

UPDATE

The Cayman Islands responds to the EU

The Cayman Islands Government has expressed its disappointment at the inclusion of the Cayman Islands on the EU's list of non-cooperative jurisdictions for tax purposes, and has begun the process to request removal from the list.

The EU process

On 18 February 2020, the EU Council announced that the Cayman Islands had been placed on the EU's list of non-cooperative jurisdictions for tax purposes. It is understood that the decision to add the Cayman Islands to the list stems from legislative changes relating to the regulation and oversight of collective investment fund vehicles in the Cayman Islands not being enacted by 4 February 2020, which was the date of the EU's Code of Conduct Group meeting to advise the EU Finance Ministers, prior to the Finance Ministers' decision regarding the listing. The Private Funds Law and the Mutual Funds (Amendment) Law, which enhance the regulation of collective investment vehicles in the Cayman Islands, were enacted on 7 February 2020.

The inclusion of a country on the list does not, in and of itself, trigger significant material sanctions or interventions. The EU's stated aim is to encourage positive change through cooperation. We are confident that legislative changes relating to the regulation and oversight of collective investment fund vehicles will pave the way to the removal of the Cayman Islands from the list at its next review later this year.

Continuing Legislative and Regulatory Developments

The Cayman Islands is one of the world's leading financial services centres and is committed to industry best practice. It has implemented fifteen separate legislative and regulatory changes since 2018 that are aimed at bolstering its industry recognised anti-money laundering and funds regulatory frameworks. A regime requiring economic substance within the Islands has also been implemented. These steps have been carefully coordinated with the European Union, the OECD and the Financial Action Task Force. For further detail on the response from the Cayman Islands to the EU's recent decision, please see statements from the [Cayman Islands Government](#) and [Cayman Finance](#).

If you would like to know more about the regulatory measures recently introduced in the Cayman Islands, please see our update entitled [Significant changes introduced for Cayman funds](#) and our quarterly [Cayman Regulatory Update](#).

Any questions?

Please get in touch with your usual Mourant contact if you have any questions.

Contacts



Hayden Isbister
Partner, Mourant Ozannes
Cayman Islands
+1 345 814 9125
hayden.isbister@mourant.com



Paul Christopher
Partner, Mourant Ozannes
Hong Kong
+852 3995 5700
paul.christopher@mourant.com



Alex Last
Partner, Mourant Ozannes
Cayman Islands
+1 345 814 9243
alex.last@mourant.com



Alexandra Woodcock
Partner, Mourant Ozannes
Cayman Islands
+1 345 814 9183
alexandra.woodcock@mourant.com



Catherine Pham
Partner, Mourant Ozannes
Cayman Islands
+1 345 814 9247
catherine.pham@mourant.com



Neal Lomax
Partner, Mourant Ozannes
Cayman Islands
+1 345 814 9131
neal.lomax@mourant.com



Ramesh Maharaj
Partner, Mourant Ozannes
Cayman Islands
+1 345 814 9170
ramesh.maharaj@mourant.com



Sara Galletly
Partner, Mourant Ozannes
Cayman Islands
+1 345 814 9233
sara.galletly@mourant.com