



COMMERCIAL SERVICES

Back in April 2015, Lawyer Monthly spoke to Calum McKenzie, Director at Folio Corporate Services Limited about what benefits the British Virgin Islands had to offer foreign investors. This month we revisit Calum to catch up with what he has been working on since then, and to see if anything has changed.

When we last spoke, you told me what makes the British Virgin Islands attractive to foreign businesses. Has this changed at all in that time? In what way?

The BVI remains a great place to do business. There have been changes in a legislative and product sense but changes we can only view as positive. The BVI Business Companies (Amendment) Act 2015 (when proclaimed) will introduce a number of fine tuning modifications which should be warmly welcomed by the industry in general. We have seen the formal introduction of the new investment funds products – the Approved Fund and the Incubator Fund (see below) and the Approved Manager continues to be a very popular product, even more so now that people are becoming aware that they can be used for managed accounts and non BVI funds.

How has 2015 panned out for the M&A markets in the BVI? Were many of these deals cross-border?

The general consensus in the industry is that BVI is having another very good year for M&A activity. I am personally aware of a number of significant very large cross-border deals done in 2015 involving BVI companies. This is not surprising given BVI's reputation for corporate business transactions and our position as industry leader. However we must ensure that as a jurisdiction we continue to enhance our reputation and respond to the demands of the industry, hence why we continue to update and amend legislation and develop new products as described above.

The BVI have recently introduced the "incubator fund" and the "approved fund" designed to enhance its investment offering. Can you tell me about these two new products?

The "approved fund" and the "incubator fund" are two appropriately regulated fund products which are primarily aimed at those managing funds for friends and family/non-institutional offerings and start-up emerging managers.

The incubator fund is aimed at managers who do not necessarily have the benefit of seed investor

capital but who wish to set up quickly and establish a track record with minimal set-up costs and without having to comply with onerous regulatory obligations. The product is therefore very attractive to start-up managers who are seeking the best environment to grow their assets under management in the most cost-efficient manner.

The approved fund is aimed at managers who wish to establish a fund for a longer term, but on the basis of a more private investor offering, which may appeal to family offices or an investor base of close connections.

What are the attractions of them and what impact will it have on the attractiveness of the islands to investors?

The approved fund and the incubator fund essentially allow emerging or start-up managers a swift and uncomplicated entry into the market at a price point they can afford and sustain.

The regulatory obligations of both funds are appropriate for the product with approved and incubator funds having the option to only appoint the service providers that the manager strictly believes the fund requires (although it should be noted that an approved fund will be mandated to appoint an Administrator). They offer almost immediate time to market (able to commence trading within two business days of lodging the application for approval with the Commission) and they offer significantly lower costs to launch and ongoing running costs than those associated with a traditional fund structure. That said we do still reasonable levels of demand for our existing fund products such as the private' and 'professional' funds.

What have you been working on since we last spoke?

Working hard with the BVI Finance Centre and the BVI Investment Funds Association to continue to promote the BVI as a first class venue of choice for investment business by highlighting our great existing products and services as well as introducing our new products to new clients and new markets. Last month I spoke on a panel at the Markets Group Private Wealth Latin America and Caribbean Forum in Miami to promote the BVI in general as well as to draw more attention to the introduction of the approved fund and the incubator fund. Our goal is to make BVI the first choice as an international business partner.

What does 2016 hold for commercial services in the BVI?

We believe that we will continue to see positive levels of demand for products across the spectrum of the BVI financial services offering not least in investment business products. Specifically we believe there will be continued development in creating substance and seeking value added services such as director services. Whilst we undeniably foresee a lot of work in the near future as a result on ongoing global regulatory demands such as AIFMD, FATCA & CRS, we must continue to be responsive to industry demands and view the implementation of these industry changes as necessary and indeed positive developments for the jurisdiction. Our view is that by adopting and implementing global financial standards it demonstrates the BVI's continuing maturity as a jurisdiction and our position as an important financial centre. **LM**



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