

Alert

Cayman Islands Private Funds Act: Guidance on “Non-Fund Arrangements”

Authors: Maree Martin, Counsel and Head of Knowledge Management

The Cayman Islands Monetary Authority (CIMA) has issued a [Statement of Guidance](#) which provides the regulator’s views on assessing whether certain arrangements will be considered to be “non-fund arrangements” and which will therefore be exempt from the requirement to register with CIMA pursuant to the Private Funds Act (the “Act”).

The Act commenced on 7 February 2020 and provides for the registration of certain closed-ended entities (private funds) with CIMA. A “private fund” includes a company, unit trust or partnership that offers or issues or has issued investment interests, the purpose or effect of which is the pooling of investor funds with the aim of enabling investors to receive profits or gains from such entity’s acquisition, holding, management or disposal or investment where:

- (a) the holders of investment interests do not have day-to-day control over the acquisition, holding, management or disposal of the investments; and
- (b) the investments are managed as a whole by or on behalf of the operator of the private fund, directly or indirectly.

A “private fund” does not include (i) a person licensed under the Banks and Trust Companies Act or the Insurance Act; (ii) a person registered under the Building Societies Act or the Friendly Societies Act; or (iii) any non-fund arrangements.

The categories of non-fund arrangements (as further detailed in the Statement of Guidance) include, amongst other things, the following:

- (a) Securitisation Special Purpose Vehicles
- (b) Joint Ventures
- (c) Proprietary Vehicles
- (d) Holding Vehicles
- (e) Debt Issues and Debt Issuing Vehicles
- (f) Structured Finance Vehicles
- (g) Preferred Equity Financing Vehicles
- (h) A fund whose investment interests are listed on a stock exchange (including an over-the-counter-market) specified by the Authority by notice in the Gazette
- (i) Sovereign Wealth Funds
- (j) Single Family Offices

A determination as to whether any particular arrangement or entity within a structure will be required to be registered under the Act, or will fall within a non-fund arrangement exemption, will necessarily be fact specific. In addition, as a new regulatory regime, CIMA guidance and industry standard practice are still being developed. Should you require any assistance in making an assessment of the application of the Act and/or the exemptions from the requirement to register pursuant to the Act, please contact your usual Conyers contact or one of the contacts listed below.

Cayman Contacts:

Alan Dickson
Partner
alan.dickson@conyers.com
+1 345 814 7790

Craig Fulton
Partner
craig.fulton@conyers.com
+1 345 814 7372

Nicholas Pattman
Partner
nicholas.pattman@conyers.com
+1 345 814 7765

Michael O'Connor
Associate
michael.oconnor@conyers.com
+1 345 814 7395

Global Contacts:

Piers Alexander
Partner (Hong Kong)
piers.alexander@conyers.com
+852 2842 9525

Janice Oh
Director (Singapore)
janice.oh@conyers.com
+65 6603 0703

This article is not intended to be a substitute for legal advice or a legal opinion. It deals in broad terms only and is intended to merely provide a brief overview and give general information.

For further information please contact: media@conyers.com