

# Highlights of a thriving industry

**Kevin Gilligan**, Director of Louvre Fund Management Limited gives an overview of the fund industry on the Island and highlights some new developments for 2008

The funds sector within Guernsey continues to set new highs. The most recently released data indicates that the overall value of funds under management and administration in the island has risen to in excess of £160bn – an increase of 36% year on year.

Enjoying record levels of new business combined with a heritage spanning four decades is the enviable position Guernsey finds itself in today. Competing jurisdictions will question whether this could lead to complacency; however, Guernsey and its experienced service providers do not intend to rest on their laurels.

Innovative legislation supported by an approachable forward-thinking regulator is ensuring that the island remains the jurisdiction of choice for funds. The introduction of the registered fund regime at the start of 2007 provides an adequate illustration of this. It provides a promoter with a fast-track approval process for closed-ended funds. To be able to self-certificate the fund, the administrator still requires sufficient time to fulfil its due diligence requirements. Once this process is complete and the application is submitted, the fund will be approved for launch within 72 hours.

Guernsey is also home to the Channel Islands Stock Exchange. The CISX has been designated as a recognised stock exchange which makes a fund accessible to UK ISAs, PEPs and SIPPs. The listing rules have been kept broad to encourage innovation whilst maintaining international standards of issuer regulation. The CISX has been operating since 1998 and with some 2,000 securities already approved it is a cost-competitive alternative to more established exchanges.

What's new for 2008? Following on from the success of the registered fund regime outlined here, we look forward to the introduction of the open-ended equivalent. This may be constituted as a company, unit trust, limited partnership or the increasingly popular protected cell company. A PCC is a single legal entity with distinct cells, the assets and liabilities of each being segregated by law from the assets and liabilities of the other cells. In essence it is an extension of the more traditional single-company, multi-class umbrella fund but provides greater protection for investors from the risk of cross contamination.

A new company law will come into force in the second half of 2008. Whilst there is not much wrong with the current legislation, modernising and consolidating the secondary legislation will improve the present arrangements further. One other significant development is the introduction of a computerised registry which will streamline the process of incorporating a company in Guernsey. This will reduce costs significantly. These initiatives can only improve the level of service provided within the fund sector and the finance industry in Guernsey as a whole.

With such a broad range of options available to fund promoters it is important to make the right choice of administrator. Whether it is blue chip or boutique, Guernsey has a variety to offer.

The increasing complexity of alternative hedge funds and the fast-track approach adopted by the regulator might suggest that this environment favours the bigger players. In reality the opposite is true and smaller fund administrators who can provide a more personable and flexible approach have made their niche in the market.

Established in Guernsey in 1976 the Louvre Group has grown into a successful, privately owned, independent operation offering confidential, personal and professional offshore and onshore services to both private and corporate clients. The group has developed into a strong, multi-disciplinary business with offices in Guernsey, London, Switzerland, Liechtenstein, Dubai and Hong Kong.

It is our independence that enables us to offer choice and take on a crucial co-ordination role from the outset through to the establishment of the fund. This can be particularly useful for the smaller manager who may have recently left a large institution to set up his or her own fund. We do not provide custody, banking, tax or legal services but as part of an initial consultancy process we can recommend and put together a tailored package of providers which cater specifically for the client's needs. What follows is the provision of a bespoke and personal administration service.

Guernsey's fund industry continues to go from strength to strength supported by niche players in the fund-administration market. The developments are a response to the needs of the growing number of alternative fund managers and reflect the depth of experience and expertise that is available within the island and the maturity of the industry overall.

