



Ogier finance partner predicts continued growth for Shariah-compliant services in Channel Island

News - 01/08/2016

Islamic finance has grown steadily as an asset class for the Channel Islands and its growth is likely to continue for the foreseeable future.

That's the view of Bruce MacNeil, a finance partner at Ogier, who shares his views with BL Global this month.

BL cite a recent report from EY which shows that, globally, Islamic banking assets grew at an annual rate of 17.6% between 2009 and 2013. Continued growth is estimated to 2018.

Speaking about how the Channel Islands fit into this growth market, Bruce says: "In Jersey and Guernsey, the Islamic finance work involving offshore entities has mainly been on the banking and finance side - for example, establishment and financing of SPV [special purpose vehicle] issuers and holding companies to be used in sukuk, murabaha and real estate finance transactions.

"The best opportunities for the Channel Islands are probably in the areas of Islamic funds investing in UK real estate and Islamic financing for UK real estate transactions."

Sukuk is similar to a bond but is compliant with Sharia - Islamic religious law - because it applies a rental fee rather than interest, which is forbidden. Murabaha is an acceptable form of credit sale under Sharia law.

Bruce suggests that Jersey is attracting more business than Guernsey. "For example, we act for the Islamic Development Bank on its sukuk issuance programme, which uses a Jersey issuer and trust structure, with the trust certificates issued being listed on the London Stock Exchange and the Bursa Malaysia," he explains, with competitor jurisdictions including Dubai, the Middle East, Singapore, Malaysia and Indonesia.

"In the offshore world, the Cayman Islands seems to be the most popular jurisdiction used to establish sukuk issuers, although sukuk is only one of a number of different types of Islamic finance

transactions. Realistically the Cayman Islands is more often used than Jersey or Guernsey for sukuk issuance,” explains Bruce.

Ogier’s teams in Cayman and Hong Kong are active in the Islamic Finance market. From Hong Kong, Ogier acted as Cayman counsel to Garuda Indonesia on its US\$500m sukuk, an offering without government or financial institution guarantee. Ogier’s role was diverse and complex. This landmark offering was the:

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Other significant Islamic finance transactions include advice to Goldman Sachs, in which it became the first conventional US bank to issue sukuk, and an innovative structure for Gatehouse Bank plc.

Read the full article [here](#)

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