

● WHY IS JERSEY SO GOOD FOR AIM LISTINGS?

INTRODUCTION

Offshore listings on the Alternative Investment Market ("AIM") are very popular and this popularity is continuing to grow, with Jersey becoming an ever-more attractive offshore base from which to incorporate companies which can then be listed on AIM.

This summary is intended to assist clients or advisers considering listing a company incorporated in Jersey on AIM. It addresses some of the relevant considerations and issues for the establishment of an AIM listed company incorporated in Jersey.

WHY JERSEY?

Situated in the Channel Islands, and English-speaking, the island of Jersey shares the same time zone as London (conveniently placed between North America and the Asia) and has good communication and transport links to London and other parts of the United Kingdom, as well as Europe.

Jersey is independent in legislative and fiscal matters, and is not part of the European Union. As such, most European directives do not apply in Jersey.

Jersey has a history of political stability and good governance, and has legislation that is up-to-date, workable and in compliance with international standards. Jersey company law broadly follows English law principles.

The popularity of Jersey as a location for companies and funds to be listed on a variety of markets stems from a number of factors.

These include:

- its reputation as a well-regulated market;
- similarities to English company law;
- the UK Takeover Code applies to Jersey companies;
- well established but innovative corporate structures;
- experienced service providers;

- its location close to Europe, and particularly London, making logistics that much easier;
- possibilities of reducing sales taxes (VAT) on services supplied to the Jersey company; and
- a highly advantageous corporate tax regime.

JERSEY COMPANY LAW

The Companies (Jersey) Law 1991 (as amended) established a robust framework for the corporate demands of a modern offshore jurisdiction. Together with other Jersey legislation, innovative structures can be created and tailored to suit specific tax or regulatory requirements.

The relevant legislation has numerous advantages and these include the establishment of a variety of separate legal entities and ease of transfer of ownership. The share capital of a Jersey company can be denominated in any currency and may include redeemable preference, treasury, and no par value shares.

Please feel free to contact us should you require further details on the similarities and differences between English and Jersey company law.

TYPICAL ISSUES AND STRUCTURES

The following list is an example of the type of issues that need to be considered prior to listing:

- Corporate restructuring to facilitate listing;
- Jersey due diligence on listing vehicle;
- Tailoring of Articles for listing:
 - Removal of any restriction on transfer of shares
 - Inclusion of Pre-Emption rights where necessary
 - Holding of securities in uncertificated form

- Disclosure of beneficial ownership
- Refusal of registration of transfers/ withholding of dividends where beneficial ownership is not disclosed
- Disclosure of directors' dealings
- Rotation of directors
- Disapplication of pre-emption rights prior to listing;
- Statement on Jersey tax;
- Issues of financial assistance relatively easily addressed;
- Regulatory consent from Jersey Financial Services Commission (if relevant);
- Commenting on relevant agreements and board minutes;
- Provision of opinion;
- Jersey Company Law requirements for holding of relevant registers at registered office.

The flexibility of the Jersey company regime means there are a number of ways in which an AIM listing can be structured. However, some of the most common forms of structuring include:

- incorporating a new Jersey company and inserting this company at the top of the existing group structure so that it becomes the new holding company of the business to be listed;
- provided the initial shareholders intend for the company to be listed on AIM, using a Jersey holding company from the outset; **or**
- migrating an existing foreign holding company to Jersey so that it continues in existence as a Jersey-registered company.

TAXATION

There are no capital or inheritance taxes in Jersey, nor any stamp or document duties except in respect of Jersey real property. There is a goods and services tax (GST) in Jersey (subject to certain exemptions), although this is currently only 5%.

Jersey has adopted a corporate tax regime that is often referred to as 'Zero-Ten'. All companies pay a standard rate of 0% income tax on profits. Certain companies will pay higher rates as follows:

- a rate of 10% will be charged on the profits from financial services companies (such as banks);
- a rate of 20% will be charged on the profits from activities regulated by certain utilities; and
- a rate of 20% will be charged on rental income and profits from property development and the exploitation of land.

**FOR MORE INFORMATION,
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