

## Guernsey companies listing in the UK

Service area / [Corporate](#)

Location / [Guernsey](#)

Date / [December 2022](#)

Guernsey is one of the world's largest offshore finance centres, with a thriving funds industry. At the end of June 2021, 1,222 funds (and 1,443 sub-funds) were serviced in Guernsey, with a total AUM of US\$533 billion.

### Guernsey listed funds

In addition, Guernsey has for some time been the domicile of choice for non-UK companies listing on the main market of the London Stock Exchange ("LSE") and the Alternative Investment Market ("AIM"). As at December 2022, there were 105 Guernsey companies listed on AIM and the LSE's main market (which now includes the Specialist Fund Segment), the majority of which are investment funds, making Guernsey by far the most popular jurisdiction after the UK for companies listed.

Guernsey companies are also listed on stock markets in a large number of other financial centres around the world, including the New York Stock Exchange ("NYSE"), the Hong Kong Stock Exchange, the Tokyo Stock Exchange and exchanges in Toronto, Johannesburg, Australia and Frankfurt.

Guernsey has developed expertise in the set up and administration of a range of entities from major corporations to niche investment vehicles.

### Major domiciles of incorporation for LSE companies as at December 2022

Rank	Country of incorporation	No. of LSE listed companies
1	United Kingdom	1430
2	Guernsey	105
3	Jersey	68
4	Ireland	43
5	British Virgin Islands	32
6	Australia	30
7	Isle of Man	24
8	Bermuda	23
9	Canada	21
10	Cayman Islands	19
11	United States	19
12	India	16
13	Cyprus	15
14	Russian Federation	11

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Carey Olsen has acted on a significant proportion of these listings and is ongoing legal adviser to many of the funds in question. Carey Olsen advises more LSE listed clients than any other offshore law firm and the largest number of AIM clients of any offshore law firm according to the Corporate Advisers Rankings Guide (November 2022).

Notable recent listings on which Carey Olsen has advised include Taylor Maritime Investments Limited on its US\$253 million initial placing, Peel Hunt's £112 million IPO and Castelnau Group Limited's £178 million IPO, as well as the admission to trading of SPACs Fintech Asia Ltd and Ikigai Ventures Limited.

## Why Guernsey?

There are several key advantages of using a Guernsey fund as the vehicle for a stock exchange listing:

### Guernsey is a well-positioned and leading offshore financial centre

Guernsey provides top-tier financial services in a well-regulated, robust and stable environment. The island has high-quality service providers, including administrators, registrars, auditors and legal advisors.

Guernsey is located in the same time zone as London and is easily accessible from both the UK and the major European centres.

### Flexible corporate law

Guernsey company law offers a number of different corporate vehicles providing a flexible framework that enables capital structures to be tailored to the specific needs of investors. Furthermore, Guernsey company law omits aspects of company laws from other jurisdictions that investors find problematic or restrictive. For example, financial assistance is allowed (provided that the company is solvent) and a company's ability to pay a dividend or other distribution (which can be paid out of share capital) is dependent on the company's solvency, rather than a need to have sufficient distributable profits.

### Limited Director Residency Requirements

Unlike other jurisdictions, Guernsey has no director residency requirements for funds established as Guernsey companies. Fund promoters are therefore able to involve Guernsey directors to the extent to which they choose. Quite simply, this means that a listed fund's board composition can range from all Guernsey resident directors to none.

There is also no absolute requirement for board meetings to be held in Guernsey. It is principally the risk of the vehicle being deemed to be managed in other jurisdictions – and the possible negative tax and regulatory consequences that may ensue – that drives this.

## The regulatory regime

Guernsey maintains a proportionate, flexible and competitive funds regulatory regime, adopting a risk-based approach to ensure that appropriate levels of investor protection are maintained, whilst at the same time avoiding unnecessarily complex or burdensome regulation (or granting waivers of certain regulatory requirements where considered appropriate).

Simplicity is also key: Guernsey fundamentally has only two fund types – registered or authorised – each of which has a small number of classes, aimed at various types of investors, either of which can be listed.

Guernsey's financial services regulator, the Guernsey Financial Services Commission ("GFSC") works closely with the funds industry to ensure that the regulatory regime continues to evolve and provide the kinds of structures required by today's investors. There is ongoing engagement between the GFSC and industry experts to further the island's interests.

### Guernsey's Strong NED Community

Should a Guernsey fund require greater involvement of Guernsey based directors, Guernsey's NED community is able to provide the expertise to satisfy the GFSC's "fit and proper" board composition.

Guernsey directors are well versed with the highest standards of governance and are typically familiar with the Association of Investment Companies' Code of Corporate Governance as well as the Financial Reporting Council's UK Corporate Governance Code.

The GFSC enjoys a long-standing professional dialogue with local fund industry bodies – including NEDs. This means that local NEDs understand Guernsey's regulatory and economic substance requirements. Separately, the GFSC is an experienced fund regulator and understands the role of NEDs in fund structures. Accordingly, the GFSC regulates the investment sector proportionately with minimal requirements for NEDs to be locally resident.

### International Cooperation

Guernsey adheres to the highest standards of international tax and regulatory principles and is committed to ensuring that this continues.

Guernsey has given its full support for the transparency principles central to the current G20, OECD and EU tax initiatives and is working as part of the wider international community in the development and effective implementation of internationally agreed standards, including those set by the Financial Action Task Force ("FATF") and the Organisation for Economic Co-operation and Development.

Guernsey has been assessed as being amongst the best quality financial centres in the world when measured against the rigorous international standards for tackling money laundering and terrorist financing set by the FATF.

Guernsey also participates fully in numerous international initiatives such as the OECD's base erosion and profit shifting

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project and developing the global “Common Reporting Standard” and the automatic exchange of information between tax authorities.

Further information on the [Guernsey and international tax and regulatory standards](#).

#### Ease of trading in shares

Shares in Guernsey companies can be traded in uncertificated form through CREST without the need for depositary receipts required for many non-UK shares in CREST.

#### No UK stamp tax charges on trades

Unlike UK equities, shares in Guernsey companies can be traded through CREST without attracting UK stamp tax charges (as long as the company’s shares register is maintained outside the UK).

#### Tax neutrality

Guernsey holding companies typically pay income tax at 0% and are not subject to capital gains tax. Generally, collective investment vehicles can also benefit from income tax exemption. Guernsey does not levy withholding tax on dividends and other distributions paid to companies or non-Guernsey resident persons and does not levy withholding tax on interest. There is no Guernsey stamp tax on share transfers/sales.

#### Subject to the UK Takeover Code

Guernsey companies listed in the UK are subject to the UK Takeover Code, so that investors can be assured that they receive the same level of protection that would have been afforded to them if investing in a UK company listed in the UK

#### Our listed funds practice in Guernsey

Carey Olsen has an unrivalled practice for listed funds work in Guernsey, with Chambers and Partners describing our offshore funds practice as ‘The Kings of Funds’ due to our considerable industry experience, deep understanding of the listings process and long-established presence in the listed funds industry. We advise on structuring, launches (including IPOs), tax, investment management agreements, disputes and regulatory issues including passporting, MiFID, FCA, AIFMD and FATCA. We also provide advice to our clients on convertible and exchangeable bonds issues, private placements, secondary offerings and other rights issues, as well as share buy-backs, scrip dividends, warrants and treasury share programmes and share option/employee benefit schemes and restructurings.



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