

Amendments to the Cayman Islands Private Funds Law, 2020

On 7 July 2020, the Cayman Islands Government amended the Private Funds Law, 2020 (the "PFL"), changing the definition of a 'private fund' both to clarify the position for certain entity types and to extend its scope to additional entities.

As outlined in our previous update¹, the PFL commenced on 7 February 2020 and provides for the registration of certain closed-ended entities (termed "private funds") with the Cayman Islands Monetary Authority ("CIMA").

Revised Definition of Private Fund

Pursuant to the amended definition of 'private fund', a company, unit trust or partnership is defined as a 'private fund' where it offers or issues, or has issued, investment interests, the purpose or effect of which is the pooling of investor funds with the aim of enabling investors to receive profits or gains from such entity's acquisition, holding, management or disposal of investments, where:

- (a) the holders of investment interests do not have day-to-day control over the acquisition, holding, management or disposal of the investments and the investments; and

- (b) the investments are managed as a whole by or on behalf of the operator of the private fund directly or indirectly.

The definition does not include the following:

- (a) a person licensed under the Banks and Trust Companies Law (2020 Revision) or the Insurance Law 2010;
- (b) a person registered under the Building Societies Law (2020 Revision) or the Friendly Societies Law (1998 Revision); or
- (c) any non-fund arrangements (a list of 25 structures and arrangements is scheduled on page 29 of the PFL).

Which entities fall within the scope of the revised definition?

The revised definition both clarifies the position for certain entity types and extends the scope of the PFL to additional entities. This clarification and extension may have changed the position for a number of entities, including but not limited to certain master funds, certain alternative investment vehicles and funds formed for a single investment.

¹ <https://maples.com/Knowledge-Centre/Industry-Updates/2020/02/Cayman-Islands-Private-Funds-Law-2020>

When will entities qualifying as private funds need to register?

In order to comply with the PFL, all entities (including those caught by these changes to the definition of a private fund) which qualify as private funds will need to register with CIMA by 7 August 2020.

How does this affect you?

The fact-specific nature of the analysis in respect of entities that may fall within the revised definition, added to the fact that the PFL is a new regime in respect of which industry practice and CIMA's regulatory guidance are still developing, make it important to consult with your usual Maples Group contact as soon as possible if you are concerned that this clarification and extension may affect the Cayman Islands entities within your business.

If you would like further information, please reach out to your usual Maples Group contact or anyone listed below.

Cayman Islands

Jon Fowler

+1 345 814 5526

jon.fowler@maples.com

Michael Richardson

+1 345 814 5532

michael.richardson@maples.com

Iain McMurdo

+1 345 814 5378

iain.mcmurdo@maples.com

Grant Dixon

+1 345 814 5507

grant.dixon@maples.com

Jonathan Green

+1 345 814 5466

jonathan.green@maples.com

Julian Ashworth

+1 345 814 5413

julian.ashworth@maples.com

Philip Dickinson

+1 345 814 5410

philip.dickinson@maples.com

Sheryl Dean

+1 345 814 5294

sheryl.dean@maples.com

Dubai

Philip Ireland

+971 4 360 4073

philip.ireland@maples.com

Hong Kong

Anthony Webster

+852 2871 3001

anthony.webster@maples.com

Ann Ng

+852 3690 7475

ann.ng@maples.com

Terence Ho

+852 2971 3097

terence.ho@maples.com

Sharon Yap

+852 2971 3079

sharon.yap@maples.com

London

Harjit Kaur

+44 20 7466 1655

harjit.kaur@maples.com

Heidi de Vries

+44 20 7466 1651

heidi.devries@maples.com

Singapore

Tom Katsaros

+65 6922 8503

tom.katsaros@maples.com

July 2020

© MAPLES GROUP

This update is intended to provide only general information for clients and professional contacts of Maples Group. It does not purport to be comprehensive or to render legal advice.