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Regulatory Update

Cayman – Q4 2024

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Quick Fire Updates

1. Changes to the beneficial ownership regime in force

The [Beneficial Ownership Transparency Act, 2023 \(BOT Act\)](#) and the [Beneficial Ownership Transparency Regulations, 2024](#) came into force on 31 July 2024., amending and consolidating the Cayman Islands beneficial ownership regime (which was previously found in multiple pieces of entity-specific legislation). The Cayman Islands Ministry of Financial Services and Commerce has confirmed that there will be no enforcement of the new regime until **1 January 2025**.

The key amendments include:

- the expansion of the regime to include limited partnerships and exempted limited partnerships, together with companies, foundation companies, limited liability companies and limited liability partnerships;
- the provision of an alternative route to compliance for entities listed on specified stock exchanges, persons licensed under a regulatory law or investment funds regulated by the Cayman Islands Monetary Authority (CIMA);
- the introduction of the option for CIMA-registered investment funds to appoint a beneficial ownership contact person who is either a licensed fund administrator or another person licensed or registered with CIMA (instead of filing the fund's beneficial ownership information in a beneficial ownership register); and
- changes to:
 - the definition of beneficial owner; and
 - the information required to be maintained for each beneficial owner.

The Competent Authority for Beneficial Ownership has issued [Guidance on complying with the Beneficial Ownership Obligations in the Cayman Islands](#) to assist beneficial owners, legal persons and corporate service providers in complying with their respective obligations under the BOT Act.

For further information, please see our Update on [Changes to the Cayman Islands beneficial ownership regime in force](#) and, for assistance in establishing how the regime applies to your business, our [Cayman Islands beneficial ownership regime – Steps guide](#).

2. Proceeds of Crime Act amendments reminder

The remaining provisions of the [Proceeds of Crime \(Amendment\) Act 2023](#) will come into force on **2 January 2025**.

These provisions relate to sections 133 (*Concealing*), 134 (*Arrangements*) and 135 (*Acquisition, use and possession*) of the Proceeds of Crime Act (2020 Revision), which create various money laundering offences (including concealing, arranging and possession of criminal property). Once in force, the wording in these provisions will be clarified to provide that a person does not commit an offence where they make a disclosure to the Financial Reporting Authority (FRA) and have the consent of the FRA to commit the act. However, this does not apply to the person who committed or was a party to the act from which the property derives.

Sections 133 and 135 will also be amended to remove references to the defence of intending to make a disclosure to a nominated officer.

3. Amendments to the Perpetuities Act

The [Perpetuities \(Amendment\) Act, 2024](#) came into force on 22 August 2024, removing the mandatory perpetuity period of 150 years for many existing and future trusts. These amendments are in line with several other relevant financial services centres.

For further details, please see our client update: [Cayman Permits Disapplication of Rule Against Perpetuities](#).

4. CIMA's 2023 Annual Report

CIMA released its [2023 Annual Report](#) on 12 September 2024. Some notable milestones from 2023 were:

- the removal of the Cayman Islands from the FATF grey list;
- the completion of an internal organisational review recommending changes to maximise efficient and effective operations, which will be rolled-out over the coming 24 months; and
- a dedicated division for the supervision of virtual asset service providers becoming operational.

The Annual Report also covers the strength and stability of Cayman's financial services industry during the period,

5. Mourant Guides and Updates

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

- [Cayman Islands beneficial ownership regime – Steps guide](#)
- [The Cayman Islands beneficial ownership regime](#)
- [Changes to the Cayman Islands beneficial ownership regime in force](#)
- [Cayman Island exempted companies - Directors' duties and liabilities](#)
- [A quick guide to directors' duties in the Cayman Islands](#)
- [Antecedent Transactions in the BVI and Cayman Islands: a beginner's guide](#)
- [An introduction to the Cayman AML/CFT/CPF regime](#)
- [Cayman Islands foundation companies - The ideal wrapper for DAOs or crypto trading](#)
- [Commercial flight operations for Cayman Islands registered aircraft](#)
- [Cayman Permits Disapplication of Rule Against Perpetuities](#)
- ['Insolvency deepening' activity – Risk for Cayman Islands Directors](#)

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