



BDA

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BERMUDA A WORLD-CLASS FINANCIAL CENTRE

Innovative legislative and regulatory developments implemented over the past two years have invigorated Bermuda's asset management and private equity industries and created a highly responsive capital market for investors.

Less than two hours from New York, Bermuda is a premier international financial centre that embraces a culture of collaboration between industry, the regulator and

government, with all parties working together to achieve commercial success. The jurisdiction is home to one of the top three reinsurance centres and the world's largest captive insurance market; it is also the global leader for insurance-linked securities, catastrophe bonds and other alternative risk-transfer vehicles.

Globally distinguished service providers operate within a technologically

sophisticated, easy-to-access infrastructure. Bermuda's world-class workforce of experienced, internationally trained and qualified professionals includes lawyers, accountants, fund administrators, bankers, insurers and independent directors.

Connecting Business

THE BERMUDA ADVANTAGE: INNOVATIVE FUND SOLUTIONS

FLEXIBLE STRUCTURING OPTIONS

Bermuda offers a variety of Regulated and Non-Regulated fund types to satisfy the needs of managers and investors:

REGULATED FUNDS

- ▶ Standard fund
- ▶ Institutional fund
- ▶ Administered fund

NON-REGULATED FUNDS

- ▶ Closed-ended fund
- ▶ Excluded/Private fund
- ▶ Exempted fund
 - Class A exempt fund
 - Class B exempt fund

The newest options are the Class A and Class B exempt funds.

Class A exempt funds, geared to managers with assets under management of at least \$100 million and marketed only to qualified investors, can be registered and launched instantly via the Bermuda Monetary Authority (BMA) electronic filing system. Self-certification is permitted if the fund's investment manager is already registered with an established regulator such as the US Securities and Exchange Commission (SEC) or Britain's Financial Conduct Authority (FCA), with no approval requirement from the BMA.

Class B exempt funds are available for non-licensed fund managers with assets under management of less than \$100 million.

COMMERCIALY SENSIBLE REGULATION

BMA oversees a practical, pragmatic and fit-for-purpose regulatory environment that is scalable to meet the needs of a fund's investor base.

COMPLIANCE & TRANSPARENCY

Bermuda is recognised by the international community for transparency and cooperation. The Island currently has a total of 80 treaty partners, including 41 bilateral Tax Information Exchange Agreements (TIEAs) and 76 co-signatories of the Council of Europe's Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

SPEED TO MARKET

Same-day incorporation and regulatory certainty allow a fund to commence operations immediately within a highly efficient exempt fund regime.

LOW-COST SET-UP

Setting up a Class A or Class B exempt fund is simple, cost-effective, and competitive with other jurisdictions.

AUDIT EFFICIENCY

Bermuda funds do not require a local auditor signoff, which saves time and money.

INDEPENDENT DIRECTORS

There are a number of individuals on-Island who will ensure the fund's compliance with its corporate governance requirements by acting as independent non-executive directors. Unlike in other jurisdictions, there is no annual registration fee for Bermudian directors, resulting in cost savings for the fund.

WELCOMING ENVIRONMENT

Bermuda welcomes foreign companies and their employees, as exemplified by the Incentives for Job Makers Act and work-permit policies updated in 2015. Through the Incentives for Job Makers programme, there is a well-defined path to permanent residency for expatriate workers who meet certain seniority and other eligibility requirements.

“We appreciate Bermuda’s role as a leader in global tax transparency, as well as its role serving alongside the US on the Steering Group of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes.”

Robert Stack, US Treasury



PRIVATE EQUITY STRENGTHS

ACCESS TO EXPERIENCED SERVICE PROVIDERS

Bermuda's sophisticated and collaborative business community contains a network of fund service professionals with extensive experience in private equity and similar alternative investment products.

Bermuda's fund lawyers, administrators, auditors and tax advisors are well-versed in complex, closed-ended, limited life, drawdown funds with a GP/LP structure, including venture capital, real estate, infrastructure funds and hybrid funds.

LEGAL SERVICES

The private equity sector is able to draw on Bermuda's high concentration of distinguished lawyers who can provide a full suite of legal services, including efficient fund formations, preparation of legal agreements and drafting of fund documentation. The Bermuda Bar Association has more than 400 practising lawyers, many accustomed to working with clients, accountants and professional advisers located throughout the world.

Bermuda has more than 20 recognised professional law firms, including several with international offices.

ADMINISTRATION SERVICES

Bermuda's fund administrators are familiar with all aspects of back-office operations such as valuation of private investments, complex waterfall calculations, and tailored reporting for limited partners.

AUDIT AND TAX ADVISORY SERVICES

The major accounting firms are present in Bermuda, providing audit, tax and advisory services to closed-ended funds, with a variety of strategies, structures and products.

GOVERNANCE

Closed-ended funds registered in Bermuda do not require local auditor sign-off, administrators, custodians or directors. However, all of these services are available on-Island and competitively priced, making Bermuda the ideal one-stop shop for ongoing fund operations.

FUND STRUCTURES

Private equity funds are typically formed as limited partnerships (LP), however, funds or Special Purpose Vehicles can be set up as Bermuda-incorporated companies with limited liability. A closed-ended fund may also benefit from a Bermuda Segregated Accounts Company (SAC) structure, which is ideal for deal-by-deal and hybrid strategies.

A partnership may elect to have its own legal personality, separate and distinct from its investors/limited partners. The primary benefit to taking on legal personality is continuity of the partnership notwithstanding any change in the partners.

No Bermuda general partner is required for a Bermuda LP. Delaware-limited partnership agreements can be customised, with minimal effort, for Bermuda to allow for variations on the typical LP private equity structure, such as a 'Fund of One.'

SPOTLIGHT ON LEGISLATION: BERMUDA'S LIMITED PARTNERSHIP ACT UPDATED

Significant updates made to Bermuda's Limited Partnership Act 1902 took effect in May 2015.

Industry has welcomed the amendments, which modernise Bermuda's asset management sector and improve its efficiency and product offering. The updates, which grant partnerships more of the same rights as exempted

companies under the law, broaden Bermuda's appeal as a top international financial centre for private equity and closed-ended investment funds. Under the updated Partnership Act:

- ▶ Partners receive greater flexibility for internal governance and administration, including changes to partners and structure
- ▶ Limited partnerships can convert to and from exempted limited companies
- ▶ A register of charges applies to partnerships, similar to the one used for Bermuda companies
- ▶ Limited partnerships can continue and discontinue between Bermuda and other jurisdictions

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“My personal advice to clients now is that Bermuda may, in fact, be the best jurisdiction for offshore funds when you consider cost benefits, the practical regulations, as well as access to officials which I do not think should be underestimated. I know that has been very valuable to us.”

Jack Rigney, Partner, Investment Management and Private Funds Practices, Seward & Kissel LLP

“Bermuda has a regulatory brand superior to many of the offshore destinations. You have the foundations with a regulatory identity, an excellent rule of law, a legal and accounting structure in terms of advisers around capital market activity that are very good. You have a regulator in the BMA, who understands capital markets and what they can do to help build the country.”

Thomas Kloet, TMX Group CEO

**Considering Bermuda as your base for business?
Contact us to arrange an initial consultation so
we can begin to get things moving for you.**

About the BDA

The Bermuda Business Development Agency (BDA) encourages direct investment and helps companies start up, re-locate or expand their business in Bermuda. An independent, public-private partnership, we connect prospective business to industry professionals, regulatory officials, and key contacts in the Bermuda government to facilitate jurisdictional decision-making.

BDA Business Concierge Service

We offer a Business Concierge Service to partner with companies seeking to establish operations in the jurisdiction. Our team is a single point of contact to connect clients with industry, government, regulatory officials, and services such as realtors, law firms, auditors and relocation experts. Our Concierge Service is also available to existing Bermuda companies.



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