

UPDATE

Changes to the Cayman Islands beneficial ownership regime in force

Update prepared by Sara Galletly (Cayman Islands)

In line with international standards, the Cayman Islands beneficial ownership regime has been amended and consolidated into the Beneficial Ownership Transparency Act, 2023. This Act has now come into force, replacing the previous legislation which was found in multiple pieces of entity-specific legislation.

Introduction

The Beneficial Ownership Transparency Act, 2023 (the **Act**) and the Beneficial Ownership Transparency Regulations, 2024 (the **Regulations**) came into force in the Cayman Islands on 31 July 2024. As noted in our previous update, [Changes to the Cayman Islands beneficial ownership regime – what you need to know](#), the Act has introduced a number of key changes to the Cayman Islands beneficial ownership regime (the **Regime**) which are driven by the continuing evolution of the underlying international standards, namely the FATF 40 Recommendations and associated Guidance. 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.

Extension to partnerships

The Act has introduced a new definition of **legal persons** who are required to comply with the Regime and which includes:

- companies, foundation companies, LLCs and LLPs; and
- limited partnerships and exempted limited partnerships.

Previously, only companies, LLCs and LLPs were in scope of the Regime. Foreign companies and partnerships registered in the Cayman Islands do not fall within the definition of 'legal person' and are therefore not in scope of the Regime.

Alternative routes to compliance

The Act provides alternative routes to compliance for the following categories of legal person replacing the 'exemptions' to maintaining a beneficial ownership register under the previous regime:

- legal persons licensed by the Cayman Islands Monetary Authority (**CIMA**)
- legal persons listed on the Cayman Islands Stock Exchange (**CSX**) or an approved stock exchange (or a subsidiary of such a listed entity); and
- CIMA registered mutual funds or private funds.

Instead of filing a beneficial ownership register with the Cayman Islands Registrar of Companies each month, these categories of legal persons can instead opt for their corporate services provider in the Cayman Islands to file the required particulars specific to the relevant category of legal person, as specified in the table below:

Category of legal person	Required particulars
CIMA-registered mutual funds or private funds	The details of a contact person who is either a licensed fund administrator or another person licensed or registered with CIMA
Legal person listed on the CSX or an approved stock exchange	Name and jurisdiction of stock exchange and, where applicable, details of relationship to the listed entity
CIMA licensed legal person	Identification of the regulatory law under which the legal person is licensed

The above information must be provided to the corporate services provider in the form of written confirmation.

Note that the contact person for registered funds will be required to provide the requested beneficial ownership information to the Competent Authority for Beneficial Ownership within 24 hours of a request being made, or such other timeframe as may be stipulated in the request.

In addition, it should also be noted that the alternative route to compliance for CIMA-registered investment funds only applies to the registered mutual fund/private fund itself. Accordingly, a number of legal persons that were previously exempt from the Regime (eg, general partners and certain asset holding vehicles) will now be in scope.

'Registered persons' under the Securities Investment Business Act (as amended), which were previously exempt from the requirement to provide beneficial ownership information, will not have an alternative route to compliance under the Act and will therefore be required to maintain a beneficial ownership register.

Definition of 'beneficial owner'

The definition of **beneficial owner** has been amended such that an individual person will be a beneficial owner if any of the following conditions specified in the definition are met:

- (a) if the individual ultimately owns or controls (directly or indirectly) 25% or more of the shares, surplus property, voting rights or partnership interests in the relevant entity;
- (b) if the individual otherwise exercises ultimate effective control over the management of the entity; or
- (c) the individual is identified as exercising control of the entity through other means.

Where no individual is identified under the above definition, the name of a senior managing official is required to be provided in the entity's beneficial ownership register.

Additional required particulars and verification

The required particulars which must be obtained in relation to individual beneficial owners and reportable legal entities have also been amended to require the following additional information:

- for individual beneficial owners –
 - their nationality/ies (a single nationality is required where the individual has dual citizenship, though the fact that a beneficial owner has dual or multiple nationalities must be indicated)
 - details of the nature in which they own or exercise control of the legal person
- for reportable legal entities – details of the nature in which they own or exercise control of the legal person.

A legal person without an alternative route to compliance will be required to provide the above additional particulars relating to its registrable beneficial owners to the corporate service provider which maintains its beneficial ownership register in the Cayman Islands.

A corporate service provider must review all required particulars and take reasonable measures to verify the identity of the registrable beneficial owners to be satisfied that they are adequate, accurate and current prior to entering them in the relevant beneficial ownership register.

Access to beneficial ownership information

Access to beneficial ownership information may now be requested by a larger number of bodies including:

- the Royal Cayman Islands Police Service;
- the Financial Reporting Authority;
- the Cayman Islands Monetary Authority;
- the Anti-Corruption Commission;
- the Tax Information Authority;
- the Maritime Authority of the Cayman Islands;
- the Civil Aviation Authority of the Cayman Islands;
- the Registrar of Lands;
- a licensed financial institution; and
- a designated non-financial business or profession (DNFBP) under the Anti-Money Laundering Regulations (2023 Revision).

An annual fee of US\$1,829 per user will be payable by any licensed financial institution or DNFBP for access to information on the Platform.

The Cabinet may, in the future and subject to an affirmative resolution in the Parliament of the Cayman Islands, make regulations empowering the Competent Authority to provide certain beneficial ownership information to members of the public.

Guidance

The Competent Authority has issued accompanying Guidance on Complying with Beneficial Ownership Obligations in the Cayman Islands which provides further clarification on:

- identifying individual beneficial owners and reportable legal entities (including examples of structure types);
- the role of the contact person for regulated investment funds, which includes engaging with the Competent Authority or Registrar (as necessary), ensuring that communication with the legal person is facilitated and providing beneficial ownership information as requested (including details of any relevant changes);
- determining what will constitute a 'relevant change' to beneficial ownership information which must be notified (including considerations for investment funds which do not have static registers);
- determining which senior managing official should be included as a contact in the BOR where no registrable beneficial owner is found to exist;
- alternative routes to compliance, including where there is delay between the formation of a legal person and its ability to qualify for an alternative route to compliance (eg, waiting for listing to complete) with the result that the legal person will not qualify for the alternative route to compliance in the interim;
- the role of the CSP (including among others its responsibility to review and verify all required particulars being filed); and
- the requirements for legal persons in liquidation.

How can we help?

We will reach out shortly to clients with entities that are in-scope of these requirements to provide specific advice and to help to ensure that all obligations are met in good time.

For any other assistance in understanding your legal obligations under the Act, or to query whether Mourant Governance Services (Cayman) Limited can provide a contact person for your CIMA-regulated fund, please reach out to your usual Mourant contact or to one of the named contacts below.

For further details, please see our guide to [The Cayman Islands beneficial ownership regime](#).

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