

LEGAL
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REGULATORY UPDATE CAYMAN

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Quick Fire Updates

1. UK sanctions designations moving to a single list

The UK Government has announced that the [OFSI Consolidated List of Asset Freeze Targets](#) will close on **28 January 2026** and the [UK Sanctions List](#) will be the only source for all UK sanctions designations.

Related [Guidance](#) has been published to help business and industry to prepare for the change. There will be no changes to the structure of the current UK Sanctions List.

2. UK sanctions extended to Cayman - Irregular migration and people trafficking

The [Global Irregular Migration and Trafficking in Persons Sanctions \(Overseas Territories\) Order 2025](#) (the [Order](#)) came into effect on 16 October 2025. The Order extends the UK's [Global Irregular Migration and Trafficking in Persons Sanctions Regulations 2025](#) (the [Regulations](#)) to the Cayman Islands, with modifications as set out in the Order.

The Regulations establish a sanctions regime for the purpose of preventing and combatting people smuggling, human trafficking and the instrumentalisation of migration for the purpose of destabilising a country.

Individuals or entities designated by the UK Secretary of State for being, or having been, involved in such activities may be excluded from the territory or have their funds and economic resources frozen. Certain exceptions will be available, such as, to allow frozen accounts to be credited with interest or other earnings and to allow acts done for the purpose of national security or the prevention of serious crime.

The Governor of a British Overseas Territory to which the modified Regulations extend may (with the consent of the UK Secretary of State) issue a licence in respect of activities that would otherwise be prohibited under the modified Regulations. Schedule 2 of the Order sets out the purposes pursuant to which the Governor may issue such licences.

The modified Regulations:

- require the Governor of the relevant territory to publish an up-to-date list of designated persons;
- prescribe powers for the provision and sharing of information to support enforcement of the sanctions regime; and
- make it a criminal offence to contravene or circumvent the modified Regulations and prescribe the penalties for such offences.

The Order also extends certain provisions of Part 1 of the UK's [Sanctions and Anti-Money Laundering Act 2018](#) to the territories, relating to:

- legal protection for acts done for purposes of compliance;
- Crown application; and
- saving for prerogative powers.

3. Introduction of new sanctions reporting obligation

On 6 November 2025, the Financial Reporting Authority ([FRA](#)) published a [Notice](#) requiring all Cayman Islands persons which hold or control funds or economic resources controlled, held or owned by a designated person to file a new annual report by 30 November 2025. The template annual reporting form provided must reflect the value of such frozen assets as at 30 September in the relevant year.

This is a new, mandatory annual reporting obligation imposed in addition to the obligation to report any frozen assets to the [FRA](#) which should be included within compliance calendars, policies and procedures.

4. Further amendments proposed to the beneficial ownership regime

The [Beneficial Ownership Transparency \(Amendment\) \(No. 2\) Bill, 2025](#) was published in the Cayman Islands Gazette on 9 October 2025. If enacted as drafted, the Bill would amend the [Beneficial Ownership Transparency Act 2023](#) (as amended, [BOTA](#)) to:

- provide for the submission of additional information where the legal person is a subsidiary of a listed entity;
- empower the competent authority to provide information in respect of the beneficial ownership register of a legal person to other governments;
- clarify that the administrative fines under [BOTA](#) are maximum fines; and
- ensure the continued effectiveness of the beneficial ownership legislative framework by clarifying certain other provisions.

5. CIMA Notice - Updates to fund deregistration forms

CIMA published an [Industry Notice](#) on 3 November 2025 providing that the deregistration forms for mutual funds would be replaced on the [Regulatory Enhanced Electronic Forms Submission \(REEFS\) Portal](#) with new forms which cover both mutual and private funds.

The following updated forms were introduced on 8 November 2025:

- [TMF-147-22 v2 Form \(Termination of a Mutual Fund or Private Fund\)](#) – superseded the existing [TMF-147-22 Form](#) to cover both mutual funds and private funds; and
- [TRS-142-99 v2 Form \(Termination of a SP or Series Trust or Sub-Fund\)](#) - superseded the existing [TRS-142-99 Form](#) to include private fund sub-funds and alternative investment vehicles ([AIVs](#)), where the AIV is not separately registered as a private fund.

All deregistration applications must now be submitted via the [REEFS Portal](#) using the new forms.

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6. CRS 2.0 and CARF Regulations in force

The Cayman Islands Government issued a [press release](#) on 28 November 2025 providing that the following regulations would come into force on **1 January 2026**:

- [Tax Information Authority \(International Tax Compliance\) \(Common Reporting Standard\) \(Amendment\) Regulations, 2025](#) (with the exception of regulations 5 and 6 on returns and compliance forms which come into force on **1 January 2027**); and
- [Tax Information Authority \(International Tax Compliance\) \(Crypto-Asset Reporting Framework\) Regulations, 2025](#).

The regulations implement a new Crypto-Asset Reporting Framework (**CARF**) and amendments to the Common Reporting Standard (**CRS**) known as 'CRS 2.0'. In scope entities will complete their first reporting cycles in 2027 by submitting their 2026 information to the Department for International Tax Cooperation (**DITC**). The Cayman Islands will complete its first exchanges under CARF with partner jurisdictions in 2027.

The Ministry of Financial Services & Commerce issued a further related [Press Release](#) on 8 December 2025.

For more details, see our updates [CRS 2.0 in Cayman - What you need to know](#) and [CARF in the Cayman Islands – What you need to know](#).

7. VASP Financial Returns Form

CIMA issued an [Industry Notice](#) on 1 December 2025 providing that the Virtual Asset Service Providers (**VASPs**) Financial Returns Form (VFR-051-84) is now in effect and available on the REEFS Portal.

All regulated VASPs are required to complete and submit the form in accordance with the reporting periods prescribed by CIMA. The first reporting deadline under this requirement, for the reporting period ending 30 September 2025, is **31 December 2025**.

No extensions will be granted for the submission of this form. Guidance for completing the Form is available in REEFS and on CIMA's website via the [Completion Guide](#).

8. CIMA Strix XBRL User Guide

CIMA published an [Industry Notice](#) on 2 December 2025 announcing the release of a [Strix XBRL Overview User Guide](#) to assist regulated entities in preparing return files and uploading them to the Strix platform.

Strix allows for uploading XBRL Instance files to programmatically fill out the data-entry portion of a survey and is CIMA's dedicated software solution for anti-money laundering data collection, analysis and entity risk assessments.

The User Guide provides guidance on establishing reporting processes, completing the return file and uploading submissions to the platform.

9. Country-by-Country Reporting on the DITC portal

The DITC issued an [Industry Advisory](#) on 3 December 2025 providing that Country-by-Country Reporting (**CbCR**) functionality related to the Cayman Islands CbCR framework is available on the DITC Portal.

The standard CbCR filing deadline is 12 months after the last day of the reporting fiscal year. However, MNE Groups with a filing deadline between 31 July 2025 and 31 December 2025 will be granted an extension for submitting their 2024 fiscal year filings until **27 February 2026**.

10. CIMA Notice - Government fee increases

On 31 December 2025, CIMA published an [Industry Notice](#) announcing various fee adjustments which came into effect on **1 January 2026**.

For regulated entities affected by the 2026 fee increases, no penalties will be assessed until after **15 February 2026**. However, such entities should, at a minimum, pay the 2025 fee amounts by the statutory deadline of 15 January 2026. With effect from 16 February 2026, CIMA will begin to apply penalties on any outstanding annual fee amounts.

The relevant legislative amendments are as follows:

- [Mutual Funds \(Annual Returns\) \(Amendment\) Regulations, 2025](#)
- [Mutual Funds \(Fees\) \(Amendment\) Regulations, 2025](#)
- [Private Funds \(Annual Returns\) \(Amendment\) Regulations, 2025](#)
- [Private Funds \(Fees\) \(Amendment\) Regulations, 2025](#)
- [Insurance \(Application and Fees\) \(Amendment\) Regulations, 2025](#)
- [Banks and Trust Companies \(Licence Applications and Fees\) \(Amendment\) Regulations, 2025](#)

The amendments relating to mutual funds and private funds introduce a consolidated annual fees structure as follows:

- the fund annual return (**FAR**) fee (previously payable mid-year) will now be combined with the annual fee and due at the start of the year;
- the FAR portion of the fee is increased from CI\$300 (US\$366) to CI\$450 (US\$549);
- the FAR portion of the fee for AIVs or sub-funds under the Private Funds Act will increase from CI\$150 (US\$183) to \$225 (US\$274); and
- the base annual fee (linked to the number of sub-funds) remains unchanged.

A 10% increase to the annual fees applicable to Class B(i), (ii), and (iii) insurers has been introduced.

Class "A" Banking Licence Renewal Fees, which will be tiered based on total assets under management, are being introduced in a phased approach between 2026–2028.

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11. CIMA Notice – New prudential information survey for Registered Persons

On 31 December 2025, CIMA published an [Industry Notice](#) advising entities registered as Registered Persons to submit the Prudential Information Survey (ADR-046-75-02) for the 2025 calendar year via the REEFS Portal by **31 March 2026**.

A [Completion Guide](#), which provides technical assistance and additional guidance on the completion of the survey, is available on CIMA's website.

The introduction of the Prudential Information Survey does not replace the requirement for Registered Persons to submit their Annual Declaration (ADR-046-75) for the same reporting period by **15 January 2026**.

12. Amendments to the Companies Act in force

The [Companies \(Amendment\) Act, 2024](#) came into effect on 1 January 2026; amending the Companies Act to, among other things:

- streamline the procedure for reduction of share capital (in certain circumstances) to reduce the costs for companies and make the process faster and more efficient;
- permit the redemption or repurchase of fractional shares, simplifying operations for investment funds and listed companies;
- increase flexibility for Cayman Islands structures by enabling a limited liability company or a foundation company to convert to an exempted company; and
- expand continuation provisions to allow a foreign body corporate without a share capital to apply to be registered as a Cayman Islands exempted company.

For more information, see our update on [Amendments to Cayman Islands company law coming into force](#).

13. Mourant Guides and Updates

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

- [Cayman Islands Key Filing Dates 2026](#)
- [CARF in the Cayman Islands – What you need to know](#)
- [CRS 2.0 in Cayman - What you need to know](#)
- [How evolving fund structures are shaping carried-interest arrangements](#)
- [Fund finance x Crypto - Tokenized investment funds](#)
- [Fund finance x Crypto - the next frontier](#)
- [Taking security over limited partnership interests in a Cayman exempted limited partnership](#)
- [Offshore Private Equity Holding Structures - a comparison](#)
- [Company law regimes – a comparison](#)
- [Mergers – a comparison](#)
- [Cell companies/segregated portfolio companies– a comparison](#)
- [Limited partnerships – a comparison](#)

14. Mourant online AML and AEOI compliance training

Mourant 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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