



Navigating regulatory challenges for investing in sensitive assets in Jersey

Insights - 10/01/2025

A key theme of 2024 was increased investment activity in defence tech, digital assets, carbon credits and cannabis which (along with other assets) the Jersey Financial Services Commission has identified as "sensitive".

As we look to 2025, risk appetite of venture capital funds and investors alike are changing in these uncertain times. Given the recognition that these sensitive assets have the potential to transform industries and deliver exceptional returns, we can expect to see these "outlier" investments become increasingly mainstream as asset managers see investor interest grow.

Jersey has a good track record in considering and granting approvals in respect of fund vehicles which include sensitive assets within their portfolios or investment policies. However there is no doubt that these assets present asset managers with a more obstacles to clear both in terms of due diligence burden and investor and regulatory scrutiny to enable the Jersey Financial Services Commission (JFSC) to determine whether or not there is potential reputational risk in connection with these assets.

Recognising that for our sophisticated clients investing in this space a huge amount of thinking and testing will already have been undertaken, there are a number of questions to consider if you have exposure to sensitive assets when carrying out:

- preparing a Jersey fund launch
- relocating to Jersey and managing your existing non-Jersey funds from Jersey
- bringing a Jersey investor into your non-Jersey fund?

Launching a Jersey fund or managing a non-Jersey fund from Jersey

In connection with the necessary applications for relevant regulatory consents, the focus for asset managers will be on ensuring that the information to be shared with the Commission is readily available, digestible and demonstrates a holistic approach to business risk management including the identification of key risks and mitigants in respect of these assets. The risk profile of the asset in question will need to be fully baked into the business risk assessment and related AML / CFT / CPT policies and procedures in line with legislative obligations.

Circulating an offer in Jersey

For the non-Jersey manager operating a non-Jersey fund, looking to attract Jersey investors (for example in the case of a Delaware manager of a Cayman limited partnership fund) a Jersey-compliant business risk assessment is rarely required. A lot of the information required by the JFSC is already likely to be covered within the fund offering documentation. However, additional follow up and scrutiny in respect of these types of assets can be expected before the JFSC will consent to the circulation of the offer to potential investors in Jersey.

As is often the case with shifts in the market and development of new trends, one potential challenge can be how to respond to the scope and scale of queries that may be asked by the regulators. The industry is made up of fast learners but it can help to have legal counsel on board at an early stage, particularly where the race is on to make that investment / close in that investor as soon as possible.

How Ogier can help

Working closely with our clients and (if applicable) their Jersey administrator, Ogier ensures any potential wrinkle is identified and brought to the attention of the JFSC (be it in its guise as Registry or Fund Authorisations) at the earliest opportunity.

We can provide guidance on the risk assessment analysis data and information likely to be required, review business risk assessments with a view to ensuring that as much of the information required by the Jersey Financial Services Commission is "front loaded" in order that any impact of launch or relocation timetable is minimised.

Where a particular investment attracts further additional scrutiny, we work collaboratively with our clients to ensure that the JFSC's queries are responded to in a full and timely fashion and can provide more detailed legal and regulatory advice in respect of any "thornier" issues.

Ogier also offers asset managers comprehensive support in addressing the necessary regulatory scrutiny, ensuring that clients can capitalise as early movers in a given asset class.

About Ogier

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

Disclaimer

This client briefing has been prepared for clients and professional associates of Ogier. The information and expressions of opinion which it contains are not intended to be a comprehensive study or to provide legal advice and should not be treated as a substitute for specific advice concerning individual situations.

Regulatory information can be found under [Legal Notice](#)

Key Contacts



[Alexandra O'Grady](#)

Managing Associate

[Jersey](#)

E: alexandra.o'grady@ogier.com

T: [+44 1534 514081](tel:+441534514081)