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Regulatory Update

Cayman – Q2 2023

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Quick Fire Updates

1. 2023 Revision laws

In January of this year, consolidated 2023 revisions of various Cayman acts were gazetted including the following revised financial services legislation:

- Anti-Money Laundering Regulations (2023 Revision)
- Beneficial Ownership (Limited Liability Companies) Regulations (2023 Revision)
- Companies Act (2023 Revision)
- Companies Winding Up Rules (2023 Consolidation)
- Criminal Justice (International Cooperation) Act (2023 Revision)
- Insolvency Practitioners' Regulations (2023 Consolidation)
- Limited Liability Companies Act (2023 Revision)
- Limited Liability Partnership Act (2023 Revision)
- Retail Mutual Funds (Japan) Regulations (2023 Revision)
- Special Economic Zones Act (2023 Revision)

2. 2023 Mourant Regulatory Conference

On 23 March 2023, Mourant held its twelfth annual Regulatory Conference at the Ritz Carlton, Grand Cayman. The conference, which was hosted by Mourant partner, Sara Galletly, included an opening message from the Cayman Islands Minister of Financial Services and Commerce, an update from the Cayman Islands Monetary Authority (CIMA), a session on Cayman's beneficial ownership regime and an industry update from the Financial Reporting Authority and the Department for International Tax Cooperation.

See our [Top 'Take-aways'](#) for more information.

3. Russian sanctions - General Licences

On 21 March 2023, the Governor of the Cayman Islands issued General Licence 2023/0001 under the Russia (Sanctions) (EU Exit) Regulations 2019, as extended to the Cayman Islands with modifications. This Licence relates to the termination of trust services provided to designated persons.

General Licence 2022/0001, relating to certain actions and basic needs payments which may be made by 'Relevant Investment Funds' was set to expire on 4 April 2023, but has been extended to **5 October 2023**. A copy of the amended licence will soon be published on the FRA's [website](#).

4. 2023 AEOL filing dates

The following CRS/FATCA deadlines (relating to the 2022 calendar year) should be noted:

- CRS/FATCA notification (registration): up to **Monday, 1 May 2023** (as the statutory deadline of 30 April falls on a Sunday).
- CRS/FATCA reporting: **31 July 2023**.
- CRS Compliance Form: **15 September 2023**.

5. Statement of Guidance for insurance companies

In January 2023, CIMA issued a [Statement of Guidance on Asset Management & Investment Strategy for Insurance Companies](#), providing a high-level overview of the requirements of insurance companies in relation to asset and liability management, segregation of assets, the investment process, investment strategy, operational issues, monitoring and control and audit.

6. Amendments to CIMA's AML enforcement and information sharing powers

The following bills were gazetted on 27 March 2023:

- Monetary Authority (Amendment) Bill 2023
- Companies Management (Amendment) Bill 2023
- Directors Registration and Licensing (Amendment) Bill 2023
- Insurance (Amendment) Bill 2023
- Money Services (Amendment) Bill 2023
- Securities Investment Business (Amendment) Bill 2023
- Virtual Asset (Service Providers) (Amendment) Bill 2023

Each of the bills seeks to extend CIMA's sanctions regime to the following types of entities where they fall under CIMA's supervision:

- o partnerships;
- o limited liability partnerships;
- o exempted limited partnerships;
- o unincorporated associations; and
- o the persons concerned in the management or control of any of such partnerships or associations.

The Monetary Authority (Amendment) Bill also proposes to expand CIMA's power to impose administrative fines and provide for the disclosure and sharing of information to the competent authority.

A related media release published by the Cayman Islands Ministry of Financial Services & Commerce can be accessed [here](#).

7. Anti-Corruption Act amended

The Anti-Corruption Act (2019 Revision) was amended by the commencement of the Anti-Corruption (Amendment) Act, 2022 on 30 January 2023.

The key amendments effected:

- designate the Anti-Corruption Commission as a law enforcement agency in the Cayman Islands;
- provide for additional powers of investigating officers.
- clarify the circumstances in which the Anti-Corruption Commission shall investigate reports.

8. Private fund segregated portfolio fees

On 22 March 2023, CIMA issued an [Industry Notice](#) to advise financial service providers that with immediate effect, it will not be collecting annual registration fees on behalf of segregated portfolios for private fund segregated portfolio companies.

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Further, CIMA will be refunding any segregated portfolio fees already paid from 2020 to date.

The Private Funds Act (2021 Revision) and the accompanying regulations are expected to be amended, following a broader stakeholder consultation, in due course, with a statutory based registration fee implemented thereafter.

9. VASP 2023 annual renewal fees

On 14 February 2023, CIMA issued an [Industry Notice](#) advising all registered virtual assets service providers ([VASPs](#)) that 2023 annual renewal fees will be for the same amount as the fee paid at the time of registration.

An extension for the payment of annual renewal fees has been granted until 15 March 2023, after which time penalties for non-payment will accrue.

10. CIMA Financial Stability Report

On 9 March 2023, CIMA published its first [Financial Stability Report](#) which provides an assessment of the Cayman Islands financial system, including a chapter on regulatory and supervisory developments.

11. FATF update

On 24 February 2023, the Cayman Islands Ministry of Financial Services & Commerce issued a [media release](#) in relation to the Financial Action Task Force ([FATF](#)) plenary in February.

Whilst the Cayman Islands, remains on the list of countries that are under increased monitoring, the FATF has noted the Cayman Islands continuous progress toward completing the final recommended action regarding investigations and prosecutions of money laundering cases. The Cayman Islands will have the opportunity to provide a further update on progress during the FATF Joint Group's review meeting this April, prior to the next FATF Plenary this June.

12. Mourant Guides and Updates

Mourant has uploaded the following Updates and Guides to our website over the last quarter:

- [A quick guide to data protection in the Cayman Islands](#)
- [Carrying on business in the Cayman Islands](#)
- [Cayman Islands: Foundation Companies](#)
- [Cayman Islands limited liability companies](#)
- [Cayman Islands: Private Trust Companies](#)
- [Cayman Islands: STAR Trusts](#)
- [Cayman Islands: Trusts](#)
- [CIMA rules on segregation of assets for mutual funds and private funds](#)
- [CIMA rules on calculation of asset values for regulated mutual funds and registered private funds](#)
- [Continuing obligations of Cayman Islands private funds](#)
- [Continuing obligations of Cayman Islands mutual funds](#)
- [Creation of security by a Cayman Islands exempted company](#)
- [Private equity side letters](#)
- [Registered persons under the Securities Investment Business Act](#)
- [Taking security over shares in a Cayman Islands exempted company](#)
- [Transfer by way of continuation out of the Cayman Islands](#)
- [Transfer by way of continuation into the Cayman Islands](#)
- [Voluntary liquidation and strike off – Solvent Cayman Islands companies](#)

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