FUNDS & INVESTMENTS / PRACTICAL GUIDE

GIBRALTAR INVESTMENT FUNDS

A practical guide for managers

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INTRODUCTION

Gibraltar has been a home for investment funds since the early 2000s. It offers a regulated fund for professional investors that can launch without waiting for regulatory approval, a lighter private fund for closed groups, and protected cell companies that can now issue their shares in tokenised form. All of this sits within an English common law system, with a regulator, administrators and auditors who know the sector.

This guide is written for fund managers, family offices and their advisers. It explains the main Gibraltar fund vehicles, who can invest in them, how they are set up and run, how they are taxed, and how existing funds can move to Gibraltar. It focuses on funds for professional, experienced and closed groups of investors, which is where most Gibraltar funds sit.

If you would like a quick answer first, our **Fund Finder** suggests the vehicle that usually fits in six questions.

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CHOOSING A VEHICLE: THE MAIN OPTIONS AT A GLANCE

Most managers choose between two vehicles: a private fund and an Experienced Investor Fund (EIF). An EIF can also be set up as a protected cell company (PCC) to run several sub-funds.

	PRIVATE FUND	EXPERIENCED INVESTOR FUND	EIF AS A PCC
Best for	Family offices and closed groups of known investors	Professional, high-net-worth and experienced investors	Platforms running several strategies or managers
Investors	Up to 50, from an identifiable group	Unlimited, if each is an experienced investor	Experienced investors; each cell can have its own
Regulation	No GFSC licence; investors acknowledge the fund is unregulated; registered with the GFSC if it is a small self-managed AIFM	Regulated by the GFSC; launches without prior approval, then notified within 10 working days with a senior counsel opinion	Regulated by the GFSC as an EIF; GFSC consent needed to set up as a PCC
Service providers	Gibraltar-based administrator and custody arrangements	Approved administrator, GFSC-approved directors and, for open-ended funds, a depositary	Shared board and providers across cells
Auditor	Generally not required	Gibraltar auditor; annual audited financial statements	Required, as it is an EIF
Legal forms	Company or limited partnership	Company, limited partnership or PCC	Protected cell company
Management	Can be self-managed, generally without a separate licence	Can be self-managed, generally without a separate licence	Can be self-managed, generally without a separate licence
Strategy limits	None by statute; only what the fund sets in its own documents	None by statute; only what the fund sets in its own documents	Each cell can follow its own strategy
Timing	Depends on service provider and banking arrangements; weeks if managed efficiently	Longer than a private fund as it is regulated; weeks if managed efficiently	New cells added quickly once the PCC exists

Two questions usually decide the choice. First, who are the investors: a closed group the manager already knows, or a wider group of professional and high-net-worth investors? Second, how will the fund develop: will it stay with the same investors, or open up to outside investors later? A private fund suits the first case in each question. An EIF suits the second. A private fund can also convert into an EIF after a year, which gives managers a way to start small and grow.

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THE PRIVATE FUND

A Gibraltar private fund is a collective investment scheme for a limited, identifiable group of investors. It is the lightest Gibraltar fund vehicle, and it is often used by family offices and groups of co-investors who know each other. Under the Financial Services Act 2019 it is a private scheme, which is not authorised by the GFSC as a collective investment scheme.

Key features

- **Up to 50 investors**, drawn from an identifiable group, such as family members or existing business contacts.
- **No GFSC licence.** Investors acknowledge that the fund is not regulated by the Gibraltar Financial Services Commission.
- **Registration with the GFSC.** A private fund that is a self-managed small AIFM (see below) registers with the GFSC. Registration is not authorisation as a collective investment scheme.
- **Private by nature.** The fund cannot be listed on a stock exchange or offered to the public.
- **Service providers.** A private fund must appoint a Gibraltar-based administrator and have custody arrangements in place. An audit is generally not required.
- **Flexible strategy.** It may invest in any asset class or strategy, with no statutory investment, borrowing or diversification limits. The only limits are those the fund sets in its own documents.
- **Self-management.** It can be managed by its own governing body, generally without a separate licence, while it stays below the AIFMD thresholds (see Management and the AIFMD thresholds below).
- **Legal form.** A private fund is usually set up as a company or a limited partnership.

The 2025 reforms

In May 2025 Gibraltar updated its private fund rules to raise standards of governance and transparency while keeping the vehicle quick and cost-effective. The changes were made to the AIFM Regulations, and they apply to private funds that are self-managed small AIFMs: funds run by their own governing body, within the small AIFM thresholds, with no more than 50 participants and not authorised as EIFs. Two requirements were introduced:

- **A local fund administrator.** A self-managed private fund must appoint a Gibraltar-based administrator, unless the GFSC grants an exemption.
- **Custody arrangements.** The fund must have formal arrangements for the safe custody of its assets.

Reporting

A registered private fund reports to the GFSC annually, and notifies the GFSC of material changes to the information it registered.

Converting to an EIF

A private fund that has remained private for a year can convert into an EIF. This lets a manager build a track record with a small group of known investors before taking on the requirements of a regulated fund and admitting outside investors. It also suits managers who are unsure whether they will pass 50 investors: if

there is any real chance of doing so, plan for an EIF, or for the conversion route, from the start.

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THE EXPERIENCED INVESTOR FUND

The EIF is Gibraltar's flagship regulated fund. It is designed for professional, experienced and high-net-worth investors, and it is governed by the Financial Services (Experienced Investor Funds) Regulations 2020 (the EIF Regulations).

Key features

- **No approval before launch.** The fund launches once its documents are final and its service providers are in place, then notifies the GFSC within 10 working days.
- **Unlimited investors,** provided each one qualifies as an experienced investor.
- **Open or closed-ended,** investing in any asset class, with no statutory investment, borrowing or diversification limits.
- **Self-management** is possible, generally without a separate licence, subject to the AIFMD thresholds.
- **Legal forms** include companies, limited partnerships and protected cell companies.

Launch, then notify

The EIF has a notification route. Once the governing body resolves to launch the fund, and the documents and service providers are in place, the fund can start accepting capital. The administrator then notifies the GFSC within 10 working days, sending the offering and constitutional documents, a legal opinion from senior Gibraltar counsel confirming the fund was established in line with the EIF Regulations and other relevant law, a form signed by the administrator, and the registration fee. The fund is treated as authorised from the date it was established, as long as the notification is made on time.

Managers who want to be registered before they launch can instead notify the GFSC at least 10 working days before the fund is established. Either way, there is no regulatory downtime, and any questions from the GFSC can be answered while the fund continues to operate.

Who can invest: the experienced investor test

An investor qualifies as an experienced investor if, at the time of investing, they fall within one of the routes in regulation 3 of the EIF Regulations. In summary:

ROUTE	WHO QUALIFIES
3(1)(a)	Individuals or partnerships whose ordinary business or professional activity includes investing or giving investment advice
3(1)(b)	Companies with net assets of more than €1 million, or in a group with net assets of more than €1 million
3(1)(c)	Unincorporated associations with net assets of more than €1 million
3(1)(d)	Trustees of a trust whose cash and investments are worth more than €1 million
3(1)(e)	Individuals with net worth of more than €1 million, alone or with a spouse, excluding their main home and pension assets

ROUTE	WHO QUALIFIES
3(1)(g)	Investors who invest, or hold across EIFs, at least €100,000 and are a certified high net worth investor, a certified or self-certified sophisticated investor, or investing on solicited advice
3(1)(h)	Investors who invest at least €50,000 on the advice of a professional adviser, confirmed to the fund
3(1)(i)	Professional clients under the Financial Services (Investment Services) Regulations 2020
3(1)(j)	Investors in a fund re-domiciled to Gibraltar, where the GFSC has permitted their inclusion

Pension funds face an extra condition. A pension fund only qualifies if every beneficiary is an investment professional or has net worth over €1 million, or if the investment, together with its other EIF holdings, is no more than 10% of its total assets.

The €100,000 route is not a simple minimum investment. An investor investing €100,000 must also rely on the right statement or advice. Where an investor relies on a statement, such as a certified high net worth or self-certified sophisticated investor statement, the statement must be in the form set out in the Regulations and dated within the previous 12 months. The fund must take reasonable steps to check that the investor meets the criteria. The GFSC can also, with the Minister's approval, approve other categories of experienced investor for a particular fund.

Required service providers and governance

- **Administrator:** licensed in Gibraltar, or licensed elsewhere with the GFSC's consent, and the Minister's, to administer EIFs.
- **Auditor:** a Gibraltar auditor, with annual audited financial statements.
- **Directors:** two GFSC-approved directors, at least one of whom is normally resident in Gibraltar, unless the GFSC grants a dispensation. A director who is not resident in Gibraltar must be willing to meet the GFSC in Gibraltar when reasonably required.
- **Depositary:** an EIF must must enter into and maintain arrangements with a bank and/or broker.
- **Legal opinion:** senior Gibraltar counsel confirms at launch that the fund has been established in line with the EIF Regulations and other relevant law.

The offering document

An EIF must issue an offering document that meets the EIF Regulations. It must set out, among other things, the fund's fees, its investment objectives, any borrowing or investment restrictions, and the risks of investing. It is the document on which investors decide, and it must be kept up to date.

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PROTECTED CELL COMPANIES AND TOKENISED SHARES

An EIF can be set up as a protected cell company (PCC). A PCC is a single company divided into cells. Each cell has its own assets and liabilities, which are legally separate from those of the other cells, and each can run its own strategy for its own investors. There is no limit on the number of cells, so new strategies can be added without setting up a new fund each time. This structure is available to EIFs only, not to private funds.

The GFSC must consent to a company being established as a PCC. In considering a fund, it looks at whether the board as a whole has the skills, experience and time to oversee every cell, and whether it understands the strategy of each one.

Tokenised fund shares

Under the 2026 amendments to the Protected Cell Companies Act, now in force, a PCC authorised as an EIF can issue its cell shares in tokenised form. In summary:

- Share tokens recorded on a distributed ledger are treated as valid share certificates, with the same rights as other shares of the same class.
- The share register can be kept on a distributed ledger, and transfers can be made through smart contracts.
- Transfers still need the company's consent, and recipients must be verified and eligible to invest. This is not an open secondary market.
- The fund needs the GFSC's prior approval before issuing tokenised shares, and its offering documents must disclose the cybersecurity and technology risks.

For managers building digital or tokenised products, this gives a clear legal basis for on-chain fund shares within a regulated fund.

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LEGAL FORMS: COMPANIES AND LIMITED PARTNERSHIPS

Most Gibraltar funds are set up as companies or limited partnerships. A company is a familiar and flexible choice for PCCs. A limited partnership is familiar to private equity, real estate and private credit investors, and suits funds that draw down capital from investors over time through capital calls.

Gibraltar's Limited Partnerships Act 2021 modernised the form. The main features for fund managers are:

- **Optional legal personality.** The general partners can choose whether the limited partnership has separate legal personality, but are not required to give it.
- **Safe harbour for limited partners.** Limited partners can take certain actions, such as advising the partnership, carrying out supervisory and control measures, or granting loans and security, without losing their limited liability. This lets investors take a more active role than the older law allowed.
- **Tax transparency.** Partnerships are generally tax transparent, so each partner is taxed on its share of the income, and a limited partnership is not automatically subject to Gibraltar tax. The position depends on the circumstances, including where the partnership is managed and controlled.
- **Flexible interests.** Partnership interests can be represented by shares, bonds, notes, loans or other securities or instruments.
- **Conversion.** A Gibraltar company can re-register as a limited partnership.

Protected cell limited partnerships. A limited partnership can also be set up as a protected cell limited partnership under the Protected Cell Limited Partnerships Act 2021, which came into force in November 2021. It allows a fund to create cells that are legally separate from each other, as a PCC does, while keeping the tax transparency of a partnership.

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MANAGEMENT AND THE AIFMD THRESHOLDS

Gibraltar funds can be managed by their own governing body, such as the board of directors or the general partner, generally without a separate licence. This is often called being self-managed or internally managed. Alternatively, a fund can appoint an external manager.

The thresholds from the EU Alternative Investment Fund Managers Directive still apply in Gibraltar after Brexit, as part of Gibraltar's own law under the Financial Services (Alternative Investment Fund Managers) Regulations 2020. They are assets under management of €100 million, or €500 million for funds that are unleveraged and have no redemption rights for five years.

What changes above the thresholds

Below the thresholds, a self-managed fund has its leanest set-up. Above them, the fund moves towards a fully regulated structure, because someone must be authorised as an AIFM. An authorised AIFM is subject to the full AIFM rules, including initial capital and own funds, risk and liquidity management, valuation, remuneration and conflicts rules, a depositary, an annual report and regular reporting to the GFSC. That is why crossing a threshold is a planning point, not just a number.

In practice, the choices above the thresholds look like this:

- **Becoming your own AIFM.** The fund's governing body applies to the GFSC for permission to act as an authorised AIFM. The fund takes on the capital, systems and governance that come with it, but keeps its own investment team and decisions.
- **Appointing a third-party AIFM.** The fund appoints an authorised external manager to carry out portfolio and risk management. This suits a manager who wants an established institutional brand behind the fund, or who does not want to build the infrastructure.
- **Using the exemption (self-managed EIFs only).** See below.

For a very large or fast-growing fund, the third-party AIFM route is often the cleaner long-term answer.

The exemption for self-managed EIFs

A self-managed EIF that meets the conditions in the AIFM Regulations can seek an exemption from being authorised as an AIFM. The fund's governing body or its legal representative submits a notification to the GFSC that:

- states that the EIF requests an exemption under, with the date of the meeting at which this was decided;
- confirms that the EIF's legal form permits internal management and that its governing body has chosen not to appoint an external AIFM; and
- acknowledges that Part 8 of the AIFM Regulations applies to the EIF.

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LAUNCHING A FUND: STEP BY STEP

Neither a private fund nor an EIF needs the GFSC to approve the fund before launch, so the timetable is driven mainly by how quickly the documents and the service providers are put in place. Managed efficiently, both can be launched in weeks; an EIF takes longer because it is a regulated fund. There are two points at which the GFSC is involved before launch: it approves any fund name that includes a sensitive word such as “fund”, and it must consent to the establishment of a protected cell company.

1. **Agree the structure.** The vehicle, legal form, open or closed-ended terms, strategy, fees, and whether the fund is self-managed or appoints a manager.
2. **Clear the name and any consents.** Apply to the GFSC for approval of the fund name, and for consent to set up a PCC if that is the chosen form.
3. **Appoint service providers.** The administrator, custody arrangements and bank, and for an EIF the auditor, GFSC-approved directors and, if open-ended, the depositary. Directors and banking are the most common causes of delay, so start early.
4. **Prepare the documents.** The offering document, the constitutional documents (such as articles of association or a limited partnership agreement), service agreements, and subscription documents, including investor confirmations.
5. **Private fund: register and launch.** Complete the GFSC registration form and register the fund with the GFSC. Investors acknowledge that the fund is not regulated by the GFSC.
6. **EIF: legal opinion and launch.** Senior Gibraltar counsel gives the legal opinion, the board resolves to launch, and the fund can accept capital.
7. **EIF: notify the GFSC within 10 working days.** The administrator sends the GFSC the offering and constitutional documents, the legal opinion, the signed form and the registration fee. From then on it is a regulated fund, treated as authorised from the date it was established.

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ONGOING OBLIGATIONS

Private funds

A private fund must remain private, keep within the 50-investor limit, and maintain its Gibraltar administrator and custody arrangements. It must also report annually to the GFSC and notify material changes to its registered information.

Experienced Investor Funds

- **Annual audited financial statements,** prepared by a Gibraltar auditor.
- **An annual EIF return** to the GFSC, submitted by the administrator, within six months of the end of the fund's accounting period. This covers the fund's investment strategies, the main instruments it trades, and its principal exposures.
- **An annual director return** for each EIF director, which the GFSC collects each year.

- **Notification of material changes.** The GFSC expects to be told of any material change to the fund or its cells. That includes a change to the people performing functions for the fund, a significant change to its structure or investment strategy, a new cell, a change to how the fund is valued, or a change likely to affect investors adversely. The notification is made on the GFSC's form, completed by the administrator and approved by the governing body. The governing body decides how to make the change itself, and should consider the effect on existing investors first.
- **Keeping the offering document up to date,** and checking that every new investor qualifies as an experienced investor.

Funds within the AIFMD regime have additional reporting to the GFSC under the AIFM Regulations.

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MOVING AN EXISTING FUND TO GIBRALTAR

A fund established in another jurisdiction, such as the Cayman Islands, the British Virgin Islands, Jersey, Switzerland, Singapore or Hong Kong, can re-domicile to Gibraltar as a private fund or an EIF. It continues as the same legal entity, so there is no new company, no break in its history or track record, and existing contracts do not need to be re-signed.

Re-domiciling as an EIF can also keep the existing team largely in place:

- **Administrator.** The fund's current administrator can apply to the GFSC for consent to carry on servicing the fund as an EIF. This option exists only for EIFs.
- **Directors.** Existing directors can often stay, subject to the GFSC's consent to act as EIF directors and the requirement for a Gibraltar-resident director.
- **Auditor.** The auditor is usually the main new appointment, because an EIF needs a Gibraltar auditor.

Where a fund re-domiciles as an EIF, its existing investors may be treated as experienced investors, where the GFSC has permitted this for that fund, for funds of that type, or for funds from that jurisdiction.

Managers usually consider a move when costs in their current domicile have risen, when they have relocated their own business, or when they want a structure closer to the UK and Europe.

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TAX

Gibraltar funds are generally tax neutral. Investment income is generally not taxed at fund level, and income accrued and derived outside Gibraltar is generally not taxed in Gibraltar.

TAX	POSITION
Capital gains tax	None
Withholding tax on dividends to non-residents	None
VAT	None
Inheritance and wealth tax	None

TAX	POSITION
Corporation tax	15% on income accrued in and derived from Gibraltar, including that of Gibraltar-based fund managers

Funds set up as limited partnerships are generally tax transparent, so each partner is taxed on its share. The tax position of the manager and of each investor in their own country will often matter more than the fund's position, so we recommend taking advice in each relevant jurisdiction.

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DIGITAL ASSET FUNDS

Gibraltar began regulating distributed ledger technology businesses in 2018, earlier than most jurisdictions, and has become an established domicile for digital asset funds. Both EIFs and private funds can hold digital assets. The Gibraltar Funds & Investments Association has published governance standards for crypto funds, covering structure, governance, risk, valuation, custody and security, as an addendum to its Corporate Governance Code for Collective Investment Schemes. With tokenised shares now available to EIF PCCs, Gibraltar offers a clear legal framework for both investing in digital assets and issuing fund shares on a distributed ledger.

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HOW ISOLAS CAN HELP

ISOLAS advises family offices, emerging managers and international asset managers on every stage of a Gibraltar fund, from choosing the structure to launch and beyond. We act as a single point of contact for all counterparties, give the legal opinion for EIF launches, and advise on conversions, new cells, tokenisation, re-domiciliation and regulatory change.

ISOLAS is the only Gibraltar law firm to have won Best Law Firm in Fund Domicile at the Hedgeweek Europe Digital Assets Awards (2022), is ranked for investment funds by The Legal 500, and is a member of the Gibraltar Funds & Investments Association.

FUND FINDER

Which Gibraltar fund vehicle fits your plans?

Six quick questions about your investors, plans and strategy.

START THE FUND FINDER →

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