



MAPLES
GROUP

A CLOser

LOOK AT REGULATORY DEVELOPMENTS

INTRODUCTION

There have been a number of new regulatory developments over the past few months that potentially impact CLO transactions. The Maples Group is proactively monitoring and addressing these regulatory developments to ensure that client CLO transactions are compliant with new requirements. This CLOser Look focuses on the implications of the recent regulatory developments on the CLO market in particular, and provides links to the more general updates that have been issued by the Maples Group.

CAYMAN ISLANDS

COVID-19 FILING EXTENSIONS

In light of COVID-19, the Cayman Islands Government has introduced certain policy concessions and filing extensions. These include an extension to 30 June 2020 of the deadline after which penalties will apply in respect of a company's annual return filing. The 31 January 2020 deadline still applies for purposes of determining good standing, so CLO issuers should not delay their annual return filings. The Maples Group is actively following up with clients where the annual return filing is outstanding.

[COVID-19 Extensions to Filing Deadlines](#)

ECONOMIC SUBSTANCE

All Cayman Islands companies were required to file a notification earlier this year in respect of the classification of their business activities for purposes of the Economic Substance Law. Those companies with business that includes 'relevant activities' will be required to make further filings that report on their business activities. Where the Maples Group administers a CLO Issuer, the required filings have been made and the ongoing requirements are being actively addressed.

[Economic Substance Requirements for Certain Entities](#)



THE REGULATORY 15/15

The Reg 15/15 is a monthly 15 minute webcast released by our Cayman Islands Regulatory team on the 15th day of each month, providing timely updates on current regulatory developments.

The June 15th webcast provides updates on:

- Economic Substance Companies and LLC Amendment Laws
- CIMA Supervisory: Circular – Inspection Findings
- Cybersecurity Rule and Statement of Guidance
- Virtual Asset (Service Providers) Law, 2020
- Update on AML Changes
- Monthly New Product (MNP)

The webcast can be accessed on demand [here](#).

BENEFICIAL OWNERSHIP

The Beneficial Ownership regime has recently been amended to impose strict time limits on how long a company's beneficial ownership register may be set at "Enquiries Pending". A new fines regime imposes significant fines on companies that are not compliant with their beneficial ownership requirements. CLO Issuers structured as off-balance sheet vehicles can readily comply with the requirements. The Maples Group is pro-actively assisting those few on-balance sheet CLO Issuers to ensure compliance with the requirements of this regime.

[Beneficial Ownership](#)

PRIVATE FUNDS LAW

The new Private Funds Law provides for the registration of certain closed-ended funds. Existing entities that are required to register must do so by 7 August 2020. Non-fund transactions are generally not subject to these new registration requirements. The Maples Group is reviewing its client structures and reaching out to any clients that are potentially within scope of these new requirements. We are pleased to confirm that a typical CLO structure will not trigger these registration requirements.

[Cayman Islands Private Funds Law, 2020](#)

AML REGULATIONS AND GUIDANCE NOTES

A number of changes have been made to the Cayman Islands Anti-Money Laundering Regulations. Most CLO Issuers administered by the Maples Group also obtain AML compliance services from the Maples Group, which is familiar with the new requirements and will advise any client of any action required as a result of these amendments.

[Key Amendments to Cayman AML Regulations and Guidance Notes](#)

FATCA / CRS REPORTING

There have been several updates to the Cayman Islands FATCA and CRS compliance regimes, including changes to filing deadlines and the introduction of a new CRS compliance form. The Maples Group will take care of the FATCA and CRS reporting requirements for those CLO Issuers that are administered by the Maples Group. CLO Issuers not otherwise engaged by the Maples Group can reach out to us if they require assistance with respect to their Cayman Islands FATCA and CRS reporting requirements.

[New CRS Form Released and FACTA Deadline Extended](#)

[AEOI 2020 Amendments](#)

DELAWARE

Funds with foreign direct investment into the United States that meet the threshold for reporting on such investments to the U.S. Bureau of Economic Analysis (the "BEA") can engage the Maples Group's Delaware office for this service. Our Delaware office provides comprehensive and cost-effective BEA survey respondent services which include gathering, collating, reviewing and submitting required data in a timely manner. We are seeing increasing client interest in this service.

[US Partnership Representative Services](#)

IRELAND

Since the financial crisis over a decade ago, the European securitisation and structured finance market has been the subject of a material increase in European and domestic regulation. The European CLO market has expanded rapidly in recent years (2019 having a total annual issuance of €29.8 billion) and as a result the CLO issuers (the large majority of which are incorporated in Ireland) have managed to successfully navigate various pieces of regulation, including EMIR, AIFMD, Financial Vehicle Corporation reporting, CRA3, the Prospectus Regulation and of course, the risk retention and disclosure requirements contained in the EU Securitisation Regulation. These issues are all discussed in more detail in the [Maples ABS Guide for Irish SPVs](#).

The European CLO market has also seen an increasing number of transactions looking to be 'ESG compliant'. This has primarily been driven by certain managers as a reaction to investor appetites for ESG friendly investments. However, managers of 'financial products' that fall within the scope of the ESG Disclosure Regulation¹ may find themselves having to comply with additional requirements in the context of ESG when this regulation comes into force in 2021.

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.





CONTACTS

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