

Snapshot: Jersey Private Funds in demand for private equity and venture capital

Insights - 05/05/2021

Statistics released by the Jersey Financial Services Commission (JFSC), as at 31 December 2020, support the trend we have seen over the past year – that of the continued popularity of the Jersey Private Fund (JPF) product alongside the growth of the private equity and venture capital asset classes.

In fact, alternative asset classes now represent 89% of total funds business in Jersey, with private equity and venture capital funds under administration growing 21% year-on-year to £164.6 billion. Furthermore, during the last year, despite the turmoil caused by the coronavirus pandemic, almost 100 new JPFs were registered, bringing the total number of JPFs in Jersey to over 400, the vast majority of which are Jersey domiciled structures.

Why are Jersey Private Funds in demand?

Private equity has always been a key asset class for Jersey funds. The growth in JPFs as a product has largely been driven, on the one hand, by the rise in managers raising first-time funds and, on the other, the increase in the number of funds with fewer investors but larger ticket sizes. JPFs are used to raise capital from a worldwide investor-base as well as investors located in the UK and in the European Union and invest in every conceivable industry. Investors range from institutions, sovereign wealth funds, pension funds, family offices and high net worth individuals.

It's easy to understand the demand for JPFs, given the regime's simplicity and flexibility. The key selling points of the regime include:

- suitability for funds making fewer than 50 offers to investors meeting certain eligibility criteria;
- carve-outs for holding structures, joint ventures, special purpose vehicles, employee incentive arrangements and family structures;

- speed to market - a 48-hour approval process following the submission of a complete application to the JFSC via a dedicated web portal;
- competitive regulatory fees – the fee payable to the JFSC is just over £1,000 upon registration and thereafter approx. £1,000 payable annually;
- proportionate, light-touch regulatory supervision but subject to Jersey's full AML/CFT regime;
- ability to access investors worldwide, including to be authorised as an 'Alternative Investment Fund' for access to European capital via established National Private Placement Regimes; and
- no requirement for an offer document (although there is a standard for content requirements where there is one and investors must receive and sign an investment warning in prescribed terms).

With growth in venture capital funds fuelled by the pandemic, as living and working patterns were adapted, JPFs have served an important function in funding progress in technology innovation, in particular in the healthcare and education technology sectors.

Early-stage businesses and start-ups that can demonstrate fast growth rates or potential are attractive prospects for VC investors. For the reasons articulated above, we anticipate a continued appetite for venture capital funds using JPFs.

What makes Jersey an attractive funds jurisdiction?

For those engaged in the domicile debate and wondering 'Why Jersey?', here are some of the key considerations to bear in mind. As a funds jurisdiction, Jersey offers fund managers and investors the whole package:

1. excellent reputation - Jersey has a robust yet flexible legal and regulatory framework and has been endorsed as a top international finance centre by the IMF, OECD, EU and Moneyval;
2. pragmatic, approachable and well-established regulator – the JFSC is charged with safeguarding the Jersey's reputation and maintaining the island's position as an IFC meeting the highest regulatory standards;
3. universally recognised as a leading fund domicile having been at the forefront of fund services for 60 years;
4. a jurisdiction with real substance for fund managers, a skilled workforce, regulated service providers and resident directors with expertise in all asset classes;
5. considerable expertise particularly in relation to legal, administration, accounting and banking services;

6. solid infrastructure with strong transport links to the UK and in the London time zone;
7. political stability;
8. tax transparency or zero tax for investment funds, ensuring no unnecessary tax leakage for investors;
9. third country for European Union purposes but able to access European capital; and
10. forward-thinking jurisdiction as demonstrated by the recent commitment to support funds with an objective to invest sustainable investments and to introduce measures to combat the risk of 'greenwashing'.

Jersey is the perfect ten when considering the right jurisdiction for a new fund. We expect the post-pandemic recovery to drive further growth in the funds sector during 2021 and fully anticipate this to lead to a further increase in the use of JPFs in the context of private equity and venture capital funds.

For further information, please get in touch with Ogier's funds team in Jersey or your usual Ogier contact.

About Ogier

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

Disclaimer

This client briefing has been prepared for clients and professional associates of Ogier. The information and expressions of opinion which it contains are not intended to be a comprehensive study or to provide legal advice and should not be treated as a substitute for specific advice concerning individual situations.

Regulatory information can be found under [Legal Notice](#)

Meet the Author



Sophie Reguengo

Partner

Jersey

E: sophie.reguengo@ogier.com

T: +44 1534 514122

Key Contacts



Emily Haithwaite

Group Partner, Ogier Legal L.P.

Jersey

E: emily.haithwaite@ogier.com

T: +44 1534 514072



Niamh Lalor

Partner

Jersey

E: niamh.lalor@ogier.com

T: [+44 1534 514210](tel:+441534514210)



Alexandra O'Grady

Managing Associate

Jersey

E: alexandra.o'grady@ogier.com

T: [+44 1534 514081](tel:+441534514081)

Related Services

Investment Funds

Related Sectors

Private Equity

Funds Hub