

**INTRODUCTION****FUND  
STRUCTURE**

The Cayman Islands, with over 6,500 regulated and many more unregulated funds currently in existence, have become a jurisdiction of choice for the establishment of hedge and other investment funds. The laws of the Cayman Islands allow a high degree of flexibility and permit mutual funds to be structured as Exempted Companies, Exempted Limited Partnerships or Exempted Unit Trusts. Funds may be established for all categories of investors but the Cayman Islands are particularly well suited for private placement funds intended for institutional or sophisticated high net worth investors as there are no restrictions on investment objectives, risks, currencies or other commercial matters.

Funds are usually structured as Exempted Companies, Exempted Limited Partnerships or Unit Trusts. Details are as follows:

**(1) Exempted Companies**

Most corporate investment funds are set-up as open-ended investment companies. Investors would have the right to redeem their interest in the investment fund periodically, or subscribe for more shares periodically, both usually based on the then prevailing net asset value (“NAV”) per share of the particular class of shares of the investment fund. Corporate requirements are:

- At least one director and one shareholder (resident or non-resident);
- Must have a registered office in Cayman Islands;
- Must file an annual return with the Registry.

**(2) Exempted Limited Partnerships**

An exempted limited partnership is a type of partnership arrangement widely used for investment funds and has the following features:

- Must have at least one general partner and one limited partner. Normally, a Cayman Islands company will be set-up to act as the general partner;
- The general partner must submit a statement signed by/on behalf of the general partner listing out particular information of the partnership and must file such statement annually;
- The general partner must maintain a register containing particulars of the various interests in the partnership and maintain this register at the registered office;
- Must have a registered office in Cayman Islands.

**(3) Exempted Unit Trusts**

An exempted unit trust is not a separate legal entity as such under Cayman Islands law, but a trust arrangement whereby legal ownership of the fund’s asset is vested in a trustee who holds the assets of the fund or trust for the benefit of the unit holders. An exempted unit trust has the following features:

- Must have a trustee (resident or non-resident);
- The trustee’s power and obligation will be governed by the trust deed;
- The trustee will generally supervise compliance by the investment manager;
- The issue, redemption and valuation of units should be governed by the trust instrument.

**Unregulated funds have the following features:**

- Closed-ended funds i.e. funds that provides no redemption or repurchase rights for investors; or
- Open-ended funds that are held by not more than 15 investors, the majority of which are capable of removing the directors, trustee or general partner. A nominee owner holding an interest for multiple beneficial owners counts as only one investor; or
- Funds which issue debt interests or instruments.

## FUND ADMINISTRATION SERVICES

## OUR FEES

### **Regulated but limited compliance funds have the following features:**

This fund is commonly known as “4(3) Funds” and only need to comply with a minimum of requirements, details as follows:

- The minimum subscription per investor is at least US\$100,000; or
- The investment fund is listed on an approved stock exchange.

The registration requirements are as follows:

- to file a form MF1; and
- to file the near-final offering document with CIMA, along with the registration fee and consent letters from the administrator and auditor. There are no requirements to have a Cayman Islands licensed administrator.

**All other investment funds** must either apply for and be issued with a Mutual Funds License or have its principal office in the Cayman Islands at the office of an administrator licensed under Cayman Islands law (known as “4(1)(b) Funds”).

A-Swiss offers a range of services tailored to the specific needs of administering Funds to our clients. A comprehensive array of products and services is provided to the asset serving needs of global investors, including providing global custody services, fund accounting and reporting services and unit holder record-keeping functions.

**Custody Services:** Transaction settlement and safekeeping of assets worldwide. Other core custody services include cash reporting, income collection, reclamation and corporate action notifications.

**Fund Accounting:** Monthly valuation and reporting of a portfolio’s total general ledger information, and/or unit price.

**Fund Reporting:** Providing timely and accurate statement information to clients on a monthly basis. Our team designs and implements software to extract relevant information from the accounting platforms that generate client statements.

**Unit Registry:** Unit holder record-keeping functions, including processing of application redemptions and switches, distribution of income, maintenance of full record-keeping details, maintenance of trust transaction histories, product activity statements to unit holders and reporting directly to investors with a range of transactional and activity reports.

We will work with a reputable Cayman Islands law firm in establishing the above structure(s). Generally, funds take 4-6 weeks to launch. Our fee quote below includes the relevant legal costs in forming the investment vehicles and reviewing the relevant documents.

**(1) Exempted Companies** **Approximately USD21,000**  
Formation of the Fund in the form of a Cayman Island Exempted Company. This includes providing a framework of the Offering Memorandum, drafting up the Company’s Articles of Association and obtaining a tax exemption certificate.

**(2) Exempted Limited Partnerships** **Approximately USD10,000**  
Formation of the Fund in the form of a Cayman Island Exempted Limited Partnership. This includes drafting up the Limited Partnership Agreement.

**(3) Exempted Unit Trusts** **Approximately USD26,000 plus**  
**Annual Trustee fee** **USD12,500**  
Formation of the Fund in the form of a Cayman Island Exempted Unit Trust. This includes providing a framework of the Offering Memorandum, drafting up the Company’s Articles of Association, Trust Deed and obtaining a tax exemption certificate. A trustee must be appointed for this structure.