

Guernsey digital assets – December 2025 update

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Guernsey is forward-looking jurisdiction with a pragmatic approach to digital assets. Industry and the regulator (the Guernsey Financial Services Commission (“**GFSC**”)) work closely to ensure an appropriate regulatory environment supportive of innovation.

Guernsey has historically adopted a more conservative approach to crypto issuance, but the GFSC has latterly acknowledged that crypto has been evolving and some crypto currencies, such as Bitcoin, appear to be entering a more mature period. The GFSC has increasingly been at the vanguard of developments in tokenisation and has consulted extensively with industry as to how an enabling environment can be created.

The GFSC has recently launched the “Digital Finance Initiative” (the “**DFI**”), a programme to support the positioning of the Bailiwick as a trusted, agile, and forward-thinking jurisdiction for digital financial innovation.

The DFI covers:

- Digital finance regulatory strategy – a framework that supports innovation in blockchain, tokenisation, stablecoins, and emerging financial technologies – while maintaining robust oversight and international alignment.
- Industry engagement via the “Digital Forum” – a platform for dialogue and collaboration, where industry stakeholders help to shape the future of digital finance in Guernsey through roundtables, workshops and consultations.

- Guernsey’s strengths – stability, agility and credibility – make it uniquely positioned to thrive in the evolving digital finance landscape. With a proven track record in financial services and a commitment to innovation, DFI reflects the jurisdiction’s readiness to embrace the future of finance.

Virtual Asset Service Providers

Guernsey’s Lending, Credit and Finance (Bailiwick of Guernsey) Law, 2022 imposes licensing and AML/CFT/CPF obligations on Virtual Asset Services Providers (“**VASPs**”). Any Guernsey entity conducting activities such as exchange, transfer, safekeeping, or issuing of virtual assets must register as a VASP with the GFSC.

A business may set up a new VASP in Guernsey (housed typically within a Guernsey company) without the need for any actual “boots on the ground” on the island. Instead, the Guernsey VASP can be hosted by a local Guernsey regulated administrator which provides all the necessary regulatory and compliance support.

Guernsey specifically excludes digital representations of fiat currencies, general securities and derivatives from the definition of a “virtual asset”, creating distinct regulatory regimes between “real world assets” (and digital representations – i.e. tokens – thereof) and “native” virtual assets.

OFFSHORE LAW SPECIALISTS

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

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

Tokenisation

The Bailiwick's current regulatory regime permits tokenisation – for example, the register of holders of units in a Bailiwick collective investment scheme may be maintained by using distributed ledger technology and tokens issued as a digital representation of the ownership of such units.

The GFSC explicitly recognises the role tokenisation could play in improving efficiency within capital markets. The GFSC's overall position is to encourage technology which enhances services to investors and increases efficiency and effectiveness of operations in the Bailiwick. Whilst such technology must comply with the Bailiwick's framework of law and rules designed to protect investors and counter financial crime, the GFSC is willing to discuss pilot waivers or a rule redrafting if the movement of technology has made its rules and regulations obsolescent or if they might stand in the way of new technology.

The Commission launched its first policy statement in May 2024 continues to engage with the funds sector to ensure that the Bailiwick's regulatory framework remains fit for purpose, reflecting changing technologies and practices, while continuing to meet international regulatory standards.

Numerous successful tokenisation projects have now been issued from Guernsey, taking advantage of Guernsey's cellular companies as issuance vehicles.

Digital assets funds

Guernsey permits collective investment schemes to provide investors with exposure to crypto currencies, provided that the fund investor is well informed of the risks and is able to bear any potential losses.

The GFSC assesses digital assets fund applications on a case-by-case basis with a focus on management experience, custody solutions, investor classification, investor protection and valuation methodologies. The island's track record as a funds centre offers strong infrastructure and service providers with expertise in digital assets.

Stablecoins

The GFSC (through the DFI) is actively consulting on the potential use of stablecoin in the Bailiwick, sector-specific applications, and the development of an appropriate regulatory framework.



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



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Visit our digital assets team at
careyolsen.com



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