

British Virgin Islands investment funds – autumn 2024 update

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British Virgin Islands Financial Services Commission statistics Q2 2024

The British Virgin Islands (the “BVI”) Financial Services Commission (“FSC”) has published its Statistical Bulletin for Q2 2024 (see [here](#), with ‘Investment Business’ statistics at page 17 and ‘Funds’ statistics at page 18) identifying progress made in different sectors of the Financial Services industry, including Investment Business.

The FSC approved the registration of 60 new investment funds in Q2 of 2024, which primarily consisted of professional funds, approved funds and private investment funds. This is a slight uptick from Q2 2023 (38) and Q1 2024 (47). The total number of investment funds registered with the FSC was 2,051 as at 30 June 2024.

The FSC approved 61 new applications for approved investment managers in Q2 of 2024, which brought the total number of approved investment managers to 927 as at 30 June 2024. This marked a slight decrease on the Q1 2024 number (71) but an increase from the Q2 2023 number (53). The total number of “full” investment business licences granted by the FSC was 132 as at the same date.

These statistics indicate the continued attractiveness of the BVI as a jurisdiction for the structuring of investment funds and investment management entities. The BVI continues to be a leading offshore finance centre, supporting major businesses, institutions and individuals in their international investment activities.

Comparison of British Virgin Islands funds

Following the promulgation of the Private Investment Funds Regulations in 2020 (see [here](#)), the BVI now has a complete regulated funds regime covering both open-ended (incubator funds, approved funds, private funds, professional funds and public funds) and closed-ended funds, further reinforcing its commitment to being a leading funds jurisdiction.

Each of these funds offer a different solution to different fund managers:

- For open-ended funds (i.e. where investors have the right to redeem their fund interests in accordance with the fund documents):
 - a. Public funds are for fund managers looking to make retail offerings and are therefore subject to more stringent regulation.
 - b. Professional funds require all investors to be Professional Investors (as defined below), but without any limit on the number of investors.
 - c. Private funds have a limit of 50 investors unless the invitation to subscribe is made on a private basis.
 - d. Incubator funds are start-up funds offering managers a straightforward, economical solution for implementing an investment strategy with low up-front costs and limited ongoing obligations.
 - e. Approved funds are aimed at the “friends and family” market and are similar to the private fund, but with less stringent regulation and lower on-going costs.

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- For closed-ended funds (i.e. where investors do not have the right to redeem their fund interests in accordance with the fund documents):
 - a. Private investment funds are for fund managers setting up closed-ended funds investing into relatively illiquid asset classes (e.g. private equity, venture capital, real estate).

In all cases, the application process for each type of fund is generally straightforward and efficient, with the FSC having committed to quick turnaround times. The chart below provides a comparison of the six BVI funds, from formation to on-going obligations.

If you need any advice relating to any aspect of the BVI's regulated funds regime, please get in touch with your usual Carey Olsen contact.¹

	Private	Professional	Public	Incubator	Approved	Private Investment
Fund details						
Open or closed ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Closed-ended
Max. number of investors	50 or the invitation to subscribe/ purchase an interest is made on a private basis only.	None	None	20	20	(i) 50; or (ii) the invitation to subscribe/ purchase an interest is made on a private basis only; or (iii) interests only made available to Professional Investors and minimum investment is US\$100,000.
Minimum investment	None	US\$100,000, unless Exempted Investor	None	US\$20,000	None	US\$100,000, unless there are no more than 50 investors or the invitation to subscribe/purchase an interest is made on a private basis.
Maximum NAV	None	None	None	US\$20,000,000	US\$100,000,000	None
Lifetime	Unlimited	Unlimited	Unlimited	2 years, possibility to extend for a further year.	Unlimited	Unlimited
Investor protection						
Investor criteria	No public offers to be made	Professional Investors only	Open to the public	Sophisticated Private Investors only	No public offers to be made	No public offers to be made or professional investors only

Continued

	Private	Professional	Public	Incubator	Approved	Private investment
Launch						
Launch timeframe	Cannot commence business until FSC licenses it to do so. Generally completed within five business days of the application date	Can commence business 21 days before receiving its license from FSC	Cannot commence business until FSC licenses it to do so. Generally completed within four to six weeks of the application date	Can commence business two days from the date of receipt of application by the FSC	Can commence business two days from the date of receipt of application by the FSC	Can commence business 14 days before the date of receipt of application by the FSC. May operate as a private investment fund for 21 days after submitting application
Offering document requirements	Offering Memorandum	Offering Memorandum	Prospectus complying with the terms of the Public Funds Code	Summary of terms	Summary of terms	Term sheet
Other documents required for application	Application form, business plan and constitutional documents	Application form, business plan and constitutional documents	Application form, business plan, completed Form A for each director and constitutional documents	Application form, written description of investment strategy, written warning which will be provided to investors and constitutional documents	Application form, written description of investment strategy, written warning which will be provided to investors and constitutional documents	Application form, constitutional documents, term sheet, fund valuation policy
Required functionalities	No less than two directors (one of which must be an individual), fund manager, administrator, custodian, auditor and authorised representative	No less than two directors (one of which must be an individual), fund manager, administrator, custodian, auditor and authorised representative	No less than two directors (each of whom must be individuals), fund manager, administrator, custodian, auditor and authorised representative	No less than two directors (one of which must be an individual) and authorised representative	No less than two directors (one of which must be an individual), fund administrator and authorised representative	No less than two directors (one of which must be an individual), appointed person (responsible for management, valuation and safekeeping of the fund's property), auditor and authorised representative

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	Private	Professional	Public	Incubator	Approved	Private investment
Ongoing requirements						
Periodic reporting requirements²	Audited financial statements no later than six months after the end of each financial year. Annual returns by 30 June.	Audited financial statements no later than six months after the end of each financial year. Annual returns by 30 June.	Audited financial statements including director's certificate and report to investors no later than six months after the end of each financial year. Annual returns by 30 June.	Unaudited financial statements no later than six months after the end of each financial year. Semi-annual returns by 31 January and 31 July. Annual returns by 31 January.	Unaudited financial statements no later than six months after the end of each financial year. Annual returns by 31 January.	Audited financial statements no later than six months after the end of each financial year. No requirement for annual returns.
Costs						
Application fee	US\$850	US\$850	US\$1,200 – Additional prospectus fee: US\$300	US\$1,800	US\$1,800	US\$850
Recognition fee	US\$1,200	US\$1,200	US\$1,800 (Registration fee)	-	-	US\$1,200
Annual renewal fee	US\$1,200	US\$1,200	US\$1,800	US\$1,200	US\$1,200	US\$1,200

¹ The following defined terms are set out in the comparison table:

- 'Exempted Investor' means:
 - a. the manager, administrator, promoter or underwriter of the fund, or
 - b. any employee of the manager or promoter of a fund.
- 'FSC' means the BVI Financial Services Commission.
- 'NAV' means net asset value.
- 'Professional Investor' means a person:
 - a. whose ordinary business involves, whether for that person's own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property, of the fund, or
 - b. who has signed a declaration that he or she, whether individually or jointly with his or her spouse, has a net worth in excess of US\$1,000,000 (or its equivalent in another currency) and that he or she consents to be treated as a professional investor.
- 'SIBA' means the Security and Investment Business Act, 2010 (as amended).
- 'Sophisticated Private Investor' means a person who has been invited to invest in an incubator fund and the amount of his or her initial investment is not less than US\$20,000.

² We note that there are a number of additional reporting requirements following the occurrence of certain events in relation to each type of fund (such as changes to functionalities or offering documentation, or FATCA/CRS and economic substance filings) which will require a notification to, or the prior approval of, the FSC or other regulatory authorities/bodies in the BVI. Such reporting requirements are beyond the scope of this comparison, however please contact your usual Carey Olsen contact if you require further information.

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