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Regulatory Update

Cayman – Q3 2025

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Quick Fire Updates

1. Filing deadline for audited financial statements and FAR forms extended to 7 July 2025

The Cayman Islands Monetary Authority (CIMA) issued a [Notice](#) on 1 July 2025 announcing that, for funds with a 31 December financial year end, the deadline for filing audited financial statements and associated Fund Annual Return (FAR) forms has been extended from 30 June 2025 to **7 July 2025** due to system-related disruptions. No late filing penalties will be imposed if the requisite filings are made during this period.

2. DITC Updates - CRS and FATCA

The Department for International Tax Cooperation (DITC) have published an [Updates Bulletin dated June 2025](#) in relation to 2024 CRS & FATCA reporting deadlines and the lists of reportable and participating jurisdictions for CRS.

The Bulletin reminds industry that the DITC Portal is open for 2024 CRS and FATCA submissions with the following deadlines for financial institutions (FIs) in scope:

Reporting obligation	FIs in scope	Deadline
2024 Registration (Notification)	An entity that became an FI after 30 April 2024	30 April 2025
2024 CRS Reporting (CRS XML)	FIs with CRS reportable accounts	31 July 2025
2024 CRS Filing Declaration (nil return)	All FIs with a CRS reporting obligation	31 July 2025
2024 FATCA Reporting (FATCA XML)	FIs with FATCA reportable accounts or FIs that wish to submit a nil return (not mandatory)	31 July 2025
2024 CRS Compliance Form	All FIs with a CRS reporting obligation	15 Sept 2025

The Bulletin also notes that updated lists of CRS Reportable and Participating Jurisdictions were published on 31 March 2025 (as highlighted in our [Q2 Regulatory Update](#)) and provides a reminder that:

- a **Participating Jurisdiction** is a jurisdiction that has an agreement in place and has committed to exchange CRS information by an agreed date; and
- a **Reportable Jurisdiction** is a Participating Jurisdiction that has entered into an information exchange agreement with the Cayman Islands, which triggers an obligation to exchange financial account information in accordance with the CRS (ie, a jurisdiction that has an activated exchange agreement).

As not every Participating Jurisdiction has an activated exchange agreement with the Cayman Islands, not all Participating Jurisdictions will appear on the list of Reportable Jurisdictions.

Once a Participating Jurisdiction Person becomes a Reportable Jurisdiction Person, there is an obligation on the FI to collect the tax Identification number (TIN) of that Account Holder or Controlling Person. If the TIN is available in the FIs records it must be reported as a mandatory field. Where the FI does not already have TIN in its records, it must make reasonable efforts to obtain and report the TIN by the end of the second calendar year following the year in which the accounts were identified as Reportable Accounts.

3. CIMA List of approved stock exchanges updated

An amended CIMA [List of Approved Stock Exchanges](#) dated 22 April 2025 has been published in the Cayman Islands Gazette. This list relates to stock exchanges approved by CIMA for purposes the following acts:

- Banks and Trust Companies Act
- Companies Management Act
- Insurance Act
- Mutual Funds Act
- Private Funds Act
- Securities Investment Business Act
- Virtual Asset (Service Providers) Act.

4. CIMA Circular - Key Findings from Onsite Inspections of Registered Persons

A [Supervisory Information Circular](#) was issued by CIMA on 8 May 2025 in relation to key findings from onsite inspections of 'registered persons' (RPs) under the Securities Investment Business Act (2020 Revision) (as amended).

The overall findings found an improvement in AML/CFT compliance by RPs and acknowledged the progress that RPs have made in implementing their AML/CFT policies, procedures, systems and controls in the following areas:

- employee training and awareness programme;
- oversight of AML/CFT compliance function;
- outsourced AML/CFT compliance functions;
- assessing risks and application of a risk-based approach;
- internal reporting; and
- record keeping.

However, improvements were not seen in the following areas:

- customer due diligence (CDD) and ongoing monitoring documentation; and
- independent AML/CFT audit function.

A review of RPs' policies and procedures and the adequacy and effective implementation of their AML/CFT programmes (including outsourced AML/CFT functions) revealed the following percentages of RPs inspected with indicated weaknesses:

- Risk-based approach - 58%
- Customer identification, verification and ongoing monitoring - 41%
- Sanctions compliance systems and controls - 36%
- Internal reporting - 26%
- Employee screening - 13%

Quick Fire Updates

- Counter proliferation financing - 12%
- Record keeping - 10%
- Independent periodic AML/CFT audit to evaluate system controls - 9%
- Periodic review of procedural manuals to incorporate regulatory changes - 6%
- Groupwide programmes - 5%.

A review across customer files revealed the following weaknesses:

- Sanctions compliance - 28% of findings indicated weaknesses in the documentation of customer sanctions screening during onboarding and an ongoing basis, and of resolution of potential matches.
- Customer risk assessments - 24% of findings indicated weaknesses in the documentation of customer risk assessments and the risk factors considered before determining their overall customer risk category and the appropriate level and type of mitigation to be applied.
- Missing or inadequate CDD documentation - 19% of findings indicated weaknesses in the documentation of identification and verification to evidence the identity of the ultimate beneficial owners or controllers and relevant parties.
- Ongoing monitoring - 18% of findings indicated weaknesses in documentation of ongoing monitoring to evidence periodic customer file reviews and transaction monitoring
- Simplified due diligence (SDD) measures - 6% of findings indicated weaknesses in the documentation of the basis for applying SDD measures for low-risk customers.
- Enhanced due diligence (EDD) measures - 3% of findings indicated weaknesses in implementing EDD measures for high-risk customers.
- Source of wealth and/or funds - 1% of findings indicated weaknesses in maintaining the documentary evidence of the customer's source of wealth and/or funds or information to verify the origin of the funds or the accumulated wealth.

5. CIMA Regulatory Policy on Licensing and Registration of Virtual Asset Service Providers

A new CIMA [Regulatory Policy on Licensing and Registration of Virtual Asset Service Providers](#) was gazetted on 30 May 2025 and came immediately into effect. The Regulatory Policy sets out the criteria for CIMA to approve:

- registration under section 4(1)(a) of the Virtual Asset (Service Providers) Act (2024 Revision) (the **VASP Act**) to carry on virtual asset service in or from within the Cayman Islands;
- a virtual asset service licence under section 8 of the VASP Act to provide virtual asset custody service or operate a virtual asset trading platform; and
- a waiver under section 16 of the VASP Act to carry on virtual asset service in or from within the Cayman Islands.

It includes sections on:

- general considerations to be taken into account before applying for registration or licensing;
- the procedure for registration and licensing of VASPs;

- the assessment criteria for registering and licensing of VASPs, including the following:
 - o fit and proper criteria;
 - o ownership and control;
 - o corporate governance;
 - o business plan; and
 - o risk management, internal operational systems and controls;
- the checklist of required documents available on CIMA's website;
- the procedure for handling transitional arrangements following the introduction of the VASP licensing regime; and
- the waiver provisions where, in exceptional circumstances, CIMA may waive the requirement for a licence or registration under the VASP Act for a 'Supervised Person' that is licensed or registered by CIMA under any of the other regulatory laws.

6. Virtual Asset (Service Providers) (Amendment) Bill

The [Virtual Asset \(Service Providers\) \(Amendment\) Bill, 2025](#) was published in Cayman Islands Gazette on 28 May 2025.

Once enacted, the Bill will amend the definition of '**issuance of virtual assets**' or '**virtual asset issuance**' in the VASP Act to exclude (in accordance with any CIMA statement of guidance or rule that may be issued):

- the issuance of an equity interest as defined under the Mutual Funds Act (2025 Revision) and the Securities Investment Business Act (2020 Revision) (as amended); or
- an investment interest as defined under the Private Funds Act (2025 Revision).

A new subsection 2(3) will also provide that the amendment of the words 'issuance of virtual assets' or 'virtual asset issuance' has effect for any tokenisation of an equity interest or an investment interest that may have occurred prior to the date of the commencement of the amending Act.


7. CIMA Regulatory Policy on Domestic Systematically Important Deposit-Taking Institutions

An updated version of the CIMA [Regulatory Policy on Domestic Systematically Important Deposit-Taking Institutions \(D-SIDTIs\)](#) was gazetted on 23 May 2025. The previous May 2023 version of this Regulatory Policy has been updated in the sections relating to announcement of D-SIDTIs, allocation to higher loss absorbency buckets and, in Appendix I, in the assessment methodology.

8. CIMA Regulatory Handbook updated

On 27 June 2025, revised versions of volumes 1 and 2 of CIMA's Regulatory Handbook were gazetted and came into immediate effect: A related [Industry Notice](#) was published on CIMA's website on 2 July 2025.

The [Regulatory Handbook - Volume 1](#) (and its [Appendices](#)) set out the policies and procedures to be followed by CIMA, its committees and officers in the discharge of CIMA's regulatory and co-operative



functions. The amendments enhance provisions related to external membership and stakeholder engagement.

The [Regulatory Handbook Volume 2 – The Enforcement Manual](#) establishes the framework governing CIMA's enforcement regime in instances of non-compliance with the Regulatory Acts by Authorised Persons. The amendments consolidate procedures concerning enforcement actions, administrative fines, publication and lost contact.

9. Mourant Guides and Updates

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

- [Equity and debt capital markets: the Caribbean advantage](#)
- [Private Capital: A Mid-Year Stocktake](#)
- [The Cayman Islands virtual asset service providers regime](#)
- [An introduction to AEOI Compliance – BVI and Cayman Islands](#)
- [Subscription credit facilities - An offshore lawyer's perspective.](#)

10. Mourant Online Training

Mourant now offers specialised online [Cayman AML Training](#) and [BVI/Cayman AEOI compliance training](#) programmes for financial institutions, their directors and service providers to assist them in understanding their obligations and demonstrating compliance. Please contact ClientTraining@Mourant.com for further information.

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