

New PIF rules – the latest innovation in Guernsey funds regulation

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The Guernsey Financial Services Commission (the “**GFSC**”) has issued a raft of innovative updates to Guernsey’s Private Investment Fund (“**PIF**”) rules.

The Private Investment Fund Rules and Guidance, 2025 (the “**2025 PIF Rules**”) (available at [GFSC](#)) are the result of extensive engagement between the GFSC and industry, and mark a dramatic shift from the current rules, opening up PIFs to a wider range of investors and removing some previous regulatory requirements.

The 2025 Rules bring greater flexibility and simplification to Guernsey’s fund regulations, providing a simple, light-touch regime ideally suited for all funds targeting sophisticated investors.

What changes do the 2025 PIF Rules make?

Consolidation of PIF classes

The 2025 PIF Rules consolidate two of the previous PIF “Routes”, meaning that there are now just two types of PIF:

- “Qualifying” PIFs
- “Family” PIFs

Expanding investor eligibility

Qualifying PIFs are open to any of the following types of investors (as defined in the 2025 PIF Rules):

- Professional Investors
- Experienced Investors
- Knowledgeable Employees
- High Net Worth Investors
- UK Professional Investors

- EU Professional Investors
- US Accredited Investors
- Persons whom either the manager or administrator determines are able to (a) evaluate the risks and strategy of investing in the PIF, and (b) bear the consequences of investment, including a total loss of their investment (“**Licensee Admitted Investors**”) (NB if the manager makes such determination, it must be a Guernsey licensee)

The 2025 PIF Rules have therefore expanded significantly the investor eligibility criteria for PIFs – previously only Licensee Admitted Investors (from the previous “Route 1” PIF) and Professional Investors, Experienced Investors and Knowledgeable Employees (from the previous “Route 2” PIF) were eligible.

No limits on investor numbers

There is no longer any limit on:

- the number of investors in a Qualifying PIF (previously 50); or
- the number of investors to whom Qualifying PIFs may be offered (previously 200).

No requirement for audit

There is no longer any requirement for a PIF to be audited.

No requirement for a Guernsey manager

There is no longer any requirement to appoint a Guernsey-licensed manager to a PIF (previously required under “Route 1”). Where the structure does have a Guernsey manager, such manager continues to benefit from the availability of a “PIF-only” investment management licence, with light-touch regulation (no conduct of business rules apply, nor are there capital adequacy or audit requirements for such licensees).

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No prospectus requirement

There is no longer any requirement for a PIF to prepare a prospectus or other disclosure documentation ("Route 2" PIFs previously had to satisfy limited disclosure requirements).

Family PIFs

The 2025 PIF Rules leave "Route 3" of the previous rules largely unchanged. Family PIFs are open only to family members and family employees, again with lighter touch regulatory requirements in recognition of the close relationship between investors.

Timeline

The 2025 PIF Rules retain the 1 business day approval period, both for the fund approval and any "PIF-only" investment management licence.

Transitional period

The GFSC has confirmed that all PIFs previously registered as "Route 1" or "Route 2" PIFs will be recognised and treated as Qualifying PIFs under the 2025 PIF Rules. Similarly, all PIFs previously registered as "Route 3" PIFs will be recognised and treated as Family PIFs under the 2025 PIF Rules. Any exclusions and modifications granted by the GFSC will also be carried over, as applicable.

Carey Olsen comment

The 2025 PIF Rules represent a radical innovation in Guernsey funds regulation and a natural evolution of the PIF regime, which is now focused on *qualitative* criteria applicable to investors. We think the flexibility and streamlined approach offered by the 2025 PIF Rules make Guernsey the ideal funds domicile for all emerging and established managers targeting sophisticated investors (regardless of the manager's size, AUM or number of existing funds). PIFs have proven a popular regime since their introduction in 2016; we expect this to grow dramatically with the introduction of the 2025 PIF Rules.

Sounds great – who should I speak to?

Carey Olsen were directly involved in the industry consultation on the changes to the PIF Rules. We are also the leading legal adviser to Guernsey domiciled funds and sub-funds by both number of funds and AUM, advising 824 Guernsey domiciled schemes as at 30 June 2024 (representing 83% of aggregate Guernsey domiciled fund assets under management) (Source: Monterey Insight Guernsey Fund Report 2024). We know the regime inside out and will be happy to answer any questions you may have and work with you and your advisers in structuring your next fund.



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