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JERSEY  
FUNDS  
ASSOCIATION



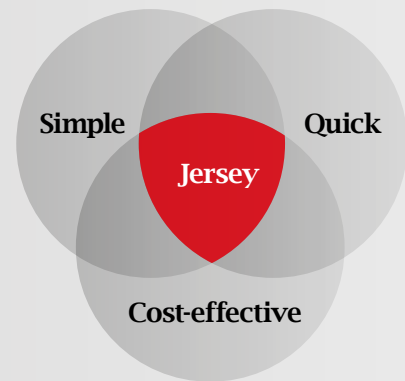
**Jersey Finance**

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# Jersey Offering Certainty and Clarity for Funds

There are compelling reasons to use Jersey for private fund structures as opposed to those found in other fund domiciles such as Cayman. Jersey offers certainty to fund managers because of its expertise in governance and compliance with international standards. In an increasingly complex global environment, the importance of this expertise cannot be underestimated. Jersey's readiness to adapt easily to a changing global regulatory environment makes it a future proof choice.

In particular, the Jersey Private Fund (JPF) offers a cost-effective and fast-track solution for funds and combined with easy access to European investors and our expertise in governance, Jersey offers certainty and clarity for funds.



## Jersey – A Clear Choice for Private Funds

- Lower cost of formation and maintenance, with no requirement for a JPF to appoint an auditor
- Tax neutrality and great credentials on compliance with international standards
- An internationally respected regulatory environment for funds
- Investor familiarity, especially when marketing into the EU (European Union)

	Jersey	Cayman
<b>Private Funds</b>	<p>A Jersey Private Fund (JPF) is a private investment fund involving the pooling of capital raised for the fund and which operates on the principle of risk spreading. Importantly, however, the following are expressly stated as not being intended to fall within the definition of a JPF:</p> <ol style="list-style-type: none"> <li>1. holding companies;</li> <li>2. joint ventures;</li> <li>3. securitisation vehicles;</li> <li>4. family office vehicles; and</li> <li>5. carry/incentivisation vehicles.</li> </ol>	<p>The definition of private fund captures any company, unit trust or partnership that offers or issues or has issued its non-redeemable investment interests, the purpose or effect of which is the pooling of investor funds with the aim of enabling investors to receive profits or gains from such entity's acquisition, holding, management or disposal of investments, where:</p> <ol style="list-style-type: none"> <li>(a) the holders of investment interests do not have day-to-day control over the acquisition, holding, management or disposal of the investments; and</li> <li>(b) the investments are managed as a whole by or on behalf of the operator of the private fund directly or indirectly, but does not include (among other things) any non-fund arrangements including, for example, holding vehicles, joint ventures, proprietary vehicles, debt issuing vehicles, employee incentive schemes, structured finance vehicles.</li> </ol>

	Jersey	Cayman
<b>Audit</b>	There is no obligation under the JPF Guide for a JPF to appoint an auditor or audit its financial statements. This makes the JPF regime cost effective compared to Private Fund rules in other jurisdictions.	Audited financial statements signed-off by a Cayman Islands auditor must be submitted to CIMA within six months of a private fund's financial year end. The PF Act provides a broad scope for private funds to select the accounting standards to be applied in the preparation of their financial statements. Private funds are also required to submit an annual return to CIMA.
<b>Number of Directors</b>	Where a JPF is structured as a company, there is no requirement for Jersey resident directors. Similarly, where a JPF is structured as a partnership or unit trust, there is no requirement for the general partner/ trustee to be incorporated in Jersey or for the general partner/ trustee to have Jersey resident directors. However, whilst there is no explicit requirement for mind and management to be in Jersey, the JPF Guide does state that the JFSC's expectation is that there would be one or more Jersey resident directors on the board of the JPF's governing body.	Although not specified in the Cayman Private Funds (PF Act), CIMA will require all private funds to have at least two natural persons acting as, or for, the operator (e.g., on the board of directors of the general partner) of the private fund. Directors appointed to private funds are not required to be registered pursuant to the Director Registration and Licensing Act, 2014.
<b>Service providers</b>	<p>A JPF has to appoint a designated service provider (DSP). The DSP must be registered pursuant to the Financial Services (Jersey) Law 1998 and must be an existing, full-service Jersey entity regulated by the JFSC. Some of the DSP obligations include (for a full overview, the JPF guide is available on the JFSC website):</p> <ul style="list-style-type: none"> <li>▪ ensure that all necessary due diligence on the JPF and all related parties (including the promoter and service providers) is carried out;</li> <li>▪ ensure compliance with all necessary Jersey AML/ CFT requirements;</li> <li>▪ ensure all documents relating to its due diligence enquiries are readily retrievable in Jersey;</li> <li>▪ completing and submitting the JPF Form and the JPF Return;</li> </ul>	There is no similar DSP requirement but there are a variety of ongoing obligations in relation to valuation, safekeeping, custody, AML/CFT, cash monitoring and FATCA & CRS (Common Reporting Standard) for Cayman private funds.
<b>Investor Restrictions</b>	The number of investors shall not exceed 50, with each investor being either a "professional investor" (as defined the JPF Guide); or an "eligible investor". Retail investors are not permitted to invest in a JPF.	N/A

Disclaimer: This factsheet is only intended to provide a general overview of the subject matter. It does not constitute, and should not be treated as, legal advice.

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