

# Jersey investment funds – Spring 2026 update

**Briefing Summary:** Our investment funds team outline the latest developments within the investment funds market in Jersey, including upcoming amendments to the Jersey Companies Law, updates to Jersey's sound business policy and proposed amendments to the Article 36 Guidelines.

**Service Area:** Investment Funds

**Location:** Jersey

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## Upcoming amendments to the Jersey Companies Law

The States of Jersey has adopted the Companies (Jersey) Amendment Law 2026, representing the most significant update to the Companies (Jersey) Law 1991 since 2014. The changes—expected to come into force no earlier than 1 June 2026—aim to enhance corporate flexibility, simplify administration, and align Jersey with international best practice.

The below sets out a summary of the changes to come which will have significant impact on corporate funds and other investment vehicles. More detail will be provided closer to the commencement date.

### Greater flexibility for share capital and class rights

- The traditional requirement for par value companies to state an authorised share capital will be abolished, bringing them into line with no-par value structures and reducing administrative friction.
- Companies will gain broader freedom to alter share capital by special resolution in any way, provided that it does not constitute a reduction in capital or increase the liability of a member (without their consent).
- Companies will be able to define in their articles what does and does not constitute a variation of class rights.

## Key Contacts



Christopher Griffin  
PARTNER, JERSEY  
+44 (0)1534 822256

[EMAIL CHRISTOPHER](#)



Claire Le Quesne  
PARTNER, JERSEY  
+44 (0)1534 822216

[EMAIL CLAIRE](#)



Arindam Madhuryya  
PARTNER, JERSEY  
+44 (0)1534 822232

[EMAIL ARINDAM](#)



Nienke Malan  
PARTNER, JERSEY  
+44 (0)1534 822472

[EMAIL NIENKE](#)



Robert Milner  
PARTNER, JERSEY  
+44 (0)1534 822336

[EMAIL ROBERT](#)



James Mulholland  
PARTNER, JERSEY  
+44 (0)1534 822369

[EMAIL JAMES](#)

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## Modernisation of member and share processes

- The longstanding “30-member rule,” under which a private company becomes public if it has more than 30 members, will be abolished. Private companies will now be able to operate with unlimited shareholders while retaining private status. In addition, the requirement for public companies to have at least two members will be abolished, bringing Jersey in line with English law.
- Transfers of shares will be permitted by any method allowed under a company’s articles—not only by written instrument—supporting electronic transfers of non-market-traded shares and providing greater flexibility for companies with a high volume of share movements.
- Directors will gain the ability to correct manifest errors in the register of members without court involvement, provided no party is adversely affected.

## Enhancements to corporate transactions and governance

- The reforms will streamline corporate transactions, most notably by removing the headcount test for shareholder schemes of arrangement and simplifying statutory merger processes, including eliminating the need for class-by-class consent.
- A new statutory capital contribution regime will be introduced, allowing contributions of assets or cash to be credited to various company accounts (other than nominal capital) without issuing shares.
- Additional measures include simplified authorisations for share repurchases, increased flexibility in voting technology and direct voting methods, and clarification that shareholder agreements do not need to be publicly filed.

## Other notable updates

- The law will clarify that shareholders agreements do not need to be filed on the public registry, provided that they contain a term stating that in the event of a conflict between that agreement and the articles then the agreement will prevail and the articles will be amended accordingly. This provides helpful clarity and will keep commercially sensitive arrangements between shareholders private.
- Redemptions or purchases of fully paid shares for nil consideration will no longer require satisfaction of the solvency test. Directors will also be able to ratify defective solvency statements by issuing a replacement statement.

For more information on the amendments to the Companies Law, please reach out to your usual Carey Olsen contact.

## Key Contacts



Daniel O'Connor  
PARTNER, JERSEY  
+44 (0)1534 822249

[EMAIL DANIEL](#)

## Jersey's updated Sound Business Policy – key changes effective 1 November 2025

The Government of Jersey and the Jersey Financial Services Commission (JFSC) have jointly issued the newly renamed Sound Business Policy ("**SBP**")—formerly the Sound Business Practice Policy—which came into force on 1 November 2025. The updated policy is designed to simplify and modernise the framework governing activities that may pose reputational risk to Jersey while reducing unnecessary friction for businesses operating in or through the Island.

The updated SBP is intended to be clearer, more concise and easier to use. A significant structural change is the removal of the previous Table 1, which had automatically deemed certain financial services activities "sensitive." Financial services businesses and Schedule 2 businesses are no longer automatically high-risk.

The SBP now consolidates its risk-based criteria into a single revised Table, replacing the former Table 2. This follows a comprehensive reassessment of activities that may present reputational risk.

### Risk categories significantly updated

A number of categories have been removed from the policy, including: initial coin offerings (ICOs) and other virtual asset services and cannabis-related activities (cultivation, production, supply, import/export).

Only five categories remain subject to heightened scrutiny and updated guidance has been provided in respect of each:

1. Defence (limited to controversial, restricted or prohibited arms, such as cluster bombs or chemical weapons);
2. Pharmaceuticals (manufacture, marketing or sale of pharmaceutical goods or devices which are not licensed or have not received marketing authorisation);
3. Dual-use goods;
4. Mining, drilling and quarrying; and
5. Financial services business conducted outside a regulated "target market" despite being regulated in Jersey.

### What you should do next

The JFSC emphasises that, while some activities have been removed from the SBP's table, this does not automatically mean they are low-risk. Clients carrying out financial services business should review and update their internal policies, procedures and risk assessments accordingly.

## JFSC consultation: proposed amendments to Article 36 Guidelines (Schedule 2)

The Jersey Financial Services Commission (JFSC) has launched a consultation (issued 8 December 2025) on proposed amendments to the Article 36 Guidelines under the Proceeds of Crime (Jersey) Law 1999, focusing on improving clarity and consistency in the application of Schedule 2 activities. The proposals are a direct response to industry feedback that aspects of the current guidelines—particularly the “as a business” test—have been difficult to interpret, leading to uncertainty over when registration is required.

### What is being proposed?

The JFSC is proposing a significantly more structured and user-friendly approach to determining whether a person or entity is carrying on Schedule 2 business, including:

- Introducing a three-part “Schedule 2 gateway” test covering (1) the nature of activity, (2) whether it is carried on “as a business,” and (3) whether there is a Jersey nexus;
- Expanded guidance and examples for complex areas, including fund and securities-related activities—intended to “future-proof” guidance ahead of changes to the Control of Borrowing regime;
- Consolidating existing guidance (e.g., the meaning of “in or from within Jersey”) into the revised framework to reduce fragmentation; and
- Seeking feedback on publishing basic details (name and activity) of all registered Schedule 2 persons to increase transparency.

### Potential impact on clients

For most clients, the impact will be greater clarity and reduced interpretative uncertainty. The structured three-stage gateway test should make it easier to determine whether registration is required and help achieve more consistent compliance across sectors. This may also reduce unnecessary registrations for borderline cases, while ensuring genuinely in-scope activities are captured, thereby reducing fees.

The JFSC conducted a public feedback round regarding the proposed amendments to Schedule 2 which closed on 30 January 2026. The results of the feedback are expected to be announced soon, with implementation targeted for summer 2026.

## Consultation on amendments to the MLCO Role – key points and client impact

The Government of Jersey has opened a consultation (30 January–13 March 2026) on proposed reforms to the Money Laundering (Jersey) Order 2008 aimed at modernising and streamlining the Money Laundering Compliance Officer (“**MLCO**”) role. The changes follow broad industry engagement under the Financial Services Competitiveness Programme and reflect concerns that Jersey’s current MLCO rules exceed FATF standards and peer-jurisdiction practice.

## Summary of the proposals

The consultation seeks feedback on four principal reforms, each designed to create a more flexible and risk-proportionate framework:

- 1. Requirement that the MLCO to be appointed at management level.** This better aligns the local framework with FATF Recommendation 18, replacing the current “appropriate seniority” requirement with a clearer and internationally consistent standard.
- 2. Separate the MLCO’s strategic “responsibility” from the operational “function”.** This would allow strategic oversight to remain with a management-level MLCO, while day-to-day compliance monitoring/testing could be delegated, creating more operational flexibility.
- 3. Introduce a risk-based approach to MLCO appointments.** Lower-risk or smaller firms may no longer need a dedicated MLCO, provided they can demonstrate an appropriate governance framework. This is intended to reduce unnecessary burden while ensuring robust oversight remains.
- 4. Permit corporate MLCO appointments, subject to limits.** This would allow firms to appoint specialist Jersey-based compliance service providers, addressing staffing shortages and supporting scalability of compliance functions.

## Rationale for change

Stakeholder feedback highlighted recruitment challenges, high turnover within compliance roles, and the perception that Jersey’s MLCO requirements are materially stricter than FATF standards and competitor jurisdictions. The proposed shift to a less prescriptive regime is intended to ensure Jersey remains both compliant and competitive.

## Potential impact on clients

For regulated businesses, these reforms are expected to offer greater flexibility, lower compliance overheads, and improved alignment with international norms:

- **Reduced operational pressures:** Firms may be able to reorganise compliance functions more efficiently, delegating operational tasks while maintaining appropriate oversight at management level.
- **Cost efficiencies:** Smaller and lower-risk entities may benefit from the ability to adopt proportionate arrangements—potentially without a dedicated MLCO.
- **Wider talent pool:** Allowing corporate MLCO appointments could help alleviate resourcing challenges by enabling access to specialist compliance providers.
- **Governance implications:** Boards will retain ultimate responsibility for AML/CFT/CPF compliance, and firms may need to revisit governance structures to ensure the MLCO’s management-level accountability is clearly defined.

*Carey Olsen Jersey LLP is registered as a limited liability partnership in Jersey with registered number 80.*

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