Cayman Islands –
Ongoing Obligations of Exempted Limited Partnerships Registered as Mutual Funds

Ongoing partnership requirements

The Exempted Limited Partnership Law (2018 Revision) (the “ELP Law”) imposes continuing obligations on all exempted limited partnerships, 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 ELP Law are summarised below.

Changes to registered details

An exempted limited partnership (“ELP”) is registered with the Registrar of Exempted Limited Partnerships (the “Registrar”) by a general partner (a “GP”) filing a statement pursuant to Section 9 of the ELP Law (a “Section 9 Statement”) setting out:

1. the name of the ELP;
2. the address of its registered office in the Cayman Islands;
3. the general nature of the business of the ELP;
4. the duration of the term of the ELP (this may be unlimited);
5. the full name and address of each GP; and
6. a declaration that the ELP will not undertake business with the public of the Cayman Islands other than so far as may be necessary for carrying on of the business of that ELP exterior to the Cayman Islands.

If any change is made or occurs in any matter specified in the ELP’s Section 9 Statement, a GP must file with the Registrar a statement pursuant to Section 10 of the ELP Law (a “Section 10 Statement”) specifying the nature of the change. The Section 10 Statement must ordinarily be filed within 60 days of such change.

A Section 10 Statement in respect of any arrangement or transaction consequent upon which any person will be removed, replaced or admitted as a GP, shall, within 15 days of such arrangement or transaction, be filed with the Registrar and, until such statement is so filed, the arrangement or transaction shall, for the purposes of the ELP Law and the exempted limited partnership agreement (“LPA”), not be effective to remove, replace or admit such person as a GP.

Amendment of constitution

The terms of an ELP are invariably set out in an LPA. Provisions governing the amendment of the LPA are also invariably contained in the LPA itself. Notwithstanding any term in the LPA to the contrary, any term of the LPA may be amended by agreement between the partners. The LPA is not filed in any public registry in the Cayman Islands and is not open to public inspection.

Annual return

An annual fee due on or before 31 January is payable to the Registrar. An annual return must also be filed on or before 31 January in every year.

The ELP will not be in good standing with the Registrar where the ELP has failed to file the annual return and make the payment of the annual fee. Penalties will also be levied for late payment and these penalties are set out below.
Penalty Date of Filing

<table>
<thead>
<tr>
<th>Date of Filing</th>
<th>Penalty</th>
</tr>
</thead>
<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>

**Books and records**

The GP is required to maintain two registers with details of the limited partners ("LPs"). The first register may be maintained in any country or territory as the GP may determine and must contain the name and address of each LP and the date of admission and withdrawal of each LP from the ELP (the "Register of LPs"). The Register of LPs shall be open to inspection during all usual business hours in the place where such register is maintained by (a) subject to any express or implied term of the LPA, all partners; and (b) any other person with GP consent. The GP must maintain a record of the address at which this register is held at the ELP’s registered office.

The second register may also be maintained in any country or territory as the GP may determine and must record the amount and date of contributions of each LP and the amount and date of any payment representing a return of the whole or any part of the LP’s contribution (the "Register of LP Contributions"). The Register of LP Contributions shall be open to inspection during all usual business hours in the place where it is maintained with the consent of the GP.

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

Both registers are required to be updated within 21 days of any change in the particulars therein. A GP who defaults in complying with the duty to maintain the Register of LPs, the Register of LP Contributions or the record of the address at the ELP’s registered office, is guilty of an offence and liable on summary conviction to a fine of $12,200 for each day that such default continues, and shall indemnify any person who thereby suffers any loss.

The GP has a duty to maintain or cause to be maintained a Register of Security Interests in the Partnership. This shall be maintained at the registered office and shall record the agreement pursuant to which the security interest is granted including the date and the parties thereto, the identity of the grantor and grantee, the partnership interest or part thereof subject to the security interest and the date of receipt of notice of the security interest. A GP who defaults in complying with this duty shall be liable to pay a fine of $30 for each day the default continues. Any security interest of an LP’s interest must comply with the LPA. The Register of Security Interests shall be open to inspection by any person during all usual business hours.

Subject to any express or implied term of the LPA to the contrary, each LP may demand and shall receive from a GP true and full information regarding the state of the business and financial condition of the ELP.

A GP is required to keep proper books of account, including material underlying documentation (the "Books of Account") with respect to:

1. all sums of money received and expended by a partnership;
2. all sales and purchases of goods by the partnership; and
3. the assets and liabilities of the partnership.

The Books of Account must give a true and fair view of the business and financial condition of the ELP, explain its transactions and should be maintained for at least five years. Any GP who knowingly and wilfully fails to comply with these requirements shall be subject to a penalty of $6,100.
If the books are kept elsewhere, the ELP must, upon service of an order or notice by the TIA, make available copies of such books at its registered office. The ELP may be fined $6,100 and a further $122 for every day of non-compliance if the ELP fails to comply with the order or notice from the TIA without reasonable excuse.

Ongoing regulatory requirements

In addition to the ongoing partnership requirements, as detailed above, ELPs which are registered as mutual funds must also adhere to certain regulatory requirements pursuant to the Mutual Funds Law 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 the Cayman Islands Monetary Authority ("CIMA"). It is recommended that Cayman Islands legal counsel review any changes to these documents 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 an administrative filing fee of US$366 to process material amendments affecting the ELP. The revised documents must be filed within 21 days of the changes taking effect.

Change of registered office and/or service providers

The ELP must inform CIMA if it changes its registered office or any of its service providers. Where the ELP’s auditor or administrator changes, a consent letter from any newly appointed auditor or administrator must be lodged with CIMA.

Name change - CIMA requirements

In order for an ELP to change its name, CIMA requires the following:

1. the original mutual fund registration certificate of the ELP 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 Registrar; and
3. a US$610 application fee.

These requirements are in addition to the requirement to file changes with the Registrar as set out above.

Directors and board meetings

Having regard to the Statement of Guidance for Regulated Mutual Funds issued by CIMA (the "SOG"), the GP body 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 ELP necessitates it, the GP body should meet more frequently so as to enable the GP to fulfil its oversight responsibilities effectively. The GP is responsible to ensure that written records are kept of the GP’s meetings. The SOG should be carefully considered by the GP.

Annual audit and report

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

The ELP’s auditors must file the audited annual report with CIMA, in electronic format, together with a Fund Annual Return ("FAR") and pay a filing fee of US$366. The annual report and FAR must be filed six months after the ELP’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.
Annual licence fee

The ELP 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 Registrar 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 Registrar</td>
<td>31 January (but note the comments above regarding good standing).</td>
</tr>
<tr>
<td>Change to registered details</td>
<td>Within 60 days of the change or fifteen days of the change of GP.</td>
</tr>
<tr>
<td>Update to register of LPs and register of LP contributions</td>
<td>Within 21 days of the change.</td>
</tr>
<tr>
<td>Change to offering documents</td>
<td>Within 21 days of the GP 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 and the United States Foreign Account Tax Compliance Act, both such tax information exchange regimes having been implemented by the Cayman Islands. We would be pleased to provide our memorandum on request.

Proceeds of Crime Law and Money Laundering

The Proceeds of Crime Law (2019 Revision) (as amended) is the primary piece of legislation in the Cayman Islands dealing with anti-money laundering and terrorist financing. It applies to all businesses (including entities 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

ELPs are outside the scope of the Cayman Islands beneficial ownership regime, although there are obligations relating to any Cayman Islands corporate entities acting as their GPs. 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.

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

The information contained in this memorandum is necessarily brief and general in nature and does not constitute legal or taxation advice. Appropriate legal or other professional advice should be sought for any specific matter.