SEPTEMBER 2025

UPDATE

Jersey Funds and Regulatory Industry Update – September 2025

Update prepared by Geoff Cook, Joel Hernandez, Roisin Cullinane, Stefan Chinniah, Mike Jones and Jon Stevens

Speakers from our team shared the latest market insights and emerging developments influencing the Funds' landscape; recent and forthcoming changes in regulation; and opportunities and challenges for industry in the year ahead.

Macroeconomic update (Geoff Cook)

The session presented by Geoff Cook provided a high level macro-economic overview, delving into how geo-politics, increasing government debt, the tensions felt by central banks, and marginal rate reductions have impacted private equity and private capital investors. For more detail, please refer to our blog: Global Perspectives – When politics sets the price of money.

The evolving Jersey funds landscape (Roisin Cullinane and Stefan Chinniah)

Setting the scene – market trends

What are the current market trends?

- Deal-by-deal fundraises continue to be popular, offering a faster route to market and avoiding the extended timelines typically associated with raising a large fund. We have seen some of the bigger, more traditional private equity houses opting for these structures, valuing the flexibility they provide.
- Continuation funds remain a significant feature of the landscape, with managers increasingly rolling assets from one vintage into the next, whether for strategic repositioning or to extend holding periods.
- We have seen an increase in clients actively considering Jersey as a credible alternative to Luxembourg, particularly where they are looking for more bespoke and cost-efficient fund setups.
- ESG and sustainability continues to be a key factor. Amid growing institutional demand for strategies aligned with sustainable investing, Jersey is well-positioned to support innovative, sustainability-focused funds through its robust infrastructure and regulatory framework.

Jersey structures and experience

Jersey continues to demonstrate its agility and appeal in meeting the evolving needs of managers, in particular:

- Disposals to continuation vehicles need swift execution and Jersey's regulatory toolkit is the differentiator versus onshore. For example, a single asset continuation fund can be carved out of fund regulation altogether.
- For managers operating deal-by-deal structures, Jersey's streamlined regulatory regime enables rapid launches, making it an attractive option where speed is critical.
- Jersey LLCs are also gaining traction, both as holding vehicles and as manager/general partner entities. Mourant has advised on approximately 65% of all Jersey-registered LLCs. For an overview of the key features of a Jersey LLC plus a comparison of Jersey and Delaware LLCs, please refer to our client update on The Limited Liability Companies (Jersey) Law 2018.

- Interest in Jersey-incorporated unlisted REITs is rising, driven by their corporate flexibility and favourable tax treatment on share disposals compared to UK REITs.

How is Jersey's evolving regulatory framework impacting fund-structuring decisions?

- Recent changes to the Jersey Private Fund (JPF) regime, specifically the removal of the 50-investor cap, are generating discussion across the market. These developments are already prompting some clients to consider whether their existing Expert Funds could be deregulated, signalling growing confidence in the evolution of Jersey's regulatory regimes. At the same time, other clients are opting to continue to use the Expert Fund regime, valuing the familiarity and consistence it offers for both the managers and investors.
- Jersey's lower investment thresholds, such as the Expert Fund entry point of US$100,000, continue to be attractive, particularly for:
  - managers seeking access to a broader investor base; and
  - first-time or emerging managers, enabling them to build a track record without the need for large institutional backing.
- Regulatory speed continues to be one of Jersey's most distinctive competitive strengths compared to other jurisdictions.

Emerging investment trends – defence tech and real estate

- Defence tech: There seems to have been a notable shift in investor sentiment in relation to defence tech. Last year, defence tech investment reached US$5.2 billion in Europe (up 30% in two years), with European defence venture capital (VC) investment accounting for 10% of all VC funding across Europe. Whilst Europe has historically lagged behind the US in terms of investment into the defence sector, it is now rapidly closing the gap. In light of this momentum, proposed amendments to the JFSC's Sound Business Practice Policy, which supports responsible investment in defence-adjacent innovation, are timely and welcome.
- Real estate: After a challenging period, Jersey's real estate sector is showing renewed signs of activity. This is reflected in our pipeline and recent mandates and supported by Private Equity Real Estate's latest half-yearly report, which shows a 16% rise in real estate fundraising activity.

Looking ahead: what do we expect?

- Further uptake of LLCs is anticipated as intermediaries and tax advisers become more familiar with the product.
- Demand for faster, cost-effective and bespoke structures will continue.
- Client interest in the enhanced JPF product is surging so we expect a busy year ahead.

Jersey Private Fund enhancements (Joel Hernandez)

Four key changes

The Government of Jersey and the JFSC recently announced additional enhancements to the JPF regime to provide greater flexibility, accessibility and to enhance its speed-to-market. Effective from 6 August 2025, the enhancements include four key changes:

- removal of the 50 offer/investor cap;
- listings are now allowed with the JFSC's consent;
- faster authorisation time (24 hours) - JPFs that comply with the JPF Guide benefit from the JFSC's 'straight-through-processing' system; and
- a wider 'professional investor' definition.

For further detail, please refer to our client update: Further improvements to the Jersey Private Fund regime.

Q&A guidance

We have developed some helpful guidance on the JPF enhancements, addressing a range of frequently asked questions and common issues. The guidance is available on request and includes topics, such as:

- conversions of existing JPFs (material change form plus a £686 fee);
- conversions of existing certified funds, such as Expert Funds (evidence there was no public offer, revocation of existing consent, and new acknowledgements signed by investors);
- TCBs who act as designated service providers (still limited to 15 offers/investors); and
- new disclosure to refer to the Collective Investment Funds (Jersey Private Funds) Order 2025 and 'restricted group of investors'.

Use cases

The enhanced JPF is more competitive, simpler and streamlined. In addition to offering a cost-effective private fund solution, the JPF now has wider appeal, attracting managers previously constrained by the 50 offer/investor limit.

Potential uses of the enhanced JPF might include:

- open-ended and evergreen structures;
- funds seeking listing while maintaining private fund status; and
- carry schemes and employee incentive vehicles.

Competitiveness programme (Mike Jones and Jon Stevens)

In April, the Government of Jersey announced its Financial Services Competitiveness Programme, a strategic initiative to boost Jersey's global competitiveness as an IFC. The programme is structured around four core work streams:

International tax strategy

Revenue Jersey is developing a forward-looking tax strategy to reinforce Jersey's position as a leading IFC.

Business and regulatory environment

The Government and JFSC are focusing initially on near-term, on-island improvements to ease doing business, but they are also developing medium and longer-term reforms.

One of the most significant projects is the proposal to reform Jersey's control of borrowing framework. The closing date for responses to the Consultation paper on the repeal of the control of borrowing framework is 30 September 2025.

As noted earlier, another of the initiatives relates to the JFSC's Sound Business Practice Policy. Some initial amendments are proposed, but as this policy is closely linked to the control of borrowing framework, further changes are likely to follow in due course.

External growth strategy

External consultants are currently conducting a global market review to identify strategic opportunities and competitive gaps, aimed at shaping investment priorities for Jersey's financial sector over the next decade.

Future competitiveness and regulation

The Government, working in partnership with external experts, is preparing a report to inform and guide strategic Government actions focused on enhancing long-term resilience.

Operational update (Mike Jones and Jon Stevens)

The JFSC has recently issued a notable public statement in relation to a designated service provider (**DSP**) of a JPF: Garfield Bennett Trust Company Limited public statement.

This is significant, as it is the first time that the JFSC has used its powers under the Code of Practice for Trust Company Business (**TCB**) to impose a sanction on a DSP of a JPF. Although acting as a DSP is not itself a category of TCB, DSPs typically provide additional services to JPFs that would be classed as TCB, such as the provision of directors and acting as administrator. This case indicates that, where poor practice is identified in relation to a JPF, the JFSC may exercise its powers under the TCB Code to take enforcement action.

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