

Battle-hardened in Guernsey

FOUNDERS AND DIRECTORS **GILLIAN NEWTON** AND **JULIAN TIMMS** EXPLORE A JOURNEY THROUGH FUND ADMINISTRATION IN GUERNSEY AND HOW EXPERIENCE DEFINES PARAMOUNT FUND SERVICES LIMITED

The landscape of the Guernsey fund administration industry, renowned for its robust regulatory framework and global reputation for high compliance standards, has faced unprecedented tests of resilience and adaptability in recent years – from pandemic disruption to geopolitical shocks.

THE LEGACY OF COVID-19 AND ITS LINGERING EFFECTS

Before the geopolitical shocks of 2022, the fund administration sector had already been tested by the global Covid-19 pandemic. While firms adapted quickly to remote working, an unintended consequence emerged: a growing knowledge gap among the younger generation of professionals. The absence of in-person mentorship, impromptu discussions, and the ability to receive immediate feedback or guidance from experienced colleagues created a vacuum in experiential learning.

The opportunity cost of this disconnect was significant. Training that would traditionally happen organically in the office environment became fragmented. Junior staff missed out on hearing how complex issues were approached or resolved, weakening the institutional knowledge base and slowing professional development. For a sector so dependent on precision, compliance, and continuity, these subtle losses in communication and culture had a profound impact.

THE SHOCKWAVES OF GEOPOLITICAL CONFLICT

The Russian invasion of Ukraine in early 2022 sent tremors through the global financial industry, and Guernsey's fund administration sector was not immune. With numerous funds exposed to Russian assets, the immediate challenge was navigating the evolving web of international sanctions. Asset freezes, restrictions on service provision, and heightened scrutiny from both regulators and counterparties created a compliance minefield.

For Guernsey-based administrators, the fallout was severe. Several service providers, wary of reputational risk and regulatory exposure, moved quickly to serve notice on structures with Russian exposure. This left many funds in a precarious position, scrambling to find replacement administrators while continuing to meet investor reporting obligations and maintain operational integrity.

HOLDING THE LINE: STRUGGLES TO SUSTAIN OPERATIONS

As many larger administrators de-risked their portfolios, some funds were left effectively stranded —unable to access banking services, unable to transact, and with administrators willing to take responsibility. The effort to keep these funds operational was enormous. Directors and compliance officers worked closely with regulators, legal advisors, and each other to piece together transitional plans and manage the obligations of continued service.

This turbulent period highlighted a growing disconnect in the Guernsey market: the gap between large, risk-averse institutional administrators and the nuanced needs of bespoke or complex fund structures.

COMPLIANCE IN THE EYE OF THE STORM

Guernsey's regulatory body, the Guernsey Financial Services Commission (GFSC) (www.gfsc.gg) maintained its commitment to high standards throughout this period.

In its most recent evaluation by Moneyval, the Council of Europe's anti-money laundering body, Guernsey received strong endorsements for the effectiveness of its AML/CFT framework. The report recognised the jurisdiction's high level of technical compliance with FATF Recommendations, particularly in areas such as customer due diligence, supervision, and international cooperation. Guernsey was one of the few jurisdictions assessed to have achieved positive outcomes across both technical and effective measures—reinforcing its reputation as a well-regulated and internationally respected financial center. This external validation

supports continued investor confidence and underscores the island's appeal as a trusted domicile for fund and wealth management structures.

UK TAX REGIME

Following the recent introduction of Labour's progressive tax regime in the UK — marked by significant reforms to non-domicile status and increased taxation on investment income and wealth — many high-net-worth individuals (HNWIs) have begun redirecting their capital to more stable and efficient jurisdictions. This shift has created a renewed opportunity for Guernsey, whose strong regulatory framework, tax neutrality, and robust financial services sector make it an attractive destination for internationally mobile wealth. As political and fiscal pressures mount in the UK, Guernsey stands out as a credible, well-regarded alternative for those seeking long-term wealth preservation and professional administration.

GEOPOLITICAL RISK & CAPITAL REALIGNMENT: WHY STABILITY MATTERS

Uncertainty in the U.S. political and economic landscape is driving investors to take a harder look at where their capital is deployed. Shifts in sentiment and flows away from U.S. markets reflect a broader search for stability, predictability, and trusted regulatory environments.

For clients, today's uncertainty underscores the importance of placing wealth in jurisdictions that offer insulation from short-term turbulence. Guernsey provides exactly that: political neutrality, a robust and internationally recognised legal framework, and proven fund regimes. Together, these attributes make it a compelling choice for fund sponsors and private wealth clients seeking stability, predictability, and long-term capital preservation through cross-border structuring.

CONTINUOUSLY DEVELOPING FRAMEWORKS

The evolving regulatory and commercial landscape has spurred innovation in fund structures. One such development

– developed in a collaboration by the regulator and industry – are the 2025 reforms to the Private Investment Fund (PIF) regime in Guernsey. Key features of the PIF include: no limit on the number of investors; no audit requirement; and no requirement for a Guernsey manager. PIFs can be approved in 24 hours and marketed across the UK, the EU and globally via national private placement regimes. Information on the PIF regime is available on the GFSC website.

Guernsey's Protected Cell Company (PCC) structure presents a compelling solution for fund managers and family offices seeking both operational efficiency and legal segregation of assets and liabilities. A PCC enables the creation of multiple 'cells' within a single legal entity — each representing a separate pool of assets and liabilities, statutorily ring-fenced from those of other cells and the core. This makes it particularly attractive for structuring different asset classes, investment strategies, or family branches within a single cohesive platform. A PCC can support tax efficiency through the separation of income-generating activities, philanthropic initiatives, and succession vehicles, while reducing the complexity and cost associated with managing multiple standalone structures. Its flexibility, combined with robust creditor protection and regulatory certainty, makes a Guernsey PCC an ideal structure for fund managers as well as sophisticated family office arrangements and long-term wealth preservation.

Andrew Tually, a partner at law firm Carey Olsen (Guernsey) LLP, says: 'Guernsey is an attractive jurisdiction for fund structures due to its tax-neutral environment, flexible structuring options and reputation as a well-established and globally recognised finance centre. Most recently, the PIF has become the "go to" fund vehicle, particularly for new/emerging managers looking to deploy quickly on a cost-effective basis. Guernsey funds will appeal to managers and investors looking for an internationally accepted platform without the administrative burden and extra costs prevalent in other jurisdictions, like Luxembourg.'

PARAMOUNT FUND SERVICES

Paramount Fund Services was founded by a team who had already navigated some of the most demanding periods in Guernsey's fund administration sector, from complex client litigation and the disruption of Covid-19 to the Russia-Ukraine sanctions wave and ensuing banking constraints.

Having managed restructurings, distressed exits and regulator-led remediation during that time, the founding team recognised the sector's recurring weaknesses: fragmented administration, slow decision-making, and an increasingly cautious risk appetite — where concern over regulatory or sanctions exposure often delayed necessary action.

Established in 2024, Paramount was designed as a high-touch, director-led alternative, combining technical depth with agility and sound judgement. Its professionals have worked alongside the GFSC, legal advisers and counterparties to maintain continuity and deliver practical, compliant solutions in complex situations.

The directors and staff bring a rare breadth of perspective, having served within large administrators, acted for clients directly, and held board-level roles themselves, this enables them to view each structure holistically, balancing regulatory, legal and commercial priorities to achieve clear, outcome-driven results.

Paramount's close engagement with legal advisers and financial intermediaries has highlighted a consistent gap in specialist support for distressed and complex asset situations — a need that Paramount is uniquely positioned to meet.

Our services in this arena include maintaining administration where incumbent providers have withdrawn, providing independent director and governance oversight during litigation or restructuring, and ensuring robust regulatory and AML compliance. We ensure custody, accounting and record-keeping, continuity compliance in line with GFSC Rules, and work closely with legal teams to manage evidential documentation and filings, protecting

stakeholder interests throughout the resolution process.

Robin Gist, partner at Ferbrache & Farrell LLP with a specialism in regulatory law, says: 'The seemingly ever changing, and broadening, regulatory landscape in Guernsey is at once both a significant attraction to those looking to set up shop here, as it offers the highest standards of practice, while also being a potential thorn in the side. With distressed or otherwise complex assets, in particular, the regulatory backdrop ensures comfort for those working in the sphere, but it is essential that the right experts and advice are on hand. Paramount's team has years of experience in high-risk areas, backed up by appropriate legal advice, should provide any relevant stakeholder with the comfort to come through what can be a difficult time. As matters proceed, Guernsey's SAR/consent regime often comes into play, and robust challenge becomes necessary. Honest and forthright advice based on years of experience of interaction with the authorities will be essential.'

GET IN TOUCH

Whether you're seeking a trusted partner for fund administration, exploring private wealth structuring options, fiduciary services or require specialist support in managing distressed or complex asset situations we would be delighted to meet with you to understand your requirements and explore how Paramount can support you.



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