

Accessing London's capital markets: AIM for Guernsey's well trodden path

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The quarterly statistics released by the [London Stock Exchange \(LSE\)](#) once again highlight Guernsey as the leading jurisdiction for offshore companies looking to access London's capital markets.

Presently there are 119 Guernsey companies with their shares admitted to trading on the LSE's AIM and Main Market, the highest of any jurisdiction outside of England and Wales. This number significantly exceeds other jurisdictions such as Jersey (72) the Isle of Man (37) and the Cayman Islands (28).

With an attractive mix of legislative and tax advantages and an internationally respected regulatory and compliance regime, Guernsey has positioned itself as the first port of call in which to establish a company (listco) to access capital through a London listing.

Due to their similarities, it can be difficult to distinguish between the leading zero corporate tax jurisdictions as a place to establish listco. All generally adopt a similar permissive legislative framework which gives corporate vehicles flexibility to return capital and make distributions to shareholders.

However, once you scratch beneath the surface, you will find that Guernsey has a number of legislative advantages which can significantly reduce the cost and timing of the admission process and the ongoing running costs of listco.

Guernsey Legislative Advantages

Guernsey has taken the deliberate approach of making listco's pathway from incorporation to admission as smooth as possible.

By incorporating listco in Guernsey, it would benefit from:

1. no statutory consents being required for the issue of shares, warrants or other securities;
2. no differentiation between public or private companies, removing any conversion requirements immediately prior to admission;
3. no requirements regarding the contents of its Prospectus or Admission Document since it is approved by the UKLA or AIM;
4. no additional requirements to produce a Prospectus or other offering document for future fundraises;
5. no Guernsey regulatory approval of its Prospectus or Admission Document in addition to UKLA or AIM approval; and

6. 'opt-in' AIFMD legislation, so even if the company is required to register as an alternative investment fund or 'AIF' in the UK or another EU jurisdiction, it is not automatically subject to regulation in Guernsey as a self managed AIF.

These benefits also allow the listco to take full advantage of the simplified 'accelerated book build' additional placing requirements and the private placement extensions provided by the EU Prospectus Regulation, by not applying any additional local law Prospectus requirements.

No GST or VAT

There are no goods and service taxes in Guernsey which would apply to the provision of professional services to listco. In addition, Guernsey companies managed outside the EU are not subject to VAT charges from UK or other EU based advisors.

The absence of VAT in particular can have a significant impact on the cost of listco's initial admission and future fundraisings. Removing VAT charges from English or other EU based NOMADs, Sponsors, Brokers, Registrars, Reporting Accountants and legal advisors.

Takeover Code

The City Code on Takeovers and Mergers, as administered by the UK Takeover Panel, will apply to a listco established in Guernsey.

The application of the Takeover Code, and the protection it provides to shareholders, is becoming more and more of a feature investors look for when deciding to invest. The prescriptive takeover process, and the independent adjudication of the Takeover Panel, can also make the company a more attractive proposition as a target for acquisition in the future.

Risk, Regulatory and Compliance Factors

Having a listco established in a jurisdiction which complies with internationally recognised standards of regulation and tax disclosure has now become a vital factor for attracting potential investors.

Investors are conscious of, and influenced by, the real differences between those jurisdictions who have embraced the growing international culture of compliance and tax disclosure and those who continue to resist.

Guernsey is, and continues to be, a highly reputable jurisdiction in the eyes of the international business community. Guernsey is an 'early adopter' of the Common Reporting Standard (CRS), is a signatory to the OECD Multilateral Competent Authority Agreement and has introduced a beneficial ownership register.

Collas Crill have real experience in bringing Guernsey, Jersey, Cayman and BVI companies to market in London and in re-domiciling existing listed companies to Guernsey.

Should you wish discuss how your company or your clients can benefit from being located in Guernsey or our other jurisdictions, then please feel free to contact any member of our capital markets team.

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