

UPDATE

## Cayman Islands administrative fines regime expanded

The Cayman Islands has recently enhanced its regulatory framework by expanding the powers of the Cayman Islands Monetary Authority to impose administrative fines and newly empowering the Registrar of Companies with the ability to impose administrative fines for breaches of the beneficial ownership regime.

The legislation empowering the Cayman Islands Monetary Authority (**CIMA**) to impose administrative fines, which had previously been limited to breaches of certain provisions of the Anti-Money Laundering Regulations, was extended on 26 June 2020 to cover additional regulatory laws, regulations and rules. Shortly thereafter, on 29 June 2020, a new administrative fines regime was introduced to empower the Registrar of Companies and Limited Liability Companies to impose administrative fines for offences in relation to the beneficial ownership provisions of the Companies Law and Limited Liability Companies Law.

### **CIMA fines for breaches of regulatory laws**

The Monetary Authority Law (2020 Revision) allows CIMA to impose administrative fines upon individuals and entities licensed and regulated in the Cayman Islands for breaches of 'prescribed provisions'. The Monetary Authority (Administrative Fines) (Amendment) Regulations, 2020 have now expanded the list of prescribed provisions in respect of which administrative fines can be levied.

The extensive list of laws, regulations and rules now falling within CIMA's administrative fine regime include (amongst others) the following:

- Anti-Money Laundering Regulations (2020 Revision);
- Banks and Trust Companies Law (2020 Revision);
- Companies Management Law (2018 Revision);
- Directors Registration and Licensing Law, 2014;
- Insurance Law (2010 Revision);
- Mutual Funds Law (2020 Revision);
- Private Funds Law, 2020;
- Private Trust Companies Regulations (2020 Revision); and
- Securities Investment Business Law (2020 Revision).

The level of the administrative fine will depend on its categorisation as minor, serious or very serious, with potential fines ranging from US\$6,100 for minor breaches to US\$1,219,515 for very serious breaches. CIMA has discretion with serious and very serious breaches in deciding whether to impose a fine and the amount of any fine.

Full details of CIMA's administrative fine regime, and the prescribed provisions in respect of which fines may be levied, can be found in our Guide [here](#).

## Registry fines for beneficial ownership breaches

Recent amendments to the Companies Law (2020 Revision) and the Limited Liability Companies Law (2020 Revision) (**LLC Law**) have introduced an administrative fine regime for breaches of the respective beneficial ownership provisions in both laws. The Registrar of Companies and the Registrar of Limited Liability of Companies (collectively, the **Registrar**) now have the power to impose administrative fines on persons who breach any provision listed in Schedule 7 of the Companies Law and the Schedule to the LLC Law respectively.

The amendments also shift the responsibility for issuing restrictions notices under the beneficial ownership provisions to corporate services providers (instead of the company or LLC). They also empower the Registrar to strike off a company/LLC where an administrative fine remains unpaid for 90 days.

The fine for an initial breach of the beneficial ownership provisions is US\$6,100. The Registrar may impose a further fine of US\$1,220 for every month that the breach continues (up to a maximum of US\$30,490).

The forms and procedures for imposing fines and the process for appeals against decisions are expected to be clarified by way of regulations. The Registrar also has the power to issue guidance on the enforcement of administrative fines. Further details of the administrative fines, which may be imposed for breaches of the beneficial ownership regime, can be found in our guide [here](#).

## Next steps

For further information, please speak to your usual Mourant contact or to one of the contacts listed below.

## Contacts

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