

Snapshot: Cayman's Private Fund registration - what have we learnt?

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Private equity sponsors, investors, lenders and service providers will be well aware of the Cayman Islands' prominence as a domicile for global PE funds. For the best part of 20 years, sponsors and their global advisers have been attracted by Cayman's neutrality, efficiency, quality and flexibility - but also by its predictability.

So when, at the prompting of the EU, Cayman announced in early 2020 that all Cayman-domiciled closed-ended funds (including PE and real estate funds) would be required to register with the regulator (CIMA) by August 2020, this seemed like a shake-up.

Now that the dust has settled, what did we learn?

The three unknowns are how the audit process will go in practice, especially for non-mainstream vehicles whose investments and structures are not well suited to delivery of audited financial statements within six months of financial year end; how CIMA will exercise and enforce its regulatory powers; and how the CIMA deregistration requirements will marry up with the long wind down periods for PE funds at end of term.

For this unusual year it feels fitting to mandate PE funds to accept a "new normal". That so many thousands have done so says something about the resilience of Cayman PE structures - and perhaps even human nature.

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