

Industry Seminar – 15 November 2016

The Commission's Approach to Innovations

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Thank you Gillian. Odd to thank a video clip but it seems impolite not to ...

Having heard Gillian's comments you will I am sure agree that in order to innovate we need to communicate, it sounds like a convenient throw away strap line but it has been particularly true of the innovation that has taken place in Investment sector in Guernsey.

Earlier in the year we launched the Manager Led Product, which is aimed at Alternative Investment Fund Managers seeking to market an Alternative Investment Fund into an European Union host country under the National Private Placement Regime. For those of you who may be less familiar with these terms it simply means the regulatory approval process that any Guernsey funds must go through before it may be marketed to residents of European Union member states. Each member state is able to and does apply its own requirements.

The manager-led product or MLP was designed to ensure a proportionate risk-based level of regulation at the manager level and avoids duplication of the regulatory requirements over several entities. Mark Le Page will be speaking on this in more detail at the Investment presentation tomorrow (including explaining away how he came to name it using his own initials) however, amongst the key features listed here the main point I want to emphasise today is the cooperation between the Commission and Industry that led to the introduction of this product and in shortest period of time that I am aware of for any new product from conception to launch of the regime being approx. 3 1/2 months.

The other new product developed this year which has recently gone through consultation and will be formally launched tomorrow is the Private Investment Fund. This product came about as a result of real communication between the Commission and Industry. Following the introduction of the MLP we were approached by Industry who I think hoped they would find us in listening mode and it may have been a purposeful tactic to approach Mark first and allow him to sell it to me as a gap in the Guernsey suite of products. Indeed we were in listening mode and I would say so were the industry, as the main win for me was to hear that they wanted this Private Investment Fund to be regulated and not unregulated as one might find in other jurisdictions with similar products.

As many of you will not be present tomorrow please allow me to indulge in a soft launch for this product today by providing some further details. To pick out a couple of the key features listed here; the PIF can have up to 50 legal or natural persons in it holding an ultimate economic interest

giving it more flexibility than perhaps a restriction of 15 would bring and in addition there is no limit as to how many people it may be marketed to.

We believe this product will fill a gap in our existing suite of funds and will we hope offer opportunities across sectors with it perhaps being attractive to clients of fiduciaries, family offices and the like as well as to the fund market. In the same vein as the MLP there will be warranties attached to the applications and where signed we will endeavour to process those parts of the application in 1 business day. Clearly we will place a great deal of weight and importance on the warranties and Industry when signing them (as with any current warranties) should do similar.

Both of the products I have mentioned form part of the vision for the suite of investment products Guernsey offers from the consideration of products that fall outside of regulation through to the Private Investment Fund and to the Manager Led product at the other end of the spectrum. The vision will include work on the treatment of single asset vehicles and further work on the MLP mark 2 – sorry no pun intended we had better call it the MLP phase two and it will look to produce a similar product for the rest of the world. In this work continued communication will be vital.

Our ultimate aim is achieve suite of products that is Simple, Flexible, and Comprehensive.

That's everything for now in the investment world, so Jeremy what has your experience been?