

GUERNSEY PRIVATE INVESTMENT FUND REGIME ENHANCED BY PROPOSED CHANGES

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Guernsey is set to revise the rules of its successful Private Investment Fund, expanding the fund regime with two supplemental models which remove the requirement for manager involvement.

The revisions will create the most comprehensive and flexible suite of options of any private fund regime.

The PIF has been a popular addition to the Guernsey funds regime [since it was introduced in November 2016](#), used by new and existing fund promoters who have been able to quickly launch a simple and flexible product to private investors.

Following the feedback from a discussion paper during the summer, the [Guernsey Financial Services Commission \(GFSC\)](#) has now published a consultation paper inviting comments on three complementary approaches to PIF registration.

Alongside the current PIF model, two new routes are introduced removing the manager requirement:

- 1) an alternative for qualifying investors only, with qualifying investors clearly defined; and
- 2) a “truly private structure” for family relationships only, reflecting Guernsey’s position as a jurisdiction of choice for family office structuring.

Rupert Pleasant, Chief Executive of Guernsey Finance, said: “The PIF regime already provided a streamlined, rapid route to market for managers not looking to a large investor base. The GFSC proposed supplemental approaches to enhance Guernsey’s offer and create a new benchmark for a private fund regime. These changes reflect the responsiveness of Guernsey’s regulator and its willingness to listen to the market. Its tailoring of product to the family office market – an area of growing significance for Guernsey – is commendable.

“2020 has been an incredible year for funds in Guernsey. This is the third strategic enhancement to Guernsey’s investment funds sector announced this year, with faster track manager and LP migration regimes introduced in the summer, and with the proposed introduction of the LLC regime announced in the first quarter – testament to the successful co-ordination of strategy development in recent years.”

With a PIF, the fund manager makes declarations in respect of prospective investors’ ability to sustain losses, the maximum number of investors, and the completeness and accuracy of the application.

The GFSC has also this week opened consultation on proposed changes to its Non-Guernsey scheme regime, to move away from the requirements for firms to seek prior regulatory approval to administer non-Guernsey schemes, to a de facto notification regime which will require only reporting to be provided via licensees’ annual returns.

Both sets of proposals are open for consultation until the end of January 2021.

WE ARE GUERNSEY is the brand under which Guernsey Finance promotes the island's financial services sector internationally. Guernsey Finance - the promotional agency for the island's finance industry internationally - is a joint industry and Government initiative responsible for the promotion of Guernsey. Under the leadership of Chief Executive Rupert Pleasant, the agency ensures that the core values and competencies of the island's finance sector are accepted and respected by the global community and that financial business development flows are enhanced.

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