

Family office investments and Jersey Private Funds

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We are increasingly asked to advise on the applicability of the Jersey Private Funds (JPF) regime to structures established by family members or family offices to hold a variety of investments. JPFs can take the form of companies (including cell companies), unit trusts or limited partnerships. A number of considerations arise in this regard.

To advise fully, an analysis of the participants in the structure is required. Even if the structure has most of the features of an investment fund, if it is set up for the purposes of investment by a single family office then, more often than not, it will benefit from a specific exemption based on each participant in the scheme being connected by way of a "family connection". Care is required in assessing the precise connection between the participants and that they are able to rely on the exemption, but the definition is otherwise relatively broad and includes blood and other relationships such as adopted or stepchildren, or children born outside of marriage.

Multi-family office co-investment structures might also be exempt, for example, where the structure is essentially a joint venture between separate families. In this case, however, it will be necessary to examine the features of the arrangement in order to be certain that it may properly be categorised as a joint venture.

On the other hand, where a structure is established for the purpose of enabling a family to pool their capital with selected third parties or where it permits co-investment by employees of the family office, it is likely to be supervised as a JPF. Such structures are frequently managed by an external manager.

There are other reasons why family offices might require their investment structures to become more formalised and seek approval as JPFs, even if technically they would be able to benefit from the "family connection" exemption. In particular, the stricter governance and adoption of best practice around a fund structure in terms of board meetings, policies and procedures, enhanced reporting to investors, creation of incentivisation structures for investment professionals and supervision by the Jersey regulator, have become increasingly important

contributors to the success of a family office.

In such cases, the JPF will be subject to a very straightforward regime which largely disapplies the more onerous regulatory and compliance requirements applicable to collective investment funds and exempts service providers (other than a mandatory Jersey-based administrator) to the fund from local licensing requirements. JPFs can be authorised within a streamlined 48-hour process once the necessary submissions have been made to the Jersey regulator.

For more information on the establishment and operation of JPFs, read our briefing: [Jersey Private Funds](#).

See how our team can support you with [Private Wealth and Jersey Private Funds](#).

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