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## Asset isles

After successfully marketing itself in North America as a prime asset location with investor-friendly regulation, Bermuda is keen to achieve similar success in Europe

Having long been a global reinsurance industry powerhouse with a vibrant financial services sector, Bermuda is increasingly catching the attention of asset managers, investors and trust companies seeking to capitalise on the mid-Atlantic jurisdiction's advantages. Innovative legislative and regulatory developments, implemented over the past few years, have invigorated the high-net-worth client and asset management industries, and made the island an even more attractive place to establish family trusts, limited partnerships, private equity, hedge funds and mutual funds.

With a blue-chip reputation stretching back more than half a century, the British Overseas Territory already has impressive statistics in the insurance arena. Bermuda is the world's largest captive insurance domicile, with almost 900 incorporated captives. It is also one of the top three insurance centres, along with New York and London, and the leading market for the burgeoning influx of insurance-linked securities, catastrophe bonds and other alternative risk transfer vehicles that hit a record \$16bn worth of listings on the Bermuda Stock Exchange by the end of 2014. Bermuda has now set its sights on further developing its asset management and trust business, with strategically targeted campaigns in New York, London and further

afield to billboard the island's selling points and inform industry stakeholders that the jurisdiction is hungry for business and responsive to their needs.

### A dedicated agency

Making that message loud and clear is the Bermuda Business Development Agency (BDA). The BDA orchestrated a boldly innovative outreach programme to asset management influencers in New York in 2013, in a bid to further augment the Bermuda funds environment. A dozen high-level experts, including industry lawyers, financial advisors and prime brokers, were invited to a think-tank in Bermuda over two days in May that year. During those 48 hours, they met with government, regulatory and local industry representatives to hash out exactly what Bermuda needed to do to sharpen its competitive edge and become an even more attractive offshore jurisdiction. By October 2013, legislation resulting from those discussions was passed by Bermuda's parliament, making it easier and more cost-effective to launch funds on the island. The industry's key concerns of ensuring an agile environment and speed to market had been addressed.

This was a perfect example of the successful public-private partnership that's so conducive



to getting business done in Bermuda. The government, the Bermuda Monetary Authority (BMA) and industry representatives all worked together closely to expedite changes. Representatives went back to New York that fall and were able to say "we listened, we heard you, we took your feedback, we got it done" – it spoke volumes about how serious Bermuda is about responding to client needs and why Bermuda is an intelligent choice as a jurisdiction for funds.

The project was well received by the marketplace and, as a result, a lot of key industry players have been in Bermuda's corner ever since. The referrers of business to the domicile can clearly see there is a new energy, vibrancy, spirit of collaboration, and a greater resolve to get things done and deliver solutions the market needs. One telling endorsement along those lines came from Jack Rigney, a partner at leading New York law firm Seward & Kissel, who told over 4,000 registrants to a Regulatory Compliance Association webcast last August: "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."



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legal system, and access to significant investment capital and first-rate legal, audit, banking and IT service providers also make it a compelling choice. On top of all this, reputation remains Bermuda’s standout selling point. Bermuda is recognised for transparency and cooperation by the international community, with a total of 80 treaty partners, including 41 bilateral Tax Information Exchange Agreements and 76 co-signatories of the Council of Europe’s Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

Notably, Bermuda’s regulator, the BMA, has cooperation agreements with most EU member states on the Alternative Investment Fund Managers Directive (AIFMD), a precondition for the approval of AIFMD third-country equivalency for Bermuda. This would allow the BMA to regulate non-EU AIFMs looking to access EU markets, as well as AIFMs performing fund-management activities for EU managers on behalf of member states. The BMA is a full member of the International Organisation of Securities Commissions (IOSCO) and the Group of International Finance Centre Supervisors, and a founding member of the International Association of Insurance Supervisors (IAIS).

For companies looking to take advantage of all Bermuda has to offer, the BDA makes it easy. The agency’s concierge service caters to prospective enterprises planning to start up, relocate or grow their business in the jurisdiction. Essentially, the service provides a single point of contact to connect clients with industry professionals, government and regulatory officials, as well as service providers such as realtors, law firms, auditors and relocation experts. This one-stop shop arrangement makes doing business in Bermuda beneficial and straightforward. ■

FOR FURTHER INFORMATION:  
[www.bda.bm](http://www.bda.bm)

### New categories

Specifically, the fit-for-purpose amendments to Bermuda’s funds legislation led to the launch of two new user-friendly exempt fund classes. Class A exempt funds, geared towards managers with assets under management of at least \$100m and marketed only to qualified investors, can be launched within 24 hours using the BMA’s electronic filing system. Speeding up the process is the allowance for self-certification if the fund’s investment manager is already accredited by an established regulator such as the US Securities and Exchange Commission (SEC) or Britain’s Financial Conduct Authority (FCA), with no approval requirement from Bermuda’s regulatory authority. The Class B category is available for fund managers with assets under management of less than \$100m. These new classes have allowed Bermuda to be incredibly competitive in terms of both pricing and speed to market.

The streamlined setup process began to pay dividends almost immediately. By the end of 2014, the BMA had recorded a total of 829 funds registered in Bermuda, with approximately 40 percent of all new 2014 fund incorporations in the new Class A and B exempt funds categories. This year, along with being a sponsor of major on-island events, including

the RCA Symposium in April and Global Fund Forum in June, the BDA plans to replicate its American strategy in Europe, with visits to British and Swiss decision-makers in the asset management sphere to gauge industry opinion and whet investor appetites for Bermuda as their domicile.

“As well as attracting more funds, which will diversify Bermuda’s economy, we also hope to encourage fund managers themselves to set up operations here”, says Sean Moran, BDA Business Development Manager for the asset management and private client sectors. “We want them to know that Bermuda makes sense as an international base for business on so many levels.”

### Physical and financial connectivity

An English-speaking domicile with an excellent quality of life in a subtropical setting, Bermuda is situated just 650 miles southeast of North Carolina, offering convenient, daily direct flights to London as well as US gateway cities and Toronto. Its favourable (Atlantic Standard) time zone, poised between North America and Europe, makes it an ideal location for companies serving global markets. Of course, the island’s tax-neutral status, modern infrastructure, world-class workforce, British