



# THE REGULATORY 15/15

Podcast

November 2023



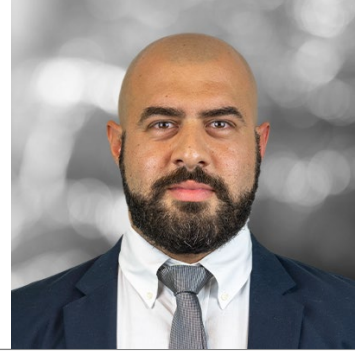
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# Content

- FATF Plenary
- US Corporate Transparency Act

# Introduction

# Introduction to the 15/15

- A 15-minute summary of the latest developments in the regulatory laws of the Cayman Islands released on the 15th day of every month
- A copy of the October 15/15 can be accessed on our website:  
<https://maples.com/15-15>
- We welcome comments and suggestions on the format of the 15/15, please email speakers directly

# FATF Plenary

# FATF Plenary

- The most recent FATF Plenary was held in Paris 23-27 October 2023
- The FATF removed the Cayman Islands from its increased 'monitoring list' (often referred to as the FATF Grey List)
- With this significant milestone achieved, there is an expectation that the removal from the FATF's Grey List will soon lead to the Cayman Islands' delisting from the EU's AML / CFT List
- The Ministry of Financial Services & Commerce of the Cayman Islands remains actively engaged in direct discussions with EU officials

# FATF Plenary (cont'd)

- The FATF confirmed that the jurisdiction had satisfied prior commitments and strengthened the effectiveness of its AML / CFT regime by:
  - applying sanctions that are effective, proportionate and dissuasive, and taking administrative penalties and enforcement actions against obliged entities to ensure that breaches are remediated effectively and in a timely manner
  - imposing adequate and effective sanctions in cases where relevant parties (including legal persons) do not file accurate, adequate, and up to date beneficial ownership information
  - demonstrating that they are prosecuting all types of money laundering in line with the jurisdiction's risk profile and that such prosecutions are resulting in the application of dissuasive, effective and proportionate sanctions



# US Corporate Transparency Act

# Corporate Transparency Act ("CTA")

- US beneficial ownership regime commencing 1 January 2024 ("Effective Date")
- Applies to all US and non-US entities created or registered in the US by filing a document with a secretary of state or any similar office
- All entities formed or registered prior to the Effective Date are in scope
- 23 specific types of entities are exempt from the definition of Reporting Company
- Requires information to be filed to the Financial Crimes Enforcement Network ("FinCEN") on the Reporting Company and all individuals who are identified as beneficial owners and company applicants
- Beneficial ownership register is not public
- FinCEN estimates ~32.6 million Reporting Companies in existence on the Effective Date

# CTA (cont'd)

- A beneficial owner is any individual who, directly or indirectly:
  - Exercise "substantial control"
  - Owns or controls at least 25% of the "ownership interests"
- Intermediary entities through which an individual indirectly has beneficial ownership of a Reporting Company are not reportable
- Exemptions are not registered with FinCEN
- Entities formed or registered after the Effective Date will have 30 days
  - Proposed Rule: entities formed or registered in 2024 will have 90 days
- Entities formed or registered prior to the Effective Date will have one year
- Updated reports must be filed within 30 days of any change to information provided on the Reporting Company or its beneficial owners
- Reporting violations are subject to civil and criminal penalties

# CTA (cont'd)

- Notable Exemptions
  - Investment Company or Investment Adviser
  - Venture Capital Fund Adviser
  - Securities Reporting Issuer
  - Large Operating Company
  - Subsidiary of Certain Exempt Entities
  - Pooled Investment Vehicle
    - Subsidiaries of Pooled Investment Vehicles are not exempt
- Special Reporting Rule - Foreign Pooled Investment Vehicles
  - Non-US entities that meet the criteria of the Pooled Investment Vehicle Exemption must report one individual who exercises substantial control

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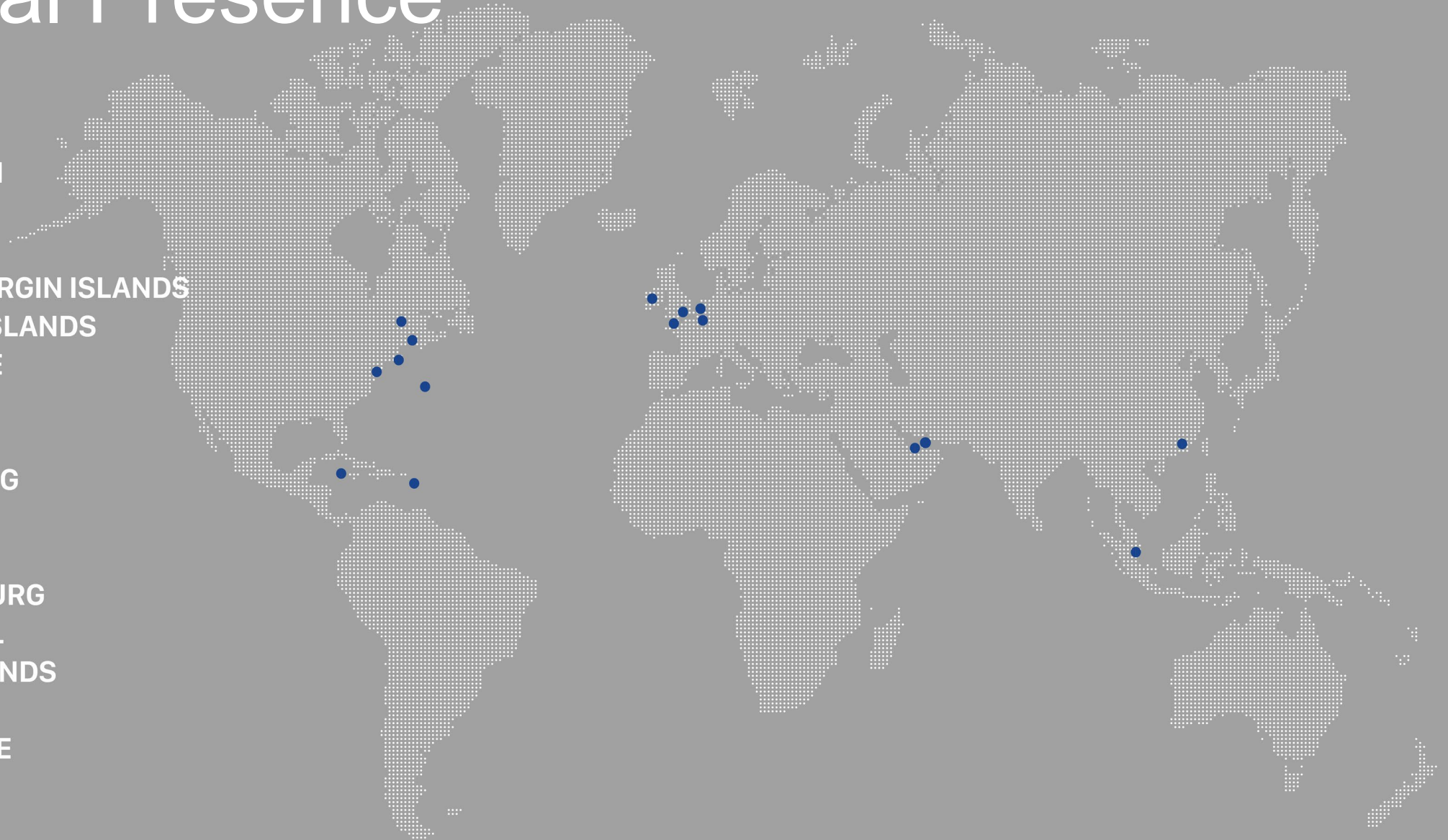
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