the UK from global investors and some £105bn of investment into Europe.

This confidence in Guernsey's funds industry is no accident. It is down to the island's track record in transparency and its regulatory regime.

Guernsey's commitment to international standards and its highly effective anti-money laundering and anti-terror financing regime mark the island out as a safe place to do business. What is more, Guernsey is leading the way when it comes to beneficial ownership. It has been a legislative requirement for all beneficial owners of Guernsey companies and other legal persons to be identified and recorded by regulated corporate service providers since 2000.

Guernsey's funds industry is a success story despite a backdrop of global political uncertainty, increased volatility and challenging market conditions. Added

to this is increasing regulatory burden, such as the Alternative Investment Fund Managers Directive (AIFMD) and Markets in Financial Instruments Directive (MiFID II). There is also increased tax transparency pressure arising from the OECD's Base Erosion and Profit Shifting (Beps) project to better align taxation with the location of economic activities and the Common Reporting Standard.

All of this can present opportunities as well as challenges. With transparent reporting

requirements like Common Reporting Standard, AIFMD Annex IV, Fatca and KYC information sharing of increasing complexity, technology is being called upon to play an ever more important role. FinTech could be a considerable growth area if the requisite skills and knowledge are invested in. Similarly, AIFMD and Beps are causing some managers to reconsider their business models, which presents a

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genuine opportunity for Guernsey.

The overall picture for Guernsey's funds industry is extremely positive. Its private placement access and passporting potential under AIFMD makes Guernsey ideally positioned to offer flexibility, which is key for fund managers. Because Guernsey funds can be distributed into both EU and non-EU countries, clients can be serviced in the manner that best suits their specific needs. This dual regulatory regime is particularly attractive to growing markets such as Latin America and Asia.

There is a growing global appetite for governance, substance and reputation and this means that the island can position itself as a major centre for fund management and fund servicing. Proper training is crucial.

ICSA: The Governance Institute has a suite



of international finance and administration qualifications that offer a broad overview of the offshore financial market and the opportunity to specialise in either investment or accounting. An additional suite of qualifications will launch in January 2017 offering expertise in offshore trust and company administration, financial reporting and governance, business management in practice and funds administration.

As long as Guernsey's fund industry continues to offer choice, flexibility and innovation, and that industry is driven forward by properly trained and qualified professionals, it will remain a global player.

