

UPDATE

Jersey Funds and Regulatory Industry Update – January 2026

Update prepared by Alistair Horn, Carla Benest, Felicia de Laat, Joel Hernandez, Mike Jones and Sarah Huelin (Jersey)

Speakers from our team shared the latest market insights and emerging developments influencing the Funds' landscape; recent and forthcoming changes in regulation; and opportunities and challenges for industry in the year ahead.

Market updates (Alistair Horn and Carla Benest)

Trends / updates

- Market and activity overview
 - Record Jersey Private Fund (JPF) approvals in November 2025 and strong levels of fund launches in recent months, especially among emerging managers, with venture capital proving especially popular.
- Investor trends
 - Growing prominence of Middle Eastern investors and Increasing use of Jersey structures by Middle Eastern managers.
- Asset class updates
 - Healthy level of real estate transactional activity in the last quarter. Focus areas include prime London real estate.
 - Strong capital deployment into UK housing strategies, driven in part by UK planning delays.
- Onshoring
 - Continued monitoring of potential onshoring of Jersey structures.
 - Recent example: A UK cornerstone investor triggered onshoring of a Jersey fund but the Jersey GP structure was retained, which is a positive result.
 - Opportunity to explore whether there are any entities of previously onshored structures that could be re-established in Jersey going forward.

AIFMD II

- AIFMD II came into force on 15 April 2024 and EU members have until 16 April 2026 to implement the changes.
- It is not a wholesale overhaul of AIFMD but rather targeted amendments to certain areas, such as qualifying criteria for entities performing AIFM activities and enhanced reporting/disclosure obligations.
- Although the AIF Code will need amendments to reflect AIFMD II (see JFSC [consultation](#)), the impact on Jersey as a third country should be limited, with changes mainly affecting reporting and disclosure requirements.
- EU / UK divergence
 - As a third country, the UK is consulting separately to the EU. The UK proposals include:

- streamlining the national private placement regime; and
- potentially increasing thresholds for sub-threshold managers.
- This will likely lead to a bifurcation of rules. Jersey managers with both EU and UK investors may need two sets of disclosures, and potentially different reporting (eg Annex IV).

Licensing and regulation in Jersey – evolving manager profile

- Managers are increasingly diverse and may fall outside traditional Fund Services Business models or exemptions.
- Full Investment Business (IB) licensing is robust but complex, costly and disproportionate for certain new managers.
- Recently, we have seen bespoke regulatory solutions for IB licensing which could be formalised as part of the Government's competitiveness programme.

Manager relocations

- Relocation trends
 - Continued interest in relocating managers and businesses to Jersey.
 - No 'one-size-fits-all' approach. Ranges from individual principals relocating to complex multi-entity, regulated business migrations.
 - Greater prevalence of remote working, affecting office-space and licensing considerations.
- Close collaboration with Locate Jersey, which offers a first-class service whether the relocation involves one High Value Resident or an entire business.
- Depending on the proposed relocation, regulatory guardrails or limitations from a Control of Housing and Work Law perspective may need to be put in place.

Panel discussion on various regulatory topics (Felicia de Laat, Sarah Huelin, Mike Jones and Carla Benest)

Consultation on civil penalties (Sarah Huelin)

- A Government **consultation** invited comments on reforming the civil financial penalties regime to ensure it is effective, proportionate and fair, in line with international standards. The consultation closed on 30 January 2026.
- Civil penalties operate across four bands: Band 1, Band 2, Band 2A, and Band 3. Historical financial caps were removed in 2022.
- Proposed changes
 - Reintroduce caps for financial penalties imposed for breaches in Bands 1, 2 and 2A:
 - Band 2 / 2A: £4m cap (as before); and
 - Band 1: £100,000 cap (up from previous £10,000).
 - Band 3 (most serious, intentional or reckless breaches): penalties to remain uncapped.
- Policy context
 - Changes proposed as part of the Government's competitiveness programme. By having no caps, Jersey might be considered to be out of step with other jurisdictions.
 - MONEYVAL rated Jersey as moderately effective in relation to having serious and dissuasive penalties so improvements to the regime may support an improved future rating.
- Overall assessment
 - Changes are broadly welcomed.
 - Removing caps created risk of disproportionate penalties for large-balance-sheet firms.
 - Reintroducing caps should help restore fairness and proportionality.
- A further consultation is expected on changes to the JFSC methodology.
- Mourant has extensive experience in advising clients on regulatory enforcement matters so is well placed to support clients facing potential penalties, particularly where engagement occurs at an early stage.

Financial services competitiveness programme – update (Mike Jones)

- As a recap, the Government's **Financial services competitiveness programme** is structured around four core workstreams. Workstream 1 (international tax strategy) is being led by Revenue Jersey.
- Workstream 2 initiatives (quick impact improvements to the business and regulatory environment) are progressing well. In particular:
 - enhancement of the JPF product - complete;
 - simplifying the Sound Business Practice Policy (now renamed the Sound Business Policy) - phase one complete;
 - repeal of COBO - consultation paper issued (see below); and
 - streamlining measures (eg reduced fund stats frequency, updated application forms) - delivered.
- The Government has announced the following initiatives in connection with Workstream 3 (external growth strategy):
 - a core team of officers to monitor global market trends and ensure any policy changes required are done quickly to put the Island on the front foot;
 - a new concierge service to make it easier for new businesses to set up in Jersey;
 - strengthening the Island's targeted international engagement programme to reinforce Jersey's presence in key markets;
 - a 12-week review of the JFSC's enabling law and Memorandum of Understanding to clarify Jersey's risk appetite for emerging sectors, such as digital assets; and
 - tax policy enhancements.
- Workstream 4 (future competitiveness and regulation): The report of the independent expert panel is expected to be published in March 2026.

Schedule 2 consultation (Sarah Huelin)

- The **Schedule 2 consultation** in relation to updating the JFSC Guidelines on Interpretation of Article 36 closed on 30 January 2026.
- The proposed updated Guidelines would significantly improve clarity and provide expanded examples.
- The proposed revised Guidelines re-frame the test for assessing whether an entity is required to register with the JFSC and comply with AML/CFT/CPF obligations. The proposal suggests a three-part test (the 'Schedule 2 gateways'):
 - 1. Activity gateway: considers whether the entity is carrying out an activity listed in Schedule 2;
 - 2. 'As a business' gateway: assesses whether the person/entity is acting on a business, professional, or commercial basis, and whether there is a customer relationship; and
 - 3. Jersey nexus gateway: identifies whether there is a sufficient connection to Jersey for AML registration and compliance requirements to apply.
- Key takeaways for industry
 - The wholesale rewrite means all entities should reassess their position. Some currently registered entities may no longer need to be registered (ie should de-register), while some unregistered entities may fall within scope under the revised Guidelines.
 - The position for trustees has not yet been settled
 - The draft Guidelines remove the blanket statement that all corporate 'private trust companies' act 'as a business,' but it remains unclear what the position is in relation to private trust companies and other corporate trustees (including Jersey Property Unit Trust trustees) who may not meet the three-gateway test and therefore, on the face of it, should not need to register.
 - Ideally, the revised Guidelines should only be finalised once this point is resolved and any related legislative changes are confirmed.

Whistleblowing protection (Carla Benest)

- Last year, the Jersey Employment Forum recommended introducing statutory whistleblowing protection to address the current absence of legal safeguards for those raising matters of public

interest. The proposal is for individuals to be able to claim compensation if they suffer detriment after whistleblowing, including loss of employment, demotion, missed promotions or other adverse treatment.

- Criteria
 - Disclosures must concern serious issues, such as breaches of law.
 - It is not intended for personal grievances.
 - Whistleblowers must meet specific tests to show the disclosure was made appropriately.
- Compensation and scope
 - An initial compensation cap of £30,000 is expected, with scope to increase over time.
 - Protection will initially cover employees, with potential future extension to others, such as non-executive directors.
- Impact on organisations
 - It does not create new obligations for employers.
 - Most businesses already have whistleblowing policies - liability arises only if whistleblowers are treated unfairly.
- Legislation is expected to take effect in August/September 2026.

Companies Law amendments (Sarah Huelin)

- A major update to the Jersey Companies Law has been enacted. The amendments introduce significant flexibilities designed to make Jersey companies more user-friendly and competitive. The amendments are due to come into force on the later of 1 June 2026 or 7 days after registration. See our update: [Upcoming amendments to Jersey company law](#).
- Legislative change is only the first step. Administrators must take operational actions to benefit from the new regime and ensure that their client companies remain compliant. A pattern of client companies failing to meet statutory requirements could amount to a breach of the JFSC Code of Practice applicable to the Administrator.
- Key actions required
 - [Assess optional new features](#) to decide whether to take advantage of the flexibility afforded by the modernised provisions of the Companies Law, such as those relating to disclosure of interests, electronic share transfers, etc.
 - [Review and update memorandum and articles of association](#) to take advantage of new flexibilities and, in some cases, to comply with the amended law.
 - [Revise templates](#) for board minutes, solvency statements, and other corporate action documents to reflect the new legal framework.
 - [Change procedures](#) so corporate steps are taken in accordance with the amended law, eg if electronic share transfers are permitted, when and how is customer due diligence collected.
 - [Provide training](#) on:
 - updated documents and procedures for corporate actions; and
 - key features and benefits of the new regime, enabling staff to confidently promote improvements to clients.
 - [Board to consider whether to mandate a compliance review](#) within 6–12 months of implementation to assess:
 - compliance with the new law;
 - adherence to new internal procedures; and
 - whether teams or individuals are still following outdated practices.
 - [Use findings](#) from compliance review to address training needs or strengthen controls.
 - [Review D&O insurance](#) to ensure that it will continue to provide adequate cover, having regard to changes to the director indemnity position under the new law.
- In summary, key preparatory work is required ahead of the June implementation date and early action is strongly recommended.

Repeal of Control of Borrowing (COBO) framework (Joel Hernandez)

- The Government's **consultation** on the repeal of COBO took place between July and September 2025.
- The proposal is to remove the historic consent step and place necessary regulatory powers directly into product laws and the Financial Services (Jersey) Law 1998. In some cases, ongoing COBO conditions will be retired, and there is likely to be an alternative registration law introduced for registering certain products, for example JPFs and possibly, digital assets.
- COBO is interwoven throughout multiple laws which means the repeal of COBO is a major legislative exercise requiring amendments across the regulatory framework.
- Two distinct phases:
 - 1. COBO amendment; and
 - 2. COBO repeal and new product laws.
- The amendments to simplify COBO are expected in the first half of 2026 with the replacement legislation to repeal COBO and the product laws expected in the second half of 2026. Timing is expected to be confirmed at the Government update in March 2026.

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