

# At the heart of global markets

Elise Donovan outlines the pivotal role that the BVI plays in supporting the global economy, which lies in the expertise and services that the BVI offers

International financial centres, such as the British Virgin Islands (BVI), remain vital cogs in boosting the global economy by enabling investment, facilitating sophisticated transactions, and making for a more efficient global marketplace.

The BVI's international business and financial centre has continued to go from strength to strength in recent years despite devastating hurricanes, the COVID-19 pandemic, and other global political and geo-economic challenges.

The resilience and agility displayed has enabled the BVI to overcome these challenges with gusto, a trait that the BVI has demonstrated time and time again.

Not only does it attract companies and individuals from around the world to do business, but the BVI also plays a pivotal role in supporting the growth of the global economy.

This continued success lies in the expertise and services that the BVI offers across the whole lifecycle of a company, from incorporation, through mergers and acquisitions, public listings, privatisation, digitalisation, restructuring, litigation, insolvency, and liquidation.

These services are provided by a network of BVI-specialised practitioners from the world's leading corporate firms, trust companies, law firms and accounting firms. The jurisdiction's tax neutrality, agile corporate framework, low administrative costs, and strong legal sector have long created the perfect ecosystem to conduct business.

The BVI's commitment to a robust regulatory framework and international standards, in lock step with its dedication to driving innovation in financial services, have also been key components of its success.

This has resulted in companies choosing the BVI as a premium jurisdiction, making it the largest offshore international finance centre for company incorporations and related business. So far, in 2022, the BVI saw the highest number of first-quarter new incorporations in four years.

Moreover, in the first half of 2022, BVI financial services firms acted on tens of billions of high-value, sophisticated transactions, from initial public offerings (IPOs) and registered direct offerings (RDOs) to complex debt restructuring and launching new funds.

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Below are some of the highlights:

## **M&A**

BVI Financial Service firms have advised companies on all aspects of mergers and acquisitions (M&As) across various sectors.

For example, in the technology sector, law firm Mourant advised Nasdaq Stockholm-listed Stillfront Group, a powerhouse of gaming studios, on the \$201 million acquisition of Six Waves Inc, a BVI company. The acquisition of the computer game developer included an earn-out capped at US\$100 million and will add to Stillfront's diverse and exciting games portfolio.

In infrastructure, law firm Maples and Calder provided BVI counsel to SCC Power on its acquisition of the business enterprise of Stoneway Capital Corporation, consisting of four power generation facilities in Argentina. As part of the acquisition, SCC power issued a total of \$527 million in lien notes to certain Stoneway creditors and interest holders. The move has allowed SCC Power to stabilise operations and enhance cash flow generation.

The BVI's close links to Asia continued to play an important part in its international offering when law firm Harneys acted as the BVI counsel to Hong Kong-listed NWS Holdings Limited for its \$340 million acquisition of logistics properties in China from Goodman China Logistics Partnership.

The transaction marked a major milestone in NWS's expansion into the logistics property market and is a prime example of companies benefiting from the jurisdiction's global presence and expertise.

## **Take-private**

Take-privates are a rarity in international finance. This year, BVI financial services firms have been instrumental in several significant deals, including Ogier representing the Atairos group in a ground-breaking \$580 million take-private of Ocean Outdoor Limited, which operated the famous Piccadilly Lights screen in London. The innovative use of a BVI Statutory Merger allowed the transaction to be completed without involving the courts.

In healthcare, Walkers functioned as BVI legal counsel to Pfizer Inc. on its US\$11.6 billion acquisition of NYSE-listed Biohaven Pharmaceutical. The take-private transaction was implemented by way of a BVI statutory merger. The resulting merger is the largest ever takeover of a publicly listed BVI company by transaction value.

## **Additional capital**

As a global financial centre, the BVI is perfectly positioned to facilitate multi-jurisdiction deals. Earlier this year, Harneys acted as BVI counsel in the \$130 million term loan financing of Adium Pharma S.A. by a consortium of lenders across five jurisdictions, mainly in South America.

Law firm Ogier advised on an extension and increase of a multi-currency revolving credit facility for real estate investment firm Colliers. The deal increased Colliers' borrowing capacity from \$1 billion to \$1.5 billion. The additional capital will be linked to sustainable projects sustainability as part of Colliers' Elevate the Built Environment framework.

Following the launch of Marwyn Acquisition Company II on the London Stock Exchange, law firm Conyers advised on the \$577 million funding round. Following the successful launch of that 12-month placing programme, Conyers advised Marwyn Acquisition Company III on an additional \$577 million share issuance, bringing the total funding rounds to \$1.2 billion.

## **Restructuring**

The BVI's distinctive restructuring framework provides firms in the jurisdiction the ability to effectively assist in restoring business viability for companies as well as offering leading insolvency services.

Recently, Ogier in the BVI advised the Hong Kong-based global commodities trading business, Noble Group, on its \$1.3 billion financial restructuring, which was implemented through a lender-led BVI share pledge enforcement. The restructuring de-leveraged the group and transitioned part of the ownership to its noteholders.

## **Investment/funds**

The investment funds sector in the BVI has also been an area of focus and growth. For example, O'Neal Webster has advised on the formation or conversion of multiple open-ended investment funds in the first two quarters of 2022 and several approved manager applications for clients primarily based in North America and Asia.

In addition, Walkers' BVI office acted as counsel to The Central America Bottling Corporation in relation to its \$1.1 billion offering in the first US dollar-denominated Sustainability-Linked Bond (SBL) by a bottling company in the region.

The offering also broke new ground by being the first SLB by a Central American issuer and the second largest single tranche SLB by a Latin American issuer ever.

## **Digital assets**

The BVI continues to champion innovative technologies and asset classes. Building on the reputation and success of its excellent corporate product, the BVI has become a beacon for innovative companies in the digital asset space.

Earlier this year, two such companies, a global energy-saving bitcoin mining operator - SAITECH Limited - and a clean-tech company that integrates Bitcoin mining, heating, and power industries - TradeUP Global Corporation - completed their 'De-SPAC' business combination.

As a result, transaction values for the company reached \$188 million, up from \$8 million in the first half of 2021. Harneys acted as BVI to SAITECH over the acquisition of TradeUP Global Corporation, a publicly traded special purpose acquisition company.

The BVI has become an attractive crypto destination because of its success in balancing innovation with a robust and stringent regulatory landscape.

In February this year, Chainswap, a BVI incorporated company that provides for 'cross-chain bridging' - the process of synthetically transferring cryptocurrency tokens between different blockchains - was hacked on at least one occasion. ChainSwap sought urgent ex-parte relief in the Commercial Court to recoup the stolen assets. In a first for the BVI, the Court granted a worldwide freezing order against the persons unknown accused of stealing the digital assets.

Similarly, advisory firm Teneo BVI, after being appointed by the court, took control of high-profile Three Arrows Capital assets, the \$10 billion crypto hedge fund that the courts ordered liquidated.

This September the BVI Financial Services Commission granted an investment business license to Huobi subsidiary Brtuomi Worldwide Limited (BWL) to operate a virtual asset exchange. BWL plans to offer a range of crypto trading services, including spot trading of cryptocurrencies like Bitcoin and Ether as well as derivatives trading.

According to the company, they are the first digital asset trading platform operator in the BVI, licensed to run an institutional-grade crypto trading platform for both professional and retail investors.

Huobi is one of the world's largest exchanges, processing over \$3.5 billion in combined spot and derivatives trading volume daily from traders in 160 countries.

### **Going from strength to strength**

As these examples show, the experts doing business in the BVI's international business and finance centre are engaged in the types of substantive, high-value transactions essential to the functioning of global markets.

The BVI's financial services sector's ability to remain resilient and prosper while operating in a shifting economic and regulatory landscape has enabled the jurisdiction to remain competitive and consolidate its position as one of the world's leading international financial centres. ■

### **Elise Donovan is CEO of BVI Finance**