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A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. A red flag is visible flying from a pole in the center of the frame. The sky is a clear, pale blue. The bottom half of the image is overlaid with a semi-transparent red rectangle containing white text.

FinReg Update

Guernsey

1 April to 30 June 2025

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Quick Fire Updates

1. A welcome refresh to the Prospectus Rules

Following a comprehensive consultation with industry, the Guernsey Financial Services Commission (the **Commission**) has updated and replaced the Prospectus Rules and Guidance, 2021 (the **2021 Prospectus Rules**) with the **Prospectus Rules and Guidance, 2025** (the **2025 Prospectus Rules**), as of **1 July 2025**.

The 2025 Prospectus Rules concern the issuance of offering documents in respect of category 2 controlled investments, ie general securities and derivatives as defined in Schedule 1 to the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (where offered by a Guernsey entity or to the public in Guernsey) **and** of Guernsey registered collective investment schemes.

Any new, updated or replaced offering documents issued from **1 July 2025** must comply with the new/revised requirements. Existing offering documents under the 2021 Prospectus Rules remain valid, unless they are amended or updated, in which case the 2025 Prospectus Rules will apply.

For details of the key changes, including the broader range of exemptions (under which the 2025 Prospectus Rules will not apply), please refer to our update, *Guernsey's Prospectus Rules get a welcome refresh*.

2. Commission launches its online portal

The Commission's applications and authorisations portal (the **A&A Portal**) went live on **28 April 2025**.

The A&A Portal provides a secure online platform and streamlines the application process. The A&A Portal supports online collaboration and communication throughout the application process, both between parties drafting an application, and with the Commission post-submission, via a secure messaging facility.

A range of investment, insurance and fiduciary applications can now be submitted via the A&A Portal, including those for standard and fast-track investment licences, insurance business licences, and fiduciary discretionary exemptions, with further applications to be added over the coming months.

The A&A Portal offers several benefits, including:

- anyone may register on the A&A Portal and submit an application, ie you do not need to be an existing licensee or a current user
- previous submission information can be imported into new applications
- all documents and correspondence can be saved with the application, making a full audit trail, and
- the ownership of both current and past submissions made via the A&A portal can be transferred both within an organisation and to external third parties.

The A&A Portal is accessed via the Commission's **online services page**.

The Commission will be phasing out the current application forms towards the end of 2025. Therefore, if you are involved in

preparing and submitting applications to the Commission, you are encouraged to register on the A&A Portal now and familiarise yourself with the online forms to ensure a smooth transition.

3. Commission publishes its Annual Report for 2024

The Commission has published its *Annual Report and Financial Statements 2024* (the **2024 Annual Report**).

The 2024 Annual Report outlines the Commission's key activities and achievements over the year, including the positive outcome of the Bailiwick of Guernsey's (the **Bailiwick**) MONEYVAL inspection and continued investment in digital transformation, including the launch of the new online A&A Portal.

The 68-page 2024 Annual Report is available in an 'easily digestible' **30-minute podcast**.

4. Successful peer review by International Association of Insurance Supervisors

The Commission **has reported** that Guernsey insurance supervisors achieved good results in a recent *International Association of Insurance Supervisors (IAIS) peer review of enterprise risk for solvency purposes relative to the standards set out in Insurance Core Principle 16 (ICP 16)* (the **PRP**).

The objective of the PRP was to deepen awareness of the nature and extent of any gaps in the supervision and regulatory frameworks of participating authorities against ICP 16.

The PRP concluded that, of the 67 participating authorities, 47 were assessed as either 'Observed' or 'Largely Observed' for ICP 16. Guernsey was among those authorities assessed as 'Largely Observed' meaning only minor shortcomings were identified in its regime. Importantly, no concerns were raised that would impede Guernsey's ability to achieve full observance of ICP 16.

5. New banking licence issued

On 12 June 2025, the Commission **issued a banking licence to Aston (Guernsey) Limited (Aston)**, to be known as 'Bank Aston'. Aston is in its current start-up phase and will not be able to accept deposits until it has satisfied a number of prerequisites outlined by the Commission.

6. New equity release framework

Following extensive consultation with stakeholders, the States of Guernsey (the **States**) Policy & Resources Committee (**P&R**) has made the **Lending, Credit and Finance (Equity Release) (Amendment) Regulations, 2025** (the **Equity Release Regulations**) which amend the Lending, Credit and Finance (Bailiwick of Guernsey) Law, 2022 (the **LCF Law**), establishing a regulatory framework for 'equity release finance', namely:

- **lifetime mortgages**: where credit is secured against residential property in the Bailiwick, with repayment typically deferred until a 'specified life event', eg the customer's death, move to a new primary residence, permanent relocation to a care facility, or the lender exercising its legal right to possess the property (as outlined

in the contract). While interest may accrue during the term, full repayment of the capital is not required while the customer continues to live in the property as their main residence, and

- **home reversion finance**: where a provider purchases all or part of any residential property in the Bailiwick from an individual who is entitled to occupy that property until a specified termination event.

Persons acting as equity release finance providers, or offering services *ancillary* to equity release finance, will be required to hold a Part II licence under the LCF Law.

Revisions will be made to the **Lending, Credit and Finance Rules and Guidance, 2023** (the **revised LCF Rules**) to reflect the introduction of the Equity Release Regulations, including:

- a requirement for Part II licensees to:
 - conduct age-based suitability assessments
 - ensure customers seek independent legal advice
 - provide clear product illustrations (such as 'key fact' documents), and
 - refrain from cold calling
- a requirement that individuals providing advice on equity release finance hold an approved relevant qualification, and
- the introduction of a new Equity Release Code of Practice (Schedule 6).

Both the Equity Release Regulations and the revised LCF Rules come into force on **1 January 2026**.

7. Register of Insolvency Practitioners - consultation

The States' Committee for Economic Development (the **ED**) has issued a **consultation** on proposed changes to the Companies (Guernsey) Law, 2008 to enable the introduction of a statutory register of insolvency practitioners in Guernsey.

The proposed register would require any person acting as a liquidator, provisional liquidator, administrator or receiver of a cell in an insolvency process to be registered, ensuring that only suitably qualified and experienced practitioners can undertake these roles. The initiative aims to enhance the effectiveness, oversight and transparency of Guernsey's insolvency framework, aligning it with standards in jurisdictions such as the UK, Jersey, and the British Virgin Islands.

The ED is particularly interested in views on:

- the scope of the proposed register
- requirements for qualification, experience, oversight, insurance and local residency
- access to the register, and
- administrative aspects, including registration fees and how the register should be administered.

The consultation closes on **25 July 2025**.

8. Tax – non-commercial shareholder loans

P&R has **advised** that the Income Tax (Guernsey) Law, 1975 has been amended and that **Statement of Practice M45 – Section 67 of the Income Tax (Guernsey) Law, 1975 'Legal avoidance'** has been revised to clarify that repayments of non-commercial shareholder loans are treated as dividends when the company is taxed at less than 20%.

Company tax returns for 2024 have already been updated to highlight and identify these repayments.

9. Handbook – update re pooled accounts

The Commission has updated Chapter 9 of the **Handbook on Countering Financial Crime** to clarify that where a banking licensee identifies a client money account as wholly owned by a subsidiary of a licensed business, which is providing services to its parent to enable it to fulfil activities for which it is licensed, eg custody and settlement, it may treat this party (ie the licensee) as its customer. These changes correct an anomaly in the previous guidance and respond to industry feedback.

10. Sanctions – director disqualifications

On **10 April 2025**, the UK Government updated the designations of a significant number of individuals and entities – 2,996 individuals and 818 entities – across 28 UK autonomous and mixed sanctions regimes, resulting in their being subject to director disqualification sanctions. These sanctions are given effect in the Bailiwick under the Sanctions (Implementation of UK Regimes) (Bailiwick of Guernsey) (Brexit) Regulations, 2020. As a result, the **Commission has confirmed that these designations apply in the Bailiwick**.

Persons subject to director disqualification sanctions are prohibited, directly or indirectly, from:

- acting as a director of a Guernsey or Alderney company, and
- taking part in or being concerned in the promotion, formation or management of such companies,


unless a licence has been issued or an exception applies.

A full list of designated persons is available on the **UK's consolidated list**.

11. Sanctions – new guidance for dealers in high value goods and art market sectors

On **28 April 2025**, P&R issued **sanctions reporting guidance** confirming that reporting obligations have been extended to include:

- **dealers in high value goods** who make or accept **cash** payments of at least €10,000, and
- people working in the **art market** in relation to works of art worth at least €10,000 (excluding local artists selling or storing their own work).



This change follows the implementation of updated UK sanctions legislation within the Bailiwick.

12. Financial Crime Return Rules – publication

The Commission has published the [Financial Crime Return Rules, 2025](#) (the **2025 FCR Rules**) which repeal and replace the Financial Crime Return Rules, 2023. These new rules, effective from **2 May 2025**, follow a consultation with industry earlier in the year.

The 2025 FCR Rules address previous inconsistencies by:

- making it mandatory for prescribed businesses, ie accountants, lawyers and estate agents, to file a Prescribed Business Return covering the period 1 July to 30 June, due by 31 October each year, and
- requiring non-bank money services businesses to submit quarterly Financial Flow Returns.

13. First enforcement decision under the LCF Law

The Commission has issued a [public statement](#), including prohibition orders and financial penalties, in respect of a licensee and two individuals who failed to meet the minimum criteria for licensing under Schedule 4 of the LCF Law and, in the case of the licensee and one of the individuals, for contravening the Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020.

14. Commission - appeal

The Guernsey Court of Appeal has [granted the Commission leave to appeal](#) the decision of the Royal Court in *Weighbridge Trust Limited v the Commission* [2024] GRC080, in which the Commission's decision to issue a public statement against Weighbridge Trust Limited was set aside.

15. Establishment of a Cyber Security Centre

The States has announced the [establishment of a dedicated Guernsey Cyber Security Centre](#) (the **GCSC**) to strengthen the Bailiwick's resilience to cyber-attacks.

The GCSC, which will be operated with strategic oversight by and have close interoperability with its Jersey equivalent, will provide:

- local cyber security guidance and support for individuals, businesses and organisations
- monitoring of vulnerabilities in public networks; incident response coordination and advice, and
- education, training and awareness initiatives to improve cyber resilience.

16. Financial Ombudsman - news

The Channel Islands Financial Ombudsman (**CIFO**) received 136 complaints in quarter 1 of 2025 and opened 73 new case files.

The most frequently complained about product areas were current accounts and health and emergency home insurance. The most common complaint issues were poor administration or

delay, followed by non-payment of claims and fraud. Further details are found [here](#).

CIFO has also published its [Annual Report for 2024](#) (the **CIFO Annual Report**). In 2024, CIFO received 577 complaints, representing a 2.6% increase compared to 2023. These resulted in 364 new cases being opened.

During the same period, 340 cases were closed, of which:

- 45% were fully or partially upheld, and
- 37% were not upheld.

The remainder were either withdrawn, settled by the financial services provider, or found to be outside CIFO's mandate.

The CIFO Annual Report also highlights a significant rise in fraud and scam-related complaints, which accounted for 18% of all cases in 2024. However poor administration or delay remained the most common issue, representing 33% of all complaints.

To mark the publication of the CIFO Annual Report, the CIFO will hold a virtual annual meeting for stakeholders on **24 July 2025**. Registration details are available [here](#).

17. Data Protection – breaches and guidance

The Office of the Data Protection Authority (the **ODPA**) reported that in the first quarter of 2025, it received 49 self-reported personal data breach notifications – an increase of nearly 50% compared to the previous quarter. These breaches affected 1,258 individuals, a decrease from 4,914 in the previous quarter.

However, the number of people affected by 'high risk' breaches rose significantly to 732, up from 187 in the previous quarter. Further details can be found [here](#).

The ODPA has set out the duties of an organisation following a data breach in its guidance, [Managing personal data breaches](#). The guidance explains what a personal data breach is, the action to be taken when one occurs and when and how to notify the ODPA.

18. MO FinReg Updates

In addition to our quarterly Guernsey FinReg Update, similar updates are provided by our colleagues in Jersey, the Cayman Islands and British Virgin Islands.

The most recent Regulatory Update for Jersey is available [here](#), for the Cayman Islands and the British Virgin Islands [here](#).

19. MO FinReg Forum

If you would like to participate in our quarterly FinReg Forum, which provides updates on similar matters for each of Guernsey, Jersey (where the forum is hosted) and from time to time the Isle of Man (provided by Cains), please do get in touch.

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