

PRIVATE FUND REGIMES IN GUERNSEY AND JERSEY

AS AT JUNE 2022

Over recent years both Guernsey and Jersey have updated their respective private fund regimes, both of which have generated significant interest from fund promoters who are looking to launch new funds in the Channel Islands. We have summarised the key features of the regimes below.

GUERNSEY PRIVATE INVESTMENT FUNDS (PIFs)

The Guernsey Financial Services Commission (**GFSC**) introduced the Private Investment Fund Rules 2016 (**PIF Rules**) which created a new class of private fund under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (as amended) (**POI Law**). PIFs are targeted at managers with a relatively small investor base who are looking for a more flexible regime. If the fund meets the requirements of the PIF Rules it can be registered without any Manager or the fund needing to go through the usual approval process under the POI Law, and with significantly reduced ongoing obligations for both any Manager and the fund. The PIF Rules were updated for further flexibility in 2021 and can be accessed [here](#).

JERSEY PRIVATE FUNDS (JPFs)

JPFs were introduced in 2017 and effectively replaced three popular Jersey products: Very Private Funds, Private Placement Funds and COBO Only Funds. They have proved massively popular due to their flexibility and proportionate approach to regulation.

To acquire JPF status, a consent is required from the Jersey Financial Services Commission (**JFSC**) issued under the Control of Borrowing (Jersey) Order 1958 (**COBO**). The JPF Guide is [here](#).

FEATURE	GUERNSEY - PIF	JERSEY - JPF
Number of investors	<p>Unlimited number of offers can be made but no more than 50 investors (or persons holding an ultimate economic interest) are permitted</p> <p>For open-ended POI Licensed Manager PIFs, the manager must apply a continuous rolling test whereby in the previous twelve months no more than 30 new ultimate investors may be added to the PIF. This restriction does not apply to Qualifying Private Investor PIFs or Family Relationship PIFs</p>	Limit of 50 offers and the JPF can admit up to 50 investors
Open-ended / closed-ended	Can be open or closed ended	Can be open or closed ended
AIFMD / UK Private Placement	Compatible with the AIFMD and UK private placement regimes with minimal additional regulatory applications or notifications in Guernsey	Compatible with the AIFMD and UK private placement regimes with minimal additional regulatory applications or notifications in Jersey
Promoter approval	No requirement for GFSC approval	No requirement for JFSC approval
Resident directors	No strict requirement (but the GFSC would generally expect a Guernsey resident director to be appointed)	No strict requirement (but the JFSC would generally expect one or more Jersey resident directors to be appointed)
Offering document	No requirement to have an offer document/PPM (subject to any applicable AIFMD or non-Guernsey requirements) but if it does, limited content requirements apply	No requirement to have an offer document/PPM (subject to any applicable AIFMD or non-Jersey requirements) but if it does, limited content requirements apply
Risk warnings	No requirement, but standard warnings are generally included in fund documents as a matter of commercial prudence	Requirement for investment warning and disclosure statement, which can be included in the subscription agreement
Type of entity	Can be a company (including PCC, ICC or cell thereof), limited partnership or unit trust	Can be a company (including PCC or ICC or cell thereof), a unit trust or a partnership (an LP, LLP, SLP or ILP). Non-Jersey entities can also apply for registration as a JPF if they otherwise require to apply for a COBO consent

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Audited accounts	Required	Not required (unless JPF is a public company - typically with >30 members or where it has issued a prospectus)
Local service provider appointments	<p>Must appoint a Guernsey licensed administrator. A Qualifying Private Investor PIF or Family Relationship PIF does not need a Guernsey Manager but if desirable, an application can be made for this entity at the same time as the PIF</p> <p>A PIF is not required to appoint a custodian, although if open-ended, custodial arrangements will need to be approved as part of the application process, which can be provided by the chosen administrator with the correct license</p>	<p>Must appoint a designated service provider (DSP), which is registered pursuant to the Financial Services (Jersey) Law 1998 – in practice the JPF's administrator will generally fulfil this role</p> <p>The DSP need only be regulated for trust company business rather than fund services business if there are 15 or less offers/investors</p>
Minimum investment / Investor criteria	No minimum, but the board of the PIF or the Manager needs to be able to confirm that investors can bear the loss of their investment	£250,000 minimum commitment (unless the investor meets the definition of "professional investor", as set out in the JPF Guide)
Listing	Cannot be listed	Cannot be listed
Notification requirements	Limited notification requirements – generally imposed on the administrator	Limited notification requirements – DSP must notify the JFSC of material changes and make an annual filing
Carve outs	Express dis-application in the POI Law for holding companies, joint ventures, special purpose/ securitisation vehicles and arrangements between those with family or employment connections respectively. Single asset or single investor vehicles and carried interest vehicles would also not meet the definition of collective Investment scheme and so be excluded	Express dis-application in the JPF Guide for holding companies, joint ventures, special purpose/ securitisation vehicles and arrangements between those with family or employment connections respectively. Single asset or single investor vehicles and carried interest vehicles would also tend not to have to be a JPF
Fees	<p>Application: £3,500 - £6,050 (depending on Route)</p> <p>Annual: £3,500 - £5325 (depending on Route)</p>	<p>Application: £1,370</p> <p>Annual: £1,090</p>
Application Timescales	The GFSC generally aim to approve PIF applications (and any accompanying Guernsey licence application for a Manager) within 24 hours from when the application has been received	The JFSC generally aim to approve JPF applications within 48 hours from when the application has been received

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