



UPDATES TO THE JERSEY PRIVATE FUND GUIDE

Following the introduction in 2017 of the highly successful Jersey Private Fund (**JPF**) regime that provides fund promoters with a cost-effective, fast-tracked (48 hours) regulatory approval process for their private fund, that can be offered to up to 50 investors, further enhancements were introduced in July 2024 as part of Jersey's constant and continuous effort to evolve its offering as a leading international finance centre.

WHAT HAS BEEN CHANGED

1) Carry and/or co-investment vehicles

Previously, such vehicles were not counted as an investor. The amendments, however, now recognise and extend to such co-investment arrangements that meet the requirements of the JPF Guide (the **Guide**).

2) Investor eligibility

The amendments here can be broken down into the following:

General: clarification and confirmation that investor eligibility is satisfied upon admission and can continue to be relied upon notwithstanding a change in status, for example, a departing employee, director, partner or expert consultant.

Transfers: upon death or bankruptcy for example (i.e. an involuntary interest is created), there is no requirement for the transferee to qualify as an investor through the same criteria as the transferor did provided that the transferee meets the investor eligibility requirements set out in the Guide.

Service Providers: expansion of the definition of a "professional investor" for the benefit of JPF service providers and reflecting changing demographics within JPF fund management and/or advisory teams by replacing reference to "senior employee" with "financially sophisticated employee" and adding a new reference to "expert consultant" for increased flexibility.

3) Expectations regarding a JPF and/or its governing body

Clarification has been provided that it is expected that there should be at least one or more Jersey resident directors appointed either to the JPF board or its governing body. Upon submission of the annual return, additional information in relation to the JPF will be required as follows:

- number of Jersey resident/non-Jersey resident directors (**Directors**); and
- number of Directors who are employees of the Jersey-based designated service provider (**DSP**) or a group entity of the DSP.

The JPF should be either (i) established in Jersey and/or (ii) have its governing body and management and control in Jersey. Where (i) and (ii) are outside of Jersey, additional data, post authorisation, will be required from the DSP to establish the JPF's indirect but relevant nexus to Jersey.

4) Arrangements not to be treated as a JPF

The definitions of employees and family connections (including the term "relative") have been widened and now include trusts established for a person satisfying the wider definition of "family connection" (not just for a specific person or their dependants).

Other helpful amendments include certain family (including family office) arrangements as well as some incentive arrangements (for example carry and/or co-investment arrangements).

5) Other key changes

Important consequential changes/references to the Money Laundering (Jersey) Order 2008 and the Outsourcing Policy issued by the Jersey Financial Services Commission have been included in the Guide.

The optionality for a regulated person only registered for investment business under the Financial Services (Jersey) Law 1998 to apply to act as the DSP for a "very private" JPF (i.e. 15 or fewer investors/offers) has been removed from the Guide.

WHY CHOOSE LEXSTONE LAWYERS

Lexstone Lawyers is a commercially minded and pragmatic pure law firm based in Jersey, specialising in investment funds, capital markets, commercial law, banking, real estate, private wealth, financial services, employment, environment and intellectual property of all levels of complexity. We offer a no-nonsense approach, making us an innovative and dependable law firm you and your clients can trust. We understand the way clients want to do business and your clients are our clients. We are a member of Lawyers Associated Worldwide (LAW) which gives clients access to leading international advice around the globe.

For further information, please contact:



Howard O'Toole

Consultant
T: +44 (0)1534 480 700
E: howard.otoole@lexstone.je



Norman Day

Partner
T: +44 (0) 1534 480 700
E: norman.day@lexstone.je

LEXSTONE LAWYERS

Hawk House | 22 Esplanade | St Helier | Jersey JE2 3QA | Channel Islands
D: +44 1534 480 700 | E: enquiries@lexstone.je