



## NOTICE

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29 November 2018

### **Cancellation Procedure for Regulated Funds**

Regulated funds submitting an application for the cancellation of a Certificate of Registration or a Mutual Fund Licence must adhere to the requirements as set out in the Rule – Cancellation of Licence or Certificate of Registration of Regulated Mutual Funds (the “Rule”) and the Regulatory Procedure - Cancellation of Licences issued pursuant to section 5 and Certificates of Registration issued pursuant to Sections 4(3), and 4(1)(b) of the Mutual Funds Law (“MFL”). The Rule and Regulatory Procedure are available at <https://www.cima.ky/investment-funds-regulatory-measures>.

**The Cayman Islands Monetary Authority (the “Authority”) now only accepts applications for the cancellation/deregistration of regulated funds via the Regulatory Enhanced Electronic Forms Submissions (“REEFS”) Portal. Cancellation/de-registration applications should NOT be submitted to the Authority in hard copy form, via mail, or in electronic form, via e-mail.**

In order to ensure that there are no delays in the processing of cancellation/deregistration applications, please note the following:

Submission of **all** core requirements for the cancellation/de-registration of regulated funds is necessary for the Authority to place the regulated fund into Licence under Termination (“LUT”) or Licence under Liquidation (“LUL”) status. Failure to submit all core requirements will cause a delay in the assignment of the LUT or LUL status, which may result in the regulated fund incurring annual fees for the upcoming year.

The resolution of the operators, shareholders or unit holders, which indicates the date on which the fund will cease or has ceased to carry on business as a regulated fund in or from the Cayman Islands, **must be certified**<sup>1</sup> as a true copy.

The **original** Mutual Fund Licence or Certificate of Registration for the regulated fund, including certified copies, must be returned to the Authority<sup>2</sup>.

### **LUL Status Cancellations/De-registrations**

If a regulated fund enters court supervised liquidation, the Authority will place the regulated fund into LUL status as of the date that the supervision/winding up order issued by the Grand Court of the Cayman Islands is duly stamped by the court and is received by the Authority via e-mail to [Terminations@cimoney.com.ky](mailto:Terminations@cimoney.com.ky)). The appointed Liquidator(s) are then required to provide the Authority with the regulated fund’s core deregistration requirements **with the exception** of the certified copy of the resolution

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<sup>1</sup> A certifier must be a suitable person, such as for instance a lawyer, accountant, director or manager of a regulated entity/FSP, a notary public, a member of the judiciary or a senior civil servant. Such persons are expected to adhere to ethical and/ or professional standards of his/her profession or vocation. The certifier should sign the copy document (printing his/her name clearly underneath) and clearly indicate his/her position or capacity on it together with a contact address and phone number.

<sup>2</sup> The cover letter accompanying the cancellation/deregistration application should outline if a physical Mutual Fund Licence or Certificate of Registration, or any physical certified copies, was issued to the fund and if so, arrangements should be made for the(se) documents to be returned to the Authority.

of the operators, shareholders or unit holders, which indicates the date on which the regulated fund will cease or has ceased to carry on business as a regulated fund in or from the Cayman Islands. The regulated fund is required to settle outstanding fees with the Authority **or** provide a Proof of Debt Form, as well as provide ongoing updates in relation to the court proceedings ((in the form of electronic copies of the report filed by the Official Liquidator(s) to the Grand Court of the Cayman Islands) until the regulated fund has completed the liquidation process. Upon completion of the liquidation, the Official Liquidator(s) are required to provide the Authority with an electronic copy of the final liquidators' report, which will be used to complete the cancellation/de-registration of the regulated fund.

For voluntary liquidations, the regulated fund<sup>3</sup> is required to provide the Authority with the core cancellation/deregistration documents (via the REEFS Portal), as well as electronic copies of the CWR Form No. 19 (Notice Of The Winding Up Of The Fund) and CWR Form No. 20 (Voluntary Liquidator's Consent To Act), **which have been stamped by the Cayman Islands Registrar of Companies**. Upon receipt of the aforementioned documentation, the Authority will place the regulated fund into LUL status.

Regulated funds that are placed into LUT status remain liable for the payment of half the Annual Licence Fee (and penalties, if applicable). A regulated fund that has been placed into LUL status will not incur any further annual fees, but remains liable for any fees<sup>4</sup> and/or penalties incurred prior to being placed into LUL status.

### **Timing and Communication**

The Authority advises that regulated funds are required to submit cancellation/deregistration applications in accordance with the Rule on the earlier of:

- 21 days from the date the Fund ceases to carry on business; or
- Before December 31 of the year the Fund ceases to carry on business.

The Authority encourages regulated funds to submit these applications as soon as the decision has been made to cease business<sup>5</sup>, in order to avoid any delays in the processing of the cancellation/deregistration application, especially if ceasing operations at/near the end of a calendar year. Any outstanding fees in regards to the regulated fund can be determined via the REEFS Portal, as the prior payment of such fees or the payment being provided at the time that the cancellation/deregistration application is submitted will prevent delays in processing. All queries in relation to cancellation/deregistration applications should be addressed to [Terminations@cimoney.com.ky](mailto:Terminations@cimoney.com.ky).

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<sup>3</sup> Liquidators, wishing to submit the core cancellation/de-registration documents, who do not have access to the REEFS Portal, must submit (via-email to [Terminations@cimoney.com.ky](mailto:Terminations@cimoney.com.ky)) a copy of the certified written resolution(s) to verify and confirm the Board of Directors' approval of the appointment of the Voluntary Liquidator and/or role of REEFS submitter.

<sup>4</sup> Fees that may be outstanding include the fee for the filing of the Fund Annual Return (FAR) form. Any outstanding FAR fees will have to be paid prior to the cancellation of the fund's Mutual Fund Licence or Certificate of Registration.

<sup>5</sup> The core requirements, as outlined above, are necessary as proof of such cessation of regulated activity.