

# Jersey Private Funds: How to choose a Designated Service Provider

*Jersey Private Funds are a type of investment fund established in Jersey, typically designed for professional investors or those with a minimum initial investment commitment more than £250,000. Fund managers and advisors need a Designated Service Provider to meet administrative and regulatory requirements. Industry experts [Daryl Pilcher](#) and [Vicky Danks](#) share some key considerations when selecting your DSP*

Introduced by the Jersey Financial Services Commission (the JFSC) in 2017, and further updated in July 2024, Jersey Private Funds (JPFs) can be granted quick and simple consent under the Control of Borrowing (Jersey) Order (the COBO). JPFs were initially set up to provide investors with a proportionate regulatory environment, speed to market, and cost efficiency.



One of the key stipulations of a JPF, is that it must appoint a Jersey-regulated administrator to act as a Designated Service Provider (DSP). The DSP must ensure that JPF criteria and applicable AML legislation is complied with, and that it carries out due diligence on the promoter.

As well as formally performing the role of DSP, the JPF's appointed administrator should be able to provide the necessary key person roles to the funds. A good administrator will have a generous resource of experienced, specialised individuals to provide the following:

- **A Money Laundering Reporting Officer (MLRO)** - The MLRO is a key figure in the fight against money laundering and terrorist financing. They must ensure that the organisation complies with the relevant anti-money laundering (AML) legislation and regulations. The MLRO is also

responsible for collation and consideration of any suspicions of money laundering, the reporting to the Jersey Financial Investigations Unit and acting as their primary contact. They are also responsible for creating and maintaining a register of Suspicious Activity Reports (SARs). A strong DSP will have deputies available to assist the MLRO in performing their function effectively.

- **A Money Laundering Compliance Officer (MLCO)** - The MLCO's role is to monitor and ensure that the organisation adheres to AML policies, procedures, and relevant codes of practice. They are responsible for implementing and maintaining the AML framework within the organization, conducting regular compliance reviews, and ensuring that all staff are adequately trained in AML procedures. The MLCO works closely with the MLRO to ensure that all AML regulatory obligations are met. This person is also responsible for providing annual reports to boards and should have independence from client-facing teams. A MLCO should have the assistance of a skilled team to fulfil this role and the support of the AML team.
- **An Anti-Money Laundering Services Provider (AMLSP)** - this is a requirement under article 9A of the Money Laundering (Jersey) Order 2008 following the major change to Jersey's regulatory environment in 2023. This regulatory change resulted in certain supervised persons who are conducting activities in scope of schedule 2 of the Proceeds of Crime (Jersey) Law 1999 to appoint an AMLSP to assist in fulfilling their AML, counter-terrorism financing (CTF), and counter-proliferation financing (CPF) obligations. The AMLSP is a key role within the regulatory framework for Schedule 2 businesses in Jersey, and JPFs are all in scope. A full-service DSP can provide this service in addition to MLRO and MLCO.

## **Key considerations when selecting your DSP**

When selecting a DSP for your JPF, it's important to understand the size and the experience of their JPF offering. For example, a small DSP may have only 1 or 2 people qualified to act as MLRO or MLCO, which can cause bottlenecks and scalability issues for their JPF clients. A larger DSP, like Aztec, will have a large pool of qualified individuals who can perform these roles for their clients and

scale their operation as the number of new JPFs grows.

Financial crimes are relatively similar across entities, with the nuance being in the types of investments, investors and where they are domiciled. It is therefore beneficial to engage a partner who can combine an established framework of inherent and residual risks with robust monitoring processes. For example, a DSP should have a monitoring programme in place which utilises a risk-based approach encompassing thematic reviews, monitoring of transactions, as well as a process to consolidate compliance reporting and daily screening.

The JPF should benefit from the DSP's compliance framework and AML systems, supporting the fund's defences against financial crime whilst ensuring its compliance with its regulatory obligations.

Also, part of the role of the MLCO is to provide documentation to the JPF board for their consideration and approval. An experienced DSP will ensure this is produced to a consistently high standard.

As the leading alternatives fund administrator in Europe, with its head office in Jersey, the Aztec Group acts as DSP for over 150 JPFs. Working with key intermediaries and lawyers both locally and in the UK, we provide the services required to run JPFs effectively.

The full range of functions as a DSP:

- **Directorships** – Provide effective corporate governance by ensuring that the fund is compliant, making key decisions regarding the fund's operations and strategy, and acting in the best interests of the fund and its investors.
- **Compliance services** – Monitors the Funds adherence to the DSP's AML /CTF/CPF control framework and its regulatory obligations, makes recommendations and updates to the control framework where deficiencies are identified and provides periodic reports to the Board on its adherence to that framework ensuring any issues are promptly brought to the board's attention.
- **Registered office provision** – This is where all legal documents and correspondence are sent. The registered office provider is responsible for

maintaining statutory records, such as the register of members and directors, and ensuring that these records are available for inspection as required by law.

- **Company secretary** - This service ensures the fund meets its legal obligations by maintaining statutory records, preparing and filing annual returns, and organising board meetings.
- **Accounting services** - This service includes preparing financial statements and managing the fund's accounts, as well as preparing tax returns and providing financial reporting to investors.
- **Treasury services** - This service includes managing the fund's cash flow, banking relationships, and financial risks.
- **FATCA/CRS reporting services** - FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard) reporting services involve collecting and reporting information about the fund's investors to tax authorities.

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