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Cayman Beneficial Ownership System – Business as Usual, but Faster

The Cayman Government has announced that it has signed an agreement with the United Kingdom to make enhancements to its beneficial ownership system.

The agreement confirms a commitment to establish a central technical platform to ensure that:

- ❑ law enforcement and tax authorities in the UK and Cayman can access company beneficial ownership information subject to relevant safeguards;
- ❑ law enforcement and tax authorities in the UK and Cayman can quickly identify all companies that a particular beneficial owner has a stake in; and
- ❑ companies and their beneficial owners are not alerted to the investigation of their information.

No public access will be given to information on the beneficial ownership of Cayman companies. The mechanism will build on the existing regime in Cayman which prevents the incorporation of companies without the use of a Cayman licensed entity which is required to verify and record the identity of each company's beneficial owners. That information is currently available to local regulatory and law enforcement authorities on lawful request and can be disclosed to the law enforcement, tax and regulatory authorities of other jurisdictions, including the UK, through international co-operation arrangements. The Cayman beneficial ownership system

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is already more wide ranging and effective than that operated in the UK and many other international financial centres.

Jude Scott, the CEO of Cayman Finance, has commented that: “We are pleased the UK Government has recognised that our licensed corporate services provider verified beneficial ownership system is a world class system that provides for due diligence know-your-customer checks that are critical to proper law enforcement authorities conducting legitimate investigations and is superior to other proposed systems. Whilst there are already agreements in place that allow UK law enforcement agencies to request and obtain beneficial ownership information for the Cayman Islands, we have agreed to an enhancement to that system which will help the UK law enforcement agencies access that information with the utmost urgency, but in a way that is also appropriate for our jurisdiction. This is not a public central register.”

We anticipate that amendments will be made to a number of existing Cayman laws to provide for the implementation of these commitments and we will keep our clients informed on these developments as they arise.

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