

# Cayman Funds

2016



---

## **The annual EY *Cayman Funds* Round Table**

Representatives from private sector, government and the regulator have a healthy debate

---

## **Regulatory challenges**

FATCA has been overcome, GATCA and CRS await

---

## **Corporate governance**

Self-regulation and market forces versus more government rules

---

## **Calm and steady despite headwinds**

## **The funds industry remains quietly optimistic**



MINISTRY FOR  
**FINANCIAL SERVICES**  
CAYMAN ISLANDS GOVERNMENT





# TALENT, TAX AND MORE CHANGE

*Cayman Funds* magazine, in association with EY, invited a cross section of executives from government and the private sector to discuss the health of the funds industry in Cayman, the effect of more regulatory change and new initiatives and the changing diversity and talent in the sector.



## How would you characterise the health of the hedge funds sector in the Cayman Islands at the moment?

**Jeffrey Short:** First, I would like to welcome the Honourable Wayne Panton, Minister of Financial Services, Commerce and Environment and thank you all for being here today. I am looking forward to having a healthy discussion. Minister Panton, I would like to turn it over to you for your opening comments.

**Wayne Panton:** Thank you for inviting me. My own background is in the financial services industry and I know that many of these issues are important for us to discuss. Government recognises that this industry is vital to Cayman. We are committed to supporting it, and the fact that we have created the first ministry dedicated to the financial services industry demonstrates this commitment.

## In attendance



Michelle Bahadur, director of the Department of Financial Services Policy and Legislation



Leanne Golding, senior vice president, Harbour



Rick Gorter, managing director, Trident Trust, Cayman



Leo Kassam, executive director, MUFG Investor Services



Gary Linford, director, Highwater



Susan Lock, partner, Campbells



Alan Milgate, chairman, Alternative Investment Management Association—Cayman



Duncan Nicol, director of the Department for International Tax Cooperation



Wayne Panton, Minister of Financial Services, Commerce and Environment



Geoff Ruddick, head of funds, International Management Services



Jude Scott, chief executive, Cayman Finance



Jeffrey Short, financial services partner, EY



Heather Smith, head of investments and securities division, Cayman Islands Monetary Authority (CIMA)



Wyn Jenkins, editor, *Cayman Funds* magazine



“We need to get the message across that we are complying at great cost and get credit for those efforts.”  
*Rick Gorter*

“We have been able to work through issues with investors by engaging in a productive dialogue with them.” *Leanne Golding*

As a country we are looking to diversify our economy but that will not detract from or dilute the importance of the financial services industry. The funds sector is a significant component of the Islands’ economy and we will continue to support its growth and development.

Of course, there are challenges from time to time but we are determined to collaborate with the likes of Cayman Finance as well as the private sector more generally. That is an important part of Cayman—the fact that the private sector and the public sector collaborate. That reflects our commitment to this industry and we are committed to working with all parties to promote it.

**Jude Scott:** From a Cayman Finance perspective, we have seen continued strong demand for Cayman funds. It is increasingly based on what is happening in the wider markets and performance is more important than ever. But we see Cayman funds as being well positioned to benefit going forward regardless of market conditions.

A lot of the feedback we get is that the strength of the domicile is built on the excellent service providers we have here. That, in turn, is strengthened by the robustness we have in local legislation supported by the government. That allows innovation in terms of how we deal with new and existing legislation while ensuring we have the correct balance that is suitable for the market.

**Heather Smith:** The number of funds in Cayman has been relatively stable. The numbers to December 31, 2015, show that there was a slight decrease of approximately 0.6 percent compared with a year earlier. Demand, however, has remained strong. We estimate that we see approximately 25 new funds form in Cayman every week at the moment but that has been balanced out by an increase in terminations, especially at year end.

We track other jurisdictions and it seems the overall trend is slightly down everywhere. We are finding that there is a greater focus on performance. We suspect that the lifespan of a fund is much shorter these days than it used to be. If a fund does not meet its objectives then the operators are quicker to make the decision to terminate it.

There has also been a residual impact stemming from the introduction of the Directors Registration and Licensing Law in 2014. Many operators have assessed their portfolio and closed funds that had perhaps been inactive for a while, so they are now proceeding to de-register the funds.

**Short:** EY’s statistics reflect an increase of 11 percent more consent letters issued in 2015 compared with 2014. This represents the highest level since 2008. This increase can be offset against the liquidations that have taken place due to various reasons such as legal entity rationalisation, lack of performance, consolidation and cost-cutting.

**Geoff Ruddick:** What has been the rough breakdown between master funds and feeder structures being formed?

**Smith:** The initial flood of master and feeder fund registrations, post the change in the legislation, has now slowed, although CIMA continues to process a steady stream of such registrations.

**Susan Lock:** That’s good news although I’m a little surprised as it’s our experience that many managers are now launching with a standalone fund offering, rather than a full master/feeder structure. It used to be the case that a manager would launch its full suite of entities—a Cayman and onshore feeder and a Cayman Islands master fund—but now managers are increasingly looking at launching in a piecemeal fashion, perhaps starting just with an offshore structure. This is all part of a cost and time rationalisation as managers face increasing barriers of entry and are looking at their start-up and ongoing costs.

**Gary Linford:** There has been a rationalisation in the industry as reflected in the number of registered funds but it should be noted that some of the headwinds Cayman needs to tackle are not of our making. The lower oil price has removed many sovereign funds from seeding new fund launches. In addition, with a strong dollar the costs have gone up which together with increased regulatory overheads will drive further consolidation. It has little to do with our costs or the quality of service here in Cayman but it is important that we recognise the impact on those who use our jurisdiction.

Cayman's response to these challenges is important. Cayman Finance is looking at some potential solutions around fees. A large proportion of our funds have assets under management of less than \$100 million and increasingly are unable to afford these operating costs. For example, if you are in Brazil and your currency has devalued by 40 percent the basic regulatory fees in Cayman in dollar terms are very expensive. We have been talking to Cayman Finance about building a smaller manager regime with a product that recognises the global challenges. It is not about any shortcomings in Cayman but about adapting to headwinds and what is happening in the wider world for the sake of the jurisdiction.

**Alan Milgate:** There is a real opportunity for us to prove ourselves in Cayman. We need to ensure that people always have a great experience when they operate here. Even if they wind down a fund, that should be a very professional experience because they will be back. When things turn again in their favour, they will return. That is exactly what happened in 2008 and they returned in droves.

**Ruddick:** Cayman is the domicile of choice and that position in the market is ours to lose. We have a great regulatory framework that is flexible and balanced, but with the continuous increase in fees eventually there will be a breaking point. A scale of fees giving breaks to new managers should be considered as the smaller managers are becoming more fee-sensitive.

**Scott:** Cayman Finance is very committed to working with associations and government to develop these ideas. This demonstrates how our industry is able to come together and share ideas to establish a successful path forward. We look forward to more discussions around this.

**Panton:** The ministry has had some initial discussions about this but nothing formal yet. We need to ensure that we maintain our country's financial stability while also protecting and preserving the industry. I agree that we need to address what are some significant challenges and ensure that we are competitive but we also need to ensure we consistently offer a great service and delivery.

We are working with Cayman Finance on the development of projects to ensure we offer a service that is second to none. If we can also consider an approach that would support new or smaller funds through reduced fees and that can help funds grow from smaller to bigger players and become loyal users of the jurisdiction, we will consider that.

**Leanne Golding:** As a service provider—whether you are an administrator or acting as a fiduciary—we would also like to consider a fee scale that encourages smaller funds and allows them to grow.

It is a great idea but you need to take certain key things into account. If it is a lower fee scale, does that mean they get a bare bones service? When would they switch to a higher rate and how do you justify that to your legacy clients? The same issues apply from a regulatory perspective. In fact, it is often the smaller funds that are more risky and require more oversight and guidance. It is a question of finding the right balance.

**Leo Kassam:** We do offer certain fee structures to help clients through the launch phase. We also look at other services we can offer around their core requirements to help new managers with their operations since they may not have the infrastructure yet. Launch sizes these days tend to be a lot smaller so it tends to be even more of a challenge from a profitability standpoint. It can be a hard balance as it is true that smaller clients can be more needy and often require more of a tailored approach.

**Rick Gorter:** We deal with very sophisticated clients who actively shop around jurisdictions based on the regulatory regime and price. When a fund can be administered in other jurisdictions, they will consider those alternatives. We are seeing an inversion effect now where offshore regulation is actually more onerous than onshore regulation and some funds are going onshore instead.

Emerging managers in particular are very sensitive to price and we

are finding that when we get an enquiry, it has often been sent to multiple jurisdictions. They are seeking the best combination of price and effective oversight.

All the additional reporting requirements such as the US Foreign Account Tax Compliance Act (FATCA) and the technology required for that have made things more expensive for emerging managers. You see very few \$5 million funds these days—the starting point seems to be between \$50 million and \$100 million.

Previously we didn't need a formal compliance department—now it is one of our larger departments. It is difficult for start-ups. Large managers are doing well and are spinning out new products but for your ex-bank trader wanting to set up a \$5 million fund, they really have to think twice now.

**Lock:** Managers are also being squeezed at both ends, their start-up and ongoing costs of operation are higher but the fees that investors are willing to pay are also frequently lower, particularly the management fee that the market will allow them to charge. We're just not seeing the standard 2/20 in fees, it's more like 1.4/18. Investors might be OK with a performance fee, rewarding performance and sharing the upside with the manager, but they're not as happy simply to pay the 2 percent management fee.

## With FATCA now implemented, what regulatory requirements are worrying the industry?

**Duncan Nicol:** Last year was the first for FATCA in terms of international cooperation requirements and reporting. Cayman has one of the largest reporting regimes in the world for FATCA, with 28,000 financial institutions.

The first round of reporting happened last year. It was a massive undertaking but it was completed successfully, mainly due to very good compliance rates across all industries here.



“Government acts at a more technical level but we need support from industry and even from investors as ambassadors.” *Michelle Bahadur*



“We have so many individuals from a diverse range of backgrounds who could make great candidates for the Board Apprentice programme.” *Jeffrey Short*

FATCA is becoming older news now—the bigger story is the automatic exchange of information for tax purposes. We also have UK FATCA, which is a different creature from US FATCA, but which will also be phased out by 2017 in favour of the Common Reporting Standard (CRS). That will leave us with two major streams of automatic reporting: US FATCA and CRS.

I think CRS is a game-changer. It is based on FATCA model 1 so Cayman will not find compliance difficult but the scope of CRS is huge, with some 97 jurisdictions committed to implementing it by 2018, at the latest.

The teething pains we experienced with US FATCA are behind us but we will have some challenges with CRS. Partnerships with industry are more important than ever because industry is the primary collector of the data we need. We already have a big interface between government and industry but we will see that reviewed again when the information needs to be reported to other countries. There could be more technical teething troubles then.

**Linford:** Do you expect any conflicts between different jurisdictional laws Duncan? While Cayman has handled all this initial reporting very well, I am worried about the ability to respond in a timely manner once other beneficiary countries of the aggregate information request specific information. I mention this in the context of information held by fund administrators based in competitor jurisdictions. How will you deal with this potential conflict, and do you have gateways to obtain information directly from other authorities?

**Nicol:** I agree that the idea of the automatic exchange of information is not the end of the story. It is just one mode of the exchange of information for tax purposes. We have been seeing more specific requests and the view is that it will increase and also get into more general financial accounting information.

The issue of the availability of information is a difficult one. We, along with all other countries, are peer-reviewed by the likes of the OECD

against international standards on the exchange of information. We are assessed on whether we have that information available and whether others can access it.

There have been 150 peer reviews in the past five years and the inability of one jurisdiction to get information from another has led to criticisms of other countries.

**Linford:** I just hope any review is critical of other countries where Cayman does not receive reciprocal cooperation and not us. It is unfair to criticise a jurisdiction because the country requesting information cannot rely on another country to provide it. It also adds yet more costs if the solution is to mandate that each country holds all the information, rather than rely upon the cooperation of the country where the fund administrator is based.

**Nicol:** The problem of getting information should get easier with time as countries with issues will change their laws.

**Linford:** We should introduce our own Cayman blacklist of countries that do not cooperate with us.

**Michelle Bahadur:** We have seen an increasing convergence between tax standards; also, better communications are helping to produce a more level playing field. If we are not getting information from certain jurisdictions we can highlight them.

**Milgate:** FATCA should be such a positive story for us. No-one else has moved as quickly as we have and so comprehensively in our compliance. I am sure we will deal with CRS in the same way. We are FATCA leaders, with 28,000 companies complying. That means we can demonstrate the value to our clients; prove that we treat their information carefully and add value while applying the highest global standards.

**Linford:** We have done well with FATCA and CRS but I do worry about the pressure on Duncan and his team as the specific requests will now start to increase.

**Scott:** We did take ownership and a leading position on many of these things. But it is also important to recognise that our role is to help people get the right information and support what the government has to do in every way.

Because we have a dedicated government ministry, we are well placed to meet these challenges and support government by ensuring the resources and technology are in place.

There is a convergence of global standards and the Cayman government has been at the centre of that in sitting on various global committees. It means we can compete with anyone. These are very exciting times.

**Linford:** We will need to rely on Cayman Finance more as it will be very difficult for our government to always criticise other governments when there is not a level playing field.

**Gorter:** Marketing this message is also important. Given the phenomenal cost of compliance and our willingness to do that, we should be getting credit for that. It is far easier to open a bank account in the US or UK than it is here. We are bending over backwards to comply yet being criticised for not complying. We need to get the message across that we are complying at great cost and get credit for those efforts. I too am encouraged by what Cayman Finance is doing as well as Tony Travers [CEO of the Cayman Stock Exchange].

**Scott:** It is a role we embrace. The approach we have taken is very collaborative with government. Usually we are working behind closed doors but we stand ready and there may be times when the private sector needs a stronger message delivered to ensure its message is heard.

**Panton:** Rest assured that we have not been investing heavily in ensuring compliance with the demands of international organisations for nothing. We are coming to the point now where we demand respect for the approach we have taken.

Cayman has an excellent record of compliance. The process of engagement has been excellent. There have been several studies into these matters including by individuals looking to establish shelf companies and they have always proved that Cayman is 100 percent compliant. Onshore centres were much worse.

There was a documentary recently where journalists posed trying to invest the money of a corrupt African politician. Fifteen out of 16 lawyers in New York were willing to help.

There is this feeling that the problems exist offshore when, in fact, there is now an inversion of this and some onshore centres have minimum standards of compliance. We need to start demanding respect.

**Scott:** We recognise that on things such as cost and some general regulation, there will always be some arbitration between jurisdictions. But there should be certain global standards on things such as money laundering and terrorism financing that are universal and adopted on a global scale.

## What is the latest on the EU Alternative Investment Fund Managers Directive?

**Bahadur:** We have been heavily involved in this for the past nine months. We have drafted regulations and we are now waiting on the European Securities and Markets Authority's (ESMA's) recommendations on those. Cayman will be in the second round of reviews to establish if we get a passport.

**Panton:** The question of whether we get a passport is partly a political one. It is a two-stage process. There is a political decision to be made as well as a technical one based on the regulations.

**Smith:** CIMA is also engaged with ESMA and we are responding

to the questions relating to the assessment. An ongoing review of the existing framework is being undertaken to identify any gaps necessary to ensure compliance.

**Milgate:** This is where the likes of the Alternative Investment Management Association (AIMA) have been very helpful in helping us understand the information, looking at Cayman's position and how to navigate the process. Through bodies such as AIMA, Cayman is much bigger and with a greater outreach. We get that global perspective.

**Short:** This is a great example of government and the private sector coming together, working on this globally and getting what we need as a jurisdiction, so that when ESMA does finalise its review we will be best positioned to be granted passporting.

**Milgate:** There is this political element to it and that is going to create some uncertainty until the passport is granted. But we are coming from a position of strength and they would need compelling reasons not to grant it.

**Panton:** We are now finalising regulations and from a technical perspective we anticipate no issues. There is also a timeline in that ESMA has been told to sort this out by June this year. So we hope for a positive decision by then. There is a political element but it is hard to believe it will not be granted.

**Linford:** I am pleased with our engagement on AIFMD but I do worry that the political element within the EU will try to avoid giving recognition to CIMA's role as a regulator of our largely non-public fund regime and try to overlay their retail framework when assessing CIMA. We are dealing in non-public funds and you can't assess this against UCITs. We need to cooperate and seek common ground with the EU but also stand firm and not allow any inappropriate requirements to be imposed on our fund regime.

While progress has been made, the lingering uncertainty has meant that some managers have chosen not to market in the EU until it is sorted. This impacts EU investors.



“Because we have a dedicated government ministry, we are well placed to meet these challenges.” *Jude Scott*

“The initial flood of master and feeder fund registrations, post the change in the legislation, has now slowed.” *Heather Smith*



“Taking a US concept and adjusting it to English laws was not an easy challenge.”  
*Wayne Panton*

## What is the significance of the Limited Liability Companies (LLCs) Act implemented last year?

**Short:** A Cayman-based LLC product has been talked about for a number of years. The desire was to have a product similar to the Delaware LLC vehicle. Many managers are familiar with that offering. It is something people are comfortable with so the fact that we can now mirror that onshore product is fantastic and offers great flexibility in terms of what managers want to establish. It is just one more additional offering that Cayman is able to provide.

**Lock:** I am on the financial services legislative subcommittee which is assisting the government in drafting that legislation. The new LLC product and the gazetting of the LLC green bill is a great example of the fantastic collaboration between the private sector and government in Cayman which really assists the jurisdiction and helps keep it as the number one offshore funds and financial services jurisdiction.

The LLC will be a useful addition to the current fund vehicles, the exempted company and the exempted limited partnership which have enabled the Cayman Islands to serve the funds industry well. An LLC will be a very flexible entity and as a much-anticipated new product gives the jurisdiction a fresh opportunity to market itself further in 2016.

**Gorter:** It represents a good marketing story on two fronts. It is a good hybrid product that is responsive to industry needs. It also illustrates that government is willing to look at legislation that will service a need expressed by industry.

**Panton:** It was a great example of collaboration. Taking a US concept and adjusting it to English laws was not an easy challenge but it was an instance of great collaboration between industry and government. Michelle’s department did a great job of getting this to work.

It looks like an exempted limited partnership but it is very flexible and suitable for structuring all sorts of products. It was a market-driven request. It represents an opportunity to add value to the Cayman product. It will be a real benefit.

**Ruddick:** We agree that it increases the scope of what Cayman can offer. We are also starting to see a trend whereby some of the new funds using

the Master LP structure are implementing advisory committees. The new LLC vehicle also represents an opportunity to expand our services and improve corporate governance around these structures as well. This oversight is being requested with greater frequency by underlying investors.

**Golding:** We see that as well. Investor demand is increasingly supporting this initiative. We welcome investors encouraging advisory boards and other initiatives as it makes the whole industry more robust.

**Ruddick:** I love it when investors want to talk to us more. Since the financial crisis, they are speaking up more but still think they should do more. It is their money and they should speak louder.

**Golding:** Yes, we spend an increasing amount of time talking to investors, almost as much as investment managers now.

**Gorter:** We have seen that too, where things are becoming more driven by investors. They are very sophisticated and they know exactly what is on offer in different jurisdictions. They are demanding different levels of compliance and due diligence and better independent directors.

Another big thing they are asking about now is cybersecurity. This is an area they are increasingly focused on and they want to know if their managers and their suppliers can deliver.

**Scott:** Our ability to be client-centric is so important. The collaboration that takes place on Cayman is unique and a tremendous strength. Our industry is built on excellence, balance and collaboration and the LLC product ticks all those boxes.

## What is the latest on the proposed publicly accessible directors database and the idea that government could cap capacity?

**Smith:** It is still on the agenda. CIMA introduced the Directors Registration and Licensing Law in 2014 so the focus since then has been on collecting all the relevant information. Once we are comfortable that the information collected is sufficient so that we can accurately assess the services provided by the directors, then we can adequately address the question of capacity.

Simply applying a number is not the best approach to determining capacity and many other factors must also be taken into account.

The same applies to the database. CIMA will look at what information it has in order to determine what can be available to others and in what form.

Gathering the information, as CIMA has been, puts us closer to making a decision but as to who would have access, that question has yet to be answered.

We have seen changes in this area as investors are being more proactive in requesting information, as are fiduciaries in providing it. Investors now appear to be of the view that all parties involved are more willing to offer information and be transparent.

**Ruddick:** Is there less of a push from investors for this now, would you say?

**Smith:** We still get enquiries but fewer now, which suggests that the recent corporate governance reforms implemented by CIMA have alleviated some of the concerns.

**Linford:** Part of the reason for that could be we asked the investors to give CIMA time to first consult following the revision to the Statement of Guidance on Corporate Governance and the introduction of the director registration regime. We should not assume the investors are no longer interested in this initiative. I think they backed off out of respect for what CIMA did and the fact that CIMA is still gathering information. I do expect the investors to engage with CIMA again on further transparency.



CIMA has lots of options including requiring mandatory disclosure in the private placement memorandum (PPM) of certain information on the fund directors, using the website for increased transparency or indeed letting investors do it themselves. The Irish regulator came out with a single number in relation to capacity and this did not appear to improve governance in Irish funds. The fact that CIMA is considering its options and not moving too quickly is a good thing..

**Ruddick:** CIMA could simply mandate that fiduciary firms have to provide that information to investors directly. That way, we know it is accurate, we can give full context and there is no media frenzy as there would be if it went public. And investors can always dig deeper if they wish. We find that giving greater transparency is needed but making it public is a dangerous move. What about auditors and lawyers: would they be next? A list of everyone they work for?

**Gorter:** It should be on a need-to-know basis so that the information is available only to those who require it for legitimate reasons. A public register is open to indiscriminate use and potential abuse—there is a legitimate need for privacy where sensitive financial and commercial information is concerned. I believe robust and effective self-regulation is the way forward with information being supplied to the appropriate party as required.

**Smith:** All those things will be considered. CIMA will review what we have learned and look at what we think is the best way forward. There will also be the usual consultation process with industry as we certainly do not want to introduce something that could become a problem in the future

**Milgate:** Like so many other things we have done, we will listen to our stakeholders and challenge ourselves and consider who is asking and what are their vested interests. Should market forces determine the way forward or should it be a regulatory initiative? But we appreciate the way CIMA is going about this.

**Golding:** We have always been transparent and answered the questions we have been asked. We have been able to work through issues with investors by engaging in a productive dialogue with them.

**Gorter:** To plan legislation that entails significant administration and enforcement costs to address just one of many questions investors have makes no sense to me. We already answer comprehensive questions as part of the investor due diligence process and if we do not comply we don't get the business. That is the best form of regulation, especially given that most service providers have independent certification performed on their systems and controls.

**Ruddick:** In the context of capacity, investors used to solely ask what the number was but now their questions are much more considered and thoughtful. Capacity is a function of time and ability. It depends what other roles people are doing within a company. We are already answering and have been expanding upon the capacity question for some time now, but as a concern of investors it is no longer the only question on their list.

**Golding:** They dig a lot deeper now. They want more information including what structures and strategies you have experience working with.

**Ruddick:** As an industry we have done a lot to educate investors on all sorts of issues including board composition, form over substance and fundamental governance issues that have been misunderstood. We have also come a long way on capacity. If the real issue is transparency, then there are better ways of solving it than through a public database.

“The new LLC vehicle also represents an opportunity to expand our services and improve corporate governance.” *Geoff Ruddick*



“The scope of CRS is huge, with some 97 jurisdictions committed to implementing it by 2018.” *Duncan Nicol*

## Is there enough talent and diversity in the industry?

**Short:** At EY, we recognise the importance of diverse teams who bring different opinions. Therefore, it made sense for us to partner with the Board Apprentice programme which is designed specifically to train a more diverse group of individuals to gain the skills they need to sit on company boards. It stems from the idea of the need for more diversity on boards and the need to have people able to look at things from different angles.

It is partly about achieving gender parity but it goes well beyond that. In Cayman we have so many individuals from a diverse range of backgrounds who could make great candidates for the Board Apprentice programme as they work with a number of organisations' boards. It is a 12-month programme that will give them invaluable experience in this field, strengthen boards, and provide great opportunity for Cayman. EY was proud to officially announce the launch of the Cayman chapter at our EY Hedge Fund Symposium this past December.

**Ruddick:** I think it is great that this focuses on governance as it should be recognised more. Governance is a skillset in its own right and people seldom recognise this point. Programmes like this will help bring the next generation of fiduciaries through.

**Panton:** I agree it is a great scheme and reflects how gaining different perspectives is so useful.



*“It is unfair to criticise a jurisdiction because the country requesting information cannot rely on another country to provide it.” Gary Linford*



*“We need to ensure that people always have a great experience when they operate here.” Alan Milgate*

**Lock:** Diversity in the boardroom is not only desirable, it makes great sense to bring different visions and approaches. Without actively promoting diversity there's a natural tendency for people only to promote and choose people like them, perhaps even subconsciously—not always a good thing!

**Ruddick:** Is there enough talent? There has been a massive influx of people into the industry in recent years. Many are very good people with solid skillsets and they will make the transition to be a fiduciary, but there are some who will not. A related question is: how many have served on boards through a crisis? There is an expanding talent pool but are they ready for it?

## What are your final thoughts?

**Scott:** This was a real pleasure. If we continue to focus on the needs of our clients, we will remain a world-class jurisdiction for funds.

**Smith:** These discussions are invaluable. They highlight the issues we face and CIMA's role in resolving these issues. An effective regulatory framework is essential in ensuring that the industry remains robust.

**Gorter:** We are operating in a very competitive environment in an age where data is king. We need to be technology-driven and responsive and need to properly manage the challenges this presents. Those who are able to successfully manage large amounts of data will swim, those who aren't will sink.

**Golding:** The fact that there is such positive collaboration between government, the regulator, service providers and investors is evidence of the strength of our industry.

**Nicol:** This illustrates the level of communication and collaboration



“The jurisdiction does not operate in a vacuum and obviously we are part of the global economy.” *Susan Lock*

between government and the private sector, especially in the big areas affecting all industry. Some new regulations will be game-changers in the scope of what is going on but we must approach international engagement in a positive way.

**Ruddick:** The fact that we are sitting here working together says a lot. We are the domicile of choice and it is ours to lose. We must continue this consultative approach if we intend to remain ahead of the pack.

**Kassam:** On the administration side, Cayman continues to be a place where we can attract and retain real talent, given all that Cayman has to offer. We see very little turnover of staff. We are discouraged to see some of our competitors moving operations away from Cayman. Given the talent and experience of our people we believe we have the expertise and offering to continue to grow here.

**Lock:** We have all been singing from the same hymn sheet. We have all mentioned cooperation within the jurisdiction but we should also remember that the jurisdiction does not operate in a vacuum and obviously we are part of the global economy. We all recognise there will be a few challenging few years ahead. Challenging economic times and discussions on taxation mean that offshore jurisdictions will continue to come under intense political scrutiny and may often be scapegoated for political ends by onshore financial centres. The



“Given the talent and experience of our people we believe we have the expertise and offering to continue to grow here.” *Leo Kassam*

jurisdiction needs to be cognisant of the economic times, continue to work on its PR, showing the world what we have achieved as a jurisdiction, and remain focused on our public/private sector cooperation, global cooperation and professionalism at all times.

**Linford:** This discussion has reminded me of the depth and breadth of the skillset we have in Cayman. It will stand us in good stead as we adapt to some of the global headwinds facing the alternative industry.

**Bahadur:** It is good to see you getting the message out there and we have done a great job as an industry. Government acts at a more technical level but we need support from industry and even from investors as ambassadors to help get the message out. I would also note that we have a lot on our plates coming up with several global reviews, and we ask for your continued support.

**Milgate:** It is a global industry but as long as we take good care of the product and the jurisdiction then we will continue to thrive.

**Panton:** Sitting around and talking with industry is something I miss and I wish we could do it more often. The recognition of the importance of collaboration is great. There are headwinds but there are always headwinds. We will assess what is coming and how we respond to that.

It is very important government listens and understands the perspectives of all stakeholders in the industry and then takes a fair and balanced approach. We are very intent on maintaining a leading position as a jurisdiction and we want to do everything we can to achieve that and ensure the industry thrives.

**Short:** I'd like to thank you again Minister Panton for being here today and for all you do in support of the financial services industry. As mentioned previously, there are a number of headwinds which Cayman is facing, however, with all of the discussion today, it's clear to me that Cayman is well positioned to move from strength to strength. Thank you all for being here today. ■

# Trusted Globally Focused Locally



For information about our services please contact:

**CAYMAN**

**Rick Gorter**

*Managing Director*

+1-345-914-5352

rgorter@tridenttrust.com

Serving more than 400 funds with AuM exceeding \$30bn, managers select us for our independence, global reach, experienced personnel, reliability, responsiveness and flexible pricing.

We offer clients a more than 35-year track record as a leading provider of administration services to the financial services sector worldwide.

Visit us at [www.tridentfundservices.com](http://www.tridentfundservices.com) to find out more about how we can help you and your clients.

BAHAMAS • BRITISH VIRGIN ISLANDS • CAYMAN ISLANDS • GUERNSEY  
JERSEY • LUXEMBOURG • MALTA • MAURITIUS • SINGAPORE • UNITED STATES