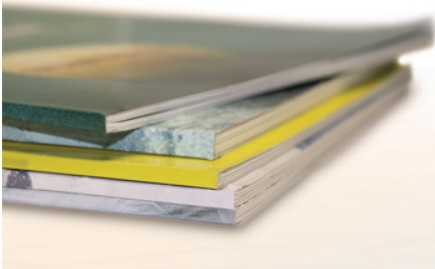


Why Choose the British Crown Dependencies?

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BY NAOMI RIVE

When Appleby opened its office in Guernsey in Spring 2010, it became the first offshore law firm to have a presence in Guernsey, Jersey and the Isle of Man. The motivation for Appleby having an offering in all three British Crown Dependencies lay primarily in the greater resources and choice it would enable Appleby to offer to its increasingly global client base. Appleby was also acutely aware of the commitment that the British Crown Dependencies had shown in recent years to adhering to international standards. This commitment has resulted in each of the jurisdictions obtaining OECD 'white list' ratings and has placed them in a favourable position to lead the way forward amongst the international offshore sector in terms of capability, status and reputation.

In no part of financial services business is reputation more important to the success of a jurisdiction than in the field of private client work. In this area, the British Crown Dependencies have consistently attracted high volumes of good quality work. Guernsey, Jersey and the Isle of Man offer high net worth individuals the comfort of a secure jurisdiction built on political and economic stability, low taxation and well established trust laws and practices which have their origins in English common law principles. Whilst it is true that since 1991 there has been a gradual erosion of the tax advantages offshore trusts have traditionally provided through successive changes in UK legislation, the British Crown Dependencies now have mature trust industries which are capable of reaching out to clients with an

array of complex planning requirements. The commitment that all three jurisdictions have shown to international standards means that they have avoided an international vote of no-confidence and secured an enormous advantage in the market place. After all, compliance with strict regulatory requirements may be perceived as burdensome and costly, but in turbulent economic times the reassurance it provides to clients becomes a most effective marketing tool.

A strong regulatory regime alone however will not be sufficient to enable jurisdictions such as the British Crown Dependencies to increase their market share significantly. Guernsey, Jersey and the Isle of Man have also benefitted from the superiority of their judiciaries, their proximity to the UK and mainland Europe and the investment they have consistently made in training and recruitment. All of these factors have been crucial to the success of the British Crown Dependencies and have allowed them to continue to succeed at a time when many others are failing.

Changes to the fiscal regime in the UK have meant that the British Crown Dependencies have been required to look to emerging markets in order to attract new business. Representatives from the Islands regularly send delegations to countries such as China, Dubai, India and Russia. These are not easy markets to penetrate, especially for small jurisdictions who are located so far away. Once again however the feedback that is consistently received is that the solid reputation of Guernsey, Jersey and the Isle of

Man makes them attractive places to do business with. It is also to the credit of all three Islands that they have risen to the challenge of introducing new legislation and structures designed to meet the needs of clients from a whole host of different jurisdictions and backgrounds. Protected cell companies, incorporated cell companies, limited partnerships, limited liability partnerships, purpose trusts and foundations are just some of the investment, asset management and wealth planning structures available across the jurisdictions.

Whilst the British Crown Dependencies come from similar political and economic backgrounds and consequently have a number of shared values, they remain entirely independent from one another. It is important to be aware of this because whilst there may be considerable overlap between the laws and regulations of Guernsey, Jersey and the Isle of Man there are also many significant differences. For instance, there have historically been important distinctions between the trusts laws of Guernsey,

Jersey and the Isle of Man relating to the number of trustees required from time to time and applicable perpetuity periods. Whilst it is always important to seek local advice on the technical aspects of any particular law, the British Crown Dependencies share in the pride that they take in ensuring the clarity and commerciality of their laws. This is evident in the field of trusts where the laws of all three jurisdictions have been amended on a number of occasions to reflect the needs of modern day high net worth clients and to maintain an appropriate balance between protecting the interests of beneficiaries, whilst at the same time allowing settlors a degree of flexibility in terms of reserving trust powers.

Appleby believes that the British Crown Dependencies have a great deal to offer and that having a presence in all three Islands will allow its clients to take full advantage of the many and varied opportunities that exist.

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