

# LEGAL UPDATE

## Cayman Exempted Mutual Funds now required to register with the Cayman Islands Monetary Authority

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Further to our earlier legal update on [Section 4\(4\) Funds registration with CIMA](#), Cayman Islands' mutual funds which are currently exempted from registration with the Cayman Islands Monetary Authority ("CIMA") under Section 4(4) of the Mutual Funds Law (2020 Revision) on the basis that (i) the shares or interests are held by not more than fifteen investors, (ii) a majority of whom are capable of appointing or removing the operator of the fund ("**Section 4(4) Funds**") are now required under the Mutual Funds (Amendment) Law, 2020 (the "**Law**") which came into force on 7<sup>th</sup> February 2020, to register with CIMA and fall within CIMA's regulatory purview.

### Timing for Registration with CIMA

**Existing Funds:** Section 4(4) Funds which launched prior to 7<sup>th</sup> February 2020 have a six (6) months' period until 7<sup>th</sup> August 2020 to register with CIMA.

**New Funds:** Section 4(4) Funds which are launched after 7<sup>th</sup> February 2020 will need to register with CIMA immediately upon launch.

### Registration Requirements

In connection with its registration with CIMA, each Section 4(4) Fund will be required to do the following.

- i. File a certified copy of an extract of its constitutional documents with CIMA showing that a majority in number of its investors are capable of appointing or removing the operator of the Fund.
- ii. File with CIMA such other information as may be required in a prescribed Form.
- iii. Pay an annual fee to CIMA.

In common with all other CIMA regulated entities, each Section 4(4) Fund that is a company will be required to have at least two Directors appointed who will need to be registered with CIMA under the Directors Registration and Licensing Law.

**For further guidance and assistance with registering your Section 4(4) Fund with CIMA, please contact your usual Loeb Smith attorney or any of:**

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