

CIMA publishes revised regulatory procedures for deregistration of Cayman Islands regulated funds

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Following consultation with industry, the Cayman Islands Monetary Authority (**CIMA**) has issued new regulatory procedures for Cayman Islands open-ended funds regulated under the Mutual Funds Act (Revised) (**mutual funds**) and for closed-ended funds registered under the Private Funds Act (Revised) (**private funds**) regarding their deregistration with CIMA, either at the end of the life of the fund or in certain limited circumstances where their regulatory status has changed (including a mutual fund re-registering as a private fund and vice versa).

In addition to several conforming changes to reflect amendments to the Cayman Islands mutual fund and private fund registration regime made in 2020, the principal changes in the new deregistration procedures relate to the timing of the deregistration process and the elimination of the option to place a fund in "License under Termination" (**LUT**) or "License under Liquidation" (**LUL**) status with CIMA.

Under the prior deregistration procedure a fund could be placed in LUT or LUL once it had determined to cease trading or to liquidate but before it had completed its final distributions and filed its final audit. Provided that this was done on or before 31 December in any year, the fund would benefit from either a reduction in, or complete waiver of, the CIMA annual fund registration fees for the following year. The fund would then have a prescribed period of time to complete its audit and file its deregistration documents.

Under the new deregistration procedures, although CIMA should be notified of a fund's intention to deregister within 21 days of that determination, the 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. Provided that the deregistration documents are complete and in good order, it is anticipated that the deregistration processing and approval will be a relatively quick and straightforward procedure.

Following their publication on 17 August 2022, the new deregistration procedures will apply to any new deregistration applications with effect from that date. CIMA have confirmed, however, that any funds that had previously submitted LUT or LUL applications under the old procedures will still be able to take advantage of the fee concessions under those procedures, provided that they meet the filing requirements associated with their LUT or LUL status.

Although the elimination of the LUT/LUL options means that the fund will be liable for registration fees until its deregistration, the clarificatory amendments, particularly in relation to the final audit, are to be welcomed and should result in increased efficiency and cost-effectiveness for funds seeking to deregister.

For further information or advice, please contact your usual Ogier attorney or any of the contacts listed in this briefing.

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