



FINREG UPDATE GUERNSEY

JANUARY TO MARCH 2026

LEGAL
GOVERNANCE
CONSULTING

mourant

Quick Fire Updates

1. Guernsey's Finance Sector Growth Strategy 2035

The States of Guernsey (**States**) has published Guernsey's **Finance Sector Growth Strategy 2035 (Strategy)**, a long-term framework to support sustainable growth and diversification of Guernsey's finance sector over the next decade, identifying priority opportunities and targeted, actionable initiatives.

Developed in collaboration with the Guernsey Financial Services Commission (**Commission**), Guernsey Finance and the Guernsey International Business Association, the Strategy reflects extensive industry input and emphasises coordinated delivery by government, the regulator and industry to maintain competitiveness.

The Strategy lays out six strategic initiatives:

- **Boost productivity in Guernsey's existing finance sector**, for example, promoting the adoption of digital tools, fostering safe experimentation with AI, harmonising legal frameworks to support growth and positioning of high-growth sectors, and enhancing the ability to do business in Guernsey
- **Capture a larger share of existing markets by moving up the value chain**, such as, positioning the island as a 'private wealth super hub' by promoting the island's family office and private wealth offering for HNWI's seeking to diversify their portfolio
- **Expand propositions to capture adjacent and fast-growing areas of opportunity**, for instance, positioning Guernsey as a supportive jurisdiction for tokenised securities and assets, and seeking to enhance access to alternative investments for HNWI's and pension funds
- **Mobilise the private sector investment to foster innovation**, for example, encouraging investment in start-ups and on-island innovations, building on Guernsey's established history of finance sector innovation
- **Emphasise Guernsey's value proposition in the global IFC landscape**, for instance, brand positioning Guernsey as a specialist IFC, and prioritising the promotion of its strongest sectors within priority jurisdictions, and
- **Develop a tangible plan to tackle key structural constraints to Guernsey's growth**, such as, investing in attracting professionals and supporting measures such as housing development to diversify expertise and support local capacity.

The Strategy highlights Guernsey's comparative cost advantage as an IFC, combining high standards in financial crime and tax transparency with streamlined, proportionate regulatory and administrative processes.

2. No Territorial Tax

The States' Tax Review Sub-committee has **rejected the implementation of a territorial corporate tax**, noting that this early decision reflects consistent industry feedback and provides greater clarity for businesses.

This approach acknowledges the importance of tax stability, predictability and policy clarity in maintaining confidence in Guernsey as an IFC, particularly given the central role of financial services in the island's economy. It also aligns with

the Strategy (above), which highlights tax stability as a key foundation for sustainable economic growth and international competitiveness.

3. Enforcement – insurance sector

The Commission has **published its decision** to impose fines in relation to serious and systemic regulatory failings of an insurance licensee, its CEO and Nominated Officer/Deputy MLRO, spanning the period 2015 to 2025. The Commission found failures to ensure compliance with regulatory requirements and to meet the Minimum Criteria for Licensing under both the Insurance Business (Bailiwick of Guernsey) Law, 2002 and the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002.

The fine imposed on the insurance licensee totalled **£1.96 million**, making it the largest enforcement fine levied by the Commission. In addition, the Nominated Officer/Deputy MLRO is prohibited from acting as MLRO/MLCO for **one year and five months**.

4. Insurance – Fee Reduction 2027

The Commission has **announced** an expected reduction in annual fees for the **insurance sector** in 2027, funded by surplus income from the significant enforcement fine imposed on an insurance licensee (see above). Where significant fines are levied, the Commission is required, after enforcement costs have been recovered, to take into account any remaining surplus when setting future fees. In addition, a 15% discount will apply to pro-rated annual fees for **new** insurance licensees authorised after **15 March 2026**, reducing start-up costs for this sector.

5. Handbook Update

The Handbook on Countering Financial Crime (AML/CFT/CPF) has been amended by adding Kuwait and Papua New Guinea to Appendix I list of higher risk jurisdictions, following the Financial Action Task Force's decision to include them in its list of jurisdictions under increased monitoring.

6. UK Sanctions List

The Commission has **reminded licensees** and registered firms that the OFSI Consolidated List of Asset Freeze Targets and its search tool has closed, and that the **UK Sanctions List** is now the only source for all UK sanctions designations.

7. Data Protection Breaches/News

The Office of the Data Protection Authority (**ODPA**) has reported a similar number of self-reported personal data breaches compared to the previous quarter, with a decrease in their average severity:

- **Breach statistics:** there were 61 self-reported breaches in the fourth quarter of 2025, of which only 12 were classified as high-risk, down from 20 in the previous quarter. Emails sent to incorrect recipients remained the most common type of breach.

In most cases, organisations identified the breach internally rather than being alerted by data subjects or

Quick Fire Updates

third parties, suggesting improved awareness among staff handling personal data. Further details available [here](#).

- **Enforcement:** the ODPA has [issued an enforcement order](#) to First Contact Health (**FCH**) requiring it to implement specified remedial security measures.

FCH experienced a data breach after an employee email account, which was used to send and receive emails internally and externally, was compromised. These emails included health data relating to FCH patients. The breach arose from a failure to implement basic and widely accepted security measures to protect personal data held within the email system. In particular, FCH relied on single-factor authentication and did not have multi-factor authentication, suspicious-access monitoring, or regular security audits or penetration tests in place.

The ODPA found that FCH had failed to take reasonable steps to ensure the security of sensitive personal data and lacked effective ongoing threat detection and security review processes.

In other news, the data protection authorities for Guernsey, the Isle of Man and Jersey, together with 60 global counterparts, have signed a joint statement recognising the potential harms posed by generative AI and committing to a coordinated international response. While responsibility for data protection compliance lies with organisations that design and deploy these systems, the ODPA has also highlighted steps individuals can take to limit the use of their personal data, as set out [here](#).

8. Financial Ombudsman News

The Channel Islands Financial Ombudsman received 147 complaints in Quarter 4 of 2025, of which 127 fell within its remit. Current accounts remained the most common product involved in disputes, comprising 46% of complaints investigated. Other products included health insurance (13%) and home emergency insurance (8%). Complaints principally related to suspension of service, non-payment of claims and poor administration or delay. Further details are available [here](#).

9. 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.

Contacts



ABEL LYALL
Partner | Advocate
Guernsey
abel.lyall@mourant.com



ALANA GILLIES RIDOUT
Partner | Advocate
Guernsey
alana.gilliesridout@mourant.com



CHRISTOPHER EDWARDS
Partner | Advocate
Guernsey
christopher.edwards@mourant.com



FRANCES WATSON
Partner | Advocate
Guernsey
frances.watson@mourant.com



GILLY KENNEDY-SMITH
Partner | Advocate
Guernsey
gilly.kennedy-smith@mourant.com



HELEN WYATT
Partner | Advocate
Guernsey
helen.wyatt@mourant.com



JAMES COUSINS
Partner | Advocate
Guernsey
james.cousins@mourant.com



JOHN LEWIS
Partner | Advocate
Guernsey
john.lewis@mourant.com



RACHEL GUTHRIE
Partner | Advocate
Guernsey
rachel.guthrie@mourant.com



SANDRA DUERDEN
Partner | Advocate
Guernsey
sandra.duerden@mourant.com