



3 March 2020

NOTICE

RE: MUTUAL FUNDS (AMENDMENT) LAW, 2020 - Frequently Asked Questions

The Cayman Islands Monetary Authority ("CIMA") outlines below, for your reference, its response to frequently asked questions relating to the registration process and ongoing requirements for a fund formerly exempted pursuant to section 4(4) of the Mutual Funds Law (2020 Revision) (now known as the "Limited Investor Fund"):

Registration

1) **How do I submit a Limited Investor Fund registration application?**

A. Applications are submitted electronically through CIMA's secure Regulatory Enhanced Electronic Forms Submission (REEFS) web portal. However, please see the [application form](#) to apply for registration, until the REEFS form has been completed.

2) **What documents/fees are required to register as a Limited Investor Fund under the Mutual Funds Law?**

A. CIMA requires the following:

[Application Form](#)¹;

Offering Document/Summary of Terms/Marketing Material;

Certificate of Incorporation/Registration;

Confirmation that majority of investors have the power to appoint/remove the operator(s) (Constitutional documents/ resolution/ Offering document etc.);

Auditor's letter of consent²;

¹ This form will no longer be used once the REEFS form has been finalized.

² If the appointment of the CIMA approved local auditor has not been finalized at the time of the fund's registration, the application can proceed without the auditor's letter of consent but such consent letter must be submitted to CIMA prior to the filing of the fund's first set of audited accounts.

Administrator's letter of consent (if applicable);

Application Fee ³

- 3) **When is a Limited Investor Fund application viewed as complete and ready for processing by CIMA?**
 - A. All documentation (as outlined above) and payment must be submitted to CIMA before the processing of the application will commence.

- 4) **Under what circumstances will CIMA reject a Limited Investor Fund's registration application?**
 - A. A Limited Investor Fund's registration application will be rejected where the documentation submitted is incorrect or incomplete. Also see the previous [Notice](#)⁴ for further information.

- 5) **What date will be reflected on the Limited Investor Fund's registration certificate?**
 - A. The registration date of a Limited Investor Fund will be the date that a complete application has been received by CIMA - i.e. the submission date when the Limited Investor Fund has submitted all documents, fees and information as required pursuant to the Mutual Funds Law.

- 6) **Will CIMA extend the four eyes principle to a Limited Investor Fund?**
 - A. Yes. A minimum of two (2) directors are required for applicants that are companies.

- 7) **Will the two (2) director test be applied to the general partner or corporate director of a Limited Investor Fund?**
 - A. Yes. CIMA will require a minimum of two (2) natural persons to be named in respect of a general partner or corporate director of a Limited Investor Fund.

- 8) **Will marketing materials or offering documents need to be submitted as part of the application process for Limited Investor Funds?**
 - A. Yes. A copy of the marketing materials, summary of terms or offering document will be required upon registration.

³ There will be no annual registration fee assessed for funds registering during the transition period, which ends on 7 August 2020; however, an application fee of \$300 is due. Funds registering subsequent to the end of the transition period will pay the annual registration fee of \$3,500 and the \$300 application fee.

⁴ See the answer to question 2 on the Notice.

9) **Will a Limited Investor Fund that is in liquidation/wind-up or that has commenced the liquidation/wind-up process prior to the end of the transition period be required to submit a registration application to CIMA?**

A. A Limited Investor Fund that submits evidence (resolutions, auditor confirmation, etc.) to CIMA that its liquidation/winding-up will be completed prior to the end of the transition period will not be required to apply for registration pursuant to the relevant law.

Audit Requirements

10) **What are the audit requirements for a Limited Investor Fund?**

A. A Limited Investor Funds, pursuant to section 8 of the Mutual Funds Law (2020 Revision), is required to have its accounts audited annually by an auditor approved by CIMA. The Limited Investor Fund is also required to submit its audited accounts, along with the Fund Annual Return ("FAR"), to CIMA within six months of the end of each financial year.

11) **Will an audit for a Limited Investor Fund be required for 2020?**

Yes. A Limited Investor Fund is required to submit an audit for its 2020 financial year within six months of the financial year end or within such extension of that period as the Authority may allow.

12) **Are the investors in a fund that wishes to convert from a Limited Investor Fund to a Registered Fund required to meet the minimum initial investment requirement of at least CI\$80,000 (US\$100,000)?**

Funds that wish to convert from being registered under section 4(4) to section 4(3) of the Mutual Funds Law must comply with the minimum initial investment requirement. Accordingly, these funds are required to demonstrate this by providing an affidavit attesting the same. Any investor that initially invested below the minimum initial investment requirement must increase their investment or be redeemed out prior to the fund converting/registering under section 4(3) of the Mutual Funds Law, unless the investor's current investment meets the minimum initial investment.

The above information can also be found [here](#) under the subheading 'Mutual Funds (Amendment) Law 2020'.