Trowers & Sanne Establishing a fund

April 2021

This guide

This is a short guide aimed at executives and managers wishing to set up their first fund. This is primarily addressed at teams based in the UK. Starting up a first fund can seem like an overwhelming process, particularly when facing experienced investors and in light of the various complex regulatory, legal, tax and commercial constraints. This guide attempts to provide a high-level overview of certain key considerations for setting up a first-time fund and the parties involved in connection therewith.

The initial ingredients a management team needs include:

Track Record

One of the most important criteria for prospective investors is the management team's track record. Joint ventures are often the first step on the ladder when developing a track record of performance. Partnering investment expertise and investor relations/marketing expertise for single asset transactions can build a book of success stories which can gain confidence and loyalty from a set investor base.

Promoters who have developed a good track record at establishing single asset structures may be able to successfully use such track records to expand their business to a fund business.

Management teams will often use track records from their previous outfits. It is advised to ensure that written permission has been sought prior to doing so.

Investments

The management team will need to consider the sector(s), sources and jurisdictions of its prospective investments. There may also be an opportunity to seed the new business with a legacy portfolio for example. Care should be taken as to the identity of the secondary investors and any restrictions in their participation in the sponsor's future funds.

Investors

Cornerstone investors or other large investors will need to be identified early on. Principals of the management team will need to bear in mind any restrictive covenants they may be subject in relation to soliciting investors or other clients of their previous outfits.

Employment considerations

When establishing a management team, it is important to consider if restrictions exist in the team's current or previous employment contracts. Some common restrictions include good leaver/bad leaver provisions which may impact the receipt of carried interest or deferred bonuses, non-competition clauses and notice periods/gardening leave.

Legal advice will be required to help you navigate through these issues efficiently. Series 1 explores Fund Structuring, Outsourcing and Regulatory Considerations and Series 2 explores Fund Documentation, Key Fund Terms and Cashflows.

Fund structuring

With those initial ingredients in place, considering launching a fund becomes the next natural step to give a manager competitive edge in investment transactions. Establishing a fund and having committed capital allows quick turnaround to close transactions once investments have been identified, having funding immediately available.

Whilst aspects of funds can increase cost, the competitive environment for structuring smaller fund structures with lighter touch regulation has benefitted the industry in recent years and moving into this space is less of giant leap and more a natural progression. Jersey Private Funds as an example provide lighter touch regulation when launching funds with less than 50 investors who are able to meet certain criteria. Key attributes for classifying a fund is the pooling of investor capital and risk spreading acquiring more than one asset.

Structuring considerations

The launch of a first fund requires a range of advisors and service providers to work together. Normally, the lawyers appointed by the management team will advise on the most appropriate structure and jurisdiction (including onshore and offshore options), taking into account the needs and objectives of the management team and its investors. The success of the fund raise can depend on making the right choices at this stage.

The choice of jurisdiction and structure will take into consideration the following factors:

Flexibility

Both managers and investors generally favour a flexible structure which can be easily tailored to the various types of investments and the needs of the investors. In funds, there is not one structure fits all that managers must adopt. However, the most typical structure for a private equity, real estate or private debt closed-ended fund is a limited partnership. In certain cases, a limited company or a trust structure may be more suited to the various interests at stake. Your advisors would be well suited to draw out the pros and cons of each in light of the various needs.

Limited Liability

Most fund structures limit the liability of the investors to the amount they have paid to the fund. This is a protective measure required by investors, who do not want to assume unlimited liability for an investment managed by another party. A limited partnership structure achieves that requirement for [?] investors, whom are the limited partners. The ‘general partner’ assumes unlimited liability to third party creditors for the losses of the partnership and the ‘limited partner’ has its liability to third party creditors restricted to the amount of capital contribution provided that it cannot take part in the management. Under the new Private Fund Limited Partnership regime (PFLP) introduced in 2017, limited partners are no longer obliged to contribute capital and are allowed a "white list" of permitted activities without losing their limited liability.

Tax efficiency/transparency

Investors should not be worse off from a tax perspective by investing via the fund structure compared to investing directly. For this reason where returns from the underlying assets are likely to be in their majority capital gains, which are generally taxed at lower rates than income, it is often beneficial to the investor to have a “tax transparent” structure (where the investor pays tax rather than the fund entity) to give them access to the capital gains directly. Partnerships are often used as fund vehicles because they are generally treated as “tax transparent”. Where investors have different tax requirements (for example where some prefer a tax transparent and others a tax opaque structure) it may be possible to accommodate those via parallel or feeder fund structures, but this of course adds to the administration burden and cost base.

Exempt investors, such as pension funds, charities and sovereign wealth funds do allocate capital to alternative investments and are significant investors into private funds. A structure which is tax transparent allows these exempt investors to preserve their entitlement to receive returns without a deduction of tax.

Management team's tax circumstances

A taxable presence will be created for the management team in the territory from where the management activities will be performed. In certain circumstances and subject to substance rules and anti–avoidance rules, it may be possible to optimise the tax efficiency of the arrangements by the use of offshore entities.

Other personal circumstances of the management team's members – e.g. plans for succession, protection of assets will usually be relevant in terms of how the management team hold their interests in the management structure or the carried interest vehicle – for example whether they hold the interest directly or via trusts or other structures.

Regulatory

The regulatory regime around funds has become increasingly complex and burdensome to fund managers, but your legal advisors can guide you through it.

Regulated activities: authorisation, regulatory umbrella or offshore operations

Operating and managing a private fund is a regulated activity in most jurisdictions, including the UK, often requiring authorisation. The regulated activities include marketing the fund, operating the fund, and managing and arranging the investments made by the fund. Obtaining the relevant regulatory authorisations in certain jurisdictions (such as the UK for example) can be lengthy and quite costly. First-time management team may also consider other options such as regulatory umbrella or offshore operations. A regulatory umbrella is referred to where an FCA authorised entity extends its regulatory provisions to an unauthorised management team and supervises the fund's investment and marketing activities.

When looking at offshore jurisdictions there are lighter touch options available such as the Jersey Private Fund where the manager, advisor or the general partner do not have to be regulated but a regulated designated service provider in Jersey must be appointed.

Entity carrying out the regulated activity

Having the general partner as the authorised person is unattractive as it exposes the regulated entity to unlimited liability. Typically, a 'blocker' vehicle (such as a limited company) acts as the general partner of the fund. It then appoints an authorised manager to operate and manage the fund. The fund is typically not regulated; it is only the manager and any appointed investment advisor that require authorisation.

Financial Promotions / Marketing

Promoting or marketing a fund is regulated in most jurisdictions (by the FCA in the UK and the SEC in the U.S., for example) and any cross-border fundraising will need to comply with various local regimes. In the UK, financial promotions and marketing are subject to two different regimes.

In the UK, **promoting** a fund is possible without authorisation where the promotion is only to a limited class of investors such as investment professionals, high net-worth companies and sophisticated or high net-worth individuals in accordance with the FCA rules. Also, by limiting the promotion to a certain number of investors, or by imposing a certain minimum investment threshold, the requirements for an offering document compliant with the European Union Prospectus Directive can be avoided.

Even if an exemption under the FCA financial promotion regime (or equivalent regimes in other jurisdictions) can be relied on, the marketing rules under the The Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations (SI 2019/328) **(AIFMD EU Exit Regulations)** which has onshored the existing EU Alternative Investment Fund Managers Directive **(AIFMD)** regime must also be complied with. It is necessary to seek authorisation for the manager (unless an authorised third-party service provider is used as the manager) and the individual employees carrying out the marketing. Following the end of the Brexit transition period, UK firms can no longer benefit from the passporting regime granted under the AIFMD (as further explained below). The marketing rules differ depending on where the manager is based, whether it is based in the UK or not, whether it has less than €500 million of assets under management and whether there is leverage.

Genuine reverse solicitation is normally not intended to be captured by AIFMD marketing rules; however, any attempt to rely on reverse solicitation should be treated with extreme caution as the regulators interpret it very narrowly. Your legal advisors will be able to guide you through these rules.

Brexit impact

At 11pm on 31 December 2020, EU law ceased to apply in the UK following the end of the Brexit transition period. This followed the UK's formal departure from the EU on 31 January 2020. In December 2020, the UK and the EU agreed on the text of the UK-EU Trade and Co-operation Agreement (TCA). The TCA does not include substantive provisions across financial services. Alongside the TCA, the UK and the EU agreed to establish structured regulatory co-operation on financial services and to this end committed to establishing a memorandum of understanding (MoU) by March 2021.

The UK government replicated EU law in UK legislation and regulation, with revisions so that it remained effective following the end of the transition period. This process is sometimes referred to as domestication or onshoring.

As an automatic consequence of the UK's departure from the single market, passporting rights to and from the UK ended at the end of the transition period. For firms based in the UK, this means the loss of access to EU markets. UK firms will therefore have to rely upon individual member state exemptions, or where relevant, reverse solicitation. For firms based in the EU, this means the loss of access to UK markets. Certain sub-sectors of the UK financial services industry may, in theory, one day benefit from equivalence determinations to allow them a degree of market access into the EU. However, the prospect of the EU making such determinations is not guaranteed and currently seems a far-off possibility.

Firms should assess how Brexit may impact their business activities, including the marketing of their funds, and adapt their activities or operational structures accordingly. Additional consequences or requirements may apply for UK AIFMs managing EU funds as the AIFMD management passport is no longer available to them. These requirements will differ depending on certain factors (e.g. the EU Member State where the alternative investment fund is established and whether retail investors are permitted to invest in such alternative investment fund) and should be assessed on a case-by-case basis.

Various stakeholders of a limited partnership or a PFLP

Whilst fund structures can be corporate in nature, the most frequently used structure, as further shown above, is the limited partnership or the more recently introduced PFLP.

In this structure the investors are admitted as limited partners with limited liability, subscribing for a commitment which can be called upon to meet funding obligations set out in the limited partnership agreement **(LPA)**. The limited partners are passive in nature and cannot participate in decision-making on behalf of the limited partnership (except in the case of permitted activities of a PFLP).

The general partner controls the operation of the limited partnership with unlimited liability and its roles are set out in the LPA. The general partner is responsible for the decision-making process for investments and divestments but can delegate this function to an appointed manager.

The manager's role is set out in the terms of a management agreement whereby the general partner has chosen to delegate certain investment management activities. The manager assumes responsibility for investment and divestment decision-making on behalf of the fund and receives a management fee for providing this service. To support the manager in its decision-making process and depending on the relevant structure, it may appoint an investment advisor.

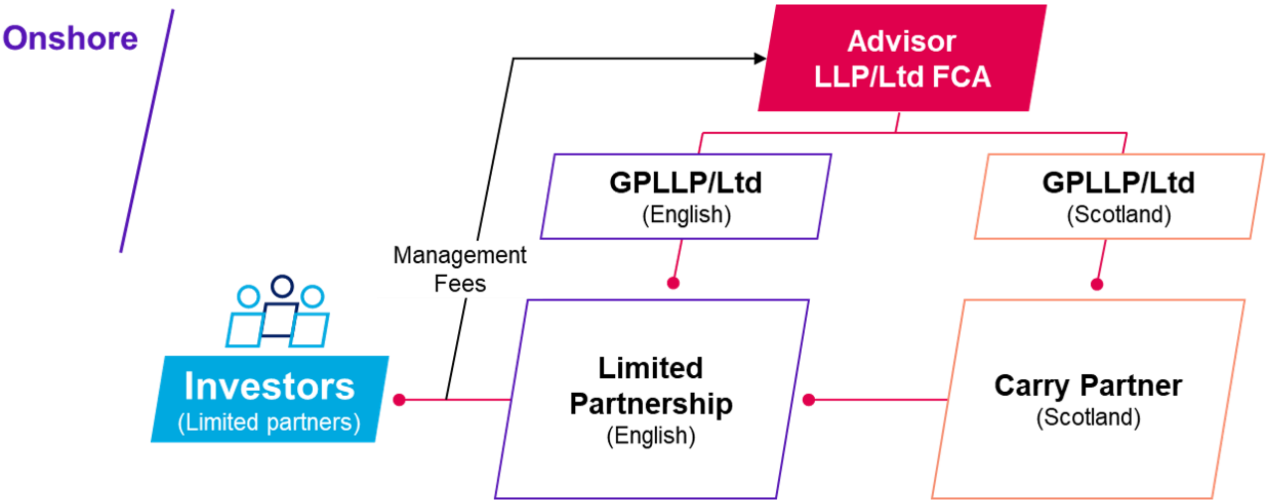
The investment advisor is appointed to make investment recommendations to the manager or the general partner under the terms of an investment advisory agreement. The investment advisor is the established vehicle of the promoter and is typically regulated it its jurisdiction to provide investment advice.

The administrator is appointed to undertake administrative functions concerning the operation of the fund. Whilst certain administrative functions can be undertaken by the promoter, there are benefits in outsourcing administrative functions to a regulated and suitably experienced service provider as set out below.

Choice of Domicile

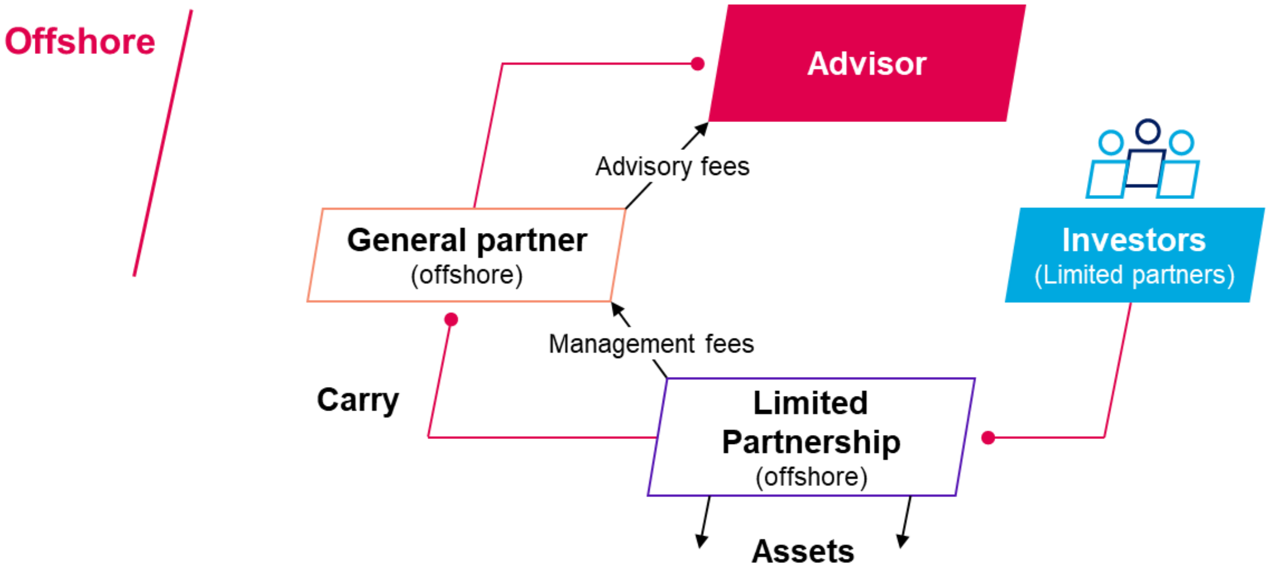
One key decision that UK-based management teams will need to make early on is whether to go onshore or offshore. The factors examined above as well as privacy concerns, costs and investors' requirements will be taken into account to determine whether to go onshore or offshore.

Onshore (English) manager and English fund



An onshore structure is where the fund and the general partner are registered in the UK (generally England). Typically, the fund is a limited partnership and the general partner is a limited liability company. The carry partnership and its general partner are usually entities established in Scotland. This is because English limited partnerships cannot be partners of other English limited partnerships. The investment advisor is appointed to provide investment services to the manager (and ultimately the fund).

Offshore fund with an onshore investment advisor



The fundamental structural difference is that the role of the manager is undertaken by the general partner of the fund, which for an unclassified fund is regulated by either the Jersey or the Guernsey Financial Services Commission, or as previously noted in Jersey, not required for a Jersey Private Fund. The investment advisor provides its investment advice to the general partner. It is either FCA authorised or it benefits from a regulatory umbrella.

Why Outsource?

Based on where a manager has chosen to structure their fund, this gives options on whether they wish to develop an office in that jurisdiction, outsource certain functions or indeed do both.

Fund structuring and operation does require expertise in this field. Concepts such as closings and equalisations require enhanced accounting expertise. Investor expectation for transparency and quick and accurate data leaves managers with a choice to either invest in robust data platforms and infrastructure in-house or consider outsourcing.

In considering outsourcing, managers will want to partner with a service provider with experience in the relevant jurisdiction, the asset class and ability to operate the outsourced aspects of the fund in an effective manner.

Fund structures and manager's interests can span multiple asset classes and jurisdictions, therefore considering the global footprint and IT infrastructure to develop a platform for the manager is often a key part of the process, particularly given the focus on the management and protection of data.

Regulatory compliance is also a key factor for managers when considering fund structures and outsourcing. The global move to a more level playing field has seen significant changes in the regulatory landscape, particularly since the global financial crisis of 2008. Initiatives such the OECD's BEPS actions and regulation such as GDPR have increased the complexity, together with enhanced tax reporting driven by FATCA and CRS and the ongoing AML/CFT obligations.

The outsourcing model takes the pressure off managers to a certain extent as service providers will often provide compliance solutions in this ever-changing environment.

Regulatory Landscape

In addition to the regulatory regime applicable to managers and advisors carrying out regulated activities, including marketing, discussed above, the following regulatory considerations have also become increasingly important in recent years for fund managers:

a) Depository Services

AIFMD and now the AIFMD EU Exit Regulations have impacted the way marketing is undertaken to investors across the EU and the UK, and this has influenced and will, in light of the Brexit's implications, influence decisions on where to establish structures.

Depository services may be required if the fund is located in the EU or UK.

If it is intended that the investors in the fund will be located within the EU or UK, the fund will be in the scope of AIFMD or the AIFMD EU Exit Regulations, as the case may be. Depending on the location of the fund and its appointed AIFM there will be different approaches to accessing the market, offshore centres such as Jersey and Guernsey use national private placement rules and this successfully works across 27 countries in the EU. Depository-light services may be required if investors are located in Germany or Denmark.

ANNEX IV reporting, is required to be filed on a periodic basis based on the EU or UK jurisdictions where the funds are marketed to.

b) Regulatory Reporting

The regulatory reporting burden on structures has increased significantly in recent years. Documentation to meet AML expectations have increased, FATCA/CRS reporting is now extended globally.

OECD BEPS initiatives such as country-by-country reporting and DAC6 continue to add to the workload of managers and administrators.

c) GDPR

The **EU General Data Protection Regulation** (the "**GDPR**") applies to processing carried out by organisations operating within the EU. It also applies to organisations outside the EU that offer goods or services to individuals in the EU. In addition, jurisdictions such as Jersey and Guernsey have extended GDPR to their citizens, though local data protection laws. Now that the Brexit transition period has ended, the DPPEC (Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit)) Regulations 2019 that has amended the Data Protection Act of 2018 and merged it with the requirements of the GDPR to form a data protection regime that works in a UK context applies in the UK (the **UK GDPR**). Broadly, there is little material difference between the GDPR and the UK GDPR so organisations will continue to comply with the requirement of GDPR.

- A **controller** determines the purposes and means of processing personal data.
- A **processor** is responsible for processing personal data on behalf of a controller.

If you are a processor, data protection places specific legal obligations on you; for example, you are required to maintain records of personal data and processing activities. You will have legal liability if you are responsible for a breach.

However, if you are a controller, you are not relieved of your obligations where a processor is involved, and the regulations place further obligations on you to ensure your contracts with processors comply with the GDPR. Understanding these obligations and having the procedures in place to demonstrate compliance to essential.

It is worth noting that the TCA contains a bridging mechanism for data transfers from the EU to the UK which applies for four months from the TCA entering into force, extended by two months unless one of the parties objects, or, if earlier, until there is an adequacy finding for the UK. During this time, personal data transfers from the EU (plus the EEA countries if they accept the mechanism) to the UK can continue without additional safeguards provided that the UK's applicable data protection regime continues to apply.

d) EU and equivalent UK economic substance rules

These substance requirements apply to categories of geographically mobile financial and other service activities, identified by the OECD’s Forum on Harmful Tax Practices which includes fund management:

The legislation includes robust and dissuasive sanctions for failure to meet the substance requirements. The sanctions are progressive and include financial penalties, with the ultimate sanction leading to the striking off of the company from the Companies Register.

The competent authority will also spontaneously exchange relevant information with the competent authority of the relevant state where the immediate parent company, ultimate parent company and/or ultimate beneficial owner is resident, if the substance requirement is failed.

Fund Documentation, key fund terms and cash flows

The management team's appointed lawyers will create the fund documentation, lead the negotiations with investors and manage the closing of the fund. In a typical fund structure, the key documents are:

PPM: The marketing of the fund can take place using a formal private placement memorandum (**PPM**) or by reverse solicitation where investors approach the sponsor to invest. The drafting of the PPM is important and will be scrutinised by proposed investors who will have their own due diligence requirements to fulfil. It also must include relevant disclaimers, selling restrictions and risk factors.

Subscription Agreements: Proposed investors will sign up to subscription agreements which adhere to the terms of the LPA. Subscription agreements will include representations and warranties by investors as to their tax status and other compliance and legal requirements and will include relevant transfer restrictions. Investors will also be required to provide details to be cleared from an AML perspective and to enable the fund to meet its ongoing regulatory reporting obligations.

Limited partnership agreements: Limited partnership agreements will detail the rights and obligations of limited partners and general partners and can often be highly negotiated, by sophisticated investors in particular. It will typically provide for the investment objectives of the fund and any investment restrictions, the allocation of profits and losses, carried interest and management fees, distribution waterfall, payment of fund expenses, administration and resolution of conflicts of interest, obligations of capital contribution and any variance of those obligations (such as those for excused investors), provisions for investors who default on their capital obligations, removal of the general partner, termination and extension of the fund and financial reporting.

Side letters: Certain investors will demand bilateral arrangements by way of side letters to address their own regulatory or tax requirements (such as investment restrictions, confidentiality and others).

Other documentation: Each other vehicle such as the general partner, the carried interest partner and the investment manager/advisor if they are newly set up will need their own set of constitutional documents. There will also be a management agreement, investment advisory agreement, appointed representative agreement as well as an administration agreement and depository or custody agreement as required.

Legal opinions: investors may require legal opinions to be provided by the management team's lawyers. The opinions affirm that, for example, the fund is duly incorporated and that the investors have only limited liability. Certain investors may also require a tax opinion.

Closing: Once the target number of subscriptions have been received or the target committed capital obtained, then the fund can hold its first closing to admit the limited partners and issue a capital call. This is typically a significant event that occurs with the coordination of a number of service providers, advisors and investors to ensure the closing timetable is met. Limited partners joining in subsequent closings will be subject to equalization if capital calls have been issued prior to their admittance.

Key fund terms

We set out below certain key terms that are often negotiated between management team and investors.

The management team's lawyers will hold the pen on these negotiations, coordinating the various investors' demands and the management team's response.

Term

The fund's term is typically between 7 to 10 years, which may be extended at the discretion of the manager or by agreement with the investors. Investors will push for a consent right upon extension in the LPA. It is common for at least one extension to be decided by the manager.

Investment Period

The initial period is the investment period and typically lasts 4 to 5 years. The investment period is the time during which the fund can make investments. It may be extended at the discretion of the manager, or with the consent of the investors. Typically, a manager will be able to make further drawdowns for investments for a limited time after the end of the investment period. The types of investments that could be made following the investment period are follow-on investments (investments into an existing portfolio company) and follow-up investments (investments into a company for which the manager had reached an advanced stage at the end of the investment period).

Fund Size

The PPM will often set out the target size of the fund, which is the total amount of investor commitments that the management team will aim to raise for the fund. In addition, the LPA will often state a cap on the size of the fund. For a first time fund, these figures will typically be lower than for the average established fund. When determining these figures, the management team will typically take into account: (i) the strength of their fundraising ability; and (ii) the investment opportunities which are, or are likely to be, available to the management team.

Leverage

We have seen certain fund managers consider the use of debt facilities within the fund. The benefit of this includes having access to funds within a matter of days rather than waiting for capital calls from investors to be received. If investments are successful, then leverage may help improve IRR. Leverage may also be a riskier strategy where not appropriately managed or where investments are not successful.

Waterfall

The distribution of profit is often referred to as the waterfall. There are two waterfall models: a ‘deal-by-deal’ waterfall, whereby payments of carried interest are calculated on the realisation of each investment – regardless of the performance of other investments; and the ‘loss carry-forward’ waterfall that takes into account previously realised losses and permanent write-downs of investments. A deal-by-deal arrangement is more advantageous for the management group, as they receive carried interest on profitable realisations sooner. Investors will strongly resist a deal-by-deal arrangement unless provisions for clawback (with part of the carried interest received by the management team held in escrow) are provided.

General Partner Removal

The investors may remove the GP on a fault basis (such as wrongdoing, insolvency or serious breach of the LPA), and some LPAs will also provide for removal of the GP on a no-fault basis. Negotiations often take place over the consequences of such a removal: the level of management fee that is due, the right to receive carried interest and the treatment of the general partner’s commitment.

Cash Flows to the sponsor group/management team

Management Fee – the fund will pay the manager or general partner a management fee to cover the overhead costs of operating the fund and making investments. During the investment period, this is typically in the region of 2% of committed or invested capital (for larger funds it tends to be 1.5%). After the investment period, the management fee is paid on the basis of the capital actually invested, with suitable adjustments for write-downs or write-offs of investments. Certain investors may also require that the management fee be reduced after the investment period to 1.5%.

Advisory Fee – the advisory fee will typically be structured on the basis of the accumulated surplus of the management fee received by the manager, less its operational expenditure. This is offset against the management fee as such it is not an additional fund cashflow.

Carried Interest – in the event the fund returns exceed a certain hurdle rate detailed in the LPA, the profits are split between the limited partners and the general partner. A typical LP:GP split would be 80:20. Carried Interest structuring is an essential aspect of fund establishment in attracting and retaining key members of the investment advisory team.

Transaction fees – these are paid by the portfolio companies to the relevant sponsor entity for various services performed by it to those portfolio companies under a management services agreement, or an investment agreement. An offset of 100% of transaction fees received by the management team against the management fee is a typical provision in an LPA so as to prevent a misalignment of economic interests between the management team/sponsor and the investors.

Abort costs – the manager will incur costs evaluating and negotiating a proposed investment or sale that fails to complete. The management group will want to ensure that the LPA allows for an uncapped recovery of abort costs but investors will seek to cap these.

Other key terms include fund strategy and investment restrictions, fund expenses, key persons, management of conflicts of interest, advisory committee, re-investment and co-investment opportunities.

Carried interest considerations

Carried interest is an incentive and compensation arrangement provided to private equity fund managers to align their interests with the fund's investors. Given it represents such a significant element of private equity compensation you would assume that carry arrangements would receive the same care that other corporate and employee incentive schemes; however, this is not the case. Carry arrangements are either managed in-house or by third party fund administrators. In the former scenario they can prove a drain on resource and create increased risk for the firm and, in the latter scenario, they are frequently reduced to a 'bolt-on' service.

As carry arrangements expand in scope and complexity and come under ever increasing scrutiny from regulators and tax authorities, private equity fund managers are increasingly turning to corporate and employee incentive specialists to support these arrangements. The advantages of this are compelling.

a) Carried Interest Structuring

When it comes to the design and structure of the carried interest schemes there is added complexity when it comes to real estate private equity deals and the waterfall modelling which is often applied to these structures. The multiple variables outlined in the owner's agreement can mean each waterfall structure varies; however, working with trusted advisors and service providers can draw on their understandings of the common components in relation to methods of return and provisions for the investors and sponsors. The importance of structuring the carried interest arrangements to align the interests of the investors, managers and sponsors is paramount in designing the incentive mechanism.

An appropriately structured fund distribution waterfall can assist in driving the motivation of managers and investors to executing and achieving the fund's investment strategy. Putting aside the considerations of the common features of a carried interest scheme, an ever more important aspect to the structuring process is the mechanism and timing of distributions for the managers.

b) Annual administration and event cycle: Allocations, forfeitures, vestings

Due to the very nature of private equity funds, the average period of each fund being between ten to twelve years, the carried interest vehicles can place an exponential strain on the administrator over the lifetime of a series of investments. As carry plans can be complex, it can create additional burden on the firm when juggling against their core strategic objectives.

Implementation and communication programmes should be clear and delivered in a timely fashion. Administration is an outsourcing specialism and removes the risk and costs associated with managing and processing data in relation to complex arrangements.

c) Distributions: Escrow and clawback provisions

The order of priority and timing of distributions made to limited and general partners are set out in the LPA. Distributions may be made in the form of cash or securities, with securities typically taking the form of listed equity as a result of an IPO. Distributions can be a particularly sensitive element to the administration of carried interest, especially given the heightened emotive aspect of receiving significant components of an individual's compensation.

There are benefits in considering the use of a third-party escrow services provider, such as Sanne, due to the independence and confidentiality it brings when distributing payments. Escrow payments ensure that there is a third-party to regulate the effective and timely completion of the distributions to the beneficiaries, minimising the risks in a convenient and confidential manner.

About Sanne

Sanne is a leading global provider of alternative asset and corporate services.

Established since 1988 and listed as a FTSE 250 company on the Main Market of the London Stock Exchange, Sanne employs c1,900 professionals worldwide and administers structures and funds that have in excess of £465 billion assets.

We deliver tailored fiduciary services to a highly valued international client base through a global network of offices spread across the Americas, Europe, Africa and Asia-Pacific.

Clients are serviced through regional businesses which are led by global leaders with deep experience in alternative asset and corporate services. Each business contains multifunctional and skilled teams of professionally qualified people who are aligned to the specific requirements of each client, across one accredited platform.

Sanne leads in the provision of fund and corporate administration services. Specialist expertise is delivered across private debt, capital markets, real assets, private equity, hedge and corporate services.

Key clients include leading fund managers, financial institutions and global corporates.

Sanne at a glance

More than 1,900
people worldwide

A FTSE 250 listed
business

Over £465 billion assets
under administration

Leaders in fund and
administration services

Accredited business
process

22 jurisdictions
AMERICAS / EMEA /
ASIA-PACIFIC

Our promise

We believe that clients should expect more, so we stand for professionalism, innovation and quality. If you require a strategic relationship and a true business partnership with people who genuinely care about your growth. We are Sanne.

Let's talk…
For more information, please visit our website sannegroup.com

Information on Sanne and details of its regulators can be accessed via sannegroup.com

Introduction to Trowers

Trowers is an international law firm with over 160 partners and more than 950 people located across the UK, Middle East and Asia. During our long history, we have held fast to the values and characteristics – such as service, quality, integrity and innovation – that have made us not only a leading law firm, but an inclusive and exciting place to work and establish a career. Some 240 years on, these attributes remain solidly embedded in our culture and our ways of working. We are well known for being experts in the sectors our clients work in and getting to the crux of the issues they face. This gives us the best foundations to extend our thinking beyond the day to day delivery of transactional and advisory legal services and provide our clients with fresh thinking and commercially-driven solutions.

Corporate practice in brief

Our corporate team is chosen by a diverse range of clients not just for our expertise and experience but also for our results-orientated working style and distinctive approach. We can advise on the issues that affect the assets and people of any organisation. Our work covers all areas of commercial and corporate legal advice, including domestic and cross-border acquisitions and disposals, joint ventures, private equity, corporate finance, commercial contracts and company law, IT-related matters, copyright and trade mark issues and the law relating to data protection. We also have a long-established reputation for providing a comprehensive private client service to high-net-worth individuals, companies and trusts both in the UK and internationally.

Over 150 partners with more than 900 people located across the UK, Middle East and Far East

Nine offices located in Abu Dhabi, Bahrain, Birmingham, Dubai, Exeter, London, Malaysia, Manchester, Oman and a dedicated Korea desk

Member of Interlaw, the 'Elite Global Law Firm network', with lawyers in more than 150 cities

A team of 14 partners delivering corporate

Ranked tier 1 in Legal 500 (Corporate/ M&A: Lower Mid-Market)

Corporate partners named leading individuals in Chambers UK

Our fund formation offering

Our funds team is highly experienced in a wide range of fund structures formed in both the UK and domiciles investing in a broad range of asset classes. We advise a diverse client base of asset managers, banks and other financial institutions, corporates, high net worth individuals and management teams on the most tax efficient and appropriate jurisdictions, structures and vehicles to use for their investment funds, acquisitions and joint ventures. We also have experience of advising on the establishment of asset managers and their ongoing requirements from a legal and regulatory perspective. We have excellent lines of communication with regulators. We also understand investors' needs having advised a wide range of investors including sovereign wealth funds, other government institutions and private institutions investing in private investment funds and as such believe are in an excellent place to bring together the various stakeholders' needs.

We assist our clients throughout the entire life of their investment fund project from its origination and initial structuring, tax and regulatory advice; product development; launch, marketing and distribution; fund investment and management; portfolio management right up until final exit and profit repatriation. Our practice also covers venture capital and private equity funds where we work closely with our Private Equity team. We take pride in our deep and broad expertise and successful achievements across our venture capita/private equity and real estate sectors. This will enable us to take a holistic view of your project and to guide you from the outset in the selection of the management team, through to the fund formation up until final liquidations. We like to remain committed to the client and their portfolio companies throughout the life of their investment by offering a "commercial issues" service to the portfolio entities.

Let's talk…
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