

Cayman Islands



The Companies (Amendment) Law, 2019

Legislative changes in the Cayman Islands for Companies, LLCs and LLPs

Following the March 2019 assessment by the Caribbean Financial Action Task Force of the Cayman Islands' anti-money laundering and counter-financing of terrorism regime, recent legislative amendments have come into force in the Cayman Islands.

The Companies (Amendment) Law, 2019 (the **Companies Amendment Law**), the Limited Liability Companies (Amendment) Law, 2019 and the Limited Liability Partnership (Amendment) Law, 2019 have each amended their principal laws to introduce new requirements on how certain information is required to be maintained, filed and disclosed relating to the different entities. For the purpose of this update, we focus on the amendments under the Companies Amendment Law as they relate specifically to Cayman Islands companies.

Additional information required for register of members

The register of members of a company having a capital divided into shares must contain a statement to confirm the number and category of shares held by each member and whether each category of shares carries voting rights under the articles of association of such company and if so, whether such voting rights are conditional. Eg where a company has two classes of shares, one with voting rights and the other without, this information would need to be clearly stated in the register of members.

Deadlines

For companies incorporated or registered on or before 8 August 2019, the deadline to comply with updating their register of members is 7 February 2020. Companies incorporated or registered after 8 August 2019 must update their register of members by 7 November 2019.

Penalties

Companies that fail to comply by their respective deadlines shall incur a penalty of CI\$5,000 (USD6,100); and every director or manager of the company who knowingly and wilfully authorises or permits such default shall be subject to the same penalty.

Register of directors and officers filing deadline shortened

Any change to the register of directors and officers must now be notified to the Registrar of Companies (the Registrar) within 30 days, shortened from 60 days.

Cayman Islands - The Companies (Amendment) Law, 2019

Increased penalties for breaching beneficial ownership register requirements

Companies that knowingly and wilfully fail to comply with the beneficial ownership requirements, such as by failing to provide beneficial ownership details on the register, now face steeper penalties.

With immediate effect the penalties imposed are as follows:

- First offence: CI\$25,000 (USD30,500)
- Second offence: CI\$100,000 (USD122,000)
- Third offence: CI\$100,000 (USD122,000) and/or the Cayman Islands court may order that the company be struck off the register by the Registrar

Where beneficial owners and registrable persons fail to comply with notices or requests for information from the company regarding beneficial ownership information, the penalties on conviction on indictment are now:

- First offence: CI\$25,000 (USD30,500)
- Second or subsequent offence: CI\$50,000 (USD61,000) and/or two years' imprisonment

Disclosure of information by the Registrar

The Registrar is now required to disclose information relating to a company, to other regulatory authorities under certain laws listed in the Companies Amendment Law. Such regulatory bodies include the Anti-Corruption Commission, the Cayman Islands Monetary Authority (CIMA), the Financial Crimes Unit of the Royal Cayman Islands Police Service, the Financial Reporting Authority, the Tax Information Authority, and 'competent authorities' as defined under the Proceeds of Crime Law (Revised).

The Registrar is obliged to provide the information within 48 hours of receipt of the request from any such body.

Another amendment that has been introduced, effective 1 October 2019, will require the Registrar to provide the names of the current directors and/or officers of a Cayman Islands company for inspection by any person upon payment of a fee of CI\$50 (USD61). The search request may only be made in person at the Registrar's office and may only be made in relation to a specific company.

Action required

Marbury will be contacting all affected clients regarding next steps for updating their register of members to comply with the Amendment Law within the applicable deadline.

Please contact your usual Marbury advisor or info@marburys.com for further information.

Disclaimer

This guide provides an overview of the changes affecting companies incorporated under the Companies Law (Revised) and should not be read as legal advice. An overview of the Cayman Islands beneficial ownership regime can be found here:

<https://marburys.com/cayman-islands-beneficial-ownership-regime/>. A copy of the amendment legislation can be viewed here:

https://www.cima.ky/upimages/commonfiles/CompaniesLaw2018Revision_1543503729.PDF.

For more information please contact Marbury.