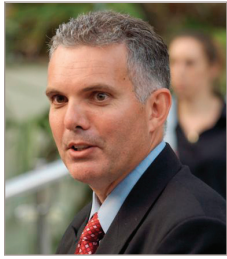


■ ASSOCIATION COLUMN



Guernsey stays ahead of the game

Grant Cameron
Guernsey Investment Funds Association

Writing this column just over a year ago I remarked that the fund industry in Guernsey was performing robustly despite major changes in the global financial system. Since then, we have seen further fallout from the sub-prime crisis, with the ‘credit crunch’ triggering a general economic downturn. As a leading international finance centre Guernsey cannot be completely immune, although the island has remained resilient in the face of these pressures. Perhaps the most significant development has been the interlinked increase in demand for the regulation of markets and the greater focus on so-called ‘tax havens’ or ‘offshore’ centres. I am glad to report that the island is very much ahead of the game and therefore well positioned to ensure it has a thriving funds industry well into the future.

Scrutiny

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 Edwards Report), the IMF, FATF and the OECD/G20. The island has always cooperated in these processes and on each occasion been placed within the premier division of international finance centres. For example, Guernsey was positioned alongside the likes of the UK and US on the OECD ‘white list’ that was published at the conclusion of the G20 summit in London, April 2009. The island continues to show its commitment to meeting international standards of tax transparency through the signing of further tax information exchange agreements.

We are, though, never resting on our laurels, but always looking to the future. Even when our funds industry was ‘booming’ we were mindful of the need to remain a competitive jurisdiction going forward. That is why over the last few years we have been reviewing the way in which Guernsey does

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business and implementing a series of changes, such as introducing a new funds regime. The result is an enhanced range of options in terms of speed of approval and levels of supervision that provides fund architects with the tools to offer the products demanded in a new marketplace.

Further changes include the introduction last year of a new company registry in parallel with a new company law. The Guernsey Financial Services Commission has also been enhancing the AML/CFT regulations and legislation. In addition, Guernsey is seeking to further strengthen corporate governance standards through a new code that will be introduced in the

coming months. There is every reason to believe that Guernsey will do well when the island is assessed next year by the IMF during the first half of 2010. All in all, Guernsey is suitably positioned to meet the current challenges in front of us, not least the EU’s proposed AIFM Directive.

AIFM

While the original aims and final format of the directive remain unclear, what is certain is that it will go at least some way to delivering on the demand for regulation of the markets. The timelines mean that any practical effect is still some way into the middle of the next decade. However, it is vital that if Guernsey wants to have a funds industry in the future then the island takes action now to protect its interests going forward.

The key objective for Guernsey is to obtain equivalence so that we can continue to market our funds into the EU. A senior commission official is reported to have said Guernsey is well placed to seek equivalency because it boasts “probably the highest standards in the world for regulation and tax cooperation”. This message needs to be reaffirmed throughout the heart of Europe. It is a process which is being led by government but also includes the GFSC as the regulator, Guernsey Finance – the promotional agency for the Island’s finance industry – and the Guernsey Investment Funds Association (Gifa).

This year marks 50 years since the inception of the island’s funds industry and the 20th birthday of Gifa. During 2009 the association’s leadership role of the local industry has developed apace and our members have invested significant time and effort to meet the challenges in front of us. I see no let up in this drive to ensure that Guernsey stays ahead of the game.

• *Grant Cameron is chairman of the Guernsey Investment Funds Association*