



Cayman Islands Regulatory Update – Q4 2024

09 October 2024

Update to the Cayman Islands beneficial ownership reporting regime

Following industry consultation, the Beneficial Ownership Transparency Act ("**BOTA**") was gazetted on 15 December 2023 and commenced on 31 July 2024, updating the Cayman Islands beneficial ownership reporting regime ("**BORR**") in line with evolving international standards. Beneficial Ownership Transparency Regulations have been issued and Guidance on Complying with Beneficial Ownership Obligations is available via the [Cayman Islands Registry website](#).

Scope

The BOTA expands the scope of the BORR, meaning that many entities which previously had few or no obligations will have to take steps to comply. Cayman Islands companies, limited liability companies, limited liability partnerships, foundation companies and, (for the first time) exempted limited partnerships and limited partnerships, (together "**Legal Persons**") are in scope of the BOTA. Trusts and registered foreign companies continue to be out of scope.

Many Legal Persons that were previously out of scope or exempt will now need to identify their registrable beneficial owners ("**RBOs**") and provide details of such RBOs to their corporate service provider ("**CSP**"). Entities that were previously out of scope or exempt include, for example, Cayman Islands general partners, carry vehicles, debt issuance vehicles, special purpose vehicles, blockers, trading subsidiaries, entities registered under the Securities Investment Business Act (as amended) or the Virtual Assets (Services Providers) Act (as amended) and others.

Alternative route to compliance

Legal Persons that are registered with the Cayman Islands Monetary Authority ("**CIMA**") as mutual funds or private funds may provide their CSP with details of a contact person ("**Contact Person**") (see below) rather than details of their RBOs. Legal Persons licensed under a "regulatory law" or listed on the Cayman Islands Stock Exchange or an approved stock exchange or which are a subsidiary (as defined in the BOTA) of an entity listed on such an exchange may provide their CSP with details of their licensed or listed status rather than their RBOs. Alternatively, such Legal Persons may opt in to providing details of their RBOs.

Contact Person

The Contact Person is a liaison who facilitates communication between the Legal Person and the Registrar of Companies or Registrar of Partnerships (as applicable). The Contact Person is not required to maintain a beneficial ownership register or beneficial ownership information for the Legal Person but must have access to such information in order to be able to provide the competent authority with any requested beneficial ownership information within 24 hours of a request being made or such other time as the Registrars may reasonably stipulate.

Only an entity licensed by or registered with CIMA for providing beneficial ownership information (typically a CSP) or a fund administrator that holds a Mutual Fund Administrators Licence under the Mutual Funds Act (as amended) is eligible to be appointed as Contact Person. Walkers Professional Services ("**WPS**") is offering the Contact Person service, through Walkers Corporate Limited, to clients for which it also provides registered office services. Please do reach out to your usual Walkers or WPS contact if you would like further details regarding the Contact Person service.

Access to beneficial ownership information

Beneficial ownership information is not accessible by the public. Rather, the Registrars have established a centralised electronic platform ("**Platform**") on which the beneficial ownership information submitted by CSPs is maintained. The Platform can be accessed by the Registrars on their own behalf or at the request of certain Cayman Islands authorities (namely the Royal Cayman Islands Police Service, the Financial Reporting Authority, CIMA, the Anti-Corruption Commission, the Tax Information Authority, the Maritime Authority of the Cayman Islands, the Civil Aviation Authority of the Cayman Islands, the Registrar of Lands or an entity undertaking procurement in accordance with the Procurement Act (as amended) and any other body which is assigned responsibility under the Proceeds of Crime Act (as amended) for monitoring compliance with money laundering regulations). The Platform can also be accessed for a fee by Cayman Islands licensed financial institutions and designated non-financial business and professions (such as law firms), with a view to facilitating customer onboarding and ongoing due diligence.

The United Kingdom has entered into an agreement with the Government of the Cayman Islands for the sharing of beneficial ownership information. Pursuant to that agreement, the United Kingdom can request that the Royal Cayman Islands Police Service make a formal request for the competent authority to execute a search of the Platform, with the beneficial ownership information being shared with that United Kingdom law enforcement official.

Next steps

For more information about the updates to the BORR, please view our [detailed advisory](#) on what the changes mean. Please also view our [FAQs](#) and decision steps to help you to determine whether an entity is required to report its RBOs ([desktop version](#) or [mobile version](#)) and, if required, to determine a Legal Person's RBOs ([desktop version](#) or [mobile version](#)).

Walkers can advise on all aspects of compliance with the BORR and WPS is able to act as Contact Person as referred to above. Please get in touch with your usual Walkers or WPS contact if you need any assistance.

Reminder re CIMA corporate governance and internal control measures

It has been a year since CIMA's Rule on Corporate Governance and Rule and Statement of Guidance on Internal Controls came into effect. In that time we have assisted many clients to conduct a gap analysis exercise to assess and evidence their regulated entities' compliance with the applicable regulatory measures, while other clients have sought our assistance to put in place a fund governance framework and prepare certain policies and procedures, including in relation to conflicts of interest.

With the requirement to conduct regular meetings (and at least annually) now extended to the Governing Body of CIMA-registered private funds, we have also been supporting regulated entities and their Governing Bodies to convene such meetings, including preparing a board meeting agenda and minutes and providing other administrative support.

If you require any assistance relating to your regulated entities' compliance with these CIMA regulatory measures, please reach out to your usual Walkers contact or a member of our Regulatory & Risk Advisory team.

DITC's economic substance practice points

In July 2024, the Cayman Islands Department for International Tax Cooperation ("**DITC**") updated its [Economic Substance – Practice Points](#) ("**Practice Points**"), which provides guidance and FAQs relating to the submission of economic substance notifications ("**ES Notification**"), economic substance returns ("**ES Returns**") and the form for entities that are tax resident outside of the Cayman Islands ("**TRO Form**"). In addition to practical guidance relating to the actual filing process, the Practice Points also helpfully work through some specific scenarios where queries often arise in relation to filing obligations, eg when an entity has deregistered or migrated to another jurisdiction etc.

By way of a reminder, except as has been advised previously by the DITC or the Tax Information Authority itself, ES Returns and/or TRO Forms (as the case may be) for entities that are required to report under the International Tax Co-operation (Economic Substance) Act (as amended) ("**ES Act**") must be submitted within 12 months of the applicable financial year end (for the financial year being reported on). Entities may be liable for penalties under the ES Act if they fail to comply with any submission deadline.

Cayman abolishes rule against perpetuities

New (amending) legislation has been passed in the Cayman Islands which disapplies the rule against perpetuities for Cayman Islands law ordinary trusts, with the effect that such trusts can now last indefinitely.

Previously, ordinary trusts established under Cayman Islands law were subject to the rule against perpetuities.

This means such trusts were required to vest within a perpetuity period of 150 years, at which point the trust property was required to be distributed in accordance with the terms of the trust. Cayman Islands STAR trusts were already not subject to the rule against perpetuities.

The Perpetuities (Amendment) Act, 2024 ("Act") (which is not yet in force) abolishes the mandatory 150-year perpetuity period for trusts established after the Act comes into force (except in relation to trusts holding land or interests in land situated in the Cayman Islands). While the Act does not automatically apply to trusts that were established before the Act comes into force, it is possible for trustees, settlors and enforcers of existing trusts (among others) to apply to the Grand Court to disapply the rule against perpetuities so that such trusts can last indefinitely. Please see Walkers' [advisory](#) for more information.

CIMA's Rule and Statement of Guidance on Market Conduct for Trust and Corporate Service Providers and Company Managers

On 22 May 2024, CIMA issued a [new Rule and Statement of Guidance \("RSOG"\)](#) on Market Conduct for Trust and Corporate Service Providers ("TCSPs") and Company Managers, replacing the previous Statement of Guidance ("**Previous SOG**") for TCSPs issued in March 2019. The RSOG will come into effect on 25 November 2024. The RSOG establishes minimum requirements and guidance to TCSPs and Company Managers to ensure fair treatment of clients and general protection of clients' assets and monies. The RSOG builds upon the existing standards in the Previous SOG to align with international standards and address the lack of enforceability, with the aim of enhancing integrity, transparency, and accountability. Please see Walkers' [advisory](#) for more information.

Any questions

If you require specific advice and/or further assistance relating to the above matters, please do not hesitate to reach out to your usual Walkers contact or a member of our Regulatory & Risk Advisory team who are ready to help.

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