

## Guernsey's new "Private Investment Fund"

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Guernsey introduced the Private Investment Fund (PIF) in November 2016 following a consultation by the GFSC. The consultation found that certain investment funds are characterised by a relationship between management and investors that is closer than that of a typical agent.

#### PIF Rules

A PIF will be subject to the Private Investment Fund Rules 2016 (PIF Rules). The PIF Rules contain requirements for:

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The PIF Rules do not contain any requirements relating to information particulars to be prepared, although of course the PIF will be free to prepare whatever investor information may be appropriate in the circumstances. PIFs may be open or closed-ended.

The PIF requires a licensed manager in respect of the entire fund structure. For example, it is not permitted to have separate advisers in respect of individual cells. Only the PIF Rules will be relevant and no other rules will be applied against the licensed manager.

#### Marketing a PIF

There is no limit on the number of investors to whom a PIF may be marketed, however a PIF should contain no more than 50 legal or natural persons holding an ultimate economic interest in the PIF, save in the instance where the investment is made by an investment manager acting as agent for a wider group of stakeholders. For example, an investment manager acting as agent for

investors in a collective investment scheme or equivalent, pension holders in an occupational pension scheme, or government funds - whether local or sovereign.

Excepting a period of one year commencing from the date of first subscription, there is a “rolling test” applied on a continuous basis. In the previous twelve months, a PIF can add no more than 30 new ultimate investors. The licensed manager of the PIF is responsible for applying, recording and evidencing such tests.

## Warranties

As part of the applications process the proposed licensed manager is required to provide warranties to the GFSC on the ability of the investors in the PIF to assume loss. The GFSC has stated that it will treat any failures in the process leading to the signing of such warranties extremely seriously.

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