

Updates to the Jersey Private Fund Guide

UPDATE

Update prepared by Ben Robins and Joel Hernandez (Jersey)

On 2 July 2024, the Jersey Financial Services Commission (the **JFSC**) announced certain amendments to improve the Jersey Private Fund (**JPF**) regime. The changes came about through a collaboration with the Jersey funds industry and are designed to keep the JPF Guide up-to-date.

Introduction

The JPF regime has proved an enormous success since it was introduced in March 2017.

The JPF regime is set out in the Jersey Private Fund Guide (the **JPF Guide**) issued by the JFSC. The JPF Guide provides fund promoters with a cost effective, fast-track (48-hour) regulatory approval process for their private fund which can be offered to up to 50 investors that meet the eligibility requirements.

The Investment Funds team at Mourant advised on the first Jersey private fund in 2017 and has seen the regime grow from strength-to-strength. To date, over 700 funds have been authorised under the regime.

Updates to the JPF Guide

On 2 July 2024, the JFSC announced certain amendments to improve the JPF regime. The changes came about through a collaboration with the Jersey funds industry, and are designed to keep the JPF Guide up-to-date. They include:

1. **Carry and/or co-investment vehicles:** a recognition that co-investment can form part of a fund's carry/incentive arrangement. Previously, carried interest vehicles were not counted as an investor, however the amendments now extend to co-investment arrangements (provided they meet the requirements of the JPF Guide).
2. **Governing body:** the JFSC has clarified that its expectation is that there should be at least one, or more, Jersey resident directors appointed to the JPF board or to its governing body. The JFSC will look to collect further data on the number of Jersey and non-Jersey resident directors acting for a JPF, through the inclusion of a new question in the JPF annual compliance return.
3. **Investor eligibility**
 - (a) **General:** clarifying that investor eligibility is satisfied upon admission. That eligibility can continue to be relied upon notwithstanding a status change, eg a departing 'employee, director, partner or expert consultant'.
 - (b) **Transfers (eg death or bankruptcy):** for any involuntarily interest, such as on death or bankruptcy, there is no requirement for the transferee to qualify through the same criteria as the transferor, but the transferee will, itself, need to meet the investor eligibility requirements as defined in the JPF Guide.
 - (c) **Service providers:** expanding the categories of 'professional investor' for the benefit of the JPF's service providers, by:
 - replacing 'senior employee' with 'financially sophisticated employee' to take a more inclusive approach to the changing demographics within JPF fund management and/or advisory teams; and

- including a reference to 'expert consultant' to cater for added flexibility.
4. **Arrangements that fall outside the definition of a JPF:**
 - (a) certain changes have been made to the section that deals with arrangements that are not to be treated as JPFs. These helpful improvements include certain family (including family office) arrangements as well as some incentive arrangements (eg carry and/or co-investment vehicles). The definitions around employees and family connections (including the term 'relative') have been widened and now include trusts established for a person satisfying the wider definition of 'family connection' (not just for a specific person or their dependants); and
 - (b) the JFSC has clarified its expectation that a JPF should be either: (i) established in Jersey and/or (ii) have its governing body and management and control in Jersey. Where a JPF is established in a country or territory outside of Jersey and has its governing body and management and control outside of Jersey, the JFSC will request, post authorisation, additional data on the JPF to establish the indirect but relevant nexus to Jersey.
 5. **Additional changes:** certain consequential changes/references to the Money Laundering (Jersey) Order 2008 and the JFSC's Outsourcing Policy have been added into the JPF Guide.

Updated version of the JPF Guide

The updated and redline versions of the JPF Guide can be accessed through the [JFSC's website](#), or otherwise please approach your usual Mourant contact who can provide you with a copy.

Mourant Jersey Head of Investment Funds, Joel Hernandez, said:

'We're pleased to see the JFSC's commitment to work with the funds industry to refine and enhance the JPF regime. The JPF regime continues to provide an excellent solution for the global market through its effective, streamlined and proportionate regulation for a private investment fund. The speed and ease with which a JPF can be launched underlines the effectiveness of the regime.'

Mourant Global Co-Head of Investment Funds, Ben Robins, added:

'Our funds industry is built on service, speed to market and an appropriate level of regulatory oversight. The JPF regime is central to achieving those outcomes and contributes to Jersey's reputation as an agile and user-friendly global fund domicile.'

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