

Continuing Statutory Obligations of Cayman Islands Entities

October 2020

This memorandum covers the following topics of interest to our clients.

Continuing Statutory Obligations of Cayman Islands Entities

- Investment Funds
- Exempted Companies
- Limited Liability Companies (“LLC”)
- Exempted Limited Partnerships (“ELP”)
- Vessels Registered in the Cayman Islands

Other Continuing Statutory Obligations of Cayman Islands Entities

- Foreign Account Tax Compliance Act (“FATCA”)
- Common Reporting Standard (“CRS”)
- Alternative Investment Fund Managers Directive (“AIFMD”)
- Director’s Registration and Licensing
- Voluntary Liquidations, Mutual Fund De-registrations and Audit Waivers
- “Know your Customer” Obligations
- Data Protection
- Securities Investments Business

This memo is intended to provide general information and guidance for the clients of Trident Cayman. It is not intended to be comprehensive and should not be construed as legal advice. Further information, news and updates from the Cayman Islands and the other jurisdictions in which Trident Trust provides services can be found [here](#). Please contact us if you require additional information.

Continuing Statutory Obligations of Cayman Islands Investment Funds

Cayman Islands Monetary Authority (“CIMA”) Registration

Cayman domiciled entities (hereinafter “Regulated Funds”), which offer redeemable equity interests to investors will need to register as a mutual fund with CIMA. Revisions to the Mutual Funds Law in early 2020 eliminated or severely limited previously available exemptions.

Cayman domiciled entities which hold investments, conduct trading activities and which have one or more feeder funds which are Regulated Funds, are required to register as Master Funds with CIMA in accordance with the Mutual Funds Law (2020 Revision).

The Private Funds Law, 2020 (“PFL”), which came into effect in early 2020 now requires most types of closed ended private equity entities, which were previously exempted from registration, to register with CIMA.

Please contact us immediately if you have any entity registered with us which issues redeemable equity interests, that falls under the definition of a Master Fund, or that is now required to register under the PFL and which is not currently registered with CIMA.

Audit Requirements for CIMA Registered Funds

All registered Funds are required to file audited financial statements within six months of the Fund’s year-end together with an annual return. To reduce delays in finalising and filing the audited financial statements, particularly for Funds that have independent directors, please note:

Director Approval of Financial Statements

Draft audited financial statements need to be circulated to all directors and to Trident Cayman for comment as soon as they are available. Even on those Funds where Trident Cayman is not performing NAV calculation services, we frequently have useful comments, especially with respect to the notes to the financial statements.

The Board of Directors as a whole is ultimately responsible for the Fund and will need to evidence its approval of the Fund’s financial statements and the related management representation letter to the auditors. The Cayman regulators require that the directors formally approve the annual audited financial statements. Accordingly, the Fund’s audited financial statements should be signed off by the auditors, filed with CIMA, and distributed to third parties only after the Board of Directors has documented its approval of the audited financials.

Management Representation Letters

Auditors may request that Trident Cayman sign off on their standard audit representation letter. Such letters often contain representations on matters that fall outside our role and knowledge. In such cases Trident Cayman will provide a more limited audit representation letter. In addition, if the Fund has independent directors, they are likely to require some form of comfort letter from the Investment Manager, and possibly from Trident Cayman, before they approve the audited financial statements and the audit representation letter. Please notify us promptly about any request for administrator or director representation letters, to reduce the risk of delaying completion of the audit.

Regulatory Enhanced Electronic Forms Submission

The Auditors, rather than the Administrator or Registered Office, are responsible for the electronic filing with CIMA of a Fund's audited financial statements along with the Fund's annual return. More information on the Regulatory Enhanced Electronic Forms Submission may be obtained from [CIMA's website](#), Trident Cayman will require a copy of the electronic receipt from CIMA supporting the filing of the Fund's financial statements with CIMA.

Filing Extensions with CIMA

Filing extensions for late reporting of audited financial statements, after the six-month filing deadline, will be granted by CIMA one month at a time up to a maximum of three months. The requests must be filed prior to the filing deadlines to ensure that the Fund remains in good standing. All filing extensions beyond the first month will require a letter from the Fund's auditor explaining the reason(s) for the delay. There is a filing fee with respect to requests for filing extensions.

Offering Document to be filed with CIMA

Each Regulated Fund which is registered with CIMA, and each Master Fund that has a separate Offering Document, must have its current Offering Document filed with CIMA unless exempted by CIMA. Each Private Fund registered under the PFL must file its prescribed details with CIMA. The Document must describe in all material respects the equity interests which are being offered and must contain sufficient information to allow a prospective investor to make an informed decision as to whether or not to subscribe. A Regulated Fund is not in compliance with this requirement if it is currently offering redeemable interests and the Offering Document on file has not been updated within twenty-one days with respect to material changes to the prescribed details previously filed with CIMA.

Other CIMA Filing Requirements

Other matters that must be notified to CIMA on a timely basis with respect to registered mutual funds include:

- Change in Auditors
- Change to the Administrator of the Fund
- Resignation by a director or appointment of new director
- Change to the Trustee of the Fund (for a Fund established as a unit trust)
- Change to the Registered Office or Principal Office of the Fund
- Change of Name

CIMA Fees

Fund licence fees are payable to CIMA by 15 January of each calendar year, after which date penalties are charged for late payment at the rate of one-twelfth of the annual fee per month.

Due Diligence on Fund Promoters and Managers

As part of Trident Cayman's due diligence procedures on the promoters and managers of Funds, we may require additional information from potential promoters and managers of new Funds about their suitability to form and operate such Funds. Trident Cayman's obligations to CIMA in this respect are set out in Section 16 of the Mutual Funds Law, 2020 Revision.

A licenced Administrator has a duty under Section 17 of the Mutual Funds Law to report to CIMA immediately if it knows or has reason to believe that a Fund, or its promoter or operator, is carrying on business in a manner

which is adverse to the best interests of the Fund under one or more of the categories described within that Section.

Anti-Money Laundering Officer Appointments: All investment entities and investment managers must have appointed natural persons to serve as Money Laundering Reporting Officers, Deputy Money Laundering Reporting Officers and Anti-Money Laundering Compliance Officers to that entity. These appointments and any changes must be notified to CIMA for all CIMA regulated investment entities. Investment entities should also review and update their Offering Documents as may be necessary.

Continuing Statutory Obligations of Cayman Islands Exempted Companies

Cayman Islands Registered Office

Every company and other entity domiciled in the Cayman Islands must maintain a Registered Office in the Cayman Islands.

Company Name

The name of the company must be displayed at the Registered Office in the Cayman Islands. Where Trident Cayman provides the Registered Office, we will attend to this requirement.

Annual Government Fees and Annual Returns

The Annual Return for an Exempted Company will include the following information and representations, which Trident Cayman assumes will remain true in each case unless we have been specifically advised otherwise by you:

- a. that there has been no alteration in the company's Memorandum of Association, other than an alteration in the name of the company, or an alteration already reported in accordance with the law;
- b. the operations of the company have been conducted mainly outside the Cayman Islands; and
- c. the company has not, and will not, trade in the Cayman Islands (except in furtherance of its business outside the jurisdiction).
- d. states the nature of the business.

Please notify Trident Cayman immediately if there has been a change in items a-c for the current year with respect to your company. For item d., Trident will need to be advised of the nature of the business and will be reaching out to all entities in Q4 2020 to request confirmation of the principal business activity as per the available options circulated by the Registry. Going forward, Trident Cayman will assume that the information will remain true until we have been specifically advised otherwise by you.

In paying Trident Cayman's annual renewal invoice, this will constitute your authorisation for us to prepare, execute as authorised signatory and to file the Annual Return. Also, in paying Trident Cayman's annual invoice the directors and shareholders also acknowledge that they are aware that it is an offence to make or permit a false Annual Return declaration. Such offence could expose the company, its shareholders, directors and officers to significant fines and penalties. The company may be liable to immediate dissolution and removal from the Register. In such a case, all of its assets would then vest in the Cayman Islands Government.

Each year, an Economic Substance Notification (“ES Notification”) is required to be filed prior to the filing of the Annual Return. The ES Notification is separate from the Annual Return. An Annual Return cannot be submitted unless the ES Notification has been filed and cleared funds for the annual fee payment have been received. Therefore, to ensure that the company does not fall into default, it is important to provide Trident Cayman with the ES Notification promptly and to settle our invoices in a timely manner. More information in respect of economic substance can be read at the section “[Economic Substance](#).”

For details of our Annual Fee Payment Procedures and Bank Details please refer to our 2020 Annual Client Memo which can be found [here](#).

Registrar Penalties for Late Payment of Annual Fees or Late Filing of Annual Returns for a Company or other Entity

(Based on the amount of the annual fee)

| | |
|-----------------------------------|--------|
| Up to 31 March | Nil |
| Between 1 April and 30 June | 33.33% |
| Between 1 July and 30 September | 66.67% |
| Between 1 October and 31 December | 100% |

A Certificate of Good Standing cannot be obtained from the Registrar after January 1 for a company, or other entity, which has outstanding fees or returns due to the Registrar.

Failure to Pay Annual Fees to Registrar of Companies

A company which has not filed its Annual Return or paid its Annual Government fee within 12 months of its due date is liable to be struck off the Register. When a company is struck off the Register, any assets held by a company automatically vests in the Cayman Islands Government.

Economic Substance

The International Tax Co-Operation (Economic Substance) Law, 2020 as amended (the “ES Law”) applies to a defined class of relevant entities including exempted companies, foreign companies registered in the Cayman Islands, limited liability companies and limited liability partnerships that are required, subject to what is said below, to maintain economic substance in the Cayman Islands unless they are (i) tax resident outside the Cayman Islands; (ii) an investment fund (including entities through which any such fund invests or operates); (iii) a domestic company or (iv) an entity without a separate legal personality (certain forms of trust or partnerships).

Relevant entities will be required to meet the economic substance test in respect of their relevant activities in the Cayman Islands. Note that an entity may conduct more than one relevant activity. The categories of relevant activities include the following which are further defined in the ES Law:

- a. Banking business;
- b. Distribution and service centre business;
- c. Financing and leasing business;
- d. Fund management business;
- e. Headquarters business;
- f. Holding company business;
- g. Insurance business;

- h. Intellectual property business; and
- i. Shipping business.

Relevant entities that carry on relevant activities must satisfy the economic substance test. In general, to satisfy the economic substance test in relation to a relevant activity, a relevant entity must:

- conduct core income generating activities (CIGAs) in the Cayman Islands (the ES Law defines CIGAs as activities that are of central importance to a relevant entity in terms of generating income and that are being carried out in the Cayman Islands);
- be “directed and managed” in an appropriate manner in the Cayman Islands in relation to that relevant activity; and
- having regard to the level of relevant income derived from the relevant activity carried out in the Cayman Islands: have an adequate amount of operating expenditure incurred in the Cayman Islands; have adequate physical presence (including maintaining a place of business or plant, property and equipment) in the Cayman Islands; and have an adequate number of full-time employees or other personnel with appropriate qualifications in the Cayman Islands.

Holding companies which only hold equity participations in other entities and only earn dividends and capital gains are subject to a reduced substance test. Under this they must confirm that the relevant entity has complied with (a) all applicable filing requirements under the Cayman Islands Companies Law; and (b) has adequate human resources and adequate premises in the Cayman Islands for holding and managing equity interests in other entities. What is required for (b) of this reduced substance test as with the economic substance legislation in general will be dependent on how the pure equity holding company business is being conducted. The Cayman Islands current Economic Substance Guidance states that a pure equity holding company maintaining a registered office in the Cayman Islands engaging its Registered Office service provider in accordance with the Companies Law (2020 Revision) may be able to satisfy the reduced economic substance test depending on the level and complexity of activities to operate the business. For the avoidance of doubt a pure equity holding company is not required to be directed and managed in the Cayman Islands

A company will be required to file an ES Notification each year which is a pre-requisite to a company filing its Annual Return. If a company has a relevant activity then twelve months after the last day of the end of each financial year commencing on or after 1 January 2019, a relevant entity carrying out relevant activities will be required to file a return/report setting out details of income, expenses, assets, management, employees, physical presence and other matters. A company conducting relevant activities as in terms of the ES Law but tax resident outside the Cayman Islands, will not be required to file a report/return but instead will be required to file an “Entity Tax Resident in another Jurisdiction” form annually.

Non-compliance with the ES Law will result in significant financial penalties and continued non-compliance may result in an application by the Cayman Tax Information Authority (“TIA”) to the Grand Court of the Cayman Islands for an order that the entity is struck off the Register.

Further information in respect of Cayman Islands Economic Substance can be found on the Department for International Tax Cooperation [website](#).

Meetings

Exempted Companies are not obligated to hold annual meetings of shareholders. The frequency and procedures relating to convening meetings of shareholders and directors are governed by the provisions of the Articles of Association. As in terms of the Companies Law, directors are not required to hold an annual meeting in the Cayman Islands. Directors will however be required to consider their obligations in respect of meetings to be held in the Cayman Islands as in terms of the ES Law.

Company Registers

Under the Companies Law each company must maintain the following registers:

Register of Directors and Officers

This register contains the name, address, date of appointment and date of resignation of each director and officer. Details of the directors and officers must be filed with the Registrar of Companies. This register must be maintained at the Registered Office in the Cayman Islands.

The Registrar is required to make a list of names of current directors (and alternate directors) of a company available for inspection by any person, on payment of a prescribed fee. The information available is limited to the names of the current directors and alternates and does not include any other personal details such as address, date of birth or nationality. A search may be conducted in relation to a specific company only and may only be made in person at the offices of the Registrar of Companies in the Cayman Islands.

Register of Shareholders

This register contains the name and address of each of the company's shareholders; the distinguishing number of shares (if any); whether shares are fully paid; the number and category of shares held; whether any relevant category of shares carries voting rights under the articles of association and if the voting rights are conditional; the date of entry as a member; the date of transfer; and the person to whom the shares are transferred; the date on which any person ceased to be a member. Voting rights are specifically defined as the right "to vote at general meetings of the entity on all or substantially all matters" (or, in relation to a legal entity that does not have general meetings at which matters are decided by the exercise of voting rights, rights that are equivalent to those of a person entitled to exercise voting rights in a company). This means that shares that grant their holders the right to vote only on limited matters (such as the appointment of a particular director, for example) will not be deemed to carry voting rights. Also, a voting right is considered to be conditional where the voting right (which must still be a right to vote at general meetings on all or substantially all matters) arises only in certain circumstances (e.g. following an event).

The register is not a public document. The register may be kept in an electronic format or any other medium and generally can be freely maintained anywhere in the world. Although this is not required by statute the register is usually held at the Registered Office.

Register of Mortgages and Charges

This register contains details of the mortgages and charges specifically affecting the property of the company and must be maintained in the Cayman Islands. If any mortgage or other form of security interest is granted, full particulars must be provided immediately and the register shall be written up, including in respect of each mortgage a short description of the property mortgaged, the amount of the mortgage and the names of the mortgagees or persons entitled to the mortgage. This register can be inspected by any member or creditor of the company. Security documents which are brought to or executed in the Cayman Islands will be subject to stamp duty.

Register of Beneficial Owners

The directors of each Cayman Islands Exempted Company and managers of each Limited Liability Company have a duty to keep their company compliant with the Beneficial Ownership Reporting Regime ("BO Regime"). For this purpose, the directors and managers have an ongoing duty under law to notify Trident Cayman of all transactions which may impact any of the following:

- a. the status of a company under Beneficial Ownership legislation (i.e. whether it is an exempted entity or in-scope entity);
- b. the identity of an in-scope entity's registrable persons; or

- c. any information contained in an exempted entity's written confirmation.

Company management must routinely review the above to ensure that the company remains compliant under Beneficial Ownership legislation. It must be noted that the transactions which may impact these reportable matters may in many instances occur at higher levels within a group structure, which may be well removed from the Cayman Islands Exempted Company or Limited Liability Company. Company management should keep abreast of any such changes to ensure continued compliance by their Cayman Islands entity with the Beneficial Ownership Legislation., or else risk being subject to significant financial penalties and/or imprisonment.

For failure to establish or maintain a beneficial ownership register or for failure to comply with any notice or to provide information under the beneficial ownership legislation there are significant penalties (monetary and/or imprisonment). By the direction of the court the company may also be struck off.

The BO Regime now has an administrative fines regime which was introduced on June 29, 2020. This now grants the Cayman Islands Registrar of Companies the power to impose fines for a number of breaches unilaterally and without court proceedings.

In all instances, initial fines will be approximately US\$6,100 for an initial breach, with continuing breaches attracting further monthly fines of approximately US\$1,220 up to a maximum of US\$30,000 for a single breach.

Where a fine remains unpaid by a company for ninety days, the ROC may strike off such company from the register.

The fines will have a limitation period of six months from the date on which the Registrar became aware of the occurrence of the breach

A fine may be imposed for a breach that is not an offence. A fine for a breach that is also an offence will not preclude a prosecution for the breach or liability for any relevant fee

The BO Regime has been further amended to provide the ability to issue a restrictions notice to the corporate service providers ("Trident") and remove this ability from the In-Scope Entities. The restrictions notices essentially are to put a freeze on the relevant shares or interest, prohibiting distributions, dividends and/or transfers.

Public Register of Cayman Companies

In addition to the registers kept by the Company itself, 2020 amendments to the Companies Law and the Limited Liability Companies Law introduce a new register of companies which will be kept by the Registrar and will be open to inspection by any person on payment of a prescribed fee. The register will include the following information:

- a. The name of the Company and, if an exempted company, the dual foreign name and translated name
- b. Location of the Company's registered office in the Cayman Islands
- c. The authorized capital of the Company and, in the case of a company having its share capital divided into shares of a nominal or par value, the number of shares into which it is divided and the fixed amounts thereof
- d. The names and addresses of the subscribers to the Memorandum and the number of shares taken by each subscriber
- e. The dates of execution and filing of the Memorandum of Association
- f. The Company number allocated by the Registrar

- g. In the case of a company limited by guarantee or a company that has no limit placed on the liability of its members —
 - (i) a statement that the company is limited by guarantee or is unlimited, as the case may be; and
 - (ii) the omission of any of the particulars specified in the Schedule which are irrelevant or inappropriate
- h. The nature of the business
- i. The date of the end of the Company's financial year

Filing Procedures -Penalties for Late Filing

The Companies Law provides for daily penalties for non-compliance with a number of requirements (e.g. filing deadlines, requirement to have a Registered Office etc.). There are statutory time constraints for due notification. For this reason, it is important to provide the information to the Registered Office promptly to avoid fines or penalties which will be levied pursuant to the Companies Law. The following events must be notified to the Registered Office in order that the Registrar of Companies may be notified, and the appropriate fee paid.

As a general rule, only the Registered Office in the Cayman Islands may make filings with the Registrar of Companies. For this reason, all significant statutory corporate events should be notified promptly to Trident Cayman for the appropriate filing by us, if required, with the Registrar.

Trident Cayman recommends that you pay careful attention to the reporting of all statutory obligations in order to avoid unnecessary fines or penalties.

The time limits for notification of the following significant events are:

- Changes in the name of a company: 15 days
- Changes in beneficial owner: one month
- Alterations to the Memorandum or Articles of Association: 15 days
- Any other special resolution passed by the shareholders: 15 days
- Changes of location of the Registered Office: 30 days
- Changes in directors or officers: 30 days
- Increases in the authorised capital of the company: 30 days

Minute Book

A corporate minute book should be maintained. Although there is no requirement that the minute book be maintained at the Registered Office, most companies follow this practice. The minute book and statutory registers and records of the company should contain:

- Original or electronic original Certificate of Incorporation and any Certificates of Change of Name
- Certified copy of the Memorandum and Articles of Association (and any amendments thereto)
- Original or electronic originals of the minutes of directors' and shareholders' meetings (and any attachments referred to in the minutes)
- Originals or electronic originals of written resolutions of the directors and shareholders (and any attachments referred to in the minutes)
- The Registers of Directors and Officers, resignation letters and consents to act as director or officers
- The Register of Shareholders, Share Transfer Forms, Applications for Shares, copies of Share Certificates issued
- Register of Beneficial Owners
- Register of Mortgages and Charges and related transaction documents

- Copies of any Powers of Attorney granted by the Company
- Certificates of Good Standing or Incumbency (if obtained)
- Annual Returns
- Original or electronic original Tax Concessions Certificate (if obtained)

It is important to ensure that all relevant information and paperwork is provided to keep the statutory records up-to-date irrespective of where the documents originate. Maintaining all parts of the statutory records at the Cayman Registered Office will expedite the issuance of legal opinions. Duplicate statutory records may be maintained.

Books of Account

Under the Companies Law, all companies must maintain proper books of account, although they need not necessarily be kept at the Registered Office. The books of account must be such as are necessary to give a fair and true view of the state of the company's affairs and explain its transactions. All books of account must be maintained for a minimum of five years from the date on which they are prepared. Failure to do so may result in a significant penalty being imposed.

The Companies Law require companies which keep their books of account outside of the Cayman Islands to provide information to its Registered Office regarding its books of account at least annually. The exact nature of this requirement is yet to be confirmed, but failure to comply will lead to the incurrence of initial and daily penalties. This requirement will not apply to companies which file accounting information with CIMA.

If a company is regulated by CIMA it must have its financial statements audited annually and lodged with CIMA by its auditors.

Company Seal

A company may have a common seal, but there is no statutory requirement for a company to have a common seal. Neither the Companies Law nor the Limited Liability Companies Law requires that a seal be affixed to documents executed under seal. Any contract which is expressed to be executed as a deed or is clearly intended to be a deed, is deemed by the Companies Law and the Limited Liability Companies Law to be executed as if by deed or under seal. If a common seal is used, the Articles of Association normally will provide that it be kept at the Registered Office. A duplicate seal may be approved for use outside the Cayman Islands when the directors are non-resident. This duplicate may be a facsimile of the common seal, and if so desired, the duplicate may have imprinted the specific district, territory or place where it is to be used.

Procedure to Change Directors and Officers

Letters of resignation and Consent to Act letters should be sent to the Registered Office, along with the resolutions of the directors (or shareholders where a sole director has resigned) appointing new directors and officers and accepting the resignation of the retiring directors and officers. Copies of resolutions should be provided to the Registered Office promptly so that Trident Cayman can update the Register of Directors and Officers and make required filings electronically with the Registrar of Companies. There are significant penalties for late filing of changes of directors and officers.

Generally, directors may be removed by an ordinary resolution of the shareholders passed at a general meeting of the shareholders. An ordinary resolution requires a simple majority of those shareholders present and entitled to vote at the meeting voting in favour of the resolution. Officers may usually be removed by a resolution of the directors. Alternatively, directors and officers may be removed by resolutions signed by all shareholders or directors respectively, in lieu of a formal meeting.

The Articles of Association and minute book must be checked to ensure compliance with any special provisions relating to the appointment and removal of directors.

Alternate Directors

Alternate directors and any changes thereof are required to be recorded on the Register of Directors and notified to the Registrar of Companies, if the alternate directors fall within the definition in law. However, no entry need be made in the Register of Directors nor any filing made with the Registrar of Companies if the appointments fall within the following categories: (a) their powers are limited to fulfil limited responsibilities; or are appointed for a specified period of less than 90 days; or (b) they are appointed to attend a particular meeting or series of meetings; or are appointed to sign a particular board resolution or series of board resolutions.

Share Transactions

The issuance of new shares is usually approved by a resolution of the directors following an application for shares. If the Registered Office maintains the Register of Members, the original resolution (or minutes of meeting) should be lodged with the Registered Office for entry to the Register of Members, and to enable any share certificates(s) to be issued, where requested. Shares are typically issued in consideration of additional paid in capital. Shares may be issued at a premium.

If existing shares are transferred, a share transfer form must be signed in accordance with the provisions of the Articles of Association and placed on the minute book. The directors should pass a resolution approving the transfer and issue of a new share certificate, which may not be issued until the old share certificate is surrendered to the Registered Office for cancellation, unless the shares are in registered form only and certificates are not issued.

The Articles of Association, statutory registers and minute book must be checked to ensure compliance with any restrictions on the transfer of shares.

Continuing Statutory Obligations of Cayman Islands Limited Liability Companies (“LLC”)

Annual Government Fees and Returns

An Annual Return must be submitted to the Registrar in January of each year following incorporation along with the appropriate Annual Return fee.

The Annual Return for each LLC will state the nature of the business and include the representation that during the prior calendar year the LLC complied with the LLC Law which Trident Cayman assumes will remain true unless we have been specifically advised otherwise by you.

Trident will need to be advised of the nature of the business and will be reaching out to all entities in Q4 2020 to request confirmation of the principal business activity as per the available options circulated by the Registry. Going forward, Trident Cayman will assume that the information will remain true until we have been specifically advised otherwise by you.

The Annual Return must be submitted to the Registrar in January of each year following incorporation along with the appropriate Annual Government fee. Please refer to the aforementioned section [“Registrar Penalties for Late Payment of Annual Fees or Late Filing of Returns for a Company or other Entity”](#) for further details on penalty provisions.

In paying Trident Cayman’s annual renewal invoice, this will constitute your authorisation for us to prepare, execute as authorised signatory and to file the Annual Return. Also, in paying Trident Cayman’s annual invoice the managers and members also acknowledge that they are aware that it is an offence to make or permit a false Annual Return declaration. Such offence could expose the company, its managers and members to significant fines and penalties. The company may be liable to immediate dissolution and removal from the Register. In such a case, all of its assets would then vest in the Cayman Islands Government.

Each year, an Economic Substance Notification (“ES Notification”) is required to be filed prior to the filing of the Annual Return. The ES Notification is separate from the Annual Return. An Annual Return cannot be submitted unless the ES Notification has been filed and cleared funds for annual fee payment have been received. Therefore, to ensure that the company does not fall into default, it is important to provide Trident Cayman with the ES Notification promptly and to settle our invoices in a timely manner. More information in respect of economic substance can be read at the aforementioned section [“Economic Substance.”](#)

For details of our Annual Fee Payment Procedures and Bank Details please refer to our 2020 Annual Client Memo which can be found [here](#).

Proper Books of Account

An LLC must keep or cause to be kept proper books of account. Please refer to the aforementioned section “Books of Accounts” for further details.

Company Seal

An LLC may have a common seal, but there is no statutory requirement for a company to have a common seal. Please refer to the aforementioned section “Company Seal” for further description.

LLC Registers

Under the LLC Law each LLC must maintain the following Registers.

Register of Members

An LLC must maintain a Register of Members which contains the name and address of each member of the LLC, the date on which such person became a member, the date on which such person ceased to be a member, and the time and date of receipt of any notices in relation of security interests served. The register is required to be updated within 21 days of any changes to the register. The register is not open to public inspection and is not required to be filed with the Registrar, however provided where management of the LLC is vested in the members, the Register of Members must be filed with the Registrar. The register must be maintained at its Registered Office or at such other location provided under the LLC Agreement. The Registered Office must have a record of where the register is kept, where other than at the Registered Office, and be provided with updates to the register as changes occur.

Register of Managers

An LLC must maintain a Register of Managers which contains the name and address of each manager of the LLC, the date on which such person became a manager, and the date on which such person ceased to be a manager. The time limit for notification of any changes to an LLC’s managers is 30 days. The register is required to be maintained and kept at the Registered Office and a copy of the register is required to be filed with the Registrar.

The Registrar is required to make a list of names of current managers available for inspection by any person, on payment of a prescribed fee. The information available is limited to the names of the current managers and does not include any other personal details such as address, date of birth or nationality. A search may be conducted in relation to a specific LLC only and may only be made in person at the offices of the Registrar of Companies in the Cayman Islands.

Register of Security Interests over LLC Interests

An LLC must maintain a Register of Security Interests. The priority ranking of secured creditors will be based on the time and date of notice of such interest to the Registered Office. The register must be updated within 21 days of any change.

Register of Contributions

An LLC must maintain a Register of Contributions for each member. The register will set out the amount and date of contributions for each member, and the date of any return (whole or part) of such contributions. The register must be updated within 21 days of any change, and can be kept at any location, and is not open to public inspection unless otherwise provided under the LLC Agreement.

Register of Mortgages and Charges

An LLC must maintain a Register of Mortgages and Charges which must be kept at the Registered Office and reflect a true record of all mortgages and charges of the LLC. Please refer to the aforementioned section "Register of Mortgages and Charges" for further description.

Register of Beneficial Owners

The managers of each LLC have a duty to keep the LLC compliant with the Beneficial Ownership Reporting Regime. Please refer to the aforementioned section "Register of Beneficial Owners" for further description or information.

Change in Registered Particulars

Changes to any information included in the LLC registration statement should be notified to the Registrar by way of filing a certificate of amendment to the registration statement within 30 days of the change. Late filings will incur penalty fees.

Continuing Statutory Obligations of Cayman Islands Exempted Limited Partnerships (“ELP”)

Residence

Any one of the limited partners and the General Partner of an ELP may be resident, domiciled, established, incorporated or registered in the Cayman Islands. However, at least one General Partner must be resident in the Cayman Islands if an individual or registered here (as a local or foreign corporation), if a corporation or a partnership. Under the ELP legislation, a Foreign Limited Partnership may act as the General Partner of the ELP, providing such Foreign Limited Partnership is established in a recognized jurisdiction and is registered in Cayman as a Foreign Registered Partnership.

Name

Every ELP must include the words “Limited Partnership” or the letters “L.P.” or “LP” in its name. The name may be preceded by or followed with a dual or foreign name. As in terms of legislation, an ELP may have an additional foreign name, a “dual foreign” name, which will be reflected on the Certificate of Registration alongside the English form of the name.

Annual Government Fees and Returns

Unless otherwise instructed in writing by the ELP, Trident Cayman shall prepare, execute as authorised signatory of the ELP and file, on behalf of the ELP, the annual return to the Registrar pursuant to the ELP Law (the Annual Return). The ELP hereby authorises Trident Cayman to prepare, execute as authorised signatory of the ELP and file, on behalf of the ELP, the Annual Return and in connection therewith represents and warrants (the Annual Return Representation) that during the prior calendar year, the ELP complied with the ELP Law and that it has not undertaken business with the public in the Cayman Islands.

In connection with the preparation, execution and filing of the Annual Return by Trident Cayman on the ELP’s behalf each year, Trident Cayman shall be entitled to continuously rely on the Annual Return Representation except and until it has received written notice from the ELP that the Annual Return Representation is no longer true or accurate.

Trident will need to be advised of the nature of the business and will be reaching out to all entities in Q4 2020 to request confirmation of the principal business activity as per the available options circulated by the Registry. Going forward, Trident Cayman will assume that the information will remain true until we have been specifically advised otherwise by you.

The Annual Return must be submitted to the Registrar in January of each year following incorporation along with the appropriate Annual Government fee. Please refer to the aforementioned section “[Registrar Penalties for Late Payment of Annual Fees or Late Filing of Returns for a Company or other Entity](#)” for further details on penalty provisions.

In paying Trident Cayman's annual invoice, this will constitute your authorisation for us to file the Annual Return. Also, in paying Trident Cayman's annual invoice the partners acknowledge that they are aware that it is an offence to make or permit a false Annual Return declaration. Such offence could expose the ELP to significant fines and penalties. They may be liable to immediate dissolution and removal from the Register. In such a case, all of its assets would then vest in the Cayman Islands Government.

For details of our Annual Fee Payment Procedures and Bank Details please refer to our 2020 Annual Client Memo which can be found [here](#).

Changes in Registered Particulars

Each ELP is required to make an initial statement giving certain information including its name; the nature of its business; its Registered Office address; the term of the partnership; the name and address of its General Partner; and a declaration that it conducts its business mainly outside of the Cayman Islands. Any changes to the mentioned details should be advised to the Registrar by the General Partner within 60 days of that change, unless the change relates to the replacement, removal or admittance of the General Partner, in which case the filing deadline is 15 days. Failure to file changes to the registration particulars within the time constraint will result in significant penalties for non-compliance.

Register of Limited Partnership Interests and Register of Contributions

The General Partner as in terms of the Exempted Limited Partnership legislation is required to maintain two registers for the ELP. The first register, the "Register of Limited Partners," must contain the name and address of each Limited Partner and the date of entry and/or withdrawal of each Limited Partner from the ELP and should be updated within 21 days of the date of any change in the particulars therein. The second register, the "Register of Limited Partners Contributions," is required to record the amount and date of contributions of each Limited Partner, and the amount and date of any payment representing a return of the whole or any part of the Limited Partner's contribution to the ELP and should be updated within 21 days of the date of any change in the particulars therein. The register may be kept in an electronic format or any other medium and can now be freely maintained anywhere in the world. Although not required by statute the register is usually held at the Registered Office.

Register of Security Interests

As in terms of legislation, the General Partner of an ELP is required to maintain a Register of Security Interests at the Registered Office. In the Register of Security Interests there shall be registered each security interest in relation to which a valid notice of the grant of a security interest over the whole or any part of an ELP interest has been served. The Register of Security Interests shall contain the identity of the grantor and grantee, the partnership interest or part thereof subject to the security interest and the date on which notice of the security interest was validly served.

Proper Books of Account

The law imposes on an ELP the obligation to cause to be kept proper books of account so as to give a true and fair view of the business and financial condition of the ELP and to explain its transactions. These books of account must be retained for at least five years from the date on which they are prepared. Unless it is a requirement under the ELP agreement or any regulatory laws applicable to the ELP, an ELP need not appoint an auditor nor have the ELP's accounts audited.

Tax Information Sharing

Legislation provides that, if a General Partner of an ELP does not usually keep the Register of Limited Partnership Interests at its Registered Office in the Cayman Islands, or it neither keeps the books of account of the partnership at its Registered Office, nor at another place within the Cayman Islands, then should the TIA serve a notice or order on the General Partner, the General Partner must make the relevant register and the books of account available to the TIA at the Registered Office of the ELP in the Cayman Islands.

The phrase “books of account” for TIA purposes is very broad and includes material underlying documentation such as contracts and invoices with regard to all money received and expended by an ELP, all sales and purchases of goods by the ELP and the assets and liabilities of the ELP. The accounts can be provided in electronic form or any other medium. Failure to provide the register or books of account to the TIA upon service or order, without reasonable excuse, will result in a one-off fine for the ELP plus significant daily fine for every day during which non-compliance continues.

Continuing Statutory Obligations of Vessels Registered in the Cayman Islands

Tonnage Taxes

All vessels fully registered in the Cayman Islands pay an annual tonnage tax to the [Cayman Islands Shipping Registry](#) ("CISR"). The tonnage tax is based on the gross tonnage ("GT") of the vessel. For a vessel up to 400 GT the annual tonnage tax is US\$500. For vessels between 400 GT and 1,000 GT the annual tonnage tax is US\$700. This annual fee will be included in our annual renewal invoice.

The due date for payment to the CISR shall be:

- in the case of annual tonnage fee, the January 31 of the year for and in which the fee is payable, except where initial payment of the fee falls due on some other specified due date; and
- for all other fees and charges, the date of issue of the invoice.

The following late payment penalties apply for fees and charges unpaid to the CISR by the due date:

- a 2% surcharge on fees, other than tonnage fees, will be applied for each period of 30 days or part thereof for amounts due and not paid within 30 days of the due date
- a 5% surcharge on the tonnage fees outstanding will be applied for each period of 30 days or part thereof for amounts due and not paid within 30 days of the due date

Annual Casualty Investigation Fund Fee

All vessels fully registered in the Cayman Islands must pay an annual casualty investigation fund fee to the CISR. The minimum annual casualty investigation fund fee is US\$30. This annual fee will be included in our annual renewal invoice.

Vessel Radio Licences

All vessels registered in the Cayman Islands are obliged under the Information and Communication Technology Authority Law (as revised) to obtain a radio licence from the Authority, regardless of whether or not the respective vessel actually enters or remains within the territorial waters of the Cayman Islands. The operator of a radio station on any vessel registered in the Cayman Islands must at all times have a current licence from the Authority.

The Radio Regulations issued by the International Telecommunications Union ("ITU"), which apply to the Cayman Islands via United Kingdom legislation, state that no transmitting station may be established or operated by a private person or by any enterprise without a licence issued in an appropriate form and in conformity with the provisions of the Regulations by or on behalf of the government of the country to which the station in question is subject.

Vessel owners should note that unlicensed vessels are excluded from the ITU's Maritime mobile Access and Retrieval System ("MARS") database that is used by search and rescue organisations and that, where applicable, Maritime Mobile Service Identity ("MMSI") numbers are withdrawn from vessels that have not renewed their licence and are reallocated to new vessels. For the continued safety of all those on board, it therefore is vitally important that a vessel keeps its radio licence current.

Annual radio licence fees for luxury vessels from the Information and Communications Technology Authority ("ICTA") depend upon gross tonnage.

The annual renewal fee for the radio licence is due on the anniversary of issuance and it is your responsibility to renew the radio licence which can be done either through our office or direct with ICTA. Failure to obtain the required licence could result in a substantial one-off daily monetary penalty and/or imprisonment.

Appointment of Representative Person

Vessels where the person(s) by whom the majority interest is owned is not resident in the Cayman Islands may only be registered with the CISR if a Cayman representative person is appointed in relation to the vessel.

The appointment of a Representative Person does not impact an owner's right to deal directly with the CISR as an individual owner or through an Authorised Person.

Change of Representative Person

In the event of a change in the identity or in the address of the representative person so appointed, CISR should be notified of the changes as soon as practicable after the change occurs, otherwise the owner of the vessel may be liable for a fine.

Vessel Registration

The CISR offers vessel registration of merchant vessels, private and commercial vessels, passenger vessels and vessels under construction.

There are five types of vessel registration - Full, Interim, Term, Under Construction and Demise (Bareboat) Charter.

Change in Registered Particulars

All vessels registered in Cayman are required to be marked with its Port of Registry, Official Number and Net Tonnage (for vessels 24 metres and over) or Registered Tonnage (for vessels under 24 metres) within 21 days of the issue date of the vessel's Certificate of British Registry.

A vessel should be deleted from the CISR prior to transfer to another jurisdiction.

Display of Flag

It is an offence to leave or enter any foreign port without displaying the flag and to intentionally hide the nationality of a vessel.

Change in Name of Vessel

Changes in name of a registered vessel require the written consent of the CISR. Where the name of the vessel is changed without written consent, the owner of the vessel has committed an offence and fines will apply.

Change in Ownership of Vessel

The ownership of a vessel can be transferred to an individual who is qualified to own a Cayman vessel and who intends to register the vessel in Cayman.

Insurance Coverage

All Cayman Islands registered vessels (and other vessels whilst in Cayman Islands' waters) must carry insurance, which provides adequate cover against the risk of loss or damage to third parties, and against wreck removal expenses. It is an offence not to carry adequate insurance and if the owner of a Cayman flagged vessel fails to have and maintain adequate insurance coverage, they are liable to a considerable fine.

If the vessel is over 1000 GT, by law it must have adequate protection and indemnity cover (or the equivalent in financial security), to cover the owner's liability in respect of pollution damage arising from bunker spills.

If the vessel will be operating in areas outside of the Cayman Islands, the owner should check on any local insurance requirements of that jurisdiction.

Crew and Safety

The crew of a Cayman Islands flagged vessel should enter into a crew agreement which sets out the terms of their employment. It is a requirement for the crew agreement(s) to be on the vessel when the vessel is at sea. Failure to do so is an offence, which may lead to a considerable fine being assessed against the party employing the crew, and/or if the vessel is in Cayman Islands' waters, may result in the confinement of the vessel.

Anyone employing crew on a Cayman Islands flagged vessel, is required to pay wages, and if any outstanding balance of wages is owed, is required to pay the outstanding wages to the crew member within seven days of the crew member's discharge. Failure to comply will result in the employer (or crew master) of the crew member being liable to daily penalties.

Should a member of the crew require urgent medical treatment whilst the vessel is at sea, the employer is liable to meet the expenses of the treatment. If the crew member is discharged from the vessel to a port which is not the person's home port, the employer is responsible to make adequate arrangements for the crew member's return to their home port.

Safety requirements for Cayman Islands flagged vessels include:

- maintaining the vessel in a condition that is seaworthy;
- maintaining up-to-date radio licenses, survey certificates, and participating in regular surveys;
- having enough crew members on the vessel to maintain safe manning levels;
- not exceed the maximum number of passengers to be carried safely on the vessel, (a Cayman Islands flagged vessel can carry no more than 36 passengers);
- providing assistance to any vessels in distress, or persons lost overboard/at sea, if in area.

Records to be Kept on Board the Vessel

A Cayman Islands flagged vessel is required to maintain and have on board the vessel certain records, which include an official log book (recording the day to day operations of the vessel, and include details of all fire drills, lifeboat drills, and equipment inspections); a deck log book (relating to watching the deck); an engine room log book (including particulars of the engine room watch); the crew list (and copies of the crew employment agreements), etc.

Accident / Incident Reporting

The owner or master crew member (i.e., captain) of the vessel is required to report any accident which results in the serious injury to a person, or the loss of life, or any material damage to the vessel which affects its efficiency or seaworthiness. The report is required to be made to the CISR within 24 hours of the incident occurring. Failure to report an incident of such nature will incur a fine. The report must include the name of the vessel, the port of registry, the official number and location of the vessel, as well as note the circumstances of how the incident occurred, and the probable cause.

Termination of Registration

The CISR may terminate the registration of a Cayman vessel in the following circumstances:

- on submission of CISR857 Form and a No Objection Letter;
- that a penalty imposed on the owner(s) of a Cayman vessel under the law has remained unpaid for in excess of 3 months;
- if the tonnage fees of a registered vessel have remained unpaid for a period of more than 2 years;
- If the vessel is no longer entitled to remain registered in the Cayman Islands, for example, because the majority shareholder interest therein is no longer held by a person qualified to own a Cayman Islands registered vessel;
- on an application of termination from the owner; and
- if the vessel no longer has a local representative.

Notice of service closure – Inmarsat Fleet 77

Inmarsat Fleet 77, which supports Inmarsat Fleet 77 ship earth stations, is a Global Maritime Distress and Safety System compliant service that integrates satellite communication services providing voice communications. Fleet 77 is not mandatory under the carriage requirements of the International Convention for the Safety of Life at Sea 1974 (SOLAS).

Inmarsat Fleet 77 service is scheduled to close by 1 December 2020. All terminals associated with the retired service will be deactivated on the network and the service will no longer be available to customers.

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If an Inmarsat Fleet 77 Ship Earth Station (SES) is still in use on board a Cayman Islands registered ship, it will require replacement before 01 December 2020 to meet applicable statutory requirements. Any new equipment should be installed, surveyed and reflected to all applicable statutory certification before 01 December 2020.

Other Continuing Statutory Obligations of Cayman Islands Entities

Foreign Account Tax Compliance Act (“FATCA”)

Cayman signed Inter-governmental Agreements (“IGA’s”) with the US and UK in November 2013 and passed domestic legislation in July 2014 governing the automatic exchange of tax information with the US and UK Governments.

Cayman based Financial Institutions that meet the requirements set out in the IGA and in Cayman domestic implementing legislation will not be subject to the 30% withholding tax on US source income or investment proceeds imposed by the FATCA regulations upon non-compliant Financial Institutions. However, this does not impact the imposition of usual withholding taxes under the US Internal Revenue Code.

Under the Cayman Islands Inter-governmental Agreements with the US all Foreign Financial Institutions (“FFI”), which include investment funds, as well as many trusts and a proportion of their underlying entities, and Trident Cayman, have an obligation to report to the Cayman Tax Information Authority. A reporting financial institution shall prepare a return setting out the required information in relation to every reportable account that is maintained by the institution at any time during the calendar year in question; the institution’s Global Intermediary Identification Number; and certain other representations required under the law. If during the calendar year in question the reporting financial institution maintains no reportable accounts no filing is required. The reporting financial institution shall send a return to the regulator on or before 31st July of the year following the calendar year to which the return relates, although an extension to November 16, 2020, has been granted for the 2019 reporting period. The information required to be in the return is as follows, subject to certain exceptions:

- the name and address of the account holder;
- where applicable, the account holder’s taxpayer identifying number and date of birth;
- if an account is identifiable by an account number, that number or, if not, its functional equivalent;
- the balance or value of the account, or if the account was closed during the year, the balance or value on the date that the account was closed;
- the relevant total gross credits during the year, or if there are none, a statement of that fact; and
- if the account holder is a passive non-financial foreign entity that has a controlling person(s) who is a specified person, the name and address of that specified person, and, if that person is an individual, that person’s taxpayer identifying number and date of birth.

In order to comply with the financial institution’s reporting obligations, Trident Cayman requires the completion of Self-Certification Forms. These Forms must be completed by all Settlers, Protectors and relevant Beneficiaries where Trident Cayman provides Trustee services and must be completed by all shareholders where Trident Cayman provides nominee shareholder or custody services. Additionally, Trident Cayman

requests such forms to be completed for any FFI it manages. Failure to complete the Forms may result in the party being deemed as non-compliant.

If an FFI chooses not to report it commits an offence and is liable on summary conviction to a fine of US\$5,000, or to imprisonment of key individuals for a term of two years, or to both. Penalties are to be assessed on the Reporting Financial Institution and the individuals considered to have committed the offence.

Common Reporting Standard (“CRS”)

The Cayman Islands enacted regulations in October 2015, implementing the Common Reporting Standard (CRS), in compliance with OECD requirements.

The Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations (as amended), requires CRS reporting from industry to the Department for International Tax Cooperation (DITC) to be completed annually by 31 July of the year following the calendar year to which the return relates, although an extension to November 16, 2020, has been granted for the 2019 reporting period. This CRS reporting is in a similar format to the FATCA reporting, however where there is nothing to report a “nil return” is required.

Administrative and/or criminal penalties of up to US\$60,976 may be applied for non-compliance, false reporting and other errors.

The DITC released a new CRS Compliance Form in April 2020 which requires reportable Cayman Financial Institutions to provide additional information annually to ensure the effective implementation of, and compliance with, the reporting and due diligence procedures in accordance with the CRS. The deadline for the submission of the form is 31 December 31, 2020 for the first submission and thereafter 15 September each year.

Alternative Investment Fund Managers Directive (“AIFMD”)

The Alternative Investment Fund Managers Directive (“AIFMD”) is EU legislation that has introduced a common regulatory regime across the EU for Alternative Investment Fund Managers. The Directive affects any Cayman fund that markets to EU investors or is judged to be managed from the EU. The Cayman Islands has agreed AIFMD co-operation arrangements with the European Securities and Markets Authority which allow CIMA to sign individual Memoranda of Understanding (“MoUs”) with individual EU regulators. CIMA has now signed individual AIFMD-related MoUs with the majority of EU members. These MoUs with national regulators, as well as additional reporting and transparency requirements, are a prerequisite for managers of Cayman funds looking to continue marketing to European investors through the individual national private placement regimes (“NPPRs”).

The Cayman Islands is now implementing legislation to establish an opt-in regime for regulating Cayman Islands-domiciled investment funds and managers with connections to the EU, in order to facilitate the extension of the EU’s AIFMD passport to the Cayman Islands. However, following the Brexit vote, the EU has not decided on whether or not to implement the extension of AIFMD passport and it is likely the process will not be restarted before 2020 at least.

Until such time that the AIFMD passport is extended to the Cayman Islands, Cayman investment funds may continue to be marketed in the EU under NPPRs. Funds intending to market to professional investors in these countries should analyse the constraints and requirements of the NPPRs of the countries concerned.

Members of our EU team are available to discuss with you the implications of the AIFMD and the options and actions you may need to consider. To schedule a discussion, please contact Trident Cayman or your usual Fund Services representative.

Director's Registration and Licensing

The Directors Registration and Licensing Law requires that the directors (both natural persons and corporate directors) of certain regulated entities be either registered or licensed with CIMA in accordance with the Law. On or before 15 January of each year, each registered or licensed director (whether they are a natural person or corporate director) must provide CIMA with information in a prescribed form and pay their annual fee. CIMA sends an email to every registered or licensed director to remind them of the requirement to pay the annual fee and verify their information. Directors who do not pay the annual fee on or before 15 January will be charged a penalty surcharge of one-twelfth of the annual fee for every month or part of a month that the fee remains unpaid. Failure to pay the annual fee does not however result in de-registration of a director under the Law. If a director wishes to de-register, he may surrender his registration upon application to CIMA in the prescribed form and upon payment to CIMA of a de-registration fee. If a director is considering de-registration from CIMA prior to year-end, he will need to have completed the process prior to 31 December in order to avoid the next year's annual fees becoming due and payable.

Voluntary Liquidations, Mutual Fund De-registrations and Audit Waivers

In order to avoid the expense of annual 2021 government fees, entities who have ceased business and wish to be wound up and/or deregistered need to complete filings with the Registrar of Companies by 31 January 2021 and, in the case of regulated entities with CIMA, by 31 December 2020.

For termination filings with the Registrar, the operators of the entity need to decide whether to make a formal dissolution under Part V of the Companies Law, or whether to apply for a removal from the Register of Companies as a "Strike Off" by the Registrar pursuant to Part VI of the Companies Law. Clients are encouraged to contact our office as soon as possible if they require further information concerning the above choices.

CIMA regulated entities, if they wish to be considered for a partial year audit waiver in order to avoid the expense of a 2020 year-end audit, should commence their de-registration process and apply for and seek confirmation of a waiver from CIMA as early as possible. CIMA will consider applications for partial year audit waivers for terminating funds on a case by case basis. If a request for an audit waiver is not granted, the fund will need to allow for this, both in terms of the time required to prepare and submit the audited financials as well as the associated audit costs and additional year of government fees. Please reach out to your normal contact at Trident Cayman if you need further information on CIMA termination.

"Know Your Customer" Obligations

Cayman Islands legislation requires Trident Cayman to have on file prescribed due diligence information concerning each of our clients and their directors, managers, shareholders, members, partners, beneficial owners and other related parties.

Legislation also requires that on clients where the necessary due diligence information is not provided, a Financial Service Provider ("FSP"), such as Trident Cayman, must determine whether they wish to continue the relationship with that client. Failure to properly assess the status of non-compliant clients will place the FSP's own licence in jeopardy and can result in legal penalties. To meet these requirements Trident Cayman will notify each of our clients where due diligence remains outstanding.

Data Protection

The Data Protection Law 2017 ("DPL") came into effect on 30 September 2019. The DPL represents comprehensive data protection legislation and is similar in many respects to the European Union's ("EU") General Data Protection Regulation ("GDPR") which came into force on 25 May 2018.

In general terms, DPL imposes strict regulations on entities handling personal data while simultaneously giving greater legal entitlements to persons whose data is being processed. Failure to comply with DPL can result in significant monetary fines.

CIMA Rule - Cybersecurity for Regulated Entities

The Cayman Islands Monetary Authority (CIMA) has updated its Rule and Statement of Guidance – Cybersecurity for Regulated Entities following feedback received during a private sector consultation. The Rule is to come into effect on November 27th, 2020 and applies to entities (including controlled subsidiaries) regulated by CIMA under the following laws:

Banks and Trust Companies Law
Insurance Law
Mutual Funds Law – excluding regulated mutual funds.
Securities Investment Business Law
Building Societies Law
Cooperative Societies Law
Development Bank Law
Money Services Law
Companies Management Law
Directors Registration and Licensing Law
Private Trust Companies Regulations

The Rule requires regulated entities, among other things, to “establish, implement, and maintain a documented cybersecurity framework.” The Rule further states that “governing bodies are ultimately responsible for cybersecurity” and enumerates key requirements of the cybersecurity framework and the duties of the governing bodies.

Securities Investment Business

The Securities Investment Business (Amendment) Law, 2019 (“SIBA Law”), was published 18 June 2019, amending the Securities Investment Business Law (2019 Revision (“SIBL”).

SIBL regulates securities investment business (“SIB”). Cayman companies, partnerships, registered foreign companies, which deal in shares, partnership interests, or units of unit trusts, arrange such deals, manage or advise on such shares, interests or units, or manage, market or act as a depository for EU Connected Funds will likely be conducting SIB.

The amended law abolished the ‘Excluded Persons’ regime. SIBL ‘Excluded Persons’ required to be re-registered as ‘Registered Persons’ with CIMA by 15 January 2020 unless they were “Non-registerable persons” Non-registerable persons were explained in a new Schedule to the SIBA Law. ‘Excluded Persons’ who did not complete the re-registration process with CIMA by that date were deregistered and are unable to carry on SIB.

Under the SIBA Law there are a number of requirements including the filing of an annual return, payment of an annual fee and notifying CIMA within 21 days of the following:

- of ceasing to carry on SIB
- any material changes in the information filed by it in its application or annual declaration
- any issue of shares/interests and where issued, any voluntary disposal of such shares/interests (or beneficial interest)

-
- ▶ any changes in senior officers (including AML officers)

Obligations and requirements as in terms of the Cayman Islands economic substance legislation require to be considered for such entities. More information in respect of economic substance can be read at the aforementioned section "[Economic Substance](#)".

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