

• LISTED FUNDS IN JERSEY

INTRODUCTION

A Jersey Listed Fund is a collective investment fund (as defined at Article 3 of the Collective Investment Funds (Jersey) Law 1988 (the "Law")) incorporated as a closed-ended company in Jersey and listed on a recognised stock exchange. A list of the recognised stock exchanges may be found at Appendix 1 of the 'Jersey Listed Fund Guide' (the "Guide") prepared by the Jersey Financial Services Commission (the "JFSC").

Whilst this regime is currently only available to companies the JFSC intends in the near future to include other types of investment vehicles such as limited partnerships and unit trusts.

Since the authorisation procedure is based on self-certification by the fund administrator or other fund service provider (an entity registered to carry on fund services business under the Financial Services (Jersey) Law 1998) ("FSP") the application can be processed extremely quickly by the JFSC – the aim being within three working days.

STRUCTURAL AND REGULATORY REQUIREMENTS: IN BRIEF

The Listed Fund must satisfy the following requirements:

- a** have a listing on a recognised stock exchange.
- b** be a closed-ended Jersey company.
- c** the majority of the board must be independent whilst at least two directors must be Jersey resident with appropriate experience. The board must regularly review the investment strategy and risk profile of the Listed Fund and the performance of any investment manager.

- d** any investment manager must be of good standing and should, amongst other things, possess relevant experience in relation to such fund structures.
- e** appoint an administrator or other Jersey FSP which has at least two Jersey resident directors with appropriate experience and a presence in the Jersey. Such FSP will be responsible for monitoring the investment manager.
- f** have satisfactory custody arrangements for the safe custody of the fund property.
- g** the name of the Listed Fund must not be misleading or undesirable.
- h** an auditor must be appointed.
- i** there are no borrowing or gearing restrictions provided the approach to be adopted is clearly disclosed in the Offer Document.
- j** there is also no restriction on the type or number of investors in the Listed Fund. Duties as to Investment.

A proposed Listed Fund will of course not in all cases satisfy all of the criteria provided for in the Guide. It is possible to agree derogations with the JFSC and the Investment Fund Team at Collas Crill are happy to assist with this.

THE FUND SERVICE PROVIDER

The Listed Fund must appoint a Jersey-based FSP or administrator which is regulated in Jersey and having at least two resident Jersey resident directors. The FSP will be responsible for monitoring the investment manager to ensure its actions do not breach the investment and borrowing restrictions applicable to the Listed Fund. Any 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 Listed Fund in order to assist the potential investor, and their professional advisor, fully evaluate the Listed Fund prior to making any investment. It should cover, amongst other things, the structure of the Listed 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.

Any material changes to the constitutional documents and/or information provided to the JFSC should be notified to the JFSC within 28 days.

AUTHORISATION

The administrator or FSP 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 JFSC aims to authorise the Listed Fund within 72 hours provided that a fully completed application form is received, it confirms that it accords with the Guide and any JFSC 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 FSP. Annual charges will depend upon the total number of pools of assets in the Listed Fund.

**FOR MORE INFORMATION,
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