

Guernsey Financial Services Commission

**Consultation on Guidance for Custodians of Open-ended
Collective Investment Schemes with Indirectly Held Assets**

Issued 9 September 2020

Purpose of the Consultation Paper

The Commission seeks to regulate and supervise financial services in the Bailiwick of Guernsey, with integrity, proportionality and professional excellence, and in so doing help to uphold the international reputation of the Bailiwick of Guernsey as a finance centre.

The purpose of this Consultation Paper is to seek feedback from all interested parties on a proposed Guidance Note made under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (the “PoI Law”).

This Consultation Paper is a working document and does not prejudice any final decision to be made by the Commission.

Background to the proposals

Rules made under the PoI Law for authorised and registered open-ended collective investment schemes place requirements on the Designated Custodian to safeguard and custody scheme property. Such assets may be held directly or indirectly through the use of separate legal holding structures. In seeking to fulfil its duties under the PoI Law, Designated Custodian must consider the circumstances under which it is necessary to “look through” such holding structures to the ultimate asset. The Commission, following engagement with the local custody industry, proposes issuing guidance to assist custodians in making this consideration and providing examples of how the requirements under the PoI Law may be met.

Proposed Guidance Note

A draft version of the proposed Guidance Note is provided in the Appendix to this paper.

Next Steps

We welcome and strongly encourage respondents to provide feedback or comment on any section of the Guidance Note. Feedback may be provided via the Consultation Hub section of the Commission’s website (www.gfsc.gg).

The closing date for the Consultation Paper is 21 October 2020. The Commission will then consider all the comments received and issue the Guidance Note in final form in due course.