

Policy note – The Commission’s approach to licensing of firms acting as Designated Administrators of Family Private Investment Funds

Introduction:

Following the revision of the Private Investment Fund Rules and Guidance (“the PIF Rules”) in May 2025, the Commission would like to clarify its approach to the licensing of persons, and in particular those who already hold a primary fiduciary licence, who wish to act as Designated Administrator of a Family Private Investment Fund (“Family PIF”). Accordingly, this document sets out an approach for the issuance of a “limited” licence under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (“the POI Law”) to help open up this specific activity to primary fiduciary licensees.

Background:

A Private Investment Fund (“PIF”) is a class of Guernsey regulated collective investment scheme which is registered under Section 8 of the POI Law. PIFs are private in nature and therefore may not be widely promoted to the general public.

A PIF may be registered as either a Qualifying PIF, in which case all investors must be Qualifying Private Investors (as defined in the PIF Rules), or as a Family PIF, in which case all investors must share a family relationship or be an eligible employee of the family. This document focuses on the Family PIF.

As a collective investment scheme, a Family PIF falls within the definition of a Category 1 Controlled Investment under the POI Law. Persons conducting a Restricted Activity (which term includes the activity of Administration) by way of business in or from within the Bailiwick of Guernsey, in respect of a Controlled Investment, must first be licensed under Section 4 of the POI Law (i.e. they must be a “POI licensee”). Under their respective regulatory rule frameworks, every Guernsey regulated collective investment scheme must appoint a Designated Administrator, which for the reasons mentioned above, must be a POI licensee.

Typically, this Designated Administrator function is fulfilled by an appropriately licensed firm which is part of the mainstream fund administration sector. For the avoidance of doubt, such firms have always been, and will continue to be, able to act as an administrator of a Family PIF to the extent permitted by their POI licence.

However, the Commission recognises that the type of investors who might wish to establish and invest in a Family PIF will often tend to be clients of firms in the fiduciary sector. Such firms, whilst holding a licence under the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2020 (“the Fiduciaries Law”), might not

hold the relevant POI Law licence to allow them to act as Designated Administrator of a Family PIF.

This document sets out details of the Commission's approach to the "limited" licensing of primary fiduciary licensees under the POI Law, to facilitate them carrying out the Designated Administrator role specifically for Family PIFs, where this role is the only activity falling under the POI Law they will undertake. For the avoidance of doubt, the following "limited licence" approach does not preclude a predominantly fiduciary focussed firm from applying for a "full" POI licence to permit it to undertake a wider range of investment activities besides solely acting as Designated Administrator of a Family PIF, should it wish. In either case, the applicant will need to demonstrate that it has the appropriate skills, expertise and resources to undertake those activities for which it is applying to be licensed, whether those fall under a "limited" or a "full" licence.

Commission policy on issuing a "limited" POI licence to a fiduciary firm wishing to act as Designated Administrator of a Family PIF:

Where a firm which is currently licensed solely under the Fiduciaries Law as a primary licensee wishes to act as the Designated Administrator of a Family PIF and has no intention of conducting any other activities which fall within the scope of the POI Law, the Commission welcomes an application for it to be granted a "limited" POI licence.

Any such application will be considered with the same rigour as any other licence application, and will need to demonstrate that the firm continues to meet the minimum criteria for licensing and has the relevant skills, expertise and resources to undertake the specific investment activities associated with acting as Designated Administrator of a Family PIF.

Following approval, a POI licence will be issued in the normal manner under Section 4 of the POI Law, but will be "limited" by the application of a condition restricting the investment activities which may be undertaken solely to those associated with acting as Designated Administrator of one or more Family PIFs. The condition would prohibit any other investment activities from being undertaken.

For the avoidance of doubt, any application for a "limited" POI licence should cover all of the Restricted Activities necessary for the firm to be able to conduct the Designated Administrator role in respect of a Family PIF. This will likely be more than just the Restricted Activity of Administration. However, as referred to above, the condition which will be attached to any such licence will limit the carrying out of any of those Restricted Activities solely to the extent that they are undertaken in acting in the role as Designated Administrator of a Family PIF.

Fees:

Whilst the application fee for a "limited" POI licence is consistent with that for a "full" licence, given the restricted nature of the investment activities which such licensees would be able to undertake, the Commission will charge an annual fee of £1,000 for this type of licensee. This represents a reduction over the annual amount which would otherwise be payable by licensees who undertake a wider range of investment activities.

Ongoing regulatory requirements:

Like all persons holding a licence under the POI Law, the holders of a “limited” POI licence must comply with the POI Law.

Likewise, all holders of a POI licence are required to comply with the Licensees (Conduct of Business) Rules, 2021. However, given the restricted nature of the investment activities which may be undertaken by the holder of a “limited” POI licence, many of these rules may simply not be relevant to their particular circumstances and the activity conducted.

POI licensees are also subject to the Licensees (Capital Adequacy) Rules, 2021 (“the Cap Ad Rules”), however in the case of holders of a “limited” POI licence, the Commission is prepared to exercise its power to waive the requirements of certain of these rules, and also to modify the Fiduciary Rules, 2021 where relevant. As a result of such waivers and modifications, the prudential requirements applicable to such firms would be the financial resources and liquidity requirements of the Fiduciary Rules, 2021 and professional indemnity insurance requirements consistent with the Cap Ad Rules.

In accordance with Paragraph 4.58. of the Handbook on Countering Financial Crime (AML/CFT/CPF) (“the Handbook”), each Family PIF registered by the Commission must nominate a firm licensed under the POI Law to be responsible for the application of CDD measures to all investors in that Family PIF. The “limited” POI licensee will be able to fulfil this function. Other parties to the Family PIF, such as the custodian/bank, will be able to continue to rely on CDD measures set out in Section 9.5 of the Handbook.

Fiduciary firms applying for a “limited” POI licence will need to be mindful of the above, and ensure that their policies, procedures, and controls cover the relevant investment related regulatory requirements which are applicable to their operation. The regulatory requirements associated with their Fiduciary licence will continue to apply.

Application process:

A “limited” POI licence may be applied for by licensed fiduciaries whose primary activities substantially comprise regulated activity under the Fiduciaries Law and who are existing holders of a primary fiduciary licence. Eligible firms wishing to take advantage of this policy to enable them to act as the Designated Administrator of a Family PIF should make an application using the Commission’s on-line Applications and Authorisations portal, making clear in the relevant section of the on-line application that it is for a “limited” POI licence made under this policy.

The Commission welcomes early engagement with firms considering making such an application and would be pleased to meet with such potential applicants ahead of any application being made, to discuss the expectations and requirements of the holders of such “limited” POI licences, or any other aspects of the policy or application process.

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