

Continuing obligations of a Cayman Islands Registered Mutual Fund

This guide sets out the continuing obligations under Cayman Islands law of an open-ended fund registered with the Cayman Islands Monetary Authority (**CIMA**) under section 4(3) or 4(4)(a) of the Mutual Funds Act (**Mutual Funds Act**).

Overview

Part A of this guide covers the ongoing requirements of an open-ended investment fund (provides investors with voluntary redemption or repurchase rights) that is registered under section 4(3) or 4(4)(a) of the Mutual Funds Act. It applies equally to a feeder fund and a master fund.

Part A sets out the ongoing requirements under the Mutual Funds Act as well the various FATCA and CRS requirements, director registration obligations and anti-money laundering compliance.

An open-ended investment fund, registered with CIMA under the Mutual Funds Act, can be structured as an exempted company, limited partnership, limited liability company or unit trust, each of which also have ongoing obligations.

Part B applies to a fund that is an exempted company incorporated with limited liability and an authorised share capital. If the fund is an exempted limited partnership see also Part C. If it is a limited liability company incorporated under the Limited Liability Companies Act (**LLC Act**) see also Part D and if it is an exempted trust, see also Part E.

Please see our [Guide to Investment Funds in the Cayman Islands](#) for more details of the open-ended fund structures available in the Cayman Islands.

Administrative Fines

CIMA has the power under the Monetary Authority Act (**MA Act**) to impose significant administrative fines of up to CI\$1 million (US\$1.2 million) for each breach of certain provisions of the Anti-Money Laundering Regulations and other Cayman regulatory laws and regulations, including the Mutual Funds Act, Securities Investment Business Act and Directors Registration and Licensing Act. The level of an administrative fine will depend on various factors including whether the breach is committed by an individual or a body corporate and if the breach is classified as minor, serious or very serious.

Compliance Calendar

An overview of the annual compliance dates is set out in our compliance calendar, which can be found [here on our website](#).

Note in particular that penalties frequently apply for late filings and so the registered office should be informed promptly of any notifiable changes to allow the appropriate filing/s to be made.

Part A – Registered Mutual Fund

Item	Action required	Timing and penalties
Annual fee	<p>Must be paid to CIMA.</p> <p><i>Fund/Feeder fund</i></p> <p>CI\$3,500 / US\$4,268 plus CI\$300 / US\$366 Fund Annual Return fee</p> <p><i>Master fund</i></p> <p>CI\$2,500 / US\$3,049 plus CI\$300 / US\$366 Fund Annual Return fee</p> <p><i>SPC</i></p> <p>If a fund is structured as a segregated portfolio company an additional annual fee of CI\$250 / US\$305 per segregated portfolio is also payable to CIMA.</p>	<p>By 15 January of each calendar year.</p> <p><i>Penalties under Mutual Funds Act</i></p> <p>1/12 of the annual fee due for each month the payment remains outstanding.</p> <p>For a fund which has ceased carrying on business and which has applied to de-register from CIMA (license under termination, eg due to liquidation) half annual fees are payable.</p>
Any change that materially affects any information in the offering document (or prescribed details for a master fund which does not have an offering document) if there is an ongoing offering of equity	<p>For all funds registered under section 4(3), all master funds and for those funds registered under section 4(4)(a) that filed an offering document with CIMA, a copy of amended offering document or supplement to the offering document (or prescribed details for a master fund which does not have an offering document) must be filed with CIMA along with a signed amended application form (if applicable).</p> <p><i>Offering document / supplement filing fee</i></p> <p>CI\$100 / US\$122</p> <p><i>Application form filing fee</i></p> <p>CI\$300 / US\$366</p>	<p>Within 21 days of becoming aware of the change.</p>
<p>Corporate Governance</p> <p>CIMA expects the governing bodyⁱ and operators of registered funds to comply with the corporate governance principles set out in its Statement of Guidance on Corporate Governance issued in 2014 (SoG). The governance structure of any fund will depend on the fund's size, nature and complexity.</p>	<p>The governing body has responsibility for monitoring and supervising the fund's activities and affairs, including:</p> <ul style="list-style-type: none"> ▪ monitoring compliance with applicable legal and regulatory requirements; ▪ monitoring and disclosing conflicts of interest and overseeing risk management; ▪ supervising all service providers to the fund; ▪ meeting at least twice a year in person or by telephone or video conference call and keeping full written records of all meetings; ▪ exercising independent judgment, acting in the best interests of the fund, operating with due skill, care and diligence, acting honestly and in 	<p>Ongoing compliance for registered funds.</p>

Item	Action required	Timing and penalties
	<p>good faith at all times; and</p> <ul style="list-style-type: none"> making sure it has sufficient capacity to apply its mind to overseeing and supervising the fund and sufficient knowledge and experience to perform its duties. <p>Please see our Guide to Duties and Obligations of a Director of a Cayman Islands Fund for further details of the SoG.</p>	
Change of name	<p>Notice of the change must be filed with CIMA via the online CIMA REEFS portal, including the reason for the change of name, and payment made of the CI\$500 / US\$610 change of name fee. The certificate of incorporation / registration on change of name of the fund issued by the registrar in the Cayman Islands is then filed with CIMA by email together with the updated offering document/supplement (if applicable) in the fund's new name (see above). The original hard copy CIMA certificate of registration is then returned to CIMA for cancellation.</p>	
Annual audited financial statements and fund annual return (FAR)	<p>Annual accounts audited by a CIMA approved auditor must be filed with CIMA each year.</p> <p>The FAR must be filed with CIMA by the auditor each year in electronic form.</p> <p>A separate FAR is required for each sub-fund ie each segregated portfolio of a segregated portfolio company, sub-trust within an umbrella trust, each class of shares, or units or interests within a fund, trust or partnership structure, for which the fund maintains individually presented separate accounts.</p> <p>Filing fee to be paid CI\$300 / US\$366 for filing the FAR, with a maximum fee of CI\$7,500 (US\$9,150) for funds with 25 or more sub-funds.</p>	<p>Within 6 months of the relevant financial year end.</p> <p><i>Penalties under Mutual Funds Act</i></p> <p>Penalty under Mutual Funds Act of CI\$20,000 / US\$24,390 payable by the operator if the fund does not have its accounts audited annually by a CIMA approved auditor.</p> <p>Penalty under Mutual Funds Act of CI\$20,000 / US\$24,390 payable by the operator if the fund does not file its audited accounts with CIMA within 6 months of the fund's financial year end.</p>
Change of registered office	<p>Notice of the change must be given to CIMA.</p>	<p>Immediately, the change of registered office is effected upon notice.</p>
Automatic Exchange of Information Obligations	<p>Please see our Guide to Automatic Exchange of Information for Cayman Islands investment funds for more information.</p>	

Item	Action required	Timing and penalties
<p>FATCAⁱⁱ</p>	<p><i>GIIN Application</i></p> <p>As a Reporting Financial Institution, the fund must apply for a global intermediary identification number (GIINⁱⁱⁱ). The GIIN application and filing can be done by a director, representative or appointee of the fund. If the fund is a Cayman Islands exempted company then the representative / appointee should be appointed by board resolution.</p> <p><i>Register with TIA</i></p> <p>The fund is required to register with the Cayman Islands Tax Information Authority (TIA) in respect of its obligations under the US Regulations.</p> <p><i>Due Diligence</i></p> <p>Establish and maintain arrangements that are designed to identify reportable accounts and establish the jurisdictions of residence, and where applicable United States citizenship of a shareholder / limited partner / LLC member / unit holder.</p> <p><i>Reporting</i></p>	<p>Within 30 days of commencing business.</p> <p>No later than 30 April in the first calendar year in which the fund is required to comply with reporting obligations.</p> <p>Immediately from launch and ongoing obligation.</p> <p>31 July each year in respect of the previous calendar year or prior to dissolution, if dissolved during a calendar year.</p>
<p>Common Reporting Standard^{iv}</p>	<p><i>Register with TIA</i></p> <p>The fund is required to register with the TIA in respect of its obligations under the CRS Regulations.</p> <p><i>Written policies and procedures</i></p> <p>Establish and maintain written policies and procedures for its obligations under the CRS Regulations and implement and comply with those policies and procedures. Identify the tax residency of all account holders.</p> <p><i>Reporting</i></p> <p>Nil returns must be filed for all CRS reportable jurisdictions for which a fund has no reportable accounts.</p>	<p>Prior to 30 April in the relevant reporting year.</p> <p>Immediately from launch and ongoing obligation.</p> <p>31 July each year in respect of the previous calendar year.</p> <p>Funds which are in liquidation or being wound up must fulfil their notification and reporting obligations as normal and notify the TIA of their final dissolution.</p>

Item	Action required	Timing and penalties
<p>Director registration or licensing</p>	<p><i>Registration</i></p> <p>Individual directors (including individual managers of LLCs) must register with CIMA and pay a fee of CI\$700 / US\$854 per director (not per fund). This fee is also payable annually, due by 15 January each year.</p> <p><i>Licensing</i></p> <p>Licences are required for Professional Directors, being natural persons appointed to the boards (or appointed as manager of a covered entity established as an LLC) of 20 or more covered entities^v and corporate directors / LLC managers of covered entities. Licence fees for professional and corporate directors are CI\$3000 / US\$3,658 and CI\$8,000 / US\$9,756 per director, respectively.</p>	<p>New directors / LLC managers must register or be licensed before the time of their appointment (unless one of the limited exemptions applies)</p> <p><i>Penalties under DRL Act</i></p> <p>Penalty under DRL Act of CI\$50,000 (US\$60,975) and / or 12 months imprisonment on conviction for breach of registration requirement, CI\$100,000 (US\$121,950) and / or 12 months imprisonment on conviction for breach of professional director licence requirement and CI\$100,000 (US\$121,950) for breach of licence requirement as a corporate director.</p> <p>Annual fee and annual return are due by 15 January in each year.</p> <p>1/12 of the annual fee due for each month the payment remains outstanding.</p> <p>Any changes to information submitted in support of an application for registration or licensing must be notified to CIMA within 21 days of the change.</p>
<p>Surrender of director registration or licence</p>	<p>Director / LLC manager must sign onto CIMA's Registration Gateway https://gateway.cimaconnect.com and complete the information under "surrender", and pay the applicable surrender fee – CI\$600 / US\$732 for registered directors / LLC managers and CI\$800 / US\$976 for licensed professional directors / LLC managers.</p> <p>Once the applicable fee has been paid, the director / LLC manager will be required to submit a letter to CIMA confirming the following:</p> <p>that they have resigned as a director / LLC manager of all covered entities</p> <p>that they no longer plan to act as a director / LLC manager of covered entities, and</p> <p>that if they would like to act on any other covered entity or wish to resume</p>	<p>If the director is still a director, or LLC manager still an LLC manager, of a covered entity on 31 December in any calendar year, CIMA will be unable to process an application to surrender for the next calendar year and the director / LLC manager will be liable to pay the annual fees for the next calendar year.</p>

Item	Action required	Timing and penalties
	<p>directorship / LLC manager services after they have surrendered their registration, they will need to re-apply to CIMA under the Directors Registration and Licensing Act.</p> <p>The relevant fund will also need to notify CIMA of the change to its board of directors / LLC manager.</p>	

Anti-Money Laundering Obligations

Item	Action Required	Timing and Penalties
<p>Anti-money laundering regulation compliance</p> <p>Relevant law and regulation:</p> <ul style="list-style-type: none"> ▪ the Proceeds of Crime Act (PCL) ▪ the Anti-Money Laundering Regulations (AML Regulations) ▪ CIMA Guidance Notes on Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands, and ▪ CIMA Statement of Guidance on Outsourcing. <p>A fund will have to comply with Cayman Islands anti-money laundering legislation, including designating natural persons as AML compliance officer (AMLCO), money laundering reporting officer (MLRO) and deputy money laundering reporting officer (DMLRO). The fund may then delegate performance of certain AML obligations, including conducting customer due diligence on its investors in accordance with Cayman AML Regulations.</p>	<p>The fund must designate as AMLCO a natural person at managerial level with the requisite skills and experience, to manage the compliance programme and report to the board / general partner. The fund must also appoint suitable natural persons at managerial level as MLRO and DMLRO, to whom suspicious activity reports are made.</p> <p>Generally the fund will then delegate performance of customer due diligence on its investors to an administrator. The AMLCO should be provided with periodic AML reports from the administrator and also reports on the fund's downstream investment activities, from its investment manager.</p> <p>The administrator, fund or other service provider will need to comply with the Cayman AML Regulations.</p> <p>Cayman AML procedures require:</p> <ul style="list-style-type: none"> ▪ assess and apply a risk-based approach to money laundering and terrorist financing risks and compliance ▪ establish shareholder / limited partner / LLC member / unitholder identification procedures, including for beneficial owners, and conduct ongoing customer due diligence ▪ implement suspicious transaction reporting procedures ▪ maintain know-your-client information and suspicious transaction records ▪ develop internal controls, policies, reporting procedures and record keeping that are appropriate to prevent money laundering, and ▪ implement an anti-money laundering training programme for staff members. 	<p>Immediately from launch and ongoing obligation.</p> <p>Existing funds should have designated natural persons as AMLCO, MLRO and DMLRO and have notified their details to CIMA via its REEFS portal.</p> <p><i>Penalties under AML Regulations</i></p> <p>Penalties under AML Regulations of up to CI\$500,000 (US\$609,750) and/or imprisonment for 2 years apply for breach of AML obligations.</p> <p>Where an offence under the AML Regulations is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, a director, manager, partner, secretary or other similar officer of the entity or a person who was purporting to act in any such capacity the person, as well as the entity, commits that offence and is liable to be proceeded against and punished accordingly.</p> <p><i>Penalties under the Monetary Authority Act and the Monetary Authority (Administrative Fines) Regulations</i></p> <p>Breaches of certain provisions of the AML Regulations may also attract penalties under the MA Act and regulations.</p> <p>Penalties for each breach classified as minor are up to CI\$20,000. For each breach classified as serious the penalty is up to CI\$50,000 for an individual or CI\$100,000 for a body corporate and for each breach classified as very serious the penalty is up to CI\$100,000 for an individual or CI\$1,000,000 for a body corporate.</p>

Part B – Exempted Companies

Please see our [Guide to Cayman Islands Exempted Companies](#) for details of exempted companies incorporated in the Cayman Islands under the Companies Act (the **Companies Act**).

Item	Action required	Timing and penalties
<p>Annual return and annual fee</p> <p>The annual government fees for exempted companies are:</p> <ul style="list-style-type: none"> ▪ CI\$700 / US\$854 for a company with an authorised share capital not exceeding US\$50,000 ▪ CI\$1,000 / US\$1,220 for a company with an authorised share capital of US\$50,001 to US\$1,000,000 ▪ CI\$1,984 / US\$2,420 for a company with an authorised share capital of US\$1,000,001 to US\$2,000,000, or ▪ CI\$2,568 / US\$3,132 for a company with an authorised share capital of US\$2,000,001 and above. <p>The annual government fees for segregated portfolio companies are:</p> <ul style="list-style-type: none"> ▪ CI\$2,700 / US\$3,293 for a company with an authorised share capital not exceeding US\$50,000 ▪ CI\$3,000 / US\$3,659 for a company with an authorised share capital of US\$50,001 to US\$1,000,000 ▪ CI\$3,984 / US\$4,859 for a company with an authorised share capital of US\$1,000,001 to US\$2,000,000, or ▪ CI\$4,568 / US\$5,571 for a company with an authorised share capital of US\$2,000,001 and above, ▪ in each case plus CI\$300 / US\$366 per segregated portfolio, up to a maximum of CI\$1,500 / US\$1,830. <p>Please see our Guide to Segregated Portfolio Companies in the Cayman Islands.</p>	<p>Notification of company's status under The International Tax Co-operation (Economic Substance) Act must be filed with the Registrar of Companies (RoC).</p> <p>Annual return must be filed with the RoC with payment of the annual government fee.</p> <p>Annual return includes confirmation by or on behalf of a company that since the last annual return / incorporation:</p> <ul style="list-style-type: none"> ▪ the memorandum and articles of association have not been amended other than as previously notified to the RoC ▪ the operations of the company have been mainly outside the Cayman Islands, and ▪ the company is not trading in the Cayman Islands except to further its business outside the Cayman Islands. <p>The annual government fee will form part of the annual invoice from the registered office service provider in October of the preceding year. Upon receipt of funds, they will arrange for the annual fee to be paid and the annual return to be filed.</p> <p>The RoC will not issue a certificate of good standing for a company if it has outstanding fees or returns due.</p>	<p>By 1 January in each year after year of incorporation.</p> <p>Penalties as a percentage of the annual fee accrue if the filing is not made before 1 April in the relevant year:</p> <ul style="list-style-type: none"> ▪ 33.33% if the return is submitted and the fee paid between 1 April and 30 June ▪ 66.67% if the return is submitted and the fee paid between 1 July and 30 September, and ▪ 100% if the return is submitted and the fee paid between 1 October and 31 December. <p>These are in addition to any administrative fee charged by the company's registered office for filing a late annual return.</p> <p>Failure to file the annual return and annual fee may result in the company being struck off the register by the RoC.</p>

Item	Action required	Timing and penalties
<p>Register of members</p> <p>Every company must keep a register of members containing names and addresses of members, the shares held by each member including their distinguishing number (if any), the voting rights of each category of shares, the amount paid (or agreed to be considered paid) on the shares of each member, the date on which the name was entered on the register and the date on which any person ceases to be a member.</p> <p>The register is not open to public inspection and may be kept outside the Cayman Islands.</p> <p>A company must have at least one member and one share in issue at any time.</p>	<p>Not required to be filed with the RoC, but must be updated as soon as a new member is admitted^{vi} or another share transaction takes place.</p> <p>TIA may serve notice on a company to make the register of members available to the TIA at the company's registered office if it is usually kept elsewhere.</p>	<p>Updated immediately upon any subscription, redemption or transfer being accepted (as the register of members is prima facie evidence of share ownership).</p> <p>A penalty of CI\$5,000 / US\$6,098 for every day during which default continues, payable by the company and any director or manager who knowingly and wilfully authorises or permits such breach.</p> <p>CI\$500 / US\$610 penalty plus CI\$100 / US\$122 per day of ongoing default for non-compliance with a notice from the TIA without reasonable excuse.</p>
<p>Beneficial ownership information</p> <p>Under the Companies Act exempted companies must maintain a register of beneficial ownership unless an exemption applies. Corporate funds which are registered with CIMA under the Mutual Funds Act are exempt but they must file details of the exemption with their registered office provider. (See our Guide to the Cayman Islands beneficial ownership regime for more details).</p>	<p>File written confirmation with registered office provider that the company is exempt under s245(1)(b) of the Companies Act as it is registered with CIMA under the Mutual Funds Act, with instructions to file the written confirmation with the competent authority in the Cayman Islands.</p>	<p>Immediately from launch.</p>
<p>Register of mortgages and charges</p> <p>Every company must keep a register in respect of each mortgage or charge over the company's property, containing a short description of the property charged, the amount of the charge created and the names of the persons entitled to the charge.</p> <p>The register must be kept at the registered office of the company in the Cayman Islands and must be open to inspection by any creditor or member of the company.</p>	<p>Not required to be filed with the RoC, but must be updated as soon as a new security, mortgage or charge is created over the company's property.</p>	<p>Immediately upon the creation of any new mortgage or charge.</p> <p>Every director, manager or other officer of a company who knowingly and wilfully authorises the omission of any entry incurs a penalty of CI\$100 / US\$122 and any other officer refusing inspection and every director and manager of a company authorising or knowingly or wilfully permitting such refusal incurs a penalty of CI\$4 / US\$5 for every day during which such refusal continues.</p>
<p>Register of directors and register of officers</p> <p>Every company must keep, at its registered office, a register of directors and officers containing the names and addresses of its directors and officers.</p> <p>The register itself is not open to public</p>	<p>Copy required to be filed with the RoC and updated copy to be filed on any change of directors / officers.</p>	<p>Within 30 days of any change that takes place in the company's directors or officers.</p> <p>Penalty of CI\$500 (US\$610) for a company that fails to maintain a register.</p> <p>If breach was knowingly or wilfully</p>

Item	Action required	Timing and penalties
<p>inspection, however the names of the current directors of the company are available through a database search at the RoC upon payment of a search fee.</p>		<p>authorised or permitted, further penalty of CI\$1,000 / US\$1,220 for company, and for every director or officer CI\$1,000 / US\$1,220 penalty plus CI\$100 / US\$122 for every day during which the breach continues.</p> <p>Penalties for late filings of changes to the register capped at CI\$500 / US\$610 if there is more than one change notified, provided that the RoC is notified of all changes to the register on the same day.</p>
<p>Special resolutions</p> <p>Certain actions can only be effected by a special resolution of the voting shareholders^{vii}. These include changing the name of the company, amending the memorandum or articles of association and a resolution for reducing share capital.</p>	<p>All special resolutions must be filed with the RoC.</p>	<p>Within 15 days of the date of the resolution.</p>
<p>Maintenance of books of accounts</p> <p>The books of account must be such as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.</p> <p>Records can be kept at the registered office of the company or elsewhere.</p>	<p>The company must maintain proper books of account with respect to all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place, all sales and purchases of goods by the company, and the assets and liabilities of the company.</p> <p>The TIA may serve notice on a company to make the books of account available to the TIA at the company's registered office if they are usually kept outside the Cayman Islands.</p>	<p>Books and records must be maintained for 5 years from the date on which they are prepared.</p> <p>Penalty of CI\$5,000 / US\$6,098 for a company that knowingly or wilfully breaches its obligations.</p> <p>CI\$500 / US\$610 penalty plus CI\$100 / US\$122 per day of ongoing default for non-compliance with a notice from the TIA without reasonable excuse.</p>
<p>Minutes of proceedings</p> <p>The company must keep written minutes of all resolutions and proceedings of its members and of its directors.</p>	<p>The company should maintain minute books, which can be held outside the Cayman Islands.</p> <p>Note that a company is not obliged to hold annual shareholder meetings under the Companies Act.</p>	<p>Ongoing requirement.</p>
<p>Registered office</p> <p>A company must have a registered office in the Cayman Islands to which all notices and communications may be addressed. Any member of the public may request details of a company's registered office address from the RoC.</p>	<p>Notice of the location of the registered office must be filed with the RoC.</p>	<p>Company must file a certified copy of a directors' resolution approving any change of registered office within 30 days of the resolution.</p> <p>A company that has not given notice of its current registered office to the RoC is in breach of the law and liable to a penalty of CI\$10 / US\$12 for every day during which the breach continues, up to a maximum of CI\$500 / US\$610.</p>

Item	Action required	Timing and penalties
<p>Increase in authorised share capital</p>	<p>Copy of ordinary resolution of shareholders approving an increase must be filed with the RoC within 30 days of the date of the resolution.</p>	<p>Penalty for failing to file increase in share capital CI\$10 / US\$12 per day up to a maximum of CI\$500 / US\$610.</p>
<p>Name of company</p> <p>The name of the company must be displayed outside every office or place of business of the company.</p> <p>The company must also have its name set out legibly on any seal it uses (if it has one, a seal is not compulsory) and on all of its official publications, cheques, bills of exchange, invoices, receipts, notices and advertisements.</p>		<p>Penalty for non-compliance CI\$10 / US\$12 per day payable by the company and any director / manager who knowingly and wilfully authorises the default.</p> <p>Penalty of CI\$100 / US\$122 by each director, manager or officer or any person on its behalf who permits non-compliance, plus liable to the holder of the cheque etc for the amount due unless it has been duly paid by the company.</p>
<p>Copy memorandum and articles of association</p> <p>Copies can be requested from a company by a member.</p>	<p>On request by a member, a copy of the company's memorandum and articles of association must be forwarded by a company to the member.</p>	<p>CI\$2 / US\$3 penalty payable by the company for each default.</p>
<p>Directors' duties</p>	<p>Directors are required to act in accordance with their fiduciary duty to act in good faith in the interests of the company and with due skill and care. Please see our detailed Guide to Duties and Obligations of a Director of a Cayman Islands Fund.</p>	<p>Ongoing requirement.</p>

Part C: Exempted Limited Partnerships

Please see our [Guide to Exempted Limited Partnerships](#) for details of exempted limited partnerships established in the Cayman Islands under the Exempted Limited Partnership Act (the **ELP Act**).

Item	Action required	Timing and penalties
<p>Annual return and annual fee</p> <p>The annual fee is either:</p> <ul style="list-style-type: none"> CI\$1,200/US\$1,463 if regulated under the Mutual Funds Act; or CI\$2,000 / US\$2,439 if not regulated. 	<p>Annual return is required to be filed with the Registrar of Exempted Limited Partnerships (Registrar) with payment of the annual government fee.</p> <p>Annual return includes declaration, by or on behalf of the general partner, that the partnership has complied with section 10(1) of ELP Act by filing any changes to the registered particulars of the partnership and section 9(1)(f), confirming that the partnership has not undertaken business with the public in the Cayman Islands other than so far as necessary for carrying on its business outside Cayman.</p> <p>This fee will form part of the invoice from the registered office service provider in October of the preceding year. Upon receipt of funds, they will arrange for it to be paid and for the annual return to be filed.</p> <p>The Registrar will not issue a certificate of good standing for a partnership if it has outstanding fees or returns due.</p>	<p>By 1 January in each year after year of registration.</p> <p>Penalties as a percentage of the annual fee will accrue if the filing is not made before 1 April in the relevant year:</p> <ul style="list-style-type: none"> 33.33% if the return is submitted and the fee paid between 1 April and 30 June 66.67% if the return is submitted and the fee paid between 1 July and 30 September, and 100% if the return is submitted and the fee paid between 1 October and 31 December. <p>These are in addition to any administrative fee charged by the partnership's registered office for filing a late annual return.</p>
<p>Register of limited partners</p> <p>The general partner must maintain a register containing the name and address of each limited partner, the date on which they became a limited partner and the date on which any person ceased to be a limited partner. A partnership must have at least one limited partner (and one qualifying general partner).</p> <p>The register may be kept outside the Cayman Islands and can be maintained by a third party administrator.</p> <p>The general partner must also keep at the partnership's registered office a record of the address where the register of limited partners is maintained, if it is not at the registered office.</p>	<p>Not required to be filed with the Registrar, but register and record of address must be updated within 21 days of any changes to the details in the register/address details.</p> <p>Register of limited partners and record of address shall be open to inspection: (a) subject to any express term in the partnership agreement, by all partners; and (b) by any other person with the consent of the general partner.</p> <p>The TIA may serve notice on a general partner to make the register of limited partners available to the TIA at the partnership's registered office if it is usually kept elsewhere.</p>	<p>Within 21 days of any change including on any subscription, redemption or transfer being accepted (the register of limited partners is prima facie evidence of limited partners).</p> <p>A general partner that fails to maintain the register of limited partners or address details incurs a penalty of CI\$10,000 / US\$12,195 for each day the default continues^{viii} and the general partner shall also indemnify any person who suffers any loss as a result of the default.</p> <p>CI\$500 / US\$610 penalty plus CI\$100 / US\$122 per day of ongoing default for non-compliance with a notice from the TIA without reasonable excuse.</p>

Item	Action required	Timing and penalties
<p>Record of contributions</p> <p>The general partner must maintain a record of the amount and date of contributions of each limited partner and the amount and date of any payment of a return of the whole or any part of the contribution of any limited partner.</p>	<p>Not required to be filed with the Registrar, but record must be updated within 21 days of any changes.</p> <p>Records shall be open to inspection during all usual business hours in the place where they are maintained by any person with the consent of the general partner.</p> <p>The TIA may serve notice on a general partner to make the register of contributions available to the TIA at the partnership's registered office if it is usually kept elsewhere.</p>	<p>Within 21 days of any change including on any subscription, redemption or transfer being accepted.</p> <p>A general partner that fails to maintain the record of contributions incurs a penalty of CI\$10,000 / US\$12,195 for each day the default continues.</p> <p>CI\$500 / US\$610 penalty plus CI\$100 / US\$122 per day of ongoing default for non-compliance with a notice from the TIA without reasonable excuse.</p>
<p>Changes to information contained in Section 9 registration statement</p>	<p>Statement signed by a general partner specifying the nature of any change to the registered details of the partnership that were submitted under section 9(1) of the ELP Act must be filed with the Registrar within 60 days of the change.</p> <p>Section 9 (1) details are:</p> <ul style="list-style-type: none"> ▪ name of partnership (which must include words "limited partnership" or letters "LP" or "L.P."), including dual foreign name and translated name ▪ general nature of the business of the partnership ▪ registered office address of the partnership ▪ term for which the partnership is entered into, and ▪ full name/s and address/es of the general partner/s (including at least one qualifying general partner^(x)). <p>A statement detailing any removal, replacement or admission of a general partner in a partnership must be filed with the Registrar within 15 days and the change in general partner is only effective once the statement has been filed.</p>	<p>Penalty of CI\$200 / US\$244 per day payable by each general partner in default and the general partner shall also indemnify any person who suffers any loss as a result of the default.</p>
<p>Register of Security Interests over Limited Partnership Interests</p> <p>The general partner must maintain a Register of Security Interests over Limited Partnership Interests detailing all security interests over limited partnership interests notified to the partnership.</p>	<p>Not required to be filed with the Registrar, but must be updated as soon as notice of a security interest is received by the partnership.</p>	<p>Upon receiving notice of security interest.</p> <p>Each general partner in default incurs a penalty of CI\$25 / US\$30 per day of default.</p>

Item	Action required	Timing and penalties
<p>Written notice of any security interest granted over the whole or part of a limited partnership interest must be given by the grantor (limited partner) or grantee of the security to the partnership at its registered office. The notice must set out the agreement which grants the security interest, including the date and parties, name of the grantor and grantee and the limited partnership interest which is subject to the security.</p> <p>The register must contain the name of the grantor and grantee, the limited partnership interest / part interest subject to the security interest and the date on which notice was validly served on the partnership.</p> <p>The register must be kept at the registered office of the partnership and may be inspected by any person during usual business hours.</p>		
<p>Maintenance of books and records</p> <p>The books of account must be such as are necessary to give a true and fair view of the partnership's business and financial condition and to explain its transactions.</p> <p>The records can be kept at the registered office of the partnership or elsewhere.</p> <p>Subject to any express or implied term of the limited partnership agreement, each limited partner may demand and shall receive from a general partner true and full information regarding the state of the business and financial condition of the partnership.</p>	<p>The general partner must maintain proper books of account with respect to all sums of money received and expended by the partnership and the matters in respect of which the receipt and expenditure takes place, all sales and purchases of goods by the partnership, and the assets and liabilities of the partnership.</p> <p>The TIA may serve notice on a general partner to make copies of the books of account available to the TIA at the partnership's registered office if they are usually kept outside the Cayman Islands.</p>	<p>Books and records must be maintained by the general partner for 5 years from the date on which they are prepared.</p> <p>Penalty of CI\$5,000 / US\$6,098 for a general partner that knowingly or wilfully breaches obligations to maintain books or fails to make them available to the TIA without reasonable excuse plus CI\$100 / US\$122 per day for ongoing default with TIA notice.</p>
<p>Event of withdrawal notice</p> <p>The general partner must promptly serve on all limited partners notice of the death; start of liquidation, bankruptcy or dissolution proceedings; or withdrawal, removal or making of a winding up or dissolution order, of the sole or last qualifying general partner.</p>	<p>Prompt notice to limited partners by general partner.</p>	<p>Penalty of CI\$25 / US\$30 per day for each general partner in default.</p>
<p>Registered office</p>	<p>Partnership must have a registered office in the Cayman Islands for service of process and to which all notices and communications may be addressed.</p>	<p>Ongoing obligation.</p>

Item	Action required	Timing and penalties
<p>General partner duties</p> <p>General partners have a duty under the ELP Act to conduct the business of the partnership and act at all times in good faith and, subject to any express contrary provisions in the limited partnership agreement, in the interests of the partnership.</p>		<p>Ongoing duty.</p>

Part D: Limited Liability Companies

Please see our [Guide to Limited Liability Companies \(LLCs\) in the Cayman Islands](#) for details of LLCs established in the Cayman Islands under the Limited Liability Companies Act (the **LLC Act**).

Item	Action required	Timing and penalties
<p>Annual return and annual fee</p> <p>The annual fee is CI\$800/US\$975.</p>	<p>Notification of the LLC's status under The International Tax Co-operation (Economic Substance) Act must be filed with the Registrar of Limited liability Companies (LLC Registrar).</p> <p>Annual return is required to be filed with the LLC Registrar with payment of the annual government fee.</p> <p>Annual return includes declaration, by or on behalf of the LLC, that the LLC has complied with the LLC Act.</p> <p>This fee will form part of the invoice from the registered office service provider in October of the preceding year. Upon receipt of funds, they will arrange for it to be paid and for the annual return to be filed.</p> <p>The LLC Registrar will not issue a certificate of good standing for an LLC if it has outstanding fees or returns due.</p>	<p>By 1 January in each year after year of registration.</p> <p>Penalties as a percentage of the annual fee will accrue if the filing is not made before 1 April in the relevant year:</p> <ul style="list-style-type: none"> ▪ 33.33% if the return is submitted and the fee paid between 1 April and 30 June ▪ 66.67% if the return is submitted and the fee paid between 1 July and 30 September, and ▪ 100% if the return is submitted and the fee paid between 1 October and 31 December. <p>These are in addition to any administrative fee charged by the LLC's registered office for filing a late annual return.</p>
<p>Register of members</p> <p>The LLC must maintain a register containing the name and address of each member, the date on which they became a member and the date on which any person ceased to be a member. An LLC must have at least one member.</p> <p>The register may be kept outside the Cayman Islands and can be maintained by a third party administrator.</p> <p>The LLC must also keep at the LLC's registered office a record of the address where the register of members is maintained, if it is not at the registered office.</p>	<p>Not required to be filed with the LLC Registrar, but register and record of address must be updated within 21 days of any changes to the details in the register/address details.</p> <p>Register of members and record of address shall be open to inspection: (a) by those persons expressly allowed in the LLC agreement; and (b) as otherwise permitted by the manager.</p> <p>The TIA may serve notice on an LLC to make the register of members available to the TIA at the LLC's registered office if it is usually kept elsewhere.</p>	<p>Within 21 days of any change including on any subscription, redemption or transfer being accepted (the register of members is prima facie evidence of members).</p> <p>An LLC that fails to comply with the LLC Act provisions on the register of members / address details incurs a penalty of CI\$5,000 / US\$6,098.</p>
<p>Beneficial ownership information</p> <p>Under the LLC Act LLCs must maintain a register of beneficial ownership unless an exemption applies. LLC funds which are registered with CIMA under the Mutual</p>	<p>File written confirmation with registered office provider that the LLC is exempt under s71(1)(b) of the LLC Act as it is registered with CIMA under the Mutual Funds Act, with instructions to file the written confirmation with the competent</p>	<p>Immediately from launch.</p>

Item	Action required	Timing and penalties
<p>Funds Act are exempt but they must file details of the exemption with their registered office provider. (See our Guide to the Cayman Islands beneficial ownership regime for more details).</p>	<p>authority in the Cayman Islands.</p>	
<p>Record of contributions</p> <p>LLC must maintain a record of the amount and date of contributions of each member and the amount and date of any payment of a distribution or return of the whole or any part of the contribution of any member.</p>	<p>Not required to be filed with the LLC Registrar, but record must be updated within 21 days of any changes.</p> <p>The TIA may serve notice on an LLC to make the register of contributions available to the TIA at the LLC's registered office if it is usually kept elsewhere.</p>	<p>Within 21 days of any change including on any subscription, redemption or transfer being accepted.</p>
<p>Register of managers</p> <p>The register of managers must be maintained at the LLC's registered office in the Cayman Islands and must contain the name and address of each manager.</p> <p>The register itself is not open to public inspection, however the names of the current managers of the LLC are available through a database search at the RoC upon payment of a search fee.</p>	<p>Copy required to be filed with the LLC Registrar and updated copy to be filed on any change of manager/s.</p>	<p>Register must be updated and filed with the LLC Registrar within 30 days of any change to the details set out in it.</p> <p>The same provisions apply to the register of managers of an LLC as to the register of directors of an exempted company, namely:</p> <p>Penalty of CI\$500 (US\$610) for an LLC that fails to maintain a register.</p> <p>If breach was knowingly or wilfully authorised or permitted, further penalty of CI\$1,000 / US\$1,220 for LLC, and for every manager CI\$1,000 / US\$1,220 penalty plus CI\$100 / US\$122 for every day during which the breach continues.</p> <p>Penalties for late filings of changes to the register capped at CI\$500 / US\$610 if there is more than one change notified, provided that the LLC Registrar is notified of all changes to the register on the same day.</p>
<p>Changes to information contained in Section 5 registration statement</p>	<p>Statement must be filed by the LLC with the LLC Registrar within 30 days of the change containing the name of the LLC and the amendment to the registration statement submitted under section 5(2) of the LLC Act.</p> <p>Section 5 (2) details are:</p> <ul style="list-style-type: none"> ▪ name of LLC (which may, but need not, include words "Limited Liability Company" or letters "LLC" or "L.L.C."), including dual foreign name and translated name ▪ registered office address of the LLC ▪ term, if any, for which the LLC is 	<p>Penalty of CI\$200 / US\$244 per day payable by each LLC in default.</p>

Item	Action required	Timing and penalties
	<p>entered into, and</p> <ul style="list-style-type: none"> ▪ confirmation that the LLC shall not undertake business with the public in the Cayman Islands other than so far as necessary for carrying on its business outside Cayman. 	
<p>Register of security interests</p> <p>An LLC must maintain a register of security interests detailing all security interests notified to the LLC.</p> <p>Written notice of any security interest granted over the whole or part of an LLC interest must be signed by each of the secured party and the relevant LLC member and served on the LLC at its registered office. The notice must set out the agreement which grants the security interest, including the date and parties, name of the grantor and grantee and the LLC interest which is subject to the security.</p> <p>The register must be kept at the registered office of the LLC, contain the time and date on which notice was validly served on the LLC and the register (or an extract) may be inspected by (a) a person expressly provided for in the LLC agreement or (b) permitted by the manager.</p>	<p>Not required to be filed with the LLC Registrar.</p>	<p>Must be updated within 21 days of notice of a security interest being validly served on the LLC.</p>
<p>Register of mortgages and charges</p> <p>The register of mortgages and charges over LLC property must be maintained at the LLC's registered office and must include a short description of the property mortgaged or charged, the amount of charge created and the name of the person entitled to the charge.</p> <p>The register is open to inspection by any creditor or member of the LLC at all reasonable times.</p>	<p>The register does not need to be filed with the LLC Registrar but must be updated as soon as a new security, mortgage or charge is created over the LLC's property.</p>	<p>Immediately upon the creation of any new mortgage or charge.</p> <p>The same provisions apply to the register of mortgages and charges of an LLC as to the register of mortgages and charges of an exempted company, namely:</p> <p>Every manager of an LLC who knowingly and wilfully authorises the omission of any entry incurs a penalty of CI\$100 / US\$122 and any other officer refusing inspection and every manager of an LLC authorising or knowingly or wilfully permitting such refusal incurs a penalty of CI\$4 / US\$5 for every day during which such refusal continues.</p>
<p>Maintenance of books and records</p> <p>The books of account must be such as are necessary to give a true and fair view of the LLC's business and financial condition and to explain its</p>	<p>The LLC must maintain proper books of account with respect to all sums of money received and expended by the LLC and the matters in respect of which the receipt and expenditure takes place, all sales and purchases of goods</p>	<p>Books and records must be maintained by the LLC for 5 years from the date on which they are prepared.</p> <p>Penalty of CI\$5,000 / US\$6,098 for an LLC which breaches the obligation to</p>

Item	Action required	Timing and penalties
<p>transactions.</p> <p>The records can be kept at the registered office of the LLC or elsewhere.</p>	<p>by the LLC, and the assets and liabilities of the LLC.</p> <p>The TIA may serve notice on an LLC to make copies of the books of account available to the TIA at the LLC's registered office if they are usually kept outside the Cayman Islands.</p>	<p>maintain proper books of account / for 5 year period.</p>
<p>Access to information</p> <p>Unless the LLC agreement provides otherwise, each member and manager has the right to inspect the following information, from time to time for any purpose reasonably related to the member's / manager's interest, by notice in writing to the LLC:</p> <ul style="list-style-type: none"> ▪ true and full information on the state of the business and financial condition of the LLC ▪ the name and last known address of each manager ▪ a copy of the LLC agreement, registration statement, certificate of registration and all amendments made, and ▪ true and full information on the amount of cash and agreed value of any other property or services contributed / agreed to be contributed by each member and the date such member became a member. 	<p>Demand to exercise right to inspect information must be in writing and state the purpose of the demand.</p>	<p>Right to inspect within a reasonable period of time from demand being made on the LLC.</p>
<p>Registered office</p> <p>An LLC must have a registered office in the Cayman Islands for service of process and to which all notices and communications may be addressed.</p> <p>Any member of the public may request the location of the registered office address of an LLC from the LLC Registrar.</p>	<p>Subject to the LLC agreement terms, an LLC may change its registered office address and must file an amended registration statement with the LLC Registrar detailing the new registered office address.</p>	<p>Ongoing obligation.</p> <p>Any change to the registered office address must be filed with the LLC Registrar within 30 days of the change.</p> <p>An LLC carrying on its business or affairs without having a registered office in the Cayman Islands incurs a penalty of CI\$200 / US\$244 per day.</p>
<p>Manager duties</p> <p>Manager(s) do not owe any fiduciary duties to the LLC or any member or other person except a duty of good faith, which can be expanded or restricted by the express provisions of the LLC agreement.</p>		<p>Ongoing duty.</p>

Part E: Unit Trusts – Exempted Trusts

A unit trust may be registered as an exempted trust under the Trusts Act provided none of the investors are, or are likely to be, resident or domiciled in the Cayman Islands. A unit trust which is registered as an exempted trust can apply to the Cayman Islands government for an undertaking that for 50 years no tax or duty on income or capital assets, gains or appreciation, or any estate duty or inheritance tax, will apply to the assets or income arising under that unit trust. A unit trust can also be set up as a STAR trust, which is a statutory purpose trust established under the Trusts Act. Ongoing filing obligations for unit trusts which are registered as an exempted trust are set out below.

Item	Action required	Timing
<p>Annual fee</p> <p>The annual government fee is CI\$500 / US\$610.</p>	<p>Annual government fee must be paid to the Registrar of Trusts.</p> <p>This fee will form part of the invoice from the registered office service provider in October of the preceding year. Upon receipt of funds, they will arrange for it to be paid and for the annual return to be filed.</p>	<p>Payable in March each calendar year after the year of registration.</p> <p>If not paid, and the Registrar of Trusts notifies the trust in writing and payment not made within 28 days of notice being received, the Cayman Islands courts may remove and replace the trustee(s).</p>
<p>Maintenance of books and records</p>	<p>The trustee shall, from time to time, provide the Registrar of Trusts with such accounts, minutes and information relating to the trust as the Registrar of Trusts may, from time to time, require. Books and records are open to inspection by any trustee of the trust and any other person authorised under the trust deed.</p>	<p>If not complied with, and the Registrar of Trusts notifies the trust in writing and default continues after 28 days from notice being received by trust, the Cayman Islands courts may remove and replace trustee(s).</p> <p>Penalty of CI\$1,000 / US\$1,220 or 3 months in prison for providing false information / documents to the Registrar of Trusts.</p>



For more information and key contacts please visit [harneys.com](https://www.harneys.com)

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- i The governing body of a regulated fund is the board of directors for a corporate fund, the general partner(s) of an exempted limited partnership, the manager(s) of an LLC and the trustee(s) of a unit trust.
 - ii Tax Information Authority (International Tax Compliance) (United States of America) Regulations (**US Regulations**).
 - iii Please speak to your usual Harneys contact if you believe that your fund is not a Reporting Financial Institution.
 - iv Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations (**CRS Regulations**)
 - v Covered entities are defined in the Directors Registration and Licensing Act as mutual funds regulated by CIMA under the Mutual Funds Act and certain securities investment businesses which are registered with CIMA a registered person under the Securities Investment Business Act.
 - vi For a Cayman Islands mutual fund, the register of members holding participating securities will generally be held by the administrator of the fund at their offices and should be updated by the administrator. Any branch register in relation to management or voting shares in a fund where non-voting shares are issued to investors will usually be held by the registered office in the Cayman Islands.
 - vii A special resolution is a resolution: (1) passed by a majority of not less than 2/3 (or such greater number as may be specified in the articles of association) of such shareholders as, being entitled to do so, vote in person or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been given; or (2) if authorised by the articles of association, a resolution approved in writing by all of the members entitled to vote at a general meeting of the company.
 - viii Where per day penalties apply, the Registrar may cap the total penalty payable at CI\$1,000 / US\$1,220 if satisfied that the failure is not due to wilful default.
 - ix At least one general partner must be an individual resident in the Cayman Islands, a company incorporated in the Cayman Islands, a company registered as a foreign company in the Cayman Islands, a foreign limited partnership registered under the ELP Act or an exempted limited partnership itself.

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