

Jersey

First for Funds Throughout Brexit

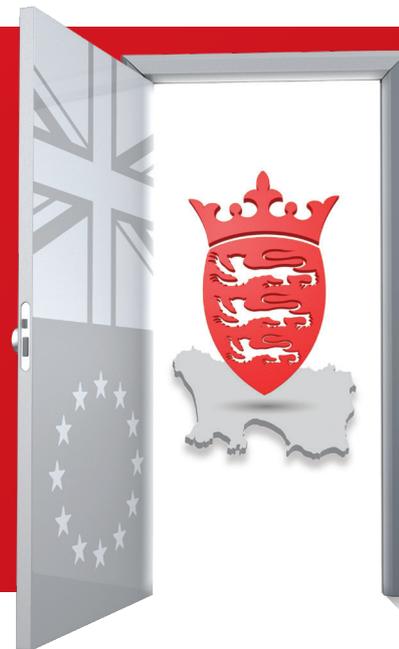


Jersey Finance

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As UK/EU negotiations are moving slowly, the full impact of Brexit remains uncertain. Investors, however, will seek stability and certainty throughout current negotiations and beyond – putting Jersey’s stable, political and financial environment in a positive position.

Jersey has had phenomenal success as a ‘third country’ in relation to the EU and is ideally placed to assist financial professionals and organisations navigate the current uncertainty for a prosperous future.



Certainty

Jersey has never been part of the EU but has excellent, long-standing bilateral relationships with its Member States and established European market access arrangements for its asset management industry.

These arrangements are entirely independent of the UK and as such will not be impacted by Brexit.

On the other side of the Brexit equation, Jersey’s access to the UK is guaranteed under its UK Private Placement Agreement there. To augment this, our regulator recently secured continued access to the UK, including in the event of a no deal Brexit.

In this way, Jersey bridges the gap between the EU and the UK in both a pre and post-Brexit environment, and takes off the table the uncertainty of what will happen in the UK after the end of the transition period on 31 December 2020.

Flexibility

The flexibility of Jersey’s funds regime means, irrespective of Brexit, the Island can offer unencumbered marketing into the UK and the EU, but also the rest of the world.

Jersey funds are marketed to EU investors in Member States via National Private Placement Regimes (NPPRs), an alternative route to the full onshore EU Alternative Investment Fund Managers Directive (AIFMD) passport. While Jersey can offer an equivalent, full AIFMD compliant regime, the Island’s funds sector is finding, in many cases, the cost-effective, targeted and bespoke NPPR option is the preferred route. There are currently in excess of 320 funds marketing to EU investors through Jersey in this way.

When it comes to the rest of the world, Jersey, being outside the EU, can offer entirely AIFMD-free marketing to non-EU

investors. This removes additional AIFMD depositary, capitalisation, risk management and reporting costs, resulting in lower overall running costs and higher investor returns, all in a VAT-free environment.

Furthermore, Jersey can offer flexible fund structuring with faster authorisation processes than many EU Member States and is quicker to take products to market; authorisations are granted in days for smaller and lighter regulated structures and in weeks, not months, for closely regulated structures.



Simplicity

An antidote to the confusion stemming from Brexit, the Jersey funds sector can offer simplicity.

For instance, the Island's tax-neutral environment for funds means there is no reliance on a complex system of tax rulings and exemptions. This contrasts greatly with EU Member States where funds operate in a taxable environment adding higher advisory costs and less operational flexibility to achieve the same tax neutral outcome for investors.

Jersey can offer streamlined regulatory products, with far lower regulatory application and annual fees, greater tax simplicity and an ability to market funds to global investors outside the full AIFMD compliance environment.

The introduction of the fast-track Jersey Private Fund (JPF), which offers funds with up to 50 professional investors authorisation in as little as 48 hours, has proved a resounding success.

Substance

Jersey offers the experience and substance to carry it into the future beyond Brexit.

With almost 14,000 skilled finance workers, from fund administrators and depositories to lawyers and non-executive directors, Jersey can provide significant depth of experience locally across all asset classes. Its regulator, the Jersey Financial Services Commission (JFSC), is globally recognised and has worked with industry to provide innovative products, such as the JPF.

Jersey already hosts asset managers with full substantive office presence on the Island, as well as offering risk and portfolio management expertise, and comprehensive administrative services to those managers requiring operational support on the ground.

While the current uncertainty is undoubtedly going to continue for some time, Jersey, thanks to the flexibility of the NPPR route and the Island's continued access to UK investors, is a sensible choice for fund managers looking to future-proof their EU-focussed funds in the lead up to and post-Brexit.



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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