



THE REGULATORY 15/15

Podcast

April 2023

Speakers



Patrick Head

Partner

+1 345 814 5377

patrick.head@maples.com



Adam Huckle

Partner

+1 345 814 5318

adam.huckle@maples.com



Ellen O'Brien

Associate

+1 345 935 5652

ellen.obrien@maples.com

Content

- Sanctions update
- AEOI updates
- CIMA refund of fees
- CIMA response to industry consultations
- Monetary Authority (Amendment) Bill, 2023 and related amendment bills
- Silicon Valley Bank update

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 previous 15/15 released on 15 March can be accessed on our website: [The Regulatory 15/15: March 2023](#)
- Comments and suggestions to format of the 15/15 are always welcome – please email speakers directly

Sanctions Update

General Licence – Investment Funds (Russia)

- Difficulties faced by "frozen" Cayman Islands investment funds
- General Licence first issued in October 2022
 - Expired on 4 April 2023 but now extended for a further period of six months from 5 April 2023
- No other change to the licence terms
- Subject to certain ongoing reporting and record-retention requirements, the General Licence allows an investment fund owned or controlled (in)directly by a Russia-related Designated Person to redeem, withdraw or otherwise deal with shares / interests, etc. held by its non-sanctioned investors, and to pay fees and expenses for maintaining the remaining frozen funds and economic resources, including the fees of service providers and legal advisers

Trust, Professional and Business Services (Russia)

- Reg. 18C – Trust Services
 - A person must not provide trust services to or for the benefit of:
 - A designated person; or
 - A person connected with Russia unless pursuant to an ongoing arrangement pursuant immediately before 16 December 2022
 - General Licences in UK and the Cayman Islands allowing a 90 day wind-down period
- Reg. 54C – Professional and Business Services
 - A person must not directly or indirectly provide, to a person connected with Russia:
 - Accounting, auditing, advertising, architectural, business / management consulting, engineering, IT consultancy / design or PR services

Recent Helpful Guidance

- Red Alert published in July 2022 by the UK Office of Financial Sanctions Implementation ("OFSI") and the UK National Crime Agency (among others)
 - Provides industry with indicators of sanctions evasion and common examples
- OFSI Guidance: Enforcement and Monetary Penalties for Breaches of Financial Sanctions dated March 2023
 - Made in the context of a civil enforcement regime not currently applicable in the Cayman Islands; but persuasive
 - Guidance as to the level of due diligence expected of entities where there is potential for influence or *de facto* control by a Designated Person

AEOI Updates

CRS Participating Jurisdictions and Reportable Jurisdictions (2023)

- On 5 April 2023, the Department for International Tax Cooperation ("DITC") issued an industry advisory (the "Industry Advisory")
- The Industry Advisory noted that the DITC had published the updated lists of CRS Participating Jurisdictions and Reportable Jurisdictions in the Cayman Islands Gazette on 31 March 2023
- The following jurisdictions have been added for reports due in 2023 and onwards:

Jordan

Montenegro

Uganda

Moldova

Thailand

Ukraine

- The complete list may be accessed at <https://www.ditc.ky>

Reporting Deadlines Reminder

- Within the Industry Advisory, the DITC also issued a reminder of the AEOI reporting deadlines in 2023 (relating to the prior (2022) calendar year):
 - CRS and FATCA Notification (registration): up to Monday, 1 May 2023 (as the statutory deadline of 30 April 2023 falls on a Sunday)
 - CRS and FATCA reporting (including any reportable accounts and / or CRS Filing Declarations): 31 July 2023
 - CRS Compliance Form: 15 September 2023

Updated DITC Portal – User Guide

- This month the DITC published an updated version (v. 9.3) of its DITC Portal - User Guide
- Guide updates include:
 - Refreshed images of a number of portal screens with enhanced instructions to assist filers
 - New email addresses:
 - CRS / FATCA – DITC.Portal@gov.ky
 - Economic Substance – DITC.ESCompliance@gov.ky

CIMA Refund of Fees

CIMA Refund of Fees

- On 22 March 2023, CIMA published a notice advising financial service providers that with immediate effect, it will no longer collect annual registration fees on behalf of segregated portfolios for private fund segregated portfolio companies ("SPCs")
- CIMA will also refund fees paid from 2020 to date
- CIMA is currently in discussion with the Ministry of Financial Services and Commerce regarding amendment of the Private Funds Act and Regulations to implement a statutory based registration fee
- No statement has been issued as yet in relation the mutual fund SPCs

CIMA Response to Industry Consultations

CIMA Response to Industry Consultations

- On 31 March 2023, CIMA issued its response to prior industry consultations on the following proposed measures:
 - Rule and Statement of Guidance on Internal Controls for Regulated Entities
 - Rule on Corporate Governance for Regulated Entities
 - Statement of Guidance on Corporate Governance for Mutual Funds and Private Funds
 - Amendment to certain Regulatory Measures for Applicability to Virtual Asset Service Providers and Other Regulated Entities:
 - Statement of Guidance - Outsourcing Regulated Entities
 - Rule - Cybersecurity for Regulated Entities
 - Statement of Guidance - Cybersecurity for Regulated Entities
 - Statement of Guidance - Nature, Accessibility and Retention of Records

CIMA Response to Industry Consultations (Cont'd)

- CIMA's Summary of Consultation and Feedback Statements were released to industry ahead of publication of the final measures in the Cayman Islands Gazette
- No date has been given for when the final measures will be published
- We will continue to monitor the situation and provide a further update once published
- The final measures and the Summary of Consultation and Feedback Statements will be made available to the public on CIMA's website under the "Prior Consultation" page in due course

Monetary Authority (Amendment) Bill, 2023 and Related Amendment Bills

Amendment Bills

- On 27 March 2023, several amendment bills were published in the Cayman Islands Gazette:
 - [Monetary Authority \(Amendment\) Bill, 2023](#)
 - [Companies Management \(Amendment\) Bill, 2023](#)
 - [Directors Registration and Licensing \(Amendment\) Bill, 2023](#)
 - [Insurance \(Amendment\) Bill, 2023](#)
 - [Money Services \(Amendment\) Bill, 2023](#)
 - [Securities Investment Business \(Amendment\) Bill, 2023](#)
 - [Virtual Asset \(Service Providers\) \(Amendment\) Bill, 2023](#)
- Bills will extend administrative fines regime to cover partnerships, ELPs, LLPs, partners, and unincorporated associations / persons concerned in their management or control

Silicon Valley Bank Update

Silicon Valley Bank Update

- On 15 March 2023, CIMA issued its initial public statement on the failure of Silicon Valley Bank ("SVB") and the intervention by the Federal Deposit Insurance Corporation ("FDIC") in the US, indicating CIMA was in contact with the Cayman Islands branch and carefully monitoring developments
- On 31 March 2023, CIMA issued an update noting it has continued to engage with the FDIC and other stakeholders regarding the receivership process and the impact on SVB's Cayman Islands branch
- CIMA also noted that it understands the FDIC will soon issue notices to SVB Cayman Islands branch customers regarding next steps
- Our special in-depth podcast on SVB will be posted in the coming weeks!

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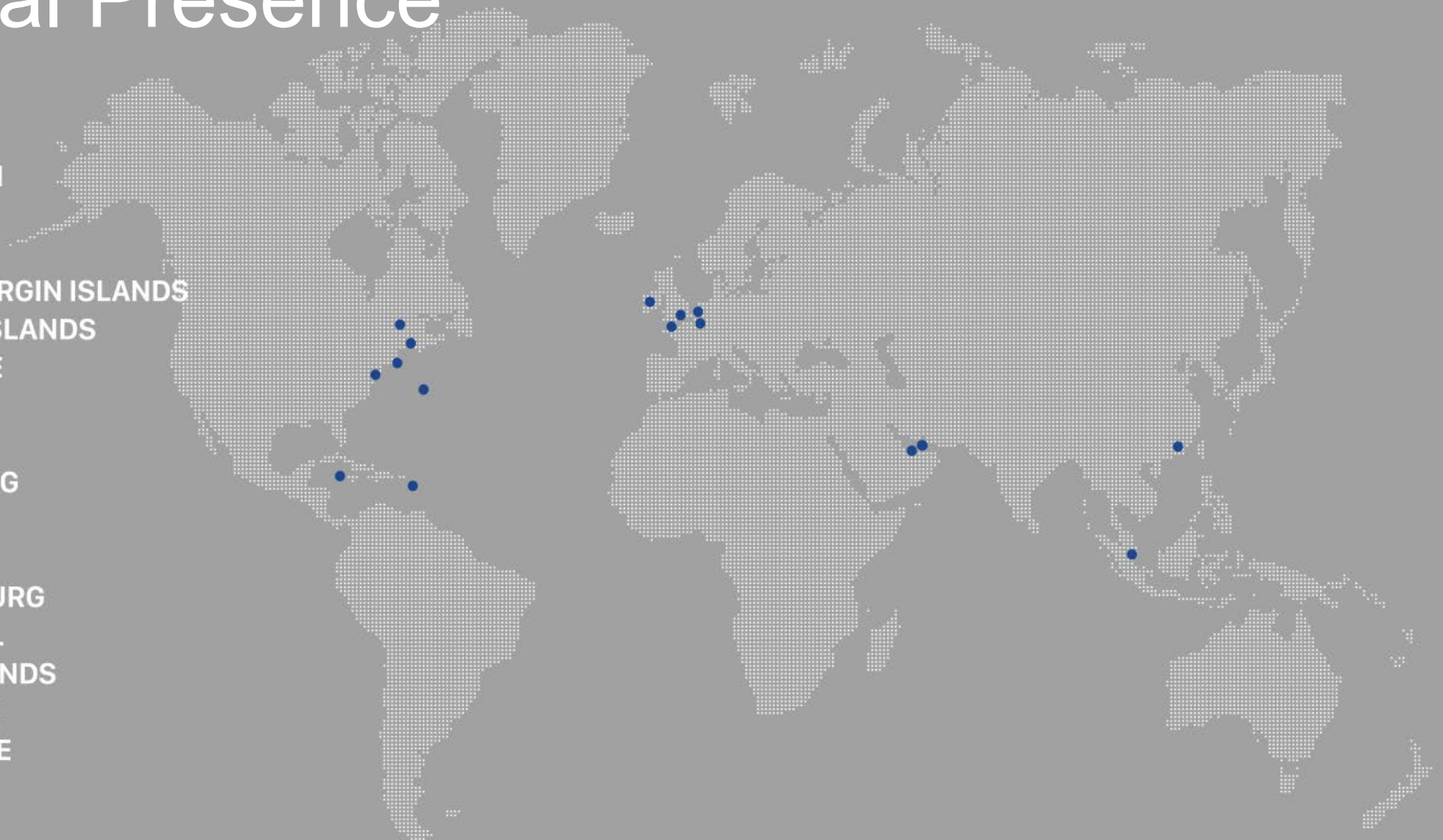
Published by Maples and Calder (Cayman) LLP.

April 2023

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