COLLAS CRILL

Changes to Cayman Islands Companies Law 2019

SEPTEMBER 2019

The Cayman Islands Government has recently passed amendment laws to strengthen the jurisdiction's evolving AML/CFT regime (the 2019 Amendments). This addressed the recommended actions identified by the Caribbean Financial Action Task Force in their Mutual Evaluation Report published in early 2019.

These 2019 Amendments introduce changes to the filing, maintenance and availability of information relating to Cayman Islands registered Companies. There are similar amendments for Limited Liability Partnerships (**LLPs**) and Limited Liability Companies (**LLCs**), not all of which are in force.

Additional information to be included in the Register of Members of Companies

It is now a requirement for the Register of Members of a Company to include information about the voting rights attached to members' shares.

The deadline for implementing this requirement is:

7 November 2019 – for companies incorporated or registered after 7 August 2019

7 February 2020 – for companies incorporated or registered on or prior to 7 August 2019.

Register of Directors Filings Changes for Companies

Changes to the register of directors and officers are now required to be filed with the Registrar of Companies within 30 days of such change being effected. This was previously 60 days.

Copies of resolutions which effect appointments and resignations of directors and officers must be provided to the registered office as soon as possible following execution to enable filings to be made within the deadlines, and to ensure penalties are not incurred.

New penalties for Beneficial Ownership Registers (BOR) for Companies, LLCs and LLPs*

More stringent penalties have been introduced for Companies and LLCs who have failed to establish or maintain a BOR.

Applicable fines are now:

- First offence - CI$25,000
- Second offence - CI$100,000
- Third offence - strike off by order of the Court

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Failing to comply with a notice or to provide information in relation to beneficial ownership, will on conviction incur:

- CI$25,000 fine -first offence,
- CI$50,000 fine, two year imprisonment, or both – second offence

New incorporations have 30 days within which to establish and file their BORs with the competent authority.

If you have not yet confirmed the contents of your BOR to your registered office provider, then your register may not have been established.

Any changes to existing ownership and control may require a change to the BOR to be filed, and such changes should be notified and filed by the registered office within 30 days.

Obligation for the Registrar of Companies to share information on Companies, LLCs and LLPs*

Following a request for information from Cayman Islands regulatory bodies, the Registrar is obliged to provide requested information within 48hrs of the request.

Information may only be used for the purpose for which it was provided and shall not be used for any another purpose without consent of the Registrar.

In addition, the 2019 Amendment provides that the Registrar may make available to an applicant, on request and payment of a fee, a list of the current directors and alternate directors of a Cayman Islands company (or managing members of a Cayman Islands LLC). An application for this information may only be submitted via request at the kiosk which is located at the Cayman Islands Government Administration Building, in George Town.

Books of Account

Amendments to the Companies Law in 2018, mean that companies who keep their books of account outside of the Cayman Islands must now provide information on these annually, or with such other frequency prescribed, to its registered office in the Cayman Islands upon receipt of an order or notice by the Tax Information Authority.

This requirement does not apply to entities that already supply financial statements to the Cayman Islands Monetary Authority as part of their obligations under any Cayman Islands regulatory law.

Immediate actions

Companies should review their registers of members to ensure they contain the relevant information on the voting rights of shareholders prior to the deadline.

**Not yet in force for LLPs*

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