Jersey fund manager relocation services

CAREY OLSEN

9

Locations

5

Offshore Laws

BERMUDA
BRITISH VIRGIN ISLANDS
CAYMAN ISLANDS
GUERNSEY
JERSEY

1898

Founded

Advantages of Jersey

Jersey is an increasingly popular choice of jurisdiction for fund managers who wish to either relocate key principals or otherwise establish a physical presence to benefit from neutrality and certainty from both a political and tax perspective. The Island also offers highly developed infrastructure, a familiar legal system, an established and internationally recognised regulatory framework and a very high quality of life for those individuals who do wish to relocate.

We have extensive experience in assisting both established and emerging fund management companies relocate part or all of their business to Jersey. We are legal advisers to five of the largest hedge fund managers with offshore headquarters: BlueCrest, Brevan Howard, Systematica, Rokos and Autonomy, a clear reflection of the high regard in which our practice is held. We also advise many of Europe's leading private equity and debt fund managers who maintain either regulated GP or full substance management operations in the Island.

BENEFITS

- Taxation
- Regulation
- EU market access
- Lifestyle
- Connectivity and infrastructure
- Jersey fund products

At Carey Olsen, we always look at the bigger picture. In the face of opportunities or challenges, our clients know that the advice and guidance they receive from us will be based on a complete understanding of their goals and objectives combined with outstanding client service, technical excellence and commercial insight.

BIGGER PICTURE

The main benefits for a manager to establish a presence in Jersey are:

Taxation

- A fund management company relocating to Jersey is subject to a rate of Jersey income tax of zero percent. Jersey limited partnerships can also be used as management vehicles and these are recognised as tax transparent in most relevant jurisdictions.
- Neither Jersey companies carrying on fund management nor individuals resident in Jersey receiving capital distributions from such companies (or carried interest in limited partnerships) are subject to any form of capital gains taxes.
- The maximum rate of income tax for individuals in Jersey is 20% on their worldwide income. There are no personal capital gains, inheritance, gift or other 'wealth' taxes in Jersey.
- Under the Island's "High Value Residency" scheme, an individual relocating to Jersey is able to reduce their tax liability to 20% on the first £725,000 of worldwide income and 1% on other worldwide income, provided they can demonstrate they will be able to contribute at least £145,000 per year in personal income tax payments and that their annual worldwide income is comfortably in excess of £725,000 per year.

Our tax team is happy to work with appointed onshore or offshore tax advisers to advise a on the tax implications of relocating an investment management company to Jersey.

Regulation

Jersey is committed to the highest standards of financial regulation. This has been acknowledged following independent assessments by some of the world's leading bodies, including the OECD, IMF and the EU. In summary:

- If the manager is managing only "private funds" (i.e. less than 50 investors/formal offers) and each fund obtains approval as a "Jersey Private Fund" (48 hour turnaround), then the manager will not be required to be regulated in Jersey unless the fund is marketed into the EU.
- If the manager is managing "public funds" (i.e. over 50 investors/50 formal offers) then it will require a "fund services business" licence from the Island's regulator, the Jersey Financial Services Commission (the "JFSC"). Approval typically takes 6 weeks from the date the application is submitted.
- A fund management company seeking to avoid significant initial expenditure on back office support can take advantage of the JFSC's "managed entity" regime, whereby a locally regulated administrator provides regulatory and compliance support. An added advantage of this regime is that, provided the relevant funds meet certain criteria, the management company is subject to a reduced regulatory capital requirement.
- If a regulated Jersey fund manager operates any managed accounts alongside its main fund strategies, it will be able to take advantage of Jersey's "Qualifying Segregated Managed Accounts" regulations which remove the need to comply with any additional regulatory requirements.

EU market access

Jersey is outside the EU so a fund manager based on the Island is not subject to all the onerous provisions of AIFMD (such as the remuneration disclosure rules), but can still market to EU based investors under individual Member Sates' national private placement regimes.

Jersey is on the list of the first non-EU jurisdictions to receive the AIFMD "passport". When this becomes available, Jersey managers will be able to "opt in" for full AIFMD compliance.

Lifestyle

Jersey offers an outstanding quality of life. With countless clean, sandy beaches and numerous smaller bays, there are 48 miles of Jersey coastline to explore. Harbours and inlets punctuate the coast and the bathing waters are among the cleanest in Europe.

The Island is well served for schools, having both selective and non-selective fee-paying States and private schools. With modern facilities and low pupil-teacher ratios, Jersey students consistently outperform their mainland counterparts.

Sport plays a huge part in Island life, and the high quality facilities include: six golf courses, an array of water sports, a 96-mile cycling network and all types of walking terrain suitable for every age and ability, football and rugby clubs, a number of equestrian centres and a world class shooting range.

The Island is a yachtsman's paradise, offering some of the best cruising waters in the world and easy access to France and the other Channel Islands with secret anchorages, modern marinas, traditional harbours and many bays.

Connectivity and infrastructure

There are frequent flights between London every day and with journey times of less than an hour it is possible to live in Jersey and attend morning meetings in the City. There are also scheduled flights between more than 20 UK regional airports and several major European centres.

Jersey has long been home to a substantial alternative fund management industry and has a large number of experienced service providers and professionals across accounting, administration, depositary services, governance, legal, fund management operations and tax services.

Jersey fund products

A Jersey based fund manager is of course able to continue to manage funds which are domiciled in other jurisdictions. However, for any new funds which the manager launches may wish to use Jersey as the fund domicile to reduce costs and increase efficiencies by having the manager and the fund in the same jurisdiction. The two principal Jersey regulatory regimes are:

- the Jersey Private Fund
- the Jersey Expert Fund

How Carey Olsen can assist

Whether you are considering relocating as an individual or moving part or all of your business to Jersey, we have the knowledge and experience to provide clear and comprehensive advice on all aspects of relocation, including:

- relocation of investment management interests to Jersey;
- Jersey tax and the method and consequences of becoming a Jersey tax resident, for both investment management companies and individuals;
- obtaining business licences under control of housing and work legislation;
- the relocation of employees;
- introductions to key government and non-government personnel involved in application processes;
- leases and commercial and residential property purchases; and
- relocation of personal assets and investments, including trust and estate planning

Our lawyers provide clear and concise advice on the regulation applicable and offer step-by-step assistance throughout the application process for clients who wish to obtain regulated status.

Local authorities are approachable and are keen to support financial service companies who wish to establish a presence in Jersey. The strength of our relationships with regulators ensures clients benefit from our knowledge of the latest developments in structural trends, regulation and compliance.

Carey Olsen is the leading advisor to investment funds in Jersey our thriving funds practice ensures we are innately familiar with all local legal and commercial aspects of the fund management industry.

Key contacts

For general enquiries, please email relocation@careyolsen.com. For specific enquiries, please contact one of the partners listed below.

Robert Milner
Partner – Co-Head of Investment Funds

D +44 (0)1534 822336
E robert.milner@careyolsen.com

Christopher Griffin
Partner – Investment Funds

D +44 (0)1534 822256
E christopher.griffin@careyolsen.com

Christopher Philpott
Partner – Property

D +44 (0)1534 822282
E chris.philpott@careyolsen.com

Alexa Saunders
Partner – Trusts and Private Wealth

D +44 (0)1534 822410
E alexa.saunders@careyolsen.com

FIND US

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

T +44 (0)1534 888900
E jerseyco@careyolsen.com

FOLLOW US

Visit our Jersey team at careyolsen.com

PLEASE NOTE

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

This guide 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 2020.

OFFSHORE LAW SPECIALISTS

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

careyolsen.com