

A background image of a sailboat with a large green sail on a body of water under a cloudy sky. Two people are visible on the deck of the boat.

# The Waystone Cayman Islands Update

Welcome to our Cayman update which will provide you with a quarterly review of a wide range of Cayman Islands related regulatory compliance matters including, news, guidelines and significant updates.

We will also keep you updated on Waystone news and events from across the globe.

This edition features:

## Rules & Statement of Guidance - Corporate Governance, Internal Controls

In April 2023, the Cayman Islands Monetary Authority (“CIMA”) released the following Rules and Statement of Guidance:

- Rule - Corporate Governance for Regulated Entities (Effective 14 October 2023)  
A regulated entity must establish, implement, and maintain a corporate governance framework and establish a governing body that is responsible for implementing a corporate governance framework.
- Statement of Guidance (“SOG”) – Corporate Governance for Mutual Funds and Private Funds  
The purpose of this SOG is to provide the operators of a regulated mutual fund or a regulated private fund with guidance on the minimum expectations for the sound and prudent governance of the regulated mutual fund or regulated private fund.
- Rule and Statement of Guidance – Internal Controls for Regulated Entities (Effective 14 October 2023)  
The objectives are to set out rules and guidance on the requirements for regulated entities with regards to internal controls or the way a regulated entity is structured and operated.

- The recently updated Statement of Guidance on Recordkeeping is now accessible through the following [link](#).

## Reminder:

Rules create a binding obligation on all licensees and for which a breach may lead to the imposition of a fine or regulatory action being taken.

Statement of Guidance (“SOG”) is intended to assist licensees to comply with relevant regulations or to describe standards for conduct of business. Guidance contains recommendations on how licensees should operate.

## Related resources:

- [The crucial role of independent directors in the success of Cayman Islands funds](#)  
Independent directors play a vital role in shaping the governance and strategic decision-making processes of hedge funds and private funds. In this article, we will explore how the selection of independent directors impacts the success of Cayman Islands hedge funds and private funds.
- [Changes to Governance Frameworks for Funds Registered in Cayman webinar](#)  
This webinar helps you to stay informed about the latest regulatory updates and their potential impact on your business. Our expert panel discuss the recent developments in the Cayman Islands’ private fund governance landscape, providing valuable insights into what these changes entail and how they may affect your operations. Watch in full [here](#) or listen to the [podcast](#).

## Waystone Asset Management Platform

Since January 2005, Waystone Asset Management (Cayman) Limited (“WAM Cayman”) has been providing hosted Cayman regulatory asset management services. With an increase in the cost for regulatory compliance, hosted management solutions are more in demand than ever before. Our Cayman hosted management solutions, are complemented by the Waystone group’s larger service offering, which puts Waystone at an advantage by offering a comprehensive set of regulatory solutions that assist global institutions and asset managers to create efficient structures to raise capital and pursue their investment objections.

The hosted management solutions offered by Waystone as a group, are extremely popular and globally manage assets over €250billion with the Cayman Islands hosted management solutions managing assets over US\$13billion.

Over the course of this year, the WAM Cayman team have been focused on creating some of the solutions noted below:

- Japan Intraday- Trading Platforms
  - Responding to our global banking clients requirements to establish investment funds, with the ability to trade intraday to allow for the banks to hedge their positions and manage daily volatility, Waystone Asset Management Solutions took several innovative steps to assist the establishment of several Cayman Mutual Funds (in the form of series trusts). This involved the provision of a Cayman manager, using our regulated host management services, an Irish investment manager – through our Irish hosted management services, and an overnight intraday NAV calculation agent provided through a dedicated intraday NAV calculation team of our fund administration business, Centaur
  - With over ten series funds, now established, with a dozen more scheduled for early 2024, Waystone is a unique provider of Japanese Intraday Trading Fund structures.

- Host AIF to QPAM – ERISA Trading Platforms
  - Using WAM Cayman’s hosted regulatory management services, WAM Cayman has developed, in conjunction with the leading provider of provide credit in Europe, a Fund platform designed to raise capital from ERISA investors, to invest into private credit investments, identified and management by the UK based QPAM
  - As a regulated management service, combined with our governance and regulatory services based in Cayman, Waystone was able to establish the ERISA Fund and provide the necessary supporting infrastructure and management services
  - The Fund launch has been a success and is on track to exceed the US\$1billion AUM target in 2024.
- Hosted Fund Platforms
  - Waystone has hosted several multi-million dollar fund launches, where WAM Cayman serves as the platform operator
  - As the platform operator WAM Cayman co-ordinates all aspects of the launch in an efficient and single point of contact approach
  - Due to Waystone’s market presence, Fund Platform engagements benefit from preferred vendor rates offered to the platform by legal counsel, administrators and auditors
  - A key benefit is the time required to launch a fund, where due to the centralised project management, the Waystone platform is able to reduce a launch of a new fund to approximately 45 days.

## The Cayman Islands Removed from FATF Grey List

The FATF held a plenary meeting in Paris on 25-27 October 2023 after which it announced the decision to delist the Cayman Islands from its list of jurisdictions subject to increased monitoring (the “grey list”).

The Cayman Islands was first placed on the grey list in February 2021 following the FATF’s 4th-round mutual evaluation process. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes, and it is subject to increased monitoring. Indeed, Cayman made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime and continue to work on implementing its action plan to address its strategic deficiencies, including by implementing the following:

- (1) applying sanctions that are effective, proportionate and dissuasive, and taking administrative penalties and enforcement actions against obliged entities to ensure that breaches are remediated effectively and in a timely manner;
- (2) imposing adequate and effective sanctions in cases where relevant parties (including legal persons) do not file accurate, adequate and up to date beneficial ownership information; and
- (3) demonstrating that they are prosecuting all types of money laundering in line with the jurisdiction’s risk profile and that such prosecutions are resulting in the application of dissuasive, effective, and proportionate sanctions.

The Cayman Islands’ removal from the grey list comes after a successful on-site visit by the FATF in early September, and the Cayman Islands government will continue to strengthen its AML regime to ensure the jurisdiction meets evolving global challenges and standards.

The FATF plenary congratulated Cayman for its significant progress in addressing the strategic deficiencies identified during the 4th-round mutual evaluation process. The FATF will commence its 5th round mutual evaluation process in 2025, with the evaluation of the Cayman Islands expected to begin in 2026. In the meantime, it is anticipated that the jurisdiction will be removed from the EU’s AML blacklist.

Read the Cayman Islands Ministry of Financial Services press release [here](#).

Read FATF press release [here](#).

## Upcoming Adjustments in Annual Fees

On 1 November 2023, The Cayman Islands Ministry of Financial Service and Commerce announced that in light of the Cayman Islands Government's substantial investments in the Companies Register, especially in technology, over the past ten years, company annual fees in the Cayman Islands, which have mostly stayed consistent over the past decade, will see a slight rise starting 1 January 2024.

Accordingly, the new fees are outlined in the table below. Please note that all amounts are in KYD.

| Company Annual Fees         |                     |                     |                    |                               |
|-----------------------------|---------------------|---------------------|--------------------|-------------------------------|
| Type                        | Lower Share Capital | Upper Share Capital | Current Annual Fee | New Annual Fee                |
| Companies – Exempt          | 0                   | 42,000.00           | 700                | 825                           |
|                             | 42,001              | 820,00.00           | 1,000              | 1,125                         |
|                             | 820,001             | 1,640,000.00        | 1,984              | 2,109                         |
|                             | -                   | >1,640,000.00       | 2,568              | 2,693                         |
| Companies – Non-Resident    | 0                   | 42,000.00           | 675                | 800                           |
|                             | -                   | >42,000.00          | 915                | 1,040                         |
| Companies – Foreign         |                     |                     | 1,350              | 1,550                         |
| Limited Liability Companies |                     |                     | 800                | 1,000                         |
| SPC Cell fees               |                     |                     | 300                | 400 (up to a max. of \$6,000) |

## Liquidations

### Voluntary Liquidations – Advance preparation to minimise or avoid 2024 fees

This Waystone Advisory reminds investment funds stakeholders of impending deadlines that must be met if they are contemplating formally closing a fund or a redundant vehicle via a voluntary liquidation or strike off. Now is the time to act to ensure that 2024 fees are not unnecessarily incurred.

Learn more [here](#).

## Cayman Islands Director Registration & Licensing Act (DRLA)

We have recently seen a number of penalties levied by CIMA on directors for failure to comply with The Cayman Islands Director Registration and Licensing Act (“DRLA”). Specifically, concerning failure to pay their annual fee or failure to pay the fee to surrender their registration.

Any persons or entities who have not yet acted as director for a covered entity are required to apply and receive the appropriate registration or licence before being appointed. **There is an annual fee due each year on 15 January.**

If you have resigned from all covered entities, you are not automatically deregistered and must pay a Surrender Fee of \$600 for registered directors (or \$800 for licensed). Failure to comply with the director registration requirements under the DRLA is an offence and on summary conviction carries a maximum fine of approximately US\$60,000 and/or up to 12 months imprisonment.

See full Directors Registration and Licensing Regulations [here](#) and Fee table [here](#).

## Key Dates/Deadlines

The following are important deadlines to note:

| Deadlines and Penalty Fees  |   |  |
|---|---|--|
| Deadline  | Penalty   | Authority  |
| <b>31 January 2024 but penalties will not apply until 31 March 2024</b> | 1 April – 30 June: 33.33% of annual fee<br>1 July – 30 September: 66.67% of annual fee<br>1 October – 31 December: 100% | Registrar of Companies (Annual Return fees). <b>Note</b> the Economic Substance Notifications must be filed prior to the Annual Returns. |
| <b>15 January 2024</b>  | 1/12th of annual fee for each month fee remains outstanding   | Cayman Islands Monetary Authority (Mutual Fund Annual Fees)  |
| <b>15 January 2024</b>  | 1/12th of annual fee for each month fee remains outstanding pursuant to Director Registration and Licensing Law (2014)  | Cayman Islands Monetary Authority (Director Registration renewals)   |
| <b>15 January 2024</b>  | 1/12th of annual fee for each month fee remains outstanding   | Securities Investment Business Act   |

## Waystone Updates

- Waystone Group has announced that it has completed the transaction to acquire the Irish and UK businesses of Link Fund Solutions (LFS), a division of Link Group, with regulatory approvals and other contractual conditions completed. Read the full press release [here](#).
- [Sanjiv Sawhney](#) has been appointed Global CEO of Waystone, providing international leadership experience and bringing an extensive Investor Services background to the company as it enters its next stage of growth.
- Waystone spotlight: [fund administration](#) services – as with all Waystone services, our Fund Administration teams are committed to providing exceptional client service to our clients. We have invested in technology and training to ensure our staff are able to provide timely and accurate information to our clients.

## Events

- **November 7 to 10** – [Christopher Marchioli](#) and [Sophia Dilbert](#) will be visiting Houston, TX. If you will be in the Houston area during this time and would like to meet the team, please reach out to them directly to connect.
- **January 24** – [Waystone Summit](#). Moving from December to January, this exclusive event will spotlight the most stimulating industry issues in collaboration with the candid insights from institutional allocators, fund managers and industry-leading professional advisors.