

A round-up of the recent updates affecting investment funds in Jersey

Briefing Summary: Our investment funds team outline the latest developments in the investment funds market in Jersey including the introduction of US style LLCs, updates to the Proceeds of Crime Law, registration of JPUTs and update on arranging as an additional limb of investment business.

Service Area: Corporate, Investment Funds, Investment Managers, Fund Regulation and Compliance, Funds Strategies and Asset Classes

Sector: Private Equity

Location: Jersey

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Introduction of US style LLCs to Jersey

In September 2022 Jersey enacted legislation which permits the formation of US-style limited liability companies or LLCs in Jersey. This legislation was further enhanced in February 2023 by allowing Jersey LLCs to be registered as either a body corporate or an unincorporated body, ensuring that it maintains much of the same flexibility that clients and investors from the US would expect to see from an LLC.

LLCs combine the limited liability protection and separate legal personality of a company with the constitutional flexibility and privacy of a partnership, whilst also enabling a choice between the management structures and (in the US) the tax treatments of both. Whilst the Jersey LLC is to be tax transparent for Jersey tax purposes, it is envisaged that the usual election options will be available in the US.

For more information on Jersey LLCs, please see our recent guide: [Coming to America: Jersey introduces US-style LLCs](#).

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Proceeds of Crime Law changes, including AMLSPs

With effect from 30 January 2023, amendments were made to Jersey's proceeds of crime and anti-money laundering legislation such that Schedule 2 to the Proceeds of Crime Law has been recast so that activities and operations subject to AML/CFT/CPF obligations align to the definitions within the Financial Action Task Force Standards.

All previous scope exemptions from AML/CFT/CPF obligations and exemptions from registration have been removed. This has resulted in the business activities set out in Schedule 2 widening to include activities not previously within scope. At the same time, amendments have also been made to introduce the role of an anti-money laundering service provider ("AMLSP"), most likely to be performed by local Jersey administrators, allowing relevant entities to appoint an AMLSP to fulfil many of their AML/CFT/CPF obligations.

Work is ongoing on an industry-wide level to publish case studies in order to better frame the scope of applicability of the new Schedule 2 ahead of the deadline of 1 July 2023 by when all existing relevant entities (i.e. those entities carrying on the recast Schedule 2 business before 30 January 2023) are required to comply with the amended proceeds of crime legislation.

From the perspective of most Jersey fund vehicles, little is expected to change as most Jersey fund vehicles are either already in scope or already subject to compliance oversight from a regulated service provider, however such vehicles may now have to register under the Supervisory Bodies law. It is expected that most Jersey service providers to funds (e.g. Jersey managers) will also now need to register.

Carey Olsen is in the process of preparing an online tool to help clients and administrators quickly and easily determine whether or not a particular vehicle falls within the recast Schedule 2; this tool is expected to be made available via Carey Olsen's website during April 2023. Please speak to your usual Carey Olsen contact for more information on the impact that these changes have and will have for your structures.

HMRC guidance on the registration of JPUTs

On 31 January 2023, HMRC published updated guidance for unauthorised unit trusts, which includes Jersey Property Unit Trusts ("JPUTs"), expanding the circumstances in which they are required to register with HMRC's Trust Registration Service ("TRS"). Previously, only JPUT trustees which were liable for certain UK taxes were required to register with TRS, however now all JPUT trustees acquiring UK real estate on or after 6 October 2020 will need to register unless an exemption applies (e.g. where it is holding it via a holding company or nominee(s)). A 90 day window applies for registration following which a penalty fine can be applied.

The UK Government created the TRS in 2017 to ensure that the UK complies with its international obligations to counter money-laundering and terrorist financing. Information on the TRS is not available to the general public and may only be obtained by relevant interested organisations in limited circumstances (e.g. to investigate suspected money-laundering activity).

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Please speak to your usual Carey Olsen contact for more information on these changes.

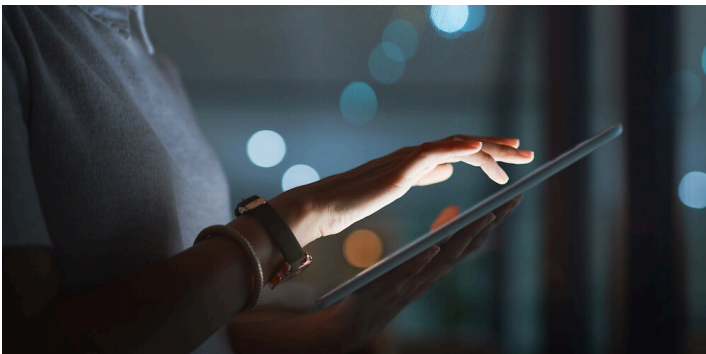
Update on arranging as an additional limb of investment business

The JFSC's consultations on the proposal to add "Arranging" as a new class of Investment Business regulated under the Financial Services (Jersey) Law 1998 have now closed and such changes are now proceeding through the legislative process with Government in order to come into force soon.

The proposed amendments aim to enhance Jersey's current regime to provide regulatory protection to retail investors for investment activity brought about by an arranger, consistent with the protection provided in other equivalent jurisdictions. The changes involve including the action of "making arrangements for another person to buy, sell, subscribe for or underwrite investments" as a regulated activity. The amendments will potentially affect both registered and unregistered persons and may require an arranger to hold an Investment Business licence.

Carey Olsen Jersey LLP is registered as a limited liability partnership in Jersey with registered number 80.

Please note that this briefing is only intended to provide a very general overview of the matters to which it relates. It is not intended as legal advice and should not be relied on as such. © Carey Olsen Jersey LLP 2026.



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