

Jersey: An ideal place for fund startups, begin your journey

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As frequent advisers on Jersey fund start ups, Collas Crill are often involved in preliminary structuring discussions with new fund managers and sponsors.

These sponsors are typically focussed on 'alternative' assets such as real estate, private equity, venture capital, debt and infrastructure assets for a professional / sophisticated / institutional / HNW / sovereign wealth fund investor base (i.e. not necessarily retail investors).

We understand the anxieties that often sit behind the questions we receive, namely:

- Will investors be turned off if I choose a particular jurisdiction and are my choices for this project 'market standard' or novel?
- Will the reality meet the hype that I'm given from advisors and service providers or industry bodies?
- How do I manage this launch efficiently so I don't incur massive costs before I've even got commitments from investors?
- Am I speaking to the right people about the right issues and can I rely on them?
- How can I maximise my chances of making this project a success?

Experience and Support

It's key to establish a great team and trusted network of service providers and advisers who have experience at guiding you through the complexities.

Jersey has a skilled workforce of over 14,000 people who are expert at running your structure and understanding the underlying assets, including world leading global advisors and service providers which keeps costs competitive and client service levels high.

Quality service provision ultimately increases returns to investors.

Kick the tyres

Physical proximity to key financial markets such as the UK and EU means ease of visiting, relationship building and substance. A similar time-zone to your team and your investors helps to make the day to day operations and the execution of transactions as seamless as possible. Jersey's excellent tech/infrastructure helps operate virtually with the 3rd fastest global broadband speed and it is well placed for digital closing of transactions, business continuity and remote working.

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Access to Investors

Jersey provides an environment that has the appropriate balance between a robust regulatory framework and flexibility to enable you to access your investors.

Outside of the EU/EEA, Jersey provides a relatively frictionless way for global investors to pool capital efficiently.

For EU/EEA investors, Jersey utilises the national private placement regime (**NPPR**) meaning that fundraising can be surgical and efficient on a country by country basis without having to incur an ongoing large cost of an EU/EEA AIFM. Interestingly, with some 97% of EU funds being distributed in three or fewer countries, NPPRs can be a more efficient option than an onshore structure.

Jersey's entry into an MoU with the UK Financial Conduct Authority ensures that Jersey funds can continue to market into the UK under the NPPR and provides certainty to both sponsors and investors.

Don't leak

It is usually critical to try and ensure that there is tax neutrality for the fund vehicle itself (as various taxes will usually already be being paid at the investor and underlying asset levels) whilst satisfying any applicable economic substance requirements.

Jersey has opted to be an international 'good neighbour' and through its longstanding international relationships with organisations such as the OECD and EU Code of Conduct Group, has chosen to maintain the highest international transparency, tax reporting and disclosure standards. Accordingly, new funds will be adhering to investor expectations in relation to good governance, reporting and international standards.

Jersey offers a variety of types of entity to meet structuring requirements including limited partnerships, unit trusts and companies, amongst others.

Expect the unexpected

Jersey and its regulator, the Jersey Financial Services Commission, are nimble and well run with good relationships internationally so no matter what happens, you can expect that Jersey will offer a regime that is 'best in class'.

With collective representation in the form of Jersey Finance, there is also comfort from the fact that the Jersey finance community and Government is in a position to work together on international and industry issues that arise from time to time.

Not a fund? No problem...

Collective pooling of capital for investment in multiple assets (i.e. risk spreading) or an open-ended vehicle, is likely to be classified as a fund. Having said that, the Jersey regulatory environment is flexible enough to allow an investment structure to adopt a different approach such as a single investor or single asset, joint venture or a special purpose/securitisation investment scheme.

First time funds

The Jersey Private Fund (**JPF**) provides an excellent regulatory regime for first time funds. Broadly, where there are offers of 50 or less to prospective investors, funds can access a really flexible regime and tailor their own approach.

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It also offers speed to market so you can act quickly on opportunities. If however an ability is required for either the fund to be listed or for more than 50 offers to be made, Jersey has regimes that can also cater for that. This can be helpful as a sponsor evolves and their investor base grows through subsequent fund launches.

Key Jersey stats

- Total NAV for regulated funds was £361.7bn as at 30 June 2020
- As at 30 June 2020 there were 347 JPFs with approximate of £42.9bn

Top practical tips for new funds from Paul Monahan, Executive Director at Langham Hall Jersey

1. Have your business plan ready. Have clear parameters and test it (and consider contingencies!)
2. Know your structuring needs. Get experienced guides to help.
3. Promoter due diligence - Be ready to provide due diligence to demonstrate your ability to fulfil your role as a fund sponsor.
4. Investors - Understand your investors, their investment objectives, risk appetites and taxation needs - these can impact structuring decisions.
5. Services and key service providers - Primary service providers are your lawyer, administrator and tax advisor. Explore/tailor what services you are going to need from your administrator – they are a key partner in your business for the life of your fund.

Langham Hall is regulated by the Jersey Financial Services Commission.

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