FORWARD GROUP
Private Client | Corporate | Funds

GUIDANCE NOTE

WHAT IS A JERSEY PRIVATE FUND ("JPF")

Introduction

This Guidance Note is a summary of the purpose and uses of a Jersey Private Fund (“JPF”).

The guide will not be able to answer all of the detailed questions that clients may have, and it is not intended to be comprehensive advice. We will gladly introduce you to appropriate legal counsel should this type of structuring be of interest.

What is a JPF?

A JPF is a flexible, lightly regulated fund product under Jersey law that offers a fast-track, proportionate, and flexible structure for raising capital from investors. It is intended for private investment funds that meet certain eligibility, structuring, and investor-criteria requirements. Jersey updated its JPF regime on 6 August 2025, bringing in enhancements (notably removing some caps on investor numbers/offers) that make it more attractive.

Key Features

Here are the main features and advantages of a JPF:

Feature	Description
Consent under Control of Borrowing (Jersey) Order 1958 (COBO)	Every JPF must get a COBO consent. The consent is typically granted quickly (often within 24 hours) under the streamlined authorisation process.
Flexibility of structure	A JPF can be constituted in multiple legal forms: e.g. a Jersey company (including protected cell company, etc.), limited partnership, limited liability partnership, separate liability partnership, unit trust. Non-Jersey vehicles may also qualify if they have a relevant connection to Jersey (e.g. a general partner in Jersey) and need COBO consent.
Open- or closed-ended	JPFs can be either open-ended or closed-ended fund structures.
Reduced ongoing formalities	Some previously required governance or local residency requirements (e.g. Jersey-resident directors) are no longer mandatory in many cases. Auditors are not universally required.
Regulated administrator / Designated Service Provider	A JPF must appoint a **Jersey-regulated administrator**, known as the *Designated Service Provider*. That entity helps ensure compliance with AML (anti-money laundering) rules and perform due diligence on the promoter; also plays a key role in the fast-track consent process.
Investor eligibility & marketing restrictions	Offers in a JPF must be made to a *restricted group of investors*. The types of investors include those who qualify as ‘professional’ investors, or those subscribing for interests of at least **£250,000**, etc. Marketing outside Jersey (e.g. into the EU / EEA) may trigger additional rules under the Alternative Investment Funds (“AIFMD”) overlay.
Offer-document requirements	A JPF is not required to issue a formal offer document. If one is used, it must include all material information needed by investors and their advisers.
Tax & regulatory alignment	JPFs (and relevant entities) are either tax-transparent or subject to 0% Jersey income tax rate. Jersey has well-established infrastructure of funds administration, substance, and regulation; the regime is designed to work with international obligations (BEPS etc.) and with post-Brexit/EU third-country regulatory considerations.

Recent Enhancements (as of 6 August 2025)

On 6 August 2025, Jersey implemented several important changes to the JPF regime. These materially increase scope and remove certain limits. Key enhancements include:

- Removal of the 50 offers/investors limit: Previously, there was a cap on the number of offers/investors (50), but as of the update, JPFs may make unlimited offers and admit unlimited investors, so long as the fund is still offered to a restricted group of investors (i.e. marketing remains private / targeted).
- Faster consent / streamlined process: The COBO consent process remains very fast (often 24 hours) under the streamlined authorisation route, subject to meeting the JPF eligibility/structural requirements.
- Broader eligibility & conversion of existing funds: Existing structures (e.g. those under older very private fund, private placement, COBO-only, or older JPFs) can convert to the new JPF regime if they satisfy the criteria. Older regimes continue to apply for those who do not convert, but no new applications under the old regimes are possible.

What Funds do not qualify / Out-of-Scope

Some vehicles or uses are explicitly excluded from the definition of a JPF. These include:

- Holding companies (i.e. where the primary purpose is holding assets rather than investing / pooling capital)
- Joint venture vehicles
- Securitisation vehicles
- Family office vehicles / entities used solely for managing family-wealth without pooling external capital in the way a fund does
- Carry or incentive vehicles (e.g. carried interest vehicles)

Eligibility Criteria, Regulatory / Structuring Requirements

For a fund to be a JPF it must satisfy several conditions:

1. **Pooling of capital, risk spreading**
   - There must be at least two investors pooling capital, and the assets must be acquired so that there is risk-spreading.
2. **Offers / Marketing**
   - There is no restriction on the number of investors or offers.
   - Must be to a restricted group of investors. The “restricted group” is an identifiable category of persons, each of whom must be directly communicated with by the offeror (or agent), and only persons in that category may accept.
   - For funds to be offered to and/or investors under EU / EEA, applicable AIFMD rules apply.

3. **Designated Service Provider**
   - The fund must have a Jersey-regulated administrator / DSP to ensure compliance (AML, due diligence, etc.). This is essential.

4. **Structure forms allowed**
   - Many legal structures allowed (company, LP, LLP, unit trust etc.). Non-Jersey vehicles may qualify if connected appropriately.

5. **Governance / Directors etc.**
   - No requirement for Jersey-resident directors in many cases.
   - Audit requirement is not uniformly mandated.

6. **Disclosure & investor warning**
   - Investors must receive required warnings/information disclosures. The particulars depend on whether the JPF issues an offer document; also depending on whether the AIFMD overlay is triggered.

7. **Tax & substance**
   - JPFs benefit from favourable tax treatment.
   - Jersey's regulatory environment includes measures for economic substance, AML/CFT compliance etc.

Benefits & Why Choose Jersey

Here are the principal reasons (and benefits) for using a JPF:

- Speed & efficiency: Fast-track authorisation (24-hour typical turnaround for COBO consent when requirements met). Reduced red tape.
- Flexibility in size & offers: Especially since 6 August 2025 the removal of caps on number of investors / offers allows larger private funds without converting into fully public or alternative regimes.
- Legal certainty: Jersey's legislation and regulatory bodies are well-established; the JPF regime is clear about what is allowed, what isn't, and how to comply.
- International alignment: Considerations for AIFMD (for marketing into EU/EEA), tax transparency or 0% tax treatment, substance / BEPS / regulatory compliance make it attractive to international fund managers and investors.
- Cost-effective for private / club / co-investment / single strategy funds: Works well where the fund is not raising from the general public but from a defined group; or structured for co-investments, club deals etc., benefiting from lower burdens than full-blown authorised fund regimes.

Process of Setting Up a JPF

Broadly, the steps are:

- Determine if fund qualifies under the JPF Guide's scope: ensure at least two investors, pooling capital, risk-spreading; check the strategy or vehicle type is not in the exclusion list.
- Choose legal form: decide whether to use a Jersey company, partnership, trust/unit trust etc. Or if non-Jersey vehicle, ensure relevant connections.
- Appoint a Jersey Designated Service Provider (regulated administrator) to perform required due diligence, AML compliance, promoter checks etc.
- Prepare documentation: offer details (if any), investor warnings, disclosures. Even if no formal offer document is required, material information must be provided.

- Apply for COBO consent: Under the Control of Borrowing (Jersey) Order. With streamlined process, often within 1 day if all requirements are met.
- Ongoing compliance: Maintain regulatory obligations, AML/CTF, economic substance, reporting, governance etc. Also ensure investor criteria are satisfied, and restricted group marketing is adhered to.

Practical Tips

- Engage early with legal, regulatory, tax advisers in Jersey to ensure you meet all eligibility and structural requirements.
- Make sure the Designated Service Provider is properly regulated and experienced in JPF regimes: their role is central.
- Carefully define the “restricted group of investors” for your fund; mis-defining this could result in regulatory exposure.
- Keep documentation and disclosures clear: even if an offer document is not required, the substance must be there.
- If marketing into cross-border territories, check local rules (e.g. EU, UK) so you don’t inadvertently fall foul of marketing / securities laws.
- Monitor ongoing obligations: AML / CFT, economic substance, financial reporting.

Conclusion

The JPF regime offers a compelling option for fund sponsors looking for a flexible, efficient, and well-regulated private fund structure. The August 2025 changes further increase its attractiveness, particularly by removing restrictive caps, streamlining processes, and reinforcing Jersey’s regulatory infrastructure.

FORWARD GROUP

Private Client | Corporate | Funds

Beauport House
L'Avenue de la Commune
St. Peter Jersey JE3 7BY

enquiries@fw.je

www.forwardjersey.com