

Funds in the British Virgin Islands

Service area / [Investment Funds](#)

Legal jurisdiction / [British Virgin Islands](#)

Date / [January 2025](#)

The British Virgin Islands (“BVI”) is a long-standing jurisdiction of choice for the incorporation of investment funds. This is due to the familiarity and stability of the BVI’s English common law based legal system, tax neutral treatment and the business friendly flexibility of the BVI’s regulatory and judicial regime. Funds in the British Virgin Islands are regulated by the Financial Services Commission (the “FSC”).

Fund structuring

The majority of open-ended BVI funds are incorporated as companies under the BVI Business Companies Act (the “Act”), as amended. This provides for a very flexible structure as there is no concept of authorised capital or share capital under BVI law and, subject to the memorandum and articles of association of the BVI company, shares may be issued with no par value. The Act also provides for segregated portfolio companies with statutory segregation of assets and liabilities between segregated portfolios established within the company. Segregated portfolio companies are popular for multi-class or umbrella funds in which two or more segregated portfolios use different investment strategies.

Alternatively, funds (generally closed-ended funds) may be incorporated as international limited partnerships, which do not have a separate legal personality distinct from that of the partners; making the general partner ultimately responsible for the debts and obligations of the partnership (a limited partner is not liable for the debts and obligations of a partnership beyond the amount of its contributed partnership

interest). For a more detailed comparison of the company and international limited partnership structures please see our legal guide [“Private Equity Fund Structuring in the BVI”](#).

Types of BVI funds

In addition to the recognition by the FSC of foreign incorporated funds, there are currently 6 types of fund which may operate and are regulated in the BVI:

Open-ended funds

- private funds
- professional funds
- public funds
- incubator funds
- approved funds

Closed-ended funds

- private investment funds

We set out below a brief description of the key features of each type of fund, however for a more detailed comparison between open-ended funds please see Schedule 1.

Private funds

Private funds are open-ended funds regulated in the BVI which do not have a minimum initial investment amount for each investor or any restrictions relating to “professional” or

OFFSHORE LAW SPECIALISTS

BERMUDA BRITISH VIRGIN ISLANDS CAYMAN ISLANDS GUERNSEY JERSEY
CAPE TOWN HONG KONG SAR LONDON SINGAPORE

“sophisticated” investors. In order to qualify as a private fund, the total number of investors must be limited to 50 or invitations to subscribe for fund interests issued by the fund must be made on a private basis only.

Professional funds

Professional funds are the most popular type of open-ended fund in the BVI. In order to qualify as a professional fund, fund interests must only be issued to professional investors or exempted investors. The minimum initial investment for a professional investor must be at least US\$100,000. There is no limit on the number of investors who may invest in a professional fund.

A professional investor is a person:

- whose ordinary business involves the acquisition or disposal of property of the same kind as the property of the fund; or
- who, whether individually or jointly with a spouse, has a net worth in excess of US\$1,000,000.

Exempted investors, on the other hand, do not have a required minimum initial investment. Exempted investors include:

- the manager, administrator, promoter or underwriter of the fund; or
- any employee of the manager of the fund.

Public funds

Public funds are open-ended funds generally viewed as a retail product and are therefore subject to a considerably higher regulatory burden than that applicable to other types of funds. However, a public fund is not subject to any restrictions as to the categories or numbers of investors who may invest in the fund.

Incubator and approved funds

Incubator and approved funds are designed to provide a fast and cost-effective method for managers to launch open-ended funds, by allowing qualifying open-ended funds to be approved to conduct business within a lighter regulatory regime. It is possible to commence business as an approved or an incubator fund two business days following the receipt by the FSC of a completed application in respect of the fund.

Incubator funds are suitable for sophisticated private investors only. The total number of investors is limited to a maximum of 20 and the net assets of the fund must not exceed \$20,000,000 or its equivalent in any other currency. Incubator funds are not required to have an administrator but are limited to an approved period of two years (with the possible extension for an additional 12 months upon application to the FSC). At the end of this period, an incubator fund must either terminate its business or apply to the FSC to be recognised as a private fund or professional fund or to be approved as an approved fund.

Approved funds are designed for smaller strategies and friends and families funds. The total number of investors is limited to 20 and the net assets of the fund must not exceed US\$100,000,000 or its equivalent in any other currency. An approved fund must have an administrator but is not required to have a manager or a custodian and no audit is required. The validity period for an approved fund is unlimited.

Where an incubator or an approved fund exceeds the permitted amount of investments or number of investors, the FSC may direct that the fund converts into a private fund or a professional fund (or, in the case of an incubator fund, into an approved fund) or that the fund is liquidated or ceases to carry on fund business.

Private investment funds

The Private investment fund regime was designed to cater for closed-ended funds (whether structured as a BVI business company or international limited partnership). To qualify as a private investment fund, the constitutional documents must specify that (i) the fund is not authorised to have more than 50 investors, (ii) invitations to subscribe for fund interests issued by the fund must be made on a private basis only, or (iii) fund interests must only be issued to professional investors or exempted investors (see respective definitions above), with the minimum initial investment for a professional investor being at least US\$100,000.

Authorised representatives

All funds recognised or registered in the BVI (and all persons licensed to carry on regulated investment business in or from within the BVI) must appoint and at all times have an authorised representative who shall be a person or entity resident in the BVI and certified by the FSC, unless the fund has a significant management presence in the BVI. CO Authorised Representative Ltd. can provide this service if required. The functions of the authorised representative are to:

- act as the main intermediary between the fund and the FSC;
- accept service of notices and other documents on behalf of the fund; and
- keep such records or copies of such records as may be prescribed from time to time.

All documents to be submitted to the FSC by the fund must be submitted by its authorised representative and all fees to be paid by a fund must be paid by its authorised representative on behalf of the fund.

For further information and assistance in respect of fund structuring in the BVI or to set up a fund in the BVI, please contact the Carey Olsen team in your region.

Continued

	Private	Professional	Public	Incubator	Approved	Private Investment Funds
Investors						
Fund users	Popular with friends and family offerings.	Popular with high-net-worth Professional Investors.	Popular with managers looking to make retail offerings.	Popular with start-up managers (particularly in the fintech sector) who want to keep costs down whilst they build a track record and make the fund viable in the long term.	Popular with smaller, private offerings or friends using it as a family fund.	Used for closed-ended funds.
Maximum number of investors	50 investors (or the invitation to subscribe/purchase an interest can be made on a private basis only).	No maximum.	No maximum.	20 investors.	20 investors.	(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	No minimum.	US\$100,000, or its equivalent in any other currency (unless an Exempted Investor).	No minimum.	US\$20,000, or its equivalent in any other currency.	No minimum.	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	No maximum.	No maximum.	No maximum.	\$20 million, or its equivalent in any other currency.	\$100 million, or its equivalent in any other currency.	No maximum.

Continued

	Private	Professional	Public	Incubator	Approved	Private Investment Funds
Investors						
Lifetime	Unlimited.	Unlimited.	Unlimited.	<p>The fund can operate:</p> <p>(a) for two years, with an option to extend for one additional year (with the FSC's prior consent); (b) until it has more than 20 investors; or (c) until the NAV exceeds \$20 million.</p> <p>At the end of this initial period the fund must either: (a) terminate its business; or (b) apply to be converted into an approved fund, a private fund or a professional fund.</p>	<p>The fund can operate until: (a) it has more than 20 investors; or (b) until the NAV exceeds \$100 million.</p> <p>At the end of this initial period the fund must either: (a) terminate its business; or (b) apply to be converted into a private fund or a professional fund.</p>	Unlimited.
Investor criteria	Private offers only (no public offers are permitted). However, there is no requirement for the investors to be Professional Investors or Sophisticated Private Investors.	Only Professional Investors.	Open to the public.	Only Sophisticated Private Investors.	Private offers only (no public offers are permitted). However, there is no requirement for the investors to be Professional Investors or Sophisticated Private Investors.	No public offers to be made or professional investors only.
Launch						
Timeframe	Cannot commence business until the FSC issues the relevant licence. Usually completed within 14 business days of the application being made.	Can commence business 21 days before receiving its licence from FSC, provided that the application for recognition is submitted with FSC within 14 days of its launch.	Cannot commence business until the FSC issues the relevant licence. Usually completed in six weeks of the application being made.	Can commence business two days after the application is submitted to the FSC.	Can commence business two days after the application is submitted to 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.

Continued

	Private	Professional	Public	Incubator	Approved	Private Investment Funds
Launch						
Offering documents	Offering memorandum.	Offering memorandum.	Prospectus complying with the terms of the Public Funds Code.	There is no formal requirement for a formal offering memorandum, but if one is not prepared, the investors need to be given a written investment warning. Usually this is in a short form term sheet.	There is no formal requirement for a formal offering memorandum, but if one is not prepared, the investors need to be given a written investment warning. Usually this is in a short form term sheet.	There is no formal requirement for a formal offering memorandum, but if one is not prepared, the investors need to be given a written investment warning. Usually this is in a short form term sheet.
Application documents	Application form, business plan, offering memorandum, compliance manual and constitutional documents.	Application form, business plan, offering memorandum, compliance manual and constitutional documents.	Application form, business plan, prospectus, compliance manual, a director application form and constitutional documents	Application form, offering memorandum (or term sheet with investment warning), compliance manual and constitutional documents.	Application form, offering memorandum (or term sheet with investment warning), compliance manual and constitutional documents.	Application form, offering memorandum (or term sheet with investment warning), compliance manual and constitutional documents.
Functionaries						
Directors	At least two directors (one must be an individual). There is no BVI residency requirement for directors.	At least two directors (one must be an individual). There is no BVI residency requirement for directors.	At least two directors (one must be an individual). There is no BVI residency requirement for directors.	At least two directors (one must be an individual). There is no BVI residency requirement for directors.	At least two directors (one must be an individual). There is no BVI residency requirement for directors.	At least two directors (one must be an individual). There is no BVI residency requirement for directors.
Fund manager	Required.	Required.	Required.	Not required.	Not required.	Not required, but an appointed person responsible for management, valuation and safekeeping of the fund's property is to be appointed.

Continued

	Private	Professional	Public	Incubator	Approved	Private Investment Funds
Functionaries						
Administrator	Required.	Required.	Required.	Not required. However, many incubator funds still elect to appoint an administrator to help with their AML Policies and FATCA/CRS obligations. The administrator can also independently calculate the NAV, to make it easier to market the fund's track record to future investors.	Required.	Not required. However, many private investment funds still elect to appoint an administrator to help with their AML Policies and FATCA/CRS obligations. The administrator can also independently calculate the NAV, to make it easier to market the fund's track record to future investors.
Custodian	Required, but it is possible to apply for an exemption.	Required, but it is possible to apply for an exemption.	Required.	Not required.	Not required.	Not required.
Auditor	Required, but does not have to be in the BVI.	Required, but does not have to be in the BVI.	Required, but does not have to be in the BVI.	Not required.	Not required.	Required, but does not have to be in the BVI.
FATCA and CRS officer	Most funds are likely to qualify as a FFI, so will need to submit FATCA and CRS declarations. Usually this is done by the administrator.	Most funds are likely to qualify as a FFI, so will need to submit FATCA and CRS declarations. Usually this is done by the administrator.	Most funds are likely to qualify as a FFI, so will need to submit FATCA and CRS declarations. Usually this is done by the administrator.	Most funds are likely to qualify as a FFI, so will need to submit FATCA and CRS declarations. Usually this is done by a director if there is no administrator.	Most funds are likely to qualify as a FFI, so will need to submit FATCA and CRS declarations. Usually this is done by the administrator.	Most funds are likely to qualify as a FFI, so will need to submit FATCA and CRS declarations. Usually this is done by a director if there is no administrator.
Authorised representative	The fund must have an authorised representative in the BVI, to liaise with the FSC and pay its annual FSC fees. We can provide this service, if required.	The fund must have an authorised representative in the BVI, to liaise with the FSC and pay its annual FSC fees. We can provide this service, if required.	The fund must have an authorised representative in the BVI, to liaise with the FSC and pay its annual FSC fees. We can provide this service, if required.	The fund must have an authorised representative in the BVI, to liaise with the FSC and pay its annual FSC fees. We can provide this service, if required.	The fund must have an authorised representative in the BVI, to liaise with the FSC and pay its annual FSC fees. We can provide this service, if required.	The fund must have an authorised representative in the BVI, to liaise with the FSC and pay its annual FSC fees. We can provide this service, if required.

Continued

	Private	Professional	Public	Incubator	Approved	
Functionaries						
Registered agent	The fund must have a registered agent in the BVI, to liaise with the BVI Registry and pay its annual BVI Registry fees. We can provide this service, if required.	The fund must have a registered agent in the BVI, to liaise with the BVI Registry and pay its annual BVI Registry fees. We can provide this service, if required.	The fund must have a registered agent in the BVI, to liaise with the BVI Registry and pay its annual BVI Registry fees. We can provide this service, if required.	The fund must have a registered agent in the BVI, to liaise with the BVI Registry and pay its annual BVI Registry fees. We can provide this service, if required.	The fund must have a registered agent in the BVI, to liaise with the BVI Registry and pay its annual BVI Registry fees. We can provide this service, if required.	The fund must have a registered agent in the BVI, to liaise with the BVI Registry and pay its annual BVI Registry fees. We can provide this service, if required.
Ongoing requirements						
Financial statements	Must submit annual audited financial statements to the FSC each year (within six months of its financial year end).	Must submit annual audited financial statements to the FSC each year (within six months of its financial year end).	Must submit annual audited financial statements (together with a director's certificate and report to investors) to the FSC each year, within six months of its financial year end.	Must submit financial statements to the FSC every six months (on 31 January and 31 July each year). The financial statements do not need to be audited, but they do need to comply with IFRS, GAAP (UK, US or Canadian) or such other recognised standards as may be approved by the FSC.	Must submit annual financial statements to the FSC (within six months of its financial year end). The financial statements do not need to be audited, but they do need to comply with IFRS, GAAP (UK, US or Canadian) or such other recognised standards as may be approved by the FSC.	Must submit annual audited financial statements to the FSC each year (within six months of its financial year end).
Annual return	Must submit an annual return to the FSC by 30 June each year.	Must submit an annual return to the FSC by 30 June each year.	Must submit an annual return to the FSC by 30 June each year.	Must submit an annual return to the FSC by 31 January each year.	Must submit an annual return to the FSC by 31 January each year.	Not required.
Economic substance	Must submit an economic substance declaration each year.	Must submit an economic substance declaration each year.	Must submit an economic substance declaration each year.	Must submit an economic substance declaration each year.	Must submit an economic substance declaration each year.	Must submit an economic substance declaration each year.
Compliance manual	Must have a compliance manual that sets out its AML/CTF Policies.	Must have a compliance manual that sets out its AML/CTF Policies.	Must have a compliance manual that sets out its AML/CTF Policies.	Must have a compliance manual that sets out its AML/CTF Policies.	Must have a compliance manual that sets out its AML/CTF Policies.	Must have a compliance manual that sets out its AML/CTF Policies.

Continued

	Private	Professional	Public	Incubator	Approved	Private Investment Funds
Ongoing requirements						
MLRO	Must appoint a MLRO. Usually, this function is carried out by the administrator.	Must appoint a MLRO. Usually, this function is carried out by the administrator.	Must appoint a MLRO. Usually, this function is carried out by the administrator.	Must appoint a MLRO.	Must appoint a MLRO. Usually, this function is carried out by the administrator.	Must appoint a MLRO. Usually, this function is carried out by the administrator.
Costs						
Application fee	US\$850	US\$850	US\$1,800 – Additional prospectus fee: US\$300	US\$1,800	US\$1,800	US\$850
Recognition fee	US\$1,200	US\$1,200	US\$1,800			US\$1,200
Annual renewal fee	US\$1,200	US\$1,200	US\$1,800	US\$1,200	US\$1,200	US\$1,200

Defined terms

The following defined terms are used in the table:

AML/CTF Policies	means anti-money laundering and counter terrorist financing policies and procedures, which are designed to prevent money laundering, terrorist financing, proliferation financing and to ensure compliance with all sanctions.
BVI	means the British Virgin Islands.
BVI Registry	means the BVI Registry of Corporate Affairs.
CRS	means Common Reporting Standards.
Exempted Investor(s)	means: (a) the manager, administrator, promoter or underwriter of the fund; or (b) any employee of the manager or promoter of a fund.
FATCA	means the United States' Foreign Account Tax Compliance Act.
FFI	means a foreign financial institution.
FSC	means the BVI Financial Services Commission.

Continued

MLRO	means money laundering reporting officer.
NAV	means net asset value.
Professional Investor(s)	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 million and that he or she consents to be treated as a professional investor.
Public Funds Code	means the Public Funds Code 2010.
Sophisticated Private Investor(s)	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.

How do I get more information?

If you have any questions about any of the funds described above, or want to know more about the registered agent services and authorised representative services that we provide through our affiliate companies CO Services and CO Authorised Representatives, please reach out to your usual contact at Carey Olsen or bvi@careyolsen.com.



FIND US

Carey Olsen (BVI) L.P.
 Rodus Building
 PO Box 3093
 Road Town
 Tortola VG1110
 British Virgin Islands

T +1 284 394 4030
 E bvi@careyolsen.com

Carey Olsen Hong Kong LLP
 Suites 3610-13
 Jardine House
 1 Connaught Place
 Central
 Hong Kong SAR

T +852 3628 9000
 E hongkong@careyolsen.com

Carey Olsen Singapore LLP
 10 Collyer Quay #29-10
 Ocean Financial Centre
 Singapore 049315

T +65 6911 8310
 E singapore@careyolsen.com



PLEASE NOTE

This briefing is only intended to provide a very general overview of the matters to which it relates. It is not intended as legal advice and should not be relied on as such. © Carey Olsen 2025.