JERSEY FUNDS ASSOCIATION

Jersey Finance
Delivering Insight • Driving Innovation

National Private Placement Regimes

The regime

Jersey offers easy and cost-effective marketing into the EU through National Private Placement Regimes (NPPRs), providing managers with an attractive alternative to the Alternative Investment Fund Managers Directive (AIFMD) passport.

The AIFMD 'passport' allows EU investment funds to be distributed across the EU. However, the EU investment fund market is still predominantly a national market – in fact, only 3% of EU alternative investment funds (AIFs) are registered for sale in more than three Member States.

NPPR works thanks to bilateral agreements between Jersey's financial regulator and those in each EU Member State, and Jersey has these in place with the majority of EU countries. Brexit has not impacted these agreements.

Crucially, marketing through NPPR offers a lighter regulatory burden and therefore often a lower cost to managers than the AIFMD passport. In a nutshell, using Jersey offers alternative fund managers:

- future certainty
- simplified regulatory obligations
- flexibility
- a tried and tested regime
- a cost-effective platform

A success story

The NPPR route through Jersey is working extremely well. Recent figures show that the number of alternative fund managers (AIFMs) choosing to future-proof their EU-focussed funds through Jersey grew year-on-year as at March 2022, to stand at 200 managers.

Meanwhile, the total number of Jersey alternative investment funds (AIFs) being marketed into the EU through NPPR also increased to stand at 369.

Private placement – the solution

Jersey offers a compelling proposition. But don't just take our word for it – the following pages are some real-life examples of funds launched in the past two years where a Jersey-based AIFM has successfully raised EU capital through private placement, some through reverse solicitation and some through active marketing.

As the following case studies show, Jersey's NPPR route is working incredibly well in practice and is an optimal solution for managers based in a diverse range of non-EU countries running a broad range of fund types, sizes and asset classes. The message is clear – Jersey is playing a key role in enabling managers to continue to market their funds to EU investors through its tried and tested private placement platform.

Case study one

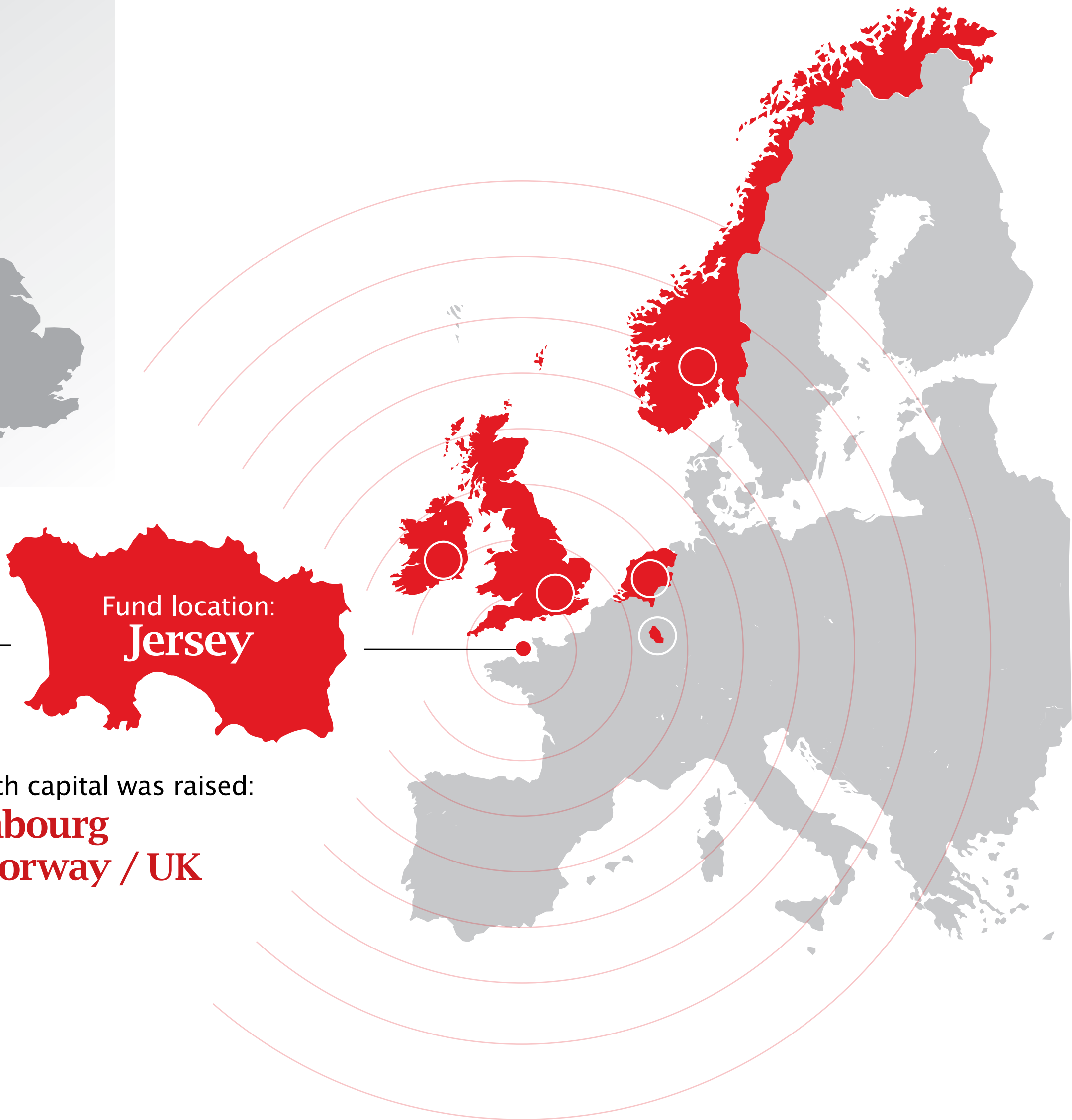
This UK venture capital fund set up a Jersey fund and raised €240m from EU investors – around half the fund's total size - across five EU markets – the UK, Netherlands, Norway, Luxembourg and Ireland.

Total fund size:
< €500m

Capital raised
from EU investors:
€240m

Asset class:
Venture capital

Adviser location:
UK



EU countries from which capital was raised:
Ireland / Luxembourg
Netherlands / Norway / UK

Case study two

With its adviser based in the Nordic region, this mid-market European buy-out fund set up a Jersey fund and raised a significant proportion of its total capital from EU investors based in 10 different EU markets.

Total fund size:
< €2bn

Capital raised from EU investors:
€800m

Asset class:
Mid-market buy-out

Adviser location:
Nordic

EU countries from which capital was raised:
Belgium / Cyprus / Finland
France / Germany
Luxembourg / Netherlands
Spain* / Sweden / UK

*includes capital raised via reverse solicitation

Case study three

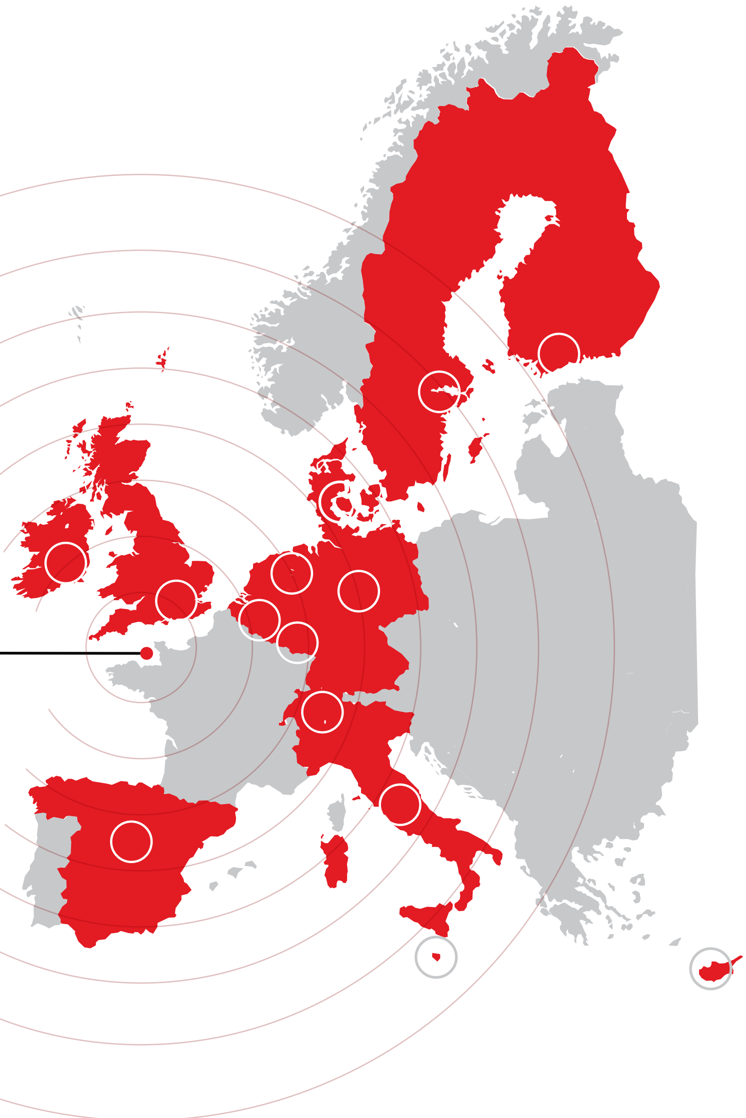
This large €5bn private equity fund had considerable cross-border interests, with its advisers based in various countries in Europe and the Americas, and investing in assets in Europe and North America. By setting up a Jersey fund it was able to raise €3bn from EU investors spread over 14 different EU markets.

Total fund size:
> €5bn

Capital raised from EU investors:
€3bn

Asset class:
Private equity, focussed on Europe and North America

Adviser location:
Europe and Americas



EU countries from which capital was raised:
Belgium / Cyprus / Denmark
Finland / Germany / Ireland
Italy* / Luxembourg / Malta
Netherlands / Spain*
Sweden / Switzerland / UK

*includes capital raised via reverse solicitation

Case study four

This fintech-focussed private equity fund had its adviser based in the UK and Switzerland, and raised around half of its total capital (between €400m and €500m) from investors across nine EU locations.

Total fund size:
> €500m

Capital raised from EU investors:
€215.5m

Asset class:
Private equity focussed on fintech

Adviser location:
Switzerland and UK

EU countries from which capital was raised:
Belgium / Denmark
France / Germany / Italy*
Luxembourg / Netherlands
Spain* / UK

*includes capital raised via reverse solicitation