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## UPDATED PRIVATE INVESTMENT FUND RULES

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James Tracey, Managing Director of JTC's Guernsey office, explores how the efficient and popular Private Investment Fund (PIF) regime is improved by the issuance of the 2021 Rules and Guidance...

Guernsey offers a number of investment structuring options, including a variety of regulatory regimes that regulate collective investment schemes. In 2016 Guernsey introduced the PIF regime to offer a fast and cost-effective route to market for managers of private funds. This has proven popular as it combines high levels of governance with appropriate lighter touch regulation and offers a fast-track approval by the [Guernsey Financial Services Commission \(GFSC\)](#) of one business day.

As a result of engagement between the GFSC and local industry, recent changes were made through the publication of updated 2021 Rules and Guidance which provide an option to establish a PIF without an associated management company. The GFSC has kept the existing option of establishing a PIF and a licenced Guernsey manager (known as 'Route 1'). However, they offer the option of establishing a PIF without a manager in two specific cases; either where the investors are considered to be Qualifying Private Investors ('Route 2') or where the investors share a Familial Relationship ('Route 3').

These changes are very welcome and offer further flexibility to a large number of fund promoters looking to use a Guernsey PIF. In JTC's experience the PIF is an attractive option for fund promoters who represent a family office, or who have a network of professional investors to whom they wish to make a private investment offering to.

The alterations also offer an option for existing PIFs to streamline their existing structures where they would qualify as Route 1 or Route 2 PIFs. This would result in reduced operational and governance costs whilst maintaining substance with the PIF itself, which is maintained through proper composition and operation of the board and the ongoing role of the appointed Guernsey administrator to ensure regulatory compliance and best practice.

Guernsey is a jurisdiction of stability and substance. JTC opened an office in Guernsey in 2011 and is a leading provider of both institutional and private client services from this jurisdiction.

We have proven track record of over 20 years in providing incorporation, fund administration, accountancy and director services, enabling us to effectively service the needs of fund managers and the fund community.

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