Feeder and SPV Structures for Intermediary Distribution into the Gulf

The plumbing that lets private banks, external asset managers and multi-family offices distribute Gulf private-market deals to many underlying clients through a single, controlled vehicle

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ABSTRACT

An intermediary that wants to put a Gulf private-market deal in front of many clients faces a plumbing problem before it faces an investment one. Allowing each client to subscribe directly multiplies the lines on the cap table, the know-your-customer files and the points of failure, and it surrenders control of the relationship to the fund. The feeder vehicle and the special-purpose vehicle exist to solve that problem. They pool many clients into a single investor of record, leaving the intermediary in command of onboarding, reporting and the consolidated compliance file. This paper sets out the feeder and SPV toolkit for distributing Gulf deals through intermediaries. It describes the anatomy of a feeder and the service providers that surround it; it distinguishes the three archetypes that the intermediary chooses between, namely the standing feeder fund, the cellular SPV or series platform, and the single-client managed account; it sets out the cost of running each, and shows why fixed running costs make small pooled vehicles expensive and large ones efficient; and it compares the jurisdictions that an intermediary serving Gulf clients realistically chooses between, principally Cayman, Luxembourg and the Gulf's own financial centres at the Abu Dhabi Global Market and the Dubai International Financial Centre. The analysis is deliberately structural and illustrative rather than empirical. All figures and tables are stylised calibrations used to make the mechanics legible, not forecasts, quotations or sourced market data. The paper is written for the intermediary deciding how to build distribution plumbing, not as legal, tax or investment advice. It closes with a decision framework, an implementation timeline and a checklist that an intermediary can take into a conversation with counsel and an administrator.

JEL Classification: G23, G24, G11, F21, K22

Keywords: feeder fund, special-purpose vehicle, intermediary distribution, private banks, external asset managers, multi-family offices, Gulf, GCC, fund structuring, Cayman, Luxembourg, ADGM, DIFC, nominee, pooling

1. INTRODUCTION

An external asset manager in Geneva, a private bank in Dubai or a multi-family office in London that has decided a Gulf private-market deal is right for its clients does not have an investment problem at that point. It has a distribution problem. The deal is one thing; getting twenty, fifty or two hundred underlying clients into it cleanly is another. If each client subscribes in its own name, the fund or the deal sponsor acquires a long tail of small investors, each requiring its own subscription agreement, its own know-your-customer file and its own line on the register. The intermediary, meanwhile, loses the thing it most needs to keep, which is control of the relationship, of the reporting and of the compliance file. The feeder vehicle and the special-purpose vehicle, the SPV, are the plumbing that solves this problem.

This paper sets out that plumbing. It treats feeder and SPV structures not as an exotic matter for fund lawyers but as the practical apparatus that any intermediary distributing Gulf deals must understand and, in most cases, must build. The aim is to let the reader reason clearly about three questions: what a feeder is and what surrounds it; which of the available structures fits a given distribution problem; and where to domicile the vehicle. The treatment is structural. It is concerned with how the pieces fit together and with the trade-offs between them, rather than with the drafting that counsel will supply or with the fee that any particular administrator will quote.

Three caveats frame the analysis and recur throughout. First, this is an orientation and structuring document, not advice. Nothing in it is legal, tax, regulatory or investment advice, and the choice of any structure or jurisdiction depends on facts that only the intermediary, its counsel and its tax adviser can assess. Second, every number in the paper is illustrative. The cost figures, the jurisdiction scores and the timeline are stylised calibrations chosen to make the mechanics visible; they are not quotations, forecasts or sourced market data, and any real exercise will produce different numbers. Third, the focus is the intermediary as a distributor of Gulf deals to its own clients, the channel that private banks, external asset managers and multi-family offices represent, rather than the fund manager's own master-feeder architecture, though the two share much of the same machinery.

The paper makes three contributions. First, it organises a subject that is usually learnt piecemeal, deal by deal, into a single legible framework: the anatomy of a feeder, the three archetypes, the cost stack and the jurisdiction map. Second, it makes the economics explicit, showing why the fixed running cost of a pooled vehicle, rather than its headline fee, is the variable that decides whether a feeder is worth building at a given size. Third, it supplies decision tools, a structure-selection tree, a jurisdiction comparison and an implementation checklist, that an intermediary can use to frame a conversation with counsel and an administrator rather than starting that conversation cold.

It is worth stating plainly why the plumbing deserves a paper of its own rather than a footnote in a deal memorandum. The structure an intermediary chooses determines who appears on the cap table, who carries the compliance burden, who controls the flow of information to clients and how much of the deal's return is consumed by the cost of the wrapper. A poorly chosen structure can make an attractive deal uneconomic for smaller clients, can expose the intermediary to regulatory risk it did not intend to take, or can hand control of the client relationship to a third party. These are strategic outcomes, not administrative details, and they are decided at the point the structure is chosen.

The subject has acquired a particular urgency in the conditions of 2026. Two developments have converged. On the supply side, the Gulf has become a generator of private-market opportunity at scale, in private credit, in digital infrastructure, in real assets and in the growth equity of a maturing technology ecosystem, and these opportunities are increasingly open to private and family-office capital rather than to institutions alone. On the demand side, the intermediaries who serve private and family wealth, the private banks, the external asset managers and the multi-family offices, are under pressure from their clients to provide access to exactly these opportunities, and access at a ticket size that no single client could command alone. The feeder is the device that reconciles the two: it lets the intermediary aggregate many client tickets into one that the deal will accept, and it does so while keeping the intermediary, rather than the fund, at the centre of the relationship. An intermediary that cannot build this plumbing efficiently will find itself unable to offer its clients the very access they are asking for, or able to offer it only by ceding the relationship to a third party. The plumbing, in other words, has become a competitive matter.

The remainder of the paper is organised as follows. Section 2 reviews the relevant strands of work on financial intermediation, on pooling and delegated monitoring, and on the law and economics of fund structuring, and draws from them a set of propositions. Section 3 sets out the analytical framework and is explicit about what the illustrative method can and cannot show. Section 4 is the core of the paper: it describes the anatomy of a feeder, the three archetypes, the cost economics and the jurisdiction choice. Section 5 turns the analysis into an implementation sequence. Section 6 sets out the risks, caveats and limitations. Section 7 concludes. Three appendices give the full assumptions behind the figures, a structuring checklist and a glossary.

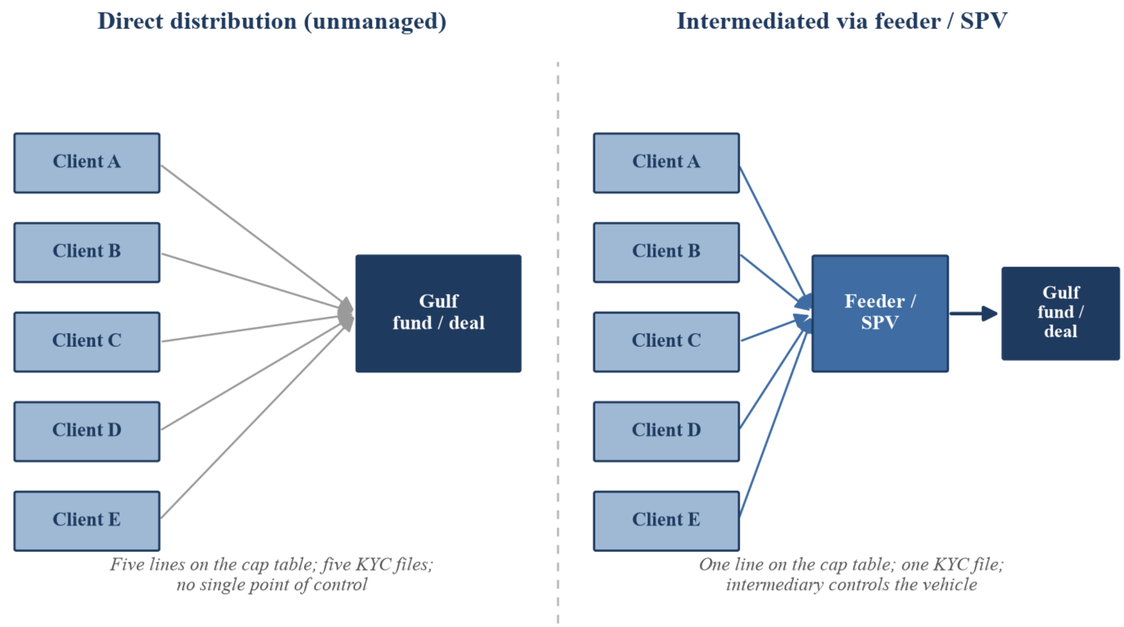

Figure 1. *The intermediary distribution problem, direct versus intermediated. Illustrative schematic. Direct subscription multiplies cap-table lines and compliance files; a feeder collapses them into one.*

A word on terminology is warranted at the outset, because the vocabulary of this subject is used loosely and the looseness causes confusion. The terms feeder, special-purpose vehicle, nominee, aggregator and access vehicle are often used interchangeably in conversation, yet they describe overlapping but distinct things. Throughout this paper the word feeder is used in its functional sense, namely any vehicle that pools several clients and subscribes to an underlying fund or deal on their behalf, regardless of its precise legal form. The word SPV is reserved for a vehicle established for a single transaction or a single deal. Where the legal form matters, for instance in distinguishing a regulated pooled fund from an unregulated wrapper, the distinction is drawn explicitly. The reader who keeps the functional meaning in view will not be misled by the looser usage common in the market.

It is also worth situating the subject against the wider machinery of which it forms a part. The master-feeder structure is a long-established device in the fund-management industry, where a single master fund pools the assets of two or more feeders, typically one onshore and one offshore, so that investors of different tax and regulatory profiles can invest in a common pool through the feeder appropriate to each. The intermediary's feeder examined here borrows the same plumbing but turns it to a different end. Its purpose is not to reconcile the tax profiles of two investor classes in a single fund but to let one intermediary aggregate its own client base behind a single line into a fund or deal that it does not itself manage. The machinery is shared; the motive differs, and the difference matters because it places the intermediary, rather than the fund manager, at the centre of the structure and in control of its economics and its compliance.

2. RELATED WORK AND PROPOSITIONS

The analysis draws on three bodies of work: the theory of financial intermediation and delegated monitoring; the economics of pooling, nominee holding and collective investment; and the law and economics of fund structuring and jurisdictional choice. None of these literatures is about Gulf distribution specifically, but together they explain why feeder and SPV structures exist and what they trade off.

2.1 Financial Intermediation and Delegated Monitoring

The foundational account of why intermediaries exist rests on the idea that pooling many investors behind a single delegated monitor is cheaper than having each investor monitor a borrower or an investment directly. Diamond's analysis of delegated monitoring shows that an intermediary which pools funds and monitors on behalf of many small investors economises on the duplicated cost that those investors would otherwise each incur, provided the intermediary is itself diversified enough that its monitoring promise is credible. The feeder vehicle is a direct instance of this logic. The intermediary stands between the underlying clients and the deal, performing the onboarding, the reporting and the ongoing oversight once, rather than each client performing them separately. The same literature explains why the intermediary's incentive to monitor must be preserved by the structure, because a vehicle that severs the intermediary from the economics of the deal weakens the very oversight that justifies pooling.

A related strand examines the informational role of intermediaries. Leland and Pyle show how an intermediary's willingness to hold a stake signals the quality of what it distributes, and the broader theory of financial intermediation treats the intermediary as a producer of information and a reducer of transaction cost. For the present purpose the lesson is that the structure should keep the intermediary close to the deal, not merely act as a conduit, because the intermediary's proximity is what its clients are paying for.

2.2 Pooling, Nominee Holding and Collective Investment

A second literature concerns the mechanics of pooling itself. Collective investment vehicles exist because they convert many small, heterogeneous claims into a single, standardised one, and because they allow a professional to act for a group that could not efficiently act for itself. The nominee and custody literature describes the legal devices, the nominee holding, the trust and the segregated account, by which one name on a register can represent the beneficial interests of many. These devices are the legal substance of the feeder: the vehicle is the single name on the master fund's register, and the clients hold their interests through it.

This literature also catalogues the costs of pooling. Pooling introduces an agency relationship between the vehicle and its investors, it requires governance to manage conflicts between investors with different horizons or tax positions, and it imposes a fixed administrative overhead that must be borne regardless of the amount pooled. The recurring finding is that pooling is efficient above a scale threshold and inefficient below it, because the fixed overhead is spread over a larger or a smaller base. This threshold logic is central to the cost analysis in Section 4.

The agency literature adds a further dimension that the feeder must reckon with. Once an intermediary stands between the client and the deal, a principal-agent relationship is created in which the client cannot perfectly observe the intermediary's effort or the quality of its selection, and the classic problems of moral hazard and adverse selection follow. The structure responds to these problems in several ways: by aligning the intermediary's remuneration with the client's outcome, by requiring the intermediary to hold a stake or to disclose its interest, and by subjecting the vehicle to independent governance and audit. The intermediary's reputation, built and risked across many such relationships, is the ultimate discipline, and the structure exists in part to make that reputation legible and to give the client confidence that the agent's interests are tied to its own.

2.3 Fund Structuring and Jurisdictional Choice

A third strand concerns the law and economics of where and how funds are organised. The law and finance literature establishes that the legal environment, the quality of investor protection, the predictability of enforcement and the neutrality of the tax treatment shape where capital pools and where vehicles are domiciled. Offshore and onshore financial centres compete on precisely these dimensions, and the literature on regulatory competition explains why a small number of centres come to dominate fund domiciliation: investors and managers value familiarity and a deep service ecosystem, which are self-reinforcing. This explains why an intermediary serving Gulf clients does not face an open field of jurisdictions but a short list dominated by a few familiar centres.

The same literature frames the more recent development that bears most directly on this paper, namely the emergence of the Gulf's own financial centres at the Abu Dhabi Global Market and the Dubai International Financial Centre as credible domiciles for funds and vehicles. Built on English common law, with their own courts and regulators, these centres offer a structuring environment that is familiar to international investors while sitting inside the region where the deals are. The structural question this poses, whether to domicile a Gulf feeder offshore in a globally familiar centre or onshore in the region, is the jurisdictional choice the paper addresses in Section 4.6.

A final observation from the structuring literature bears on the tension between cost and control that runs through every choice in this paper. The literature on the boundaries of the firm, from Coase onward, frames the decision to internalise an activity rather than buy it in the market as a trade-off between the transaction cost of contracting and the governance cost of ownership. A feeder is, in this light, a partial internalisation: the intermediary builds and owns the vehicle, bearing its standing cost, in order to internalise the control of the client relationship and the compliance file that it would otherwise cede to the fund. The decision of whether to build a feeder at all, examined in the cost analysis of Section 4.3, is precisely this make-or-buy decision, and the scale threshold is the point at which the governance cost of owning the vehicle falls below the value of the control it secures.

2.4 Synthesis and Propositions

Taken together, these literatures yield five propositions that the rest of the paper develops and illustrates.

Proposition 1. Pooling many clients behind a single vehicle lowers the per-client cost of distribution and monitoring, and lets the intermediary retain control of the relationship, the reporting and the consolidated compliance file.

Proposition 2. The choice of structure, standing feeder fund, cellular SPV or series, or single-client managed account, follows from the number of clients, the recurrence of the programme and the degree of ring-fencing required.

Proposition 3. The economics of a pooled vehicle are driven by its fixed running cost, not its headline fee; below a scale threshold the wrapper is expensive in basis points, and above it the wrapper becomes efficient.

Proposition 4. The jurisdiction is a structural choice, not a clerical one; it trades investor familiarity, set-up speed, cost and substance, and increasingly sets the Gulf's own centres against the established offshore and onshore alternatives.

Proposition 5. The intermediary should choose the structure and the jurisdiction deliberately and early, because they decide who is on the cap table, who carries the compliance burden and how much of the return the wrapper consumes.

3. FRAMEWORK AND METHOD

This study is analytical and descriptive rather than empirical. It builds a structural map of feeder and SPV options and a decision framework for choosing between them, and it illustrates the mechanics with stylised figures and tables. It does not estimate parameters from data, and it makes no claim about the prevalence, pricing or performance of any particular structure in the market.

3.1 The Structuring Framework

The framework has four components. The first is the anatomy of a feeder: the vehicle itself and the ring of service providers, the administrator, the directors or manager, the depositary or custodian and the auditor, that make it function. The second is the typology of archetypes: the standing feeder fund, the cellular SPV or series platform, and the single-client managed account, each suited to a different distribution problem. The third is the cost model, which separates one-off set-up cost from annual running cost and expresses the latter as basis points of pooled assets, so that the scale threshold becomes visible. The fourth is the jurisdiction comparison, which scores the realistic domiciles on the dimensions that matter to an intermediary serving Gulf clients.

3.1a What the Framework Does and Does Not Do

It is important to be clear about scope. The framework is a tool for reasoning about how to build distribution plumbing and what it costs in the round. It is not a substitute for legal structuring, for a tax opinion, for a regulatory analysis or for an administrator's quotation. It does not tell an intermediary that a particular vehicle is permissible in its home jurisdiction, that a particular client may be admitted, or that a particular tax outcome will follow; those are questions for advisers on specific facts. What the framework does is let an intermediary see the structure of the decision, the options, the trade-offs and the rough economics, before that specialist work begins, so that the specialist work is better directed.

The choice of an analytical and illustrative method rather than an empirical one is deliberate. Real cost and fee data for private feeder vehicles are negotiated, confidential and highly specific to facts, so any sourced figures would be both unreliable as a general guide and impossible to verify. A transparent stylised model, whose every assumption is stated and can be replaced with the reader's own numbers, is more honest and more useful than a spurious precision. The figures are there to show shape and relationship, the way fixed cost amortises with scale or the way jurisdictions trade off against one another, not to assert levels.

3.2 Assumptions and Their Justification

The stylised inputs used in the figures, the set-up and running cost components, the scale at which the running cost is expressed, and the jurisdiction scores, are calibrated to be plausible in direction and order of magnitude rather than accurate in level. The set-up cost is built from the cost categories a real exercise incurs, legal and structuring, regulatory or licensing, onboarding and a tax opinion, weighted so that legal work dominates, which matches the usual experience that drafting and structuring are the largest one-off line. The running cost is built from the recurring service lines, administration and registrar, directors or manager, audit, depositary and ongoing legal or tax, again weighted so that administration dominates. The jurisdiction scores are relative and ordinal, chosen to reflect well-understood trade-offs, the familiarity of Cayman, the substance and credibility of Luxembourg, the regional proximity of the Gulf centres, rather than any measured index. Table I records the base-case assumptions, and Appendix A gives the full set.

Table I. Base-Case Assumptions for the Structuring Framework.

Component	Illustrative value	Role in the framework
Set-up: legal and structuring	USD 85k	Largest one-off line; drafting and structuring
Set-up: regulatory / licensing	USD 45k	Filing or notification; varies by venue
Set-up: onboarding and KYC build	USD 25k	Standing onboarding apparatus
Set-up: tax opinion	USD 20k	Confirms treatment for the structure
Running: admin and registrar	USD 55k p.a.	Largest recurring line; the register
Running: directors / manager	USD 40k p.a.	Governance and substance
Running: audit	USD 25k p.a.	Annual financial statements
Running: depositary / custody	USD 18k p.a.	Where required by venue or type
Running: legal / tax (ongoing)	USD 15k p.a.	Maintenance and changes
Fixed running cost (sum)	~USD 145k p.a.	Drives the scale threshold
Variable running cost	~9 bps of AUM	Scales with pooled assets

Indicative, illustrative calibrations used to make the structure legible; not forecasts, quotations or sourced data. See Appendix A.

4. THE STRUCTURING TOOLKIT

This section presents the analysis in the order of the propositions. It first sets out the anatomy of a feeder and the service providers that surround it (Proposition 1), then the three archetypes and how to choose between them

(Proposition 2), then the cost economics and the scale threshold (Proposition 3), then the jurisdiction comparison (Proposition 4), and finally draws the threads into a structure-selection framework (Proposition 5).

4.1 The Anatomy of a Feeder

A feeder is, at bottom, a vehicle that subscribes to a fund or a deal on behalf of many underlying clients, so that the underlying clients hold their economic interest through the vehicle rather than directly. Figure 2 sets out its anatomy. The clients of the intermediary subscribe to the feeder; the feeder makes a single commitment to the master fund or the target deal; and distributions flow back the same way, from the deal to the feeder and out to the clients in proportion to their interests. The defining consequence is that the master fund or the sponsor sees one investor of record, the feeder, rather than the many clients behind it.

Surrounding the vehicle is a ring of service providers without which it cannot operate. The administrator and registrar maintain the register of the feeder's own investors, calculate what each is owed, and process subscriptions and redemptions; this is the single largest recurring cost and the operational heart of the vehicle. The directors or the manager supply governance and, increasingly, the substance that jurisdictions require, namely real decision-making located in the domicile rather than a brass plate. The depositary or custodian, where the structure or the jurisdiction requires one, safeguards the assets and oversees cash flows. The auditor signs the annual financial statements, and counsel and the tax adviser maintain the structure as rules and facts change. The intermediary sits above all of this, owning the client relationship and the consolidated compliance file.

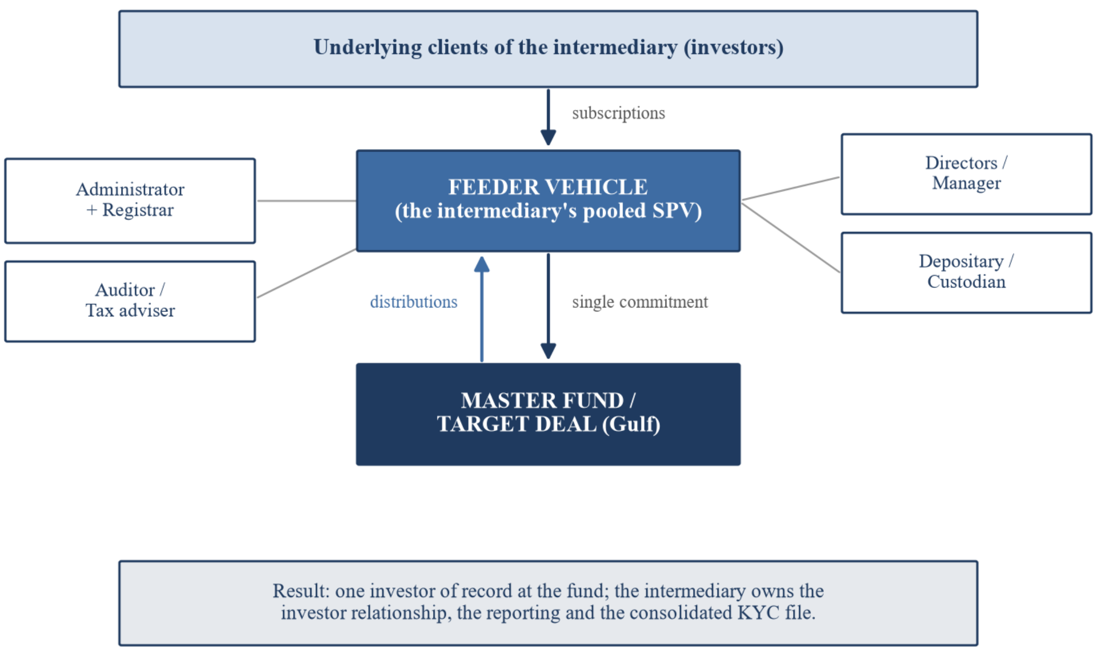

Figure 2. *The anatomy of a feeder vehicle and its service providers. Illustrative schematic. The feeder is the single investor of record at the master fund; the intermediary retains the client relationship and the consolidated compliance file.*

The value of this anatomy to the intermediary is precisely the consolidation it achieves. Onboarding and know-your-customer work is done once, at the feeder, against a single set of standards, rather than many times against the master fund's standards. Reporting to clients is produced by the intermediary and its administrator in a single, branded format rather than passed through from the fund. And the compliance file, the record that a regulator or an auditor will one day ask to see, sits in one place under the intermediary's control. These are the operational expressions of Proposition 1: pooling lowers the per-client cost and keeps the relationship with the intermediary.

4.1a What the Intermediary Keeps and What It Gives Up

It is worth pausing on the precise balance of what the feeder structure secures for the intermediary and what it costs it, because the balance is the whole case for building one. What the intermediary keeps is fourfold. It keeps the client relationship, because the client subscribes to the intermediary's vehicle and looks to the intermediary, not to a distant fund manager, for service and for information. It keeps the reporting, because the intermediary and its administrator produce the statements the client sees, in the intermediary's format and on the intermediary's schedule. It keeps the compliance file, because the know-your-customer and anti-money-laundering work is done at the feeder, against the intermediary's standards, and the record sits under the intermediary's control. And it keeps a natural place to take its fee, as Section 4.3a sets out. These are not minor conveniences; they are the substance of the intermediary's franchise, and a structure that surrendered them would hollow out the very business the intermediary is in.

What the intermediary gives up, or rather takes on, is the standing cost and the responsibility of running a vehicle. It must pay the providers, it must govern the vehicle, it must bear the regulatory and operational risk that ownership brings, and it must reach the scale at which the standing cost is justified. The structure is therefore not free, and it is not right in every case; it is right when the value of the control it secures exceeds the cost of the responsibility it imposes, which, as the cost analysis will show, is a question of scale. The intermediary that understands the trade in these terms, control bought with standing cost, will reason clearly about when to build a feeder and when to serve its clients another way.

4.2 The Three Archetypes

Intermediaries do not face an unlimited menu of structures. In practice the choice resolves to three archetypes, shown in Figure 3, each of which solves a different version of the distribution problem.

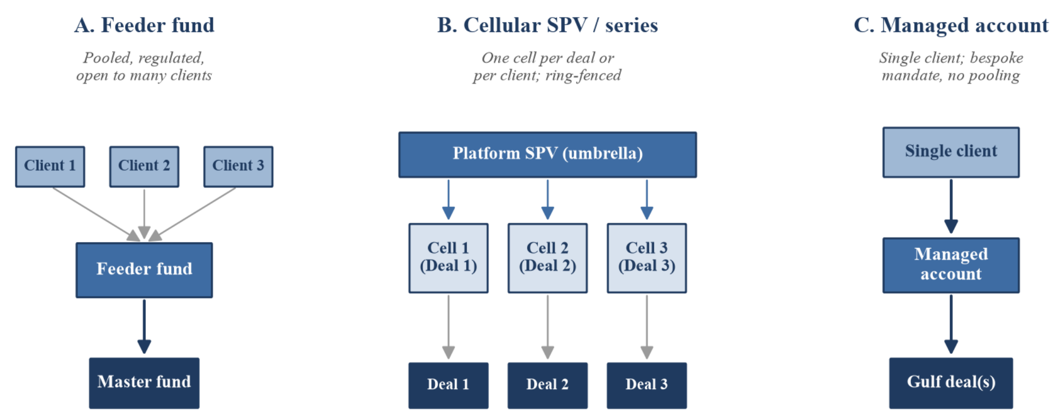

Figure 3. *The three structuring archetypes. Illustrative schematic. A standing feeder fund pools many clients on a continuing basis; a cellular SPV or series platform ring-fences each deal or client in its own cell; a managed account serves a single client.*

4.2a The Standing Feeder Fund

The first archetype is the standing feeder fund: a pooled, usually regulated vehicle that many clients subscribe to and that feeds into one or more underlying funds or deals over time. It is the right structure when the intermediary runs a continuing programme, admitting clients repeatedly and deploying into a series of opportunities, and when the economics of the programme justify the fixed cost of a standing vehicle. Its strengths are familiarity to clients, a clean continuing structure and the ability to admit new investors over time. Its cost is the standing overhead of a fully serviced vehicle, which must be borne whether or not it is fully invested, and the governance burden of a pooled fund with many investors of potentially different interests.

4.2b The Cellular SPV or Series Platform

The second archetype is the cellular SPV or series platform: an umbrella vehicle under which each deal, or each client, sits in its own ring-fenced cell or series, legally segregated from the others. It is the right structure when the intermediary wants to wrap individual deals as they arise rather than run a continuing pool, and when ring-fencing matters, so that the success or failure of one deal does not touch another. Its strengths are speed, because a new cell can be opened under an existing platform far faster than a new fund can be established, and segregation, because each cell stands alone. Its costs are the platform overhead and the legal care required to ensure the ring-fencing holds, particularly across borders where the recognition of cell segregation is not uniform.

A practical note on the boundary between the first two archetypes is worth making, because it is where intermediaries most often hesitate. The standing feeder fund and the cellular SPV platform are not rival answers to the same question but answers to different questions, and the distinction is one of recurrence and commitment. An intermediary that expects to bring its clients a stream of opportunities over years, and that wants a single, familiar vehicle through which to do so, is describing a standing feeder fund and should bear its standing cost. An intermediary that wants to respond opportunistically to deals as they arise, wrapping each one as it comes and without committing to a continuing programme, is describing a cellular platform and should value its speed and its segregation. The mistake to avoid is building the heavier standing structure for what is in truth an opportunistic, deal-by-deal practice, or conversely improvising a fresh cell each time for what has plainly become a continuing programme that a standing fund would serve more cheaply. The honest answer to the question of recurrence, asked at the outset, points to the right archetype.

4.2c The Single-Client Managed Account

The third archetype is the single-client managed account: a bespoke vehicle or mandate for one client, with no pooling. It is the right structure when a single client is large enough to access a deal on its own and wants a structure tailored to its tax position, its reporting needs and its governance preferences. Its strength is bespoke control; its weakness is that it offers none of the pooling economies, so the full cost of the wrapper falls on one client, and it does nothing to solve the many-clients distribution problem that motivates the other two archetypes. It is included here because it is the natural answer when the answer to the first question in the decision tree, one client or many, is one.

4.3 The Economics of the Wrapper

The most important and most misunderstood feature of a feeder is its cost, and specifically the way that cost behaves with scale. The intuition that matters is simple: a feeder has a large fixed running cost that is largely independent of how much is pooled through it, and a much smaller variable cost that scales with assets. The administrator, the directors, the auditor and the depositary must each be paid broadly the same whether the feeder holds five million dollars or two hundred and fifty million. As a result the cost of the wrapper, expressed in basis points of pooled assets, is high at small scale and falls sharply as the pool grows. Figure 4 shows this relationship.

Figure 4. *All-in annual running cost of a feeder by pooled assets (illustrative). Fixed running costs dominate at small scale and amortise as the pool grows, so the wrapper is expensive in basis points when small and efficient when large.*

The implication is Proposition 3 made concrete. At five million dollars pooled, the illustrative running cost of roughly three hundred basis points a year would consume an implausible share of any return, and the feeder is simply the wrong tool. By twenty-five to fifty million the cost has fallen to a level that a private-market return can comfortably bear, and by a hundred million and above the wrapper is a rounding error against the deal economics. The practical lesson for an intermediary is that the first question to ask of any proposed feeder is not what it will cost in absolute terms but how much will be pooled through it, because that is what determines whether the structure is economic at all. A feeder that will only ever attract a small pool should not be built; the clients should be served another way, through a managed account for the largest or through a co-investment alongside a larger vehicle for the rest.

There is a corollary to the scale logic that intermediaries often miss, and it concerns the deal pipeline rather than the single deal. A feeder that is built for one deal and then wound up has borne its full set-up cost for a single use, which is wasteful; a feeder or platform that is built once and reused across a series of deals amortises that set-up cost over many uses, which is efficient. This is part of why the cellular platform is attractive to an intermediary with a recurring practice: the platform is established once, and each new cell draws on the existing infrastructure at a marginal rather than a full cost. The implication for the build-or-not decision is that an intermediary should weigh not only the assets of the deal in front of it but the pipeline of deals it expects to follow, because a structure that looks marginal against a single deal may be plainly worthwhile against a programme. The scale that matters is the scale of the franchise, not only of the first transaction.

It is worth separating the two parts of the cost, because they behave differently and are negotiated differently. Figure 5 splits the one-off set-up cost from the annual running cost and shows the components of each. The set-up cost is dominated by legal and structuring work, which is where the intermediary's choices, of archetype, of jurisdiction and of terms, are turned into documents. The running cost is dominated by administration and registrar work, the operational engine of the vehicle. An intermediary that understands this split can direct its negotiating attention to the lines that matter and can judge whether a quoted fee is weighted sensibly.

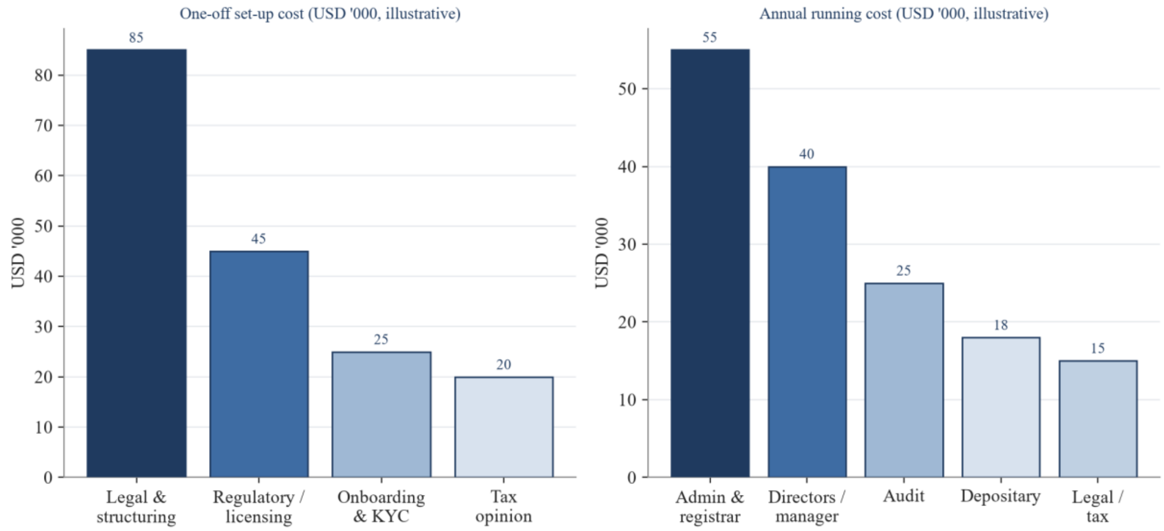

Figure 5. *The cost stack, set-up versus annual running (illustrative). One-off set-up cost is dominated by legal and structuring work; annual running cost is dominated by administration and registrar fees.*

Table II. The Three Archetypes Compared.

Archetype	Best when	Set-up	Running	Ring-fencing
Standing feeder fund	Continuing programme, many clients	Higher	Higher (standing)	Pooled
Cellular SPV / series	Deal-by-deal, speed and segregation	Lower per cell	Shared platform	Strong (per cell)
Managed account	Single large client, bespoke	Moderate	Full cost on one	n/a (single)

Illustrative, relative comparison; actual costs and features depend on facts, jurisdiction and providers.

4.3a How the Intermediary Is Paid

The cost of the wrapper is only half of the economic picture; the other half is how the intermediary itself is remunerated through the structure, because the feeder is not only a distribution device but also the natural place for the intermediary to take its fee. There are, broadly, three models, and they are not mutually exclusive. The first is a fee charged at the feeder level on the assets pooled, a management or advisory fee that the intermediary takes for assembling and running the vehicle and the relationship. The second is a performance fee or carried interest at the feeder level, where the intermediary shares in the upside of the underlying deal above a hurdle, which aligns the intermediary with its clients but requires careful structuring to be permissible and to be taxed cleanly. The third is a retrocession or rebate from the underlying fund, a share of the fund's own fee passed back to the intermediary for bringing the assets, a model that is under increasing regulatory pressure in several jurisdictions and that must be disclosed and, in some places, is prohibited or must be rebated to clients.

The choice of remuneration model is not incidental to the structure; it shapes it. A performance fee at the feeder level, for instance, requires the feeder to account for each client's interest with enough precision to allocate the fee fairly, which raises the administrative demand on the vehicle and therefore its running cost. A retrocession model raises disclosure and, increasingly, permissibility questions that bear on whether the structure can be used for a given client base at all. The intermediary should settle its remuneration model alongside its structure, with advice, rather than bolting a fee onto a vehicle designed without it in mind, because the two decisions interact and an inconsistency between them is expensive to unwind.

4.3b Governance and Conflicts in a Pooled Vehicle

Pooling many clients into one vehicle creates, as the intermediation literature warns, an agency relationship and a set of conflicts that the structure must manage. Clients in a common feeder may have different horizons, different liquidity needs and different tax positions, and the vehicle must have rules for the situations in which their interests diverge: how a client that wishes to exit early is treated, how distributions are allocated, how a new client admitted later is priced relative to those already in, and how the costs of the vehicle are shared. A standing feeder fund, which admits clients over time and may invest in a series of deals, faces these questions most acutely; a cellular structure, which segregates each deal or client, sidesteps many of them by construction. The governance of these conflicts, vested in the directors or the manager and set out in the constitutional documents, is part of what the running cost pays for, and an intermediary that skimps on it stores up disputes that will cost far more than the governance would have.

4.4 Choosing the Jurisdiction

Where to domicile the vehicle is a structural decision, not a clerical one, and for an intermediary serving Gulf clients it resolves in practice to a short list. The realistic candidates are Cayman, the default offshore centre familiar to almost every international investor; Luxembourg, the established onshore European domicile with deep substance and a respected regulator; and the Gulf's own centres, the Abu Dhabi Global Market and the Dubai International Financial Centre, which offer common-law structuring inside the region where the deals are. Figure 6 scores these on the dimensions that matter to the choice.

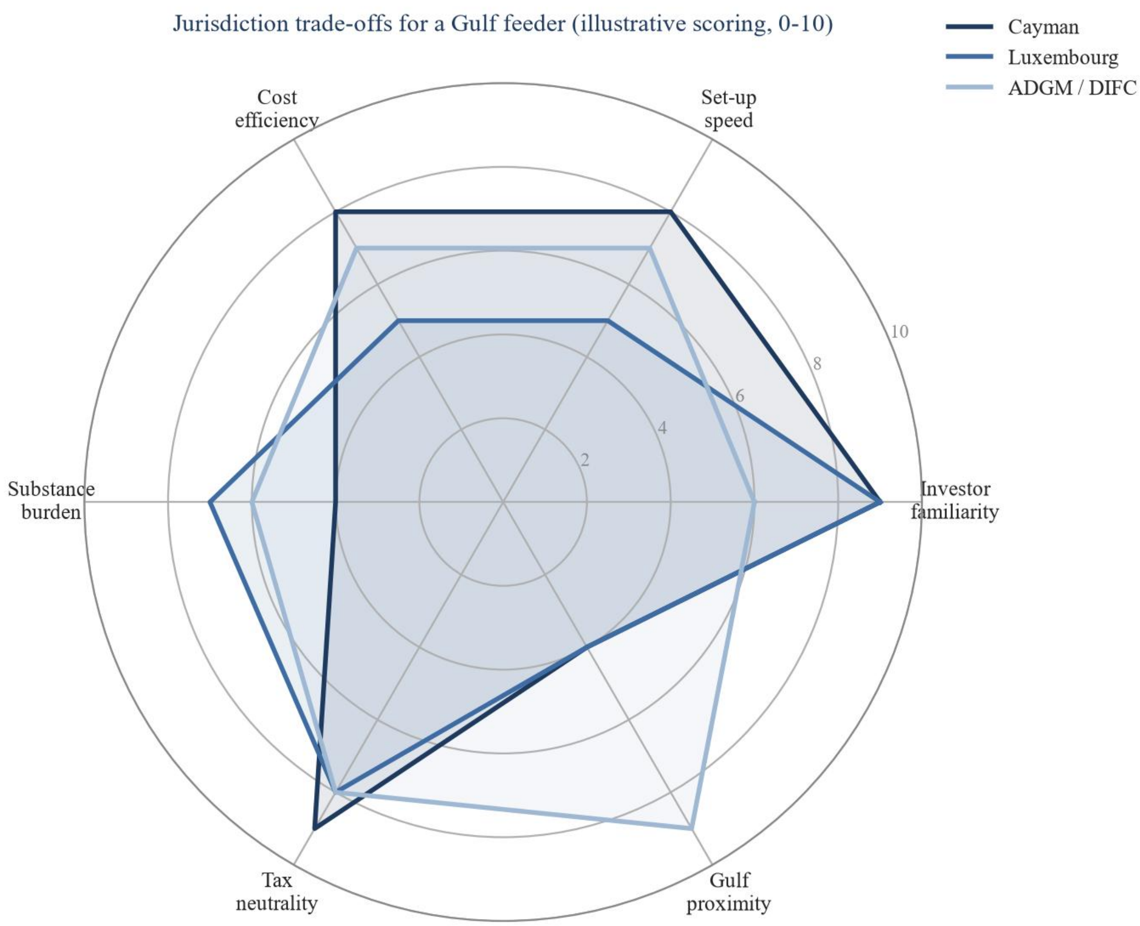

Figure 6. *Jurisdiction trade-offs for a Gulf feeder (illustrative scoring). Cayman leads on familiarity and cost; Luxembourg on substance and acceptance by institutional investors; the Gulf centres on regional proximity.*

The trade-offs the figure captures are real and well understood. Cayman scores highest on investor familiarity, set-up speed and cost efficiency, which is why it remains the default for a private feeder, but it carries the lowest substance and is increasingly scrutinised by investors and counterparties sensitive to offshore domicile. Luxembourg scores highest on substance and on acceptance by institutional and European investors, at the cost of slower set-up and higher expense. The Gulf centres score highest on regional proximity, on alignment with the location of the deals and, for some clients, on the comfort of a domicile inside the region, while still offering the common-law structuring environment that international investors expect; their relative newness is reflected in a slightly lower familiarity score that is rising quickly. Table III sets out the same comparison in words.

Table III. Jurisdiction Comparison for a Gulf Feeder.

Dimension	Cayman	Luxembourg	ADGM / DIFC
Investor familiarity	Very high	Very high	High and rising
Set-up speed	Fast	Moderate	Moderate to fast
Cost efficiency	High	Moderate	Moderate to high
Substance burden	Light	Heavier	Moderate
Tax neutrality	Strong	Treaty-rich	Strong (in-zone)
Gulf proximity	Remote	Remote	In-region
Best fit	Default private feeder	Institutional / European LPs	Region-anchored, Gulf clients

Illustrative, relative comparison; the right venue depends on the investor base, the deal and advice on specific facts.

Two points deserve emphasis. First, there is no single right answer; the venue should follow the investor base and the deal. A feeder aimed at European institutions may justify Luxembourg's substance and cost; a feeder for a group of Gulf family offices investing in a Gulf deal may be most natural in ADGM or DIFC; a quick, cost-sensitive wrapper for a single deal among familiar private clients may still point to Cayman. Second, the rise of the Gulf centres is the most consequential recent change in this map. For deals that are themselves in the region, the ability to domicile the vehicle in the region, under common law, with a credible court and regulator, removes much of the historical reason to reach offshore, and an intermediary building Gulf distribution plumbing in 2026 should treat the Gulf centres as a serious default rather than an afterthought.

4.4a The Rise of Substance and What It Means for a Gulf Feeder

The single most important shift in the jurisdictional landscape over the past decade has been the rise of substance requirements. Jurisdictions and the international standard-setters that scrutinise them increasingly demand that a vehicle have real economic presence in its domicile, genuine decision-making, qualified people and physical premises, rather than a nominal registration. This change has narrowed the historical gap between offshore and onshore domiciles and has altered the calculus for an intermediary choosing where to build a Gulf feeder. A vehicle in a low-substance domicile that is distributed to or invests in higher-substance jurisdictions may face challenge, and the comfort that investors and counterparties take from a domicile is now bound up with its substance as much as its familiarity.

For a Gulf feeder this development cuts in a particular direction. The Gulf's own centres, ADGM and DIFC, offer something that neither the traditional offshore centres nor distant onshore ones can match: substance that is naturally located where the deals, the sponsors and increasingly the clients already are. An intermediary investing Gulf money into Gulf deals can site real decision-making in the region without contrivance, because the people who make the decisions are there. This is not an argument that a Gulf centre is always the right answer; a feeder aimed at European institutions may still find Luxembourg's deep ecosystem decisive, and a cost-sensitive single deal among familiar private clients may still point to Cayman. It is an argument that the region's centres have moved, in the space of a few years, from a novelty to be justified to a default to be displaced, and that an intermediary building Gulf distribution plumbing should begin its jurisdictional analysis there and move away only for a reason.

4.5 The Structure-Selection Framework

The threads come together in a structure-selection framework, shown in Figure 7, that an intermediary can walk through for any given distribution problem. The first question is whether the deal is being distributed to one client or to many; if one, the managed account is the answer, and the remaining questions concern its terms rather than its form. If many, a pooled vehicle is needed, and the second question is whether the intermediary is running a recurring programme or wrapping a single deal; a recurring programme points to a standing feeder fund, a one-off to a cellular SPV or series. Only once the archetype is settled does the jurisdiction question arise, to be answered with the trade-offs of Figure 6 and Table III. Sequencing the questions in this order matters, because the jurisdiction choice depends on the structure and the investor base, and answering it first invites the common error of letting a familiar domicile drive a structure that does not fit the problem.

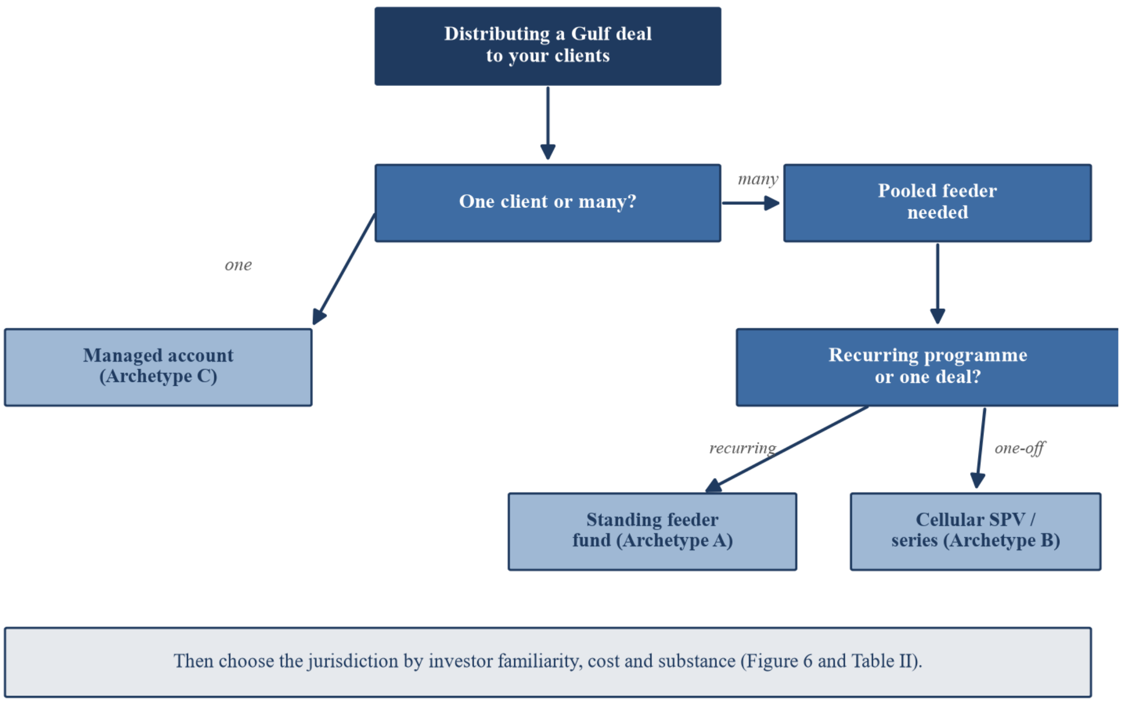

Figure 7. *The structure-selection decision tree. Illustrative. Resolve the number of clients and the recurrence of the programme before turning to the jurisdiction choice.*

The framework is deliberately a sequence of structural questions rather than a scoring formula, because the decision is genuinely one of fit rather than optimisation. There is no weighted sum that returns the right vehicle; there is a problem to be characterised, by number of clients, by recurrence, by the need for ring-fencing and by the investor base, and a structure that fits that characterisation. The value of the tree is that it forces the questions to be asked in the right order and prevents the most common mistakes, building a standing fund for a one-off, reaching offshore for a region-anchored client base, or pooling clients who would have been better served singly.

5. IMPLEMENTATION

The analysis becomes useful only when it is turned into a sequence of steps. This section sets out an illustrative implementation path from the decision to build a feeder to the vehicle being funded and committed to a deal. The path is shown in Figure 8 and typically runs three to six months, though a cell opened under an existing platform can be far faster and a bespoke fund in a substance-heavy jurisdiction slower.

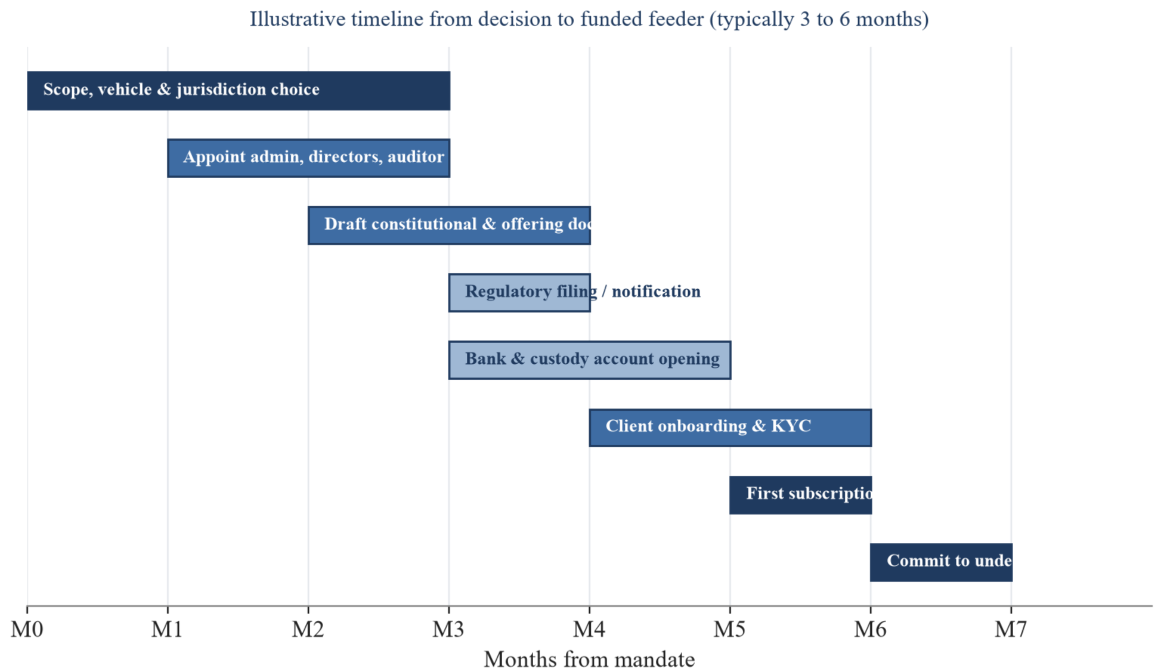

Figure 8. *Illustrative implementation timeline from decision to funded feeder (typically three to six months). Stylised durations; actual timing depends on archetype, jurisdiction and provider readiness.*

5.1 Scope, Structure and Jurisdiction

The first task is to characterise the distribution problem and to settle the archetype and the jurisdiction using the framework of Section 4. This is the cheapest stage at which to get the structure right and the most expensive at which to get it wrong, because every later step depends on it. The output of this stage is a one-page structure summary, the archetype, the domicile, the rough economics and the expected investor base, that the intermediary can take to counsel and to an administrator as the brief for everything that follows.

5.2 Appointing the Service Providers

With the structure settled, the intermediary appoints the ring of providers from Figure 2: the administrator and registrar, the directors or manager, the auditor and, where required, the depositary. These appointments should be made early and together, because they are interdependent, the administrator's systems must fit the structure, the directors must be acceptable in the chosen domicile, and the providers must be willing to work with one another and with the intermediary's onboarding standards. The cost negotiated here is the running cost of Figure 5, and it is worth the attention, because it is paid every year for the life of the vehicle.

5.3 Drafting and Filing

Counsel then drafts the constitutional and offering documents that give the structure legal form, and, where the jurisdiction requires it, the vehicle is filed, registered or notified with the relevant regulator. This is the largest one-off cost and the stage at which the intermediary's choices become binding. Two documents repay particular attention: the subscription apparatus, which must let the intermediary admit its clients cleanly and against its own know-your-customer standards, and the terms that govern conflicts between investors, which a pooled vehicle will eventually need.

5.4 Accounts, Onboarding and Funding

In parallel the vehicle's bank and custody accounts are opened, a step that is routinely underestimated and that can be the binding constraint on the whole timeline, because account opening for a new vehicle is slow and documentheavy. The intermediary then onboards its clients into the feeder, performing the know-your-customer work once, against its own standards, in the consolidation that is the whole point of the structure. Clients subscribe, the feeder is funded, and the vehicle is ready to make its single commitment to the underlying deal.

5.5 Commitment and Steady State

Finally the feeder commits to the master fund or the target deal, and the vehicle enters steady state: the administrator maintains the register and produces the reporting, the directors govern, the auditor signs the annual accounts, and distributions flow back through the feeder to the clients as the deal returns capital. The intermediary's ongoing job is to keep the compliance file current, to report to clients and to manage the admission of any further clients or the deployment into any further deals that the structure contemplates.

5.6 Reporting and the Investor Experience in Steady State

The structure is built to be lived in, and the quality of the steady-state experience is what the client ultimately judges. Three operational disciplines distinguish a feeder that serves its clients well from one that merely exists. The first is reporting: the client should receive clear, timely and consistent statements of its interest, its valuation and its distributions, in the intermediary's format, without having to reconcile them against the underlying fund's own reporting. The second is the handling of capital calls and distributions: where the underlying deal calls capital over time, the feeder must call from its clients in step, and where it distributes, the feeder must pass the cash through promptly and accurately in proportion to each client's interest. The third is the management of changes: a client that wishes to transfer its interest, an estate that must be settled, a new deal that the structure will deploy into, each must be handled within the rules the structure set at the outset. None of this is glamorous, and all of it is where a feeder succeeds or fails in the eyes of the client.

These disciplines are why the choice of administrator matters as much as the choice of structure or jurisdiction, and why the running cost should not be minimised at the expense of quality. The administrator is the operational engine of the vehicle, and an administrator that produces late or inaccurate reporting, that mishandles a distribution, or that cannot process a transfer cleanly will damage the intermediary's relationship with its clients far more than the saving on its fee will ever justify. The intermediary that has understood the whole of this paper will treat the feeder not as a one-off structuring exercise but as a standing operational commitment to its clients, and will resource it accordingly.

5.7 Common Pitfalls and How the Sequence Avoids Them

Several mistakes recur and the sequence above is designed to avoid them. The first is building a vehicle that will never reach the scale at which it is economic, which the cost analysis of Section 4.3 should catch before any money is spent. The second is letting a familiar jurisdiction drive a structure that does not fit, which the ordering of the decision tree prevents. The third is underestimating account opening and onboarding, which sit on the critical path and should be started as early as the documents allow. The fourth is appointing providers piecemeal, so that their systems and standards do not fit together, which appointing them early and as a set avoids. The fifth, and the most consequential, is treating the structure as an administrative afterthought rather than the strategic decision that Proposition 5 holds it to be.

6. RISKS, CAVEATS AND LIMITATIONS

6.1 The Limits of an Illustrative Framework

The most important limitation is methodological and has been stated throughout: the figures and tables are illustrative, not empirical. The cost numbers, the jurisdiction scores and the timeline are stylised calibrations chosen to show shape and relationship, not measured values. A real exercise will produce different numbers, sometimes materially different, and the framework should be used to structure thinking, not to set a budget or to choose a venue without advice. The relationships the figures express, that fixed cost amortises with scale, that jurisdictions trade off familiarity against substance and proximity, are robust; the levels are not.

6.2 Structuring and Legal Risk

Feeder and SPV structures carry structuring and legal risks that this paper deliberately does not resolve. Whether a particular vehicle is permissible, whether a particular client may be admitted, whether cell segregation will be recognised across the relevant borders and whether the structure achieves its intended tax treatment are all questions of law and fact that only the intermediary's counsel and tax adviser can answer. The framework assumes that this specialist work is done; it does not perform it, and nothing in the paper should be read as confirming that any structure is available or appropriate in any particular case.

6.3 Regulatory Risk

Distributing investments to clients is a regulated activity in every relevant jurisdiction, and the intermediary's own licences, the marketing rules that apply to the feeder's interests, and the regulatory status of the vehicle itself all bear on what is permissible. These rules differ by jurisdiction and by client type, they change, and they interact. An intermediary building a feeder must satisfy itself, with regulatory advice, that the structure and its distribution are compliant in every place that matters, including the home jurisdictions of its clients.

6.4 Operational and Provider Risk

A feeder is only as sound as the providers that run it. Administrator error, weak governance, custody failure or a provider that cannot scale with the vehicle are real operational risks, and they fall ultimately on the intermediary, which owns the client relationship. The diligence on providers, and the willingness to pay for quality rather than the lowest quotation, is part of the structuring decision, not separate from it.

6.5 Scope

Finally, the paper is bounded. It addresses the intermediary as a distributor of Gulf deals to its own clients, not the fund manager's own master-feeder architecture, not retail distribution, and not the detailed drafting of any document. It is calibrated to conditions as they stand in 2026, including the maturing role of the Gulf's financial centres, and that context will move. It is a structural orientation, and it should be read as the start of a conversation with advisers, not as a substitute for one.

7. CONCLUSION

An intermediary that wants to distribute Gulf private-market deals to many clients must first solve a plumbing problem, and the feeder vehicle and the SPV are the plumbing. They pool many clients into a single investor of record, lower the per-client cost of distribution and monitoring, and leave the intermediary in command of the relationship, the reporting and the consolidated compliance file. That is the case set out in Proposition 1 and made concrete in the anatomy of Section 4.1.

The structure is a choice, not a default. The three archetypes, the standing feeder fund, the cellular SPV or series platform and the single-client managed account, each fit a different distribution problem, and the structure-selection tree resolves which fits a given case by asking, in order, how many clients there are and whether the programme recurs. The economics of the wrapper turn on its fixed running cost rather than its headline fee, so that the first question of any proposed feeder is how much will be pooled through it, because below a scale threshold the wrapper is uneconomic and above it a rounding error. And the jurisdiction is a structural decision that trades familiarity, cost and substance, one in which the maturing Gulf centres of ADGM and DIFC now stand as a serious, region-anchored alternative to the established offshore and onshore domiciles.

It is worth restating the contribution in the terms most useful to the intermediary. The paper does not tell any intermediary which structure to build or where to domicile it, because those answers depend on facts that only the intermediary and its advisers possess. What it offers instead is a way of seeing the decision whole, before the specialist work begins: the anatomy that shows what a feeder is and what surrounds it, the three archetypes that map the realistic options, the cost economics that reveal when a wrapper is worth building, the jurisdiction comparison that frames where to site it, and the decision tree that orders the questions correctly. An intermediary that walks into a conversation with counsel and an administrator already knowing the shape of its problem, the archetype that fits, the rough economics and the jurisdictional trade-offs will direct that expensive specialist time far better than one that starts cold, and will be far less likely to be sold a structure that suits the adviser more than the client.

The practical message is the one of Proposition 5. The structure and the jurisdiction should be chosen deliberately and early, because they decide who appears on the cap table, who carries the compliance burden, who controls the client relationship and how much of the return the wrapper consumes. These are strategic outcomes, not administrative details, and an intermediary that treats them as such, using the framework, the cost economics and the decision tools set out here to frame the conversation with counsel and an administrator, will build distribution plumbing that serves its clients and protects its franchise. The appendices that follow give the full assumptions, a structuring checklist and a glossary to support that conversation.

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Chennakeshav (CK) Adya is an independent researcher and corporate-finance practitioner with more than twenty-five years of experience as both an operator and an investor across capital markets, private capital and cross-border transactions. His research focuses on capital structure, private markets, fund structuring and the financing of real assets, with a particular interest in how capital is raised, structured and distributed across the Gulf and in the channels through which intermediaries reach the region. He writes to make the machinery of private-market finance legible to the practitioners who must use it.

This paper is part of a continuing series of independent research notes on private capital, structuring and the Gulf markets. The views expressed are the author's own. The paper is intended as orientation and education and does not constitute legal, tax, regulatory or investment advice, nor an offer or solicitation in respect of any security or fund.

APPENDIX A. BASE-CASE ASSUMPTIONS

The table below records the full set of illustrative assumptions behind the figures. Every value is a stylised calibration chosen to make the structure legible and to keep the figures internally consistent. None is a forecast, a quotation or sourced market data, and each can be replaced with the reader's own figures without changing the shape of the analysis.

Table A1. Full Base-Case Assumptions.

Parameter	Value used	Basis
Fixed running cost	USD 145k p.a.	Sum of recurring service lines (Table I)
Variable running cost	9 bps of pooled AUM	Scales with assets
Pool sizes modelled	USD 5m to 250m	Span the scale threshold (Figure 4)
Set-up: legal/structuring	USD 85k	Largest one-off line
Set-up: regulatory/licensing	USD 45k	Filing or notification
Set-up: onboarding/KYC	USD 25k	Standing onboarding build
Set-up: tax opinion	USD 20k	Confirms treatment
Running: admin/registrar	USD 55k p.a.	Largest recurring line
Running: directors/manager	USD 40k p.a.	Governance and substance
Running: audit	USD 25k p.a.	Annual accounts
Running: depositary/custody	USD 18k p.a.	Where required
Running: legal/tax ongoing	USD 15k p.a.	Maintenance
Jurisdiction scores	0 to 10, ordinal	Relative trade-offs (Figure 6)
Implementation timeline	0 to 7 months	Stylised durations (Figure 8)

Indicative, illustrative calibrations; not forecasts, quotations or sourced data.

APPENDIX B. STRUCTURING CHECKLIST

The checklist below frames the questions an intermediary should answer, with its advisers, before committing to a feeder or SPV structure. It is a prompt for that conversation, not a substitute for advice.

- How many clients will be distributed to, one or many? (Decides managed account versus pooled vehicle.)
- Is this a recurring programme or a single deal? (Decides standing feeder versus cellular SPV.)
- Does ring-fencing between deals or clients matter? (Points to a cellular or series structure.)
- How much will realistically be pooled? (Decides whether the wrapper is economic at all, Figure 4.)
- Who is the investor base, and what do they expect of the domicile? (Drives the jurisdiction choice.)
- Which jurisdiction fits, Cayman, Luxembourg or a Gulf centre? (Figure 6 and Table III.)
- What one-off set-up and annual running cost will the structure carry? (Figure 5 and Table I.)
- Which providers will run the vehicle, and can they scale with it? (Administrator, directors, auditor, depositary.)
- What licences and marketing rules apply to distributing the interests? (Regulatory advice required.)
- What is the tax treatment for the vehicle and for the clients? (Tax opinion required.)

- How long will set-up take, and what is on the critical path? (Usually account opening and onboarding, Figure 8.)
- Who owns the compliance file and the client reporting in steady state? (Should be the intermediary.)

APPENDIX C. GLOSSARY OF KEY TERMS

Feeder vehicle. A vehicle that subscribes to a fund or deal on behalf of many underlying clients, so that those clients hold their interest through it rather than directly.

Master fund. The underlying fund or deal into which the feeder commits; it sees the feeder as a single investor of record.

Special-purpose vehicle (SPV). A vehicle created for a specific transaction or purpose, here typically to wrap a single deal for distribution.

Cellular / series structure. An umbrella vehicle under which each deal or client sits in a ring-fenced cell or series, legally segregated from the others.

Managed account. A bespoke vehicle or mandate for a single client, with no pooling.

Administrator / registrar. The provider that maintains the vehicle's register, calculates investor entitlements and processes subscriptions and redemptions.

Depositary / custodian. The provider that safeguards assets and oversees cash flows where required by the structure or jurisdiction.

Substance. Real decision-making and presence located in the domicile, as opposed to a nominal or brass-plate presence; increasingly required by jurisdictions and investors.

Investor of record. The single name that appears on the master fund's register; for a feeder, the feeder itself rather than the underlying clients.

ADGM / DIFC. The Abu Dhabi Global Market and the Dubai International Financial Centre, the Gulf's common-law financial centres, with their own courts and regulators.

Cap table. The record of who holds interests in a fund or deal; pooling through a feeder collapses many client lines into one.

Scale threshold. The level of pooled assets above which a feeder's fixed running cost is spread thinly enough that the wrapper becomes economic.