

Cayman Islands Financial Services COVID-19 Update

On 20 March 2020, the Cayman Islands Ministry of Financial Services issued an industry advisory regarding its business continuity plans for the COVID-19 pandemic.

The principal effect of the industry advisory was to detail certain concessions regarding regulatory requirements generally applicable to industry participants as summarised below.

Extension for Notification of Certain Changes to the Registrar of Companies

An additional 30 days will be granted for notifying the Registrar of Companies in respect of changes to:

- (a) Directors and other officers of companies and managers of limited liability companies;
 - (b) Registered office address;
 - (c) Memorandum and articles of association; and
 - (d) Share capital
- (the "Relevant Filings").

The industry advisory states that no penalties will be incurred in respect of the Relevant Filings before 30 April 2020. However, it should be noted that while a 30 day extension in respect of items (a) and (b) (which have a

usual notification deadline of 30 days from the change) would take the deadline beyond 30 April, this is not the case for items (c) and (where the share capital is reduced) (d) (which have a usual notification deadline of 15 days from the change). It will therefore be prudent to ensure that filings in respect of items (c) and (d) are still made within 45 days from the relevant change.

Economic Substance Continuing Obligations

The Department for International Tax Cooperation ("DITC") is conscious that COVID-19 may impact intended travel arrangements during 2020 and therefore the ability of some entities to hold board meetings in the Cayman Islands. While noting that the 'directed and managed' requirement is only one element of the economic substance test (the "ES Test") contained in The International Tax Co-operation (Economic Substance) Law (2020 Revision) (the "ES Law"), the industry advisory notes that the DITC will consider the fact that board meetings may have been required to be held virtually on a case-by-case basis when determining whether an entity has passed or failed the ES Test.

There is currently no concession regarding the requirement that core income generating activities in relation to a relevant entity's relevant activities must be carried out in the Cayman Islands.

Similarly, there are currently no changes to reporting deadlines in respect of the ES Law, with reports for the financial year ended 31 December 2019 due by 31 December 2020.

Please view our prior client economic substance update¹.

FATCA / CRS Reporting

The industry advisory confirms that the DITC is not currently proposing any changes to previously announced FATCA / CRS deadlines but is monitoring the international landscape carefully and will consider any appropriate adjustments should applicable international deadlines be modified.

Please view our prior FATCA / CRS update².

Mutual Funds (Annual Returns) (Amendment) Regulations (2020)

The industry advisory highlighted that the above regulations, which provided for amendments to the Fund Annual Return ("FAR") form submitted annually to the Cayman Islands Monetary Authority ("CIMA") are now in effect.

CIMA has confirmed that current FAR forms may be used until the revised forms are available in accordance with the Regulations.

¹ Cayman Islands Economic Substance Requirements for Certain Entities – Overview

<https://maples.com/en/Knowledge-Centre/Industry-Updates/2019/03/Cayman-Islands-Economic-Substance-Requirements-for-Certain-Entities-Overview>

² Cayman Islands Update: AEOI 2020 Amendments
<https://maples.com/Knowledge-Centre/Industry-Updates/2020/03/Cayman-Islands-Update-AEOI-2020-Amendments>

Beneficial Ownership Filings Granted an Additional One Month Extension

Corporate services providers have been granted a one month extension in respect of the requirement to make beneficial ownership submissions. This extension goes into effect as of 23 March 2020 and will cease on 20 April 2020. This extension does not impact the underlying obligations of Cayman Islands companies and limited liability companies with respect to the Cayman Islands beneficial ownership regime.

If you would like further information, please contact your regular Maples Group contact or any of the contacts listed below.

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