

● EXPERT FUNDS IN JERSEY

INTRODUCTION

An Expert Fund is a collective investment fund (as defined at Article 3 of the Collective Investment Funds (Jersey) Law 1988 (the "Law") established in Jersey for Expert Investors only (see below). In short, subject to various regulatory prerequisites, it is a fund set up for sophisticated, high net worth individuals and/or institutional investors.

THE 'EXPERT INVESTOR'

An Expert Investor is defined in the 'Jersey Expert Fund Guide' (the "Guide") prepared by the Jersey Financial Services Commission (the "JFSC") and the definition includes the following criteria:

- an individual who has a net worth greater than US \$1,000,000 (excluding principal residence); or
- a company, partnership or trust which has assets available for investment of not less than US \$1,000,000; or
- an investor who makes a minimum initial investment of US \$100,000.

The number of Expert Investors is not restricted, but each Expert Investor must acknowledge in writing that he has received and accepted the standard worded investment warning displayed in a prominent position in the Offer Document (see below).

THE STRUCTURE

An Expert Fund may take any form recognised under the laws of Jersey such as a company, cell of a cell company, limited partnership or unit trust. It may be an open-ended (a fund open for both subscriptions and redemptions) or a closed-ended fund (restrictions imposed in respect of subscriptions and redemptions) with at least two Jersey resident directors with appropriate experience appointed to the fund or the GP of the fund.

FUND SERVICE PROVIDER

The Expert Fund must appoint a Jersey-based manager, administrator or trustee which is regulated in Jersey and having at least two resident Jersey resident directors. One of the appointed fund service providers must be responsible for monitoring the investment manager to ensure its actions do not breach the investment and borrowing restrictions applicable to the Expert Fund. An investment manager must be of good demonstrable standing.

THE OFFER DOCUMENT

This document must clearly set out all facts and include all relevant information in respect of the Expert Fund in order to assist the potential Expert Investor, and their professional advisor, fully evaluate the Expert Fund prior to making any investment. It should cover, amongst other things, the structure of the Expert Fund, the investment objective, any conflicts of interest and investor voting rights. In addition, a standard worded director statement of reasonable care and an investment warning should be included.

OTHER CONSIDERATIONS:

- The Name : the name must not be undesirable or misleading.
- Borrowing : Subject to JFSC approval, there are no restrictions on borrowing or gearing provided that the intention by the Expert Fund to borrow or gear is clearly disclosed in the Offer Document.
- Like an LP, it must consist of one or more general partners and one or more limited partners;.
- Transfers : will need to be restricted to ensure any interest (such as shares or units) in the Expert Fund is not transferred to a non-Expert Investor.
- Stock Exchange : with the consent of the JFSC an Expert Fund may be listed.
- Changes : any changes to the constitutional documents and/or information provided to the JFSC should be notified to the JFSC within 28 days.

AUTHORISATION

The manager, administrator or trustee must complete and then forward the appropriate application form to the JFSC together with any supporting documentation. The application form must be countersigned by the directors of the fund company, the manager, the general partner or the trustee. The JFSC aims to authorise the Expert Fund within 72 hours provided that a fully completed application form is received, it confirms that it accords with the Guide and all enquiries are satisfactory answered.

FEES

On making the application a fee of £1,000 is payable to the JFSC for the fund certificate together with an addition £1,000 for each fund service provider. Annual charges will depend upon the total number of pools of assets in the Expert Fund.

**FOR MORE INFORMATION,
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