



# The Cayman Islands beneficial ownership regime

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## Contents

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Introduction	2
What is the BOR?	2
Where is the BOR kept and who maintains it?	2
Are BORs public documents?	2
Which entities are required to establish a BOR?	2
What are the alternatives?	2
Regulated investment funds	3
SIBA registered persons	3
Who are the registrable beneficial owners?	3
What obligations are imposed on legal persons and beneficial owners?	5
Duties of legal persons	5
Duties of registrable beneficial owners	5
What information must be entered in the BOR?	5
Failure to comply with the BOR legislation	6
Restrictions notice	6
Statutory offences and penalties	7
Administrative fines	7
Who can access a BOR?	8
Contacts	8
Schedule	9
Breaches for which an administrative fine may be imposed	9

## 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, replacing and consolidating the previous beneficial ownership legislation which was found in multiple pieces of entity-specific legislation. The accompanying Guidance on Complying with the Beneficial Ownership Obligations in the Cayman Islands (the **Guidance**) published by the Competent Authority for Beneficial Ownership provides further guidance and clarification on the Act and the Regulations.

This Guide looks at the requirements of the Cayman Islands beneficial ownership regime (the **Regime**), the alternative routes to compliance available and the consequences of failing to maintain a beneficial ownership register (**BOR**) in accordance with the relevant legislation. It also highlights the key changes made by the Act and Regulations to the previous regime.

## What is the BOR?

Entities falling within the definition of **legal person** under the Act are required to maintain a BOR of adequate, accurate and current beneficial ownership information containing the required particulars of 'registrable beneficial owners' in relation to the entity. There are, however, alternative routes to compliance for certain categories of legal person, which have replaced the previous 'exemptions' to maintaining a BOR and require reduced information as set out below.

## Where is the BOR kept and who maintains it?

The corporate services provider (**CSP**) of the in-scope entity (usually the registered office provider) is required to establish and maintain the BOR at the registered office of the in-scope legal person in the Cayman Islands.

## Are BORs public documents?

No, the BORs are not public documents. Currently, BOR information may only be searched by certain official bodies as described below in '[Who can access a BOR?](#)'.

## Which entities are required to establish a BOR?

The following Cayman Islands entities fall within the definition of **legal person** under the Act and must comply with the BOR requirements:

- companies, limited liability companies (**LLCs**) and foundation companies; and
- exempted limited partnerships, limited partnerships and limited liability partnerships (**LLPs**).

Previously, only companies, LLCs and LLPs were in scope of the BOR regime. Foreign companies and partnerships registered in the Cayman Islands in accordance with the Companies Act (as amended) or Exempted Limited Partnership Act (as amended) respectively do not fall within the definition of 'legal person' are therefore not in scope of the Regime.

A Cayman Islands entity falling within the definition of 'legal person' will need to comply with the obligation to identify and provide certain required information relating to its beneficial owners, unless an alternative route to compliance is available.

## What are the alternatives?

The table below details the categories of legal person which may utilise an alternative route to compliance by providing their Cayman Islands CSP with written confirmation of their category and the required particulars specific to that category.

Category of legal person	Required particulars
An investment fund registered under the Mutual Funds Act (as amended) (the <b>Mutual Funds Act</b> ) or the Private Funds Act (as amended) (the <b>Private Funds Act</b> )	The contact details of a person (the <b>Contact Person</b> ) who is either a licensed fund administrator or other person licensed or registered with the Cayman Islands Monetary Authority ( <b>CIMA</b> )
A legal person licensed under a regulatory law <sup>1</sup>	Identification of the regulatory law under which the legal person is licensed
A legal person listed on the Cayman Islands Stock Exchange or an approved stock exchange <sup>2</sup> , or a subsidiary <sup>3</sup> of such a listed entity	Name and jurisdiction of stock exchange and, where applicable, details of relationship to the listed entity

These alternative routes to compliance have replaced the previous 'exemptions' to maintaining a beneficial ownership register.

It should be noted that subsidiaries of licensed entities and regulated investment funds are not eligible to use alternative routes to compliance by virtue of their parent's status. However, a subsidiary of a listed entity may be able to use the alternative route to compliance for listed entities if it falls with the applicable definition of a 'subsidiary' of a listed entity in the Act or is itself listed.

### Regulated investment funds

Regulated investment funds may opt to appoint a licensed fund administrator or another person located within the Cayman Islands who is licensed or registered with CIMA to act as the beneficial ownership Contact Person responsible for responding to any request for beneficial ownership information received from the Competent Authority.

The Contact Person will be required to provide the requested beneficial ownership information to the Competent Authority within 24 hours of a request being made, or such other timeframe as may be stipulated in the request.

The Guidance clarifies that the information which may be requested by the Competent Authority includes the beneficial ownership information that would be maintained on a BOR if the investment fund were not eligible for an alternative route to compliance. The Contact Person is not required to maintain the BOR or the beneficial ownership information for the legal person but must have access to such information to facilitate its role and be able to provide the Competent Authority with beneficial ownership Information within the relevant timeframe.

### SIBA registered persons

'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.

### Who are the registrable beneficial owners?

As stated above, in-scope legal persons are required to identify their registrable beneficial owners and then obtain, provide to their CSP and keep current certain information containing the required particulars of those registrable beneficial owners.

<sup>1</sup> The definition of **regulatory law** includes the Banks and Trust Companies Act, the Companies Management Act, the Insurance Act, the Mutual Funds Act, the Private Funds Act and the Securities Investment Business Act (each as amended).

<sup>2</sup> As listed at Schedule 4 to the Companies Act.

<sup>3</sup> A legal person will be a subsidiary of a listed entity if (a) the listed entity holds 75% or more of the shares or voting rights in the subsidiary legal person, (b) the listed entity exercises ultimate effective control over the subsidiary legal person, or (c) the listed entity controls the subsidiary legal person by other means.

**Registrable beneficial owners** include:

- any individual beneficial owner of the legal person; and
- any reportable legal entity:
  - that directly holds a relevant interest in the legal person;
  - otherwise exercises ultimate effective control over the management of the legal person; or
  - through which any beneficial owner or reportable legal entity indirectly holds a relevant interest in the legal person.

### Individual beneficial owners

An individual, including any deemed beneficial owner<sup>4</sup>, that meets one or more of the following conditions will be a **beneficial owner**:

- the individual ultimately owns or controls, whether through direct or indirect ownership or control (other than solely in the capacity of a professional advisor<sup>5</sup> or professional manager<sup>6</sup>), 25% or more of the shares, voting rights or partnership interests in the legal person;
- the individual otherwise exercises ultimate effective control<sup>7</sup> over the management of the legal person; or
- the individual is identified as exercising control of the entity through other means.

An individual will be a beneficial owner of a legal person *indirectly* if they have a majority stake<sup>8</sup> in an entity which itself either (a) directly holds the shares, right or interest in the Cayman legal person or (b) is part of a chain of ownership where each entity in the chain holds a majority stake in the entity below it and the last entity in the chain holds the shares, right or interest in the Cayman legal person.

Where no individual meets any of the above conditions, if the trustees of a trust do meet one of the above conditions, such trustees are the beneficial owners of the legal person where they have ultimate effective control over the activities of the trust (other than solely in the capacity of a professional advisor or professional manager).

### Reportable legal entities

A **reportable legal entity** in relation to a legal person means another legal person (other than a foreign company, foreign entity or a foreign limited partnership) that if it were an individual would be a beneficial owner of the first mentioned legal person. There is no need to consider the ownership or control of a reportable legal entity.

### Senior managing official

Where no registrable beneficial owner has been identified, a senior managing official<sup>9</sup> of the legal person must be identified as the contact person for beneficial ownership purposes. The Guidance makes clear that where a

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<sup>4</sup> For the purposes of the Act, both natural persons and **deemed beneficial owners** are considered individuals. A deemed beneficial owner includes: (a) a corporation sole; (b) a government or government department of a country or territory or a part of a country or territory; (c) an international organisation whose members include two or more countries or territories (or their governments); and (d) a public authority.

<sup>5</sup> **Professional advisor** includes a lawyer, an accountant or a financial advisor, who provides advice or direction in a professional capacity.

<sup>6</sup> **Professional manager** includes a liquidator, a receiver or a restructuring officer who exercises a statutory function.

<sup>7</sup> **Ultimate effective control** is defined as including ownership or control exercised through a chain of ownership or by means of control other than direct control.

<sup>8</sup> A person or entity (**A**) holds a **majority stake** in a Cayman legal person (**B**) where (i) A holds a majority (ie, more than 50%) of the voting rights in B; (ii) A exercises ultimate effective control over the management of B; (iii) A is a member of B and alone controls a majority (ie, more than 50%) of the voting rights in B pursuant to a joint agreement with other shareholders or members; or (iv) A has the right to exercise, or actually exercise, dominant direct influence or control over B.

<sup>9</sup> The term **senior managing official** includes a director or a chief executive officer of the legal person. In this regard, the FATF requires that, where no natural person is identified as a beneficial owner, the natural person who holds the position of senior managing official should be identified and recorded as holding this position (FATF Guidance on Transparency and Beneficial Ownership (Recommendations 24 & 25), paragraph 32). The Guidance provides useful clarification on how to determine who is the senior managing official for these purposes.

senior managing official has been identified and listed on the BOR, they are listed as a contact person and not as a beneficial owner.

## What obligations are imposed on legal persons and beneficial owners?

### Duties of legal persons

An in-scope legal person is required to identify every individual beneficial owner (or, if applicable, the trustees of a trust or senior managing official, where no individual meets the definition of beneficial owner) and every reportable legal entity (together, the **registrable beneficial owners**).

To do so, the legal person is required<sup>10</sup> to give written notice to those individuals or entities which have been identified as registrable beneficial owners and to any individuals or entities whom the entity reasonably believes may be a registrable beneficial owner. That notice requires each addressee to respond within 30 days of receipt, confirming whether the individual or entity is a registrable beneficial owner and, if so, to confirm or correct any of the information required to be inserted in the BOR.

Each in-scope legal person is also under a duty to keep its BOR up to date and, where it becomes aware that there has been a 'relevant change' to the information contained in the BOR, must give notice as soon as reasonably practicable (and no later than 30 days after it becomes aware of the relevant change) to the registrable beneficial owner requesting confirmation of the change.

A relevant change occurs if:

- a registrable beneficial owner ceases to be a registrable beneficial owner in relation to the legal person; or
- any other change occurs as a result of which the 'required particulars' of a registrable beneficial owner in the legal person's beneficial ownership register are incorrect, incomplete or not current. (See '[What information must be entered in the BOR?](#)' below, noting that the registrable beneficial owner should proactively provide these updated particulars to the legal person).

The Guidance states that investment funds which do not have static registers (and trade on a monthly, weekly or even daily basis) will need to assess at what intervals its investors should be assessed with respect to a relevant change. Movements in shareholdings through subscriptions or redemptions may have an impact on who is assessed as a registrable beneficial owner. Where applicable, investment funds should therefore have procedures in place to be able to respond appropriately.

### Duties of registrable beneficial owners

Where a registrable beneficial owner has not received a notice from the legal person as detailed above and has no reason to believe their details are already contained in the relevant BOR, the registrable beneficial owner is required to notify the legal person that they are a registrable beneficial owner and the date on which they became one, together with providing the required particulars.

Registrable beneficial owners are also required to notify the legal person of a relevant change to their beneficial ownership information within 30 days.

## What information must be entered in the BOR?

The following **required particulars** for each registrable beneficial owner must be entered into the BOR:

Individual beneficial owner	Reportable legal entity
<ul style="list-style-type: none"><li>• full legal name</li><li>• residential address</li><li>• address for service of notices under the Act</li></ul>	<ul style="list-style-type: none"><li>• corporate or firm name</li><li>• registered or principal office</li><li>• the legal form of the entity and the law by which it is governed</li></ul>

<sup>10</sup> No notices are required where the legal person knows who the registrable beneficial owners are and has all required information.

Individual beneficial owner	Reportable legal entity
<ul style="list-style-type: none"> <li>• date of birth</li> <li>• nationality/ies<sup>11</sup></li> <li>• the following information from the individual's unexpired and valid passport, driver's licence or other government-issued document: <ul style="list-style-type: none"> <li>◦ identifying number</li> <li>◦ country of issue</li> <li>◦ date of issue and expiry</li> </ul> </li> <li>• nature in which the individual owns or exercises control of the legal person</li> <li>• the date on which the individual became or ceased to be a registrable beneficial owner in relation to the relevant legal person.</li> </ul>	<ul style="list-style-type: none"> <li>• the nature of the reportable legal entity's ownership or its exercise of control of the legal person</li> <li>• the register in which it is entered and its registration number in that register</li> <li>• the date on which it became or ceased to be a registrable beneficial owner in relation to the relevant legal person.</li> </ul>

## Failure to comply with the BOR legislation

### Restrictions notice

Where the CSP considers that the legal person has failed to comply with its duties (as set out above) without reasonable excuse or has made a statement that is false or misleading regarding beneficial ownership matters, the CSP is required to give notice to that legal person. Following receipt of such a notice, the legal person is required to provide the missing information and a justification or correction regarding any statement identified in the notice. If the legal person fails to provide any missing information within 30 days of receipt of such notice, the CSP may issue a restrictions notice to the legal person whose information is missing and must send a copy of the notice to the Competent Authority within 14 days of issuing it.

A restrictions notice may be withdrawn where the underlying obligation is complied with, there was a valid reason for failure to comply with a notice or where the rights of a third party in respect of the relevant interest are being unfairly affected by the restrictions notice.

The effect of a restrictions notice with respect to a relevant interest includes the following:

- any transfer or agreement to transfer the interests is void;
- no rights are exercisable in respect of the interest;
- no shares, interests or rights may be issued in respect of the interest; and
- except in a liquidation,
  - no payment may be made of sums due from the legal person in respect of the interest;
  - an agreement to transfer a right to be issued with any shares in respect of the relevant interest or a right to receive payment of any sums due from the legal person in respect of the relevant interest, is void.

<sup>11</sup> This requires input of a single nationality only (notwithstanding that the relevant individual may hold more than one nationality). However, where a registrable beneficial owner holds more than one nationality, the Regulations require that this is indicated in the BOR. The Guidance also provides that the Competent Authority or Registrar may request information on additional nationalities using its information powers under section 24 of the Act.

## Statutory offences and penalties

The Act includes the following offences and penalties (among others):

Offence	Penalty
Failure of legal persons to identify and/or give notice to registrable beneficial owners, together with failure to keep the BOR current	First offence – US\$30,488 Second or subsequent offence – US\$121,951 Third offence – Court may order the entity be struck from the Register
Failure to comply with notices (including knowingly or recklessly making a statement that is false)	On summary conviction: <ul style="list-style-type: none"> <li>US\$6,098 and/or 12 months' imprisonment</li> </ul> On conviction on indictment: <ul style="list-style-type: none"> <li>First offence – US\$30,488</li> <li>Second or subsequent offence – US\$60,976 and/or 2 years' imprisonment</li> </ul>
Failure of a CSP to establish and maintain the BOR and review required particulars to ensure they are accurate and correct together with failure of the CSP to issue a restrictions notice (where applicable)	First offence - US\$30,488 Second or subsequent offence – US\$121,951
Failure of a registrable beneficial owner to supply information or to notify the legal person of relevant changes (including knowingly or recklessly making a statement that is false)	On summary conviction: <ul style="list-style-type: none"> <li>US\$6,098 and/or 12 months' imprisonment</li> </ul> On conviction on indictment: <ul style="list-style-type: none"> <li>First offence – US\$30,488</li> <li>Second or subsequent offence – US\$60,976 and/or 2 years' imprisonment</li> </ul>
Conducting a search of a legal person's BOR or disclosing confidential beneficial ownership information contrary to the Act	On summary conviction - US\$6,098 and/or 12 months' imprisonment
Breach of a restrictions notice	On summary conviction – US\$6,098.

Directors, managers, officers and partners of the legal person may also be liable to the same penalty as the entity.

## Administrative fines

The Registrar has the power to impose administrative fines on any person who breaches the beneficial ownership provisions of the BOR legislation. A breach does not have to be an offence under the applicable statute in order for an administrative fine to be imposed.

The initial administrative fine amount would be US\$6,098. A further fine of US\$1,220 is payable for each month that the breach continues, subject to a cap of US\$30,488.

The Registrar may strike an in-scope entity off the Register if an administrative fine remains unpaid for 90 days.

The breaches for which an administrative fine may be imposed include (among others):

- failure of the legal person to identify and give notice to registrable beneficial owners;
- failure of a registrable beneficial owner to supply beneficial ownership information within 30 days of becoming aware of the obligation to do so;
- failure of a legal person to provide its CSP with the current and valid required particulars of registrable beneficial owners;
- failure of CSP to provide written confirmation of the category of legal person;

- failure to give notice of any changes to registrable beneficial owners; and
- failure of a CSP to deposit the beneficial ownership information or failure to file an indicator that there is no change to the beneficial ownership information since the prior deposit of information.<sup>12</sup>

The full list of breaches for which an administrative fine may be levied can be found in the [Schedule](#) to this Guide. It is possible to appeal an administrative fine with the Competent Authority within 30 days of receipt.

Where a registrable beneficial owner's required particulars are not confirmed, identified or verified by the CSP and such entries are marked as 'pending' for more than 3 months, the legal person will be presumed to be in breach of the Act and administrative fines may be imposed by the Registrar.

### **Who can access a BOR?**

The Cayman government has established a centralised electronic beneficial ownership registration platform (the **Platform**) to facilitate the unrestricted mutual exchange of beneficial ownership information between the respective law enforcement and tax authorities of the Cayman Islands and the United Kingdom. CSPs must upload the BOR information to the Platform on a monthly<sup>13</sup> basis (at the minimum).

The Platform may be searched by the Competent Authority for the purposes of verifying the accuracy of the BOR information. The Competent Authority may also provide access to the BOR information on the Platform to the following bodies (among others):

- 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 (as amended).

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.

### **Contacts**

A full list of contacts specialising in the Cayman Islands beneficial ownership regime can be found [here](#).

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<sup>12</sup> The Registrar may reduce the administrative fine amount by 25% if the beneficial ownership information is deposited by the CSP within the timeframe specified by the Registrar.

<sup>13</sup> This period is adjusted to every 90 days for entities in liquidation and to once a year for ordinary resident companies.



## Schedule

### Breaches for which an administrative fine may be imposed

Description of breach	Section of the Act
Failure of a legal person to take reasonable steps to identify any registrable beneficial owner of the legal person	6(2)
Failure of a legal person to provide its CSP with the current and valid required particulars of registrable beneficial owners	6(3)
Failure of a legal person to give notice in writing to its registrable beneficial owners	8
Failure of a registrable beneficial owner to supply information of status as a registrable beneficial owner within 30 days of becoming aware	9
Failure of a CSP to take reasonable measures to verify the identity of a beneficial owner	11(1)
Failure of a CSP to provide the Competent Authority with written confirmation as to the category of a legal person	12(1)
Failure of a CSP engaged for the provision of registered office services to establish and maintain adequate, accurate and current beneficial ownership information in relation to the legal person in the form of required particulars	13(1)
Failure of a CSP to update the register on receipt of the amended particulars provided by the legal person	13
Failure of a CSP to deposit the beneficial ownership information or failure to file an indicator that there is no change to the beneficial ownership information since the prior deposit of information	13(3)
Failure of a legal person to give notice requesting confirmation of a relevant change to a registrable beneficial owner as soon as reasonably practicable (no later than 30 days)	14(1)
Failure of a legal person that receives confirmation of a relevant change to record the details of the change and to instruct the CSP to reflect the change in the legal person's BOR	14(2)
Failure of the legal person to provide its CSP with the date on which a deceased registrable beneficial owner ceased to be a registrable beneficial owner or to notify a CSP to update its BOR within 30 days of becoming aware of the additional matters ceasing to be accurate	14
Failure of an individual beneficial owner to notify the legal person of a relevant change, state the date on which the relevant change occurred, or give the legal person the information needed to update the legal person's BOR within 30 days	15
Failure of a CSP engaged by the legal person to remove an entry relating to registrable beneficial owner from the legal person's BOR or retain the record relating to registrable beneficial owner for 5 years after the date on which they ceased to be a registrable beneficial owner	16
Failure of a CSP to give notice to a legal person who has failed to identify registrable beneficial owners and keep information current without reasonable excuse, or has made a statement to the CSP regarding beneficial ownership matters that is false or misleading	18(1)
Failure of a legal person on receipt of a notice to provide the CSP with missing particulars pertaining to registrable beneficial owner; or a justification or correction respecting any statement identified as being false or misleading in the notice	18(2)
Failure of a CSP to issue a restrictions notice to a legal person or send a copy of it to the Competent Authority within 14 days of issuing it	18(3)
Failure of a legal person or CSP to respond to a request for information from the Competent Authority or the Registrar	24(2)
Failure of the CSP to forward the correspondence or documentation to the legal person or individual to whom it is addressed without delay	25

