

Consultation Paper on The Prospectus Rules

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Overview

This consultation seeks comments on a proposed improved set of rules relating to the issuance of prospectuses both in respect of Category 2 Controlled Investments generally, and also specifically in respect of Collective Investment Schemes which are registered under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (“the POI Law”) and which are subject to the Registered Collective Investment Scheme Rules, 2021.

The proposals in this paper seek to reduce the administrative burden of regulation in some areas and ensure the Bailiwick continues to apply standards which are comparable with peer jurisdictions.

The proposed rules are intended to replace the existing Prospectus Rules, 2021 but do not fundamentally change the regulatory framework or the Commission’s approach in relation to prospectuses and other offering documents. However, whilst they adopt the same format, the changes they introduce are considered sufficient to warrant a replacement of the existing rules rather than simply making amendments to those existing rules.

For ease of reference a set of the proposed new rules is attached to this consultation paper which are in tracked format in order that the changes from

the current rules may be easily identified.

What happens next

Following the closing date of 3 March 2025 the Commission will review and consider the feedback and comments received and, where considered appropriate, introduce any further changes in the proposed new rules. The Commission will then issue a public feedback paper and publish final rules.

Related

➔ [Consultation Paper on The Prospectus Rules](#)

➔ [Draft Prospectus Rules and Guidance, 2025 \(tracked version\)](#)

Audiences

Anyone from any background



Guernsey Financial
Services Commission

Consultation Paper

The Prospectus Rules

Who might benefit from reading this paper?

This consultation paper is a public document and feedback is welcomed from any interested stakeholder.

The proposals will impact persons who have, or who are proposing to, issue a prospectus in relation to a Category 2 Controlled Investment which is either:

- i) a Bailiwick registered or incorporated entity, or
- ii) which will be promoted or offered to the public in the Bailiwick.

They will also impact persons operating or providing services to a collective investment scheme which is registered under section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 2020 and which is subject to the Registered Collective Investment Scheme Rules, 2021.

They might also be of interest to investors who have, or are proposing to acquire, an interest in such Category 2 Controlled Investments or Registered Collective Investment Schemes, as are referred to above.

How to respond

Responses to this Consultation Paper are sought by 3 March 2025.

Feedback may be provided via the Consultation Hub section of the Commission's website (www.gfsc.gg).

Contents

The Prospectus Rules	0
Who might benefit from reading this paper?	1
How to respond	1
1. Introduction.....	3
1.1 Background.....	3
2. Reasons for the proposed changes	4
3. Proposed changes to the current Prospectus Rules	4
3.1 Part 1 of the Rules - Introduction	5
3.2 Part 2 of the Rules – Information to be Specified in the Prospectus	6
3.3 Part 3 of the Rules – Statements to be included as set out in the Schedules	6
3.4 Part 4 of the Rules - Circulation	7
3.5 Part 5 of the Rules – Information to be Provided to Investors	7
4. Next steps.....	8
Appendix 1 – Summary of Impact	9
Appendix 2 – Draft of The Prospectus Rules and Guidance, 2025.....	11

1. Introduction

This consultation seeks comments on a proposed improved set of rules relating to the issuance of prospectuses both in respect of Category 2 Controlled Investments generally, and also specifically in respect of Collective Investment Schemes which are registered under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (“the POI Law”) and which are subject to the Registered Collective Investment Scheme Rules, 2021.

The proposals in this paper seek to reduce the administrative burden of regulation in some areas and ensure the Bailiwick continues to apply standards which are comparable with peer jurisdictions.

The proposed rules are intended to replace the existing Prospectus Rules, 2021 but do not fundamentally change the regulatory framework or the Commission’s approach in relation to prospectuses and other offering documents. However, whilst they adopt the same format, the changes they introduce are considered sufficient to warrant a replacement of the existing rules rather than simply making amendments to those existing rules.

For ease of reference a set of the proposed new rules is attached to this consultation paper which are in tracked format in order that the changes from the current rules may be easily identified.

1.1 Background

The current Prospectus Rules, 2021 state:

“(4) Unless specifically agreed otherwise by the Commission these Rules apply to every prospectus in relation to -

(a) registered investment schemes

(b) an offer by a company or limited partnership, that is registered in the Bailiwick; or a unit trust that is governed by any of the laws of the Bailiwick of any Category 2 controlled investment; or

(c) an offer to the public in the Bailiwick of any Category 2 controlled investment, wherever the offeror is domiciled.”

These rules then set out a list of various circumstances and classes of investment which are exempt from the requirements of the rules.

The rules then establish the information which is required to be disclosed in a prospectus, the requirements regarding the circulation of a prospectus, and how changes to the information contained in a prospectus should be handled.

Certain rules apply solely to prospectuses of Registered Collective Investment Schemes, and some solely to prospectuses relating to offers of Category 2 Controlled Investments. Others apply to both.

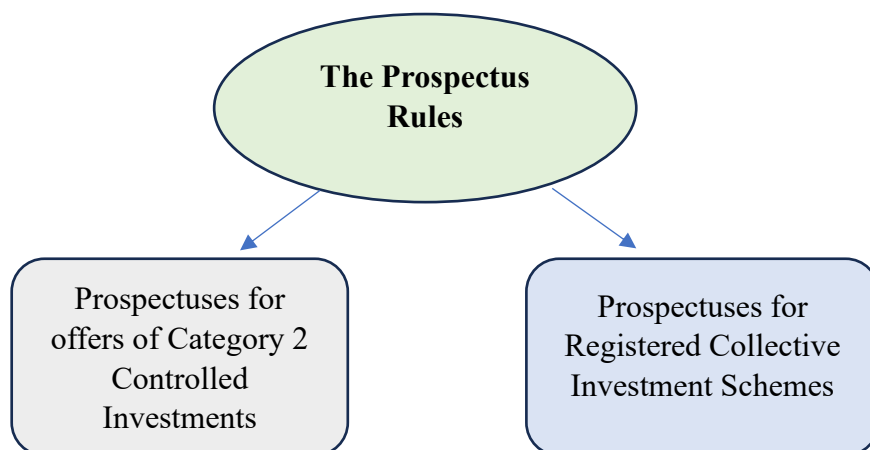


Figure 1: Application of the Prospectus Rules

Whilst the current Prospectus Rules were updated in 2021 as part of the Commission’s wider revision of laws project, such update was largely to align the rules with the revisions made at that time to the POI Law and to introduce a consistent drafting style across the various rules made by the Commission. Otherwise, the Prospectus Rules have remained largely unchanged in the depth and breadth of their scope and requirements since their introduction in 2008.

2. Reasons for the proposed changes

The proposed changes are the result of the Commission’s consideration of several factors, including:

- Requests from individual firms and industry associations representing wider sectors of the finance industry, to broaden the scope of exemptions contained within the rules to take account of circumstances which had not been anticipated when the existing rules were first drafted.
- The outcomes of an internal review by the Commission of the extent to which its regulatory framework continues to meet the relevant core principles established by the International Organization of Securities Commissions (“IOSCO”). IOSCO is the global standard setting body for securities market regulators – meeting its core principles helps ensure that a jurisdiction’s framework is up-to-date and consistent with international standards.
- A review of how the Prospectus Rules and the Registered Collective Investment Scheme Rules work together to form an effective regulatory framework in respect of registered funds.

Other minor changes have been made to add clarity.

The key proposed changes to the various parts of the rules are explored in more detail below.

3. Proposed changes to the current Prospectus Rules

The following sections describe the key proposed changes to various sections of the rules. Where reference is made to Part Numbers, these relate to the Part Numbers in the current Prospectus Rules, which are also planned to be retained in the proposed new rules.

Each section includes tick boxes, allowing respondents to indicate their agreement or otherwise with the proposed changes, and question boxes where respondents may add any further

comments in respect of that part of the proposed new rules, including the reasons where respondents have answered “No” to any of the tick boxes.

Readers should refer to the attached tracked version of the proposed new rules to understand the full detail of the key changes referred to below as well as any other less significant or minor amendments. For reference purposes, a diagram summarising how the proposed changes will impact differently on prospectuses for Registered Collective Investment Schemes and on those relating to Category 2 Controlled Investments may also be found at Appendix 1.

3.1 Part 1 of the Rules - Introduction

The key proposed changes to this section relate to the persons who are exempted from the application of the rules under Rule 1.1(5).

It is proposed that the exemptions will be extended such that a promotion of a Category 2 Controlled Investment to a “Professional Investor” would not fall within the scope of the rules. A “Professional Investor” is newly defined in Part 6 of the rules, the definition closely matching that used in the Private Investment Fund Rules, 2021 in respect of Route 2 Applications made under the Private Investment Fund framework. For the avoidance of doubt this proposed exemption would only relate to promotions of Category 2 Controlled Investments and not to Registered Collective Investment Schemes, which would remain within scope of the Prospectus Rules.

Question 1: Do you agree with this proposed change?

Y/N

It is also proposed that the exemptions are extended to cover promotions of Category 2 Controlled investments to an identifiable category of persons, not exceeding 200 in number (up from 50 in the current rules) other than Professional Investors.

Question 2: Do you agree with this proposed change?

Y/N

Other exemptions proposed in the new rules relate to offers in respect of certain court sanctioned schemes, offers which are subject to the Takeover Code, and offers of Category 2 Controlled Investments which are in the process of being listed on certain stock exchanges (which builds on the current exemption for such entities which are already listed).

Question 3: Do you agree with these proposed changes?

Y/N

Question 4: Do you have any comments in respect of the proposed changes to Part 1 of the rules, as set out above, and if you have answered “No” to any of the tick boxes, would you like to provide the reasons?

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3.2 Part 2 of the Rules – Information to be Specified in the Prospectus

The key proposed changes to this section relate to the disclosures required in a prospectus.

It is proposed that new requirements will be introduced for registered collective investment schemes to disclose valuation methodology (including the publication and / or availability of prices / NAV); the clear disclosure of fees, charges, and expenses; the arrangements for the issue and redemption of units in a scheme; and details of the investment manager and any investment advisor. Based upon our reviews of existing prospectuses, in practice, such disclosures are often already being made, however the intention of these changes is to formalise the requirements to ensure the regulatory framework around registered collective investment schemes meets the relevant IOSCO standards.

Question 5: Do you agree with these proposed changes?

Y/N

A requirement for the disclosure of any borrowing limits or restrictions is also proposed, for any prospectus. Again, our experience is that such disclosures are often already being made, but the introduction of the requirement will formalise disclosure of this important information.

Question 6: Do you agree with this proposed change?

Y/N

Another proposed change in relation to registered collective investment schemes is an amendment to the requirement for the disclosure of persons with a significant beneficial ownership in certain service providers to a scheme, such that a disclosure will only be required where that holding constitutes a potential or actual conflict of interest. This change is in response to representations made by industry representatives that, in many cases, such ownership interests do not actually represent a conflict, and the change will therefore avoid the possible need for derogations from the rules to be requested in such circumstances.

Question 7: Do you agree with this proposed change?

Y/N

Other minor changes have been made to this part to add clarity to requirements.

Question 8: Do you have any comments in respect of the proposed changes to Part 2 of the rules, as set out above, and if you have answered “No” to any of the tick boxes, would you like to provide the reasons?

3.3 Part 3 of the Rules – Statements to be included as set out in the Schedules

It is proposed that Schedule 2 to the rules (which sets out the text of the mandatory disclosure regarding the risk that the prices and income from investments can go down as well as up), will be amalgamated with Schedule 1 (which sets out other mandatory statements to be included in

a prospectus). It is further proposed that the existing wording of Schedule 1 will be amended to better align with the Registered Collective Investment Scheme Rules.

It is proposed that Part 3 of the rules will be amended to reflect the amalgamation of Schedules 1 and 2.

Question 9: Do you agree with these proposed changes?

Y/N

Question 10: Do you have any comments in respect of the proposed changes to Part 3 of the rules, as set out above, and if you have answered “No” to the tick box, would you like to provide the reasons?

3.4 Part 4 of the Rules - Circulation

Minor changes are proposed to this section of the rules, to add clarity to the steps required before a prospectus may be circulated. These include: a clarification that the application fee relates to prospectuses for Category 2 Controlled Investments (for registered collective investment schemes the fee forms part of the overall application fee for the scheme); and a clarification that circulation of a prospectus in respect of a new registered collective investment scheme requires the Commission to have first issued its declaration of registration in respect of that scheme.

Question 11: Do you agree with these proposed changes?

Y/N

Question 12: Do you have any comments in respect of the proposed changes to Part 4 of the rules, as set out above, and if you have answered “No” to the tick box, would you like to provide the reasons?

3.5 Part 5 of the Rules – Information to be Provided to Investors

An extension is proposed to the range of specific prospectus disclosures which need to be immediately notified to investors and the Commission, if amended.

In this respect, there are certain matters that are required to be disclosed under the current rules, which if changed, would normally be notified to investors, but for which there is no formal requirement to do so in the current rules. The proposed amendments seek to address this, and thereby ensure that investors and the Commission are kept up to date with key information.

In addition to the matters which currently require notification, the proposed amendments extend such notification requirements to include changes to the offeror's:

- valuation methodology and provision of pricing / NAV information;

- fees and charges;
- issue and redemption procedures; and
- manager or investment adviser

where the prospectus relates to a registered collective investment scheme, and

- investment strategy and any investment restrictions;
- borrowing and hedging powers and restrictions; and
- voting and other rights.

for all prospectuses.

While this proposal will improve the minimum required disclosures to investors it is not anticipated that in practice there will be any material increase in notifications because notifiable events are likely to occur infrequently.

Question 13: Do you agree with these proposed changes?

Y/N

Question 14: Do you have any comments in respect of the proposed changes to Part 5 of the rules, as set out above, and if you have answered “No” to the tick box, would you like to provide the reasons?

4. Next steps

Following the closing date of 3 March 2025 the Commission will review and consider the feedback and comments received and, where considered appropriate, introduce any further changes in the proposed new rules. The Commission will then issue a public feedback paper and publish final rules.

Appendix 1 – Summary of Impact

Summary of how the proposed changes will impact on prospectuses for Registered Collective Investment Schemes vs. prospectuses relating to offers of Category 2 Controlled Investments

<div style="border: 2px solid brown; padding: 5px; text-align: center; margin: 0 auto; width: fit-content;"> AMENDMENTS TO THE PROSPECTUS RULES </div>			
Proposed Amendment	Applicability of amendment to prospectuses of REGISTERED CIS	Applicability of amendment to prospectuses for CATEGORY 2 SECURITY OFFERING	Amended Rule Reference
Exemption for entities applying for listing	N/A	✓	1.1(5)(c)
Exemption for offers subject to Takeover code	N/A	✓	1.1(5)(e)
Exemption for offers subject to court sanctioned scheme	N/A	✓	1.1(5)(f)
Professional Investor scope exemption	N/A	✓	1.1(5)(g)
200 Person scope exemption	N/A	✓	1.1(5)(h)
Minor changes to personal information disclosure for offerors / promoters	✓	✓	2.1(a)
Clarification of disclosure of goodwill etc.	✓	✓	2.3(1)
Valuation related disclosures	✓	N/A	2.6
Fees and charges disclosures	✓	N/A	2.7
Borrowing Limit disclosure	✓	✓	2.9

Issue and redemption procedure disclosure	✓	N/A	2.10
Prime Broker disclosure	✓	N/A	2.14(2)(b)
Minor changes to Director / Secretary information disclosure	✓	✓	2.15(2)
Manager and Investment Advisor disclosure	✓	N/A	2.18
Service Provider Conflict disclosure amendments	✓	N/A	2.20(1)(c) and associated Guidance Note
Mandatory Risk Disclosure Statement amendment	✓	✓	3.1, and Schedules 1 & 2
Circulation of prospectus clarifications	✓	✓	4.1
Amendments to requirements re changes in content	✓	✓	5.1
Additions and minor amendments to definitions	✓	✓	6.1

Appendix 2 – Draft of The Prospectus Rules and Guidance, 2025

Please see attached draft.

THE PROSPECTUS RULES and GUIDANCE, **20212025**

The Prospectus Rules, made in accordance with the Protection of Investors (Bailiwick of Guernsey) Law, 2020¹ (“the Law”), are set out in this document.

Further guidance, provided by the Guernsey Financial Services Commission (“the Commission”), is set out in shaded boxes.

¹ Order In Council No. XVIII of 2020.

Contents

PART 1 INTRODUCTION.....	4
1.1 Application	4
PART 2 INFORMATION TO BE SPECIFIED IN PROSPECTUS.....	7
2.1 Details relating to the offer	7
2.2 Capital.....	8
2.3 Goodwill, preliminary expenses, and benefits.....	9
2.4 Contracts.....	9
2.5 Interest of directors	9
2.6 Valuations.....	10
2.7 Fees and charges.....	10
2.8 Options and prior interests.....	10
2.9 Borrowings, indebtedness, and hedging powers.....	11
2.10 Issue and redemption procedure	11
2.11 Accounts and reports.....	11
2.12 Registered office and register of members, limited partnership interests, or unitholders	12
2.13 Principal establishments.....	12
2.14 Designated administrator and designated custodian or trustee	13
2.15 Directors and secretary	13
2.16 General partner of a limited partnership.....	13
2.17 Trustee of a unit trust.....	14
2.18 Manager or investment adviser	14
2.19 Other parties.....	14
2.20 Significant beneficial ownership	15
2.21 Voting and other rights.....	16
2.22 Additional information.....	16
2.23 Date of issue.....	17
PART 3 STATEMENT TO BE INCLUDED	18
3.1 Statement to be included in the prospectus	18
PART 4 CIRCULATION.....	19
4.1 Circulation of prospectus.....	19
PART 5 INFORMATION TO BE PROVIDED TO INVESTORS	20

5.1	Changes in content.....	20
PART 6 GENERAL PROVISION		21
6.1	Interpretation.....	21
PART 7 SAVINGS, REVOCATIONS, CITATION AND COMMENCEMENT		24
7.1	Savings	24
7.2	Revocations.....	24
7.3	Citation and commencement.....	24
Schedule 1.....		24
Schedule 2.....		23

PART 1 INTRODUCTION

1.1 Application

- (1) The Prospectus Rules ~~2021-2025~~ replace The Prospectus Rules 20~~18~~21².
- (2) The Commission may in its absolute discretion, by written notice, exclude or modify the application of any provision of these Rules.
- (3) The Commission may issue supplementary guidance regarding the standards of conduct and practice expected in relation to any aspect of the regulatory framework. Such guidance will not constitute rules of the Commission.
- (4) Unless specifically agreed otherwise by the Commission, and subject to Rule 1.1(5), these Rules apply to every prospectus in relation to –
 - (a) registered investment schemes;
 - (b) an offer by a company or limited partnership, that is registered in the Bailiwick; or unit trust that is governed by any of the laws of the Bailiwick of any Category 2 controlled investment; or
 - (c) an offer to the public in the Bailiwick of any Category 2 controlled investment, wherever the offeror is domiciled.
- (5) The Prospectus Rules do not apply to –

² G.S.I. No. ~~14431~~ of 20~~18~~21.

- (a) any offer of a Category 2 controlled investment that is listed or traded on any stock exchange, in respect of a company, limited partnership or unit trust registered or incorporated in a country or territory in which the local regulatory body is an ordinary member, associate member, or that is ~~or~~ an affiliate, of IOSCO;
- (b) any offer of a Category 2 Controlled investment that is ~~or~~ listed on an exchange that is supervised by a member of IOSCO;
- ~~(c)~~ any prospectus which is prepared as part of an application for the listing or trading on a stock exchange of a Category 2 Controlled Investment which would, when listed, fall within paragraphs (a) or (b) of this Rule;
- (d) a private investment fund;
- (e) an offer in respect of a Category 2 Controlled Investment which is subject to, and is undertaken in accordance with, the Takeover Code;
- (f) an offer in respect of a Category 2 Controlled Investment which is the subject of a court sanctioned scheme, process or order, where that sanctioning court is located in the Bailiwick of Guernsey, Jersey or in the United Kingdom;
- (g) the promotion of a Category 2 controlled investment directly communicated to Professional Investors;
- ~~(a)~~(h) the promotion of a Category 2 controlled investment which is directly communicated to an identifiable category of persons, not exceeding ~~50-200~~ in number (other than Professional Investors), if those persons are in possession of sufficient information as to be able to make a reasonable evaluation of any offer included in the promotion and are the only persons who may accept such an offer;
or

~~(b)(i)~~ a “Red Herring” prospectus, which is to be circulated in advance of the final offer, which contains appropriate disclaimers.

Guidance Note

The Commission will look through any nominee arrangement, to the underlying investors, to determine whether the offer has been promoted to more than ~~20050~~ persons.

- (6) The directors in the case of a company, or the general partner in the case of a limited partnership, or the manager or trustee in the case of a unit trust, or any such persons with actual responsibility for the preparation of the prospectus are responsible for compliance with these Rules.

Guidance Note: This document takes a two-level approach –

- the Rules set out the standards to be met; and
- guidance notes present suggested ways of showing compliance with the Rules.

Licensees may adopt alternative measures to those set out in the guidance so long as it is possible to demonstrate that such measures achieve compliance.

The text contained in shaded boxes contains guidance from the Commission and does not form part of the Rules.

PART 2 INFORMATION TO BE SPECIFIED IN PROSPECTUS

2.1 Details relating to the offer

(1) The prospectus must state the following –

- (a) the names, addresses and occupations (in the case of individuals) and the principal nature of their business or activities (in the case of corporate entities, and addresses) of –
 - (i) the offerors or vendors; and
 - (ii) any promoter,of the securities or membership of the company, limited partnership, interests of the limited partnership, or units of the unit trust;
- (b) the terms applicable to the acquiring of the securities or membership of the company, limited partnership interests, or units and, if those terms include a price that is payable; the method, time, and place of payment;
- (c) the opening and closing dates and times of the offer;
- (d) the minimum amount, if given, required to be raised by the offer;
- (e) when and how monies will be returned in the event of the offer not being completed or any securities, limited partnership interests, or units applied for not being allotted;
- (f) if known at the date of the issue of the prospectus, the anticipated date and forecast amount of the first distribution or interest payment on the securities, limited partnership interests, or units that are the subject of the offer;

- (g) general particulars of any property that is to be acquired with the proceeds of the offer; together with any investment restrictions that apply; and
- (h) in the case of any business that is intended to be acquired with the proceeds of the offer; the length of time during which that business has been carried on and summary financial information, if known at the date of the issue of the prospectus.

2.2 Capital

- (1) The prospectus must state the following, where applicable –
 - (a) in the case of a limited liability company; particulars of the share capital and securities that are the subject of that offer;
 - (b) in the case of a company limited by guarantee; an invitation to become a guarantor member and particulars of the amount of the guarantee;
 - (c) in the case of a limited partnership; particulars of the interests that are the subject of the offer; and
 - (d) in the case of a unit trust; particulars of the units that are the subject of the offer,together with details of any existing securities, limited partnership interests, or units that are not part of the offer.
- (2) In the case of a cell company, only the details of cell share capital of the particular cell, or the incorporated cell share capital of the particular incorporated cell company, which is subject to the offer must be disclosed.

2.3 Goodwill, preliminary expenses, and benefits

- (1) ~~Where applicable to the subject of an offer, the~~ prospectus must state the value of ~~any~~ goodwill, ~~and any~~ preliminary expenses, ~~and the accounting treatment as required by these Rules,~~ or any benefit given to the promoter from the proceeds of the offer, ~~as well as the accounting treatment of these items.~~

2.4 Contracts

- (1) The prospectus must state the dates of, parties to, and general nature of every material contract not being –
- (a) a contract or agreement entered into in the ordinary course of the business carried on, or intended to be carried on, by the offeror; or
 - (b) a contract entered into more than two years before the date of issue of the prospectus.
- (2) Management agreements are material and must be disclosed.

2.5 Interest of directors

- (1) This rule applies to the directors in the case of a company, protected cell company, or incorporated cell company; the directors of the managing general partner of a limited partnership scheme, the directors of a trustee and the directors of the manager of a unit trust scheme.
- (2) The prospectus must state the following, where applicable –
- (a) full particulars of the nature and extent of any direct or indirect interest in the company, or in the securities that are the subject of the offer, of every director and member of senior management of the company; including any shareholdings by the directors and members of senior management; and

- (b) details of all sums paid, or agreed to be paid, to any such director, in cash or shares or otherwise, by any person to induce that director to become or to qualify as a director, or for services rendered by the director or by the firm.

2.6 Valuations

(1) This rule applies to registered investment schemes only.

(2) The prospectus must state the following –

- (a) details of the manner and the frequency in which assets and liabilities will be valued;
- (b) the provision for the publication of the price in respect of an open-ended collective investment scheme or for the publication of the Net Asset Value in respect of a closed-ended collective investment scheme; and
- (c) the availability of the price or the Net Asset Value if this is not to be published.

2.7 Fees and charges

(1) This rule applies to registered investment schemes only.

(2) The prospectus must state the nature of all fees, material charges, and expenses payable out of the property and, where applicable, how their amounts will be determined.

2.62.8 Options and prior interests

- (1) The prospectus must state the details of any subscriptions, allotments, or options to be given, or already existing, in respect of any other securities of the company, limited partnership interests of the limited partnership, or units of the unit trust; including any that have a prior right over the securities, limited partnership interests, or units covered by the offer to a distribution of the profits or assets of the offeror.

2.72.9 Borrowings, indebtedness, and hedging powers

- (1) The prospectus must ~~state~~ disclose any borrowing limits or restrictions, the details of all borrowings or indebtedness of the offeror and the extent of any mortgage, charge, or security interest over, or attaching to, the assets of the offeror as at the date of the prospectus, or an appropriate negative statement, and the details of any hedging powers.

2.10 Issue and redemption procedure

- (1) This rule applies to registered investment schemes only, where applicable.
- (2) The prospectus must state the following –
 - (a) the arrangements for issue and redemption of units;
 - (b) any minimum holding of units and any minimum redemption number of units;
 - (c) the arrangements for the registration of, and transfer of title to, units; and
 - (d) the circumstances in which issues or redemptions of units may be suspended.

2.82.11 Accounts and reports

- (1) The prospectus must state the following –

- (a) where applicable, current financial information on the offeror, including a copy of the latest audited accounts of the offeror accompanied by a report on those financial statements by the offeror's auditors;
- (b) the generally accepted accounting practices or principal accounting policies that will be applied to the preparation of the offeror's accounts;
- (c) the duration of the first accounting period, where relevant;
- (d) the accounting date of the offeror;
- (e) when reports will be published, distributed, or available to holders in relation to the accounting date of the offeror;
- (f) any other reports of a specialist nature by any person who could be described as an expert on any aspect of the business of the offeror, identifying any unusual element of risk to the investor; and
- (g) when any other reports will be published, distributed, or available to holders.

2.92.12 Registered office and register of members, limited partnership interests, or unitholders

- (1) The prospectus must state the address of the registered office of the offeror, where applicable, and the address at which its register of members, limited partners, or unitholders is kept.

2.102.13 Principal establishments

- (1) The prospectus must state the location and nature of the offeror's principal operating establishments.

2.112.14 Designated administrator and designated custodian or trustee

- (1) This rule applies to registered investment schemes only.
- (2) The prospectus must state the name and addresses of the following –
 - (a) the designated administrator;
 - (b) the designated custodian or trustee, and / or, where appointed, any prime broker, –in respect of a registered open-ended investment scheme; and
 - (c) the name of the custodian, if appointed, in respect of a registered closed-ended investment scheme.

2.122.15 Directors and secretary

- (1) This rule applies to the directors and secretary, in the case of a company, protected cell company, or incorporated cell company, the directors of the managing general partner of a limited partnership scheme, and the directors of a trustee and the manager of a unit trust scheme.
- (2) The prospectus must state the following names, business occupations, qualifications, and addresses of: –
 - (a) ~~the names, business occupations, and addresses of~~ the directors or proposed directors; and
 - (b) ~~the name, qualifications, and address of~~ the secretary, where applicable.

2.132.16 General partner of a limited partnership

(1) The prospectus must state the following –

- (a) its name;
- (b) place and date of registration or incorporation; and
- (c) the address of its registered office.

2.142.17 Trustee of a unit trust

(1) The prospectus must state the following –

- (a) its name;
- (b) place and date of incorporation; and
- (c) the address of its registered office.

2.18 Manager or investment adviser

(1) This rule applies to registered investment schemes only.

(2) The prospectus must state the names and addresses of the following –

- (a) the manager; and
- (b) any investment advisor.

2.152.19 Other parties

(1) The prospectus must state the following –

- (a) the name and address of the offeror's auditors;
- (b) the name and address of the offeror's legal advisers; and
- (c) the name and address of the offeror's ~~principal~~ bankers.

2.162.20 Significant beneficial ownership

(1) The prospectus must state the following –

- (a) shareholdings of those persons who hold a significant beneficial ownership interest in the offeror at the date of the prospectus;
- (b) with respect to tender offers, take-over bids, and other transactions intended to effect a change of control as defined by the Law; or that potentially may result in a change of control; or that may consolidate control; information necessary to make an informed decision; and
- (c) in the case of a registered investment scheme, the names of those holding significant beneficial ownership in the –
 - (i) designated administrator, designated custodian, or designated trustee;
 - (ii) general partner, in the case of a limited partnership; or
 - (iii) trustee, in the case of a unit trust,

acting in relation to a registered collective investment scheme where the holding of such significant beneficial ownership constitutes an actual or potential conflict of interest.

Guidance Note:

For the purposes of Rule 2.20(1)(c), such a conflict of interest might, for example, include instances where:

- The same individual holds a significant beneficial ownership in more than one of the parties referred to in 2.20(1)(c)(i); or
- An individual holds a significant beneficial ownership in one of the parties referred to in 2.20(1)(c)(i) as well as having a financial or controlling interest in the Registered Collective Investment Scheme to which those parties provide services to.

This should not be considered to be an exhaustive list of examples.

2.172.21 **Voting and other rights**

(1) The prospectus must state the following –

- (a) the arrangements that will exist for general meetings;
- (b) any class rights that will exist;
- (c) the voting rights that will be exercisable at meetings of unitholders; and
- (d) a summary of the rights conferred upon or attaching to unitholders of the securities, limited partnership interests, or units that are the subject of the offer in the prospectus.

2.182.22 **Additional information**

- (1) The prospectus must state any other material information, including risk disclosures, that an investor would reasonably require to enable such investor to make an informed judgment about the merits of investing in the securities, limited partnership interests, or units offered.

2.192.23 Date of issue

- (1) The prospectus must state the date of issue.

PART 3 STATEMENTS TO BE INCLUDED

3.1 Statements to be included in the prospectus

(1) ~~The~~ A prospectus must include the statement set out at Schedule 1.

~~(2) — The prospectus, in respect of the offer for the issue of securities, limited partnership interests, or units must include the statement set out at Schedule 2.~~

PART 4 CIRCULATION

4.1 Circulation of prospectus

- (1) A person must not circulate a prospectus in the Bailiwick; and no company, limited partnership, or unit trust registered or otherwise established in the Bailiwick, must circulate, or procure the circulation, of a prospectus outside the Bailiwick unless the following conditions apply –
- (a) the prospectus contains the information set out in Part 2;
 - (b) the prospectus includes the statements specified in Part 3;
 - (c) the Commission has received –
 - (i) a final copy of the prospectus; including any reports referred to within the prospectus;
 - (ii) in the case of a prospectus relating to a Category 2 controlled investment, the application fee;
 - (iii) such other particulars as the Commission may require; and
 - (d) the Commission has either: in the case of a prospectus relating to a Category 2 controlled investment, registered the prospectus; or in the case of a prospectus relating to a registered investment scheme, issued its declaration of registration in respect of that scheme.

PART 5 INFORMATION TO BE PROVIDED TO INVESTORS

5.1 Changes in content

- (1) Changes to any matter required to be included in a prospectus, in accordance with rules 2.1(1)(g), 2.6, 2.7, 2.9, 2.10, 2.14 to 2.19 and 2.212.11 to 2.15, must be immediately notified to investors in an appropriate format.
- (2) A copy of the notification must be provided to the Commission, by electronic means, as soon as practicable.
- (3) Where the change is to a prospectus, it must be resubmitted to the Commission for registration.
- (4) If the change takes the form of a supplement, then the combination of prospectus and supplement must comply with the requirements of Part 2.

Guidance Note:

Notification to investors may be made by an appropriate announcement on a website, regulatory announcement service, email, or letter.

PART 6 GENERAL PROVISION

6.1 Interpretation

- (1) In these Rules terms have their ordinary meaning unless specifically defined in the Law or in these Rules.

(2) In these Rules the following definitions should be followed –

“Category 2 Controlled Investment” means any general security and derivative which falls within the description set out at Part 2 of Schedule 1 to the Protection of Investors (Bailiwick of Guernsey) Law, 2020;

“cell company” means a protected cell company, incorporated cell company, and any company by which the segregation of assets is achieved, according to class, by either statutory or contractual segregation;

“holder” – in relation to a share in a registered collective investment scheme, means the person who is entered in the register as the holder of the share, or unit, or limited partnership interest; or the first named holder in the case of joint holders;

“IOSCO” means International Organisation of Securities Commissions;

“manager” means the person appointed manager of a registered collective investment scheme including, the general partner (appointed under a limited partnership agreement), the manager of a unit trust (appointed under a unit trust instrument); or that person appointed by the trustee, under a management agreement, to discharge the duties under a management agreement;

“OECD” means the Organisation for Economic Co-operation and Development;

“offer” means the offer for issue of securities, limited partnership interests, or units of a registered investment scheme, or any Category 2 controlled investment;

“offeror” or “issuer” means the company, limited partnership, or unit trust; the securities, limited partnership interests, or units of which are the subject of the offer in the prospectus;

“private investment fund” means a collective investment scheme declared in a registration issued by the Commission, in accordance with the Private Investment Fund Rules, 2021 and section 8 of the Law, to be a private investment fund;

“Professional Investor” means an investor who is able:

- to evaluate the risks and strategy of investing in the offer; and
 - to bear the consequences of investment; including the possibility of any loss arising from the investment,
- and who is either:
- a Government, local authority, public authority, or supra-national body either in the Bailiwick or elsewhere;
 - a person, partnership, or other unincorporated association or body corporate, whether incorporated, listed, or regulated in an OECD country or otherwise, whose ordinary business or professional activity includes, or it is reasonable to expect includes, acquiring, underwriting, managing, holding, or disposing of investments whether as principal or agent; or the giving of advice on investments; or
 - an individual investor who makes an initial investment of not less than US\$100,000 or equivalent, where the amount invested represents no more than 25% of the individual's investable assets;

“prospectus” means any prospectus, notice, circular, or other document containing detailed information about an offer to the public of any Category 2 controlled investment for subscription, purchase, or exchange and, in the case of a registered collective investment scheme, includes information particulars, prospectus, scheme particulars, offering memorandum, explanatory memorandum, term sheet, application form, subscription agreement, and any other similar documents or any combination of the foregoing;

“registered investment scheme” means an open-ended collective investment scheme or a closed-ended collective investment scheme declared in a registration issued by the Commission under section 8 of the ~~Protection of Investors (Bailiwick of Guernsey) Law, 2020~~Law and recognised as a registered investment scheme under the Registered Collective Investment Scheme Rules 2021 for the purposes of the Law;

“senior management” includes members of the administrative, supervisory, and management bodies, and partners with unlimited liability;

“significant beneficial ownership”, in relation to a company, limited partnership, or unit trust, means an investor who, alone or with associates, is entitled to exercise, or control the exercise of, or has the option to acquire securities that would upon exercise entitle the investor to exercise, or control the exercise of,

15 percent or more of the voting rights in a general meeting of that company, limited partnership, or unit trust~~z~~

“Takeover Code” means The City Code on Takeovers and Mergers, issued by The Panel on Takeovers and Mergers, as amended and updated from time to time.

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PART 7 SAVINGS, REVOCATIONS, CITATION AND COMMENCEMENT

7.1 Savings

- (1) Any prospectus in circulation on the commencement of these Rules, and registered under either The Prospectus Rules 2008, ~~or~~ The Prospectus Rules 2018 or The Prospectus Rules 2021, will continue as if those Rules were still in force. Any changes to the prospectus will take effect in accordance with Part 5 of these Rules.
- (2) Any exclusion or modification granted by the Commission, under The Prospectus Rules 2018 or The Prospectus Rules 2021, will continue to apply where the Law and these Rules provide scope for such exclusions and modifications.

7.2 Revocations

~~7.2.1—Revocation of The Prospectus Rules 2018~~

- (1) The Prospectus Rules 20~~18~~21 are revoked.

7.3 Citation and commencement

- (1) These rules may be cited as The Prospectus Rules ~~2021~~2025.
- (2) These rules come into force on ~~1st November 2021~~ 1] 2025.

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SCHEDULE 1

Statement to be included in all prospectuses:

~~“Neither the~~ The Guernsey Financial Services Commission ~~nor the States of Guernsey~~
~~take any~~ takes no responsibility for the financial soundness of the [company, limited
partnership, or unit trust] or for the correctness of any of the statements made or
opinions expressed with regard to it.

If you are in any doubt about the contents of this document you should consult your
accountant, legal or professional adviser, or financial adviser.

[The directors of the company, the general partner of the limited partnership, or
manager or trustee of a unit trust] have taken all reasonable care to ensure that the
facts stated in this document are true and accurate in all material respects, and that
there are no other facts the omission of which would make misleading any statement
in the document, whether of facts or of opinion. [All the directors, general partner,
manager or trustee] accept responsibility accordingly.]

It should be remembered that the prices of [securities, limited partnership interests, or
units] and income from them can go down as well as up.”

SCHEDULE 2

Statement to be included in any prospectus in respect of the offer for the issue of securities, limited partnership interests, or units:

~~"It should be remembered that the prices of [securities, limited partnership interests, or units] and the income from them can go down as well as up."~~

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