



Guernsey's new fund regime

In recent months the Island has made several legislative changes related to funds business and introduced a new set of fund rules. The result is that the enhanced range of options available provides extra flexibility to fund managers and promoters.

The new fund regime – in a nutshell

Both Guernsey open and closed-ended funds can be established as authorised or registered funds. Authorised funds are regulated by the Guernsey Financial Services Commission (GFSC) and are subject to continuing supervision by the Commission. Registered funds whilst also regulated by the GFSC are not authorised and are subject to separate rules.

Applications for registered funds are processed by the GFSC within a three working-day timeframe (this is now also available to open-ended schemes having previously only been applicable to closed-ended funds). Authorised funds remain subject to the traditional approval process unless they are established as Qualifying Investor Funds (QIFs) when again they will be processed within three working days.

In addition, a new fast-track procedure will now allow managers and general partners who need to be licensed under Guernsey law to service these (registered or QIF) funds to take advantage of a reduced application period of 10 working days.

Some other key points to note are that:

- Authorised open-ended schemes continue to be governed by Class A, Class B and Class Q Rules.
- Registered open-ended schemes – like authorised open-ended schemes – are required to appoint a Guernsey licensed administrator and custodian. Both registered and authorised closed-ended schemes need only appoint a Guernsey licensed administrator, provided that they can demonstrate to the GFSC how the assets of the scheme will be held.
- GFSC consent is no longer required for the raising of money through the issue of shares in a company, units in a unit trust or interests in a limited partnership.
- GFSC consent is no longer required in order to form a limited partnership.
- New prospectus rules set out the disclosures to be included in the offer documents. The rules do not apply to an issuer registered in a country that is a member of IOSCO and listed on a stock exchange (or listed on a stock exchange supervised by an IOSCO member).

“Global economic conditions are making it difficult for fund managers and promoters to raise money. Investors have an increased need for confidence in the product, the service provider, the domicile and its regulators. In making these changes to our fund regime we are providing the tools that fund architects are demanding to enable them to create the funds which will meet the requirements of the new market place,” said Peter Niven, Chief Executive of Guernsey Finance.

“These changes provide us with a comprehensive menu of options offering real choice in terms of speed of approval and levels of supervision while highlighting our hallmarks of high quality regulation and strong corporate governance. It demonstrates our continued adaptability and flexibility to be able to meet current demands of fund managers, promoters and investors”

Please note: All timings are subject to meeting designated conditions. Visit www.gfsc.gg for more information on these and further details on the new regime, including transitional arrangements for existing funds.