

LEGAL UPDATE

Are you on course to register your Cayman Exempted Mutual Fund with the Cayman Islands Monetary Authority before the 7th August 2020 Deadline?

Further to our earlier legal update on [Section 4\(4\) Funds registration with CIMA](#), Cayman Islands' mutual funds which are currently exempted from registration with the Cayman Islands Monetary Authority ("CIMA") under Section 4(4) of the Mutual Funds Law (2020 Revision) on the basis that (i) the shares or interests are held by not more than fifteen investors, (ii) a majority of whom are capable of appointing or removing the operator of the fund ("**Section 4(4) Funds**") are now required under the Mutual Funds (Amendment) Law, 2020 (the "**Law**") which came into force on 7th February 2020, to register with CIMA and fall within CIMA's regulatory purview.

Timing for Registration with CIMA

Existing Funds: Section 4(4) Funds which launched prior to 7th February 2020 have a six (6) months' period until 7th August 2020 to register with CIMA.

New Funds: Section 4(4) Funds which are launched after 7th February 2020 will need to register with CIMA immediately upon launch.

Registration Requirements

In connection with its registration with CIMA, each Section 4(4) Fund will be required to do the following.

- i. File a certified copy of an extract of its constitutional documents with CIMA showing that a majority in number of its investors are capable of appointing or removing the operator of the Fund.
- ii. File with CIMA such other information as may be required in a prescribed Form.
- iii. Pay an annual fee to CIMA.

In common with all other CIMA regulated entities, each Section 4(4) Fund that is a company will be required to have at least two Directors appointed who will need to be registered with CIMA under the Directors Registration and Licensing Law.

Other matters for your Mutual Fund to review

1. **Director Appointments** – If your Section 4(4) Fund currently has only one Director, it will need to make one or more appointments as CIMA will require the Fund to have at least two (2) Directors.
2. **AML Regime** - Does your Fund have an Anti-Money Laundering (AML) framework focused on ensuring that it adheres to the Cayman Islands AML regime when onboarding and monitoring investors? Has your Fund undertaken a risk assessment of its AML policies and procedures?

3. **AML Officers** – Has your Fund appointed AML Officers?
4. **FATCA/CRS Registration** – Has your Fund put into place a mechanism for dealing with FATCA/CRS registration and annual reporting?

For further guidance and assistance with registering your Section 4(4) Fund with CIMA before the 7th August 2020 deadline, please contact your usual Loeb Smith attorney or any of:

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