



Mutual Funds (Amendment) Law, 2020

On 7 February 2020, the Cayman Islands Government enacted the **Mutual Funds (Amendment) Law, 2020**. Open-end funds formed in the Cayman Islands that have 15 or fewer investors (who have the ability to appoint or remove the operator of the fund) are now required to register with the Cayman Islands Monetary Authority ("CIMA").

These open-end funds were previously exempted from CIMA registration under section 4(4) of the Mutual Funds Law ("Limited Investor Funds").

Under the transitional period arrangement, Limited Investor Funds must be registered by 7 August 2020, accompanied by an initial application fee of US \$366. Mutual funds registering during the six-month transitional period shall not pay an annual registration fee for 2020 and the first annual registration fee of US \$4,268 shall fall due in January 2021.

Any fund registering on or after 8 August 2020 will be required to pay an annual registration fee of US \$4,268 for 2020.

Ongoing Operating Obligations

Directors: Mutual funds must have a minimum of 2 directors for companies. In the case of general partners or corporate directors of a mutual fund, a minimum of 2 natural persons must be named in respect of the general partner or corporate director. Directors must be registered under the Directors Registration and Licensing Law.

Audit: Audited financial statements, issued by a Cayman Islands auditor approved by CIMA, must be submitted to CIMA annually within six months of the fiscal year-end. The accounts must be prepared and audited in accordance with International Financial Reporting Standards or US, Japanese or Lux GAAP or GAAP of a non-high risk jurisdiction.



How Deloitte can help

Every manager has different needs and faces different challenges, with even the smallest fund often needing a wide range of services. Regardless of where your fund is in its life cycle – startup, ongoing operation or liquidation – Deloitte can provide the services to help you succeed.

Our team is composed of industry-leading experts, with a wealth of hands-on investment management experience.

In addition to providing a suite of accounting and consulting services, we can provide independent advice and recommendations on a range of other professional services available in the Cayman Islands, including law firms, fund administrators and fund directors.

We offer extensive expertise covering the entire spectrum of investment fund activities, and bring a wide range of combined local and global capabilities to help clients create maximum value.

We pride ourselves on our seamless approach to managing cross border arrangements with Deloitte's global network of member firms and clients.

Audit & Assurance

- Financial statement audits as a CIMA approved auditor
- Submit filings of Fund Annual Return and audited financial statements to CIMA
- Financial statement preparation
- Investment Return Performance Audit

Regulatory Advisory

- Regulatory compliance – AML, FATCA and CRS
- Risk management strategy development including addressing strategic, regulatory, financial and operational risks
- Cyber and Data Protection
- Internal controls assessment, design and testing

Tax

- Assistance with US federal, state and local, and international tax implications for investment funds
- Fund structuring and assistance with manager compensation arrangements
- Advising and assisting with the compliance for FATCA and CRS
- Advise on the transfer pricing implications on the management/ advisory fee arrangements
- Preparation of PFIC statements for offshore investment funds

Related Publications

- Guide to Establishing Investment Funds in the Cayman Islands
- Private Funds Law, 2020

 **More information on**
deloitte.com/ky/funds

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