

A BILL

entitled

INVESTMENT FUNDS AMENDMENT ACT 2011

WHEREAS it is expedient to amend the Investment Funds Act 2006 to provide for a new class of fund;

Be it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

Citation

1 This Act, which amends the Investment Funds Act 2006 (the "principal Act"), may be cited as the Investment Funds Amendment Act 2011.

Amends section 11

2 Section 11 of the principal Act is amended—

(a) in subsection (1) by inserting after paragraph (b) the following new paragraph—

“(c) specified jurisdiction fund;”;

(b) in subsection (1) by renumbering paragraph (c) as paragraph (d);

(c) by inserting after subsection (4) the following new subsections—

“(5) A fund qualifies for classification as a specified jurisdiction fund—

(a) if the Minister by Order recognizes—

(i) the jurisdiction, outside Bermuda, in which the fund operates;
and

(ii) a particular law, or particular set of laws, of such jurisdiction as applicable to such fund; and

(b) if the fund satisfies the requirements set out in the fund rules made by the Authority relating to that class of fund and that jurisdiction.

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(6) An Order made under subsection (5) is subject to the negative resolution procedure.”; and

(d) by renumbering subsections (5) and (6) as subsections (7) and (8).

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EXPLANATORY MEMORANDUM

This Bill seeks to amend the Investment Funds Act 2006 (the “principal Act”) to introduce a new class of fund referred to as a specified jurisdiction fund. The objective in introducing this new class of funds is to make it possible to attract foreign retail investment in Bermuda assets management products. A fund qualifies for classification as a specified jurisdiction fund if the jurisdiction it is to operate in and the laws it is to operate under are recognised as applicable to such fund by Order. The fund shall also satisfy requirements set out in rules which shall be made by the Bermuda Monetary Authority.

Clause 1 provides a citation for the Bill.

Clause 2 amends the principal Act in section 11(1) by inserting a paragraph (c), which provides for an additional class of fund to be known as a “specified jurisdiction fund”. The clause further amends section 11 by inserting the new subsections (5) and (6). Under subsection (5) a fund qualifies to be a specified jurisdiction fund if the Minister of Finance recognizes the jurisdiction it operates in and the laws it operates under by Order. The new subsection (6) requires that the Order made by the Minister of Finance under subsection (5) be subject to the negative resolution procedure.