



**ADVISORY**  
Industry Information

## Updates to the Cayman Islands Beneficial Ownership Regime

5 January 2017

The Cayman Islands beneficial ownership regime (“BOR”), which came into force on 1 July 2017, has been revised by amending legislation which came into force on 13 December 2017.

The BOR requires Cayman Islands companies and limited liability companies (together “Companies”) to establish and maintain beneficial ownership registers unless they are exempt. Please see our previous [Client Advisory](#) for further details in relation to the BOR.

The amending legislation introduces certain key changes to the BOR. In particular, the amending legislation refines the categories of Company which are exempt from the BOR so that certain Companies which would have been in scope are now exempt and, conversely, certain Companies which would have been exempt are now in scope. Also, Companies which are exempt will now be required to submit a written confirmation with details of the exemption.

### What are the key amendments to scope?

The amending legislation adds useful new exemptions to the BOR for Companies which are, or which are subsidiaries of one or more legal entities which are:

- a) regulated in a jurisdiction considered by the Anti-Money Laundering Steering Group of the Cayman Islands as having equivalent anti-money laundering legislation to that of the Cayman Islands;
- b) the general partner of a special purpose vehicle, private equity fund, collective investment scheme or investment fund which is registered or holds a licence under a regulatory law; or
- c) holding directly a legal or beneficial interest in the shares of a legal entity licensed under certain Cayman Islands laws (namely the Banks and Trust Companies Law, the Companies Management Law, the Insurance Law, the Mutual Funds Law or the Securities Investment Business Law).

These new exemptions are in addition to the existing exemptions, further details of which are set out in our previous [Client Advisory](#). However, pursuant to the amending legislation, Companies which are, or which are subsidiaries of, legal entities registered as excluded persons under the Securities Investment Business Law (“SIBL Excluded Persons”) are no longer exempt. Moreover, entities registered as SIBL Excluded Persons will not be regarded as “approved persons”. Thus, for example, a Company managed by a SIBL Excluded Person will no longer be exempt purely by



virtue of the exemption for a Company “managed, arranged, administered, operated or promoted by an “approved person” as a special purpose vehicle, private equity fund, collective investment scheme or investment fund”.

The definition of “regulatory law” is amended to exclude the Directors Registration and Licensing Law. The amendments also clarify, for the avoidance of doubt, that a legal entity shall not be considered to be managed, arranged, administered, operated or promoted by an approved person solely as a consequence of the entity having appointed:

- a) an individual who is an employee of a legal entity which holds a licence under a regulatory law as a director; or
- b) an approved person to provide its registered office in the Cayman Islands.

## What are the key amendments regarding provision of information?

Importantly, the amending legislation requires a Company that claims an exemption from the BOR to provide its corporate services provider (“CSP”) with written confirmation of the specific exemption, identifying the paragraph that provides for the exemption and including prescribed information about the regulated legal entity, regulated parent entity or approved person referred to in that paragraph. This written confirmation must be provided by the CSP to the competent authority. Further details of the specific information to be included in the written confirmation and the manner in which the Company must provide the written confirmation to its CSP will be set out in Regulations. We will issue a further update once the Regulations are available.

The amending legislation also imposes penalties on a CSP or any of its officers for failing to comply with its obligation to regularly deposit beneficial ownership information received from Companies as prescribed.

## Next steps

It remains the case that no prosecution may be commenced against a Company for an offence under the BOR, unless the act or omission that constituted the offence took place at least one year after 1 July 2017. However, Companies should review their status to determine whether this is impacted by the amendments to the exemptions. Each in scope Company should liaise with its CSP to establish a beneficial ownership register if it has not already done so. Each exempt Company will need to provide written confirmation of the specific exemption upon which it relies.

Walkers has a detailed understanding of the BOR legislation including the recent amendments and is providing assistance to clients with all aspects. Please do not hesitate to contact our Regulatory & Risk Advisory Practice Group or your usual Walkers contact should you have any questions.

## Contacts

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