

Regulated funds which file their de-registration documents with CIMA before 31 December 2017 will not be liable to pay the 2018 CIMA fees.

Ian Gobin

+1 345 815 2903
ian.gobin@harneys.com
Cayman Islands

Matt Taber

+1 345 815 2946
matt.taber@harneys.com
Cayman Islands

Jonathan Culshaw

+852 5806 7838
jonathan.culshaw@harneys.com
Hong Kong

Christopher Hall

+44 203 752 3606
christopher.hall@harneys.com
London

Termination and de-registration of Cayman regulated funds: consider action now to reduce 2018 fees

Managers of Cayman Islands regulated funds who are reviewing whether to wind any funds down before the end of 2017 may want to act promptly to avoid or reduce the annual 2018 Cayman Islands Monetary Authority (**CIMA**) fees and related costs. Regulated funds which file their de-registration documents with CIMA before 31 December 2017 will not be liable to pay the 2018 CIMA fees, currently US\$4,268 for a regulated feeder fund and US\$3,048 for a regulated master fund. Funds may also save related service provider fees, including annual audit fees, once they have de-registered.

In what circumstances can a fund de-register from CIMA?

A regulated fund may de-register for various reasons, including where the fund:

- is in voluntary liquidation
- will be continuing as an “exempted” fund¹ under the Mutual Funds Law or no longer meets the definition of a mutual fund, as it has become a single investor fund or become a closed-ended fund as its shares are no longer redeemable at the option of investors, or
- has never carried on business or ceases carrying on business as a regulated mutual fund.

What is the process for de-registration?

There are various core requirements which must be met to de-register a fund from CIMA:

- the fund must be in good standing with CIMA, having paid all fees due and submitted all filings required
- the original registration certificate for the fund must be submitted together with a fee of c.US\$730 and a certified copy of a resolution of the directors (for corporate funds) confirming the date the fund will cease or has ceased to carry on business as a fund in or from the Cayman Islands.

Further documents must then be filed with CIMA depending on the reason for de-registering. Where a fund is going into voluntary

liquidation these include filing the notice of the winding up and voluntary liquidator's consent to act. Filing these documents with CIMA allows the fund to be placed in "Licence under Liquidation" status by CIMA so that, provided the filings have been made before 31 December 2017, no annual fees for 2018 will be payable to CIMA. If the fund is not in good standing with CIMA further documents may need to be submitted by the liquidator.

Funds which are de-registering for other reasons and which have filed some but not all of the required de-registration documents before 31 December 2017 can be placed in "Licence under Termination" status, which reduces their annual CIMA fees by 50 per cent.

Funds in either Licence under Liquidation or Licence under Termination status will be contacted by CIMA during the six months after the fund is placed in the relevant status to follow up on any remaining documents and/or fees required to complete the de-registration. Funds are also expected to provide CIMA with comprehensive updates on the status and progress of the winding down or liquidation within this six month period. CIMA will de-register funds that do not provide the information requested within the timeframe agreed.

If the fund is continuing to operate under an exemption from the Mutual Funds Law it will remain liable for the ongoing fees of its service providers and for annual Cayman Islands registry fees for companies, partnerships, trusts and LLCs, as appropriate for its structure.

Please contact us for details of the documents required for different types of de-registration.

Do we need an audit or can we get a waiver?

Unless a fund qualifies for an audit waiver, it will also have to provide audited accounts from the last financial year end for which audited statements have been filed as part of the de-registration process. CIMA may grant an audit waiver on an application by a fund which is being voluntarily liquidated where a third party liquidator has been appointed on terms which require a review of the period since the last financial year end. Details of when audit waivers may be granted in other specific limited circumstances are set out in our guide on [audit waivers for Cayman Funds](#).

Next steps

For more information on how Harneys can assist and key contacts please visit www.harneys.com/cayman.

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¹ An "exempted" fund under section 4(4) of the Mutual Funds Law is a fund whose equity interests (shares, limited partnership interests, interests of members of a limited liability company established under the Cayman Islands Limited Liability Companies Law (**LLC**), or units in a unit trust) are held by not more than 15 investors, a majority of whom are capable of appointing or removing the operator of the fund (directors for a corporate fund, general partner for a limited partnership, manager for an LLC or trustee of a unit trust).