



June, 2019

New Requirements for Excluded Persons Securities Investment Business (Amendment) Law 2019

The Securities Investment Business (Amendment) Law 2019 came into force on 18 June 2019 and now imposes additional requirements on persons falling within the category of excluded person under the Securities Investment Business Law (2019 Revision). The amendment also introduces an additional exemption from the provisions of the law for single family offices. This briefing gives a summary of these changes.

Transitional Provisions

Persons who are currently registered with the Cayman Islands Monetary Authority (“**CIMA**”) as “Excluded Persons” will, unless they fall within the exemption for single family offices, need to re-register as “Registered Persons” under the amended law by 15 January 2020 and as a precondition to re-registration will need to have completed and filed an AML Inherent Risk and AML Risk Controls Questionnaire via their registered office by 14 August 2019.

The Additional Requirements

Registered Persons will need to comply with the following additional requirements:

- ❑ shareholders, directors and senior officers of the Registered Person will need to be assessed as fit and proper persons by CIMA;
- ❑ Registered Persons will need to notify CIMA within 21 days of: any material change of information given in their application for registration or annual filings; any issue or voluntary transfer or

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disposal of their equity interests; any change in their senior officers; and the date they cease to conduct securities investment business;

- Registered Persons will need to formally de-register with CIMA within 21 days of ceasing to conduct securities investment business;
- Registered Persons that are Cayman companies must have at least two individual directors or one corporate director, those that are Cayman limited liability companies must have at least two managers, those that are Cayman exempted limited partnerships must have at least two directors (or two directors of the ultimate general partner where the general partner is itself a Cayman exempted limited partnership) and those that are foreign registered companies must have at least two directors or equivalent officers; and
- a Registered Person shall not act as a depositary in or from within Cayman.

The Additional Exemption

Excluded Persons who are single family offices are no longer considered to be conducting securities investment business. A single family office will need to be a Cayman entity or legal arrangement formed by a single family for the conduct of securities investment business for that family, the securities should not be beneficially owned by any third party and the single family office should not hold itself out to the public as conducting securities investment business for any person except members of the single family. A single family is widely defined and includes all descendants, in-laws, step-relatives, parents, grand-parents and relatives by adoption.

Other Changes

The Amendment also introduces a number of additional regulatory powers for CIMA to enhance its supervision of Registered Persons and will bring Registered Persons who are managing securities within the scope of the International Tax Co-Operation (Economic Substance) Law, 2018 which, subject to certain exemptions, requires the conduct of core activities, the maintenance of adequate staff and premises, the incurring of adequate expenditure and the management of such Registered Persons in Cayman. If you would like further details of these additional changes or requirements please get in touch with your usual Dillon Eustace contact.

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