



FINREG UPDATE GUERNSEY

JULY TO SEPTEMBER 2026

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Quick Fire Updates

1. Digital Finance – Round-Up

The Guernsey Financial Services Commission (**Commission**) continues to take significant steps towards expanding digital finance opportunities in the Bailiwick of Guernsey (**Bailiwick**) by making changes that will allow firms to develop new services for a wider range of customers.

Notably, the Commission has published its **feedback paper (Feedback)**, setting out its response to respondents' feedback on its consultation paper '**Supporting Growth with Digital Finance**' which covered a wide range of digital finance policy areas.

Key takeaways from the Feedback are:

- **Guidance on tokenisation:** the publication of **new guidance (Guidance)** explaining how Guernsey's existing regulatory framework applies to the tokenisation of investment funds, securities and other assets, including the use of public blockchains for fund tokenisation
- **Virtual Asset Service Providers (VASPs):** the removal of:
 - the blanket restriction preventing VASP licensees from providing services to retail customers
 - the rule requiring an existing Commission licensee to obtain a separate VASP licence where it wishes to undertake virtual asset activity, and
 - the separate environmental reporting requirement applying specifically to VASPs
- **Smart contracts:** supporting the adoption of emerging technologies, including smart contracts, and
- **Stablecoins:** confirmation that the Commission plans to issue feedback and rules on stablecoins in Autumn 2026.

Since the Feedback, the Commission has issued **the Lending, Credit and Finance (Amendment) Rules, 2026** which come into effect on **1 October 2026**.

For further information on the latest developments in digital finance, read our legal update '**Guernsey Accelerates its Digital Finance Proposition**'.

2. Consultation – Recommended Actions made by MONEYVAL

The Commission and the States of Guernsey's Policy & Resources Committee have issued a joint **consultation** on proposed amendments to the Handbook on Countering Financial Crime (AML/CFT/CPF) (**Handbook**) and the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, notably Schedules 1, 3 and 4. The principal proposals are intended to address recommended actions made by MONEYVAL in its evaluation report published in February 2025.

Views are also being sought on Appendix C of the Handbook, which lists jurisdictions with standards which are equivalent with the Financial Action Task Force's requirements, as differing views have been expressed to the Commission on the value of retaining the list for the purposes of using reliable introducer and intermediary provisions in the Handbook.

The consultation, which is aimed at licensees, registered prescribed businesses and directors registered with the Commission, closes on **9 October 2026**.

3. Consultation – Commission's Fees for 2027

The Commission has issued a **consultation** on an overall increase in its fees of 4.3 per cent with effect from **1 January 2027**. It also proposes a 17 per cent discount on the proposed annual insurance fees for 2027, reflecting the statutory treatment of a significant enforcement penalty received this year, together with targeted amendments to clarify the fee treatment of certain virtual asset activities.

The proposed fees, which are in line with current Guernsey inflation, align with the objectives of Guernsey's **Finance Sector Strategy 2035**, notably the Commission's continued work on the Digital Finance Initiative and the Innovation Sandbox.

The consultation closes on **6 October 2026**.

4. Commission's Innovation Sandbox

The Commission has licensed a further participant through its Innovation Sandbox. The latest licence relates to a digital administrator.

The Innovation Sandbox, which was launched in October 2025 and forms part of the Commission's broader Digital Finance Initiative, was created to allow businesses to develop and test innovative products, services and business models while engaging closely with the Commission on regulatory issues.

5. Banking – APP Fraud Framework

The Commission is working with the Isle of Man Financial Services Authority and the Jersey Financial Services Commission on a proposed Crown Dependencies framework for 'authorised push payment' (APP) fraud.

The **proposed framework** is intended to encourage banks to adopt a broadly consistent approach across the Crown Dependencies, focussed on retail banking customers and sterling payments made through Faster Payments and CHAPS.

6. Appointment of Guernsey's First Finance Sector Concierge

Guernsey has appointed its first Finance Sector Concierge (**Concierge**), creating an initial point of contact to help businesses considering Guernsey engage with government, the Commission, Guernsey Finance and other key stakeholders at an early stage. The Concierge will also assist in navigating the regulatory, legal, immigration and practical

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requirements associated with establishing a presence in the jurisdiction. Created following a recommendation of Guernsey's Finance Sector Growth Strategy 2035, the role is intended to support business growth and inward investment. Further details are available [here](#).

7. Insurance – Qualified Jurisdiction status

The Bailiwick has applied to the National Association of Insurance Commissioners for Qualified Jurisdiction status. The application seeks formal recognition of Guernsey's insurance regulatory framework and, if successful, could improve market access for Guernsey insurers into the United States. Further details [here](#).

8. Financial Crime Returns Rules - Amendments

The [Financial Crime Returns Rules](#) have been amended to take account of the revision to the previously named 'Financial Crime Risk – Intermediary Annual Return' (Form 152), now named 'Financial Crime Risk – Investment Vehicles Return'. The amendments do not affect any other financial crime related return and solely reflect the change in name, content, reporting period and submission deadline of Form 152.

9. Handbook – Appendix I Update

The Handbook has been [updated](#) to amend the Appendix I entries for Iraq and Bosnia & Herzegovina and to remove Namibia from the list of higher-risk jurisdictions. While the Financial Action Task Force has removed Algeria from its list of jurisdictions under increased monitoring, Algeria remains on Appendix I because it continues to be listed by other relevant external sources.

10. Enforcement action by the Commission

The Commission has issued a [public statement](#) and imposed a financial penalty of £450,000 on a licensed fiduciary after finding serious and systemic failings in its monitoring and management of customer financial crime risks, in breach of requirements under the Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations, 2007 and the Handbook. The Commission also identified significant failures to comply with the Finance Sector Code of Corporate Governance – Trust Service Providers and the Principles of Conduct of Finance Business.

The Commission has also issued [public statements](#) and imposed financial penalties on certain individuals connected with that licensee. One individual is also [prohibited](#) from holding the position of controller, director, partner, manager, MLRO and MLCO for five years and 6 months.

11. Data Protection - Breaches/News

Latest reported figures of data breaches reveal a decrease in the number of reported data breaches to the Office of the Data Protection Authority (ODPA) in comparison with the previous quarter, having received 49 self-reported breaches, of which only **four** were classified as high-risk. Emails sent to incorrect recipients remained the most common type of

breach, with loss of confidentiality the most prevalent potential harm. Further details available [here](#).

In other news, the ODPA has come to a [consensual resolution](#) of a matter set to be heard by the Court of Appeal in July 2026 in relation to an incident which occurred in 2022.

The ODPA has also joined forces with the Isle of Man and Jersey to highlight the [potential privacy risks associated with smart glasses](#), which are being used in a range of settings, including workplaces and businesses.

12. Financial Ombudsman - News

The Channel Islands Financial Ombudsman (CIFO) received 202 complaints in the second quarter of 2026, of which 107 fell within its remit. Current accounts remained the most common product involved in disputes, comprising 51% of complaints investigated. Other products included health insurance (17%) and home emergency insurance (8%). Complaints principally related to non-payment of claims, suspension of service and poor administration or delay. Further details are available [here](#).

13. MO FinReg Forum

If you would like to participate in our FinReg Forum, which provides updates on similar matters for each of Guernsey and Jersey, please do get in touch.

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