



## Jersey Listed Funds

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Date / [October 2020](#)

Jersey Listed Funds must comply with the Jersey Listed Fund Guide (the “**LF Guide**”). The LF Guide does not place any restrictions or qualification criteria on who can invest in a Listed Fund and provides certainty to those wishing to establish a listed fund in a quick and cost-effective manner. There is no minimum investment requirement.

### Approval process

Listed Funds are established on certification by the fund administrator that the fund complies with the criteria set out in the LF Guide. The Jersey Financial Services Commission (“**JFSC**”) issues the relevant certificate on receipt of the certification and the fund’s offer document. As a result, a Listed Fund can be established in Jersey within 3 days.

### What is a Listed Fund?

A Listed Fund is a fund meeting the following criteria:

- The fund must be listed on an exchange or market recognised by the JFSC. The list of pre-approved exchanges is numerous and global in scope, and includes all exchanges upon which listings are ordinarily sought, including the London Stock Exchange (the Main Market, AIM and the SFM), NYSE, NASDAQ, HKEx, Euronext, Johannesburg Stock Exchange and TISE.
- The investment manager/adviser must be of good standing, established and regulated (if appropriate) in an OECD member state or a jurisdiction with which the JFSC has memorandum of understanding.

The JFSC understands that some investment managers/ advisers may not be regulated because the type of activity they undertake is not regulated in their home jurisdiction: real property investment management being one example. In such cases, provided the investment manager is (i) the subsidiary of an entity that is regulated in relation to managing or advising on investment funds in its home jurisdiction, (ii) an entity or the subsidiary of an entity with a market capitalisation of above US \$500m, or (iii) a manager with a trading record of at least 5 years or whose principal persons can demonstrate relevant experience or qualifications, it will remain eligible for the fasttrack authorisation process. If an investment manager/ adviser does not meet these requirements, it may approach the JFSC on a case by case basis. Of course, if permission is granted then, absent any material change, the investment manager/adviser will not need specific approval to establish further Listed Funds. An investment manager/adviser is not required for certain self-managed funds, such as direct real estate or feeder funds.

A small number of key structural requirements are imposed on Listed Funds:

- The fund must be closed-ended (meaning that it is not open for redemptions at the option of investors).
- The fund’s offering document must carry a clear investment warning and contain all information necessary for potential investors to make an informed decision.
- The fund must be audited.
- A licensed Jersey administrator or manager (which may be a special purpose vehicle) must be appointed.
- Adequate arrangements for the safe custody of assets must be in place (there is no requirement to appoint a custodian).

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- A majority of the directors of the board of the fund company (including the Chairman) must be independent. Independence will generally be a matter for the board itself to determine, often using the requirements of any relevant listing authority for guidance.
- Two Jersey resident directors must be appointed to the board of the fund company.

## Flexibility

There are no investment or borrowing restrictions imposed on Listed Funds. There is no limit on the number or type of investors in such funds.

The LF Guide aims to provide a “safe harbour” available to the majority of funds which are listed. On occasion, where derogations from the LF Guide are required, these are considered on an expedited basis.

The LF Guide only applies directly to funds structured as companies, but applications for limited partnerships or unit trusts can be made on a case-by-case basis.

Listed Funds are now usually only used if there is a specific desire for a closed-ended listed fund to be regulated or for it to be actively “marketed” into an EU/EEA country in accordance with the AIFMD.

## Ongoing requirements

Ongoing requirements are limited. Future changes to the fund generally do not require regulatory approval unless they are contrary to the LF Guide or there is a change to the fund’s directors or service providers.

## AIFMD

Listed Funds are eligible to be marketed into the EU / EEA in accordance with the AIFMD through national private placement regimes (and, when available, third country passporting).

Continued



## Key contacts

For further information or professional advice please contact our lawyers below:



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