



Listing Jersey Holding Companies

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Following an update to the new UK Listing Rules (read our article: [What does this mean for Jersey companies?](#)), this briefing looks at why Jersey companies continue to be popular as listing vehicles and why we may see more international businesses choosing a Jersey holding company to lead them to market.

Who and where?

Securities of Jersey companies are listed around the world, from New York (New York Stock Exchange (NYSE) and Nasdaq), to London (Main Market, Alternative Investment Market and PLUS), Paris (Euronext Paris), Amsterdam (Euronext), Australia (Australian Securities Exchange), Hong Kong (Stock Exchange of Hong Kong), Toronto (Toronto Stock Exchange and TSX Venture Exchange) and Stockholm (Stockholmborsen).

Jersey listed companies come from a wide variety of sectors including commodities, energy, mining, pharmaceuticals, media, real estate, support services, construction and materials, finance and investment. Their businesses are typically international, and their names are often widely known. Excluding UK incorporated companies, there are more Jersey incorporated companies listed in London than in any other jurisdiction.

Why choose a Jersey company?

Jersey's reputation

Jersey has a reputation as a leading and reputable international finance centre of substance. It is committed to developing and maintaining the highest international standards of regulatory compliance. In part, it is a jurisdiction of choice for many listed companies around the world such as Glencore, Clarivate, Wizz Air and Amcor.

Both the Organisation for Economic Co-operation and Development (OECD) and the Economic and Financial Affairs Council of the European Union have continued to confirm that Jersey is compliant

with the OECD's international regulatory standards for tax governance.

The OECD has confirmed Jersey as one of the jurisdictions compliant with the OECD's international regulatory standards for tax governance based on, amongst other things:

- i. evidence of Jersey's demonstration of transparent tax governance through its compliance with the automatic exchange of information (AEOI) and exchange of information on request (EIOR) which includes its adoption of the CRS and FATCA framework
- ii. Jersey's recent legislative amendments which address concerns of economic substance and promote fair tax practices
- ii. Jersey's ratification of various Base Erosion and Profit Shifting (BEPS) policies over recent years

Furthermore, the Council of Europe's permanent monitoring body MONEYVAL concluded in a report published in July 2024 that Jersey's effectiveness in preventing financial crime put it within the top three jurisdictions worldwide.

In addition, Jersey has had years of stability from an economic, political and financial point of view. There are many highly experienced professionals in the island within a finance industry representing some 14% of Jersey's population. Jersey has justifiably earned and retained its global reputation as a first-class international finance centre with a proven track record for attracting investment from around the world.

Tax environment

Jersey has continued to demonstrate its compliance with the international standards on AEOI and EIOR. It is one of only six countries in the world to be found as entirely tax compliant against the OECD and Global Forum on Transparency and Exchange of Information for Tax Purposes criteria. This came after two rounds of peer review, which evaluates the cross-border cooperation between diverse tax administrations through the implementation of the internationally agreed standards on transparency and exchange of information for tax purpose.

Many businesses with an international reach can derive a real advantage from their holding company being incorporated (and sometimes managed and controlled) in a tax-neutral jurisdiction such as Jersey. As a consequence, investors in Jersey companies will gain a similar advantage.

In Jersey:

- i. there is no corporation tax, capital gains tax or capital transfer tax
- ii. there is no requirement for a Jersey company to make any withholding or deduction on account of Jersey tax in respect of dividend or interest payments

- ii. no stamp duty or similar taxes are payable on the issue or transfer of a Jersey company's shares

The general rate of Jersey corporate income tax payable by companies that are tax resident in the island is 0%. Moreover, a Jersey company may elect not to be resident for tax purposes in Jersey, and so exclusively tax resident elsewhere, if:

- i. its business is managed and controlled in a jurisdiction other than Jersey
- ii. it is tax resident in that jurisdiction
- ii. the highest rate of corporate income tax in that jurisdiction is 10% or higher

Consequently, companies formed as listing vehicles can expect to pay no income tax in Jersey, irrespective of whether or not they are tax resident in the Island. However in May, 2023, the Government of Jersey confirmed its approach to the OECD pillar two tax principles. It stated that its intention was to implement the “income inclusion rule” and a domestic minimum tax to provide a 15% effective tax rate for large in-scope multinational enterprises from 2025. Draft legislation has recently been published and very broadly speaking multinational enterprises with a global turnover of €750 million or more are likely to fall within the scope of pillar two.

Corporate laws

As well as offering a potentially extremely favourable tax environment, Jersey's corporate laws also appeal to businesses and investors alike. This is principally because:

- i. they are familiar: Jersey's principal corporate statute, the Companies (Jersey) Law 1991 (as amended) (the Companies Law), is to a large extent modelled on, and uses many of the same concepts as, the 1985 English Companies Act
- ii. they are flexible: the Companies Law, whilst robust, offers a degree of flexibility not afforded by English law in certain key aspects

Some examples of this familiarity and flexibility are considered below.

Constitution: A Jersey company's constitution is very similar to that of an English company and the overall form and content of its memorandum and articles of association will therefore be familiar to investors and will typically provide equivalent rights and protections. Nevertheless, the flexibility of the Companies Law allows any necessary changes to be made to the constitutional documents of a Jersey company to accommodate investor expectations and / or to satisfy the listing rules of a particular stock exchange.

Pre-emption Rights: There are no statutory pre-emption rights under Jersey law, but pre-emption rights on the issue of shares are generally included in the articles of a Jersey listing vehicle where

required by the relevant listing rules in order to enhance investor protection.

Disclosure of interests in shares: Although there are no statutory disclosure and transparency provisions under Jersey law requiring shareholders to disclose interests in shares, it is now commonplace to build provisions into the Jersey company's articles to reflect the requirements of the relevant stock exchange in this area. When the Companies Law does differ from the English Companies Act it is usually in a manner that provides greater choice and flexibility when structuring and dealing with returns to investors.

Distributions: Jersey companies (including public companies) can make a distribution out of any source other than the nominal capital account or capital redemption reserve, provided that the directors make a statement that the company is able to carry on its business and discharge its liabilities as they fall due for 12 months after the distribution. The ability for Jersey companies to distribute from a wide range of sources in this way may be an advantage over other companies seeking to maintain a consistent dividend policy. This includes English public companies incorporated elsewhere which need to have qualifying profits and satisfy additional capital maintenance requirements in order to make a distribution.

Repurchase of shares: Similarly, a Jersey public company's shares may be repurchased from any source provided that a cash-flow solvency test is met. Again, this gives Jersey listed companies an edge over their counterparts elsewhere in circumstances where the procedure allowing a company to purchase its own shares out of capital may only be available to private companies.

Trading of shares: Shares in a Jersey company listed in London can trade directly through the CREST system without the need for depositing interests. Further, shares listed in New York (including NYSE and NASDAQ) and in other certain specified exchanges can trade in dematerialised form. For the US, this includes the direct registration system (**DRS**) or other depositary.

UK Takeover Code

The UK City Code on Takeovers and Mergers is likely to apply to Jersey companies that are listed on London's Main Market and to other Jersey public companies that are centrally managed and controlled in Jersey or the United Kingdom. For those Jersey public companies to which the takeover code does not apply, it is possible to include provisions in the articles prohibiting or restricting the acquisition of shares in the circumstances envisaged by the code and giving the directors wide powers (commensurate to the extent possible with those vested in the Takeover Panel) to deal with a breach of any such prohibition or restriction.

How is the Jersey holding company introduced?

A Jersey holding company can be introduced into a group structure in a number of different ways. These include the following.

New businesses, where the client intends to float in the years to come

In these cases, we can incorporate a Jersey company from the word go and, working with the client's tax advisers and put in place the most effective structure from the outset to meet the client's needs.

Existing businesses

We can incorporate a new Jersey company and then reorganise an existing group companies so that the Jersey company is inserted as a new holding company. This can be done in a number of ways, although a simple share for share exchange or a court approved scheme of arrangement are the most common, depending on the circumstances.

Migration or merger

If the laws of its country of incorporation permit, an existing foreign holding company may migrate to Jersey. In doing so, it ceases to be incorporated in its original country of incorporation and instead continues in existence as a registered Jersey company. Similarly, provisions in Jersey company law allow a foreign holding company to merge with, and continue as, a Jersey company.

Establishing and marketing the Jersey company

Forming and maintaining the company

Incorporating a new Jersey holding company is straightforward and can be done on a same-day basis once the Jersey administrator has received all client due diligence documentation. Once incorporated, the company must maintain its registered office and register of members in Jersey but is not required to have Jersey-resident directors. Ogier frequently handles the incorporation process for its clients and also provides registered office and company secretarial services on an ongoing basis.

In addition, electronic registrar services can be provided by local subsidiaries of UK-based registrars in Jersey (Computershare and Link, for example) to support the volume of trading in shares of a listed company. Jersey law specifically permits securities to be uncertificated and a Jersey company's shares are capable of being held and traded in dematerialised form on certain specified exchanges around the world. Otherwise, for exchanges like the Australian Stock Exchange, depositary interests can be traded via the CHESSE depositary system.

Marketing the company's shares

In terms of marketing, the shares in a Jersey holding company will generally be capable of being marketed freely from a Jersey law perspective. One point to note is that the offer / admission document that is sent to prospective investors may amount to a prospectus for Jersey law

purposes, and regulatory consent required. However, these are not considered onerous, particularly when other formal approvals may also be required in certain markets where the shares may be sold, and they essentially involve:

- i. limited Jersey-prescribed information and statements being included in the offer/admission document (few amendments are normally required to the original drafting)
- ii. the prior written consent of the Registrar of Companies in Jersey being obtained before the prospectus is circulated (this consent can be obtained in advance so as not to delay the overall process)
- ii. a copy of the final offer / admission document being delivered to the Registrar, signed on behalf of the directors of the issuing Jersey company

Recent amendments to the Companies Law have limited where an offer / admission document constitutes a prospectus. Now where offers are made to qualified or professional investors, or the denominations of the securities, or the minimum consideration to be paid for the securities to be acquired are at least €100,000 (or equivalent amount in another currency), they will not be regarded as offers which require a Jersey prospectus and therefore a regulatory consent.

There are other marketing considerations which may have an impact on how one structures a listed holding company. For example, some investors, particularly those in Europe and North America, require shares or securities to be issued by an issuer which is appropriately recognised or regulated (such as an OECD territory issuer). Some require any investment to be held as shares rather than depositary receipts - Jersey companies can do both. Thus, with its high standards and wide recognition, Jersey as a jurisdiction can normally provide that crucial advantage to a successful offering.

About Ogier

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Key Contacts



Raulin Amy

Partner

Jersey

E: raulin.amy@ogier.com

T: [+44 1534 514239](tel:+441534514239)



Richard Daggett

Partner

Jersey

E: richard.daggett@ogier.com

T: [+44 1534 514071](tel:+441534514071)



Simon Dinning

Partner

Jersey

London

E: simon.dinning@ogier.com

T: [+44 1534 514251](tel:+441534514251)



Matthew Shaxson

Group Partner, Ogier Legal L.P.

Jersey

E: matthew.shaxson@ogier.com

T: [+44 1534 514064](tel:+441534514064)



Nathan Powell

Partner 合伙人

Hong Kong

E: nathan.powell@ogier.com

T: [+852 3656 6054](tel:+85236566054)

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