



Guernsey Financial
Services Commission

Explanatory Note

Revision of the Private Investment Fund Rules



The Guernsey Financial Services Commission has today issued the Private Investment Fund Rules, 2025 (the “PIF Rules”) made in accordance with the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (the “PoI Law”), revising and replacing the previous 2021 Rules.

A copy of the PIF Rules is available on the Commission’s website at the following link: [Legislation & Guidance — Commission — GFSC](#).

The PIF Rules create a streamlined framework, with regulation calibrated at a level appropriate to a fund for qualifying private investors.

The key changes to the regime are explained below. It should be noted that currently registered PIFs will be subject to the revised PIF Rules but that **the revised PIF Rules do not create any new requirements or obligations on existing PIFs or their service providers and that there is no requirement to update or “repaper” investor or service provider declarations**. The Commission is happy to address any specific queries from PIFs and their service providers relating to the revision of the PIF Rules. Any queries may be addressed to: ifpd@gfsc.gg.

Key Revisions

- The former Routes 1 and 2 have been effectively merged into a single, core PIF category, a Qualifying PIF (QPIF). This has been done by adding to the existing list of Qualifying Private Investor (QPI) categories, a new category of “licensee admitted investors” for which a PoI licensee (PIF Manager or Designated Administrator) has warranted qualification. Existing Route 1 PIF investors already meet the definition of a licensee admitted investor. Going forward all QPIFs will have the option to accept investors meeting any of the revised qualifying investor criteria.

The PIF Rules do not require the appointment of a PoI Law licensed manager but the requirement for all Guernsey funds to appoint a Guernsey licensed fund administrator remains in place.

- There is no longer a set upper limit on the number of potential investors to which a QPIF may be offered, but the rules make it clear that the fund may only be offered to QPIs and must be offered privately and not to the general public.
- There is no longer a set upper limit on the number of investors in a PIF. In practice the restrictions on PIF marketing and investor eligibility will limit the number of investors in any PIF. The Commission will continue to monitor investor numbers as part of its ongoing onsite and post facto reviews. The Commission expects a PIF to be managed and administered in such a way as to ensure observance of the QPI criteria and avoidance of marketing of PIFs to retail investors. Breaches will be a matter of supervisory concern.
- The QPI criteria apply to investors with an ultimate economic interest in the fund, looking through intermediate investor vehicles, except where the investment is made by a legal entity or legal arrangement (not being an entity or arrangement formed specifically for the purposes of investing in the QPIF) which is itself managed or advised by a party which fits within the definition of a QPI (for example a collective investment scheme or occupational pension scheme).

- Appointment of an external auditor is no longer required under the PIF Rules, but an auditor may still be appointed where in line with investors' wishes and a PIF's constitution. PIF financial statements must continue to be submitted to the Commission on an annual basis and, where these are audited, include the relevant auditors' report. Where an auditor is appointed to a PIF, the auditor must operate from a place of business in the Bailiwick.
- The PIF Rules no longer require a risk disclosure statement but instead require that a standard declaration from the investor confirming their QPI status and their understanding of risk is obtained by the Designated Administrator.

Features Retained

The other key aspects of the PIF regime remain in place.

- All PIFs must appoint a licensed Designated Administrator.
- The board and management of a PIF must act in accordance with the Rules and the fund's principal documents.
- PIFs must comply with conflicts of interest rules.
- The rules continue to provide for registration as a Family PIF (formally described as a Route 3 – Family Relationship PIF).

The diagram below illustrates the new QPIF structure.

**NO INVESTOR
NUMBER LIMIT**

NO OFFER LIMIT

Qualifying Private Investors: any combination of the following investor categories:

Previous “Route” 2 criteria:

- Professional Investors,
- Experienced Investors,
- Knowledgeable Employees,

Additions:

- High Net Worth Investors,
- UK Professional Clients,
- EU Professional Clients,
- US Accredited Investors,

Previous “Route 1” Licensee warranted:

- Determined by a licensee as able to evaluate risk and bear potential loss

PIF

OPTIONAL

AUDITOR

(optional, but if appointed must have place of business in Guernsey)

OPTIONAL

**POI LICENSED
MANAGER**

(optional, but needed if licensed manager investor warranty to be relied upon)

MANDATORY

**POI LICENSED
ADMINISTRATOR**

(MANDATORY)