

Late Filings of Directors and Officer Details of Cayman Islands companies - Waiver Period and Changes in Deadlines and Penalties

31 August 2015

The Cayman Islands government announced on 27 August 2015 that it would apply an amnesty to late filings of director and officer changes prior to the adoption of new penalty provisions. As a result of the amnesty, companies may make late filings between 1 September 2015 and until 30 October 2015 without incurring penalties and clients are therefore encouraged to use this period to check their filings are up to date.

Companies (Amendment) Law 2015

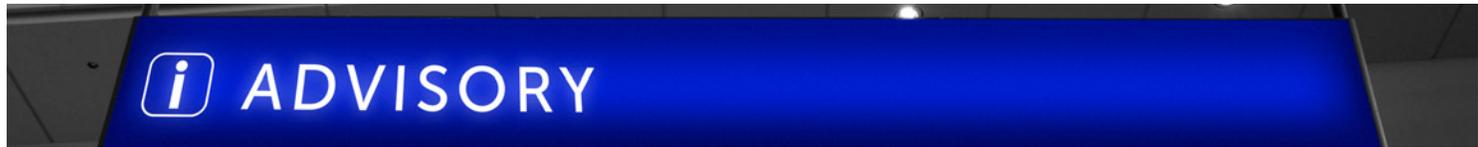
Under the current law, the first appointments of directors and officers to a Cayman Islands company must be notified to the Registrar of Companies (the "Registrar") within 90 days of the incorporation of the company while any changes to directors and officers to a Cayman Islands company must be notified to the Registrar of Companies within 30 days of such change. Significant penalties were imposed by the Registrar of Companies for failure to make such filings by the requisite timeframes.

After much consultation with the financial services industry, the Legislative Assembly of the Cayman Islands passed the Companies (Amendment) Law 2015 (the "Amendment Law") on 12 August 2015, to be effective from 2 November 2015.

The Amendment Law will require companies to notify the Registrar of the first appointments of directors and officers and any changes to the registers of directors and officers, within 60 days of the incorporation of the company or the change, respectively. The Amendment Law also reduces the current penalty regime to a CI\$500 maximum penalty per company for a breach of the obligation, and an aggregate penalty of CI\$2,500 where the same breach occurs in respect of five or more companies.

In addition to those penalties, where the Registrar is satisfied that such breach was knowingly and wilfully authorised or permitted, every company to which the breach relates will incur a penalty of CI\$1,000 and every director and officer of the company to which the breach relates will incur a penalty of CI\$1,000 and a further penalty of CI\$100 for every day that the breach continues.

In preparation for the transition to the Amendment Law in November 2015, the Ministry of Financial Services announced that the Registrar will not impose penalty fees for the late filings of changes to the registers of directors and officers of companies. The waiver period will commence on Tuesday, 2 September 2015 and end at 5pm (local time) on Friday, 30 October 2015.



Late filings of changes to the registers of the directors and officers of companies that are filed with the Registrar during the waiver period, will not incur penalties, regardless of when the changes being submitted were made, and how many late changes are submitted. Importantly, the Ministry of Financial Services has announced that penalty notices that have been issued prior to the start of the waiver period, but have not been paid, will be cancelled.

The Ministry of Financial Services has announced that the Amendment Law will be strictly enforced by the Registrar after the waiver period. Penalty fees will be imposed in accordance with the Amendment Law, including against companies where changes to the registers of directors and officers occurred during the waiver period but are filed outside of the 60 day period with the Registrar, post the waiver period.

Accordingly, please take this opportunity to check your records of directors and officers of Cayman Islands companies against the registers of directors and officers maintained by your registered office service provider and make any necessary filings with the Registrar.

Contacts

For more information, please speak with your usual contact at Walkers or one of the following partners:

Americas



Tim Buckley - Partner
Investment Funds, Cayman Islands
T: +1 345 814 4646
E: tim.buckley@walkersglobal.com



Antonia Hardy - Partner
Finance & Corporate, Cayman Islands
T: +1 345 814 6830
E: antonia.hardy@walkersglobal.com



Melissa Lim - Partner
Investment Funds, Cayman Islands
T: +1 345 814 4512
E: melissa.lim@walkersglobal.com



Ingrid Pierce - Partner
Investment Funds, Cayman Islands
T: +1 345 814 4667
E: ingrid.pierce@walkersglobal.com

Asia



Andy Randall - Partner
Finance & Corporate, Hong Kong
T: +852 2596 3305
E: andy.randall@walkersglobal.com



Jack Boldarin - Partner
Finance & Corporate, London
T: +44 (0)20 7220 4995
E: jack.boldarin@walkersglobal.com

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