



JFA

JERSEY
FUNDS
ASSOCIATION

January 2012

Dear Member,

As Chairman of the Jersey Funds Association, I wanted to take the opportunity to wish you a very happy New Year.

In reflecting on 2011, and particularly on the last six months, I am sure you will agree that conditions have remained tough for Jersey's funds industry.

However, benchmarked against global trends, it is pleasing that Jersey's funds sector has showed resilience and still experienced growth.

The value of assets under management and being administered increased to £196.7bn and the net asset value of alternative funds grew by 1.6% in the third quarter of 2011 to stand at £145.2bn, with the value of private equity funds increasing to £41.4bn and hedge funds to £51bn.

In addition, the 'unregulated' product continues to be popular, with the total number of such funds reaching 136 by the end of the third quarter of last year.

The indications are that, with a number of developments scheduled for the months ahead, Jersey is in good shape to capitalise on the strengths of its funds industry as we move forward into 2012.

Confidence

Ongoing work in relation to the EU AIFM Directive has put Jersey in a strong position, as we seek to ensure that Jersey develops a fund regime that will be fully AIFMD compliant.

At the same time, it is proposed to retain a complementary regime for asset managers that do not need to access EU investors under an AIFMD passport, whilst Private Placement will continue until at least 2018.

All this will offer fund managers and promoters the flexibility they need and make Jersey very well placed indeed for managers raising money both in and outside the EU.

Meanwhile, the industry, together with the Jersey Financial Services Commission, has been working hard to create the new Private Placement funds regime, to be unveiled shortly.

Specifically geared towards limited numbers (15-50) of sophisticated investors, the regime will offer, provided the fund satisfies certain conditions, a fast track, streamlined authorisation process.

Ben Robins and Mike Lombardi will be sharing more on this at the monthly JFA seminar on 26th January – we hope to see you there.

Fine Tuning

The JFA's Legal and Technical Committee has also been working hard to fine tune a number of specific areas.

The JFA responded to the JFSC on a number of points relating to the Certified Funds Codes of Practice last year, with Dan O'Connor of the JFA and David Banks of the JFSC giving a presentation to the industry on the subject in December.

The Codes are due to come into force on 2nd April 2012.

Meanwhile, work has been ongoing in respect of the consultation on the changes in the FSB Codes of Practice and the JFA has again responded on a number of points, including changes to the Corporate Governance & Compliance Function.

The Certified Funds Prospectus Order is very near to being finalised. The outstanding discussion points revolve around the grandfathering of existing draft prospectuses and required disclosures concerning delegates and PCCs.

Agreement in principle has also been received from the JFSC to amend the wording in the 'Handbook for the Prevention and Detection of Money Laundering and the financing of Terrorism'.

The objective is to make the currently onerous 'Certified True Copy' wording requirements for identity documents less complex. This amendment was included in the CDD Consultation Paper that the JFSC released in November 2011.

Finally, following discussions with the Companies Registry and Jersey Law Society, it has been agreed, in principle, to make proposals for the Companies Law to be amended to allow for public companies which do not launch within a certain time period to be exempt from the requirement to file audited accounts.

Currently, it is difficult to complete the winding up of a Jersey public company unless audited accounts have been filed with the Registry, which can be a significant issue and cost for fund companies. We are hoping the amendment will be put through in Amendment 11 or 12 to the Companies Law.

Looking Ahead

Overall, I believe that the future remains bright for Jersey's funds industry.

For the fourth consecutive year, Jersey is ranked the highest of all the offshore jurisdictions and we are recognised by the IMF as being in the 'top division' of international finance centres. Moreover, our political, fiscal and economic landscapes continue to offer us stability, and our industry enjoys continued effective cooperation between the government and our regulator.

The JFA, working closely with Jersey Finance, continues to work hard on behalf of our funds industry. We are not resting on our laurels - a list of short and medium term regulatory, technical and legislative priorities has been formalised and is under discussion with the JFSC, a marketing strategy has been agreed, and a full program of JFA seminars for 2012 has been developed, with details on the web site (www.jerseyfunds.org).

We also look forward to seeing many of you at the Jersey Finance Annual Funds Debate, to be held in London on 18th April.

Our commitment to innovation and working towards ever higher standards of supervision and appropriate regulation can, I believe, make 2012 a successful year for Jersey's funds industry.

By doing this and continuing to working together as an industry, we can send a clear message that Jersey intends to remain a serious competitor for funds business.

We look forward to seeing you all at the annual JFA dinner on Friday 9 March at the Hotel de France.

Wishing you all a successful 2012.

A handwritten signature in blue ink, consisting of a stylized 'N' and 'S' followed by a horizontal line.

Nigel Strachan
Chairman
Jersey Funds Association