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Wish you were here

By Peter Niven, Chief Executive of Guernsey Finance

Greetings from Guernsey!

I am not one for being overly negative but I think it is fair to describe the global economic conditions as gloomy. What has surprised many is the scale and pace of the descent since the previous sunny heights. Guernsey has not been completely immune from these pressures however so far we have been able to shelter from the full force of the storm.

For example, in 2007 the number of funds grew by 19% and the value of funds by 37% but last year this was tempered at 8% and 12% respectively as the changed global economic picture came increasingly into play to leave total funds business in Guernsey at just over £200bn by the end of 2008.

Traditional funds remain well represented among these flows. However, our business is becoming more and more focused on esoteric asset classes and alternatives such as property, hedge funds/funds of hedge funds and of course private equity where we have carved out a particular niche as a leading domicile.

A major example of this business is KKR Private Equity Investors LP – the Guernsey limited partnership that raised US\$5bn before listing on the Euronext Amsterdam. This transaction showcased how we have a range of experienced and skilled providers – from the global names to the niche operators – supported by a strong network of professional services. It also highlighted the way

in which using Guernsey can provide access not just the Channel Islands Stock Exchange (CISX) but the main London Stock Exchange (LSE), its Alternative Investment Market (AIM) and also Euronext Amsterdam.

We are though not resting on our laurels. At the start of last year the Island introduced a standard zero rate of tax for corporate entities. During 2008 we also introduced a new Guernsey Companies Law and an online Guernsey Companies Registry offering incorporation in 15 minutes and prices starting from £100.

More recently we have made a series of legislative changes related to funds business and introduced a new set of fund rules. The resulting regime is a comprehensive menu of options offering real choice in terms of speed of approval and levels of supervision. This demonstrates our continued adaptability and flexibility to be able to meet current demands of fund managers, promoters and investors.

So despite the talk of doom and gloom we are confident that our future is bright. Don't you wish you were here?