

Fund Finance Friday

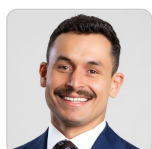


The Cay-Lux-Jersey Connection – Features of the Most Commonly Seen Offshore Funds

October 3, 2025



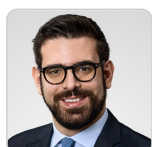
By **Michael O'Connor**
Partner | Harneys



By **Lincoln Smith**
Senior Associate | Harneys



By **Massimiliano della Zonca**
Counsel | Harneys



By **Stefanos Kapellidis**
Senior Associate | Harneys



By **James Kinsley**
Partner | Harneys



By **Lydia Dunmore**
Associate | Harneys

Our Cayman, Luxembourg and Jersey teams have recently seen a spike in activity advising lenders on deals opposite fund structures utilizing all three jurisdictions. With this in mind, we thought it timely to provide a refresher on the most common fund vehicles we see in each jurisdiction and their salient features.

Cayman

Cayman Exempted Limited Partnership - the Cayman ELP is by far the most common Cayman fund vehicle in the private equity and venture capital space and remains the “go to” offshore product for North American sponsors.

Key Features:

- a Cayman ELP does not have separate legal personality. It acts through its general partner, which must be either another Cayman entity (most commonly a Cayman company or another Cayman ELP) or a foreign entity registered in Cayman for the purpose of acting as a general partner (most commonly a Delaware LLC or a Delaware limited partnership).

- to preserve their limited liability status (i.e. liability limited to the amount of capital they have committed), limited partners are not permitted to take part in the management of the partnership outside of a number of 'safe harbour' actions permitted by the ELP Act. The activities of a typical LPAC would fall within these safe harbours.

- a Cayman ELP is formed by the filing of a 'Section 9 Statement', after which a certificate of registration is issued. If any particulars of this statement change, the ELP must file an updated statement under Section 10 of the ELP Act. For this reason, Section 9 and Section 10 statements are routinely requested by Cayman counsel as part of their due diligence and are included in closing certificates.

- a Cayman ELP must maintain at its registered office: (i) a register of partners; (ii) a register of contributions; and (iii) a register of security interests. The register of security interests records charges granted over the interests of limited partners, and is distinct from security granted by the partnership over its own assets (including capital call rights).

- the LPA sets out the terms of the ELP and the ELP Act is not prescriptive on the activities an ELP may conduct. While the ELP Act does not require express authority to borrow or grant security, modern LPAs almost universally now include language to this effect.

- ELPs that fall within the scope of the Private Funds Act must register with the Cayman Islands Monetary Authority (CIMA) and comply with the regulatory framework set out in that Act.

Alternatives to an ELP - on occasion sponsors may use a Cayman exempted company or LLC as a fund vehicle. The issue for lenders when facing a Cayman fund (or blocker) established as an exempted company is that a corporate vehicle is not ideally placed to accommodate a capital contribution/commitment structure. Attention must then be given to how it is documented, along with whether a technical point arising under S.99 of the Companies Act is addressed (an issue that is too long for this note — but ask us if you are interested!).

Luxembourg

Luxembourg special limited partnership (société en commandite spéciale – SCSp) – the Lux SCSp is the most common vehicle used in Luxembourg to establish alternative investment funds (AIFs) such as private equity, real estate, and venture capital funds.

Key features of the SCSp:

- The SCSp has no distinct legal personality, but it has most of the features of an entity possessing legal personality: it has a domicile, it acts in its own name and for its own account through its management body, it can issue partnership interests, debt instruments, and it will be liquidated, as if it had legal personality (unless its constitutional documents provide otherwise).

- The liability of limited partners of a Lux SCSp is capped at the amount of their commitment, while the unlimited / general partner(s) are liable without limitation for the debts of the SCSp.

- The SCSp is established through an LPA which must set out its denomination, registered office, corporate purpose, and the contributions of its partners; an extract

of the LPA shall be filed with the Luxembourg Trade and Companies Register (RCS).

- The SCSp is managed by the unlimited / general partner(s), as managing general partner(s) (associé(s) gérant(s) commandité(s)), or by one or more managers (gérants).
- The SCSp must keep at its registered office originals or copies of its constitutional documents, its register of partners, its annual accounts, and any other documents issued in its name or on its behalf, or to which it is a party, as required by its constitutional documents or Luxembourg law, particularly with regards to the relevant information rights of the partners.

Alternatives to an SCSp – the common limited partnership (société en commandite simple) is a less popular vehicle but does arise from time to time. In addition, certain Luxembourg investment fund vehicles, including a Luxembourg reserved alternative investment fund (RAIF), may be set up as an umbrella structure with multiple compartments. The assets and liabilities of each compartment are fully segregated from those of any other compartment. The applicable compartment may borrow for investment purposes as well as for bridge financing and the assets of such compartment may be charged as security for any such borrowings.

Jersey

Jersey Limited Partnership (JLP) – The JLP is a widely used vehicle in both private and public investment funds. Numerous collective investment schemes and private venture capital schemes adopt a limited partnership structure, and limited partnerships also form the basis of many property-holding and financing structures.

Key features of a JLP:

- A JLP does not have separate legal personality. It acts through its general partner.
- It combines the flexibility and tax transparency offered by a partnership structure with the benefits, for limited partners, of limited liability offered by a company.
- The Jersey regime has particular advantages over some other offshore jurisdictions: (a) no Jersey general partner is required, (b) there is no limit on the number of general partners, (c) there is limited information required to be made publicly available, and (d) there is no audit requirement.
- To preserve limited liability (i.e. liability limited to the amount of capital committed), limited partners must not take part in the management of the partnership, except for certain “safe harbour” activities permitted by the legislation.
- Consent of the Jersey Financial Services Commission (JFSC) must be obtained under the Control of Borrowing (Jersey) Order (COBO) in order to issue interests in a JLP and a declaration must be filed with the Registrar of limited partnerships in Jersey to establish the JLP.
- A JLP must maintain at its registered office in Jersey (a) a copy of the register of limited partners and contributions, (b) the limited partnership agreement, and (c) the declaration filed upon formation of the JLP.

- Public records of a JLP are limited. Only the JLP declaration filed with the Registrar is publicly accessible. The partnership agreement, details of the partners, and the capital commitments of limited partners are not matters of public record.
- JLPs that fall within the scope of the Jersey Private Funds regime must register with the JFSC and comply with the regulatory framework applicable to such funds.

Alternatives to the JLP:

- **Jersey Property Unit Trust (JPUT):** commonly used for UK real estate investments, especially by institutional investors. Investors hold units in the trust (similar to shares in a company), which represent beneficial ownership of the underlying property. The trustee (often a Jersey company) legally owns the property and holds it on trust for the unitholders. JPUTs are well-recognised by lenders as the vehicle of choice for structuring syndicated ownership of UK commercial real estate.
- **Jersey companies**, including protected and incorporated cell companies, are sometimes used for fund and co-investment structures.