

# How to Optimize Offshore Jurisdiction(BVI, Cayman) for Your Fund Launch in 2025?



**HARNEYS**

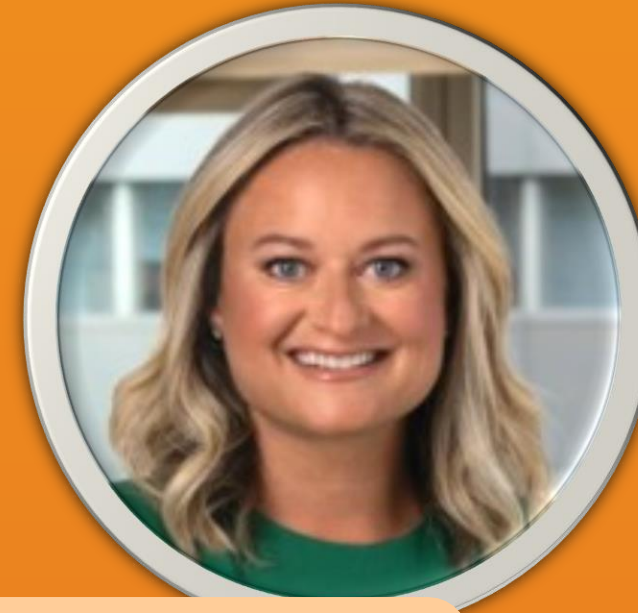


# OUR FEATURED PANELISTS



**Muhammad Akram**

Akram | Assurance, Advisory & Tax Firm



**Heather Wyckoff**

Alston & Bird (Cayman)



**Philip Graham**

Harneys (BVI)



**James Smith**

Harneys (Cayman)

# OFFICIALLY REGISTERED

**AKRAM & ASSOCIATES** is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit.

Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its web site: [www.nasbaregistry.org](http://www.nasbaregistry.org)

**Program level : Basic**  
**No prerequisites are required**  
**No advance preparation is required**



**For more information please contact:**

**Muhammad A. Akram - CPA and Founding Member Toll-Free: 844-386-3829 | [makram@aifundservices.com](mailto:makram@aifundservices.com)**

# About



Akram is a trusted adviser to alternative fund. Our laser focus on this industry allows us to provide highly specialized accounting, audit, and tax services that are accurate and affordable. Our professional team is well versed in the nuances of hedge fund, private equity fund, venture capital fund, CTA , digital asset fund, real estate fund, and family office entity structures and strategies.

## ALSTON & BIRD

Alston & Bird LLP has grown to become a leading international firm while remaining steeped in a culture with client service and teamwork as the cornerstones of all that we do. We develop, assemble, and nurture the strongest and broadest array of legal talent and expertise necessary to meet our clients' needs in an ever-changing and fast-paced environment.

## HARNEYS

HARNEYS is a full-service offshore law firm that manages all transactional, contentious, and private client disciplines. Our lawyers often work alongside Harneys Fiduciary, our strategic alliance partner, which offers a full complement of corporate, wealth, and fiduciary services. Our extensive knowledge and expertise make us well-equipped to serve your interests. Visit our expertise page to see how we can advance your business.

# INTRODUCTION

In today's increasingly complex economic environment—marked by rising interest rates, regulatory shifts, and global market volatility—offshore jurisdictions such as the BVI and Cayman Islands continue to offer strategic advantages for fund managers. These regions provide favorable regulatory frameworks, tax efficiency, and strong legal infrastructures that remain highly attractive amid tightening domestic oversight and fiscal pressures. Leveraging these jurisdictions effectively can serve as a powerful tool to enhance fund performance, drive growth, and maintain a competitive edge in a rapidly evolving financial landscape.



# FUND LAUNCH BRITISH VIRGIN ISLANDS (BVI)

---

The BVI is emerging as a leading jurisdiction for offerings of tokens and other virtual assets, offering advantages like a balanced regulatory framework, enhanced liquidity, and increased transparency.

The BVI in 2025 sees a blend of social impact initiatives like the **VI Purpose Fund** and robust regulatory efforts by the FSC to maintain its status as a dynamic and compliant financial services jurisdiction. Market trends point towards increasing focus on specific asset classes, investor demands for bespoke arrangements, and the growing importance of tokenization in the fund industry.

# BVI Funds Types

---

- **Professional Fund:** For sophisticated investors (min. \$100K investment)
- **Incubator & Approved Funds:** Quick launch options for startups
- **Private Fund:** Max 50 investors or private invitation
- **Public Fund:** Heavily regulated, open to the public

## Structuring Strategies

---

- **Segregated Portfolio Companies (SPCs):** Create multiple sub-funds under one legal entity with asset/liability protection across portfolios.
- **Master-Feeder or Umbrella Structures:** Efficient setup for global investor access and strategy diversification.
- **BVI Investment Manager Setup:** Use a BVI Business Company with nominee directors; ensure economic substance where required.
- **Jurisdiction Pairing:** Combine BVI with Delaware, Cayman, or Luxembourg feeders for tax efficiency and investor familiarity.
- **Service Providers:** Select experienced fund admin, auditor, and legal counsel; partner with banks supporting offshore structures.





# **POLLING QUESTION**

**Which type of BVI fund is best suited for startup fund managers looking for a fast and low-cost launch?**

- a) Public Fund**
- b) Incubator or Approved Fund**
- c) Professional Fund**

# WHAT ARE THE BENEFITS BRITISH VIRGIN ISLANDS (BVI)

---

- **Cost-Effective:** The British Virgin Islands offer lower setup and operational costs compared to other offshore jurisdictions, making it an attractive option for cost-conscious fund managers.
- **Speed of Formation:** The process of incorporating a company in the BVI is efficient and swift, often done within 2 days. This allows fund managers to quickly launch their funds without lengthy delays.
- **Regulatory Environment:** The BVI has a flexible business-friendly regulatory framework that allows fund managers to operate with fewer restrictions compared to more heavily regulated jurisdictions.
- **Tax Neutrality:** The BVI does not impose capital gains, inheritance, or corporation taxes, making it a tax-neutral jurisdiction that allows funds to operate without additional tax burdens.
- **Confidentiality:** The BVI has strong privacy laws that protect the identities of beneficial owners, ensuring a high level of confidentiality for fund managers and investors.



# CONSIDERATIONS YOU MUST THINK ABOUT:

---

## ■ **Perception Issues:**

Despite its benefits, the BVI is sometimes perceived as less reputable due to its association with tax havens, which can be a concern for some investors and stakeholders.

## ■ **Limited Tax Treaties:**

The BVI has few tax treaties with other countries, which can impact the tax efficiency of the fund, especially for investors from countries with extensive tax treaty networks.

## **Regulatory Changes:**

- Ongoing changes in global regulations and increased scrutiny on offshore jurisdictions can impact the BVI's appeal and operational framework, potentially leading to increased compliance costs.



# **POLLING QUESTION**

**What is one key reason fund managers choose the BVI for fund launches in 2025?**

- a) Tax neutrality and investor-friendly regulations**
- b) High barriers to entry and strict capital controls**
- c) Requirement to domicile all investors locally**



# FUND LAUNCH IN CAYMAN ISLANDS

---

The Cayman Islands remain a leading choice for fund formation, especially in cross-border structures. As of Q2 2025, fund registrations with CIMA were 30,699, driven largely by a surge in private fund registrations since 2020 (now 17,609 private funds).

The Cayman Islands offer various fund structures.

**1- Mutual Funds:** These include various types such as Registered, Limited Investor, Administered, and Licensed Mutual Funds, each with specific requirements and investor limits. Registration with CIMA requires submitting an application, offering documents, consent letters, and a fee before launch.

**2- Private Funds:** Closed-ended funds must submit an application for registration with CIMA under the Private Funds Act within 21 days of accepting commitments. They must also meet operational standards for valuation, asset safekeeping, cash monitoring, and security verification.

# WHAT ARE THE ADVANTAGES OF CAYMAN ISLANDS

---

- **Global Reputation and Stability:**

The Cayman Islands is highly regarded as a premier jurisdiction for offshore funds, known for its political stability as a British Overseas Territory and its robust legal system based on well-established English common law, enhances the credibility of a Cayman fund.

- **Tax Neutrality:**

There are no direct taxes on income, capital gains, or profits in the Cayman Islands, making it a tax-efficient jurisdiction for fund operations.

- **Pragmatic Regulation:**

The Cayman Islands has a robust yet flexible regulatory environment, striking an appropriate balance between ensuring it meets expanding global standards with regards to effective oversight/investor protection whilst also ensuring it responds to market trends and innovation in terms of structuring and product options.

# CONTD.

---

## ■ Professional Services:

The Cayman Islands has a well-established strong network of professional services, including legal, accounting, governance and fund administration, which can support the efficient operation of investment funds.

## ■ Speed:

- Once the appropriate structure is determined and the requisite fund offering documents prepared in conjunction with your professional advisers, the Cayman Islands offers the option of same day company incorporations/partnership registrations and quick and efficient regulatory approval compared to other fund jurisdictions, allowing you to market your fund in a short timeframe and get operations underway.





# **POLLING QUESTION**

**Which of the following is an advantage of setting up a fund in the Cayman Islands?**

- a) Professional services**
- b) Robust regulatory framework**
- c) Flexibility of structures**

# CRITICAL FACTORS TO EVALUATE

---

**Service Provider Selection:** In 2025, amid evolving global compliance standards and growing investor scrutiny, selecting the right service providers—legal counsel, fund administrators, auditors, banking partners, and independent directors—has become more critical than ever. With increasing focus on ESG, digital assets, and transparency, experienced and agile partners are essential to navigate the full fund lifecycle smoothly and compliantly.

**Structure Selection:** Given the growing complexity of investor profiles and tax reforms in key onshore jurisdictions, fund structures must now accommodate both regulatory compliance and operational flexibility. In the Cayman Islands, managers are leaning toward SPCs and exempted limited partnerships, with strategic input from both onshore and offshore legal and tax advisors to ensure structures are tailored for cross-border efficiency, investor expectations, and liquidity demands.

**Cost:** In 2025, rising regulatory obligations—such as enhanced AML enforcement, ESG disclosures, and global tax reporting (FATCA/CRS updates)—are driving up operational costs for Cayman funds. Fund managers must now closely evaluate regulatory expenses relative to AUM at launch, balancing robust compliance with long-term fund sustainability and competitiveness.



### **Cost Factor:**

In 2025, rising regulatory obligations—such as enhanced AML enforcement, ESG disclosures, and global tax reporting (FATCA/CRS updates)—are driving up operational costs for Cayman funds. Fund managers must now closely evaluate regulatory expenses relative to AUM at launch, balancing robust compliance with long-term fund sustainability and competitiveness.

### **CAREFUL ANALYSIS AS NUTSHELL**

---

The BVI and Cayman Islands remain leading offshore jurisdictions for fund launches due to their tax-neutrality and strong legal systems. BVI offers a quicker setup, especially for Incubator and Approved Funds, with approvals possible in just two business days. Cayman, while robust, requires local audits and CIMA director registration, adding to costs. Both continue to attract significant fintech activity, particularly in blockchain and crypto, through 2024–2025.



# POLLING QUESTION



**Which Jurisdiction would you prefer for your fund Launch?**

**a) Cayman**

**b) BVI**



# THANKS FOR LISTENING



**HARNEYS**

For more information please contact:

**Muhammad A. Akram** - CPA and Founding Member Toll-Free: 844-386-3829 | [makram@aifundservices.com](mailto:makram@aifundservices.com)