

## New Fast Track Application Regime for Managers of Overseas Funds

Service area / [Investment Funds](#)

Legal jurisdictions / [Guernsey](#)

Date / [July 2020](#)

Carey Olsen has recently assisted a number of overseas fund managers with migrating their fund management companies (“**Mancos**”) to Guernsey, and we continue to receive enquiries. To facilitate this trend, the Guernsey Financial Services Commission (“**GFSC**”) has expedited the migration of Mancos into Guernsey by launching a new fast track regime for managers of overseas funds.

An incoming Manco needs GFSC consent to migrate to Guernsey as well as a licence to conduct fund management under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended (the “**POI Law**”). To simplify this process, the new fast track regime can be used to combine these two processes within 10 business days or alternatively the licencing of a newly incorporated Guernsey entity within 10 business days.

This briefing note explores the reasons why Mancos migrate to Guernsey, the process of migrating and what the application consists of.

### Why are more migrations occurring?

- **Substance**

Guernsey implemented legislative economic substance requirements, which came into force on 1 January 2019, to meet a commitment to address concerns raised by the EU Code of Conduct Group on Business Taxation that certain corporate tax systems globally could facilitate structures aimed at attracting profits which do not reflect real economic substance. On 12 March 2019, the EU Council confirmed that Guernsey had met its commitment to introduce economic substance requirements.

Businesses are asking themselves the question “given my operations and where my group of companies is focussed, which jurisdiction is easier for me to locate substance?” Both the geographical location of the relevant directors and other personnel as well as transport links are crucial. Essentially, companies appear to be migrating to jurisdictions where they can most readily comply with substance requirements.

This is particularly the case where a corporate group structure involves companies registered in various offshore financial centres. In these cases, it is better from a substance perspective to locate all relevant companies with their personnel and office space in a single jurisdiction than to have them, and their substance, spread out over multiple jurisdictions.

- **Efficiencies in administration of group entities.** Aside from substance, there are practical and cost efficiencies both administrative and legal in structuring all entities within one jurisdiction.
- **Guernsey as a jurisdiction.** Fund managers are attracted by Guernsey’s fiscal and legal stability and its highly rated systems for combating financial crime. [Guernsey is a leading jurisdiction for funds](#) and has a wealth of quality financial service providers and professionals, including non-executive directors. From a regulatory perspective, the GFSC is familiar with a wide range of fund and financing structures and welcomes innovation. Guernsey has a number of short direct flights to London daily and is in the same time zone. English and other common law authorities are persuasive in the Guernsey Courts.

### OFFSHORE LAW SPECIALISTS

BERMUDA BRITISH VIRGIN ISLANDS CAYMAN ISLANDS GUERNSEY JERSEY  
CAPE TOWN HONG KONG LONDON SINGAPORE

## The process of migrating

Migrating a company's registration is often straightforward, with many jurisdictions specifically providing for inbound and outbound migrations. Typically shareholder approvals will be required and filings will need to be made in the outbound jurisdiction and Guernsey respectively, to ensure that the company is de-registered in the outbound jurisdiction at the same time that it becomes registered in Guernsey. Where a company is carrying on a regulated activity, like a Manco, the consent of the regulators in both jurisdictions is generally required.

## Application process

An incoming Manco requires consent from the GFSC to migrate as well as a licence under the POI Law. The GFSC's new fast track regime aims to provide such a licence within 10 business days.

A migrating Manco will need to complete the GFSC's new Form FTLM. The GFSC's usual licence application Form RA/1 and supporting documents should also accompany the Form FTLM. The Manco will need an administrator in Guernsey and these forms require the proposed administrator to make specific declarations to the GFSC in order for the Manco to be able to benefit from the fast track regime.

The GFSC will simultaneously consider the merits of the application to migrate the Manco into Guernsey and a licence under the POI Law.

Carey Olsen advises 82% of Guernsey-domiciled funds by asset value (Source: Monterey Insight) and would be delighted to assist with any enquiries into this new product which is expected to prove very popular with fund managers looking to benefit from the expedited regime.



---

### 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

E [guernsey@careyolsen.com](mailto:guernsey@careyolsen.com)



---

### FOLLOW US

Visit our investment funds team at [careyolsen.com](http://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 2020.