

Jersey

A Gateway to Europe for South Africa Fund Managers



Direct access to UK and EU capital



Future-proofing in view of Brexit



Six weeks to set-up



Limited remuneration disclosure

A recognised path

Jersey-based fund managers are located in a 'third country' from a European Union (EU) perspective and therefore the full scope of The Alternative Investment Fund Managers Directive (AIFMD) need not apply. This means that they may not be required to comply with certain more onerous elements, such as reporting and disclosure of remuneration. Importantly, the benefits of a Jersey manager can apply wherever the funds themselves are domiciled, be it in Jersey or elsewhere.

Put simply, access to Europe through the National Private Placement Regimes (NPPR) using a Jersey manager is a well-established model offering clear advantages.

NPPR is a recognised path and a model that has worked, and continues to work extremely well. At the end of December 2018, there were 168 managers in Jersey marketing over 314 funds into the EU alone using the NPPR route (Jersey Financial Services Commission, JFSC). South African managers account for the 8th largest pool of capital globally in respect of Jersey-based fund promoters. This includes firms such as Stanlib, Ashburton, Novare, Ethos, Westbrooke and Fountainhead and we very much look forward to building on these foundations.

Figures from Preqin show that 55% of European investors in alternative real estate and 62% in private equity are based in the UK, Switzerland or the Netherlands. From 2019, only one of those three countries will be in the EU, therefore the ongoing onerous regulation and expense in order to access only one or two EU Member States will be disproportionate when a simpler alternative is available. The reality is that few managers need blanket access to all EU Member States. In cases where they do, then an onshore option works best, but with European Commission figures suggesting that 97% of managers actually market to three EU markets or less, then private placement offers a very credible, fast, cost-effective and sensible option.

A global hub

For decades, Jersey has set itself apart as a reputable, centrally located jurisdiction for investors from key global markets. Jersey provides excellent third country access to the EU market through the use of NPPR to non-EU countries.

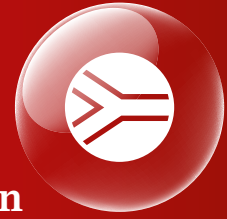
- **Speed to market:** The process, including regulatory applications and approvals, takes weeks not months, with the regulator committing to approve this type of fund launch in six weeks.
- **Cost effectiveness offers better returns:** Jersey's streamlined regulatory regime can result in lower running costs and higher investor returns in a jurisdiction free from value added tax (VAT).
- **Regulatory certainty and innovation:** The JFSC is an approachable, globally respected and co-operative regulator, supervising pragmatic regulation that meets international standards (the International Monetary Fund, the International Organisation of Securities Commissions, the European Securities and Markets Authority and the Financial Action Task Force).
- **Tax simplicity:** Jersey offers a tax-neutral environment with no VAT or capital gains tax (CGT) and is not reliant upon a complex system of tax rulings, exemptions and deductions, hybrid financing or double tax treaty networks.
- **Political and economic stability:** Jersey is a politically and fiscally autonomous and stable British Crown Dependency with a secure, special relationship with the United Kingdom (UK), but outside of the UK and outside of the EU. We are therefore perfectly positioned with regards to Brexit developments.
- **Remuneration:** To obtain a full AIFMD 'passport' in Europe, the manager is required to disclose remuneration details of key employees including partners. If a manager does not need to market on a pan-European basis, there is no great benefit to an AIFMD passport and a lighter approach is permissible under the NPPR.

Assets under administration in Jersey

Jersey AUA
up 70% over
the past
five years



South Africa
promoters
= the eighth
biggest source
of assets by
promotor origin



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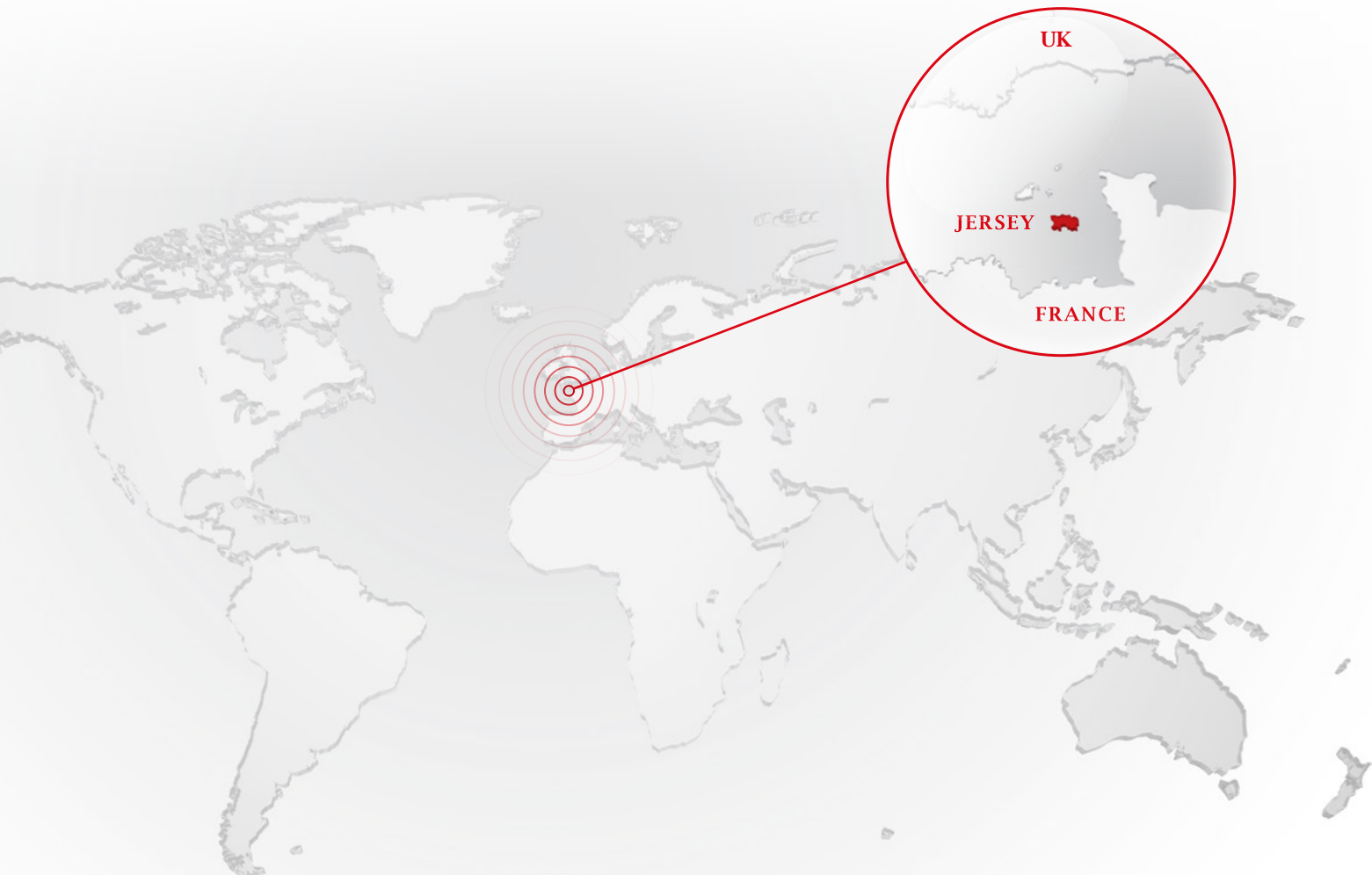
As Global Head of Business Development, Allan is responsible for overseeing the promotion of Jersey as a leading international finance centre across key strategic overseas markets including Africa, the Gulf region, Greater China, the US and the UK.



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Elliot is focused on defining the strategy and execution of marketing Jersey as both a domicile and destination for hedge and private equity management companies and funds based in the UK, US, Switzerland and Europe.



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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