

CAYMAN ISLANDS



**Private Funds Act
(2021 Revision)**

PRIVATE FUNDS (ANNUAL RETURNS) REGULATIONS, 2021

(SL 31 of 2021)

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Arrangement of Regulations

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CAYMAN ISLANDS**Private Funds Act
(2021 Revision)****PRIVATE FUNDS (ANNUAL RETURNS)
REGULATIONS, 2021
(SL 31 of 2021)**

In exercise of the powers conferred by section 31 of the Private Funds Act (2021 Revision) the Cabinet makes the following Regulations —

Citation

1. These Regulations may be cited as the Private Funds (Annual Returns) Regulations, 2021.

Definitions

2. In these Regulations —

“**advisor**” means a person whose functions are to carry out the activities specified in paragraph 4 of Schedule 2 of the *Securities Investment Business Act (2020 Revision)*;

“**co-investment vehicle**” means a pooled investment vehicle which invests in one or more transactions alongside the private fund;

“**exempted trust**” means a trust registered as an exempted trust under Part VI of the *Trusts Act (2021 Revision)*;

“**manager**” means a person whose functions are to carry out the activities specified in paragraph 3 of Schedule 2 of the *Securities Investment Business Act (2020 Revision)*;

“**master unit trust structure**” means a unit trust that —



- (a) is established in the Islands;
- (b) issues investment interest to one or more investors;
- (c) holds investments and conducts trading activities for the principal purpose of implementing the overall investment strategy of its regulated sub-trusts;
- (d) has one or more regulated sub-trusts either directly or through an intermediary entity established to invest in the master unit trust; and
- (e) is not licensed under the *Banks and Trust Companies Act (2021 Revision)* or the *Insurance Act, 2010 [Act 32 of 2010]* or registered under the *Building Societies Act (2020 Revision)* or the *Friendly Societies Act (1998 Revision)*;

“parallel fund” means a parallel investment vehicle generally formed to invest and divest in the same investments at the same time as the main private fund;

“politically exposed person” has the meaning assigned by section 2(1) of the *Anti-Money Laundering Regulations (2020 Revision)*;

“related fund entity”, in relation to a private fund, means an entity established by or on behalf of the promoter of the private fund which may account for certain regulatory, tax and other structuring needs of one or more groups of persons, which itself may not meet the definition of a private fund, and includes —

- (a) a parallel fund;
- (b) an alternative investment vehicle; or
- (c) a co-investment vehicle;

“segregated portfolio company” has the meaning assigned by section 212 of the *Companies Act (2021 Revision)*;

“sub-advisor” means a person to whom an advisor delegates, wholly or partially, the advisor’s functions, or a person who is engaged to advise the advisor;

“sub-fund”, in relation to, a private fund, includes any or all of the following in the private fund’s structure —

- (a) a segregated portfolio, where the private fund is a segregated portfolio company;
- (b) a sub-trust, where the private fund is an exempted trust, an umbrella trust structure or a master unit trust structure; and
- (c) a class of share, unit or interest in a company, unit trust or partnership for which the private fund maintains and accounts for a separate portfolio of investments;

“sub-manager” means a person to whom a manager delegates, wholly or partially, the manager’s functions;

“**sub-trust**” means a trust which is independent of, but subordinate in some way to, a head trust; and

“**umbrella trust structure**” means a collective investment scheme that exists as a single trust vehicle but has several distinct sub-trusts which may be traded separately.

Annual return

3. (1) Subject to paragraph (2), a private fund shall submit to the Authority in the form set out in the Schedule an annual return referred to in section 14 of the Act, in respect of each financial year of the private fund.
- (2) The annual return referred to in paragraph (1) shall include the operating information and financial information referred to in Parts B and C of the annual return form in the Schedule in respect of —
- (a) each alternative investment vehicle of the private fund, unless such alternative investment vehicle is itself registered as a private fund; and
- (b) each sub-fund of the private fund.
- (3) The annual return referred to in paragraph (1) shall include the information referred to in paragraph 14 of Part A of the Schedule in respect of the private fund’s related fund entities, including where such related fund entities are registered under the Act as private funds.
- (4) A private fund shall submit the annual return referred to in paragraph (1) to the Authority within six months after the end of the financial year to which it relates or within any extension of that period as the Authority may allow.
- (5) A private fund may submit the annual return referred to in paragraph (1) through its auditor referred to in section 13(1) of the Act or such other person designated by the private fund as may be approved by the Authority.
- (6) When completing the annual return, the private fund shall have regard to any explanatory material issued with respect to the private fund by the Authority.
- (7) The auditor or person designated by the private fund referred to in paragraph (5) shall be responsible only for submitting to the Authority in a timely manner each duly completed return received from the operator of a private fund and such auditor or person shall not be liable for the accuracy or completeness of the annual return submitted.

Fees

4. The fee for submitting an annual return under regulation 3 is three hundred dollars and an additional amount of one hundred and fifty dollars for each —
- (a) alternative investment vehicle, except where such alternative investment vehicle is itself registered as a private fund; and
- (b) sub-fund,



in respect of which the private fund has submitted the operating information and financial information under regulation 3(2), up to a maximum of twenty-five alternative investment vehicles or sub-funds or both.

Private fund to confirm compliance with the Act

5. A private fund which has received capital contributions for the purpose of investment on behalf of the private fund shall provide in the annual return under regulation 3 that the private fund has complied with sections 16 to 18 of the Act.

SCHEDULE

(*regulation 3(1)*)

ANNUAL RETURN FORM

Part A

General Information (in respect of the private fund only)

1. Name of fund
2. Certificate number issued for the private fund by the Authority
3. Legal structure of private fund
4. Legal entity identifier (if applicable)
5. Particulars of private fund operator(s) —
 - (a) Name(s); and
 - (b) E-mail address(es)
6. Reporting period covered by the annual return
7. Name and address of registered office
8. Manager —
 - (a) Is the private fund self-managed?
 - (b) If the private fund is not self-managed, please provide the name and address of manager;
 - (c) Legal entity identifier of the manager (if applicable);
 - (d) Name of regulator of the manager (if applicable);
 - (e) Geographic location of regulator (if applicable);
 - (f) Name of sub-managers to whom all or part of the investment manager functions have been delegated (if applicable); and
 - (g) Geographic location of sub-managers to whom all or part of the investment manager functions have been delegated (if applicable)
9. Advisor —
 - (a) Is the private fund self-advised?
 - (b) If the private fund is not self-advised, please provide the name and address of advisor;
 - (c) Legal entity identifier of the advisor (if applicable);
 - (d) Name of regulator of the advisor (if applicable);
 - (e) Geographic location of regulator (if applicable);



- (f) Name of sub-advisors to whom all or part of the investment manager functions have been delegated (if applicable); and
- (g) Geographic location of sub-advisors to whom all or part of the investment manager functions have been delegated (if applicable)

10. Private Fund Administration (if applicable) —

- (a) Is the registrar and transfer agent independent from the operator, promoter or both the operator and the promoter of the private fund? [YES/NO]

If yes, please continue to 10(b). If no, please continue to 10(d).

- (b) Registrar and transfer agent contracted —

- (i) Name of registrar and transfer agent contracted (if applicable);
- (ii) Geographic location of registrar and transfer agent contracted (if applicable);
- (iii) Name of regulator for registrar and transfer agent contracted (if applicable); and
- (iv) Geographic location of regulator for registrar and transfer agent contracted (if applicable);

- (c) Registrar and transfer agent sub-delegated —

- (i) Name of registrar and transfer agent sub-delegated (if applicable); and
- (ii) Geographic location of registrar and transfer agent sub-delegated (if applicable);

- (d) Is the net asset value calculation agent independent from the operator, promoter or both the operator and the promoter of the private fund? [YES/NO]

If yes, please continue to 10(e). If no, please continue to 11.

- (e) Net asset value calculation agent contracted —

- (i) Name of net asset value calculation agent contracted (if applicable);
- (ii) Geographic location of net asset value calculation agent contracted (if applicable);
- (iii) Name of regulator for net asset value calculation agent contracted (if applicable); and
- (iv) Geographic location of the regulator for net asset value calculation agent contracted (if applicable); and

- (f) Net asset value calculation agent sub-delegated —

- (i) Name of net asset value calculation agent sub-delegated (if applicable); and
- (ii) Geographic location of net asset value calculation agent sub-delegated (if applicable)



11. Auditor —
 - (a) Name of auditor; and
 - (b) Has the auditor, as last notified to the Authority, resigned or indicated that the auditor will not perform the audit for the next year?
12. Name and address of legal counsel —
 - (a) Primary onshore legal counsel; and
 - (b) Primary Cayman Islands legal counsel
13. Custodian —
 - (a) Name of custodian contracted (if applicable);
 - (b) Geographic location of custodian contracted (if applicable);
 - (c) Name of regulator (if applicable);
 - (d) Geographic location of regulator (if applicable);
 - (e) Name of any sub-custodians (if applicable); and
 - (f) Geographic location of any sub-custodians (if applicable)
14. Operating structure —
 - (a) Name and total number of all of the private fund's related fund entities;
 - (b) If a related fund entity is regulated outside of the Cayman Islands, please identify —
 - (i) Certificate number issued for the regulated related fund entity;
 - (ii) Legal entity identifier (if applicable);
 - (iii) Name of regulator; and
 - (iv) Geographic location of the regulator; and
 - (c) Name of all related fund entities that are private funds registered under the Act which are part of the private fund's structure
15. Domicile of the investors —
 - (a) Total number of investors;
 - (b) Number of investors domiciled in the Cayman Islands (if applicable);
 - (c) Percentage of net asset value held by investors domiciled in the Cayman Islands (if applicable);
 - (d) Percentage of capital commitment held by investors domiciled in the Cayman Islands (if applicable);
 - (e) Number and net asset value holdings of investors per type for the top five types (high net worth persons, politically exposed persons (foreign and domestic), other natural persons, non-bank financial institutions, trusts, non-financial

corporations and related fund entities not regulated under the *Private Funds Act (2021 Revision)*);

- (f) Number and net asset value holdings of nominee investors per type for the top five types (high net worth persons, politically exposed persons (foreign and domestic), other natural persons, non-bank financial institutions, trusts, non-financial corporations); and
- (g) Number of investors and net asset value holdings per geographic location for the top five geographic locations.

Part B

Operating Information (*in respect of the private fund, each of its alternative investment vehicles and sub-funds, if any*)

- 16. Value of investments held, by type (if applicable)
- 17. Type of fund by —
 - (a) investment strategy; and
 - (b) operating structure
- 18. Stock exchange on which the investment interests are listed (if applicable)
- 19. If listed on a stock exchange, has trading of the investment interests been suspended?
- 20. Has the private fund or any of its related fund entities, issued a digital representation of its equity interest within the reporting period?
- 21. Have there been any regulatory investigations in respect of the private fund or any of its related fund entities within the reporting period?
- 22. Minimum Capital Commitment as per the marketing material (if applicable)
- 23. Has the marketing material changed since registration of the private fund or since filing the last annual return on behalf of the investment entity, whichever is most recent?
- 24. Has the operator made a decision to terminate the business of the private fund?
- 25. How many operator meetings were held by the operator of the private fund during the reporting period?
- 26. Total number of side letters signed with investors?
- 27. Any other information as the Authority deems necessary

Part C

Financial Information (*in respect of the private fund, each of its alternative investment vehicles and sub-funds, if any*)

- 28. Type of audit opinion
- 29. Generally accepted accounting principles followed by the private fund



30. Generally accepted auditing standards used
31. Reporting currency of the audited accounts
32. Total assets
33. Net asset value at beginning of period
34. Capital contributions for period
35. Total payments or distributions to investors for period
36. Net income or net increase in net assets from operations
37. Net asset value at end of period
38. Expenses (broken down as far as possible as below, if not aggregated) —
 - (a) professional;
 - (b) administration;
 - (c) management; and
 - (d) performance fee or carried interest
39. Asset Allocation —
 - (a) Private operating companies;
 - (b) Restricted securities of public companies;
 - (c) Derivatives;
 - (d) Private investment companies;
 - (e) Special-purpose vehicles;
 - (f) Contingent consideration;
 - (g) Marketable equity securities;
 - (h) Investments into master funds;
 - (i) Real assets (other than real estate);
 - (j) Real estate;
 - (k) Virtual assets; and
 - (l) Other
40. Leverage
41. Allocation of equity and debt securities by jurisdiction of issuer(s) —
 - (a) Currency and counterparty;
 - (b) Sector of issuers; and
 - (c) Direct investments where the fund's holding represents ten percent or more of an entity
42. Declaration completed by the operator that the private fund has complied with —

- (a) section 16 (Valuation);
 - (b) section 17 (Safekeeping of fund assets); and
 - (c) section 18 (Cash monitoring),
- of the *Private Funds Act (2021 Revision)*.

I, _____, declare and confirm that _____
name of operator *name of private fund*
 has, in respect of the reporting period _____, complied
dates

with section 16 (Valuation), section 17 (Safekeeping of private fund assets) and section 18 (Cash monitoring) of the *Private Funds Act (2021 Revision)*.

I declare and confirm further that —

- (a) I am authorized to make this declaration; and
- (b) I have taken all reasonable steps to ensure that the information in this declaration is accurate and complete.

Signature

Position

_____, 20__.
Date

43. Submitter:

Annual return submitted by:

Date:

Made in Cabinet the 23rd day of March, 2021.

Davina Wilson
Acting Clerk of the Cabinet

