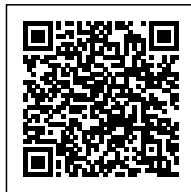


# A CONDUIT FOR EXPERIENCED INVESTORS - ISOLAS

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**Gibraltar continues to emerge as an attractive location for funds, with established collective investment and unit trust schemes, but as a result of legislative changes it also now has a growing experienced investor fund (EIFs) sector, says Christian Hernandez, partner and head of the Spanish practice at Isolas.**

'The increase in specialist EIFs is being driven in part by the disillusion of investors with the low returns or restrictive investment criteria of managed funds in the current economic environment, and specifically for Gibraltar – and in contrast with a number of other jurisdictions – by the regulatory

oversight that now exists.'

Under the Financial Services (Experienced Investor Funds) Regulations 2005, an EIF must be administered by a Gibraltar-based professional fund administrator, its directors are required to be pre-approved by the regulator, and it must have a custodian or prime broker while EIFs must also produce annual audited accounts.

'But besides the regulatory scrutiny there are other clear attractions – Gibraltar is a signatory to the EU Parent/Subsidiary Directive and so qualifying companies do not pay capital gains or withholding tax, and with the agreement of the Commissioner for Income Tax EIFs licensed by the Financial Services Commission (FSC) may also be exempt from paying income tax.'

EIFs, established as either a company, a unit trust, protected cell company or any other form approved by the FSC, will benefit from this exemption so long as they can present the relevant FSC license or authorisation, or letter from a registered auditor or legal counsel, or fund administrator that they comply with the EIF regulation, he explains.



In addition, EIFs are exempt from the usual rules relating to funds promotion so long as they comply with the relevant Regulation and have a focus strictly towards investment professionals, high net individuals with assets in excess of €1m or those with a minimum investment of €100,000.

'The interest is such that we are now seeing banks, private equity houses and high net worth individuals increasingly utilising Gibraltar as a conduit for managing their own investments,' says Hernandez.