

# Guernsey – meeting the needs of Indian investors

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Peter Niven looks at how Guernsey is ideally placed to meet the financial objectives of both wealthy individuals/families and institutions from India

Over the last 50 years Guernsey has established itself as a leading International Finance Centre (IFC). The island has built a reputation for providing – at the highest international standards – an extensive range of financial products and services to a global client base, including India. In particular, we have the widest range of private banking services, corporate structuring expertise, a world-class Company and Intellectual Property (IP) Registry and a complete funds capability with access for listing on leading European stock exchanges. Guernsey is fully equipped to provide wealthy Indian individuals/families and institutions with the right solutions to best meet their financial objectives.

## A fully equipped finance centre

Our unique environment (see box 1) has attracted several hundred financial services firms to the Island. Indeed, a distinguishing feature of Guernsey's finance industry is its considerable strength and depth (see box 2). There are a balanced range of providers that broadly comprise:

- >Banking
- >Investment funds
- >Fiduciary services (trust and company administration)
- >Insurance
- >Professional support services such as multi-jurisdictional law firms and the 'big four' accountancy firms
- >the Channel Islands Stock Exchange (CISX)
- >a Guernsey Company and IP Registry
- >a bespoke professional development facility, the Guernsey Training Agency (GTA) University Centre

Island life helps to facilitate team spirit amongst these providers who work with an independent and robust yet pragmatic regulator, the Guernsey Financial Services Commission (GFSC).

Then there is Guernsey Finance – the promotional agency for the Island's finance industry. It is a joint industry and government initiative to create awareness around the world, including in India, of the potential benefits to wealthy individuals/families and institutions of investing in Guernsey.

## What do we offer Indian investors?

Guernsey firms are already providing financial products and services to wealthy individuals/families and institutions from India. In particular, we have seen a number of Guernsey investment fund structures established and listed on European stock exchanges with the aim of investing in Indian infrastructure. The general characteristics of this asset class, including the fact that it will be held for a significant time period before being realised, make it similar to private equity and venture capital funds where Guernsey has considerable experience and expertise.

The island is recognised as a leading centre for the domiciliation, management, administration and custody of funds, ranging from the traditional to alternatives such as funds of hedge funds, property and especially private equity. Guernsey is home to internationally recognised providers and despite the global financial downturn we have seen continued robustness in our funds business.

A key attraction of using Guernsey, particularly for the Indian market, is the available access for listing on the London Stock Exchange (LSE), its Alternative Investment Market (AIM) and Euronext Amsterdam, as well as most pertinently, the CISX. The fashion has been for Indian structures to float on AIM. However, the CISX can offer something similar but with the added bonus that it is a recognised exchange, which opens up the potential for additional benefits such as increased investment and liquidity. (There is further information on the advantages of using the CISX on pages 159–160 of this publication).

Guernsey can also meet the needs of private clients, no matter whether resident or non-resident Indians. High Net Worth Individuals (HNWIs) who want to manage their wealth and assets for the benefit of future generations can use Family Office Services provided from the Island. The breadth and depth of our finance industry to include private banks and asset managers, as well as a fiduciary services sector providing trust and company administration, makes us an ideal one-stop shop for wealth management in an increasingly globalised world.

Indeed, the island’s cutting-edge Company and IP Registry utilises the latest technology to offer a speedy and cost-effective service that is available 24 hours a day and accessible online from anywhere around the globe. This builds on Guernsey’s position as a leader in corporate structuring. The island pioneered the cell company concept when it introduced the Protected Cell Company (PCC) to the world in 1997. This has been widely copied and is now also known as a Segregated Cell Company. There is a wide range of modern vehicles available in Guernsey and a considerable depth of expertise in utilising them for an array of financial products and services.



Guernsey’s location between the UK and France means it is ideally positioned for quick and easy access to both the London and continental European markets.

### Why Guernsey?

Being part of a globalised community means that Guernsey has not been completely immune from the worldwide economic downturn, although the island has to a large extent remained resilient in the face of these pressures. Perhaps the most significant fallout though has been the increased focus on so-called ‘tax havens’ or ‘offshore’ centres.

Guernsey has, during its 50 years as a finance centre and particularly during the last decade or so, faced scrutiny from the likes of the UK Government, the EU, the International Monetary Fund (IMF), the Financial Action Task Force (FATF), the Organisation for Economic Cooperation and Development (OECD) and the G20. The Island has always cooperated in these processes and on each occasion been placed within the premier division of IFCs.

### GUERNSEY – IN BRIEF ◀◀

- Situated in Europe between the United Kingdom (UK) and France
- Area of 62 square kilometres; population of 60,000
- A British Crown Dependency
- A special relationship with the European Union (EU)
- English speaking
- Currency: British pound Sterling (GBP)
- Same time zone as the UK
- Links to both London and Europe

Box 1

### GUERNSEY’S FINANCE INDUSTRY – THE KEY FACTS ◀◀

- 45 licensed banks with deposits of £120 billion
- An investment funds industry worth £180 billion
- 150 licensed fiduciaries holding £300 billion+ of wealth/assets
- Captive insurance: No. 1 in Europe; No. 4 in the world
- Innovator of the cell company concept
- Features on the OECD ‘white list’
- Ranked 22nd in the Global Financial Centres report

Box 2



Underlying the picturesque charm of a traditional harbour town, Guernsey's main centre, St Peter Port, is home to several hundred financial services firms.

This has continued to be the case:

- Guernsey features alongside the UK and US on the OECD 'white list' that was published at the conclusion of the London G20 summit in April 2009
- The review of British Crown Dependencies and Offshore Territories by Michael Foot on behalf of the UK Treasury placed Guernsey in the top division of IFCS
- Guernsey was ranked 22nd in the latest Global Financial Centres report (GFC 7, March 2010) – the biannual research from the City of London – putting it within the very top echelon of the so-called 'offshore' centres and where Mauritius, currently the most commonly used 'offshore' jurisdiction by Indians, ranked 60th.

In addition, there is every reason to believe that Guernsey will perform well under assessment by the IMF during the first half of 2010. However, the island is never complacent but is always looking to the future.

Guernsey has shown its commitment to meeting international standards of tax transparency through the signing of, so far 15<sup>1</sup>, Tax Information Exchange Agreements (TIEAs). The Island continues to talk with a number of other jurisdictions to reach similar agreements and is now also entering negotiations for a TIEA with India.

### Guernsey/India relationships

Guernsey already has strong links with India through not just existing financial services business but also in the form of the Bharti Group. It has established Airtel-Vodafone in Guernsey and the subsequent investment in telecommunications has contributed to the Island developing a world-class information technology

infrastructure that surpasses many of our competitors. The Group has also been extremely proactive assisting the Island in enhancing its relationships with officials and business leaders in India.

Guernsey continues to build on this through a range of channels, including representatives from India's leading lawyers and accountants, trade bodies and associations, such as the Indian Angels Network (IAN), the Confederation of Indian Industry (CII), the Federation of Indian Chambers of Commerce and Industry (FICCI) and the UK India Business Council (UKIBC). In addition, we have also been liaising with the Indian High Commission in London. What we are keen to ensure is that our engagement is as wide as possible across government, regulators and business leaders so that Guernsey and its financial services offering is understood by the whole of the Indian community.

The island is still in the early stages of developing formal ties but the signs are that by stepping up our work then we can significantly build relationships and demonstrate further that Guernsey is fully equipped to provide wealthy Indian individuals/families and institutions with the right solutions to best meet their financial objectives.

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<sup>1</sup> Guernsey has signed TIEAs with the following 15 jurisdictions: Australia, Denmark, Faroes, Finland, France, Germany, Greenland, Iceland, Ireland, Netherlands, New Zealand, Norway, Sweden, United Kingdom and United States.