

A guide to the Lending, Credit and Finance (Bailiwick Of Guernsey) Law, 2022

Briefing Summary: The Lending, Credit and Finance (Bailiwick of Guernsey) Law, 2022 (the "LCF Law") came into partial force on 1 January 2023 and will come into full effect on 1 July 2023. Accompanying rules (the "LCF Rules") and a notice of exemptions (the "LCF Notice") have recently been issued by the Guernsey Financial Services Commission (the "Commission").

Service Area: Banking and Finance, Corporate, Corporate Regulation and Compliance, Regulatory, Corporate Regulation and Compliance

Sector: Banking, Blockchain, Digital Assets and Tokenisation

Location: Guernsey

Content Authors: Matthew Brehaut, Tom Carey

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The LCF Law introduces new licensing regimes for lenders, virtual asset providers and financial platforms and financial intermediaries, replaces the registration regime under the Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008 (the "**NRFSB Law**") with a licensing regime, and provides UK-style consumer protections for retail and home borrowers.

Licences must be obtained by 1 July 2023.

This briefing note, together with the accompanying notes on the specific parts of the LCF Law, the flowcharts, and the worked examples, provide a comprehensive guide to the LCF Law.

Carey Olsen comment

The LCF Law is a far-reaching piece of legislation which brings welcome protection for customers accessing consumer credit, as well as putting in place a licensing regime for persons undertaking certain financial firm businesses, virtual asset service providers and persons operating peer to peer and crowdfunding platforms.

This brings the Bailiwick into line with the latest FATF Recommendations for the combatting of money laundering and terrorist financing and demonstrates the Bailiwick's commitment to compliance with international standards.

Key Contacts



Matthew Brehaut
PARTNER, LONDON
+44 (0)20 7614 5620

[EMAIL MATTHEW](#)



Tom Carey
PARTNER, GUERNSEY
+44 (0)1481 741559

[EMAIL TOM](#)

OFFSHORE LAW SPECIALISTS

BERMUDA BRITISH VIRGIN ISLANDS CAYMAN ISLANDS GUERNSEY JERSEY

CAPE TOWN HONG KONG SAR LONDON SINGAPORE

[careyolsen.com](https://www.careyolsen.com)

Overview

The primary purpose of the LCF Law is to regulate:

- the consumer credit and finance sector;
- "financial firm business";
- virtual asset service providers; and
- financial intermediation services.

The LCF Law imposes a licensing regime in respect of the provision of these activities and certain ancillary activities.

Exemptions and exclusions

Following significant industry consultation, the LCF Rules and the LCF Guidance provide various exemptions from the licensing obligations of the LCF Law to facilitate the ongoing operations of the funds industry in Guernsey and ensure that Guernsey is not at a competitive disadvantage to other jurisdictions.

Structure of the LCF Law

The LCF Law is set out in three parts, covering the four principal areas described above:

Part II – consumer credit and the provision of services ancillary to credit

Part II of the LCF Law regulates consumer credit and home finance to individuals, and credit for the purchase of goods and services.

Please read our [consumer credit briefing note](#) for more information.

The LCF Law also creates a new statutory framework to provide additional protection for those persons making use of consumer credit and home finance.

Please read our [unfair contract terms briefing note](#) for more information.

Part III – financial firm business

Part III of the LCF Law regulates financial firm business. This replaces the registration regime under the NRSFB Law (which will be repealed on 1 July 2023, when the LCF Law comes into full effect). In particular, this includes the activity of lending, unless already caught by Part II of the LCF Law.

Please read our [financial firm business briefing note](#) for more information.

Part III – virtual asset providers

Part III of the LCF Law also regulates "virtual asset services providers" (each a "**VASP**"), being persons who provide certain services or activities in relation to "virtual assets", such as exchanging virtual assets for fiat currencies or one form of virtual asset for another, transfer of virtual assets, safekeeping of virtual assets and initial coin offerings.

Please read our [VASP briefing note](#) for more information.

Part IV – financial platforms and intermediation

Part IV of the LCF regulates financial intermediation services, including the operation of peer to peer platforms, the operation of crowdfunding platforms and the provision of alternative non-bank credit or finance intermediation.

Please read our [financial platforms and intermediation briefing note](#) for more information.

Summary

Now that the LCF legislation has been published in full, it is essential that a careful analysis is made of activities being conducted to determine whether the LCF Law applies and whether exemptions are available to avoid licensing obligations.

It is particularly important to note that certain activities and structures may be covered by more than one Part of the LCF Law, and thus exemption from the licensing obligation in respect of one Part may not mean an exemption from the licensing obligation in respect of another Part. This is particularly likely to be the case with lending under Part II and Part III.

Structures and activities must therefore be analysed against the full scope the LCF Law to determine its applicability.

Applications

The Commission has published information on the [application process](#) alongside the [application forms](#). Prospective licensees are invited to apply from 1 February 2023.

Fees will comprise annual fees for licensees and application fees, both of which are set out [here](#).

There will be a 50% discount to the application fee for firms which submit high quality, complete application forms before 31 March 2023. The Commission does not guarantee that applications received after 31 March will be processed by 1 July 2023, when the LCF Law comes into full effect.

Key dates

- Application window opens: 1 February 2023
- 50% application fee reduction ends: 31 March 2023
- Licensing commences and the LCF Law comes into operation: 1 July 2023
- NRFSB Law will be repealed: 1 July 2023

If an application is received after 31 March 2023 the Commission cannot guarantee that it will be processed by 1 July 2023

FAQs

The Commission has published a series of FAQs, both [here](#) and [here](#).

Further questions

The LCF Law is far reaching and introduces a significant new regulatory regime to the Bailiwick. Inevitably, there remain some "grey areas" in its application. We would be delighted to assist with any queries you may have.

Please note that this briefing is intended to provide a very general overview of the matters to which it relates. It is not intended as legal advice and should not be relied on as such. © Carey Olsen (Guernsey) LLP 2026

