

FUND TYPES — BRITISH VIRGIN ISLANDS

The BVI Private Fund

The lightest-touch of the BVI's open-ended fund categories, the Private Fund lets a promoter reach up to 50 investors, or any number on a private-invitation basis, without a mandatory minimum investment or audit requirement.

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Overview

The Private Fund is one of two “recognised” open-ended categories under the Securities and Investment Business Act, 2010 (SIBA) — alongside the Professional Fund — meaning it may commence business on filing a complete application and paying the applicable fee, rather than waiting for prior FSC approval as a Public Fund must. It is defined by investor number rather than investor sophistication or minimum ticket size: a Private Fund's constitutional documents must either cap the number of investors at 50, or restrict the making of invitations to subscribe to a private basis, so that the fund is never in substance offered to the public.

Because neither an investment minimum nor an audit is statutorily mandated, the Private Fund is often the structure of choice for smaller, closely held vehicles — family offices, club deals, and funds run for a known, limited group of investors — where the promoter and investors already have a direct relationship and formal retail-style protections are less necessary. That flexibility comes with a ceiling: once a promoter needs to raise from a broader or larger group of sophisticated investors, the Private Fund's 50-investor cap (or the private-invitation constraint) typically makes the Professional Fund the more suitable category.

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Key features

Feature	Private Fund	vs. Professional Fund
Investor cap	50, or unlimited on a private-invitation basis	Unlimited, but restricted to professional investors
Minimum investment	None prescribed	US\$100,000 (or the investor qualifies as a professional investor by other means)
Audit requirement	Not mandatory	Required
FSC process	Recognition on filing a complete application — no prior approval needed	Recognition on filing, same as Private Fund
Typical use case	Family offices, club deals, closely held vehicles	Institutional strategies open to a broader professional investor base

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Regulatory framework

Private and Professional Funds are “recognised” by the FSC on filing rather than requiring prior approval — the fund may commence business once the relevant fee is paid and the application is complete, subject to the FSC's ordinary powers of review. The application is prepared and lodged through a BVI registered agent, and typically includes the fund's constitutional documents, offering document (or confirmation that none is required, given the private nature of the offer), and details of the fund's directors, administrator and any appointed functionaries.

Because no audit is statutorily required, a Private Fund's ongoing FSC-facing obligations are comparatively light: an annual return, notification of material changes to the fund's particulars, and continued compliance with the private-offer or 50-investor constraint that qualifies it for the category in the first place. Promoters should note that exceeding the investor cap, or making the offer public in substance even while nominally private, can jeopardise the fund's Private Fund status and trigger a need to re-categorise.

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Practical considerations

- Confirm which limb of the Private Fund definition the offering relies on — the 50-investor cap or the private-invitation basis — and structure subscription and marketing processes to stay clearly within it.
- Even without a statutory audit requirement, many promoters commission a voluntary audit where investors or counterparties expect one — confirm investor expectations before assuming the statutory minimum is commercially sufficient.
- Plan for conversion early if the investor base is expected to grow beyond 50 or broaden beyond a private-invitation group — migrating to a Professional Fund is straightforward but should not be left until the cap is breached.
- A Private Fund is not a substitute for closed-ended structuring — if the strategy is genuinely illiquid and long-term, a Private Investment Fund is usually the more appropriate vehicle regardless of investor count.
- Maintain clear records evidencing the private nature of each investor introduction — this is the FSC's practical test of whether the fund remains within its category.

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How Berkley can help

Berkley Fund Services administers BVI funds across all six SIBA categories, handling NAV calculation, investor register maintenance, FSC and International Tax Authority filings, and coordination with a fund's auditor, directors and appointed persons. Promoters weighing up which BVI category best fits a proposed structure are welcome to discuss their plans with Berkley's team before finalising an offering document.

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