The Cayman Islands Government has introduced The Directors Registration and Licensing Law, 2014 (as amended) (the "DRLL") which entered into force on 4 June 2014. The DRLL grants the Cayman Islands Monetary Authority ("CIMA") the power to approve or deny a registration or a licence to directors of certain Cayman Islands companies which are regulated by or registered with CIMA.

Who will be subject to the DRLL?

All directors (whether natural persons or corporate directors) of ‘Covered Entities’, being:

1. companies regulated under sections 4(1) or 4(3) of the Mutual Funds Law (2015 Revision) ("MFL"); and

2. companies registered as ‘excluded persons’ under either paragraphs 1 or 4 of Schedule 4 of the Securities Investment Business Law (2015 Revision) ("SIBL"), which include:

   (a) companies within a group of companies carrying on securities investment business exclusively for one or more other group companies; and

   (b) persons carrying on securities investment business exclusively for sophisticated persons, high net worth persons or entities whose own investors are either sophisticated persons or high net worth persons.

The DRLL applies to limited liability companies that are similarly regulated under the MFL or SIBL. Pursuant to the Limited Liability Companies Law (as amended), reference to a company in the DRLL includes a limited liability company ("LLC"), reference to a ‘share’ is deemed to include an LLC interest, reference to a ‘shareholder’ is deemed to include a member of an LLC and reference to a ‘director’ is deemed to include a manager of an LLC.

The DRLL does not currently apply to partnerships or unit trusts that are similarly regulated under the MFL or registered under the SIBL.

What does the DRLL require?

All directors who are subject to the DRLL must either register with CIMA or be licensed by CIMA and pay the requisite registration or licensing fee. The need to be registered or licensed depends on whether the director is a Registered Director, a Professional Director or a Corporate Director:
1. Registered Director - this category will encompass the majority of directors of Covered Entities as described above. A Registered Director is a natural person who does not otherwise fall within the Professional Director category. Registered Directors need to register under the DRLL (see below).

2. Professional Director - a Professional Director is a natural person who is appointed as a director of 20 or more individual Covered Entities. Professional Directors need to be licensed under the DRLL (see below), unless they are a director, an employee, a member, an officer, a partner or a shareholder of:

(a) an entity which holds a companies management licence issued pursuant to the Companies Management Law (2003 Revision) (as amended) or a mutual fund administrators licence issued pursuant to the MFL; or

(b) an entity which is a ‘fund manager’ of a mutual fund regulated under the MFL (ie provides investment management services, investment advisory services or acts as a promoter (as defined in the MFL)) and is registered or licensed by a specified overseas regulatory authority and such director appointment arises by virtue of the relationship with the fund manager.

In the case of (a) or (b), the director simply needs to register as opposed to apply for a licence. The schedule of specified overseas regulatory authorities for (b) is fairly limited, so directors wishing to rely on this provision should contact their relevant Walkers attorney for further advice, as necessary.

3. Corporate Director - any body corporate that is appointed as a director of a Covered Entity is required to be licensed unless it holds a companies management licence or a mutual fund administrators licence (as outlined above for Professional Directors). In addition, certain other registration requirements may apply, so any overseas company that is subject to the DRLL should contact their Walkers attorney to discuss the licensing requirements.

What is the registration/licensing process?

Registration for Registered Directors

To register, the director must submit the following to CIMA via CIMA’s on-line registration system which can be accessed at https://gateway.cimaconnect.com:

1. An application form, which includes:

   (a) the full name, date of birth, nationality and country of birth of the applicant;

   (b) the applicant’s principal residence address and postal address (if different);

   (c) details of any criminal convictions involving fraud or dishonesty;

   (d) details of any adverse finding, financial penalty, sanction or disciplinary action by a regulator, self-regulatory organisation or professional regulatory body; and

   (e) the names and registration numbers of the Covered Entities for which the applicant acts or proposes to act.

2. The non-refundable application and registration fee of CI$700 (approximately US$854) - both Visa and MasterCard payments are accepted by CIMA.
In addition, directors who are exempt from the licensing requirement on one of the grounds outlined above, will need to complete a personal questionnaire and supply certain additional details and confirmations to support the basis for their exemption.

CIMA may request additional information in order to process a registration, and may generally refuse an application if the applicant has been:

1. convicted of a criminal offence involving fraud or dishonesty; or
2. is the subject of an adverse finding, financial penalty, sanction or disciplinary action by a regulator, self-regulatory organisation or a professional disciplinary body.

Confirmation of registration should generally be received within 48 hours.

**Licensing for Professional Directors**

To apply for a licence, the director must submit the following to CIMA via CIMA’s on-line registration system which can be accessed at https://gateway.cimaconnect.com:

1. An application form and supporting documentation which includes:
   
   (a) the full name, date of birth, nationality and country of birth of the applicant;
   
   (b) the applicant’s principal residence address and postal address (if different);
   
   (c) a personal questionnaire;
   
   (d) not less than three references, including one character reference, one reference verifying good financial standing and a police clearance certificate (or equivalent);
   
   (e) the names and registration numbers of the Covered Entities for which the applicant acts or proposes to act; and
   
   (f) evidence of insurance coverage (see below).

2. The non-refundable application and licence fee of CI$3,000 (approximately US$3,659) - both Visa and MasterCard payments are accepted by CIMA.

CIMA may request such other information as they require in order to process a licence application, but will generally have regard as to whether the applicant is a fit and proper person, giving regard to the applicant’s honesty, integrity and reputation, competence and capability, and financial soundness.

If approved, CIMA may issue a licence that is subject to such conditions as it considers appropriate. Confirmation of licensing should generally be issued within four weeks.

**Licensing for Corporate Directors**

To apply for a licence, the director must submit the following to CIMA via CIMA’s on-line registration system which can be accessed at https://gateway.cimaconnect.com:

1. An application form and supporting documentation which includes:
(a) the names and addresses of one or more persons authorised to accept service of process or notice on behalf of the applicant where the applicant is a foreign company;

(b) evidence of the applicant's incorporation;

(c) the names and registration numbers of the Covered Entities for which the applicant acts or proposes to act;

(d) the full names, addresses and nationalities of all directors, managers and officers of the applicant;

(e) the full names, addresses and nationalities of each shareholder who holds more than 10 percent of the applicant’s issued share capital or total voting rights;

(f) a personal questionnaire for each (i) director, manager and officer, (ii) natural person who is a shareholder or beneficial shareholder who holds more than 10 percent of the applicant’s issued share capital or total voting rights;

(g) not less than three references, including one character reference, one reference verifying good financial standing and a police clearance certificate (or equivalent) for each (i) director, manager and officer, (ii) natural person who is a shareholder or beneficial shareholder who holds more than 10 percent of the applicant’s issued share capital or total voting rights;

(h) a copy of the applicant’s memorandum and articles of association (or equivalent charter document) together with a statutory declaration made by one director;

(i) the names and addresses of the principal and registered offices of all parent companies and all subsidiary companies of the applicant;

(j) a certificate of good standing from all parent companies and all subsidiary companies of an applicant licensed or registered by an overseas regulatory authority;

(k) a certificate of good standing from all overseas regulatory authorities that regulate the applicant; and

(l) evidence of insurance coverage (see below).

2. The non-refundable application and licence fee of CI$8,000 (approximately US$9,756) - both Visa and MasterCard payments are accepted by CIMA.

CIMA may request such other information as they require in order to process a licence application, but will generally have regard as to whether the applicant is a fit and proper person, giving regard to the applicant's honesty, integrity and reputation, competence and capability, and financial soundness.

If approved, CIMA may issue a licence that is subject to such conditions as it considers appropriate.

Once licensed, Corporate Directors must obtain CIMA’s written approval before appointing any new board members.

**Insurance Cover Requirement**

Professional Directors and Corporate Directors must also maintain a minimum of CI$1,000,000 (approximately US$1,213,500) insurance cover with an authorised insurer, ie an insurer that is licensed under the Insurance Law, 2010 (as amended) or any other insurer acceptable to CIMA.
What is the deadline for registration/licensing?

Any person who is not registered or licenced under the DRLL must register or obtain a licence prior to being appointed to the board of an existing Covered Entity or, where the company is in the process of applying to become a Covered Entity, the date upon which its application to become a Covered Entity is submitted to CIMA.

It is advisable to submit registration or licensing applications well in advance of these deadlines.

Ongoing obligations for registered or licensed Directors

Once registered or licensed, a director must:

1. pay the relevant annual fee to CIMA to maintain their respective registration or licence. Such fees must be paid on or before 15 January of each year to avoid penalties. A penalty of 1/12 of the annual fee will apply for each month that the fee is outstanding; and

2. file a notice of any material change to the information supplied on a registration/licensing application within 21 days of the change taking effect.

For further information please refer to your usual contact or:

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