



FINREG UPDATE GUERNSEY

APRIL TO JUNE 2026

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Quick Fire Updates

1. Commission's Annual Report 2025

The Guernsey Financial Services Commission (the **Commission**) has published its **2025 Annual Report (Report)** highlighting a year of regulatory delivery, policy reform and investment in technology to support innovation and growth in Guernsey's financial services sector.

Key developments include:

- **Innovation and digitalisation:** the launch of the Digital Finance Initiative - a programme which supports the positioning of the Bailiwick as a trusted, agile and forward-thinking jurisdiction for digital innovation; and the completion of the Commission's Applications & Authorisations Portal - a secure digital platform enabling all regulatory applications to be submitted electronically.
- **Policy and regulatory development:** measures aimed at supporting Guernsey's competitiveness and resilience, including:
 - enhancements to the Prospectus Rules and the Private Investment Fund (**PIF**) regime, including allowing fiduciaries, as well as fund administrators, to administer PIF structures
 - the introduction of a balanced and proportionate bank resolution law, which the Commission will be working with banks to implement over the next couple of years, and
 - a new regulatory framework for equity release products.
- **Stable sector outlook:** Guernsey's financial services sector remained stable during 2025 despite global uncertainty. Applications were approximately 5% higher than in 2024, with particularly strong performance in the investment sector. Activity in the fiduciary sector appears resilient, while the insurance sector saw a modest increase in new licence applications. The Commission notes opportunities arising from technological developments such as AI, tempered by increasing risks including cyber security and geo-political factors.

The Commission has again produced a **podcast** on the Report which uses AI-generated scripting, voices and music to help make the report and financial statements easier to explore.

2. Handbook Update

The Commission's **Handbook on Countering Financial Crime (AML/CFT/CPF)** has been updated to support greater use of technology in combatting financial crime. The changes are a result of the Commission's **Digital Finance Initiative** and aim to provide clarity and reduce uncertainty, encouraging firms to adopt appropriate technological solutions to enhance the effectiveness and efficiency of their controls. They also clarify the use of commonly deployed tools, such as electronic verification systems and digital signatures, particularly in areas like onboarding, monitoring and record-keeping.

3. Commission's Innovation Sandbox

The Commission has published updated materials on its **Innovation Sandbox (Sandbox)**, including a revised webpage and new FAQs, reflecting feedback from its '**Supporting Growth in Digital Finance**' consultation.

The Sandbox provides a framework for applying existing regulatory laws and supervisory tools in a way that is proportionate to the nature, scale and risk of proposed activities, supporting testing and development, with a clear pathway to full operation or orderly exit.

These updates clarify how the Sandbox operates, its stages and what firms can expect, including its interaction with standard licensing, early engagement and participation. The Sandbox offers flexibility in evidencing regulatory requirements through tailored licence conditions, enabling firms to develop and launch innovative products within a structured, proportionate framework.

4. Reinsurance – global peer review

Guernsey achieved a positive outcome in a recent **International Association of Insurance Supervisors (IAIS) Peer Review Process (PRP)**, which assesses how insurers manage reinsurance and other forms of risk transfer.

The PRP concluded that Guernsey is 'Observed' for Insurance Core Principle 13 – the highest assessment rating – indicating that no material gaps were identified. Guernsey is one of 27 jurisdictions (out of 80) to achieve this rating.

5. Sustainable finance award

Guernsey has **won the Sustainability Programme (UK) category** at the WealthBriefing Wealth for Good Awards 2026. The award recognises leadership in sustainable and responsible investment and reflects the collective work of Guernsey's government, industry and the regulator in developing a credible sustainable finance ecosystem.

6. Tax Review

The States of Guernsey's Policy and Resources Committee has published its **2026 Tax Reform Package**, due to be debated by the States in July.

Within a broader framework, the corporate tax reforms are relatively targeted and are intended to raise approximately £6m annually through modest extensions to the existing regime. These include extending the intermediate company rate (10%) to apply to the full profits of regulated businesses, applying that rate to certain businesses registered with the Commission as prescribed businesses (which are operating through corporate structures), and modest increases to Guernsey Registry fees.

The proposals are framed as incremental adjustments rather than a structural overhaul of the corporate tax regime, reinforcing a measured approach to corporate taxation within the wider fiscal strategy.

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7. Guernsey included in UK and Gulf free trade agreement

Guernsey has been included in the newly agreed free trade agreement between the United Kingdom and the Gulf Cooperation Council (GCC). The agreement covers trade in goods and key aspects of financial services, reflecting Guernsey's position as an established partner to the Gulf region in financial and professional services.

This development is expected to strengthen existing links with GCC member states - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates - while creating further opportunities for Guernsey businesses to access these growing markets. The inclusion of Guernsey marks a significant development in the Island's international trade strategy and is seen as enhancing long-term growth prospects for Guernsey's finance sector and wider economy.

8. Enforcement action by the Commission

The Court of Appeal has allowed the Commission's appeal against the Royal Court's decision to overturn a regulatory public statement concerning Weighbridge Trust Limited and certain of its directors and former directors. The Court of Appeal set aside the Royal Court's judgment and reinstated the Commission's decision to issue the public statement in the terms originally proposed. The relevant public statements are available [here](#) and [here](#).

Separately, the Commission has taken enforcement action by imposing:

- a discretionary financial penalty of £35,000 and an eight-year prohibition order on one individual, and
- a discretionary financial penalty of £22,500 on another individual,

in each case for failing to meet the minimum criteria for licensing under the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2020. Further details are awaited.

9. Data Protection Breaches/News

Latest reported figures of data breaches indicate an improving awareness level of data protection law and principles among those handling personal data in the Bailiwick:

- **Breach statistics:** the Office of the Data Protection Authority (ODPA) received 65 self-reported breaches in the first quarter of 2026, of which only 7 were classified as high-risk - down from 12 in the previous quarter - marking two successive quarters where there has been a reduction in this area. Emails sent to incorrect recipients remained the most common type of breach. Further details available [here](#).
- **Public Statement:** the ODPA has issued a **reprimand** to the States of Guernsey's Committee for Home Affairs for failing to comply with a data subject access request (DSAR) within the legal timeframe and ensuring that its internal search processes were sufficiently

comprehensive, resulting in personal data being identified and disclosed only after significant delay.

- **Public statement:** the States of Guernsey's Committee for Health & Social Care (HSC) has been sanctioned by the ODPA for systemic issues in its handling of DSARs, including a persistent failure to meet statutory response deadlines. The ODPA issued an enforcement order requiring HSC to implement specified remedial measures, including providing monthly updates to the ODPA on overdue DSARs and developing a comprehensive plan to address the existing backlog.
- **Annual Report:** the ODPA's 2025 Annual Report (ODPA Report) reflects on a landmark year for the ODPA, marked by improved investigative timeliness, enhanced education and community outreach, and increased regulatory impact. It emphasises the ODPA's commitment to transparency and accountability, providing clear insight into its work and outcomes. The ODPA Report also sets out its Strategic Plan to 2029, reaffirming the ODPA's focus on strengthening data protection across the Bailiwick through education, support for a modern, safe and progressive digital economy, and proportionate enforcement under its 'Assertive, Agile Enforcement' framework - an innovative, outcome-focused approach designed to deliver faster and more effective regulatory results.

In other news, the ODPA has been elected by its global counterparts to join the Executive Committee of the Global Privacy Assembly (GPA), the leading international network of privacy and data protection authorities. The Executive Committee plays a central role in guiding the GPA's work programme, strengthening international cooperation and ensuring global responses to emerging privacy and data protection challenges are coordinated, effective and inclusive.

10. Financial Ombudsman News

The Channel Islands Financial Ombudsman (CIFO) received 171 complaints in the first Quarter of 2026, of which 94 fell within its remit. Current accounts remained the most common product involved in disputes, comprising 37% of complaints investigated. Other products included health insurance (22%) and home emergency insurance (13%). Complaints principally related to non-payment of claims, suspension of service and poor administration or delay. Further details are available [here](#).

According to CIFO's 2025 Annual Report, fraud was the most prevalent and impactful complaint theme during the year, followed by issues relating to transaction restrictions and account closures. These complaints often arose where service providers were discharging their legal and regulatory obligations, particularly in relation to anti-money laundering and counter-terrorist financing requirements. The CIFO seeks to strike an appropriate balance between recognising providers' legitimate regulatory obligations and decisions, and ensuring that consumers were treated fairly.

The CIFO also reported a continued increase in service complaints following final determinations, together with a

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rise in DSARs submitted by complainants during and after its investigations. These relate to CIFO's own processes, handling and decisions, rather than the underlying financial service providers. This trend mirrors broader experience across ombudsman services and public bodies, and points to heightened consumer expectations around transparency and the ability to challenge outcomes. In response, the CIFO is adopting a new disclosure approach to its complaint management process, to ensure greater transparency around what its decisions are based on and why.

11. 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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