

Voluntary liquidations – advance preparation to minimize or avoid 2025 fees



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This Waystone Advisory reminds investment fund stakeholders of impending deadlines to 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 2025 fees are not unnecessarily incurred.

How much can be saved with voluntary liquidation in the Cayman Islands?

Non-CIMA registered funds

In order to avoid 2025 annual Cayman Islands' Registrar of Companies fees, a Voluntary Liquidator would need to have held the fund's final general meeting (FGM) before 31 January 2025. For a limited partnership, the final dissolution notice must be filed by this date.

CIMA registered funds

CIMA's de-registration procedures require that a fund must complete and file its final audit (or seek and be granted an audit waiver from CIMA), and be in good standing, before the deregistration documents may be filed. De-registrations must be approved by 31 December of the current year in order to avoid the annual CIMA license fee for the following year. For a master-feeder structure this saving could be in the region of US\$7,000.

Funds that submit de-registration filings late in December may risk not being approved prior to 31 December 2024 and would therefore be due to pay the full 2025 annual CIMA fee.

What are the CIMA audit requirements for a CIMA registered fund?

CIMA will no longer automatically grant audit waivers for a final stub period audit. Upon the payment of a fee of US\$610, audit waivers may be considered in the following circumstances:

- a fund has not launched but does not wish to be de-registered
- a fund has not launched and is being liquidated or wishes to be de-registered
- a fund has launched but has been unsuccessful in raising sufficient capital for sustainability
- a fund is unable to obtain audited accounts due to events such as bankruptcy proceedings, legal or regulatory enforcement actions
- a fund has been placed in compulsory liquidation and the Authority is satisfied with the appointment of the liquidator and the scope of the liquidator's review
- a fund is being voluntarily liquidated and a third-party liquidator has been appointed under terms that require a review of the period since the last financial year end for which an audit has been filed

- a fund is transferring to another jurisdiction within six (6) months of its last financial year end for which an audit has been filed, or is due to be filed
- a fund is dissolving by way of a merger within six (6) months of its financial year end for which an audit has been filed, or is due to be filed

CIMA will require submission of the audited financial statements from the date of the last financial year (for which audited statements have been filed) either to the date the fund ceased to carry on business in or from the Islands or to the date of commencement of winding up where a third-party liquidator has been appointed. If no third-party liquidator has been appointed, the audit must cover to the date of final distribution or to the date that the final NAV was calculated, with subsequent events notes to confirm that the final distribution has been paid to investors.

Administrative fines for CIMA registered funds

CIMA registered Cayman funds should be mindful of the updated breach categories pursuant to the Monetary Authority (Administrative Fines) (Amendment) Regulations, 2024. The Rule on the Cancellation of a License or Certificate of Registration of Regulated Mutual Funds requires funds to apply for de-registration within 21 days from the date the fund ceases to carry on business or before 31 December of the year the fund ceases to carry on business. Failure to do so is now categorized as a minor breach under the amended regulations, resulting in potential fines between US\$6,000 to US\$25,000 depending on how quickly the breach is remedied.

When should I start planning for voluntary liquidation?

Where a voluntary liquidation is non-contentious, the fund does not have to de-register with CIMA, and all investors have been substantially redeemed in accordance with the statutory process in the Cayman Islands, it is possible to complete a straightforward voluntary liquidation process in approximately 60-90 days. Act now and this can be achieved before 31 December 2024.

What fund liquidation services does Waystone offer?

Our liquidations team is comprised of experienced professionals who are fully supported by our in-house fund governance specialists.

- **Voluntary liquidation**
We act as an [Independent Voluntary Liquidator](#) and prepare all statutory documentation as part of our process and do not charge hourly fees. No further legal input is required.
- **CIMA de-registration**
When a fund ceases to operate it may start the CIMA de-registration process. A fund seeking to cancel its licence or certificate of registration with the Authority must be in good standing on the date of the cancellation of the licence or certificate of registration. Good standing requires that a fund must have paid all prescribed fees, submitted all the required audited financial statements, and that there are no outstanding queries or regulatory filings with the Authority.
- **Strike off**
A strike off is more cost effective and can be quickly completed, however the fund/company could be resurrected for a period of ten years after the strike off date. This option is therefore not suitable for entities which have traded or taken on investors.
- **Securities Investment Business Act (SIBA) Registered Persons de-registration**
Where a SIBA Registered Person has now ceased carrying on securities investment business or is no longer in scope Waystone can assist with the deregistration process.

Key dates for voluntary liquidation in Cayman

Key Dates	Standard Gazette Appointment	Extraordinary Gazette
Thursday, October 10, 2024	Final Standard Gazette submission deadline – Last date to appointment Voluntary Liquidator*	Friday, October 11, 2024
Monday, October 21, 2024	Gazette Publication to advertise appointment and final meeting	Wednesday, October 23, 2024
Friday, December 6, 2024	The creditor notice period expires and should allow for the final meeting held by 31 January 2025	–

*in order for the Voluntary Liquidation to be concluded by 31 January 2025 to avoid 2025 Registrar of Companies fees.

These dates represent FINAL deadlines. Waystone recommends that you act immediately in order to allow sufficient time to complete the voluntary liquidation process.

For a preliminary, complimentary consultation to help you understand the voluntary liquidation processes and time considerations, please contact our [Cayman Solutions](#) team today.

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