Client Update for Cayman Funds

December 2025

1 Introduction

Further to our update of 30 August 2024, and as we approach the end of the year, we thought this would be a timely reminder to update Cayman Islands investment funds, registered with the Cayman Islands Monetary Authority ("**CIMA**") in accordance with the Mutual Funds Act (as revised) or the Private Funds Act (as revised) ("**Funds**"), on their regulatory obligations.

2 Corporate Governance

2.1 The rule on corporate governance ("**CG Rule**") and statement of guidance corporate governance, mutual funds and private funds (the "**Funds SOG**") prescribes that the operators of a regulated fund should convene at least once a year.

2.2 The fund annual return form ("**FAR**") for both mutual and private funds requires the fund to state the number of governance meetings which were held during the reporting period. The number of meetings may include any operator meetings pertaining to the reporting period which were held after the end of the reporting period but prior to the date the FAR is completed, provided the meeting minutes accurately reflect the reporting period, there is no double counting of meetings and the approach is consistent. Responding with zero may instigate further enquiries from CIMA.

2.3 Funds should determine who the governing body is and undertake a gap analysis against the CG Rule (where applicable) and the Funds SOG. In order to evidence compliance with the CG Rule (as applied to funds under the Funds SOG), funds should have a corporate governance framework and maintain minutes of governing body/governance meetings.

2.4 The governance meeting is a good opportunity to assess compliance with Cayman Islands legal and regulatory obligations, such as reviewing:

(a) the Fund's documented risk assessment for anti-money laundering ("**AML**"), counter terrorist financing ("**CTF**"), counter proliferation financing ("**CPF**") and sanctions;

(b) AML, CTF, CPF and sanctions policies and procedures to ensure they are compliant with Cayman Islands laws;

(c) that the governing body has completed its AML, CTF, CPF and sanctions annual training covering Cayman Islands laws;

(d) the anti-money laundering compliance officer's report (likely to deal with items (a) to (c) above);

(e) common reporting standard ("**CRS**") policies and procedures (including the foreign account tax compliance act ("**FATCA**"));

(f) the governing body's self-assessment;

(g) reports from outsourced service providers; and

(h) an update on Cayman Islands legal and regulatory obligations.

2.5 Funds may also consider their compliance with other Cayman Islands regulatory obligations they had throughout the year such as ensuring:

(a) any change to the anti-money laundering compliance officer, money laundering reporting officer or deputy money laundering reporting officer has been notified to CIMA within 21 days of the change;

(b) mutual fund directors are in compliance with director registration or licensing obligations (as the case may be);

(c) FATCA CRS reports and the CRS compliance form have been submitted to the Department for Internation Tax Cooperation;

(d) economic substance notifications have been filed;

(e) the fund (via its operator) is generally in compliance with the requirements on funds/fund operators under the Mutual Funds Act (as revised) or the Private Funds Act (as revised); and

(f) Funds have either established a beneficial ownership register or put in place "contact person" arrangements as required to do so by the Beneficial Ownership Transparency Act (as revised).

2.6 From our experience of assisting Funds, we have developed a suite of materials which are designed to meet CIMA's particular expectations in accordance with Cayman requirements as follows:

- corporate governance framework
- annual governance meeting agendas and minutes
- template governing body self-assessment
- Fund AML, CTF, CPF and sanctions risk assessment
- AML, CTF, CPF and sanctions training
- AML, CTF, CPF and sanctions policies and procedures
- FATCA and CRS policies and procedures
- governing body reporting templates
- legal and regulatory updates

Please let us know if the Fund (or the directors) requires assistance to demonstrate compliance with its Cayman Islands regulatory obligations or contact us for any regulatory enquiries.

Nikki Wood
Partner

T: +1 345 623 2410 or **M:** +1 345 516 8270 | **E**: nwood@tta.lawyer
www.traversthorpalberga.com