

UPDATE

Guernsey's Prospectus Rules get a welcome refresh

Update prepared by Darren Bacon, Frances Watson and James Cousins (Guernsey)

The Guernsey Financial Services Commission has updated the prospectus rules, effective from **1 July 2025**, aiming for greater clarity, simplicity and alignment with international standards, while continuing to uphold strong investor protection. This update provides an overview of the key changes

Introduction

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**) which are effective from 1 July 2025.

The 2025 Prospectus Rules concern the issuance of a prospectus 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 Guernsey registered collective investment schemes (RCIS).

Key changes at a glance

Expanded exemptions – circumstances in which the 2025 Prospectus Rules **do not apply**

The range of exemptions has been broadened, offering greater flexibility for issuers. The 2025 Prospectus Rules will not apply, among others, in respect of offers:

- promoted directly to 'Professional Investors' (a new definition broadly aligned with the Private Investment Fund Rules and Guidance, 2025 and which includes an individual who makes an initial investment of not less than US\$100,000 (or equivalent), where the amount invested represents no more than 25 per cent of their investable assets and that individual is able to evaluate the risks and strategy of investing in the offer as well as able to bear the consequences of investment (including loss))
- made to 'qualified investors', as defined in the Prospectus Regulation (Regulation (EU) 2017/1129) when securities are offered to the public or admitted to trading on a regulated market
- made in connection with transactions which are subject to, and undertaken in accordance with, the City Code on Takeovers and Mergers
- made in connection with transactions which are the subject of court-sanctioned schemes, processes or orders, where that sanctioning court is located in Guernsey, Jersey or in the United Kingdom (or such other jurisdiction as the Commission may approve)
- to existing or former directors or employees by their employer, provided that a document is made available containing information on the number and nature of the securities and the reasons for, and detail of, the offer or allotment
- to members by a company in satisfaction of a distribution, such as scrip dividends and rights issues, and
- where the minimum consideration to be paid is £100,000 (or its currency equivalent).

In addition, the threshold for offers to identifiable categories of persons with sufficient knowledge (an existing exemption under the 2021 Prospectus Rules) has been **increased** from 50 to **200** in number (which excludes Professional Investors).

Clarified scope for listed RCISs

Part 2 of the 2025 Prospectus Rules, *Information to be specified in the prospectus*, does not apply to RCISs that are listed (or applying to list) on any market of the London Stock Exchange.

Prospectus disclosure requirements

The 2025 Prospectus Rules have introduced (or revised) the following disclosure requirements for prospectuses that are in scope:

- **details relating to the offer** (Rule 2.1):
 - the names, addresses and, in the case of corporate entities, **the principal nature of their business or activities** of the offeror, vendors (as applicable) and any promoter
 - any investment strategy and investment objective, in addition to any investment restrictions that apply
- **benefits** (Rule 2.3): any benefit given to the promoter from the proceeds of the offer, as well as the accounting treatment of those items, must be disclosed only where applicable to the subject of an offer, and
- **borrowing** (Rule 2.9): any borrowing powers, limits or restrictions and any hedging powers of the offeror.

In relation to RCISs only:

- **valuations** (Rule 2.6):
 - details of the manner and frequency in which assets and liabilities will be valued
 - provision for publication/availability of the price (open-ended) or NAV (closed-ended)
- **fees and charges** (Rule 2.7): the nature of all fees, material charges and expenses payable out of the property and, where applicable, how their amounts will be determined
- **issue and redemption procedure** (Rule 2.10): any arrangements for the issue and redemption of units, any minimum holding of units and any minimum redemption of units, the arrangements for the registration of, and transfer of title to, units and the circumstances in which issues or redemption of units may be suspended
- **prime broker** (Rule 2.14): the name and address of any prime broker, where appointed
- **manager or investment adviser** (Rule 2.18): the names and addresses of any manager and any investment adviser, and
- **significant beneficial ownership** (Rule 2.20): the names of those holding significant beneficial ownership in the designated administrator, designated custodian or designated trustee or, in the case of a limited partnership, the general partner or, in the case of a unit trust, trustee, must be disclosed only where the holding of such constitutes an actual or potential conflict of interest.

Conclusion

These latest changes, made following consultation with industry, are designed to make Guernsey's capital markets more accessible, efficient, and internationally competitive, while maintaining robust standards of investor protection. The reforms are expected to support a wider range of fundraising activity, not only by Guernsey entities but also within Guernsey, particularly for alternative investment structures and cross-border offerings.

The 2025 Prospectus Rules will apply to all new, updated, or replaced prospectuses issued from **1 July 2025**. Existing prospectuses under the 2021 Prospectus Rules are unaffected, but any updates or amendments must comply with the requirements of the 2025 Prospectus Rules.

If you would like assistance assessing the application and requirements in relation to a planned capital raise, please get in touch with our investment funds team.

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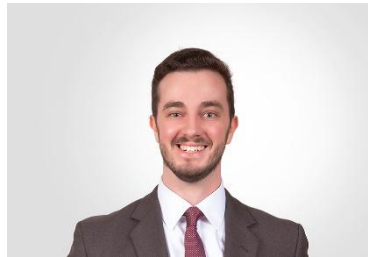
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