

The Cayman Islands Director Registration and Licensing Act

The Cayman Islands Director Registration and Licensing Act (the **Act**) requires directors of Cayman “covered entities” to register or become licenced by the Cayman Islands Monetary Authority (**CIMA**).

Application of the Act

The Act applies to directors of the following covered entities:

- persons and entities who act as directors of companies which are regulated mutual funds under the Mutual Funds Act
- directors of certain companies which are registered with CIMA as Registered Persons under the Securities Investment Business Act (the **SIB Act**)
- persons and entities who act as managers of limited liability companies formed in the Cayman Islands under the Limited Liability Companies Act (**LLCs**) which are regulated mutual funds under the Mutual Funds Act or Registered Persons under the SIB Act.

References to directors in this guide includes managers of LLCs which are covered entities.

The categories of directors

- **Registered Director** – a natural person who acts as director for less than twenty covered entities
- **Professional Director** – a natural person who acts as director for twenty or more covered entities
- **Corporate Director** – a body corporate appointed as a director for covered entities

Registered Directors

Persons, whether resident in the Cayman Islands or elsewhere, who fall within the category of Registered Directors must register with CIMA and pay an application fee of US\$171 together with an initial fee of US\$683.

Once registered, an annual fee of US\$854 is payable by a Registered Director to CIMA by January 15 in each calendar year.

Details required as part of the registration process are:

- full name, date of birth, nationality and country of birth
- address of principal residence and postal address, if different
- details of any conviction of a criminal offence involving fraud or dishonesty
- details of any adverse finding, financial penalty, sanction or disciplinary action by a regulator, self-regulatory organisation or professional regulatory body
- names and registration numbers of the covered entities for which the applicant will act

Registration is carried out via the [website](#) set up by CIMA for this purpose and will be confirmed (or otherwise) within 48 hours of submission. Payment of the registration fee may only be made by credit card via the website.

Annual fees are also payable via the website. A fee of US\$732 is payable on surrender of registration.

Professional Directors

Persons who are Professional Directors, whether resident in the Cayman Islands or elsewhere, are required to be licensed by CIMA in advance of taking up the position and pay an application fee of US\$610 together with an initial fee of US\$3,049.

Once licensed, an annual fee of US\$3,659 is payable by a Professional Director to CIMA by January 15 in each calendar year.

The following types of persons are exempt from licensing, but must register as if they were Registered Directors:

- those who fall within the category of Professional Directors but who are connected with entities holding a companies management licence or mutual funds administrators licence in the Cayman Islands, or
- those who are connected with a fund manager regulated by certain overseas regulatory authorities (which includes the US Securities Exchange Commission and the United Kingdom Financial Conduct Authority).

Details required as part of the licensing process are similar to those for Registered Directors but with the addition of a requirement to complete an additional questionnaire and provide evidence of insurance coverage with an authorised insurer and not less than three references acceptable to CIMA, including one character reference and one reference verifying the good financial standing of the applicant and a police or other certificate from a source acceptable to CIMA that the applicant has not been convicted of a serious crime or any offence involving dishonesty.

Licensing can be carried out via CIMA's website with confirmation (or otherwise) of approval being provided within four weeks of submission.

A fee of US\$976 is payable on surrender of a Professional Director licence.

Corporate Directors

Entities which are Corporate Directors, whether incorporated in the Cayman Islands or elsewhere, are required to be licensed by CIMA and pay an application fee of US\$976 together with an initial fee of US\$8,780.

Once licensed, an annual fee of US\$9,756 is payable by a Corporate Director by January 15 in each calendar year.

Details required as part of the licensing process can be obtained from your usual Harneys contact, with applications being made via CIMA's website.

Availability of information

Any details provided as part of the registration or licensing process will not be made available to the public. It is intended that in the future, the public will be able to search to determine whether a particular person or entity has been registered or licensed pursuant to the Act, however only the following details will be made available:

- name
- type of registration or licence held
- registration or licence number
- date on which registration or licensing was obtained

Changes to information

Any change to any of the information provided as part of a registration or licensing application must be notified to CIMA via their website within 21 days of the change. At the time of filing the annual return, the director will be required to confirm that there are no changes to the information provided in the application.

Timing and penalties for breach

Any persons or entities who have not yet acted as director for a covered entity are required to apply and receive the appropriate registration or licence before being appointed.

Directors who do not register or become licensed as required under the Act commit an offence and are liable on conviction to a substantial fine and/or 12 months imprisonment.

CIMA also has the power under the Monetary Authority Act to impose significant administrative fines of up to CI\$1 million (US\$1.2 million) for each breach of certain provisions of the Anti-Money Laundering Regulations and other Cayman regulatory laws and regulations, including the Act and the SIB Act. The level of an administrative fine will depend on various factors including whether the breach is committed by an individual or a body corporate and if the breach is classified as minor, serious or very serious.



For more information and key contacts please visit [harneys.com](https://www.harneys.com)

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