



April 2017

Cayman Islands Register of Beneficial Ownership Information

Although not yet in force (see below), the Cayman Islands has introduced a series of laws and regulations¹ which will require all Cayman Islands companies and limited liability companies (LLCs) to take reasonable steps to identify, record and maintain the details of all '*beneficial owners*' defined as including any individuals who hold, directly or indirectly, more than 25% of the shares, capital, voting rights or the right to appoint or remove a majority of the directors or managers of the company or LLC. The new laws will also treat as beneficial owners those persons who have the right to, or actually do, exercise significant influence or control over the company or LLC and will also apply in relation to a trust where the trustees qualify as beneficial owners and to any persons who have the right to, or actually do, exercise significant influence or control over the trust.

Companies and LLCs will also have to identify, record and maintain the details of certain intermediate structures incorporated, formed or registered in the Cayman Islands and which would be a beneficial owner were it an individual, referred to as '*relevant legal entities*'.

Who is exempt from the requirements?

Importantly, there are number of exemptions from the requirements of the new laws. The new laws do not apply to partnerships including limited partnerships, nor do they apply directly to foreign companies². The new laws also do not apply to companies or LLCs which are, or

¹ Laws - The Companies (Amendment) Law, 2017; The Limited Liability Companies (Amendment) Law, 2017. Regulations - The Beneficial Ownership (Companies) Regulations, 2017; The Beneficial Ownership (Limited Liability Companies) Regulations, 2017.

² Foreign companies registered under Part IX of the Companies Law (2016 Revision). Foreign companies are covered if they are a relevant legal entity.

For further information on any of the issues discussed in this article please contact:



Matt Mulry
DD:+1 345 814 4054
matt.mulry@dilloneustace.ie



Jonathan Law
DD:+1 345 814 4057
jonathan.law@dilloneustace.ie



Derbhil O'Riordan
DD:+1 345 814 4052
derbhil.o'riordan@dilloneustace.ie

are a subsidiary of, one or more entities each of which is:

- (1) listed on the Cayman Islands Stock Exchange or an '*approved stock exchange*'³;
- (2) registered or holding a licence under a '*regulatory law*'⁴;
- (3) managed, arranged, administered, operated or promoted by an *approved person*⁵ as a special purpose vehicle, private equity fund, collective investment scheme or investment fund;
- (4) a general partner of a vehicle, fund or scheme referred to in paragraph (3) that is managed, arranged, administered, operated or promoted by an approved person; or
- (5) exempted by the regulations¹.

Who has access to the register?

The register of beneficial owners and relevant legal entities is not public and will only be accessible by the Cayman Islands Government Minister with responsibility for Financial Services. Further, the registers can only be searched by the Minister upon a lawful request by designated senior officials of certain Cayman Islands regulatory and/or law enforcement authorities or by lawful request from certain overseas law enforcement authorities who have been specifically authorised for this purpose. At present, only the UK authorities will be granted this status.

What steps do companies and LLCs need to take?

For those companies and LLCs which are not exempt from the new laws, they must proceed to identify, record and maintain the identity of registrable persons (beneficial owners and relevant legal entities), and in so doing they are required to engage a corporate services provider (CSP) to establish and maintain the register.

To gather the required information on registrable persons, each company and LLC must issue a notice to all persons identified as beneficial owners or relevant legal entities. The notice must require those persons to confirm, within one month from the date of receipt of the notice, their status as a registrable person and to confirm, amend and/or supplement the required particulars set out in or missing from the notice. Companies and LLCs are also able to serve notice on persons whom they have reasonable cause to believe knows the identity of a registrable person. Companies and LLCs are entitled to rely on the responses received unless they have reason to believe that the information provided is misleading or false.

The information gathered must then be provided to the CSP engaged by the company or LLC and must include certain details on an individual including (a) name (b) residential address (c) date of

³ see Schedule 4 of The Companies Law (2016 Revision).

⁴ see section 2 of the Monetary Authority Law (2016 Revision), currently includes

(a) Banks and Trust Companies Law (2013 Revision); (b) Building Societies Law (2014 Revision); (c) Companies Management Law (2003 Revision); (d) Cooperative Societies Law (2001 Revision);

(e) Insurance Law, 2010; (f) Money Services Law (2010 Revision); (g) Mutual Funds Law (2015 Revision); and (h) Securities Investment Business Law (2015 Revision).

⁵ regulated, registered or holding a licence in the Cayman Islands under a regulatory law (see footnote 4 above) or regulated in a jurisdiction listed in Schedule 3 of the Money Laundering Regulations (2015 Revision) or listed on the Cayman Islands Stock Exchange or an approved stock exchange (see footnote 3 above).

birth (d) details from passport, drivers licence or national ID card. For entities it must include, (1) name (b) registered or principal office (c) type of entity and governing law (d) registered number.

When will the new laws be brought into force?

It is expected that the new laws will be brought into force by 30 June, 2017.

For more information please contact Jonathan Law (jonathan.law@dilloneustace.ie).

Dillon Eustace
April 2017

DILLON EUSTACE

Dublin

33 Sir John Rogerson's Quay, Dublin 2, Ireland. Tel: +353 1 667 0022 Fax: +353 1 667 0042.

Cayman Islands

Landmark Square, West Bay Road, PO Box 775, Grand Cayman KY1-9006, Cayman Islands. Tel: +1 345 949 0022 Fax: +1 345 945 0042.

New York

245 Park Avenue, 39th Floor, New York, NY 10167, U.S.A. Tel: +1 212 792 4166 Fax: +1 212 792 4167.

Tokyo

12th Floor, Yurakucho Itocia Building, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan. Tel: +813 6860 4885 Fax: +813 6860 4501.

DISCLAIMER:

This document is for information purposes only and does not purport to represent legal advice. If you have any queries or would like further information relating to any of the above matters, please refer to the contacts above or your usual contact in Dillon Eustace.

Copyright Notice:

© 2017 Dillon Eustace. All rights reserved.