



PORTCULLIS TRUSTNET

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BRITISH VIRGIN ISLANDS (“BVI”) UPDATE

Amendments to the Securities and Investment Business Act 2010 (“SIBA”) and the Mutual Funds Regulations 2010 (“MFR”) – Transitional Provisions Deadline is Fast Approaching

SIBA came into force on 17 May 2010 and replaced the Mutual Funds Act 1996, and is now the legislative framework under which the BVI Financial Services Commission regulates mutual funds and other investment related entities conducting business in or from within the BVI.

Persons previously:-

- A. licensed under the Mutual Funds Act, 1996; or
- B. carry on “investment business” as defined in SIBA.

should ensure as a matter of urgency that they are acting in compliance with SIBA and are otherwise prepared for the end of the transitional period.

The transitional period expires on **31 December 2010**.

- A. Persons previously registered under the Mutual Funds Act, 1996 to act as managers and/or administrators of mutual funds were automatically deemed to hold licences under Part I of SIBA and are authorised to continue to carry on business as fund managers and/or administrators.

It would be prudent that such persons carefully consider whether any of their business activities would fall into other categories of “investment business” and whether, as a result, they ought to apply prior to 31 December 2010 to extend their current licence.

- B. Persons who are carrying on “investment business” in or from within the BVI immediately prior to 17 May 2010 may continue to carry on such business without a SIBA licence until 31 December 2010. If such a person applies for a licence under Part I of SIBA prior to 31 December 2010, the transitional period will continue until the date that the application is finally determined.

It is an offence to continue to carry on investment business without a licence (or without applying for a licence) after 31 December 2010.

WHAT DOES THIS MEAN?

Persons carrying on “investment business” in the BVI should immediately apply for a SIBA licence before the expiration date of **31 December 2010**; otherwise they will be committing an offence.

Persons previously licensed under the Mutual Funds Act, 1996 or which otherwise carry on “investment business” should take immediate action to ensure that they are acting in compliance with SIBA.

Please note that the information contained herein is intended to provide general information to the client and professional contacts of Portcullis TrustNet. It does not purport to be comprehensive and is in no way intended and should not be relied upon as legal advice.