

Guernsey funds legal and regulatory update

UPDATE

An overview of Guernsey legislative and regulatory developments relevant to investment funds for the period 1 September to 30 November 2024 inclusive.

1 International tax (Pillar 2) - update

In our previous quarterly [Funds Update](#), we reported that the States of Guernsey had published a [policy letter](#) specifying that the Organisation for Economic Co-operation and Development's (OECD) Pillar 2 GloBE Rules (the **GLoBE Rules**) will be introduced as an international tax measure under the Income Tax (Guernsey) Law, 1975.

The States' Policy and Finance Committee has now made the [Income Tax \(Approved International Agreements\) \(Implementation\) \(OECD Pillar Two GloBE Model Rules\) Regulations, 2024](#), which come into operation on **1 January 2025**.

We have published an Update, [Pillar 2 Mourant jurisdictional outlook](#), which explores key features of the GloBE Rules, its calculation model and implementation advancements in Mourant jurisdictions.

2 Surrender of authorisation or registration of funds – GFSC revised Explanatory Note

The Guernsey Financial Services Commission (the **Commission**) has published a revised [Explanatory Note](#) regarding the surrender of the authorisation or registration of funds. The revisions reflect feedback received from industry and practical experience of implementation over the one-year period since the publication of its original Explanatory Note and provide for a more flexible approach to the Commission's consideration of granting consent to the surrender of a fund's authorisation or registration under the Protection of Investors (Bailiwick of Guernsey) Law, 2020.

In particular, the revised Explanatory Note includes new factors that the Commission may take into consideration in assessing a surrender request including that the Commission now will consider not just a scheme which has dissolved or entered liquidation but also **evidence the scheme is in an advanced state of managed wind down**, meaning that it may now be possible for funds which are not dissolved or have entered liquidation to apply to surrender their authorisation or registration.

3 Takeover Code - amendments

In April 2024, the UK Takeover Panel published a consultation paper proposing a new jurisdictional framework narrowing the scope of the companies to which the Takeover Code (the **Code**) would apply.

The draft amended **Code** has now been published. It seeks to refocus the application of the Code on companies which have their registered office in the UK, the Channel Islands or the Isle of Man and whose securities are (or were at any time during the two years prior to the relevant date¹) admitted to trading on a UK regulated market, a UK multilateral trading facility or a stock exchange in the Channel Islands or the Isle

¹ The 'relevant date' is the date on which an announcement is made of an offer (or possible offer) for the company or on which some other event occurs in relation to the company which has significance under the Code

of Man, regardless of whether they satisfy the 'residency test'² which will be abolished other than during the transition period for certain transition companies.

The implementation date for the amended Code is **3 February 2025** with a transition period of **two years** for companies that will cease to be subject to the Code as a result of these changes to allow these companies to put in place alternative arrangements.

4 Beneficial ownership - notifications

In a previous quarterly **Funds Update**, we reported that the Crown Dependencies have issued a **joint public commitment** to extend access to the information held on their registers of beneficial ownership for those with a 'legitimate interest', with appropriate safeguards to manage effectively any interference with privacy rights.

The States' Policy and Finance Committee is currently consulting on amendments to the Beneficial Ownership of Legal Persons (Guernsey) Law, 2017 (the **Beneficial Ownership Law**) to allow Bailiwick 'obliged entities'³ (**obliged entities**) to make notifications to the Guernsey Registry (the **Registry**) to obtain information on the beneficial ownership of legal persons incorporated in the island of Guernsey. The notification must be for a 'lawful purpose,' ie to assist the obliged entity to carry out its obligations in relation to a customer or a prospective customer.

The amendments to the Beneficial Ownership Law are scheduled to come into force in **January 2025** but notifications by an obliged entity are **not** permitted until three months thereafter to allow time for the operationalisation of the amendments.

Guidance will be issued by the Registry in due course and the Handbook on Countering Financial Crime will be updated to reflect how beneficial ownership information from the Registry can complement an obliged entity's customer due diligence measures.

5 Investment Statistics

According to the latest investment statistics for **Quarter 3 of 2024**, total net asset values of Guernsey funds are almost unchanged over the past year.

6 Commission – update on new portal

As reported in the Commission's January 2024 edition of **The Leopard**, a key focus during 2024 has been its development of an online applications and authorisations portal to enable applicants to complete and submit their applications online.

The new portal, which is expected to launch in early 2025, will also support online communication throughout the application process (including the ability to check progress of the application in real time) and the ability to store all documents and correspondence in one secure place and download the application, supporting documents and associated communications.

The Commission's most recent edition of **The Leopard** is available [here](#).

7 TISE – news

The International Stock Exchange (**TISE**) has published an **update** on its recent trading, including the outlook for the full year ending 31 December 2024. TISE reports that in the first ten months of 2024, listings were up 20 per cent year on year, with 757 securities admitted during this period, contributing to overall market growth of 6.6 per cent.

On 11 November 2024, TISE launched its new **Equity Listing Rules for Specialist Companies** (the **Specialist Companies Listing Rules**).

² The 'residency test', which required that certain companies have their place of central management and control in the UK, the Channel Islands or the Isle of Man in order to be subject to the Code, will be abolished entirely with effect from the end of the transition period, ie 3 February 2027

³ A 'Bailiwick obliged person' is a regulated person (whether or not an individual) or an eGambling licensee or certificate holder within the meaning of the Alderney eGambling Ordinance, 2009

The Specialist Companies Listing Rules are designed for Specialist Companies, including special purpose vehicles, holding companies and closely held real estate investment trusts. The Specialist Companies Listing Rules are more streamlined and flexible than the existing Equity Market Listing Rules (which focusses on trading companies and investment vehicles) and simplify the application and disclosure requirements, as well as the continuing obligation requirements, for eligible companies.

TISE has also issued revised [listing fees and charges](#).

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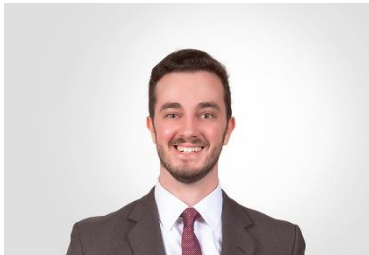
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