



The Future of Offshore Structures in the Funds Industry

Thomas Granger, Partner
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Walkers works in exclusive association with Taylors in Bermuda, a full service commercial law firm providing advice on all aspects of Bermuda law.

www.walkersglobal.com

Agenda

- Introduction to Walkers
- The facts
- The challenges
- The reality
- The future

Walkers

- Founded in 1964
- Head office in Grand Cayman
- 9 offices
- Bermuda*, BVI, Cayman Islands, Jersey and Irish law capability
- 50 legal staff in Asia and over 200 worldwide



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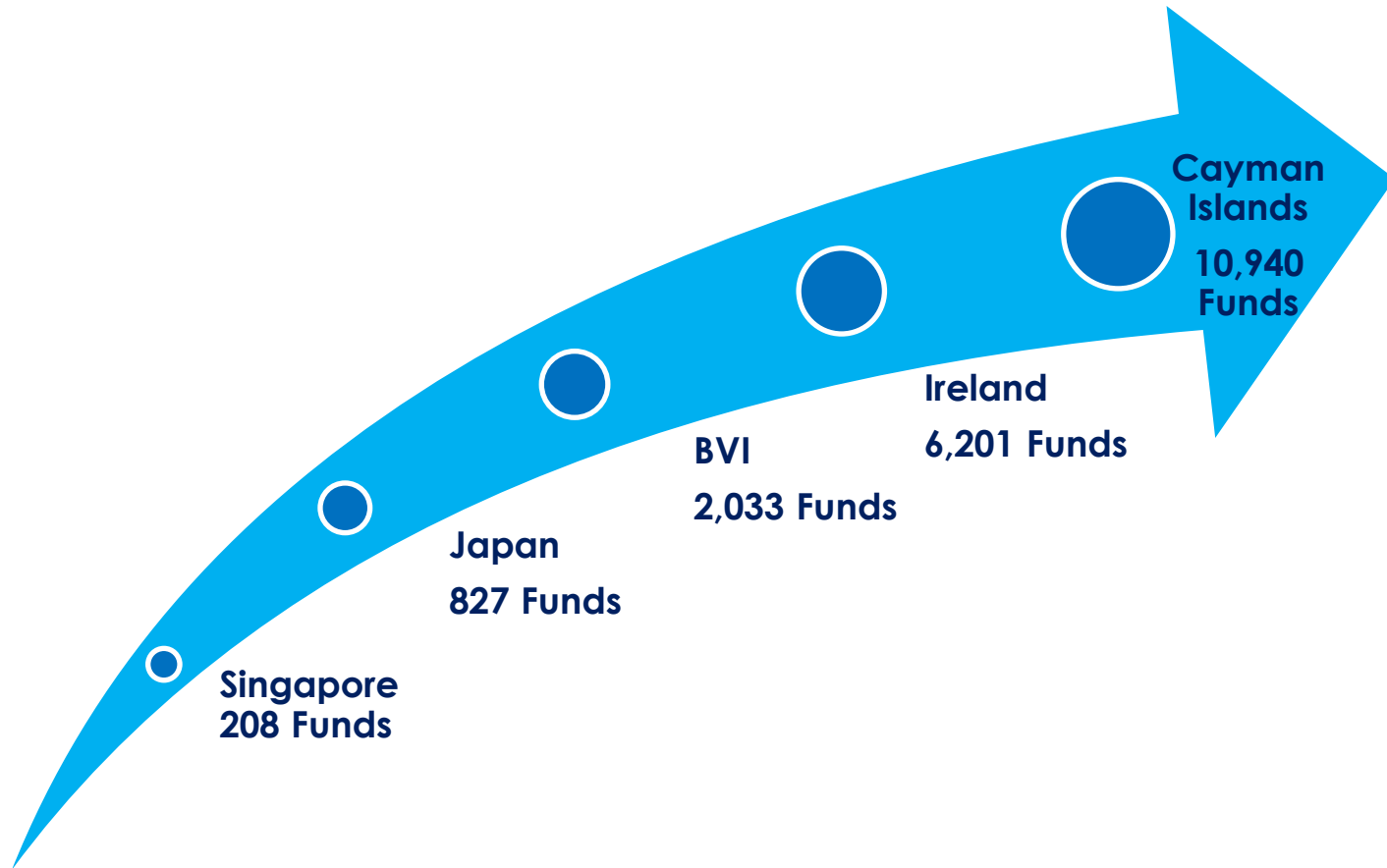
The Facts - The offshore financial centre's contribution to the global economy

- Offers a neutral venue to conduct business
- Provides a tax neutral platform
- Crucial form of FDI in emerging markets
- Trusted and respected infrastructure and rule of law

The Facts – Cayman’s contribution to the funds industry

- Mutual Funds Law introduced in 1993
- Approximately 60% of the world’s hedge funds are domiciled in Cayman
- Well-developed financial infrastructure
- Internationally recognised industry jurisprudence
- Politically stable
- Flexible local jurisdictions
- Strong international reputations
- No direct or indirect taxes
- Cost effective
- Speed
- Effective but non-intrusive regulation
- Availability of professional service providers

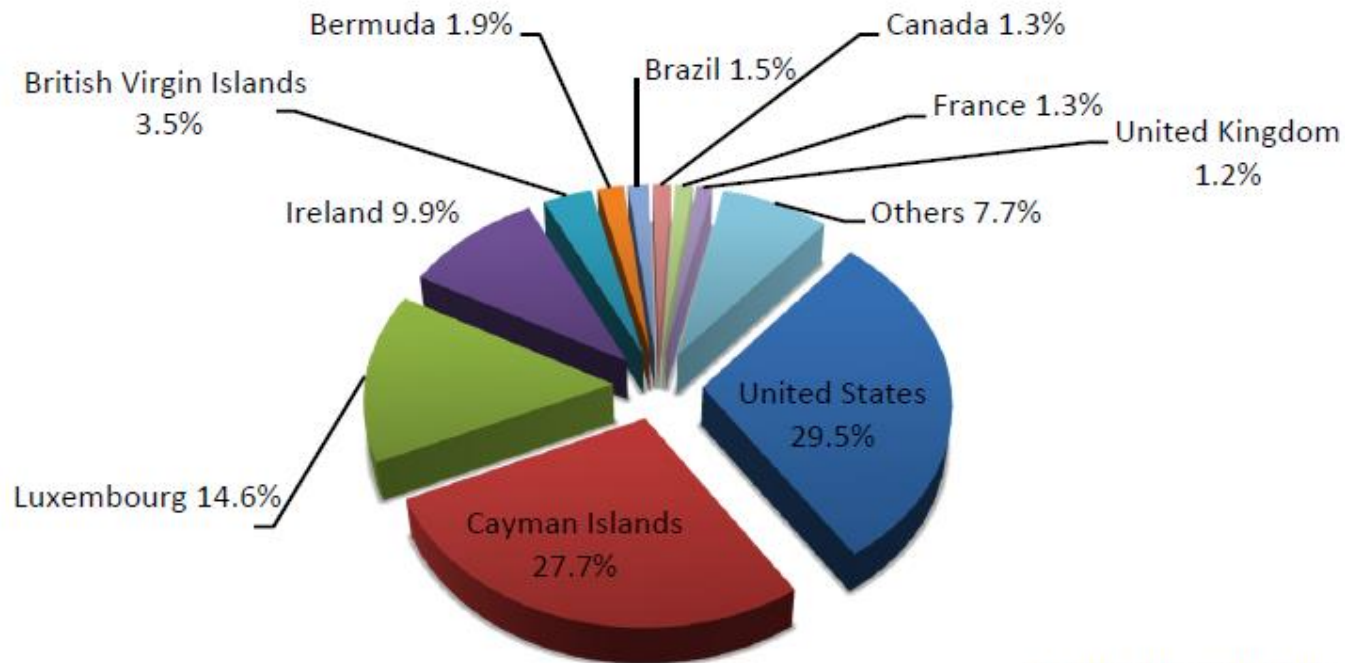
The Facts- Jurisdiction Domiciled Funds Comparisons - 2015



The Facts- Domicile profile of Hedge Funds

Fund domiciles by number of funds

February 2016



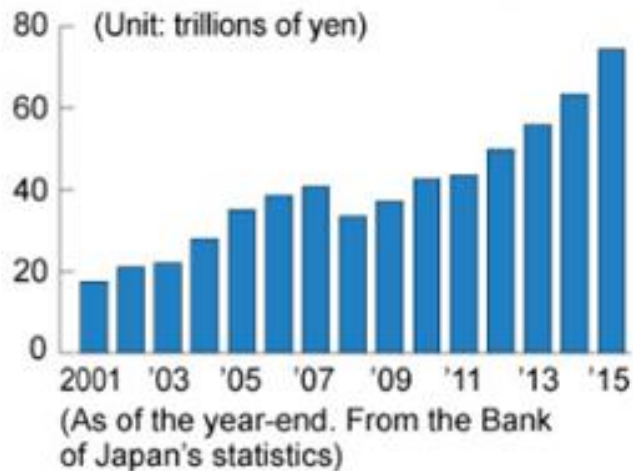
Source: Eurekahedge

The Facts – Cayman’s popularity with the Japan funds industry

- Familiarity with Japanese investors
- “securities investment trust” exemption under the Japan Anti-Tax Haven Law
- Regulatory considerations

The Asahi Shimbun

Balance of securities investment in Cayman Islands from Japan



Major destinations of securities investments from Japan

	Balance
United States	165 trillion yen
Cayman Islands	74 trillion yen
France	26 trillion yen
Britain	20 trillion yen
Australia	15 trillion yen
Germany	15 trillion yen
China	2 trillion yen

(Balance is as of the end of 2015.)

The Challenges

FT Japan probes asset managers after AIJ loss

theguardian

The Panama Papers: how the world's rich and famous hide their money offshore

THE WALL STREET JOURNAL.

DEVELOPING STORY

OLYMPUS SCANDAL

Woodford claims was fired because he asked about \$1.4 bn takeover fees

LIVE

CNN

Analysis: The AIJ scandal and Japan's pension time bomb

The Japan Times

The Reality

- Non Tax-havens
- “Secrecy” versus “confidentiality”
- High regulatory standards
- Regulatory compliance and governance standards

The Reality

- Cayman has always been quick to respond and adapt to changes
- Cayman was an early adopter to CRS
- Cayman continues to comply and lead the way with global standards on OECD tax transparency and information exchange
- Cayman is an institutional investment funds market

The Future

- Lessons from the Panama Papers
- Regulatory globalisation – an opportunity?
- Beneficial ownership
- Ongoing pressure to tighten rules and increase transparency
- FATCA, CRS, AIFMD, AML, OECD's BEPS...
- Limited alternatives



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