



November 2008

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British Virgin Islands Mutual Funds Annual Returns

In September 2008, the British Virgin Islands Financial Services Commission (the “Commission”) announced the creation of an Annual Return regime applicable to British Virgin Islands (BVI) investment funds. Under the new regime, all funds that are recognised as private or professional funds or registered as public funds under the Mutual Funds Act 1996, as amended (the “Act”) are required to complete and file an Annual Return with the Commission on a yearly basis. Funds which fall outside the scope of the Act such as closed-ended funds are not required to file an Annual Return.

Completion of the Annual Return will be mandatory for the year ending 31 December 2008 and for every year thereafter and must be submitted to the Commission within six months of the end of each calendar year. However the Commission is encouraging funds to submit an Annual Return for the year ending 31 December 2007 so that they become familiar with the new reporting requirements. The reporting period for a fund is the calendar year regardless of the financial year operated by the fund.

The Annual Return with respect to the reporting period ending on 31 December 2008 will need to be filed no later than 30 June 2009. Subject to the enacting legislation coming into force, failure to complete the Annual Return for the 2008 reporting period and thereafter may lead to enforcement action being taken by the Commission against a fund including the application of administrative penalties.

The Annual Return requires each fund to report annually on its governance information, provide a summary of its financial information and details of its asset allocation by product and jurisdiction. The Annual Return does not require disclosure of any information regarding the identity of investors or of specific investments held by the fund. The Annual Return includes a declaration that the information represents a true and fair view of the fund's position as at the reporting date. The declaration must be signed by a director, officer or other duly authorised representative of the fund. Notwithstanding the “true and fair view” declaration to be given, the information provided in the Annual Return is not required to be audited.

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The information gathered from the Annual Returns will not be made available to the public or shared outside of the Commission other than as may be required by law and is to be used for statistical and compliance purposes only. The Annual Return is intended to allow the BVI to appropriately benchmark its funds industry, to conform to international reporting standards and to enable the Commission to gather financial information which will assist with the strategic development of the BVI funds industry.

The form of Annual Return and accompanying Guidance Notes can be accessed from the Commission's website at www.bvifsc.vg. The Commission has indicated that an electronic reporting system should be in place for the 2008 reporting period which will allow the information to be inputted and submitted online.

If you require any further information, please contact:



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