



Guernsey investment funds update - March 2021

Service area / [Investment Funds](#)

Location / [Guernsey](#)

Date / [March 2021](#)

[Revenue Service guidance on the economic substance requirements and the implications of COVID-19](#)

In November 2020, the Guernsey Revenue Service issued guidance which supersedes that issued by the Guernsey International Business Association in March 2020. This new guidance clarifies that the official Revenue Service guidance on economic substance has not changed as a result of COVID-19, but that the Revenue Service will take a pragmatic approach when assessing whether the substance requirements have been met by a company during periods where government imposed restrictions (in Guernsey or elsewhere) are in place. It is expected that COVID-19 measures will only impact on the ability of companies to comply with the directed and managed test of the Economic Substance Requirements. It is acknowledged that the temporary framework outlined in this guidance above will need to be in place whilst travel restrictions continue.

[Fast track migration and licensing into Guernsey](#)

The first [fast track migration and licensing of a Cayman fund into Guernsey](#) was completed by Carey Olsen using the Guernsey Financial Services Commission's ("GFSC") expedited service. Introduced in July 2020, the new fast track regime combines GFSC consent for migrating an incoming manager company with the GFSC licence to conduct fund management into a single 10-day review period. For more please see our [briefing note](#). This fast track scheme is designed to speed up the immigration of fund managers from those jurisdictions such as the Cayman Islands which already permit the migration out of companies.

[Revision of finance Laws](#)

The GFSC has proposed legislation revising the main investment and financial supervisory and enforcement laws. The legislation is in the process of being approved and is expected to be enacted in 2021. Most of the changes simply streamline the operations of the GFSC. Other amendments will alter the way, for example, certain supervised role holders of licensees will notify and wait for the GFSC's no objection before their appointment. Additionally, a separate and more stringent enforcement law has been proposed. Information gathering powers and sanctions have been expanded in line with international guidelines. One welcome [proposal](#) is an automatic exemption from the requirement for a fiduciary licence for certain notified "ancillary vehicles" to funds. Co-investment limited partnership for example will benefit from this new exemption, as currently their general partners have to apply for a discretionary exemption which incurs a fee and can cause delays.

[Extended filing deadline for GFSC returns](#)

On 9 February 2021, the GFSC announced that that late filing fees will not be applied in respect of all regulatory returns that are due to be submitted between now and the end of June 2021, provided they are submitted within two months of the original deadline, nor will the GFSC seek to take any regulatory action relating to firms for late filing unless there are other issues which require it to act for investor protection, financial stability or financial crime prevention reasons. Firms should keep their supervisory contact at the GFSC notified of any significant developments in their financial circumstances.

OFFSHORE LAW SPECIALISTS

GFSC consults on Private Investment Fund (PIF) options

In December 2020, the GFSC published a consultation paper containing proposals to enhance the existing PIF regime by, among other things: (1) enabling a PIF to be created without a licensed manager (with the licensed administrator providing certain confirmations about the fund and its investors); and (2) permitting a PIF without a licensed manager as a bespoke private wealth structure with a family relationship between investors and with the licensed administrator confirming procedures are in place to restrict investment to family-related investors.



Key contacts

For further information or professional advice please contact our lawyers below:

Annette Alexander

Partner

D +44 (0)1481 732067

E annette.alexander@careyolsen.com

Christopher Anderson

Partner

D +44 (0)1481 741537

E christopher.anderson@careyolsen.com

Andrew Boyce

Partner

D +44 (0)1481 732078

E andrew.boyce@careyolsen.com

Tom Carey

Partner

D +44 (0)1481 741559

E tom.carey@careyolsen.com

David Crosland

Partner

D +44 (0)1481 741556

E david.crosland@careyolsen.com

Tony Lane

Partner

D +44 (0)1481 732086

E tony.lane@careyolsen.com

Ben Morgan

Partner

D +44 (0)1481 741557

E ben.morgan@careyolsen.com



FIND US

Carey Olsen (Guernsey) LLP
PO Box 98
Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ
Channel Islands

T +44 (0)1481 727272

F +44 (0)1481 711052

E guernsey@careyolsen.com



FOLLOW US

Visit our investment funds team
at [careyolsen.com](https://www.careyolsen.com)



PLEASE NOTE

This briefing is only 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 2021.