

THE PRIVATE INVESTMENT FUND RULES and GUIDANCE, 2025

The Private Investment Fund Rules, made in accordance with the Protection of Investors (Bailiwick of Guernsey) Law, 2020¹ (“the Law”), are set out in this document. Guidance, provided by the Guernsey Financial Services Commission (“the Commission”) is set out in blue boxes.

¹ Order In Council No. XVIII of 2020.

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PART 1 INTRODUCTION

1.1 Application

- (1) The Private Investment Fund Rules , 2025 replace The Private Investment Fund Rules (2), 2021.
- (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, these Rules apply to registered collective investment schemes that have elected to be within the private investment fund regime.

Guidance Note: This document take 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 REQUIREMENTS FOR REGISTRATION

2.1 Registration of Private Investment Funds

- (1) All funds applying for registration as a Private Investment Fund (a “PIF”), must fulfil all of the criteria set out at Schedule 1 for either a -
 - (a) Qualifying Private Investment Fund (“QPIF”) or
 - (b) Family Private Investment Fund (“Family PIF”).

2.2 Application for registration

- (1) The manager, or designated administrator, of a proposed PIF seeking a declaration of registration from the Commission must submit the appropriate application form and must also provide such other information as the Commission may require.
- (2) All applications must clearly indicate the identity of the proposed designated administrator.
- (3) Applications must be accompanied by any fee set out in the relevant Fees Regulations.

2.3 Registration declaration

- (1) The Commission may grant registration, under section 8 of the Law, by declaration if it is satisfied with the undertakings required, and the application made, in accordance with these Rules.

Guidance Note:

Where a PIF declaration of registration is issued, the Commission will, at the same time, confirm the designation of the administrator.

2.4 Undertakings

- (1) As a condition of the registration of a scheme as a PIF, the Commission is entitled to require any undertakings, indemnities, bonds, guarantees, and assurances as it may determine in order to secure compliance with these Rules.

PART 3 MANAGEMENT, ADMINISTRATION AND AUDIT

3.1 General provisions applicable to the designated administrator of a PIF

- (1) Every PIF must have a designated administrator.
- (2) The duties of the designated administrator set out in these Rules, in the principal documents and, where applicable, in the information particulars are in addition to the duties otherwise imposed by the applicable law.

3.2 Administration

- (1) It is the duty of the designated administrator of a PIF to administer the scheme in accordance with –
 - (a) the principal documents;
 - (b) these Rules;
 - (c) where applicable, the most recent information particulars;
 - (d) applicable law; and
 - (e) in the case of a company scheme, subject to any proper directions given by the manager and directors; and in the case of a limited partnership scheme, subject to any direction given by the general partner, or corporate trustee of a unit trust scheme as applicable.
- (2) It is the duty of –
 - (a) the directors, in the case of a company scheme;
 - (b) the directors of the manager;
 - (c) the directors of the general partner of a limited partnership, in the case of a limited partnership; and

- (d) the directors of the corporate trustee, in the case of a unit trust,

not to give any directions or exercise any powers, duties, or discretions that cause the scheme to operate other than in accordance with these Rules, the principal documents and, where applicable, the information particulars.

- (3) Subject to any restrictions in the principal documents the designated administrator may, at its discretion, delegate any function to any person provided that the designated administrator is satisfied at the outset, and remains satisfied, that the delegate is competent to undertake the function in question.

Guidance Note:

Any such arrangement must be made in accordance with the Commission's "Guidance Note on Outsourcing of Functions by Entities Licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 2020".

3.3 Management

- (1) It is the duty of the manager to manage the scheme in accordance with –
 - (a) the principal documents;
 - (b) these Rules;
 - (c) where applicable, the most recent information particulars; and
 - (d) applicable law.

Guidance Note:

A PIF may, but is not required to, appoint a licensee as manager.

3.4 Appointment of auditor

- (1) Where an auditor is appointed to a PIF, such auditor may only be one which operates from a place of business in the Bailiwick.

Guidance Note:

A PIF is not required by these Rules to appoint an auditor. However, this does not preclude the appointment of an auditor to a PIF, if desired, or if it is a requirement of any other legislation to which the PIF might be subject.

3.5 Information Particulars

- (1) There is no obligation to produce information particulars for a PIF. Where information particulars are produced the manager, directors, general partner, or trustee must take responsibility for their preparation and publication.

3.6 Offers

- (1) A PIF may only be offered to a restricted group of persons meeting the criteria set out in Schedule 1. A PIF must not be the subject of an offering to the general public.

PART 4 CONFLICTS OF INTEREST

4.1 Conflicts of interest

- (1) The directors, the general partner, and the corporate trustee, where applicable, must each take all reasonable steps to ensure that there is no breach of any of the following requirements of this conflicts of interest rule by any relevant person, and in this rule “relevant person” means –
 - (a) the designated administrator;
 - (b) in the case of a unit trust, the corporate trustee;
 - (c) any investment adviser;
 - (d) any manager;
 - (e) the fund itself (if a legal person);
 - (f) in the case of a company, the directors of the company;
 - (g) in the case of a limited partnership, the directors or general partner of the general partner, and the general partner itself;
 - (h) the custodian; and
 - (i) any associate of any person described above.
- (2) Cash forming part of the scheme property may be placed in any current, deposit, or loan account with a relevant person if the arm’s length requirement is satisfied.
- (3) A relevant person may lend money to the PIF if the arm’s length requirement is satisfied. Loans that form part of an investor’s commitments do not fall into this category.

- (4) A relevant person may not sell or deal in the sale of property to the PIF unless the arm's length requirement is satisfied. For the purpose of this section a sale includes any lease or other transaction under which scheme property is made available by the PIF.
- (5) A relevant person must not purchase scheme property from a PIF unless the arm's length requirement is satisfied. For the purpose of this section, a purchase includes any lease or other transaction under which the scheme property of the PIF is made available to the relevant person.
- (6) A relevant person must not vest property in a PIF against the issue of PIF shares, unless –
 - (a) the arm's length requirement is satisfied; or
 - (b) it is vested for the purpose of arrangements under which the whole or part of the property becomes the initial scheme property of the PIF.
- (7) A relevant person must not enter into a stock lending transaction in relation to the PIF unless the arm's length requirement is satisfied.
- (8) A relevant person must not provide services for the PIF unless the services are provided on terms which satisfy the arm's length requirement.
- (9) The arm's length requirement is that the arrangements between the relevant person and the PIF are at least as favourable to the PIF as would be any comparable arrangement, effected on normal commercial terms, negotiated at arm's length between the relevant person and an independent party. Circumstances in which the arm's length requirement will be deemed to be satisfied include when –
 - (a) the transaction satisfies the criteria for best execution on-exchange –
 - (i) if the property is an approved security or an approved derivative; and

- (ii) the transaction is effected with, or through, a member of the relevant exchange under the rules of that exchange;

OR

- (iii) there is evidence in writing of the effecting of the transaction and of its terms; and
- (iv) the manager has taken all reasonable steps to effect the transaction or to ensure that it is effected on the terms which are best available for the PIF in the circumstances;

OR

- (b) the transaction satisfies the criteria for independent valuation if –

- (i) the value of the property is certified, in writing, for the purpose of the transaction by a person selected or approved by the directors, in the case of a company, or the general partner in the case of a limited partnership, or the manager or corporate trustee in the case of a unit trust, as –

- (A) independent of any relevant person; and

- (B) qualified to value property of the relevant kind; and

- (ii) the directors in the case of a company, the general partner in the case of a limited partnership, or the manager or corporate trustee in the case of a unit trust, are of the opinion that the terms of the transaction are not likely to result in any material prejudice to holders.

- (10) Paragraphs (2) to (7) are subject to any provision in the principal documents or the information particulars forbidding the utilisation of any or all of them.

Guidance Note:

Where the principal documents, or information particulars, of the scheme prohibit any of the actions set out at (2) to (7) this Rule does not override that prohibition and, even if the arm's length requirement is satisfied, they must not be undertaken.

PART 5 NOTIFICATIONS

5.1 Immediate notifications

- (1) The manager or designated administrator must give written notice to the Commission of –
 - (a) any proposed change of designated administrator, in which circumstance the appointment of the proposed new designated administrator will only be effective following confirmation of its designation by the Commission; and
 - (b) any proposal to reconstruct, amalgamate, terminate prematurely, wind-up, or extend the life of the PIF.

5.2 Annual notifications

- (1) The designated administrator must notify the Commission each year of any change in respect of the information contained in the application form submitted for registration as a PIF or, in the absence of any change, notify the Commission of no change.
- (2) Such notifications must be submitted together with the annual reports and accounts for the PIF, as required under these Rules.

5.3 Annual reports and financial statements

- (1) The designated administrator must submit to the Commission:
 - (a) in the case of a PIF which has appointed an auditor, copies of the audited annual report and accounts for the PIF, or

- (b) In the case of a PIF which has not appointed an auditor, copies of the accounts for the PIF,

no later than six months following the end of the annual accounting period of the PIF.

Guidance Note:

Where an auditor is not appointed to a PIF, the accounts submitted in accordance with Rule 5.3(1)(b) should be those prepared in accordance with the fund's constituting documents and law, as applicable

5.4 Quarter-end statistical information

- (1) The designated administrator must submit to the Commission a statistical return relevant to the PIF for each quarter. The information to be contained in such a return is as required by the Commission and must be made within the Commission's agreed timeframes.

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 -

“administration agreement” is the agreement by which a designated administrator is appointed to discharge the duties of the administration of a PIF;

“annual accounting period” is the period, normally of 12 months, as specified by relevant legislation, or specified in the information particulars, or principal documents;

“approved derivative” means a derivative that is traded or dealt in, or on, a regulated derivatives market;

“approved security” means a transferable security that is admitted to official listing on the International Stock Exchange, or in the UK, or in an EEA State, or is traded on or under the rules of a regulated securities market;

“corporate trustee”, in relation to a PIF that is a unit trust, means the trustee of the unit trust, which must be licensed under the Law;

“holder”, in relation to a PIF share, 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;

“information particulars” means particulars of a PIF and includes a prospectus, scheme particulars, an offering memorandum, an explanatory memorandum, a term sheet, application form, subscription agreement, admission document, listing particulars, or any other similar document, or any combination of these;

“investment adviser” means a person who, under a commercial arrangement not being a mere contract of employment, provides the manager, or the board of directors, the general partner of a limited partnership, and the manager or corporate trustee of a unit trust of a PIF, with advice as to the merits of investment opportunities available to such PIFs; whether or not they regularly exercise a discretionary power over investments for the account of that scheme;

“the Law” means the Protection of Investors (Bailiwick of Guernsey) Law, 2020;

“manager” means the person appointed manager of a PIF, and includes the general partner of a PIF which is structured as a limited partnership, and the corporate trustee of a PIF which is structured as a unit trust (appointed under a unit trust instrument or management agreement). Where a PIF is structured as a company, in the absence of a person appointed as manager, the board of directors shall be considered the manager of the PIF for the purposes of these Rules;

“a PIF share” means a share, limited partnership interest, or unit, or similar interest in a PIF;

“principal documents” means, in relation to –

- (a) a unit trust; the trust instrument and the management agreement;
- (b) a company; the articles of incorporation of a Guernsey company (or an equivalent document under the applicable law of a non-Guernsey body corporate), the management agreement, administration agreement, and the custodian agreement;
- (c) a partnership; the limited partnership agreement, the partnership agreement, the partnership management agreement, and the custodian agreement; and
- (d) a PIF other than a unit trust, a company, or limited partnership; the documents dealing collectively with the same or similar obligations and duties as the principal documents constituting a unit trust, a company or a limited partnership and, further, the administration agreement, and custodian agreement;

“Qualifying Private Investor” or “QPI” means an investor who –

- is able to evaluate the risks and strategy of investing in the PIF;
- is able to bear the consequences of investment in the PIF; including the possibility of any loss arising from the investment; and
- falls within one of the following categories of investor:

Professional Investors,
Experienced Investors,
Knowledgeable Employees,
High Net Worth Investors,
UK Professional Clients,
EU Professional Clients,
US Accredited Investors, or
Licensee Admitted Investors.

For the purposes of this definition–

a Professional Investor is –

- 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;
- an affiliate of a PIF, or an associate of an affiliate of a PIF – where the terms “affiliate” and “associate of an affiliate” refer to financial services businesses or financial services professionals associated, directly or indirectly, with the operation of the PIF; 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, into the fund;

an Experienced Investor is –

- a person, partnership, or other unincorporated association or body corporate, which has in the period of twelve months, whether on their own or in the course of their employment by another person, so frequently entered into transactions of a particular type in connection with –
 - open-ended and closed-ended collective investment schemes;
 - general securities and derivatives, as defined in Schedule 1 of the POI Law;

being transactions of substantial size entered into with, or through the agency of, reputable persons who carry on investment business; that they can reasonably be expected to understand the nature of, and the risks involved in, transactions of that description; or who provides a certificate from an appropriately qualified investment adviser confirming that the investor has obtained independent advice;

a Knowledgeable Employee is –

- a person who is, or has been within a period of three years up to the date of application for investment in the PIF, an employee, director, general partner, consultant, or shareholder of, or to, an affiliate appointed by the PIF to advise, manage, or administer the investment activities of the PIF; who is acquiring an investment in the PIF as part of their remuneration or an incentive arrangement or by way of co-investment, either directly or indirectly through a personal investment vehicle, such as a trust, for or substantially for, that person; or

- any employee, director, partner, or consultant to or of any person who falls under the definition of a Professional Investor, or anyone who has fulfilled such a role, in respect of any person who falls under that definition, within a period of three years up to the date of application for investment in the PIF. The term “employee” only covers persons who are, or have been, employed in a relevant role and does not extend to clerical, secretarial, or administrative roles.

a High Net Worth Investor is –

- an individual who has a net worth, or joint net worth with that person’s spouse or civil partner, greater than US\$1,000,000 or equivalent excluding that person’s principal place of residence and / or any rights under a contract of insurance; or
- a person, partnership, or other unincorporated association or body corporate which has assets available for investment of not less than US\$1,000,000 (or the equivalent of that amount in another currency).

a UK Professional Client is –

- A professional client within the meaning of the UK Financial Conduct Authority’s Conduct of Business Sourcebook.

an EU Professional Client is –

- a professional client within the meaning of Annex II to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

a US Accredited Investor is –

- an investor who meets the U.S. Securities and Exchange Commission definition of an Accredited Investor in rule 501 of Regulation D – Rules Governing the Limited Offer of Sale of Securities Without Registration Under the Securities Act of 1933.

a Licensee Admitted Investor is –

- an investor which, after having made careful and appropriate enquiries is, as far as the manager or the designated administrator has reasonably been able to ascertain, able to (i) evaluate the risks and strategy of

investing in the PIF and (ii) bear the consequences of investment in the PIF, including the possibility of a total loss arising from the investment, at the time of its investment, provided that where it is the manager of the PIF making such determination, the manager is a licensee under the Law.

“unit trust” means a PIF, other than a limited partnership, under which the property of the scheme is held in trust for the investors.

PART 7 SAVINGS, REVOCATIONS, CITATION, AND COMMENCEMENT

7.1 Savings

- (1) Declarations of registration issued under section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, and under section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 2020, and previously governed by The Private Investment Fund Rules (2), 2021 are recognised as valid for the purposes of these Rules. Those schemes previously registered as Route 1 (POI Licensed Manager) Private Investment Funds and those schemes previously registered as Route 2 (Qualifying Private Investor) Private Investment Funds will be recognised and treated as QPIFs under these Rules. Those schemes previously registered as Route 3 (Family Relationship) Private Investment Funds will be recognised and treated as Family PIFs under these Rules.
- (2) Any exclusion or modification granted by the Commission, under The Private Investment Fund Rules (2), 2021 and The Private Investment Fund Rules, 2016, will continue to apply where the Law and these Rules provide scope for such exclusions and modifications.

7.2 Revocations

- (1) The Private Investment Fund Rules (2), 2021 are revoked.

7.3 Citation and commencement

- (1) These rules may be cited as the PIF Rules 2025.
- (2) These rules come into force on 19 May 2025.

SCHEDULE 1

Private Investment Fund Registration Criteria

Part A – Qualifying Private Investment Fund (“QPIF”)

To register as a QPIF the following criteria must be fulfilled –

- (a) all investors who have an ultimate economic interest in the fund must fit within the definition of a QPI;

Guidance Note:

For the avoidance of doubt the term “investors who have an ultimate economic interest” for the purposes of this criteria “looks-through” any intermediate investor to those persons holding an ultimate economic interest in the QPIF, 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) in which case such entity or arrangement shall be treated as the investor.

A carried interest and/or co-investment vehicle which is established for the sole purpose of satisfying sponsor commitment obligations to and/or sharing in the profits of a QPIF or any other vehicle promoted or advised by the promoter of the QPIF shall not be treated as an investor provided that the principal purpose of a carry vehicle and/or co-investment vehicle is to align interests and/or to incentivise the QPIF’s management and/or advisory team.

- (b) any marketing must be specifically targeted only to individual investors who have been identified as QPIs;

- (c) the designated administrator must make a declaration, to the Commission in the format required, that effective procedures are in place to ensure restriction of the scheme to QPIs;
- (d) The manager, where it is licensed under the Law, must make a declaration to the Commission, in the format required, confirming that in the event that it, as manager, introduces a person who is admitted to invest in the QPIF on the basis of being a Licensee Admitted Investor, it will first have made the relevant enquiries to ascertain, as far as it is reasonably able, that such investor is able to evaluate the risks and strategy of investing in the QPIF and to bear the consequences of investment in the QPIF, including the possibility of a total loss arising from the investment, at the time it is made;
- (e) The designated administrator must make a declaration to the Commission, in the format required, confirming that in the event that it, as designated administrator, introduces a person who is admitted to invest in the QPIF on the basis of being a Licensee Admitted Investor, it will first have made the relevant enquiries to ascertain, as far as it is reasonably able, that such investor is able to evaluate the risks and strategy of investing in the QPIF and to bear the consequences of investment in the QPIF, including the possibility of a total loss arising from the investment, at the time it is made;

Guidance Note:

The requirements of (d) and (e) above are to enable either the licensed manager (where one is appointed), or the designated administrator, to admit an investor (who might not otherwise qualify) into a QPIF, in circumstances where they can vouch for the investor's ability to evaluate the risks and strategy of investing in the QPIF and to bear the consequences, including the total loss of such investment. By making such declarations, the licensed manager (where one is appointed) and the designated administrator are not obliged or committed to admitting Licensee Admitted Investors, and a QPIF may be established to only accept other classes of Qualifying Private Investors. However, the declarations will help facilitate the ability, at least, for the licensed manager or designated administrator to admit the full range of Qualifying Private Investors, including Licensee Admitted Investors, either at launch or subsequently, should they wish.

For the avoidance of doubt, where a QPIF admits investors who are Licensee Admitted Investors vouched for by the licensed manager, the designated administrator may rely upon the declaration made by such licensed manager in accordance with (d) above, when establishing, maintaining and carrying out the procedures which form part of the designated administrator's declaration made under (c) above.

- (f) All investors must provide the following acknowledgements in writing in substantially the following form:

"[We] understand, acknowledge, agree and confirm as follows:

[We] Understand that [the Fund] is a registered closed-[open-] ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the Private Investment Fund Rules, 2025 issued by the Guernsey Financial Services Commission (the "Commission"). The Commission, in granting registration, has relied upon specific warranties provided by the Fund's Designated Administrator.

[We] understand that [the Fund] has been established in Guernsey as a Qualifying Private Investment Fund and that it is only suitable for those who fall within the definition of a "Qualifying Private Investor" as such term is defined in The Private Investment Fund Rules and Guidance, 2025 published by the Commission. We understand that regulatory requirements which might provide a higher degree of protection appropriate for retail investors are not applied to [the Fund] and that [the Fund] is not suitable for retail investors. [We] confirm that [we] fall within the definition of a "Qualifying Private Investor" and accordingly accept the reduced regulatory requirements on [the Fund].

[We] understand that there is no regulatory requirement for [the Fund] or its financial statements to be audited.

[We] understand that there is no regulatory requirement for information particulars to be prepared in respect of [the Fund].

[We] confirm that [we] are able to evaluate the risks and strategy of investing in [the Fund] and bear the economic consequences of investment in [the Fund], including the possibility of the loss of [our] entire investment. Investment in a Qualifying Private Investment Fund may involve special risks that could lead to a loss of all or a substantial portion of such investment. [We] fully understand and accept the nature of [the Fund] and the potential risks inherent in [the

Fund].

[We] acknowledge that neither the Commission nor the States of Guernsey take any responsibility for the financial soundness of [the Fund] or for the correctness of any of the statements made or opinions expressed with regard to it. [We] have consulted [our] accountant, legal or professional adviser, or financial adviser about the contents of this document, [the Fund] and the risks associated with an investment in [the Fund].

[We] understand that the price of [securities, limited partnership interests, or units] in [the Fund] and the income from them can go down as well as up."; and

- (g) the investor acknowledgment obtained under (f) above must be retained by the PIF's designated administrator and made available to the Commission on request.

Part B – Family Private Investment Fund ("Family PIF")

To register as a Family PIF, the following criteria must be fulfilled –

- (a) all investors must share a family relationship, or be an eligible employee of the family;
- (b) the PIF cannot be marketed outside the family group; and
- (c) the designated administrator must make a declaration, to the Commission in the format required, that effective procedures are in place to ensure that all investors fulfil the requirement of being related as family.

For the purposes of the above criteria an "**eligible employee**" means an employee of the family meeting the definition of a Qualifying Private Investor.