

Alert

Single Family Offices – Regulation under the Securities Investment Business Law

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Until recently, single family offices (SFOs) have fallen within Schedule 2A of the Securities Investment Business Law (SIBL) as a category of “non-registrable person” meaning that they do not require registration with, and oversight by, the Cayman Islands Monetary Authority (CIMA).

For this purpose, “single family office” means a legal entity or legal arrangement formed in the Islands by a single family to conduct securities investment business for or on behalf of that single family where:

- (a) the securities are not beneficially owned by a third party; and
- (b) the legal entity or legal arrangement does not hold itself out to the public as conducting securities investment business for any person except members of the single family.

“Single family” in this context means an individual or a group of individuals who are connected in at least one of the ways set out in Schedule 4A of SIBL (which included various kinds of family relationships such as spouses, parents, brothers and sisters, descendants etc).

Following discussions between the Ministry of Financial Services and CIMA, consideration of the recommendations of the Financial Action Task Force in respect of securities investment business, and comments received from industry members, it was decided that it would be necessary to require SFOs to be prudentially regulated by CIMA. Accordingly, the exemption for SFOs has been repealed by the Securities Investment Business [\(Amendment of Schedule 2A and Repeal of Schedule 4A\) Order, 2020](#) which was gazetted on 20 August 2020. The effect of this is that SFOs will be required to be regulated under SIBL if they are conducting securities investment business by virtue of one of the activities provided in Schedule 2 of the SIBL which are, subject to certain exemptions, dealing in or arranging deals in securities; managing securities or advising on securities; marketing, managing or acting as depository of an EU connected fund.

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