

Making an impact in the Far East

Nancy Chien, senior associate, Bedell Cristin Jersey, examines the reason behind a growing number of Channel Islands firms' decision to establish themselves in the Far East



An increasing number of Channel Island financial services businesses are expanding into South East Asia, with many firms opening offices in Singapore, Hong Kong and China. They are starting to reap the benefits as the profile of the Channel Islands grows in South East Asia. Having a presence in Asia means that firms are better able to understand the

culture and therefore tailor their products and advice to suit the Asian market. Further, it shows the clients in Asia that Channel Island businesses are committed to working with Asian clients and that the businesses can provide services and advice in the same time zone.

In addition to initiatives from local businesses, both the Jersey and Guernsey governments, as well as organisations such as Jersey Finance, Locate Jersey and Guernsey Finance, have been active in promoting the Channel Islands in Hong Kong and China in particular.

Their efforts have had a positive impact on the profile of the Channel Islands and have increased the confidence of Asian clients in Channel Island businesses and services. This is a trend that Globalaw – a leading network of mid-sized full service law firms in 111 jurisdictions – has seen develop in recent years. For this reason, the network places particular importance in having excellent member firms in jurisdictions where traditionally tax and financial planning have played a big role.

Asian clients are no strangers to using international finance centres for their business operations and for traditional wealth planning. Historically there has been, and there still is, a bias towards using structures founded on British Virgin Islands law and Cayman Islands law, notably in the corporate and fund sectors. However, for Asian clients who have generated significant wealth during their lifetimes the focus moves from wealth generation to wealth preservation and dynastic planning for future generations. Such clients are looking for safe and reputable jurisdictions that have a long-standing history of private wealth management. Both Jersey and Guernsey stand in good stead to assist high net worth Asian families with such matters given their wealth of experience in assisting high net worth families from the United Kingdom and Europe with their wealth planning needs and requirements for over 50 years. Further, the firms from both islands have long-standing experience in assisting high net worth clients from other emerging markets such as the Middle East and more recently Russia and the CIS with their personal wealth

planning matters. The skills and sensitivities acquired from assisting high net worth clients from jurisdictions who are not familiar with trusts and who do not speak English cannot be underestimated.

In order to improve the quality of the service to Asian clients, a number of Channel Island firms have opened offices in Asia as noted above and employed Mandarin speakers.

The Channel Islands have a wide range of structuring options to facilitate effective wealth planning, including trusts, foundations, private trust companies and limited partnerships. Indeed both Jersey and Guernsey are continuing to keep abreast of, and ahead of, their international finance centre competitors. For example, both islands introduced their foundations laws so that they can offer an alternative product to trusts readily recognisable to clients from civil law jurisdictions and to clients who are unfamiliar with the concept of a trust. There are now more than 200 incorporated foundations in Jersey. In addition, the ability to use settlor reserved powers is expressly recognised in the trusts legislation of both islands.

Settlor reserved powers are popular with Asian clients who often want to retain control over key aspects of the trust, such as investment.

The islands have long-established political stability and robust, yet flexible legal systems, which allow the islands to develop their laws in a timely fashion to counter potential threats from other jurisdictions. For example, Jersey recently amended the trusts law to introduce a statutory rule to preserve the rule in *Hastings-Bass*.

This statutory rule gives Jersey a competitive edge over other international finance centres, which are heavily influenced by decisions of the English courts on trusts.

The Jersey approach puts the interests of beneficiaries first and foremost.

In order to meet the needs of Asian clients and to accommodate their preference for using BVI entities Bedell has expanded its operations by opening offices in the BVI and Singapore dedicated to providing BVI legal advice. Bedell also has BVI lawyers in their Jersey office providing BVI legal advice to clients from the Channel Islands, the UK, Europe and Russia and the CIS in this time zone. Bedell is also a BVI member of Globalaw.