

Cayman Islands regulated funds – CIMA regulatory measures effective October 2023

UPDATE

Update prepared by Sara Galletly (Cayman Islands)

In April 2023, the Cayman Islands Monetary Authority (CIMA) issued new regulatory measures relating to corporate governance and internal controls which will take effect in October 2023. See below for a reminder and recommended action for regulated Cayman Islands funds.

As outlined in our [Cayman Islands funds - CIMA regulatory measures update](#), the following Rules and Statements of Guidance (SoGs) were gazetted in the Cayman Islands on 14 April 2023:

New regulatory measures

Rule and SoG – Internal Controls for Regulated Entities	Effective 14 October 2023
Rule – Corporate Governance for Regulated Entities	Effective 14 October 2023

Updated regulatory measures

SoG – Corporate Governance for Mutual Funds and Private Funds	In effect
SoG - Outsourcing - Regulated Entities	In effect
SoG – Nature, Accessibility and Retention of Records	In effect
Rule – Cybersecurity for Regulated Entities	In effect
SoG – Cybersecurity for Regulated Entities	In effect

All regulatory measures referred to in this Update can be found on CIMA's [website](#).

What is new?

The two new regulatory measures identified above, which **come into effect on 14 October 2023**, will require regulated funds to establish, implement and maintain a corporate governance framework and have adequate and effective internal controls that are proportionate in application to the size, complexity, nature of business and risk appetite of the regulated entity.

It is likely that in practice, many regulated entities are already partially, if not fully, operationally compliant with the regulatory measures. However, operational compliance alone will not be sufficient; it is CIMA's expectation that full compliance is evidenced and supported by adequate documentation.

How to tell if your fund is already compliant?

Mourant has developed a gap analysis tool to help regulated funds identify any outstanding requirements which may not be covered by their existing compliance framework. Our recommendation is that regulated funds complete a gap analysis and then consider the best approach to address any gaps identified.

We can assist in providing the gap analysis tool or in conducting the gap analysis for a group of regulated funds and, in either case, providing support thereafter as required.

Solutions and next steps

Mourant is well placed to advise on the best way to ensure compliance with the new regulatory measures. In addition to the gap analysis tool, possible solutions that we have developed include:

- the adoption of a comprehensive compliance manual created specifically for regulated investment funds;
- a governing body meeting agenda to aid in creating an audit trail demonstrating compliance;
- the provision of internal controls and compliance training and advice;
- the provision of local compliance support to assist with risk assessments and their documentation; and/or
- the provision of board support services.

For more information or assistance, please reach out to your usual Mourant contact or one of the key contacts provided below.

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