



## Cayman Islands investment funds – autumn 2024 update

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### Beneficial ownership for Cayman Islands Monetary Authority (“CIMA”) registered funds – updated requirements

On 31 July 2024, the Cayman Islands Beneficial Ownership Transparency Act, 2023 (“BO Act”) and the accompanying Beneficial Ownership Transparency Regulations, 2024 (“BO Regulations”) were brought into force (see [here](#) for the BO Act, and [here](#) for the BO Regulations). At the same time, Guidance on Complying with Beneficial Ownership Obligations in the Cayman Islands (BO Guidance Notes) was published on the General Registry’s website (see [here](#)).

The updated requirements (“New BO Regime”) set out in the BO Act, BO Regulations and BO Guidance Notes replace the existing requirements to maintain a beneficial ownership register (“BO Register”), which were set out in the separate entity statutes.

The New BO Regime extends the scope of entities required to maintain a BO Register by including limited partnerships and removing a number of exemptions, while also consolidating the requirements in a single statute.

As a result of the New BO Regime, investment funds registered under the Mutual Funds Act (as revised) (“MFA”) or the Private Funds Act (as revised) (“PFA”) no longer benefit from an exemption and will need to elect a Contact Person as an alternative route to compliance or maintain a BO Register.

By selecting the alternative route to compliance, the fund must nominate a Contact Person to hold up to date information on their beneficial owners that can be provided to the relevant Cayman Islands authorities within 24 hours of any request. The Contact Person must be a Cayman Islands fund administrator or other entity licensed by CIMA.

Any investment entity or other vehicle within a fund structure that is not registered under the MFA or PFA will no longer benefit from an exemption and will be required to maintain a BO Register.

Although the New BO Regime is now in force, enforcement of the new requirements will not commence until January 2025.

Our team is currently reviewing the details of all our registered office clients to determine which entities are required to take action, and a member of our team will be in touch in the coming months to request any required information.

We recommend that all our investment fund clients speak to their existing administrator (where applicable) to determine if the administrator has a Contact Person available for their clients. Clients without an administrator or with an administrator unable to provide a Contact Person should get in touch with their usual Carey Olsen contact to discuss alternatives.

### OFFSHORE LAW SPECIALISTS

## Common Reporting Standard Regulations – obligations and breach notices

Cayman Islands investment funds are reminded of their obligations under the Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations (2021 Revision) (“**CRS Regulations**”) to:

- Register with the Cayman Islands Tax Information Authority (“**TIA**”) by 30 April in the year following launch;
- File the CRS return with the TIA by 31 July in each year (except the calendar year the fund launches); and
- File the CRS compliance form with the TIA by 15 September in each year (except the calendar year the fund launches).

The TIA is actively monitoring compliance and has been taking enforcement actions by issuing breach notices with potential fines to investment funds that have failed to comply with the CRS Regulations.

There are a number of fines the TIA can impose but the most common appear to be:

- Failure to register with the TIA by the deadline which carries a penalty of CI\$37,500 (approx. US\$45,000); and
- Failure to submit a CRS return which carries a penalty of CI\$5,000 (approx. US\$6,000) per reportable account.

Investment funds must ensure compliance with the CRS Regulations, and this should be an agenda item in the governance body’s meetings, which should occur at least once a year.

If you need additional advice relating to the CRS Regulations, please contact your usual Carey Olsen contact.

### CIMA fund statistics

CIMA has published its investment fund statistics for Q2 2024.

The full statistics can be viewed [here](#) but, as shown in the key statistics table below, there is a net increase in the number of funds registered with CIMA during the first six months of 2024 demonstrating the continued attractiveness of the Cayman Islands as a jurisdiction for the establishment of investment funds.

	Registered funds 2023	Registered funds Q2 2024	Change
Mutual fund – registered	8,681	8,769	+88
Mutual fund – master	3,175	3,182	+7
Private fund	16,551	17,020	+469



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