

## Jersey market update: The increasing use of Jersey vehicles by US managers

Service area / [Investment Funds](#)

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As the largest law firm in Jersey with the busiest funds practice, we have experienced a sharp increase in US managers seeking access to European Union/European Economic Area capital through the use of Jersey vehicles.

This trend is also evidenced by assets under management for funds incorporated in Jersey with US managers/promoters having increased 198% from 2014-2019, as reported by the Monterey Jersey Fund Report 2019.

The Jersey Private Fund (“JPF”) remains the vehicle of choice as a fund product and has successfully been used for a variety of different purposes ranging from mega funds such as [SoftBank Vision Fund](#) but also for smaller, private investment structures.

Jersey offers a variety of vehicles, including companies, cell companies (incorporated or protected cell), limited partnerships (regular, separate and incorporated), limited liability partnerships, unit trusts and the [forthcoming LLC’s](#). Furthermore, Jersey has introduced an easy to use statutory regime to allow non-Jersey limited partnerships to migrate to Jersey.

Throughout 2020, we have advised various US managers using Jersey vehicles, often as a JPF and with a Delaware LLC as the general partner for co-investment purposes.

### Why has the use of Jersey vehicles by US managers increased?

- **Flexibility and speed to market** – single investor and single asset vehicles require no regulatory approval and JPFs can be authorised by the Jersey Financial Services Commission (the “Regulator”) within 24 hours (where all criteria are met);

- **Promoter/investor familiarity** – Jersey vehicles are similar (in a regulatory and structuring context) to other offshore regimes of which US managers and their advisors are already familiar;
- **AIFMD** – Jersey-based fund managers are located in a ‘third country’ from a European Union perspective and therefore the full scope of The Alternative Investment Fund Managers Directive (“AIFMD”) need not apply. If a US manager does not need to market on a pan-European basis, there is no great benefit to an AIFMD passport and a lighter approach is permissible under National Private Placement Regimes;
- **Jurisdictional and regulatory certainty** – the Regulator is a globally respected and co-operative regulator, supervising pragmatic regulation that meets international standards (e.g. the International Monetary Fund, the International Organisation of Securities Commissions, the European Securities and Markets Authority and the Financial Action Task Force);
- **Cost** – Jersey’s streamlined regulatory regime can result in lower running costs and higher investor returns in a jurisdiction free from value added tax; and
- **Political stability** – Jersey is politically and fiscally autonomous and a stable British Crown Dependency of the UK (without being part of the UK or the EU). Jersey is therefore perfectly positioned with regard to Brexit developments.

It is clear that Jersey offers an effective structuring gateway for US managers to attract European investors and the use of Jersey vehicles is becoming a well-trodden path.

### OFFSHORE LAW SPECIALISTS

BERMUDA BRITISH VIRGIN ISLANDS CAYMAN ISLANDS GUERNSEY JERSEY  
CAPE TOWN HONG KONG LONDON SINGAPORE



## Key contacts

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



**Christopher Griffin**

Partner

D +44 (0)1534 822256  
E [christopher.griffin@careyolsen.com](mailto:christopher.griffin@careyolsen.com)



**Robert Milner**

Partner

D +44 (0)1534 822336  
E [robert.milner@careyolsen.com](mailto:robert.milner@careyolsen.com)



**James Mulholland**

Partner

D +44 (0)1534 822369  
E [james.mulholland@careyolsen.com](mailto:james.mulholland@careyolsen.com)



**Daniel O'Connor**

Partner

D +44 (0)1534 822249  
E [daniel.oconnor@careyolsen.com](mailto:daniel.oconnor@careyolsen.com)



**Nienke Malan**

Senior Associate

D +44 (0)1534 822472  
E [nienke.malan@careyolsen.com](mailto:nienke.malan@careyolsen.com)



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### FIND US

Carey Olsen Jersey LLP  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

T +44 (0)1534 888900  
E [jerseyco@careyolsen.com](mailto:jerseyco@careyolsen.com)



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