

Guernsey funds legal and regulatory update

An overview of Guernsey legislative and regulatory developments relevant to investment funds for the period 1 December 2024 to 5 March 2025 inclusive.

1 MONEYVAL – successful outcome

On 10 February 2025, the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) published its [Anti-money laundering and counter-terrorist financing measures \(Guernsey\) \(Fifth Round Mutual Evaluation Report\)](#) (the **Report**), following its on-site inspection in Guernsey in April 2024.

The Bailiwick of Guernsey (the **Bailiwick**) has achieved a highly successful outcome from its MONEYVAL evaluation, with a high level of effectiveness in two of the 11 Immediate Outcome (IO) categories, a substantial level of effectiveness in four and a moderate level of effectiveness in a further four. The Bailiwick's anti-money laundering regime was assessed as being compliant or largely compliant in each of MONEYVAL's 40 Technical Compliance Ratings.

The [States of Guernsey's response](#) to the Report noted that, *'the Bailiwick was one of a very small number of jurisdictions to receive more than one top rating of 'High', which is achieved for the immediate outcomes of: implementation of sanctions on both terrorist financing and oversight of non-profit organisations; and financing of proliferation of weapons of mass destruction.'*

The Guernsey Financial Services Commission (the **Commission**) [welcomed the Report's findings](#) and commented, 'The report recognises and reaffirms that Guernsey is a safe and secure jurisdiction that does not tolerate financial crime.'

2 Prospectus Rules - consultation

The Commission has published a [consultation paper](#) (the **Consultation**) on proposed revisions to the Prospectus Rules and Guidance, 2021 (the **Prospectus Rules**).

The Prospectus Rules regulate the content of the prospectus of a registered collective investment scheme and any offer of general securities or derivatives either made by a Guernsey entity or made to the public in the Bailiwick wherever the offeror is domiciled.

The Prospectus Rules do not currently apply to:

- a Private Investment Fund (PIF)
- any offer of investments which are listed or traded on any exchange in respect of a company, limited partnership or unit trust registered or incorporated in a country or territory in which the local regulatory body is an ordinary member, associate member or that is, or affiliate of the International Organisation of Securities Commissions (IOSCO) or listed on an exchange that is supervised by a member of IOSCO
- a promotion directly communicated to an identifiable category of persons, not exceeding 50 in number, if those persons are in possession of sufficient information to make a reasonable evaluation of any offer, or

- a 'Red Herring' prospectus, which is to be circulated in advance of the final offer, which contains appropriate disclaimers.

The proposals in the Consultation aim to reduce the administrative burden of regulation in some areas and ensure that the Bailiwick continues to apply standards which are comparable with peer jurisdictions. Key proposed changes include:

- extension of persons who are exempted from the application of the Prospectus Rules, including a new category of persons ('Professional Investors') who would not fall within scope of the Prospectus Rules
- an increase in the number of persons from 50 to 200 (excluding 'Professional Investors') in relation to promotions of Category 2 controlled investments
- new prospectus disclosure requirements for registered collective investment schemes (which, in practice, are often already being made)
- clarification around steps required before a prospectus may be circulated, and
- extension to the range of specific prospectus disclosures which need to be immediately notified to investors and the Commission, if amended.

The Consultation closed on **3 March 2025**.

3 Client money in the investment sector – thematic report

The Commission has published its findings, following a 2024 thematic review, the [Client Money - Investment](#) (the **Review**), which had assessed the effectiveness of controls over client money by investment licensees.

The Commission was generally satisfied with client money safeguarding arrangements. Its findings highlight that the investment sector largely demonstrates good practice around the operation of client money bank accounts, with an effective control environment to ensure client money is kept safe.

The Commission found no evidence of widespread poor practice to prevent client money bank accounts from becoming overdrawn and it was noted that client money was mostly held at approved banks, ie persons licensed under the Banking Supervision (Bailiwick of Guernsey) Law, 2020 or registered/authorised under equivalent legislation in Jersey, the Isle of Man, the UK, an EU Member State or country listed by the Commission, as required by the Licensees (Conduct of Business) Rules, 2021.

4 Unclaimed investor money – new guidance

On 17 December 2024, the Commission published the [Unclaimed Investor Money Guidance](#) (the **Guidance**) which applies to all authorised and registered collective investment schemes (**CIS**) under the Protection of Investors (Bailiwick of Guernsey) Law, 2020, except for PIFs. The Guidance does not apply to CIS that are no longer accepting subscriptions although such CIS may choose to adopt the principles voluntarily.

The Guidance requires that all CIS (other than those noted above) have a documented policy regarding unclaimed investor money which has been approved by the board of the CIS and which must be disclosed to investors in the CIS prospectus.

For further details please see our Guide, [Unclaimed investor money guidance](#).

5 Regulated Investment Exchange Operator – new Rules

The Commission has issued the [Regulated Investment Exchange Operator Rules and Guidance, 2024](#) (the **RIEO Rules**), which came into force on **31 January 2025**.

The RIEO Rules, which revoke the Investment Exchange (Notification) Rules, 1998, (the **IEN Rules**), apply to all firms licensed to conduct the restricted activity of operating an investment exchange under the POI Law.

The RIEO Rules have been made following the Commission's public consultation in late 2024 and aim to provide a single consolidated reference document, incorporating the relevant elements of the former IEN Rules and other applicable rules made under the POI Law, for the operator of an investment exchange.

6 Takeover Code - update

In our previous quarterly [Funds Update](#), we reported that the UK Takeover Panel had published a draft amended Takeover Code (the **Code**).

The amended Code came into force on **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.

Please see our Guide, [The Takeover Code in Guernsey](#) for an overview of the principal elements of the Code and its application to Guernsey companies.

7 Investment statistics

The latest investment statistics have been published by the Commission and are available [here](#). As at **31 December 2024**, the total net asset value of Guernsey funds was £290.1 billion, an increase of £1.3 billion over the quarter.

8 TISE – news

The International Stock Exchange (**TISE**) has [reported](#) that an additional 952 securities were listed during 2024, bringing the total number of securities on TISE's Official list to 4,487, a new record high, as at **31 December 2024**. This represented a 13.1 per cent overall increase year on year.

In other news, TISE has published a series of [frequently asked questions \(FAQs\)](#) in relation to TISE issuers being placed into administration or liquidation.

Contacts



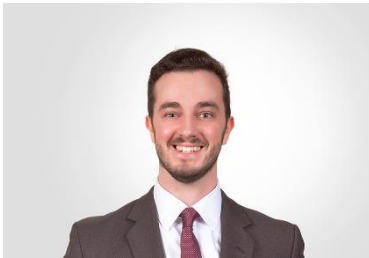
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