

CAYMAN ISLANDS



MUTUAL FUNDS (AMENDMENT) LAW, 2020

(Law 2 of 2020)

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CAYMAN ISLAND

(Law 2 of 2020)

I Assent,

Martyn Roper
Governor

Date: 7th day of February, 2020

MUTUAL FUNDS (AMENDMENT) LAW, 2020

(Law 2 of 2020)

A LAW TO AMEND THE MUTUAL FUNDS LAW (2020 REVISION) TO ENHANCE THE REGULATORY AND SUPERVISORY FRAMEWORK FOR MUTUAL FUNDS; AND FOR INCIDENTAL AND CONNECTED PURPOSES

ENACTED by the Legislature of the Cayman Islands.

Short title and commencement

1. (1) This Law may be cited as the Mutual Funds (Amendment) Law, 2020.
(2) This Law shall come into force immediately after the commencement of the *Private Funds Law, 2020*.

Amendment of section 2 - definitions

2. The *Mutual Funds Law (2020 Revision)*, in this Law referred to as the “principal Law”, is amended in section 2 as follows —
 - (a) in the definition of the words “**licensed mutual fund administrator**”, by deleting the words “section 10(2)” and substituting the words “this Law prior to the commencement of the *Mutual Funds (Amendment) Law, 2006*.”;
 - (b) in the definition of the words “**mutual fund administration**”, in paragraph (b), by inserting after the words “*Exempted Limited Partnership Law (2018 Revision)*,”

- the words “*the Limited Liability Partnership Law, 2017, the Limited Liability Companies Law (2020 Revision)*”;
- (c) in the definition of the words “**mutual fund administrator**” —
- (i) in paragraph (c) by deleting the word “or”;
 - (ii) in paragraph (d) by deleting the comma and substituting a semi-colon; and
 - (iii) by inserting after paragraph (d) the following paragraphs —
 - “(e) a limited liability partnership registered under the *Limited Liability Partnership Law, 2017*, or
 - (f) a limited liability company registered under the *Limited Liability Companies Law (2020 Revision)*”;
- (d) in the definition of the word “**partnership**”, by inserting after the words “*Exempted Limited Partnership Law (2018 Revision)*” the words “, a limited liability partnership registered under the *Limited Liability Partnership Law, 2017*”;
- (e) in the definition of the words “**public in the Islands**” —
- (i) in paragraph (d) by deleting the word “or” where it last appears;
 - (ii) by inserting after paragraph (d) the following paragraphs —
 - “(da) a limited liability partnership registered under the *Limited Liability Partnership Law, 2017*;
 - (db) a limited liability company registered under the *Limited Liability Companies Law (2020 Revision)*; or”;
- (f) in the definition of the words “**registered office**” —
- (i) by deleting paragraph (b) and substituting the following paragraph —
 - “(b) in the case of a foreign company as defined by section 183 of the *Companies Law (2020 Revision)*, the person or persons authorised to accept service on behalf of the company in accordance with section 184(1)(e) of that Law;”;
 - (ii) in paragraph (c) by deleting the word “or”; and
 - (iii) by inserting after paragraph (c) the following paragraphs —
 - “(ca) in the case of a limited liability partnership, the registered office of that partnership for the purposes of the *Limited Liability Partnership Law, 2017*;
 - (cb) in respect of a limited liability company, the registered office of the company for the purposes of the *Limited Liability Companies Law (2020 Revision)*; or”;



- (g) in the definition of the words “regulated mutual fund”, by deleting the words “section 4(1) or 4(3)” and substituting the words “section 4(1)(b), 4(3) or (4)(4)(a)”.

Amendment of section 4 - regulated mutual funds

3. The principal Law is amended in section 4 as follows —

- (a) in subsection (1) as follows —
- (i) by deleting the words “or is exempted under subsection (4)” and substituting the words “or (4)”; and
 - (ii) by repealing paragraph (b) and substituting the following paragraph —
“(b) it is registered with the Authority in the prescribed manner and a licensed mutual fund administrator is providing its principal office in the Islands,”;
- (b) in subsection (4), in paragraph (a), by deleting the words “; or” and substituting the words “and unless an exemption from this requirement has been granted by the Authority —
- (i) there is filed with the Authority a certified copy of an extract of the constitutional documents of the mutual fund specifying that a majority of the investors in number are capable of appointing or removing the operator of the mutual fund;
 - (ii) there is filed with the Authority such other information as may be required in the prescribed form;
 - (iii) it is registered with the Authority in the prescribed manner; and
 - (iv) the prescribed annual registration fee has been paid in respect of the mutual fund;”.

Amendment of section 5 – Mutual Fund Licences

4. The principal Law is amended in section 5(1)(b) by deleting the words “, or (b)”.

Amendment of section 8 - annual audit of regulated mutual fund

5. The principal Law is amended in section 8 as follows —

- (a) by inserting after subsection (1) the following subsections —
- “(1A) The accounts of a regulated mutual fund shall be prepared in accordance with the International Financial Reporting Standards or the generally

accepted accounting principles of the United States of America, Japan or Switzerland or any non-high risk jurisdiction.

(1B) The annual audit under subsection (1) shall be carried out in accordance with the International Standards on Auditing or the generally accepted auditing standards of the United States of America, Japan, Switzerland or a non-high risk jurisdiction.”; and

(b) by inserting after subsection (4) the following subsection —

“(5) In subsection (1A) —

“**International Financial Reporting Standards**” means the accounting and reporting standards developed and issued by the International Accounting Standards Board; and

“**non-high risk jurisdiction**” means any jurisdiction that is not on the list of high risk jurisdictions issued by the Financial Action Task Force.”.

Amendment of section 9 - regulated mutual fund to pay annual fee

6. The principal Law is amended in section 9(1) by deleting the words “licensed” and “licence”.

Amendment of section 30 - powers of Authority in respect of regulated mutual funds or regulated EU Connected Funds

7. The principal Law is amended in section 30 as follows —

(a) in subsection (3) as follows —

(i) in paragraph (a) by deleting the words “section 4(1)(b) or 4(3)” and substituting the words “section 4(1)(b), 4(3) or (4)(4)(a)”;

(ii) in paragraph (b) by deleting the words “any Mutual Fund Licence the mutual fund holds” and substituting the words “the mutual fund”; and

(iii) in paragraph (d) by deleting the words “the fund” and substituting the words “the mutual fund”; and

(b) in subsection (16) by deleting the words “section 4(1)(b) or 4(3)” and substituting the words “section 4(1)(b), 4(3) or 4(4)(a)”.

Amendment of section 35 - obligation of auditors

8. The principal Law is amended in section 35 by repealing subsection (6).

Repeal of section 37 - indemnity

9. The principal Law is amended by repealing section 37.



Repeal of section 38 - common law restriction on alienation clarified

10. The principal Law is amended by repealing section 38.

Savings and transitional

11. A mutual fund that immediately before the commencement of this Law was carrying on business in or from the Islands without complying with section 4(1) of the principal Law because the equity interests in the mutual fund are held by not more than fifteen investors, the majority of whom are capable of approving or removing the operator of the fund, may continue to carry on business in or from the Islands without complying with section 4(1) for a period of not more than six months after the date of commencement of this Law or such further period as may be specified by the Authority.

Passed by the Legislative Assembly the 31st day of January, 2020.

Hon. W. McKeeva Bush
Speaker

Zena Merren-Chin
Clerk of the Legislative Assembly

