

Hedgeweek Awards 2011



JP Fund Administration

Best Offshore Hedge Fund Administrator

JP Fund Administration is a Cayman Islands-based fund administrator offering services to asset managers in all styles of alternative investment management. The choice to establish in the Cayman Islands was based on its well-established legal and regulatory framework, which has made it the leading fund jurisdiction for the overwhelming majority of offshore alternative investment fund managers.

The Cayman Islands Monetary Authority granted JPFA an unrestricted mutual fund administrator's licence in November 2008, allowing the company to offer clients a full range of administration services including NAV calculation, fund accounting, transfer agency and share registry services.

To meet the demands of today's investors, investment managers, auditors and regulators, the company's management believes it is essential to have experienced staff and a software solution that is functional, flexible and scalable. JPFA has been building its presence in Cayman over the past two years by continuing to hire key staff to service its growing customer base as well as moving to larger offices to accommodate all locally-based staff under one roof.

JPFA uses the PFS Paxus administration system, a fully integrated platform developed by Pacific Fund Systems. Managing director Martin Laidlaw acknowledges the need for up-to-date, efficient systems: "Our clients need timely and accurate information, and our focus on technology ensures we remain at the forefront of the industry in delivering on our clients' expectations.

"We are continually reviewing our use of technology to create efficiencies and to improve investor and investment manager experience." JPFA is looking forward to further technological enhancements in collaboration with its service providers to increase the utility and scope of its offering to investors and managers alike.



Martin Laidlaw, managing director, JP Fund Administration (Cayman)

JPFA is part of the JP Fund Group of companies which, through its collective expertise and external service providers, offers investment managers a full range of support services including fund establishment and documentation, legal support, banking and brokerage facilities, including trade execution and custodian introductions, and establishing independent director and audit arrangements.

The group has developed a range of services to assist asset managers moving from managed account-style operations to running their investment strategy within a fund structure, as well as catering for existing fund managers' ongoing needs. Services include cost-sensitive structuring solutions in a number of jurisdictions that often provide more conflict-free fund governance structures than are normally possible in traditional funds. The cost-saving initiatives have been scaled to suit funds large and small.

Growing requirements for transparency, accountability and independence, particularly in light of events during the global financial crisis, have increased demand for independent fund service professionals that JPFA is well placed to meet. The firm is also looking to expand its global scope through initiatives in the significant US market and increasing openings in Asia and Australasia.

Of the award, JP Fund Group executive chairman and JPFA director Philip Griffiths says: "We're very proud of our achievements to date and excited by future opportunities. We look forward to continuing to grow the business while maintaining the same values. Being recognised by our industry peers and clients proves we have the right client focus and business model. We're also proud that Capricorn FX G10 SP, a fund established and administered by the group, has also been voted Best Managed Futures Fund/CTA." ■

27 ► compliance. If the decision is positive, the manager may begin marketing the fund as soon as it has received notification from the regulator.

The manager also applies to its home regulator if it wishes to market a fund in one or more other EU member states, providing a notification in respect of each fund and targeted market. As long as the manager meets the terms of the directive, the notification file, including supporting documentation, must be transmitted to the regulator of the target market within 20 working days. Once it has received notification that the application has been transmitted, the manager may immediately begin marketing in that country.

An authorised manager may also manage funds domiciled in other member states either directly or through a branch. It must submit details of the management activities or branch to its home regulator, which in turn must transmit the documentation within two months to the authorities of the member state where the manager proposes to carry out management activities.

Member states are free to allow the marketing of alternative funds to retail investors on their territory if they wish, irrespective of whether the funds are located in that country, another EU member state or in a non-EU country or territory. In this case, they may impose stricter requirements on the manager or fund than those applicable in the case of professional investors, but they may not impose stricter or additional requirements on funds from other member states than those applicable to domestic funds.

Third-country managers and funds

There is a two-year transition period after the final deadline for transposition of the directive into national law around mid-2013 before non-EU alternative fund managers can become eligible for a passport to perform management and/or marketing activities within the EU, and for EU managers to market non-EU funds under the passporting arrangements.

Esma will have oversight authority, power to decide authorisation questions on which regulators from different EU member states disagree, and a co-ordinating role in the exchange of information between national regulatory authorities. After the universal



Phil Griffiths accepts the award for Best Offshore Hedge Fund Administrator on behalf of JP Fund Administration

passport regime has been in place for three years, national private placement arrangements are scheduled to be abolished as long as the Commission has certified that passporting is working satisfactorily for all managers.

An EU manager may manage non-EU funds that are not marketed within Europe, subject to all the directive's requirements apart from those relating to the depositary and annual report in respect of those funds. Co-operation arrangements must be in place between the supervisory authorities of the manager's home member state and the regulator of the fund domicile to facilitate regulation of the manager and monitoring of systemic risk. As with other provisions regarding non-EU domiciled funds and managers, the directive requires the Commission to establish a framework for establishing co-operation arrangements with third countries, and Esma to draw up guidelines on how these measures are to be implemented.

Once the passporting system has been extended, EU managers may market non-EU funds (or EU-domiciled feeder funds invested in non-EU master funds) to sophisticated EU-based investors. This is subject to co-operation arrangements being in place between the manager's home regulator and that of the fund domicile, certification that the domicile meets Financial Action Task Force standards on countering money laundering and terrorist financing, and the conclusion of OECD-standard tax information exchange agreements (Tieas) between the fund domicile and the manager's home member state as well as any other EU countries in which the fund is to be marketed.