



# Enhanced Cayman Islands beneficial ownership transparency regime now in force

Insights - 05/08/2024

The Ministry of Financial Services and Commerce has announced that enhancements to the Cayman Islands beneficial ownership transparency regime have come into force with the commencement of the Beneficial Ownership Transparency Act and the passage of the Beneficial Ownership Transparency Regulations.

While both the Beneficial Ownership Transparency Act (**BOT Act**) and the Beneficial Ownership Transparency Regulations are now in effect, the Ministry of Financial Services and Commerce (**Ministry**) has confirmed that enforcement relating to the new requirements in the BOT Act framework will be suspended until early next year and that industry members are to suspend filing beneficial ownership information under the previous (and now repealed) beneficial ownership reporting framework until the Ministry notifies them to recommence filing under the new Beneficial Ownership Transparency Act framework.

The BOT Act, together with the Beneficial Ownership Transparency Regulations, does however provide for administrative fines that may - subject to certain procedural requirements - be imposed for a breach of the BOT Act or the Beneficial Ownership Transparency Regulations. Cayman Islands legal persons should therefore begin working with their legal counsel and other service providers to prepare for compliance with the Beneficial Ownership Transparency Act by 1 January 2025.

## Key changes

The BOT Act reflects a restatement and enhancement of Cayman's beneficial ownership regime. All Cayman legal persons, including many that were out of scope of or exempt under Cayman's previous beneficial ownership regime, will now need to assess how the Beneficial Ownership Transparency Act applies to them and, if necessary, identify their registrable beneficial owners and provide certain information on them to the corporate service provider that maintains their beneficial ownership register in the Cayman Islands.

Cayman legal persons that were previously out of scope or exempt include, for example:

- general partners
- blockers
- special purpose vehicles
- entities registered under the Securities Investment Business Act or Virtual Assets (Service Providers) Act

For further information regarding the BOT Act, read our previous briefing:

[Pending changes to the Cayman Islands Beneficial Ownership Transparency Regime](#)

## Cayman Islands investment fund vehicles

Key changes to note in respect of Cayman Islands investment fund vehicles are as follows:

- all partnerships (including exempted limited partnerships and limited partnerships) are within the scope of the Beneficial Ownership Transparency Act
- exemptions available under the previous beneficial ownership regime have effectively been removed, including the exemption previously available for funds registered under the Mutual Funds Act or the Private Funds Act - instead, registered funds will be able to utilise an "alternative route to compliance"

## Alternative route to compliance

The relevant "alternative route to compliance" provided for under the BOT Act will require Cayman Islands investment fund vehicles to provide the corporate service provider that maintains their beneficial ownership register in the Cayman Islands (typically, the registered office) with details of a "contact person" at:

- a licensed fund administrator or
- another person in the Cayman Islands that is licensed or registered under a regulatory law for providing beneficial ownership information

Such contact person may be required to provide the Registrar of Companies or Partnerships, as appropriate, with requested beneficial ownership information within 24 hours of a request for such information being made.

Ogier Global is able - subject to agreement - to act as the contact person for registered funds

taking the "alternative route to compliance" referred to above and has established policies and procedures designed to assist funds in responding to Registrar requests for beneficial ownership information.

## Beneficial ownership

Key changes to note in respect of beneficial ownership are as follows:

- the definition of "beneficial owner" under the BOT Act has been amended to align more closely with the definition used under and for the purposes of the Cayman Islands Anti-Money Laundering Regulations (AMLR), albeit that the relevant ownership and control percentage threshold under the BOT Act will remain at 25% or more, whereas for the purposes of the AMLR it is 10% or more
- in-scope entities will need to provide information in respect of their beneficial owners to the corporate service provider that maintains their beneficial ownership register including certain additional information as compared to that which was required under the previous beneficial ownership regime such as the nationality of any individual beneficial owners [1]

By way of reminder, the Beneficial Ownership Transparency Act does not itself implement public access to beneficial ownership information. However, in line with the commitment made by the Cayman Islands Government in 2019 to the UK government, it does provide a legislative framework under which the Cayman Islands Government may make regulations to provide for public access at a later date.

## Next steps

Cayman Islands legal persons should begin working with their legal counsel and other service providers to prepare for compliance with the Beneficial Ownership Transparency Act by **1 January 2025**.

## Legal persons in scope under the previous beneficial ownership regime

Legal persons who were in scope under the previous beneficial ownership regime will continue to have beneficial ownership reporting requirements now that the BOT Act has come into force. Such legal persons should therefore review and assess whether their existing beneficial ownership registers require any revisions in light of the amended definition of "beneficial owner" under the BOT Act.

All in-scope entities should also familiarise themselves with what their enhanced obligations are under the Beneficial Ownership Transparency Act and, in particular, what additional information will need to be provided in respect of their beneficial owners.

## Legal persons not in scope or exempt under the previous beneficial ownership regime

Legal persons that were not in scope or exempt under the previous beneficial ownership regime (for example, exempted limited partnerships and limited partnerships), should now consider and seek to determine what their obligations are under the Beneficial Ownership Transparency Act.

Investment funds registered with the Cayman Islands Monetary Authority (**CIMA**) will need to determine whether they will elect to take the "alternative route to compliance" referred to above or whether they will establish and maintain a beneficial ownership register. Registered funds that determine to take the "alternative route to compliance" should check that their corporate service provider is able to act as the contact person for providing beneficial ownership information, as referred to above.

Other legal persons that were out of scope or exempt under the previous beneficial ownership regime will need to consider their beneficial ownership classification and obligations under the BOT Act and, if required, prepare to establish and maintain a beneficial ownership register.

### **How can Ogier help?**

Ogier is available to assist with all aspects of compliance with the new Cayman Islands beneficial ownership regime including the classification of Cayman entities under and for the purposes of the BOT Act, identification of registrable beneficial owners and advice on the enhanced obligations that are applicable to in-scope entities under the Beneficial Ownership Transparency Act.

Ogier Global is able to act as contact person for registered funds taking the "alternative route to compliance" referred to above.

Should you have any questions or wish to receive further information in relation to the material covered in this briefing, please contact your usual Ogier attorney or any of the contacts listed in this briefing.

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[1] The Beneficial Ownership Transparency Regulations confirm that the required particulars for a beneficial owner's nationality (to be included on a legal person's beneficial ownership register) include only a single nationality, but that where an individual holds more than one nationality, this must also be indicated in the beneficial ownership register.

### About Ogier

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our

people.

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Regulatory information can be found under [Legal Notice](#)

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