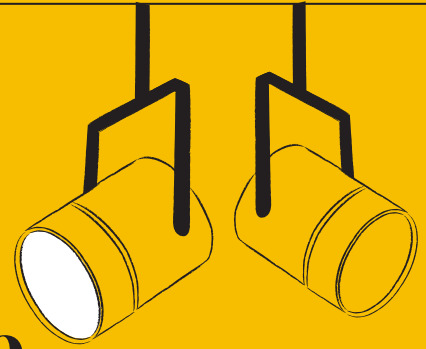


Spotlight

NPPR as an alternative to the AIFMD passport



Investment funds marketed into EU states must comply with relevant European regulatory standards. While a number of funds follow the fully-regulated AIFMD passport route, the National Private Placement Regime (NPPR) option is an attractive alternative used by many.

NPPR is a tried-and-tested pathway into European markets that makes use of bilateral agreements between non-EU financial regulators and their counterparts in EU member states.

Guernsey and Jersey have a broad network of agreements with EU regulators, meaning Guernsey and Jersey-based funds seeking to access European markets need only comply with simplified regulatory obligations relating to disclosure, reporting, transparency and asset stripping.

Experience shows that PE, VC, Real Estate, Debt, Infrastructure and other alternative asset funds have used the NPPR route through Guernsey and Jersey to gain access to European capital through a cheaper, more efficient and less burdensome regulatory regime.

KEY CONSIDERATIONS

- Access:** European Commission statistics show that 97% of funds that market into Europe raised money from three or fewer jurisdictions in the EU
- Cost:** Marketing passports could add up to €3,000,000 in administrative costs over the lifetime of a fund
- Options:** An EU structure may only be needed where significant southern European distribution is anticipated
- Simplicity:** Easier rules around depositary and other requirements than the full AIFMD regime
- Speed to market:** Fast-track authorisation in Guernsey and Jersey provides a significant advantage
- Key markets:** Bilateral agreements exist between Guernsey and Jersey and jurisdictions including the UK, Luxembourg, the Netherlands, Ireland and Germany
- Secure:** Distribution pathways for non-EU funds via Article 42 notifications/registrations are tried and tested and work well
- Private Funds:** The Guernsey Private Investment Fund (PIF) and Jersey Private Fund (JPF) have been enormously successful
- Future-proofing:** Guernsey and Jersey are approved by ESMA which will open up options under the third-party passporting regime when implemented
- AIFMD II:** Planned changes under AIFMD II will impose fewer additional regulatory requirements on Guernsey and Jersey funds
- Legacy:** Managers including Softbank, CVC, Triton and Nordic Capital have established private funds in the Channel Islands
- US/Asian managers:** Guernsey and Jersey limited partnership structures offer simplified access to Europe using legal structures familiar to US and Asian managers
- Compliance:** Guernsey and Jersey have globally respected regulators meeting international standards (IMF, IOSCO, FATF)

Key contacts



RICHARD LE LIARD
Partner | Jersey
richard.leliard@bedellcristin.com
+44 (0)1534 814254



MARTIN PAUL
Partner | Jersey
martin.paul@bedellcristin.com
+44 (0)1534 814864



JOHN SCANLAN
Partner | Guernsey
john.scanlan@bedellcristin.com
+44 (0) 1481 812803

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