

AIM listings using a Jersey company

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Jersey incorporated companies are a popular choice for those seeking to establish a listing on the Alternative Investment Market of the London Stock Exchange ("AIM"). Typically, an established group of companies will be restructured so as to introduce a new Jersey incorporated parent company, the securities of which are then admitted to trading.

Promoters wishing to establish funds have also found Jersey companies to be suitable vehicles for listing on AIM.

Why choose Jersey?

There are many reasons why Jersey companies are a popular choice for AIM Listings. These include:

- **Application of UK Takeover Code:** The Takeover Code applies to a Jersey company listed on AIM (other than an open-ended investment company), regardless of where it is managed and controlled. The Takeover Code is highly respected by investors and is designed to ensure fair and equal treatment of shareholders in the event of takeovers. Companies listed in jurisdictions such as the Cayman Islands and the BVI will not have the benefit of Takeover Code application.
- **CREST:** unlike other offshore jurisdictions such as the Cayman Islands and the BVI, Jersey shares settle through CREST in the same manner as shares in UK companies. This removes the need for a depository receipt programme or branch register and the associated costs
- Jersey corporate law is modelled on English corporate law, making it easy to understand the implications of using a Jersey company
- Jersey corporate law incorporates additional features which provide further flexibility, for instance, in the greater range of corporate entity types available and more flexible dividends, share issue, capital reduction and financial assistance regimes (there is no prohibition on financial assistance in Jersey for either public or private companies)
- In relation to funds – particularly with the advent of the unregulated fund regime – flexibility and speed of the Jersey regulatory regime, as well as the availability of innovative and market leading incorporated and protected cell structures, make Jersey an attractive jurisdiction
- Jersey is conveniently located in the same time zone as the UK
- **Jurisdictional reputation:** Jersey is widely recognised as one of the world's leading offshore centres and enjoys a reputation as a well regulated and politically and economically stable jurisdiction with a highly regarded local regulator (the Jersey Financial Services Commission) and professional infrastructure that can offer the highest quality legal and other advice to those using Jersey. Jersey was included in the "white list", along with jurisdictions such as the US and UK, in a recent OECD report. Jersey was also praised by the recent Foot report, commissioned by the UK government, for its regulatory and financial prudence.
- **Tax advantages:** Jersey companies have a number of tax advantages, including no Jersey stamp duty on share transfers and a standard 0% corporate tax rate on Jersey incorporated companies.

OFFSHORE LAW SPECIALISTS

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The role of Jersey lawyers

Typically, we work closely with the UK advisers to the listing and assist on the following key matters.

Incorporation of Listco

We will arrange for the Jersey company ("Listco") to be incorporated. Where necessary, this process can be completed on a same day basis. Where asked to do so, we will also put the client in touch with local corporate services providers who can provide a range of services tailored to the needs of the client. These services may include registered office services and (where requested) the provision of one or more directors of Listco.

Regulatory permits

In the case of funds, certificates pursuant to Jersey's Collective Investment Funds legislation may be required or, alternatively, the fund could qualify as an unregulated exchange traded fund. We will liaise with the Jersey Financial Services Commission ("JFSC") throughout the approval process to ensure the appropriate permits or exemptions are obtained within the required timescales.

Control of borrowing consent

Pursuant to the Control of Borrowing (Jersey) Order 1958, it is necessary for Listco to apply to the JFSC for consent to issue its securities. We will make the application for such consent and this is usually not problematic in any way.

Pre-listing reorganisation

We will assist with any pre-listing reorganisation, for instance to document a share-for-share exchange to introduce Listco as the new parent company of the group.

Offering document

We will assist with the preparation of the offering document, including providing appropriate disclosure on Jersey corporate and tax law. Where the offering document requires preparation as a prospectus under Jersey law, we will ensure that the additional prescribed disclosures are made, make the formal submission to the JFSC for regulatory consent to the issue of the prospectus and otherwise liaise with the JFSC in relation to the listing. This is a straightforward and inexpensive process which usually does not affect the content or structure of an admission document or the admission process in any material way. We will also assist with verification of the offering document, in particular those parts relating to Jersey.

Articles of association

We will assist with the preparation of the articles of association of Listco, being the key constitutional document setting out the rights and obligations of the shareholders and directors of Listco. We can also advise on key differences between Jersey and English law which may have a bearing on the drafting of the articles of association of Listco and may require additional provisions to be inserted. The Companies Act 2006 and the Companies Act 1985 differ in some respects from the Companies (Jersey) Law 1991, particularly with respect to restrictions on the activities of directors, shareholder rights and disclosure of shareholder interests. Where market expectations and practice require equivalence with the UK position, Listco's articles of association can be amended to provide the level of shareholder protection that investors expect.

Directors' duties

We will also assist with the task of ensuring that the directors of Listco are aware of their statutory and customary law duties as a result of being a director of Listco, typically by assisting UK advisers with the production of a detailed memorandum on directors' duties.



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