

CAYMAN ISLANDS



Supplement No. 2 published with Extraordinary  
Gazette No. 100 dated 27<sup>th</sup> November, 2017.

**THE COMPANIES (AMENDMENT) (NO. 2) LAW, 2017**

**(LAW 42 OF 2017)**

**THE COMPANIES (AMENDMENT) (NO. 2) LAW, 2017**

**ARRANGEMENT OF SECTIONS**

1. Short title and commencement
2. Amendment of section 244 of the Companies Law (2016 Revision) - interpretation
3. Amendment of section 245 - application
4. Amendment of section 253 - role of corporate services provider and Registrar
5. Amendment of section 256 - consequences of failure to disclose beneficial ownership
6. Amendment of section 261 - duties of Registrar and corporate services providers
7. Amendment of section 262 - limits on searches that may be executed
8. Amendment of section 263 - disclosure of beneficial ownership information by the Cayman Islands Monetary Authority
9. Amendment of section 274 - failure of a company to establish or maintain beneficial ownership register
10. Amendment of section 280 - regulations

CAYMAN ISLANDS

Law 42 of 2017

I Assent

Franz Manderson

Acting Governor.

November 27<sup>th</sup>, 2017

**A LAW TO AMEND THE COMPANIES LAW (2016 REVISION) TO ADD  
A DEFINITION OF “REGULATORY LAW” FOR THE PURPOSES OF  
PART XVIIIA; TO REQUIRE CORPORATE SERVICES PROVIDERS TO  
UPDATE BENEFICIAL OWNERSHIP REGISTERS REGULARLY AND  
TO FILE WRITTEN CONFIRMATIONS OF EXEMPTION FOR  
COMPANIES THAT ARE EXEMPT FROM PART XVIIIA; TO CLARIFY  
EXCLUSIONS OF LEGAL ENTITIES AND SUBSIDIARIES OF LEGAL  
ENTITIES FROM THE SCOPE OF PART XVIIIA AND ADD OTHER  
EXCLUSIONS; TO ADD THE ANTI-CORRUPTION COMMISSION AS A  
BODY THAT MAY REQUIRE SEARCHES TO BE MADE OF  
BENEFICIAL OWNERSHIP REGISTERS; AND FOR INCIDENTAL AND  
CONNECTED PURPOSES**

ENACTED by the Legislature of the Cayman Islands.

1. (1) This Law may be cited as the Companies (Amendment) (No. 2) Law, 2017.

Short title and  
commencement

(2) This Law shall come into force on such date as may be appointed by the Cabinet and different dates may be appointed for different provisions.

2. The Companies Law (2016 Revision), in this Law referred to as “the principal Law”, is amended in section 244 -

Amendment of section  
244 of the Companies  
Law (2016 Revision) -  
interpretation

- (a) in the definition of “corporate services provider” by deleting the words “ “regulatory law” as defined in section 2 of the Monetary

- Authority Law (2016 Revision)” and substituting the words “regulatory law”; and
- (b) by inserting the following definition in the appropriate alphabetical sequence -

“ “regulatory law” means a law defined as such in section 2 of the Monetary Authority Law (2016 Revision), other than the Directors Registration and Licensing Law, 2014;”.

(2016  
Revision)  
(Law 10  
of 2014)

Amendment of section  
245 - application

3. The principal Law is amended in section 245 -

- (a) by repealing subsection (1) and substituting the following subsection -

(1) This Part applies in respect of companies incorporated or registered by way of continuation under this Law, except a legal entity or subsidiary of one or more legal entities, any of which is -

Schedule 4

(2015  
Revision)

- (a) listed on the Cayman Islands Stock Exchange or an approved stock exchange in Schedule 4;
- (b) registered or holding a licence under a regulatory law (other than a company registered as an excluded person under section 5(4) of the Securities Investment Business Law (2015 Revision));
- (c) managed, arranged, administered, operated or promoted by an approved person as a special purpose vehicle, private equity fund, collective investment scheme or investment fund, including where the vehicle, fund or scheme is a Cayman Islands exempted limited partnership;
- (d) regulated in a jurisdiction included in a list published by the Anti-Money Laundering Steering Group of countries and territories whose Anti-Money Laundering legislation is deemed to be equivalent to the Anti-

Money Laundering legislation of the Islands;

- (e) a general partner of a vehicle, fund or scheme referred to in paragraph (c) which vehicle, fund or scheme -
  - (i) is registered or holds a licence under a regulatory law; or
  - (ii) is managed, arranged, administered, operated or promoted by an approved person;
- (f) holding directly a legal or beneficial interest in the shares of a legal entity which holds a licence under the Banks and Trust Companies Law (2013 Revision), the Companies Management Law (2003 Revision), the Insurance Law (2010 Revision), Part III of the Mutual Funds Law (2015 Revision) or the Securities Investment Business Law (2015 Revision); or
- (g) exempted by the Regulations.”;
- (b) in subsection (2)(a) by deleting the words “ “regulatory law” as defined in section 2 of the Monetary Authority Law (2016 Revision)” and substituting the words “regulatory law (other than a company registered as an excluded person under section 5(4) of the Securities Investment Business Law (2015 Revision))”; and
- (c) by inserting after subsection (2) the following subsection -
  - “(2A) For the avoidance of doubt, a legal entity shall not be considered -
    - (a) to be operated or managed by an approved person solely as a consequence of the entity having appointed an individual who is an employee of a legal entity which holds a licence under a regulatory law as a director; or
    - (b) to be managed, arranged, administered, operated or promoted by an approved person solely as a consequence of the entity having appointed an approved person to

provide its registered office in the Cayman Islands.”.

Amendment of section 253 - role of corporate services provider and Registrar

4. The principal Law is amended in section 253 -

(a) by inserting after subsection (1) the following subsection -

“(1A) A company that is exempt from the application of this Part under section 245(1) shall provide in the prescribed manner to the corporate services provider or the Registrar, as the case may be -

(a) written confirmation of the exemption -

(i) identifying the paragraph under section 245(1) that provides for the exemption; and

(ii) including the prescribed information about the regulated legal entity, regulated parent entity or approved person referred to in that paragraph; and

(b) instructions to file the written confirmation with the competent authority.”; and

(b) in subsection (2) by inserting before the word “shall” the words “referred to in subsection (1)”.

Amendment of section 256 - consequences of failure to disclose beneficial ownership

5. The principal Law is amended in section 256(3)(a) by inserting before the word “issue” the words “subject to section 265,”.

Amendment of section 261 - duties of Registrar and corporate services providers

6. The principal Law is amended in section 261 -

(a) by renumbering the section as section 261(1); and

(b) by inserting after subsection (1) the following subsections -

“(2) The corporate services provider shall regularly deposit beneficial ownership information received from the companies that have engaged the provider, in such place, in such manner and at such intervals as may be prescribed.

(3) If default is made in complying with subsection (2), the corporate services provider and any officer of the corporate services provider who is in default -

(a) shall incur a penalty of five hundred dollars; and

(b) if the competent authority is satisfied that the default was knowingly or willfully authorized or permitted, shall incur an additional penalty of one thousand dollars and a further penalty of one

hundred dollars for every day during which the default continues.”.

- |  |  |
|--|--|
| 7. Section 262 of the principal Law is amended by inserting after subsection (1)(c) the following paragraph -  | Amendment of section 262 - limits on searches that may be executed   |
| “ <sup>(2016 Revision)</sup> (ca) the Anti-Corruption Commission established under section 3 of the Anti-Corruption Law (2016 Revision);”.   |  |
| 8. Section 263 of the principal Law is amended by deleting the words ““regulatory law” as defined in section 2 of the Monetary Authority Law (2016 Revision)” and substituting the words “regulatory law”. | Amendment of section 263 - disclosure of beneficial ownership information by the Cayman Islands Monetary Authority |
| 9. Section 274 of the principal Law is amended by inserting after the words “253(1)” the words “or (1A)”.  | Amendment of section 274 - failure of a company to establish or maintain beneficial ownership register             |
| 10. Section 280(3) of the principal Law is amended by deleting the words “section 245(1)(e)” and substituting the words “section 245(1)(g)”.   | Amendment of section 280 - regulations   |

Passed by the Legislative Assembly the 16<sup>th</sup> day of November, 2017.

Dr. Hon. W. McKeever Bush

Speaker.

Zena Merren-Chin

Clerk of the Legislative Assembly.