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In-Depth: Mergers & Acquisitions (formerly The Mergers & Acquisitions Review) provides a practical overview of global M&A activity and the legal and regulatory frameworks governing M&A transactions in major jurisdictions worldwide. With a focus on recent developments and trends, it examines key issues including relevant competition, tax and employment law considerations; financing; due diligence; and much more.

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Cayman Islands

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Summary

Introduction

The Cayman Islands is recognised as one of the world's leading global financial services centres. M&A activity is therefore largely driven by global rather than regional or national trends. The Cayman Islands continues to be well positioned for M&A activity and the jurisdiction has proven its ability to respond to a volatile and challenging global environment with its robust legislative and regulatory framework, respected legal system developed from English common law and experienced and responsive service providers.

Year in review

Overview of M&A activity

In 2024, the total value of global M&A deals was US$3.5 trillion, a slight increase from the previous year's US$3.2 trillion (with the Bain, Global M&A Report 2025 (2025 Bain M&A Report)).[1] A key driver for this increase was attributed to companies' pursuing M&A activity to capture revenue and cost synergies, despite operating in an environment of high interest rates and heightened regulatory scrutiny. This was supported by a 15 per cent increase in M&A deal-making activity during the first half of 2025 compared to the same period in 2024, with the aggregate value of global M&A expected to surpass 2024 levels by year-end.[2] Despite mixed macroeconomic signals (including shifting trade and tariff policies) and geopolitical uncertainty, companies are still seeking opportunities. In line with this trend, M&A involving Cayman Islands entities has also increased.

The three main types of entities used in the Cayman Islands are the exempted company, the exempted limited partnership and the limited liability company (LLC). New formation activity in the Cayman Islands increased in 2024 as compared to 2023: 8,278 exempted companies (2023: 6,977), 3,802 exempted limited partnerships (2023: 3,498) and 849 LLCs (2023: 672) were incorporated or registered in the Cayman Islands, with 97,158 exempted companies (2023:95,572), 39,646 exempted limited partnerships (2023: 38,223) and 5,647 LLCs (2023: 5,167) being active as at 31 December 2024.[3]

Developments in corporate and takeover law and their impact

Merger regime and dissenting rights

The statutory merger regime contained in Part XVI of the Companies Act remains a popular tool for facilitating mergers involving Cayman Islands companies. Under this regime, two or more companies may merge, with their property and liabilities vesting in one of them as the surviving company.

Similar to other jurisdictions with equivalent regimes, the Companies Act provides for a right of dissenting shareholders to object to a merger and be paid the fair value of their shares upon their dissenting from the merger if they follow a statutory procedure. If the dissenting shareholders and the surviving company are unable to agree the fair value to

be paid to the dissenting shareholders in the first instance, the Grand Court of the Cayman Islands is required to determine the fair value of the shares, and a fair rate of interest, if any, to be paid by the company to the dissenting shareholder.

The legislation provides that the rights of a dissenting shareholder are not available in certain circumstances; for example:

1. to shareholders holding shares of any class in respect of which an open market exists on a recognised stock exchange or recognised inter-dealer quotation system at the relevant date; and
2. where the consideration for such shares to be contributed are shares of the surviving or consolidated company (or depositary receipts in respect thereof), are shares of any other company (or depositary receipts in respect thereof) that is listed on a national securities exchange or designated as a national market system security on a recognised inter-dealer quotation system, or are held off record by more than 2,000 holders.

Although the number of dissent actions in the Cayman Islands has fallen since the peak of 2017, those that have been filed show a marked upward trend both in the number of the dissenting shareholders and the value of the shares being dissented, as well as a greater diversity in geographic location. While historically the focus of dissent actions had been almost exclusively on companies operating in the PRC, some recent actions have related to companies operating in the US and Brazil. These trends appear to be driven in large part by arbitrage investors, purchasing positions in companies going through mergers particularly with a view to exercising dissent rights. In certain notable deals, the company's trading price between announcement of the merger and the closing, and the volume of trading of the company's stock, rose sharply as arbitrage investors increased their positions. It remains to be seen what effect this level of dissenter activity will have on deal structure; in some circumstances it has prompted parties to consider alternative structures including schemes of arrangement, being the way in which most takeovers and take-privates were structured in the Cayman Islands prior to the introduction of the merger regime, and merger agreements sometimes include 'maximum dissent' clauses to control the risk. Although schemes of arrangement involve court supervision, higher requisite majorities and generally higher up-front deal costs, they do not involve dissenter rights or any other 'cash out' or 'fair value' option.

To the end of the third quarter of 2025, the Grand Court has ruled on seven disputed[4] merger fair value appraisal actions in the Cayman Islands, while there has been one appeal heard by the Privy Council, in *Shanda Games*.[5] These decisions set out important guidance as to how the 'fair value' of the dissenter's shares will be determined if a shareholder has validly dissented from a statutory merger. The following guidance can be taken from these decisions.

The Grand Court is required to value the actual shareholding that a shareholder has to sell. This means that where a shareholder holds a minority interest, the shares should be valued as such, if necessary by applying a minority discount, where appropriate. The Grand Court must assess the true monetary worth of the dissenters' shares taking into consideration all relevant circumstances and facts, including value-relevant information that may not have been available to the market.

The valuation method or methods to be applied in any given case is a fact sensitive issue. Typically, the Grand Court will hear expert evidence on the values evidenced by the traded share price (for listed companies), the merger process and consideration, a discounted cash flow (DCF) calculation and market comparables. Where more than one methodology is adopted, the Grand Court will give particular weightings to the different methodologies as appropriate in the circumstances. The fair value amount must not be impacted by the limitations and flaws of particular valuation methodologies, rather 'fairly balancing, where appropriate, the competing, reasonably reliable alternative approaches to valuation relied on by the parties' (in *Trina Solar Limited*). The Grand Court may choose to place exclusive weight on one valuation methodology only (in *FGL Holdings*) where appropriate, even if the experts suggest a blended approach, or using another methodology entirely.

If a company's shares are listed on a major stock exchange, this does not mean that a valuation methodology based upon its publicly traded prices will be followed automatically, although in *FGL Holdings* the Grand Court accepted the efficient market hypothesis, which means that the market price of a liquid stock with no material non-public information will often be a good indicator of fair value. In *Trina Solar Limited*, the Grand Court found that fair value should include a 30 per cent component based on an unaffected market price.[6]

The Grand Court will also look closely at the transaction process that resulted in the merger consideration being agreed, including the role played by the special committee (if any), the preparation of the management projections, negotiations on price and deal terms, and whether other parties were given a real opportunity to make a competing bid. In *Trina Solar Limited*, the Court of Appeal found that no reliance should be placed on the merger process in light of the lack of information and disclosure in relation to the process, and concerns about the efficacy of the go-shop process.

Despite the dissenting shareholders typically pushing hard for sole reliance on a DCF or income-based calculation, in some recent cases the Grand Court has recognised the benefits of a market approach to valuation and has tended to use a DCF valuation as a cross-check only, if at all. In *FGL Holdings*, for the first time the Grand Court placed no reliance on an income approach and concluded that the merger price represented fair value.

In contrast, in *Trina Solar Limited*, the Court of Appeal overturned the Grand Court and placed majority weight (70 per cent) on a DCF. In earlier cases, it was accepted that the court could only adjust assumptions or inputs in the company's management projections if they were shown to be obviously wrong, careless or tainted by an improper purpose. The Court of Appeal concluded that this sets the bar too high and gives the court broader latitude to prefer the views of an expert witness.

The date for determining fair value is often the date on which the shareholders approved the transaction; this is the date on which the offer could be accepted. However, in *Sina Corporation*, the Grand Court has also expressed that each case will turn on the facts and that the date is not to be rigidly fixed for all cases. Importantly, the Grand Court concluded that dissenting shareholders could not take advantage of the cost savings and benefits resulting from the merger. The Grand Court's view was that dissenting shareholders should not benefit from any enhancement in the value of their shareholding attributable directly to the transaction from which they have dissented. The Court of Appeal upheld the Grand Court's decision that the appropriate date on the particular facts of the case was the date on which the shareholders approved the transaction.

In *58.com, Inc,* the Grand Court held that a company defending an appraisal proceeding cannot rely on legal advice privilege as a basis for not producing documents to the dissenters, unless the legal advice in question relates to the appraisal proceeding itself. The legal basis for this conclusion has since been overturned by the Privy Council in a Bermudan appraisal dispute, *Jardine Holdings*.

Finally, it has been established that shareholders who bring an unsuccessful dissent action face negative cost consequences. In *FGL Holdings*, the Grand Court awarded the successful company its costs of the appraisal proceeding against the dissenters on a joint and several basis, and ordered a substantial interim payment on costs pending taxation.

The merger legislation in the Cayman Islands is very similar to that in Delaware and the legislative drafters borrowed from the Delaware statute. As such, the Grand Court will often look to Delaware appraisal precedents as a guide. However, in *Shanda* the Privy Council confirmed that the similarities between the Delaware appraisal remedy and Section 238 of the Companies Act do not mean that the Delaware jurisprudence on appraisal actions has been adopted wholesale into the Cayman Islands. In that case (and in an earlier case, *Integra*) the Grand Court had followed Delaware and Canadian authority on minority discount, holding that in a fair value appraisal the dissenters' shares were to be valued as their pro-rata share of the value of the whole company, not as a block of shares offered for sale, such that there was no applicable 'minority discount'. The Court of Appeal took a different view and followed what it considered to be the public policy reflected in English case law, to the effect that 'it was not unfair to offer a minority shareholder the value of what he possesses (i.e., a minority shareholding). The element of control is not one that ought to have been taken into account as an additional item of value in the offer of these shares.'

The Privy Council upheld the Court of Appeal's decision and specifically noted that while the jurisprudence of Delaware is of great value in this field, the Cayman Islands legislature can only have intended that Cayman Islands courts should interpret this phrase against the backdrop of its own jurisprudence. In other 'forced sale' legislation in England and the Cayman Islands, a minority discount would be applied. There was nothing in the Cayman Islands merger legislation that suggested that a different regime had been adopted for mergers.

Whether a minority discount will be applied in any given case is of course fact sensitive and depends on the valuation methodology adopted. For example, in *Re Qunar Cayman Islands Limited*, the Grand Court, while following the approach of the Court of Appeal in *Shanda*, considered that the applicable majority discount was nil, given Qunar's securities were highly liquid and there was no risk of minority disadvantage regarding management control or payment of dividends. In *Trina Solar Limited* and *iKang Medical*, minority discounts of 2 per cent and 2.5 per cent were applied.

As a separate point, a series of decisions culminating in a Court of Appeal ruling in *Qunar* affirmed that the Grand Court has jurisdiction to make an interim payment order after a dissent petition is filed but before the trial, meaning that a dissenting shareholder may be entitled to receive an interim payment at the outset of the proceedings. In many cases the amount of the interim payment has equalled the merger consideration on the basis that a company has admitted this reflects fair value (albeit, this does not necessarily follow). However, in *eHi Car Services Limited*, it was confirmed that where a company has not

conceded the merger consideration represents fair value for the purposes of a dissent action, in making an interim payment order, the Grand Court must identify the irreducible minimum amount that could safely be assumed the dissenters would receive in any event without venturing into disputed issues of fact or valuation; this may well be less than the merger price depending on the circumstances of the case. This decision was followed in *XingXuan Life Technology*, where the Grand Court applied a 20 per cent discount to the interim payment for a possible minority discount, in addition to tolling the interest to be paid and ordering that the interim payment be held on trust pending the outcome of the proceeding.

In another recent development, in *Changyou* the Privy Council found that dissent rights also apply to 'short-form' mergers under Section 233(7), where a company is merging with a subsidiary and no shareholder vote or EGM is required to give effect to the merger, notwithstanding the lack of an express wording to this effect. The thrust of the Privy Council's conclusion was that Section 233(7) must be read in this manner, so as not to conflict with the Bill of Rights, which permits the compulsory acquisition of property only where provision is made by the relevant law for the prompt payment of adequate compensation and access to the court for the determination of the amount of such compensation. In *In the Matter of Sina Corporation* the Court of Appeal made an *obiter* comment that, in a short-form merger, the appropriate date for determining fair value will probably be the date of registration of the plan of merger.

Global transparency

Already recognised by the OECD, the International Monetary Fund (IMF) and other international bodies for its transparency and standards being consistent with those of other major developed countries, the Cayman Islands is acknowledged as a first-class jurisdiction for conducting international business. The government has also now implemented a number of legislative developments, including:

1. the introduction of an economic substance regime responsive to global OECD BEPS standards regarding geographically mobile activities, in line with rapidly implemented regimes on a level playing field basis by all OECD-compliant 'no or only nominal tax' jurisdictions;
2. an overhaul to the prior beneficial ownership regime which brings into scope new entities including limited liability partnerships, exempted limited partnerships and foundation companies, details of which are discussed further below;
3. the repeal of the Confidential Relationships (Preservation) Act and its replacement by the Confidential Information Disclosure Act, which offers more understanding and definition with regard to the mechanisms in place for sharing confidential information with the appropriate authorities;
4. the introduction of data protection legislation;
5. the abolishment of bearer shares;
6. the implementation in the Cayman Islands of the model legislation published pursuant to the OECD's BEPS Action 13 Report (Transfer Pricing Documentation and Country-by-Country Reporting);
7.

the introduction of legislation relating to regulation of collective investment vehicles, and limited investor mutual funds;

8. the introduction of legislation dealing with the regulation of virtual asset service providers, incorporating Financial Action Task Force (FATF) standards for anti-money laundering, which allows for the supervision of persons and entities who are involved in businesses that use or rely on virtual assets;
9. reforms to the Cayman Islands restructuring laws, which allows debtors to file in the Cayman Islands court for the appointment of restructuring officers and obtain an immediate stay on a unsecured creditor action, without having to file a winding-up petition; and
10. the Cayman Islands being removed from the FATF's increased 'monitoring list' (often referred to as the FATF Grey List) and the subsequent removal of the Cayman Islands from the EU AML List, each of which demonstrates recognition of the Cayman Islands' robust and effective anti-money laundering and counter-terrorist financing regime and the jurisdiction's dedication to implementing the highest global standards.

These measures demonstrate the Cayman Islands' continued efforts to comply with and promote transparency through close collaboration and compliance with the relevant global regulatory bodies, tax authorities and law enforcement agencies in line with international standards, while simultaneously respecting the legitimate right to privacy of law-abiding clients.

The Cayman Islands has agreements to share tax information with authorities in more than 100 other countries, including the United States under the Foreign Account Tax Compliance Act, and is in the early adopter group for the Common Reporting Standard, the OECD's global tax information exchange standard.

Beneficial ownership regime

Although the Cayman Islands originally introduced a beneficial ownership register (BOR) regime in July 2017 to comply with international standards and commitments to combat money laundering, tax evasion and terrorist financing, the regime has recently been significant revised by the introduction of the Beneficial Ownership Transparency Act (As Revised) (the BOT Act), which came into force on 31 July 2024, with a delay on enforcement of the new requirements of the BOT Act until 1 January 2025.

The BOT Act brings fundamental changes to the existing Cayman Islands beneficial ownership regime. Key changes include: (1) consolidation of the beneficial ownership regime under a single act; (2) application of the beneficial ownership regime to new entity types including exempted limited partnerships, limited partnerships and foundation companies, which were previously not within scope of the regime; (3) new requirements for beneficial owners to provide additional particulars; (4) a new obligation for corporate service providers to take reasonable measures to verify the identity of beneficial owners; and (5) a revised definition of 'beneficial owner', which now more closely aligns to that which exists under the Cayman Islands Anti-Money Laundering Regulations.

As noted, the majority of the exemptions which applied under the previous beneficial ownership regime have been removed or significantly restricted in favour of 'alternative routes to compliance'. Notably, Cayman Islands legal persons which are registered as mutual funds or private funds may provide their corporate services provider with details of a contact person rather than their registrable beneficial owners. Cayman Islands legal persons licensed under certain Cayman Islands 'regulatory laws', listed on the Cayman Islands Stock Exchange or an approved stock exchange or that are a subsidiary of an entity listed on such an exchange may provide their corporate services provider with details of their licensed or listed status rather than their registrable beneficial owners. Alternatively, such Cayman Islands legal persons may opt in to providing details of their registrable beneficial owners. All other Cayman Islands legal persons are required to identify and provide details of their registrable beneficial owners to their corporate services providers.

The BOT Act also provides that the Cabinet may, subject to resolution in Parliament, make further regulations empowering the Cayman Islands Registrar to provide public access to certain required particulars of registrable persons identified on a BOR. The Beneficial Ownership Transparency (Legitimate Interest Access) Regulations and the Beneficial Ownership Transparency (Access Restrictions) Regulations came into effect in early 2025. These regulations do not provide for unlimited access to beneficial ownership registers and restrict access to members of the public who are able to demonstrate a 'legitimate interest', including (1) journalists and bona fide academic researchers (for research or investigative journalism related to financial crime or corruption); (2) civil society organisations (actively engaged in preventing or combating money laundering, financial crime, or terrorist financing); and (3) persons entering into or conducting a business relationship or transaction with the relevant legal entity. Anyone seeking access to the beneficial ownership register must submit an application including evidence of their credentials, the nature of their interest, and the purpose for which the information is sought. The competent authority reviews applications and may grant access only if the legitimate interest test is satisfied. If access is granted, only limited information is provided, such as the beneficial owner’s name, country of residence, nationality, month or year of birth, and the nature of control. Sensitive personal data and full identification details are not disclosed. Further, individuals who reasonably believe that disclosure of their association with a legal person would place them or someone living with them at serious risk of serious danger or harm (including kidnapping, extortion and other violence or intimidation) may apply to the competent authority for protection against public disclosure of their information. If granted, protection prevents disclosure of beneficial ownership information to members of the public, however, law enforcement, government agencies, financial institutions, and designated non-financial businesses and professions retain full access, regardless of any access restriction.

Amendments to the Companies Act (As Revised)

On 13 March 2024, the Companies (Amendment) Act (As Revised) (Amendment Act) was published in the Cayman Islands Gazette. Although not yet in force, the Amendment Act is expected to come into force in a phased approach (such dates still to be determined). The main changes underpinning the Amendment Act reinforce the jurisdiction's commitment to fostering a legal framework that encourages M&A activity. The main changes being: (1) a new procedure for the reduction of share capital, which no longer requires court approval

and can be effected by a special resolution and a solvency statement, (2) changes to section 37 of the Companies Act to enable a company limited by shares or by guarantee to issue fractional shares, (3) changes to Section 88 of the Companies Act to facilitate a more streamlined process to acquire the shares of dissenting shareholders; (4) the expansion of the transfer by continuation regime to allow bodies corporate formed in other jurisdictions without share capital to register as exempted companies in the Cayman Islands; and (5) the introduction of procedures to enable exempted companies to re-register as ordinary resident companies, limited liability companies to convert to exempted companies, and foundation companies to convert to exempted companies.

Legal framework

The key sources of regulation of M&A in the Cayman Islands are the Companies Act (As Revised) (Companies Act), the Limited Liability Companies Act (As Revised) (LLC Act) and common law.

Part XVI of the Companies Act provides the framework for a simpler and quicker merger process without the need for court approval for companies limited by shares (but not segregated portfolio companies). Under this framework, the Companies Act includes provisions permitting mergers and consolidations between one or more companies, provided that at least one constituent company is incorporated under the Companies Act. The LLC Act also provides for a similar framework for Cayman Islands LLCs, and mergers between companies and LLCs are accommodated.

Mergers, amalgamations and reconstructions by way of a scheme of arrangement approved by the requisite majorities of shareholders and creditors, and by an order of the Cayman Islands Grand Court under Section 86 or 87 of the Companies Act, are still available for complex mergers (and are mirrored in the LLC Act). The Companies Act provides a limited minority squeeze-out procedure, which has recently been amended pursuant to Amendment Act (which, in principle, is mirrored in the LLC Act).

The Cayman Islands does not have a prescriptive set of legal principles specifically relevant to going-private and other acquisition transactions (unlike other jurisdictions such as Delaware). Instead, broad common law and fiduciary principles will apply.

While there are no specific statutes or government regulations concerning the conduct of M&A transactions, where a target company's securities are listed on the Cayman Islands Stock Exchange (CSX), the CSX Code on Takeovers and Mergers and Rules Governing Substantial Acquisitions of Shares (which exists principally to ensure fair and equal treatment of all shareholders) may apply.

Foreign involvement in M&A transactions

nature of the jurisdiction. These businesses and investors are based in a broad range of international jurisdictions.

A large number of M&A deals are still originating from the United States, while European deals continue to feature and both Asian-related and South American related transactions continue to grow.

The Asian growth can be evidenced by the popularity of the Cayman Islands exempted company as a listing vehicle in Asia: as at the end of 2023, more than half of the companies listed on the Main Board of the Hong Kong Stock Exchange were Cayman Islands exempted companies (the latest statistics available).[7]

The Cayman Islands continues to be an attractive jurisdiction for the structuring of offshore transactions for a number of reasons, including:

1. the speed with which vehicles can be established (usually within one business day), and without the need for any prior governmental approvals;
2. the laws of the Cayman Islands are substantially based upon English common law and a number of key English statutes. This gives Cayman Islands law and the legal system a common origin with those of many of the jurisdictions of its users, including the United States;
3. the Cayman Islands has a modern and flexible statutory regime for companies, limited partnerships, LLCs and foundation companies;
4. as described further below, the Cayman Islands has no direct taxes of any kind;
5. the lack of exchange control restrictions or regulations; and
6. there is no requirement that a Cayman Islands entity should have any local directors or officers. Nor is there any requirement for local service providers (except that for funds regulated under the Mutual Funds Act (As Revised) or the Private Funds Act (As Revised), where there is a requirement for their audited accounts to be signed off by a local firm of auditors). The appointment of local service providers, however, may assist entities with obligations under the International Tax Co-operation (Economic Substance) Act (As Revised) to discharge those obligations.

As discussed above, the Cayman Islands is recognised by the OECD, the IMF and other international bodies for its transparency and standards consistent with those of other major developed countries.

Significant transactions, key trends and hot industries

As discussed above, the merger regime of Part XVI of the Companies Act continues to be a popular tool for facilitating mergers involving Cayman Islands companies, and we continue to see listed companies being the subject of take-private transactions led by private equity and management in addition to traditional strategic corporate acquisitions. The merger regime has also proven to be a popular mechanism for business combinations for special purchase acquisition vehicles.

Examples of deals of note announced or closed during 2024/2025 that involved Cayman Islands vehicles include:

1. the business combination of SK Growth Opportunities Corporation and Webull Corporation with a transaction value of US$7.3 billion;
2. the acquisition of AppLovin's mobile games studio portfolio, including Firecraft Studios Company Limited by Tripledot Studios, for a transaction value of US$800 million;
3. the acquisition of the international business of GLP Capital Partners Limited and affiliates by Ares Management Corporation, resulting in a transaction value of US$3.7 billion;
4. the acquisition of Lionsgate by Screaming Eagle Acquisition Corp., to launch Lionsgate Studios Corp., resulting in an enterprise value of approximately US$4.6 billion; and
5. the acquisition of Gracell Biotechnologies Inc. by AstraZeneca PLC, resulting in a transaction value of US$1.2 billion.

Financing of M&A: main sources and developments

As a leading jurisdiction for the establishment of private equity funds, it is perhaps unsurprising that a significant number of Cayman Islands M&A deals are also financed by private equity. Traditional sources also continue to be a key provider of finance for M&A involving Cayman Island entities, including in respect of a number of the deals listed above.

In recent years, the formation of SPACs, generally listed on either the New York Stock Exchange or NASDAQ (although listings elsewhere, such as Euronext are appearing), has re-emerged as a popular fundraising tool, with many traditional private equity managers establishing SPACs for the first time. In light of recent US developments relating to Delaware SPACs, and an uptick in SPAC IPO activity in 2024 (89 IPOs to the end of August 2025 as against 57 IPOs during 2024), the Cayman Islands is an increasingly popular choice of domicile for SPACs and we anticipate the significant number of these vehicles to drive additional Cayman Islands-related M&A in the coming years.

Employment law

A range of legislation and licensing requirements apply to companies seeking to carry on local business in the Cayman Islands and employ local personnel. In view of the nature of offshore business, the vast majority of Cayman entities do not have employees in the Cayman Islands, and these requirements are therefore often not relevant to Cayman Islands M&A deals.

Employment standards in the Cayman Islands are currently governed by the Labour Act (As Revised) (Labour Act), the Health Insurance Act (As Revised) and ancillary regulations (Health Act), the National Pensions Act (As Revised) and ancillary regulations (Pensions

Act), and the Workmen's Compensation Act (As Revised) and ancillary regulations. These laws establish minimum employment standards but do not preclude an employer from setting conditions that are above the minimum.

The Labour Act includes provisions dealing with probation periods, employment termination, vacation leave, public holiday pay, sick leave, compassionate leave, maternity leave, severance pay, unfair dismissal and health, safety and welfare at work.

The Health Act requires that health insurance cover is provided to employees, and to their uninsured spouses and children.

The Pensions Act requires an employer to provide a pension plan or to make a contribution to a pension plan through an approved pension provider for every employee who is between 18 and 60 years old (an employer is not required to provide a pension plan for non-Caymanian employees who have been working for a continuous period of nine months or less).

Tax law

Cayman Islands taxation

The Cayman Islands has no direct taxes of any kind: no income, corporation, capital gains, dividends, royalties, payroll, withholding taxes or death duties. Under the terms of the relevant legislation, all types of Cayman Islands vehicles – companies, unit trusts, limited partnerships and LLCs – can register with and apply to the government for a written undertaking that they will not be subject to various descriptions of direct taxation, for a minimum period, which in the case of a company is usually 30 years, and in the case of a unit trust, limited partnership and an LLC, 50 years.

Stamp duty may be payable in connection with the documentation executed in or thereafter brought within the jurisdiction of the Cayman Islands (perhaps for the purposes of enforcement). In most cases, this duty is of a relatively *de minimis* fixed amount except in limited circumstances, such as when security is being granted over property in the Cayman Islands.

Automatic exchange of information legislation

The Cayman Islands has signed an inter-governmental agreement to improve international tax compliance and the exchange of information with the United States (US IGA). The Cayman Islands has also signed, with more than 100 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (CRS).

Cayman Islands regulations have been issued to give effect to the US IGA and CRS. All Cayman Islands financial institutions are required to comply with the registration, due diligence and reporting requirements of these regulations, except to the extent they are able to rely on certain limited exemptions, in which case only the registration requirement would apply under CRS.

Country-by-country reporting

As part of the Cayman Islands' ongoing commitment to international tax transparency, the Cayman Islands has adopted Country-By-Country reporting rules pursuant to the OECD's BEPS Action 13 Report. Pursuant to this initiative, qualifying multinational enterprises (MNE) are required to report annually to the Cayman Islands Tax Information Authority, certain information as set out in the model legislation for each tax jurisdiction in which the MNE operates.

Competition law

There is no specific anti-competition legislation that is relevant to Cayman Islands M&A. Given the offshore nature of Cayman Islands M&A, competition law issues are usually a question of the relevant onshore jurisdictions where the underlying businesses that are the subject of the M&A are based.

Outlook and conclusions

In this chapter we have to an extent focused on a review of 2024 M&A.

The existing legal framework of the Cayman Islands, together with the continued focus on being at the forefront of global compliance developments, and the proven ability of public and private stakeholders to work together to enhance local legal and regulatory regimes when required, will continue to ensure that the Cayman Islands remains the offshore jurisdiction of choice for global M&A transactions in future years.

With an uptick in M&A activity during the first-half of 2025, the outlook for the remainder of 2025 continues to remain positive. In a recent EY-Parthenon survey,[8] 57 per cent of chief executives expected to pursue an M&A transaction over the next 12 months as a long-term value driver. That confidence, together with the fundamental deal drivers that accelerated M&A activity over the past two and half years remaining intact, including the emergence of Cayman Islands based SPACs, leads us to conclude that the coming year is likely to be a busy period for Cayman Islands M&A.

Endnotes

1 Total announced deal value, Bain Global M&A Report 2025. ^ Back to section

2 Bain Global M&A Report 2025. ^ Back to section

3 Cayman Islands Registrar of Companies, Registrar of Exempted Limited Partnerships and Registrar of Limited Liability Companies annual statistics. ^ Back to section

4 Xingxuan Technology Limited was a fair value appraisal action where the subject company did not participate at trial, because of lack of funds. The evidence of the Dissenters' expert was accepted almost entirely, with a very high fair value as a result. For this and a variety of other reasons, this case is very much an outlier. ^ Back to section

5 Aspects of the judgment of the Court of Appeal in Trina Solar Limited is under appeal to the Privy Council. The appeal was heard in July 2025 and judgment is awaited. Judgments are awaited from the Grand Court in 58.com, 51job and Sina Corporation. ^ Back to section

6 The Court of Appeal overturned the Grand Court on the weight to be placed on the merger price, but the ruling on market price was upheld. ^ Back to section

7 HKEx Fact Book 2021; HKEx 2024 Annual Market Statistics ^ Back to section

8 EY-Parthenon CEO Outlook Survey – May 2025. ^ Back to section

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