

# Retail investment funds in the Cayman Islands: regulatory overview

Jarrod Farley, Carey Olsen

[global.practicallaw.com/3-501-3562](http://global.practicallaw.com/3-501-3562)

## MARKET STRUCTURE

### 1. What is the structure of the retail funds market? What have been the main trends over the last year?

#### Open-ended retail funds

The Cayman Islands are not primarily known as a retail fund jurisdiction. Its laws and regulations applicable to investment funds are geared mainly towards attracting institutional investors.

Open-ended funds established in or marketed to the public in the Cayman Islands (that is, funds where investors can voluntarily redeem their interests) are considered "mutual funds" under the Mutual Funds Act (MF Act) and therefore must be regulated by the Cayman Islands Monetary Authority (CIMA).

Four types of CIMA-regulated mutual funds (Regulated MFs) can admit retail investors (that is, investors who invest less than USD100,000):

- Funds licensed under section 4(1)(a) of the MF Act (Licensed MFs).
- Funds licensed under section 4(1)(b) of the MF Act (Administered MFs), that is, funds for which a CIMA-licensed mutual fund administrator provides the principal office and has delegated regulatory responsibilities.
- Funds registered under section 4(3) of the MF Act (Registered MFs) by virtue of being listed on an approved stock exchange.
- Funds registered under section 4(4)(a) of the MF Act (Limited Investor MFs).

Prior to 2020, Limited Investor MFs (which are limited to 15 investors, a majority of whom can appoint and remove the fund's directors, general partner or trustee, as applicable) were unregulated. However, in February 2020 the MF Act was amended, requiring such funds to register with CIMA by 7 August 2020. By January 2021, there were 583 Limited Investor MFs registered with CIMA.

Although investment fund regulation in the Cayman Islands is generally geared towards institutional investors, there is one exception to this. The Retail Mutual Funds (Japan) Regulations provide a compliance framework for Licensed MFs that will market to retail investors in Japan, enabling them to automatically comply with the applicable Japanese securities laws. However, these funds are merely a sub-set of Licensed MFs, which themselves only comprise 1% of Regulated MFs.

In 2018, the latest year for which statistics are available, less than 6% of Regulated MFs required a minimum investment of less than USD100,000. Even if all the Limited Investor MFs fall into this category, retail funds will still constitute no more than 10% of Regulated MFs.

#### Closed-ended retail funds

Closed-ended funds (that is, funds whose equity interests cannot be redeemed at the option of the investor), were previously unregulated. However, in February 2020 such funds became subject to regulation as private funds (Regulated PFs) under the Private Funds Act (PF Act), and existing private funds were required to register with CIMA by 7 August 2020.

By January 2021, there were 12,695 Regulated PFs registered with CIMA. There are currently no available statistics to indicate what percentage of these may contain retail investors, but the author considers this figure to be below 10%.

### 2. How are interests in the open and closed-ended funds accessed and priced?

Typically, a Regulated MF will offer its equity interests for subscription periodically, with a separate series of interests issued on each subscription date. Each series may be issued at a fixed price or the prevailing net asset value (NAV) per share/unit of the applicable class (usually established at close of business on the immediately preceding business day). The latter method is also typical in cases where equalisation accounting, rather than series accounting, is employed.

A Regulated PF will generally offer its equity interests for subscription at one or more closings during a defined offering period. Although alternative structures are available, the most common structure for a Regulated PF is the limited partnership, where an investor will receive a percentage interest based on the amount of its investment relative to those of all limited partners (for details on fund structures, see *Question 4*).

While Cayman Islands funds can be listed, the author believes this is usually to facilitate distribution to certain types of investor or in certain regions, rather than for liquidity purposes. Generally, Regulated MFs and Regulated PFs will be reliant on private placement exemptions in the jurisdictions where they are marketed to investors.

### 3. Are there any other retail fund options not mentioned in Question 1?

There are no retail fund options other than those mentioned in *Question 1*.

---

## FUND VEHICLES AND STRUCTURES

---

### 4. What are the main legal vehicles used to set up a retail fund and what are the key advantages and disadvantages of using these structures?

---

#### Open-ended retail funds

**Legal vehicles.** Both Regulated MFs and Regulated PFs can be formed as:

- **Companies.** The exempted company limited by shares is the most commonly used vehicle for Regulated MFs (historically accounting for around 75% of Regulated MFs). Most of these are standard exempted companies, but around 10% of such companies are segregated portfolio companies (in which separate portfolios can be created with assets and liabilities that are legally ring-fenced). LLCs were introduced in June 2016 but so far have mainly been used as the vehicle for general partners of limited partnership funds vehicles, not as the fund vehicles themselves.
- Exempted companies and their shares are widely understood and in addition to a body of Cayman Islands jurisprudence, the Cayman Islands courts can draw on a long tradition of relevant case law from England and the rest of the Commonwealth. A company has legal personality separate from its shareholders and can issue shares in different classes and series. A shareholder's liability for the company's debts is limited by statute to the amount unpaid on its shares (which in an investment fund will usually be issued fully paid).
- **Limited partnerships.** These are registered under The Exempted Limited Partnership Act. Cayman Islands exempted limited partnerships are underpinned by English partnership law, but are modified by statute to make them more suitable for use as investment funds. For example, exempted limited partnerships, while not having separate legal personality, can sue and be sued in their own name.
- Managers in certain jurisdictions will typically form Regulated MFs as limited partnerships for local tax or regulatory reasons, but these are a minority. Limited partnerships are sometimes also used as the master fund vehicle in standard Regulated MF master-feeder structures, but again these are in the minority. However, the vast majority of Regulated PFs are formed as limited partnerships. Investors in limited partnerships hold limited partnership interests, which in the case of Regulated MFs are usually unitised (so that a NAV per unit can be established for the purposes of (among other things) fee calculations).
- **Unit trusts.** These are governed by the Trusts Act. Unit trusts are underpinned by English trust law, but are modified by statute to make them more suitable for use as investment funds. For example, STAR trusts (Special Trusts - Alternative Regime) are not subject to any perpetuity period and can have purposes as their objects. Investors in a unit trust will receive trust units.

**Advantages/disadvantages.** The key advantages and disadvantages of the different types of vehicle are:

- **Flexibility.** Companies are generally governed by more rigid rules than those applicable to limited partnerships and unit trusts (for example, in relation to provisions regarding maintenance of capital, the method of changing their constitutional documents and so on).
- **Legal personality.** Companies have separate legal personality, while limited partnerships must operate through their general partner, and unit trusts through their trustee.

- **Additional vehicles.** Exempted limited partnerships require at least one general partner that is established or registered in the Cayman Islands and unit trusts require a trustee, who will usually insert a controlled subsidiary for liability protection.
- **Regulatory requirements.** A Licensed MF that is a unit trust requires a trustee licensed under the Banks and Trust Companies Act.
- **Overseas requirements.** The choice of vehicle will often depend on whether it can qualify for specific tax or regulatory treatment in an overseas jurisdiction (for example, unit trusts are generally used for the Japanese market and limited partnerships for the Israeli market).

#### Closed-ended retail funds

The position is the same as for open-ended funds (*see above, Open-ended retail funds*).

## REGULATORY FRAMEWORK AND BODIES

### Key statutes, regulations and rules

---

### 5. What are the key statutes, regulations and rules that govern retail funds? Which regulatory bodies regulate retail funds?

---

#### Open-ended retail funds

**Regulatory framework.** Open-ended funds are regulated by the Mutual Funds Act (*see Question 1*). The Retail Mutual Funds (Japan) Regulations also apply to Licensed MFs that market to retail investors in Japan (*see Question 1*).

Directors of corporate Regulated MFs are regulated by The Directors Registration and Licensing Act, as supplemented by The Directors Registration and Licensing (Registration and Licensing) Regulations (DRL Act).

The Securities Investment Business Act provides that the Cayman Islands Monetary Authority (CIMA) is responsible for the licensing and control of persons carrying on "securities investment business" in or from within the Cayman Islands (*see Question 10*).

All Cayman funds are required to comply with the Anti-Money Laundering Regulations (AML Regulations) and the Guidance Notes on the AML Regulations issued by CIMA (GNs).

Cayman funds are also subject to regulations made under the Tax Information Authority Act, which implement the US Foreign Account Tax Compliance Act (FATCA) and the Organisation for Economic Co-operation and Development's (OECD's) Common Reporting Standard (CRS). With some limited exceptions, open-ended retail funds must register with and report annually to the Tax Information Authority on any reportable accounts of investors under FATCA and CRS.

**Regulatory bodies.** CIMA is the regulatory body for Regulated MFs (*see Question 1*).

#### Closed-ended retail funds

**Regulatory framework.** Closed-ended funds are regulated by the Private Funds Act (*see Question 1*). Except for registration of directors under the DRL Act (which does not apply), the regulatory considerations noted above for Regulated MFs apply equally to Regulated PFs.

**Regulatory bodies.** CIMA is the regulatory body for Regulated PFs (*see Question 1*).

---

## Local or state legislation

---

### 6. Within the jurisdiction, are there local state, provincial or similar laws that could apply to retail funds?

---

There are no local state, provincial or similar laws applicable to retail funds in the Cayman Islands.

## Authorisation/licensing of funds

---

### 7. Do retail funds themselves have to be authorised, licensed or registered?

---

#### Open-ended retail funds

All types of open-ended fund that can admit retail investors must be regulated by CIMA as one of the following types of Regulated MF (see Question 7):

- Licensed MF.
- Administered MF.
- Registered MF listed on an approved stock exchange.
- Limited Investor MF.

Any proposed director of a corporate Regulated MF must register with CIMA under the DRL Act (via CIMA's online registration portal) before he can be appointed.

**Licensed MFs.** A Licensed MF must have either:

- For companies or limited partnerships: a registered office in the Cayman Islands.
- For unit trusts: a trustee that is a trust company licensed under the Banks and Trust Companies Act.

To apply to be licensed as a Licensed MF, the following must be submitted to CIMA:

- An offering document (or the latest draft) describing the offered interests in all material respects and containing any other information necessary for an investor to make an informed investment decision (CIMA prescribes certain information that must be included).
- A completed application form APP-101-22.
- Certificate of incorporation/registration.
- Completed personal questionnaires, three references and police clearance certificates (or affidavit of no convictions for certain individuals) for:
  - directors of the fund (for a company);
  - directors of the fund's trustee (for a unit trust); or
  - the fund's general partner or the general partner's directors, as applicable (for a limited partnership).
- Background details on the fund's service providers, if not included in the offering document.
- For an existing fund, a copy of the most recent annual audited accounts.
- A consent letter from an approved local auditor.
- A consent letter from an administrator.
- The prescribed licence fee (USD4,268.29) and application fee (USD365.85).

- Affidavit authorising the fund's agent (usually the law firm/registered office provider or administrator) to file electronic records with CIMA.
- MLRO application form MLO-154-99.

CIMA must be satisfied that:

- Each promoter of the fund is of sound reputation (a promoter is any person responsible for preparation and distribution of the fund's offering document other than its professional advisers).
- The fund's administration will be undertaken by persons:
  - with sufficient expertise;
  - of sound reputation; and
  - who are fit and proper to be in their respective positions.
- The fund's business and any offering of its interests will be carried out in a proper way.

CIMA may grant a licence subject to any conditions that it considers appropriate.

**Administered MFs.** An Administered MF must have a principal office in the Cayman Islands provided by a CIMA-licensed mutual fund administrator.

To register as an Administered MF, the following must be submitted to CIMA:

- An offering document (or the latest draft) describing the offered interests in all material respects and containing any other information necessary for an investor to make an informed investment decision.
- Completed application form APP-101-22.
- Certificate of incorporation/registration.
- A consent letter from an approved local auditor.
- A consent letter from the administrator.
- The prescribed registration fee (USD4,268.29) and application fee (USD365.85).
- Affidavit authorising the fund's agent (usually the law firm or administrator) to file electronic records with CIMA.
- MLRO application form MLO-154-99.

The administrator providing the fund's principal office must be satisfied that:

- Each promoter of the fund is of sound reputation.
- The fund's administration will be undertaken by persons with sufficient expertise and who are of sound reputation.
- The fund's business and any offering of its interests will be carried out in a proper way.

**Registered MFs.** To admit retail investors, a Registered MF must be listed on an approved stock exchange.

To register as a Registered MF, the following must be submitted to CIMA:

- An offering document (or the latest draft) describing the offered interests in all material respects and containing any other information necessary for an investor to make an informed investment decision.
- A completed application form APP-101-22 or, for master funds, APP-101-53.
- Certificate of incorporation/registration.
- A consent letter from an approved local auditor.

- A consent letter from an administrator.
- The prescribed registration fee (USD4,268.29) and application fee (USD365.85).
- Affidavit authorising the fund's agent (usually the law firm/registered office provider or administrator) to file electronic records with CIMA.
- MLRO application form MLO-154-99.

**Limited Investor MFs.** To register as a Registered MF, the following must be submitted to CIMA:

- An offering document, summary of terms or other marketing materials describing the offered interests in all material respects and containing any other information necessary for an investor to make an informed investment decision.
- A completed application form (APP-101-78 or, for a master fund, APP-101-79).
- Certificate of incorporation/registration.
- Confirmation that a majority of investors have power to appoint/remove the operator (such as via a copy of the constitutional documents).
- A consent letter from an approved local auditor.
- A consent letter from an administrator (if applicable).
- The prescribed registration fee (USD4,268.29 or, for master funds, USD3,048.78) and application fee (USD365.85).

#### **Closed-ended retail funds**

Closed-ended funds must be regulated by CIMA as a Regulated PF (see *Question 7*). Registration as a Regulated PF requires submission to CIMA of the following:

- A completed application form APP-101-77.
- Certificate of incorporation/registration.
- Constitutional documents.
- Offering memorandum/summary of terms/other marketing materials (if any).
- A consent letter from an approved local auditor.
- A consent letter from an administrator (if applicable).
- Structure chart.
- The prescribed registration fee (USD4,268.29) and application fee (USD365.85).

#### **Authorisation/licensing of managers/operators**

### **8. Do the operators of retail funds have to be authorised, licensed or registered? What are the key requirements that apply to managers or operators of retail funds?**

#### **Open-ended retail funds**

**Authorisation/licensing/registration requirements.** The following authorisation/licensing/registration requirements apply to managers and operators of open-ended funds:

- All the directors of a corporate Regulated MF must be registered with CIMA under the DRL Act. Individual directors register via the director registration portal on CIMA's website by submitting basic information and paying a registration fee of USD853.
- The trustee of a Licensed MF established as a unit trust must be licensed under the Banks and Trust Companies Act.

- Investment managers incorporated or registered in the Cayman Islands that manage investments by Regulated MFs in securities, must generally be regulated under the Securities Investment Business Act (SIB Act) (see *Question 10*).
- Managers (including general partners) of Regulated MFs will (if they are established in the Cayman Islands) be subject to regulations made under the Tax Information Authority Act, which implement the US Foreign Account Tax Compliance Act (FATCA) and the OECD's Common Reporting Standard (CRS). Managers will generally be exempt from registration and reporting requirements under FATCA, but must register under CRS, even though they will usually have no reporting obligations.

**Other key requirements.** The following additional key requirements should be adhered to:

- CIMA generally requires a corporate Regulated MF or the corporate general partner of a limited partnership Regulated MF to have at least two directors.
- Any director, manager or officer of a Regulated MF must be a "fit and proper person", as determined by reference to such person's:
  - honesty, integrity and reputation;
  - competence and capability; and
  - financial soundness.
- Discretionary managers regulated under the SIB Act as managers of Regulated MFs, are also required to demonstrate adequate economic substance in the Cayman Islands to comply with the International Tax Co-operation (Economic Substance) Act, as amended (ES Act).

#### **Closed-ended retail funds**

**Authorisation/licensing/registration requirements.** There are generally no licensing requirements for operators of Regulated PFs, although to be carrying on business as a trustee, any Cayman Islands corporate trustee of a Regulated PF formed as a unit trust would have to be licensed under the Banks and Trust Companies Act.

Investment managers incorporated or registered in the Cayman Islands that manage investments by Regulated PFs in securities, must generally be regulated under the SIB Act (see *Question 10*).

Managers (including general partners) of Regulated PFs will (if they are established in the Cayman Islands) be subject to the same FATCA and CRS obligations as managers of open-ended retail funds.

**Other key requirements.** The following additional key requirements should be adhered to:

- Any director, manager or officer of a Regulated PF must be a "fit and proper person", as determined by reference to such person's:
  - honesty, integrity and reputation;
  - competence and capability; and
  - financial soundness.
- Managers of closed-ended retail funds will (if they are established in the Cayman Islands) be subject to the same FATCA and CRS obligations as managers of open-ended retail funds (see *above, Open-ended retail funds: Other key requirements*).
- Discretionary managers regulated under the SIB Act as managers of Regulated PFs, are also required to demonstrate adequate economic substance in the Cayman Islands to comply with the ES Act.

---

## Active and passive management

---

### 9. Are the different types of retail funds typically actively managed or passively managed? Or can they be either?

---

No reliable information is available, but in theory they could be either actively or passively managed.

## MARKETING OF FUNDS

---

### 10. Who can market retail funds?

---

#### Open-ended retail funds

The SIB Act provides for the licensing and control of persons carrying on "securities investment business" in or from within the Cayman Islands by CIMA. Securities investment business includes dealing in, arranging deals in and advising on securities. Accordingly, the marketing of interests in funds will generally constitute securities investment business.

With limited exceptions for public authorities and so on, the SIB Act applies to:

- Any entity formed or registered in the Cayman Islands carrying on securities investment business.
- Any person that establishes a place of business in the Cayman Islands from which securities investment business is carried out.

Any of the foregoing will require a licence under the SIB Act to carry on securities investment business, unless the entity or person:

- Qualifies to register as a "registered person".
- Files an application form and fee (USD6,097.56) to register with CIMA before commencing securities investment business (and by 15 January each year thereafter).
- Satisfies CIMA that its shareholders, directors and senior officers are fit and proper persons.

An entity or person will qualify to register as a registered person if:

- It only carries on securities investment business with:
  - group companies (that is, other companies within the same group of companies);
  - sophisticated persons, that is persons who are regulated by CIMA or by a recognised overseas regulatory authority; have securities listed on a recognised security exchange; or have the knowledge and are capable of evaluating the merits of a proposed transaction with a value of at least USD100,000;
  - high net worth persons, meaning individuals with a net worth of at least USD1 million or any person with total assets of at least USD5 million; or
  - entities in which the investors are all sophisticated or high net worth persons.
- It is a person regulated in relation to securities investment business by a recognised overseas regulatory authority.
- An open-ended retail fund established outside the Cayman Islands may only be marketed to the public in the Cayman Islands where both:
  - The person marketing the fund is appropriately licensed under the SIB Act.
  - The fund is regulated by an overseas regulator approved by CIMA or its interests are listed on a stock exchange approved by CIMA.

#### Closed-ended retail funds

The position is the same as for open-ended retail funds (*see above, Open-ended retail funds*).

### 11. To whom can retail funds be marketed?

---

#### Open-ended retail funds

If incorporated as an exempted company or a limited liability company (LLC), a fund's securities cannot be offered to the public in the Cayman Islands unless listed on the Cayman Islands Stock Exchange.

Any other type of Regulated MF can market its interests to the public in the Cayman Islands through a person appropriately licensed under the SIB Act. Outside the Cayman Islands any local limitations on the marketing of retail fund securities will apply.

An overseas open-ended fund that does not register with CIMA as a Regulated MF, can only market its interests to the public in the Cayman Islands:

- Through a person appropriately licensed under the SIB Act.
- Where the fund regulated by an overseas regulator approved by CIMA or its interests are listed on a stock exchange approved by CIMA.

However, for this purpose, "public in the Cayman Islands" does not include the following categories of person (meaning an overseas fund will not be restricted in marketing to them from outside the Cayman Islands):

- Sophisticated persons (as defined in the SIB Act) (*see Question 10*).
- High net worth persons (as defined in the SIB Act) (*see Question 10*).
- Entities in which all the investors are sophisticated or high net worth persons.
- Exempted or ordinary non-resident Cayman Islands companies, LLCs, or any director or officer of the same acting in such capacity.
- Overseas companies registered as foreign companies in the Cayman Islands, or any director or officer of the same acting in such capacity.
- Any Cayman Islands LLC, exempted, ordinary non-resident or foreign company acting as general partner of a Cayman Islands exempted limited partnership, or any director or officer of the same acting in such capacity.
- The trustee of any Cayman Islands exempted trust.
- From January 2019, it has been possible for any Cayman funds to voluntarily register with CIMA as EU Connected Funds (that is, funds managed from or marketed into EU/EEA member states that have implemented the Directive 2011/61/EU on alternative investment fund managers (AIFM Directive)). Such registrations facilitate the attestation of regulated status by CIMA to EU/EEA regulators.

#### Closed-ended retail funds

The position is the same as for open-ended retail funds (*see above, Open-ended retail funds*).

---

## ASSETS PORTFOLIO

---

### 12. Who holds the portfolio of assets? What regulations are in place for its protection?

---

#### Open-ended retail funds

Licensed MFs to which the Retail Mutual Funds (Japan) Regulations apply must appoint a custodian in an approved jurisdiction.

All other types of Regulated MF are required to appoint a service provider (which can be an administrator, auditor, custodian, investment advisor/manager, operator, prime broker, promoter or registrar) to ensure safekeeping of the fund's assets. The fund's assets must be segregated and accounted for separately from the assets of any service provider.

#### Closed-ended retail funds

Regulated PFs are required to appoint a custodian in respect of their assets, except where it is not practical or proportionate to do so. Except when a custodian is appointed, a person (who can be an independent third party or a related party) must be appointed to be responsible for verifying title to the fund's assets. When a related party is appointed, the fund must identify and disclose to investors any potential conflicts of interest. The fund's assets must be segregated and accounted for separately from the assets of any manager, operator, custodian or other person responsible for title verification.

## INVESTMENT AND BORROWING RESTRICTIONS

---

### 13. Are there any investment or diversification restrictions for retail funds? If so, what are they?

---

#### Open-ended retail funds

There are no statutory investment or borrowing restrictions on open-ended funds.

#### Closed-ended retail funds

The position is the same as for open-ended funds (*see above, Open-ended retail funds*).

### 14. Are there borrowing restrictions or conditions for retail funds? If so, what are they?

---

#### Open-ended retail funds

There are no borrowing restrictions or conditions for open-ended retail funds.

#### Closed-ended retail funds

There are no borrowing restrictions or conditions for closed-ended retail funds.

## REDEMPTION OF INTERESTS

---

### 15. Can participants redeem their interest? Can the manager or operator place any restrictions on the issue and redemption of interests in retail funds? Are there any restrictions on the rights of participants to transfer or assign their interests to third parties?

---

#### Open-ended retail funds

Restrictions on redemption of interest. Investment interests in a Regulated MF must be redeemable by investors or the fund will not

be open-ended, but such funds can agree any restrictions on the issue and redemption of interests with their investors at the time they subscribe for such interests. The introduction of additional restrictions in respect of an investor's existing interests can only be achieved in accordance with the consent mechanisms contained in the fund's constitutional documents.

**Restrictions on rights to transfer or assign interests to third parties.** There are no statutory restrictions on the ability of participants in Regulated MFs to transfer or assign their interests to third parties. However, the constitutional documents of such funds usually contain restrictions, except where the interests are listed on a stock exchange. In practice, transfers are generally be conditional on the transferee supplying the information required for a fund to comply with its AML due diligence and FATCA/CRS reporting obligations.

#### Closed-ended retail funds

**Restrictions on redemption of interest.** Investment interests in a Regulated PF must not be redeemable by investors or the fund will not be closed-ended.

**Restrictions on rights to transfer or assign interests to third parties.** The position for closed-ended retail funds is the same as for open-ended funds (*see above, Open-ended retail funds*).

## REPORTING REQUIREMENTS

---

### 16. What are the general periodic reporting requirements for retail funds?

---

#### Open-ended retail funds

A Regulated MF must file the following with CIMA within six months of the end of each financial year:

- Audited financial statements (audited by an approved local auditor).
- Fund Annual Return (one for each sub-fund, if applicable).
- A Regulated MF must also update CIMA within 21 days of becoming aware of any material change to the information provided to CIMA in its registration application.
- While Regulated MFs will generally provide investors with periodic reporting (including copies of audited financial statements) there are no statutory requirements in this regard.

#### Closed-ended retail funds

The periodic reporting requirements for a Regulated PF are the same as for a Regulated MF.

## TAX TREATMENT

---

### 17. What is the tax treatment for retail funds?

---

#### Open-ended retail funds

There is no Cayman Islands tax applicable to the income or capital gains of a Regulated MF or to payments made to or from a Regulated MF.

#### Closed-ended retail funds

There is no Cayman Islands tax applicable to the income or capital gains of a Regulated PF or to payments made to or from a Regulated PF.

---

## REFORM

---

### 18. What proposals are there (if any) for the reform of retail fund regulation?

---

The author is not aware of any proposals to reform retail fund regulation.

It is expected that CIMA will issue further rules and statements of guidance relating to the operation of Regulated PFs over the coming year.

---

## Practical Law Contributor profile

---

### Jarrod Farley, Partner

---

Carey Olsen

**T** +1 345 749 2004

**F** +44 1481 739081

**E** jarrod.farley@careyolsen.com

**W** www.careyolsen.com

**Professional qualifications.** England and Wales, Solicitor, 2000 (non-practising); Cayman Islands, Attorney-at-law, 2004

**Areas of practice.** Corporate and commercial; investment funds and private equity; mergers and acquisitions.

**Non-professional qualifications.** BA in Ancient and Modern History, Oxford University

#### Recent transactions

- Launching a platform of regulated Cayman Islands funds for the US investment management arm of a French bank.
- Advising a German acquirer on its USD625 million acquisition of a US target, structured by way of a Cayman Islands merger.
- Advising an SEC regulated manager on updating its AML manuals for its Cayman Islands managed funds.
- Migrating a Nasdaq listed company from Curacao to the Cayman Islands.
- Advising an Israeli fund manager on the launch of a USD650 million private equity fund.
- Advising on multiple fund financings secured against capital calls for fund clients.
- Advising on multiple open-ended and closed-ended fund launches for existing and new manager clients.