



June 2014

Update on the Introduction of the Directors Registration and Licensing Law, 2014

On foot of our previous [client briefing](#) in relation to the Directors Registration and Licensing Law, 2014 (the “**Law**”) which deals with the regulation of directors of certain entities in the Cayman Islands was published on the 21st of May, 2014. The Directors Registration and Licensing (Registration and Licensing) Regulations, 2014 (the “**Regulations**”) issued by the Cayman Islands Government on 3 June, 2014 brings the Law into force.

Key Points

Some of the key points which relevant directors should be aware of are as follows:

- This Law applies to directors of companies that are:
 - registered under the Mutual Funds Law as a regulated mutual fund (2013 Revision); or
 - companies falling under section 5(4) and paragraphs 1 and 4 of the Fourth Schedule of the Securities Investment Business Law (2011 Revision) (“**Covered Entities**”)

- Mutual funds are those registered with CIMA under s.4(3), or licensed by CIMA under s4(1) of the Mutual Funds Law (Revised) and include registered master funds. Excluded persons under paragraphs 1 and 4 of schedule 4 of the Securities Business Law (Revised) (“**SIBL**”) are Cayman

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domiciled companies or partnerships or Cayman registered foreign companies (or entities which have established a place of business in Cayman) which provide securities investment business services (i) exclusively to sophisticated persons or high net worth persons or vehicles in which such persons invest or (ii) only on an intra-group basis.

- The Law does not apply to trustees (regulated under the Banks and Trust Companies Law (2013 Revision)) or partners of partnerships.
- All directors of Covered Entities will be required to either (i) register with the Cayman Islands Monetary Authority (“**CIMA**”) where such a director holds the position of director in respect of less than 20 Covered Entities (each a “**Registered Director**”); or (ii) apply to be licenced by CIMA where the relevant director (a) being a natural person acts for 20 or more individual Covered Entities (“**Professional Director**”); or (b) acts as a corporate director (subject to certain exceptions) (“**Corporate Director**”). Corporate Directors are body corporates appointed to act as a director of a Covered Entity. Each applicant is required to pay the appropriate registration or licencing fee. Only Cayman funds or relevant excluded persons with count toward the threshold number of Covered Entities to bring a director within the Professional Director.
- Individual directors of Covered Entities who are acting in that capacity prior to the coming into effect of the Law will not contravene the Law if they continue to so act provided that they are registered or licensed, as applicable, by 3 September, 2014. Corporate Directors of covered entities who have acted in that capacity prior to the coming into effect of the Law have until 3 December, 2014 to obtain their licence. Persons who have not previously acted as a director to a covered entity and who would like to be appointed as such will need to be registered or licensed, as applicable, prior to their appointment.
- Applicants seeking to become Registered Directors can expect to receive confirmation of registration within 48 hours of submission of the relevant application. Applicants seeking to be licenced as Professional or Corporate Directors should note that confirmation of licencing should be received within four (4) weeks of submission of the relevant application.
- Where a Professional Directors is licensed they are not also required to be registered.
- The requirement to register as a Registered Director or be licensed as a Professional Director or Corporate Director of a Covered Entity (wherever incorporated) applies equally to both executive and non-executive directors, regardless of whether or not they reside in the Cayman Islands.
- The Law is also applicable to entities in “Licence Under Termination” status, where the directors are still appointed to the board. However, it is not applicable to Covered Entities which have appointed liquidators.

- The registered office of each covered entity will receive a list from CIMA containing unique identification numbers for all of the directors that are associated with the Covered Entities of that registered office. The registered offices will supply each director with the unique identification number and the registration website address. Directors may receive the same unique number from a variety of registered office. Such duplicates should be disregarded. Directors can contact CIMA with queries relating to the unique identification number at DirectorsRegistration@cimoney.com.ky

We recommend that applications be submitted as soon as possible in order to avoid a breach of the Law. If you are aware that you have a complicated history, you should apply as early as possible to make sure that your application is processed within the application periods.

We are also available to assist in making the relevant application and the appropriate annual filings for directors of Covered Entities if required.

CIMA Database

CIMA will maintain a database of Registered, Professional and Corporate Directors (the "Database") however this database will not be a publically available document. In addition, the Database will be protected from freedom of information requests. Notwithstanding these provisions, it will be possible for the public to search to determine to see if a director is registered or licenced in accordance with the Law.

The results of any search for a director's licence or registration status will only show the director's name, the type of registration or licence held, the registration/licence number and the date on which licence or registration was issued.

Further information

For further information regarding the specific provisions of the Law please contact Matt Mulry or refer to our [client briefing](#) dealing with this particular issue.

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