

The 2025 PIF Rules: a new era for private investment funds in Guernsey

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The Guernsey Financial Services Commission has published new rules in relation to private investment funds. This update provides an overview of the key changes which have been introduced with effect from **19 May 2025**.

Introduction

The Guernsey private investment fund (PIF) was first introduced in 2016 as a simple, cost-effective, quick-to-market solution designed to suit a variety of fund managers' needs and continues to be a popular choice today. Following extensive industry consultation, the Guernsey Financial Services Commission (the **Commission**) has issued a welcome update to the PIF rules, allowing for a more streamlined and simplified regime. The new rules, set out in the Private Investment Fund Rules and Guidance, 2025 (the **2025 PIF Rules**), create an innovative, marketable and flexible fund structure for a wide spectrum of private capital investment strategies. Key changes include removing the limits on the total number of investors and offers, as well as removing the audit requirement. Supporting both open-ended and closed-ended funds, the PIF framework offers a streamlined, proportionate regulatory approach with a fast-track route to market.

Consolidation of previous three-route framework

The former Route 1 (Licensed Manager PIF) and Route 2 (Qualifying Private Investor PIF) have been consolidated into a single unified route, namely the Qualifying PIF (**QPIF**). Former Route 1 and Route 2 PIFs become QPIFs under the 2025 PIF Rules.

The former Route 3 (Family Relationship PIF) is retained as a distinct and separate option, now known as the Family PIF.

Expansion of qualifying investor criteria

In consolidating former Route 1 and Route 2, the QPIF has also become available to a wider range of sophisticated investors (**Qualifying Private Investors** or **QPIs**). In addition to Professional Investors, Experienced Investors and Knowledgeable Employees (former Route 2 eligibility), the QPIF has been extended to High Net Worth Investors, UK Professional Investors, EU Professional Investors and US Accredited Investors (all as defined in the 2025 PIF Rules), as well as Licensee Admitted Investors, defined as investors who either the Guernsey-licensed manager or administrator determine are able to evaluate the risks and strategy of investing in the PIF and bear the consequences of investment in the PIF, including a total loss of their investment (similar to the former Route 1 eligibility).

Removal of limit on investor numbers and offers

Alongside this shift in focus to an investor-suitability-based regime, where the emphasis is on ensuring that only appropriately qualified investors are admitted, the 2025 PIF Rules have also removed the limits on the number of investors and offers (previously 50 and 200 respectively), meaning the QPIF can be offered to and held by a greater number of investors, provided that any such offer is on a private basis and not made to the general public.

Removal of audit requirement

The 2025 PIF Rules have removed the audit requirement, making the PIF even more cost-efficient. Where the manager and/or investors choose to have a PIF audited, the auditor must operate from a place of business in Guernsey.

No requirement for the appointment of a Guernsey-licensed manager

Following the consolidation of former Route 1 and Route 2, there is no longer a requirement to appoint a Guernsey-licensed manager (although if one is appointed it continues to benefit from the lighter-touch, fast-track application process). A Guernsey-licensed administrator continues to be mandatory.

No requirement for an offer document

Whilst promoters of a PIF may wish to prepare an offer document, there is no obligation to do so (whereas the former Route 2 required a disclosure statement). Under the 2025 PIF Rules, with the emphasis on investor-suitability, rather than mandating detailed disclosure documents, the administrator must make a declaration that effective procedures are in place to ensure restriction of the QPIF to QPIs (and the Family PIF to family members, as appropriate). In addition, QPIs must provide certain specific acknowledgements regarding their status and understanding of the risks involved.

Family PIF

This route remains largely unchanged (other than removal of the audit requirement) and applies to funds where all investors are related by family or are eligible employees of the family. The Family PIF cannot be marketed outside of the family group.

Conclusion

The 2025 PIF Rules reaffirm Guernsey's position as a leading jurisdiction for sophisticated investment structures. By removing investor caps, expanding the QPI framework, removing the audit requirement and streamlining regulatory obligations, the updated regime offers even greater flexibility, speed-to-market (with a one business day turnaround), and clarity for fund promoters and investors alike.

Combined with Guernsey's robust legal infrastructure, experienced service providers, and strong regulatory reputation, the new PIF regime enhances the island's appeal as a go-to destination for a variety of fund managers, from first-time venture capital managers to institutional grade private equity managers.

If you require further information regarding PIFs, including steps to be taken in relation to existing PIFs or the launch of a new PIF, please get in touch with one of our contacts listed below.

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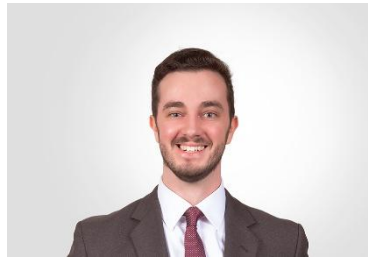
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