

Overview

Gibraltar is a well-established jurisdiction for investment funds, combining a flexible legal framework with EU-derived standards and a pragmatic regulatory approach. Funds are regulated under the Financial Services Act 2019 and associated regulations, with the Gibraltar Financial Services Commission (“GFSC”) acting as the supervisory authority. The main fund types are the regulated Experienced Investor Fund (“EIF”) and the non-regulated Private Scheme (often referred to as a “Private Fund”).

Experienced Investor Funds

The EIF regime is Gibraltar’s flagship professional regulated fund product, established under the Financial Services (Experienced Investor Fund) Regulations 2022 (“EIF Regs”). Key features of an EIF include:

- Restricted to Experienced Investors – defined broadly to include high-net-worth individuals (net worth of €1 million excluding primary residence), institutional investors, those whose usual business involves investment activities, or individuals investing at least €50,000 on the basis of professional investment advice.
- May be structured as a private company, limited partnership, unit trust, protected cell company (“PCC”), or other approved vehicle.
- Regulatory downtime is minimised – EIFs may use either a pre-approval or post-launch notification process, and as such, time from incorporation to launch can be as short as one week.
- May be structured as a PCC under the Gibraltar Protected Cell Companies Act 2001, enabling the creation of umbrella funds with multiple segregated sub-funds.
- Requires a private placement memorandum (“PPM”), which must be prepared in accordance with the EIF Regs, and must be registered with the GFSC at time of launch.
- No statutory minimum investment thresholds or asset diversification requirements.
- The board must include at least two GFSC-approved EIF directors.
- Must appoint a fund administrator authorised in Gibraltar or authorised elsewhere if specifically approved by the GFSC.
- Internally managed EIFs that qualify as full-scope AIFMs may opt into Gibraltar’s “Dual Regime”, allowing them to disapply certain Alternative Investment Fund Management Directive (“AIFMD”) requirements (e.g. capital adequacy, risk management, delegation, custodian and remuneration rules).
- EIFs must prepare audited annual accounts, file them with the GFSC, and maintain compliance with AML/CTF requirements.
- Annual audit is mandatory, with audited financial statements filed with the GFSC.

Private Schemes

A Private Scheme (commonly referred to in Gibraltar as a “Private Fund”) is a lightly regulated collective investment structure, available only to a select group of investors under the Financial Services Act 2019. Key characteristics of the Private Fund include:

- Must not be listed on a stock exchange, and it may not be promoted to more than 50 investors.
- Subscription must be strictly by private invitation, targeting a restricted category of persons.
- Must retain its private status for at least one year following any offers.

GFSC authorisation for a Private Scheme is not required. However, Private Funds structured as self-managed Small AIFMs (see further information below) must appoint a Gibraltar-based, GFSC-authorised fund administrator unless an exemption is granted by the GFSC.

Self-Managed Funds in Gibraltar

One of Gibraltar’s most attractive features as a fund domicile is the ability to establish self-managed structures, meaning that the fund itself assumes responsibility for managing its investments rather than appointing a separate regulated investment manager. Both EIFs and Private Schemes may be structured in this way.

A self-managed fund is managed by its own board of directors (or equivalent governing body), which carries direct responsibility for portfolio management, risk oversight, and compliance. This eliminates the mandatory requirement to appoint an external regulated investment manager, reducing set-up and ongoing costs while keeping strategic control firmly in the hands of the fund and its principals.

Importantly, Gibraltar law permits the appointment of a corporate entity to act as an “investment director” of the fund. This corporate director may receive remuneration not just in the form of standard director fees but also through management and performance fees, effectively allowing the investment management function to be carried out through the board structure of the fund itself.

Regulation

EIFs are regulated products under the Gibraltar Financial Services Act 2019 and the EIF Regs. They may be launched under either a pre-approval process, where GFSC approval is obtained before launch, or a post-launch notification process, which allows the fund to commence operations once authorised counsel and the administrator confirm compliance, with such formal GFSC notification within 10 business days. EIFs must appoint at least two GFSC-approved EIF directors, a licensed fund administrator in Gibraltar, and an independent auditor.

Private Funds, by contrast, fall outside the authorisation regime. While they are not subject to the same regulatory requirements as EIFs, they are nonetheless subject to Gibraltar’s anti-money laundering framework and fiduciary oversight where professional service providers are involved. Recent rules introduced in 2025 also require self-managed Private Funds registered as Small AIFMs to appoint a Gibraltar-based licensed fund administrator.

Filings

EIFs must prepare and file audited annual accounts with the GFSC, accompanied by the auditor's report. They are also required to file an annual EIF return with the GFSC, which provides confirmation of ongoing compliance, fund activity, and governance arrangements. Separately, each EIF director approved by the GFSC must file their own annual return confirming compliance with the EIF Regs.

EIFs must also ensure that constitutional documents, the PPM, and details of directors, administrators, and auditors remain up to date with the GFSC. Compliance with anti-money laundering and counter-terrorist financing obligations is mandatory and monitored as part of the ongoing supervisory framework.

Private Funds, by contrast, are generally exempt from GFSC filing requirements. However, where a Private Fund is registered as a Small Self-Managed AIFM, it must submit an annual return to the GFSC (see further information below). However, they must still maintain accurate internal records, ensure beneficial ownership information is reported to the Register of Ultimate Beneficial Owners, and comply with AML obligations. Where a private scheme qualifies as a self-managed small AIFM, the appointment of a local fund administrator introduces additional oversight and compliance responsibilities.

Marketing

EIFs may only be offered to experienced investors, as defined under the EIF Regs, and must not be promoted to the general public. The PPM must clearly set out the investment strategy, risks, and governance arrangements.

Private Funds may only be offered by private invitation to a limited group of investors. Public marketing is prohibited, and the offering must remain within the 50-investor cap.

For both EIFs and Private Funds, cross-border marketing is permitted on a private placement basis, subject to the investor protection and marketing rules of the target jurisdiction.

Tax

There is no separate tax regime for investment funds in Gibraltar; funds fall within the ordinary corporate tax framework. Income accrued and derived outside of Gibraltar is not subject to Gibraltar tax. Gibraltar levies no capital gains tax, inheritance tax, wealth tax or VAT, and dividends or other distributions to non-resident investors are not subject to withholding tax. In practice, almost all fund income is investment income generated outside Gibraltar and therefore not subject to local tax. As a result, Gibraltar funds are generally operated as tax-neutral vehicles, with taxation arising (if at all) in the jurisdiction of the investments and investors.

The Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive (“AIFMD”) is an EU legislative framework designed to regulate managers of alternative investment funds (“AIFs”), such as hedge funds, private equity funds, and real estate funds. Its purpose is to enhance investor protection and improve risk management by imposing requirements on areas such as:

- authorisation of fund managers.
- capital adequacy and organisational standards.
- risk management and liquidity oversight.
- transparency and investor disclosure obligations.
- remuneration policies for staff involved in fund management.

AIFMD distinguishes between full-scope AIFMs and small AIFMs based on asset thresholds:

- a manager is considered a full-scope AIFM if it manages portfolios of AIFs whose assets under management exceed €100 million (or €500 million where the AIFs are unleveraged and have no redemption rights for five years). Full-scope AIFMs must comply with the full requirements of AIFMD, including authorisation, capital adequacy, detailed risk management systems, and extensive investor disclosure.
- managers below these thresholds are treated as small AIFMs. They are subject to lighter regulation, primarily registration and reporting obligations, but do not need to comply with the full suite of AIFMD requirements.

In most EU jurisdictions, an AIF must appoint a regulated AIFM that complies with these rules, which can add significant cost and administrative burden, particularly for smaller or proprietary funds. In Gibraltar, both EIFs and Private Funds fall within the AIFMD framework where they qualify as AIFs. They may appoint an external AIFM, or alternatively, they may be established as self-managed AIFs, meaning the fund’s own governing body (its board of directors, in the case of a company) is treated as the AIFM. In a self-managed fund, the directors collectively assume responsibility for portfolio management and risk oversight, rather than delegating this to a third-party regulated manager. As such, the fund itself is considered to be both the AIF and the AIFM. In these circumstances, the fund is generally referred to as a “Self-Managed AIFM,” and if it falls below the AIFMD thresholds, it is classified as a “Small Self-Managed AIFM.”

A unique feature of Gibraltar’s regulatory framework is its dual regime for EIFs. While EIFs that are structured as self-managed AIFs ordinarily fall within the scope of AIFMD, Gibraltar permits such funds to opt out of full-scope compliance with the directive, even where they exceed the AIFMD asset thresholds (as detailed above). This means that self-managed EIFs can avoid the more onerous obligations of AIFM, such as detailed capital adequacy rules, risk management systems, investor disclosure requirements, remuneration restrictions and delegation limits, while still operating within the Gibraltar regulatory framework. The dual regime therefore offers EIFs a degree of flexibility that is not available in most other European jurisdictions.

How AZJ Legal Can Help?

AZJ Legal advises fund managers, family offices, and investment professionals on the full lifecycle of Gibraltar funds, from structuring and launch to governance, compliance, and ongoing administration. Our team combines regulatory expertise with commercial insight, helping clients establish and operate funds that are both compliant and efficient.

We regularly assist with:

- advising on the choice of fund (EIFs or Private Fund) and its structure (private company, PCCs, LPs, unit trusts) and preparing the constitutional documents.
- drafting and reviewing PPMs and investor documentation.
- advising on self-managed structures, including the use of corporate investment directors and the structure of management and performance fees.
- navigating Gibraltar's dual AIFMD regime, including classification as small or full-scope AIFMs and the implications for compliance.
- advising on regulatory filings with the GFSC and UBO register, as well as ongoing annual returns.
- coordinating with administrators, auditors, and directors to ensure governance and investor protection standards are met.
- providing cross-border guidance on private placement and marketing into other jurisdictions.

We work closely with clients to design Gibraltar fund structures that support their investment objectives while managing costs and regulatory requirements. Whether establishing a self-managed EIF, structuring a private scheme, or advising on international investor participation, AZJ Legal delivers clear, tailored solutions grounded in deep experience of Gibraltar and UK financial services law.