Cayman Islands –
Ongoing Obligations of Exempted Companies Registered as Mutual Funds

Ongoing corporate requirements

The Companies Law (2018 Revision) (as amended) (the "Companies Law") imposes continuing obligations on all exempted companies, including those registered as mutual funds under section 4(3) of the Mutual Funds Law (2019 Revision) (as amended) (the "Mutual Funds Law"). The main relevant requirements of the Companies Law are summarised below.

Registered office

Every exempted company must at all times maintain a registered office in the Cayman Islands and notice of such office must be given to the Registrar of Companies ("ROC"). If the company decides to change its registered office, ordinarily its directors must adopt a resolution authorising such change. The resolution must be filed with the ROC, along with fee of US$92, within 30 days from the date the resolution was adopted. A failure to do so will incur a fee of US$12 per day capped at $610. The company must, in addition, inform the Cayman Islands Monetary Authority ("CIMA") of this change (see details below).

Annual return

An exempted company must file an annual return with the ROC at the start of each year together with an annual fee. The fee payable depends on the authorised share capital of the company and is as follows:

<table>
<thead>
<tr>
<th>Authorised Share Capital</th>
<th>Annual Fee (US)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below $50,000</td>
<td>$854</td>
</tr>
<tr>
<td>Between $50,001 and $1,000,000</td>
<td>$1,220</td>
</tr>
<tr>
<td>Between $1,000,001 and $2,000,000</td>
<td>$2,420</td>
</tr>
<tr>
<td>Exceeding $2,000,001</td>
<td>$3,132</td>
</tr>
</tbody>
</table>

The deadline for filing the annual return and payment of the fee is 31 March of each year and failure to do so may cause the company to be struck off the register. In addition, the company will not be in good standing until such filing and payment is made, even though the penalties are only incurred from 1 April. The late filing penalties are set out below:

<table>
<thead>
<tr>
<th>Date of Filing</th>
<th>Penalty</th>
</tr>
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<tbody>
<tr>
<td>Between 1 April and 30 June</td>
<td>33.33 percent of the annual fee.</td>
</tr>
<tr>
<td>Between 1 July and 30 September</td>
<td>66.67 percent of the annual fee.</td>
</tr>
<tr>
<td>Between 1 October and 31 December</td>
<td>100 percent of the annual fee.</td>
</tr>
</tbody>
</table>
**Corporate registers**

An exempted company must maintain the following registers at its registered office:

<table>
<thead>
<tr>
<th>Register</th>
<th>Obligations</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Register of directors and officers</td>
<td>The company must file a copy of its register of directors and officers with the ROC within 60 days of first appointment of any director or officer of the company and it must notify the ROC within 30 days if any changes are made to its officers or directors by filing the following documents with the ROC: 1. a signed resolution reflecting the changes; or 2. a secretary’s certificate reflecting the changes.</td>
<td>Should the company fail to file the updated copy of its register of directors and officers on time, the ROC may impose the following penalties: 1. to the company $610 per company and a maximum of $3,049 (apportioned equally between the companies in breach) where the same breach occurs in respect of five or more companies, and $1,216 where the registrar is satisfied that such breach was knowingly and wilfully authorised or permitted; and 2. $1,216 to each director and officer of the company to which the breach relates who knowingly and wilfully authorises or permits non-compliance and a further $122 per day during which the default continues.</td>
</tr>
</tbody>
</table>
| Updated register of members       | This may be kept at a different location, eg with the administrator, provided the registered office holds a record of the address where the register is maintained. If the register is kept elsewhere, the company must, upon service of an order or notice by the Tax Information Authority (“TIA”), make available copies of such registers at its registered office. The requirements also apply to any branch register of members. Pursuant to the Companies (Amendment) Law, 2019, the register of members must confirm the number and category of shares held by each member and whether each relevant category of shares held by a member carries voting rights under the articles of association of the company, and if so, whether such voting rights are conditional. | Should the company fail to comply with its obligations relating to the register of members, the ROC may impose the following penalties: **Updated register of members:** 1. $6,098 to the company for non-compliance; and 2. $6,098 to each director or officer who knowingly and wilfully authorises or permits non-compliance. **Updated branch register:** 1. $6,098 to the company and every officer for non-compliance; and 2. $6,098 to each director or manager who knowingly and wilfully authorises or permits non-compliance. **TIA obligations:** 1. $610 and a further $122 for every day of non-compliance if the company fails to comply with the
Register of mortgages and charges | The company must maintain at its registered office a register of mortgages and charges and shall enter in such register in respect of each mortgage or charge a short description of the property mortgaged or charged ("entry"). | Should the company fail to comply with its obligations relating to the register of mortgages and charges, the ROC may impose the following penalties:
1. $5 per day for each day to any director or officer who authorises or permits the refusal of inspection to creditors or members of the company; and
2. $122 to each director, manager or officer who knowingly and wilfully authorises or permits the omission of the requisite entry.

Memorandum of association

Each exempted company must forward a copy of its Memorandum of Association, having annexed its Articles of Association, to every member who requests a copy. The company will be fined US$2.50 for each copy not forwarded upon request. Any change to the Memorandum or Articles of Association requires a special resolution, a copy of which must be filed with the ROC within fifteen days of the resolution being passed.

Name change - ROC requirements

A company may change its name by special resolution. A copy of the special resolution must be filed with the ROC together with a US$92 filing fee and a US$152 change of name fee within fifteen days from the date the resolution is adopted. In case of late filing, the ROC may impose a fine of US$12 per day on the company. A copy of the special resolution must be annexed or embodied in each copy of the Memorandum and Articles of Association or sent to the members upon request. The ROC will issue a 'Certificate on Change of Name' which should be held with the company's records at its registered office. The company must, in addition, inform CIMA of this change (see details below).

Books of account

The company must keep proper books of account, including material contracts and invoices, as are necessary to give a true and fair view of the company's affairs and to explain its transactions. Such books of account must be maintained for a minimum of five years from the date they were created.

The company may be fined US$6,098 for knowingly and wilfully falling to keep proper books of account.

If the books are kept elsewhere, the company must, upon service of an order or notice by the TIA, make available copies of such books at its registered office. The company may be fined $610 and a further $122 for every day of non-compliance if the company fails to comply with the order or notice from the TIA without reasonable excuse.

Increase in authorised share capital

An exempted company may increase its authorised share capital by ordinary resolution. The ordinary resolution must be filed with the ROC together with a US$92 filing fee plus a US$610 share capital increase fee within 30 days from the date the resolution is adopted.

If the resolution is not filed with the ROC within 30 days, the company may be fined US$12 per day, subject to a cap of US$610.
Ongoing regulatory requirements

In addition to the ongoing corporate requirements, as detailed above, exempted companies which are registered as mutual funds must also adhere to certain regulatory requirements pursuant to the Mutual Funds Law and the Directors Registration and Licensing Law, 2014 (as amended) (the “DRLL”) as summarised below.

Change to offering documents

If there is any change that materially affects any information in the offering document of a mutual fund, an amended offering document must be filed with CIMA. It is recommended that Cayman Islands legal counsel reviews this document to ensure full compliance with the Mutual Funds Law and any other applicable Cayman Islands law. If the information in the application for registration of the fund changes as a result of the update of the offering document, the fund may need to file an MF form reflecting such updates with CIMA in addition to the amended offering document.

CIMA charges a US$122 filing fee for each submission of an updated offering document and a US$366 filing fee for each revised MF filing. The revised documents must be filed within 21 days of the changes taking effect.

Change of registered office and/or service providers

An exempted company must inform CIMA if it changes its registered office or any of its service providers. Where the company’s auditor or administrator changes, an updated consent letter from any newly appointed auditor or administrator must be lodged with CIMA.

Change of name

An exempted company must inform CIMA if it changes its name. In order for a company to change its name, CIMA requires the following:

1. the original mutual fund registration certificate of the company for cancellation (where this was issued in hard copy on registration);
2. a copy of the certificate of incorporation on change of name obtained from the ROC; and
3. a US$610 application fee.

The filing is submitted via CIMA’s REEFS portal. These requirements are in addition to the ROC change of name requirements set out above.

Directors and board meetings

A registered mutual fund must have a minimum of two directors at all times. Each director should be either registered or licensed by CIMA, as appropriate, under the DRLL prior to being appointed to the board of a registered mutual fund. The DRLL requires each director to make an annual submission to CIMA by no later than 15 January in each year, and pay an annual fee. The annual fee ranges from US$854 to US$9,756 depending on the applicable registration/licensing category. A penalty of one twelfth of the annual fee will be applied for each month or part thereof that the annual fee and any additional penalty imposed remains unpaid. Any resigning director should consider whether it is necessary to maintain or surrender their registration or licence, as appropriate, in accordance with the DRLL. The surrendering of a director’s registration pursuant to the DRLL must be done on CIMA’s portal and requires the payment of a fee (US$731.71) plus any outstanding fees and/or penalties.

Having regard to the Statement of Guidance for Regulated Mutual Funds issued by CIMA, the board of directors should meet at least twice a year, in person or via telephone or video conference call. Where circumstances or size, nature or complexity of the company necessitates it, the directors should meet more frequently so as to enable the board to fulfil its oversight responsibilities effectively. The directors are responsible to ensure that written records are kept of the company’s board meetings.
Annual audit and report

The company must have its accounts audited annually by an auditor approved by CIMA and each director may be fined US$24,390 if the company does not do so.

The company’s auditors must file the audited annual report with CIMA, in electronic format, together with a Fund Annual Return form (“FAR”) and pay a filing fee of US$366. The annual report and FAR must be filed six months after the company’s fiscal year end. However an extension request may be submitted to CIMA for a fee of US$610. Failure to file the annual report and FAR on time may result in a US$24,390 fine.

An individual FAR is now required to be submitted for each sub-fund within a multi-fund operating structure/umbrella fund and each filing will require the applicable FAR filing fee of US$366 to be paid by the fund. CIMA no longer allows multiple sub-funds to be consolidated or aggregated on one FAR. A “sub-fund” includes a segregated portfolio within a segregated portfolio company structure and a class of shares where each such class represents a separate standalone reporting entity (e.g. a fund with multiple portfolios, where each portfolio is individually represented by separate assets, liabilities, income and expenses).

Annual licence fee

The company must pay an annual licence fee to CIMA. The fee is US$4,268 for all stand-alone funds or feeder funds and US$3,049 for master funds.

This fee must be paid on or before 15 January of each year. Failure to pay on time may result in a penalty equal to one twelfth of the annual fee for each month or part of a month during which the annual fee and any additional penalty imposed remains unpaid.

Summary of ongoing ROC and CIMA filing and notice obligations

<table>
<thead>
<tr>
<th>Event</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filing of annual return with ROC</td>
<td>31 March (but note comments above regarding good standing).</td>
</tr>
<tr>
<td>Change to directors or officers</td>
<td>Within 30 days after appointment or resignation.</td>
</tr>
<tr>
<td>Change to register of members</td>
<td>Within 21 days of updating the register.</td>
</tr>
<tr>
<td>Change of location of registered office</td>
<td>Within 30 days from the date the relevant resolution was adopted (there are additional CIMA filing requirements set out above).</td>
</tr>
<tr>
<td>Name change</td>
<td>Within 15 days from the date the relevant resolution was adopted (there are additional CIMA filing requirements set out above).</td>
</tr>
<tr>
<td>Increase in authorised share capital</td>
<td>Within 30 days from the date the relevant resolution was adopted.</td>
</tr>
<tr>
<td>Change to offering documents</td>
<td>Within 21 days of the director becoming aware of the change.</td>
</tr>
<tr>
<td>Filing of annual report to CIMA</td>
<td>Within six months of the end of the financial year.</td>
</tr>
<tr>
<td>Annual licence fee payable to CIMA</td>
<td>15 January.</td>
</tr>
</tbody>
</table>
Automatic Exchange of Information

The majority of registered mutual funds will be classified as 'Reporting Financial Institutions' for the purposes of the Common Reporting Standard ("CRS") and the United States Foreign Account Tax Compliance Act ("FATCA"), both such tax information exchange regimes having been implemented by the Cayman Islands (together the "AEOI Regimes"). We would be pleased to provide our memorandum "AEOI for Financial Institutions" on request.

Proceeds of Crime Law and Money Laundering

The Proceeds of Crime Law (2019 Revision) (as amended) (the "POC Law") is the primary piece of legislation in the Cayman Islands dealing with anti-money laundering ("AML") and terrorist financing. It applies to all businesses (including companies regulated under the Mutual Funds Law) and individuals. We would be pleased to provide our memoranda on the relevant legislation and obligations on request.

Beneficial Ownership

A registered mutual fund can take advantage of an exemption contained within the Cayman Islands beneficial ownership regime, such that it is not required to maintain a beneficial ownership register for so long as it is a regulated mutual fund under the Mutual Funds Law. In the event that the fund ceases to operate as a regulated mutual fund, for example in the event that it only has a single investor or takes advantage of other registration exemptions available under the Mutual Funds Law, the directors should ensure that the fund still remains outside the scope of the beneficial ownership regime on the basis of another exemption. We would be pleased to provide our memorandum which contains more detailed information on the beneficial ownership regime on request.

Data Privacy

The Cayman Islands Data Protection Law, 2017 ("DPL"), came into force on 30 September 2019. A registered mutual fund (a data controller for the purposes of DPL) must comply with eight data protection principles when processing personal data and to ensure that those principles are complied with in relation to personal data processed on the data controller’s behalf (for example, an administrator). We would be pleased to provide our memorandum which contains more detailed information on the DPL on request.

EU Connected Funds

In order for a Cayman Islands registered mutual fund to be marketed in one or more European Economic Area ("EEA") member states pursuant to national private placement regimes pursuant to the Alternative Investment Fund Managers Directive ("AIFMD"), it is often (depending on member state) necessary to require CIMA to provide an attestation to the relevant European Union ("EU") member state (which, in turn, has meant CIMA required certain factual details about the Cayman Islands registered mutual fund). We would be pleased to provide more detailed information on a fund’s obligations when marketing into the EEA on request.

EU substance

Cayman Islands exempted companies are obliged to file an annual return (the "Economic Substance Return") under the International Tax Co-operation (Economic Substance) Law, 2018 (as amended) (the "EU Substance Legislation"), even where the company can claim an exemption from the full obligations under the EU Substance Legislation by virtue of being an investment fund. The first filing must be made on or prior to 31 January 2020, and the ROC has confirmed that after this date it will not issue a certificate of good standing where a company’s Economic Substance Return has not been filed. We would be pleased to provide our memorandum which contains more detailed information on the EU Substance Legislation on request.

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For further information please refer to your usual contact or:

Cayman Islands - **Ingrid Pierce**, Partner | ingrid.pierce@walkersglobal.com | +1 345 814 4667

Dubai - **Daniel Wood**, Partner | daniel.wood@walkersglobal.com | +971 4 363 7912

Hong Kong - **Denise Wong**, Partner | denise.wong@walkersglobal.com | +852 2596 3303

London - **Hughie Wong**, Partner | hughie.wong@walkersglobal.com | +44 (0)207 220 4982

Singapore - **Tom Granger**, Partner | thomas.granger@walkersglobal.com | +65 6603 1694

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