



Cayman Monetary Regulatory Authority International

At the forefront of financial regulation, the Cayman Monetary Regulatory Authority International (CMRAI) is dedicated to upholding the highest standards of financial oversight and compliance. Our mission is to safeguard the stability and integrity of the global financial system by ensuring that financial services operate within a framework of transparency, accountability, and excellence.

As a trusted partner to financial institutions worldwide, CMRAI provides rigorous supervision, innovative solutions, and strategic guidance to foster a secure and thriving financial environment. With decades of experience and a commitment to global standards, we stand as a pillar of trust and security in an ever-evolving financial landscape.

With a legacy of excellence in financial oversight, the Cayman Monetary Regulatory Authority International (CMRAI) is a beacon of trust in the international financial community. Our role extends beyond regulation; we are innovators, collaborators, and protectors of the global financial ecosystem. By fostering compliance, promoting best practices, and embracing technological advancements, CMRAI ensures that financial services remain resilient and adaptable in a dynamic global market.

Our comprehensive approach to regulation encompasses a deep understanding of financial risks and a proactive stance on emerging challenges. We are committed to empowering financial institutions with the tools and guidance necessary to navigate complex regulatory landscapes, thereby contributing to global economic stability and growth.

1 SUMMARY OF PRIVATE SECTOR

CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures

Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds

GENERAL COMMENTS 1. We appreciate the opportunity to input on the Authority's revised draft Rule and Regulatory Procedures pertaining to the de-registration of regulated mutual funds and private funds. The comments below are mindful of the Authority's feedback on earlier suggestions made in May 2021, which feedback is informative and provides helpful interpretative guidance as to the Authority's position and intended practice on various de-registration processes. Noted. No amended requirement. 2. The words 'fund' and 'funds' are defined so should be capitalised. Capitalise the words 'fund' and 'funds' throughout. The Authority has noted your comment and has updated the measure to ensure consistency throughout. Amended as recommended. Feedback on the Rule - Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds SECTION-SPECIFIC

COMMENTS 3. List of Acronyms Definition of MFA, MAA and PFA does not include additional language providing for further amendments or revisions in the same manner as the equivalent section in each of the Regulatory Procedures. Add "as may be amended or revised from time to time" to the end of MFA, MAA and PFA definitions. The Authority has noted your comment and will revise the proposed measure as recommended. List of acronyms referring to the MAA, MFA and PFA have been amended as recommended. 4. 6.2

For the purposes of this Rule, a Fund ceases to carry on business on the date stated in the resolution of the operators, shareholders or unit Section 6.3 of the Regulatory Procedures (Core Requirements Regulated Mutual Funds and Private Funds) provides welcomed flexibility in the form of document that evidences a fund will cease or has ceased to carry on The Authority has developed Rule 6.2 to establish the obligation of the Fund to provide applicable evidence of the date of cessation or the intended date to cease carrying on business as Fund. The procedures outline in 6.3 in the regulatory A footnote has been added to section 6.2 to define resolution as follows: For the purpose of this rule, the term resolution refers to any

resolution, determination, consent or any other constitutional document that indicates the date SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 2 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure holders wherein it is resolved that the Fund will cease or has ceased to carry on business as a Fund in or from the Cayman Islands, unless the Authority has grounds to believe that the date the Fund has ceased to carry on business is a date other than indicated in the resolution, or no resolution has been passed or filed with the Authority. For greater certainty, a Fund to which a liquidator has been appointed is deemed to have ceased to carry on business as at the date of the liquidator's appointment. business. We would suggest this flexibility be mirrored in Rule 6.2 for consistency. Drafting Suggestion as follows: For the purposes of this Rule, a Fund ceases to carry on business on the date stated in the resolution determination, consent of, or other document signed by, the operators, shareholders or unit holders (as applicable) wherein it is resolved, or determined, that the

Fund will cease or has ceased to carry on business as a Fund in or from the Cayman Islands, unless the Authority has grounds to believe that the date the Fund has ceased to carry on business is a date other than indicated in the resolution, determination, consent or other document or no resolution, determination or consent has been passed or filed with the Authority. For greater certainty, a Fund to which a liquidator has been appointed is deemed to have ceased to carry on business as at the date of the liquidator's appointment. procedures include the documentation to be presented to the Authority as evidence of such date. of cessation, or the date on which the Fund intends to cease carrying on business.

5. 6.3 A Fund that has never carried on business shall make an application to the Authority for the cancellation of a licence or certificate of Same comment as for Rule 6.2 above. Section 6.3 of the Regulatory Procedures (Core Requirements Regulated Mutual Funds and Private Funds) provides welcomed flexibility in the form of Please refer to the comment no. 4 above. Please refer to the comment no. 4 above. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 3 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure registration within 21 days from the date of the resolution that has been passed by the operators, shareholders or unit holders wherein it is acknowledged that the Fund has never carried on business and resolved that the Fund has no intention to commence business in the future. document that evidences a fund will cease or has ceased to carry on business. We would suggest this flexibility be reflected in Rule 6.3 for consistency. Drafting Suggestion as follows: A Fund that has never carried on business shall make an application to the Authority or the cancellation of a licence or certificate of registration within 21 days from the date of the resolution, determination, consent of, or other document signed by, the operators, shareholders or unit holders (as applicable) wherein it is acknowledged that the Fund has never carried on business and resolved, or determined, that the Fund has no intention to commence business in the future. Feedback on the Regulatory Procedure - Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds 6. 4 Definitions Please clarify the reason for the removal of the Licence Under Termination and Licence Under Liquidation concepts. It is the sole discretion of the Authority to remove these concepts in accordance with its powers under section 34 of the Monetary Authority Act (as revised). The Authority has revised its methodology on the funds cancellation regime and has retired the use of these functions. Funds shall apply to the Authority for cancellation/deregistration of a licence/ certificate of registration as set out in the revised regulatory procedures. No amendment required. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 4 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure 7. 4.1 Fund means a "mutual fund" as defined in section 2 of the Mutual Funds Act as amended. Reference to "Mutual Funds Act (2021 Revision) as amended" could be replaced with the term "MFA" which is defined in the List of Acronyms. This is the first use of the term in the body of the document, the acronym is used thereafter going forward. No amendment required. 8. The term 'Mutual Funds Act' is defined as the MFA, so references in this paragraph to the Mutual Funds Act should be replaced with references to the

MFA. Amend to read as follows: 'Fund means a "mutual fund" as defined in section 2 of the MFA.' See response to comment no. 7 above. No amendment required. 9. 4.2 Operator, in respect of a mutual fund or an EU Connected Fund, means (a) where the mutual fund is a unit trust, a trustee of that trust; (b) where the mutual fund is a partnership, a general partner in that partnership; or (c) where the mutual fund is a company, a director of that company. The term 'mutual fund' is defined as 'the Fund', so references to mutual fund in this paragraph should be replaced by references to the Fund.

Amend to read as follows: 'Operator, in respect of a Fund or an EU Connected Fund, means (a) where the Fund is a unit trust, a trustee of that trust; (b) where the Fund is a partnership, a general partner in that partnership; or (c) where the Fund is a company, a director of that company.' The Authority directly references the definition under section 2 of the MFA. However, we have revised the proposed measure to refer to the Act for the definition. Definition of Operator under section 4.2 has been amended to read as follows: Operator, in respect of Fund, is as defined under section 2 of the MFA.

SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 5 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure 10. 5.1 Good standing A Fund seeking to cancel its licence or certificate of registration with the Authority must be in good standing on the date of the cancellation of the licence or certificate of registration. Good standing requires that a Fund must have paid all prescribed fees, submitted all the required audited financial statements, and that there be no outstanding queries or regulatory filings with the Authority. We note the Authority's feedback that it is continuously updating the ability for regulated entities to manage their own information and to have real time access to the details of any outstanding fees or regulatory filings, such as through enhancements of the local service providers portal in REEFS. We appreciate this will be a preferable approach to confirm good standing and other regulatory matters in due course although, until such system is complete, there will be continuing uncertainty. By way of example, it is still not possible for funds to independently confirm whether they, or their "sub-funds", are in good standing in all instances and inaccuracies have arisen and continue to arise. These issues can be compounded for older segregated portfolios or unit trusts which have historically been filed manually outside REEFS. In these instances, we have been able to work collaboratively with CMRAI analysts to align records and implement workarounds. Anecdotally, however, we understand that CMRAI analysts have indicated that for terminations/additions CMRAI will not confirm what "sub-funds" are active unless a standard letter of good standing is provided. The Authority notes your feedback in this regard. Notwithstanding, this feedback falls outside the scope of this consultation.

SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 6 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure standing obtained (timely and expensive) and, if you do not see a "sub-fund" on REEFS drop down box, it typically means that there is an issue with the "sub-fund", e.g. fees owed, but CMRAI will not be in a position to advise of the underlying deficiency. We further understand that for the termination of these historical sub-funds (notified to the Authority

by way of filing prior to the functionality to file via REEFS), the Authority requires that the sub-fund is first "established" in REEFS and after several days once the sub-fund is appearing in REEFS, the termination filing can then subsequently be made in REEFS. We wish to respectfully note that this process is timely and can lead to additional costs for the regulated entity concerned. We would respectfully request that for these historical sub-funds (and at least for the interim period until REEFS is fully functional in all material respects) the Authority accept the termination filing via where evidence can be produced that the initial establishment filing was equivalently made via . We would respectfully request that the Authority reconsider the ability to obtain a dedicated same-day or express de-registration statement of good standing for an appropriate fee on which funds may rely given good standing is a critical pre requisite to proceeding with cancellation/de-registration in an efficient manner in all instances and particularly in the context of voluntary liquidations in SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 7 No. Section Comments from the Private Sector Authority s Response Consequent Amendments to the Proposed Measure light of section 7.2.2 of the Regulatory Procedure. We would also propose that an automated process be put in place so that the registered office services provider of a regulated entity be notified when a regulated entity's audited accounts have been filed with the Authority. As the Authority is aware, the audited accounts must be filed by the local office of the regulated entity's auditor, and in most cases, the auditor will not assume the responsibility of paying the accompanying Fund Annual Return ("FAR") Fee. In such cases, the regulated entity will be required to facilitate the payment of such fee itself through its appointed investment manager or its registered office services provider. As the registered office has no oversight of when the audited accounts are filed, an automated process could be put in place to trigger a notification so that the FAR Fee may be settled with the Authority in a timely manner. We often find that at the time of a regulated entity's de-registration with the Authority, there can be a number of outstanding FAR Fees which will delay the entity's timely registration, which is particularly significant where a regulated fund is looking to completely de-register prior to calendar year end. This can have adverse consequences for a regulated fund, its investment manager and jurisdictional perceptions. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 8 No. Section Comments from the Private Sector Authority s Response Consequent Amendments to the Proposed Measure Please consider providing a same-day or express deregistration statement of good standing (for an appropriate fee) which funds may rely on before proceeding with a cancellation/de-registration application. For unit trusts and segregated portfolio companies, please consider allowing termination filings for sub-funds to be filed with the Authority by where the equivalent establishment filing was made to the Authority by . This will be applicable to older unit trusts and SPCs as we appreciate that for those more recently established, the process is to notify the Authority via the REEFS portal. Please also consider an automated process whereby, upon the filing of the audited accounts of a regulated entity within the REEFS portal, the registered office provider of record is automatically notified in order that arrangements can be made for the FAR fee to be paid 11. 5.2 Fees

5.2.1 A Fund shall make an application to the Authority to cancel its licence or certificate of registration. To avoid incurring administrative fees or penalties, a Fund should file such an application within the timeframe prescribed in the Rule. 5.2.2 The Authority, at its discretion, may advise a Fund on Please clarify the position on fees following submission of an application to cancel the registration of a mutual fund. It is unclear from the current drafting whether a reduction in fees will be applied: in the absence of certainty with respect to fees, funds will be unable to make accruals. In particular (and notwithstanding the concepts may be renamed): (i) will a 50% fee reduction continue to apply for funds that have notified the Authority that they have ceased to carry on business but have not commenced formal liquidation proceedings (previously LUT); and (ii) will The revised measure has removed the option for entities to apply for an LUL/LUT status. In this regard, the licence or certificate or registration of a fund will not be considered cancelled until the Authority receives all the relevant documentation as outlined in the regulatory procedures. The notification of cancellation or intent to cancel does not relieve a fund of its obligation to submit an application to cancel its licence or certificate of registration, in accordance with the Regulatory Procedures. Furthermore, funds that have been placed into voluntary liquidation will not be considered for any reduction in fees. No amendment required.

SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 9 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure any adjustments to its fees, on a case by case basis a 100% reduction continue to apply for funds that have notified the Authority that they have commenced formal liquidation proceedings (previously LUL). Therefore, if the application for cancellation is not complete, as determined by the Authority in the regulatory procedures, then funds will have the obligation to pay the requisite fees for renewal of licence or certificate of registration when they become due. 12. 5.2.1 A Fund shall make an application to the Authority to cancel its licence or certificate of registration. To avoid incurring administrative fees or penalties, a Fund should file such an application within the timeframe prescribed in the Rule. This paragraph refers to 'administrative fees or penalties' but should only refer to administrative penalties. Amend to read as follows: 'A Fund shall make an application to the Authority to cancel its licence or certificate of registration. To avoid incurring administrative penalties, a Fund should file such an application within the timeframe prescribed in the Rule.'

The Authority noted your comment and has considered the recommendations for the revision. Section 5.2.1 has been retitled to Administrative Fines and has been amended to read as follows: A Fund shall make an application to the Authority to cancel its licence or certificate of registration. To avoid incurring administrative fines, a Fund should file such an application within the timeframe prescribed in the Rule. 13. 6.1 The original licence or certificate of registration, if issued by the Authority, must be submitted with the application for cancellation; or in the case of a lost licence or certificate, an affidavit signed by the operator(s), stating that the licence or certificate will be returned to the Authority if found, where applicable. Where an electronic certificate (including those relating to any change of name by the Fund) was issued by the Authority, this requirement is not applicable; This paragraph requires the Fund to submit certain things to the Authority; those things are the 'core requirements' for

cancellation of a licence or registration, and so should be specified as such. The first letter of each sub-paragraph should be lowercase. The fee required is the application fee and should be specified as such. Amend to read as follows: 'A Fund shall submit the following core requirements to the Authority regardless of the reason for cancellation:

6.1. the original licence or certificate of registration, if issued by the Authority, The Authority noted your comment and has considered it for revision. Section 6.1 has been amended to read as follows: A Fund shall submit the following items to the Authority regardless of the reason for cancellation: SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 10 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure must be submitted with the application for cancellation; or in the case of a lost licence or certificate, an affidavit signed by the operator(s), stating that the licence or certificate will be returned to the Authority if found, where applicable. Where an electronic certificate (including those relating to any change of name by the Fund) was issued by the Authority, this requirement is not applicable;

6.2. the prescribed application fee which is payable for the surrender of the licence or certificate of registration pursuant to the MAA; and

6.3. a certified copy of the resolution, determination, consent or other document signed by the operator(s) and/or the investor(s) (as applicable) which indicates the date on which the Fund will cease or has ceased to carry on business as a Fund in or from the Cayman Islands.

14. 7.1.1 An affidavit from or on behalf of the Operator(s) of the Fund. The contents of the affidavit must verify: The term 'Operator' is not defined and so should be lowercase. Amend to read as follows: 7.1.1. An affidavit from or on behalf of the operator(s) of the Fund. The contents of the affidavit must verify: The term Operator was defined under section 4.2 of the measure. No amendment required.

15. 7.1.1.3 that all participating investors (such as shareholders and unit holders) have been properly and completely This paragraph uses the term 'properly and completely redeemed', which is not defined. The Authority has noted and considered your feedback. The footnote will be added to reflect the Authority's interpretation of properly and completely redeemed. Amended as recommended. Footnote has been included to read as follows: Properly and completely redeemed denotes that a fund has paid out all investors and there SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 11 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure redeemed out of the Fund or otherwise received a final distribution out of the Fund's assets legally available for distribution to investors; Reinsert the footnote that defines properly and completely redeemed that is in the current Regulatory Procedure (ie. 'Properly and completely redeemed denotes that a fund has paid out all investors and there are no residual cash or assets owed or potentially owed to investors'). are no residual cash or assets owed or potentially owed to investors.

16. 7.1.1.5.2 seek striking-off from the General Registry (with the Registrar of Companies/Registrar of Exempted Limited Partnerships) in the Cayman Islands Please add "...or undergo a voluntary winding up" at the end of this sentence. Most funds will not be struck-off, but will instead go through an administrative liquidation. Note this issue was raised in our previous round of comments Section 7.2 outlines the procedures for voluntary

liquidation. No amendment required. 17. We note the words "(with the Registrar of Companies/Registrar of Exempted Limited Partnerships)" is too narrow as it excludes other vehicle types that may be registered under the MFA, e.g. limited liability companies.

We would propose removing the words "(with the Registrar of Companies/Registrar of Exempted Limited Partnerships)" on the basis the residual language is sufficiently certain and encompasses all vehicle types. The Authority has noted and considered your comment for revision. Section 7.1.1.5.2 has been amended to read as follows: seek striking-off from the General Registry with the applicable Registrar in the Cayman Islands.

18. 7.2 Voluntary Liquidation of a Fund The following must be provided to the Authority in cases of the The Companies Act is in its 2022 revision, so should be specified as such. There is an 'and' missing at the end of paragraph 7.2.1.1. The Authority has noted and considered your comment for revision. Section 7.2.1 has been amended to read as follows:

7.2.1. Pursuant to the Companies Winding Up Rules, 2018 issued under the Companies Act 3 : SUMMARY OF PRIVATE SECTOR CONSULTATION AND

FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 12

No. Section Comments from the Private Sector Authority s Response Consequent Amendments to the Proposed Measure cancellation of a licence or certificate of registration by a fund due to the voluntary liquidation of the Fund: Amend to read as follows:

7.2.1. Pursuant to the Companies Act (2022 Revision) Companies Winding Up Rules, 2018: 7.2.1.1. Notice of the winding up of the Fund (CWR Form No. 19 or any other prescribed form, stamped by the Registrar of Companies), where applicable; and 7.2.1.1.

Notice of the winding up of the Fund (CWR Form No. 19 or any other prescribed form, stamped by the Registrar of Companies), where applicable; and Footnote: 3 As amended from time to time. 19. 7.2.1 Pursuant to the Companies Act

(2021 Revision) Companies Winding Up Rules, 2018: These requirements are only relevant to companies. We would suggest adding a footnote to say: Where the Fund is a partnership, provide the Notice to the Registrar of Partnerships (stamped by the Registrar) submitted under the Exempted Limited Partnership Act. Note this issue was raised in our previous round of comments. The Authority has noted and considered your comment for revision. Section 7.2.2 has been added to reflect the recommendation as follows: Where the Fund is a partnership under the Limited

Liability Partnerships Act or the Exempted Liability Partnerships Act, provide the Notice stamped the relevant Registrar in the Cayman Islands; 20. Although relevant procedures prescribed by Part V, Companies Act (As Revised) and the Companies Winding Up Rules (As Revised) are incorporated by reference into primary legislation for other vehicle types, notably exempted limited partnerships and limited liability companies, the notices will be stamped by the Registrar acting in applicable capacities, i.e. Registrar of Companies/Registrar of Exempted Limited

The Authority has noted and considered your comment for revision. Amended as recommended. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 13 No. Section Comments from the Private Sector Authority s Response Consequent Amendments to the Proposed Measure

Partnerships/Registers of Limited Liability Companies, etc. We would propose amending reference from "the Registrar of Companies" to "the relevant Registrar. 21. 7.2.3.1.2 the period(s) covered by the voluntary liquidator s report(s); A liquidator's report is

Partnerships/Registers of Limited Liability Companies, etc. We would propose amending reference from "the Registrar of Companies" to "the relevant Registrar. 21. 7.2.3.1.2 the period(s) covered by the voluntary liquidator s report(s); A liquidator's report is

Partnerships/Registers of Limited Liability Companies, etc. We would propose amending reference from "the Registrar of Companies" to "the relevant Registrar. 21. 7.2.3.1.2 the period(s) covered by the voluntary liquidator s report(s); A liquidator's report is

Partnerships/Registers of Limited Liability Companies, etc. We would propose amending reference from "the Registrar of Companies" to "the relevant Registrar. 21. 7.2.3.1.2 the period(s) covered by the voluntary liquidator s report(s); A liquidator's report is

Partnerships/Registers of Limited Liability Companies, etc. We would propose amending reference from "the Registrar of Companies" to "the relevant Registrar. 21. 7.2.3.1.2 the period(s) covered by the voluntary liquidator s report(s); A liquidator's report is

only relevant to companies, as voluntary liquidators of partnerships are not required to prepare them under the relevant provisions of the Exempted Limited Partnership Act. We would suggest rephrasing this section: Where the Fund is a company or a limited liability company, a copy of the voluntary liquidator's report. Note this issue was raised in our previous round of comments. The Authority notes your comment; however the Authority will still need to know the period covering the liquidation process. The affidavit submitted should suitably provide this information. No amendment required.

22. 7.4 Transfer to another Jurisdiction The following must be provided to the Authority in cases of cancellation of licence or certificate of registration as a fund due to the transfer of the legal entity to another jurisdiction: The Authority's position that an audit waiver will only be available in the first six months of any given financial year to a fund that is transferring out makes it practically impossible to effect a transfer out in the second half of a Fund's financial year. This is because the Registrar requires the Authority's consent, and the Authority will only consent if it has received the required documents (including an audit). The transfer-out process should permit funds to continue their business and not require them to. The Authority notes the suggestion, however, will maintain the requirement for submission of outstanding audited financial statements when processing an application for cancellation/ deregistration of a fund. No amendment required.

SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 14 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure prepare a special mid-year audit, at significant cost. We would suggest that the Authority clarifies that it will permit a de-registration on a transfer to another jurisdiction at any point in the year provided the Fund includes in its affidavit a confirmation that the Fund will continue to be required (under its constitutive documents or otherwise) to have its financial statements audited for the entire financial year in which the transfer takes effect.

23. We note the Authority's position that a regulated mutual fund transferring to another jurisdiction will only be able to avail of an audit waiver within six months of its last financial year end for which an audit has been filed or is due to be filed. This presents a significant impediment for H2 migrations given that it will be technically impossible for a registered fund to produce an audit that complies with Section 8.1 of the Regulatory Procedure (effectively an audit reflecting a de minimis NAV or confirmation that a final distribution has taken place) prior to the outward migration. In the reverse scenario, where funds have migrated to Cayman from other jurisdictions, e.g. Ireland, the relevant regulator has waived the requirement for an audit prior to re-domiciliation irrespective of when in the financial year the migration takes place. We respectfully Please note response to comment 22 above. No amendment required.

SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 15 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure submit that the Authority consider revising the Regulatory Procedure to state that the Authority may exercise discretion to grant an exemption from the audit requirement in other exceptional circumstances, which would be consistent with the broad supervisory discretion set out at Section 5.4 of the Regulatory Policy - Exemption from Audit Requirement for a Regulated

Mutual Fund. We would suggest including a statement in the Regulatory Procedure that the Authority may exercise supervisory discretion and provide an audit waiver exemption in other exceptional circumstances, including waiving the requirement for an audit, on a case-by-case basis. This approach would invite dialogue with the Authority and practice could follow in Guidance or FAQs. We would propose that an affidavit, in these situations, would need to confirm among other relevant matters that the fund will continue to be required (under its constitutive documents or otherwise) to have its financial statements audited for the entire financial year in which the transfer takes effect. We would propose that additional confirmations could include that the fund, or its manager, will be subject to regulation by a "recognised overseas regulatory authority" (leveraging the list maintained pursuant to the Securities Investment Business Act (As SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 16 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure Revised)) and that the transfer out is not made in a manner prejudicial to investors or creditors. 24. 7.5 Funds that never carried on Business The following must be provided to the Authority in cases of cancellation of a licence or certificate of registration of a Fund where the Fund has never carried on business as a fund:

The first letter of each sub-paragraph should be lowercase. Amend to read as follows:

7.5.1. an affidavit from the operator(s) of the Fund attesting as to the reason why the Fund has never carried on business; and 7.5.2. a letter from the Fund's administrator, manager, operator or auditor (as these terms are defined in the MFA) verifying that the Fund has never carried on business as a Fund, and that any subscriptions accepted have been returned. Noted. Amended as recommended.

25. 7.6 Does Not Meet Definition of a Mutual Fund If a fund does not meet the definition of a mutual fund as outlined in the MFA, but is otherwise regulated by the Authority, the Fund must nevertheless meet all regulatory requirements for cancellation. The following outlines the requirements for the cancellation of a licence or certificate of registration of a Fund There are numerous other circumstances where a registered mutual fund may undergo a restructuring and become no longer registrable, but not for reasons set out in either sections 7.6.2 or 7.6.3. For example, a former mutual fund may become an intermediate vehicle that does not fall within the definition of either 'mutual fund' or 'master fund'. We would suggest adding a footnote to the end of section 7.6 that says: In circumstances where the Fund does not meet the definition of a mutual fund as outlined in the MFA for reasons other than as described in sections 7.6.1 or 7.6.2, the The matter was not previously raised for funds that no longer meet the definition of a mutual fund, however the Authority will acknowledge the issue the matter as highlighted in this consultation and will accommodate the recommendation. Section 7.6 has been amended to include 7.6.3 read as follows: In circumstances where the Fund does not meet the definition of a regulated mutual fund as outlined in the MFA for reasons other than as described in 7.6.1 or 7.6.2, the Authority will consider applications for cancellation on their respective facts. Funds should submit an affidavit following the form of that described in section 7.6.1.1, with such amendments to reflect the Fund's situation as may be required SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private

Funds August 2022 17 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure when converting into a single investor fund or closed-ended fund: Authority will consider applications for de-registration on their respective facts. Funds should submit an affidavit following the form of that described in section 7.6.1.1, with such amendments to reflect the Fund's situation as may be required. Note this issue was raised in our previous round of comments but was not addressed as it was for the Private Funds regulatory procedure. 26.

7.6.2 7.6.2.1 The updated Offering Documents/Marketing Materials, or in the absence of these documents, consent from the investors outlining that the Fund is changing from open-ended to closed-ended and will cease to meet the definition of a mutual fund in the MFA; 7.6.2.2 A certified copy of the memorandum and articles of association or other constitutive documents outlining the restriction on the redemption rights of the close-ended shares; 7.6.2.3 An affidavit from the operators of the Fund attesting to the following: The terms 'Offering Document' and 'Marketing Materials' are not defined and so should be lowercase. The first letter of each sub-paragraph should be lowercase. Amend to read as follows: 7.6.2.1. the updated offering documents/ marketing materials, or in the absence of these documents, consent from the investors outlining that the Fund is changing from open-ended to closed-ended and will cease to meet the definition of a mutual fund in the MFA; 7.6.2.2. a certified copy of the memorandum and articles of association or other constitutive documents outlining the restriction on the redemption rights of the close-ended shares; The Authority has noted and considered your comment for revision. Amended as recommended. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 18 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure 7.6.2.3. an affidavit from the operators of the Fund attesting to the following: 27. 7.6.2 (Footnote) If a Fund's equity interests become investment interests given the closed-ended nature of the offering and as a result is required to register as a private fund, a simultaneous registration application will be required to be filed under the Private Funds Act via . Please reflect the comments in Item 20 of the Summary of Private Sector Consultation and Feedback Statement confirming that CMRAI will accept one audit for an entity which changes licence classification. Where a Fund is simultaneously cancelling a licence or certificate of registration to re-register a private fund, the Authority acknowledges that the Fund will not be required to produce two audits for the same vehicle. No amendment required. 28. 7.7 Funds Dissolving by way of a Merger Terminating or Dissolving Fund In case of a merger the terminating or dissolving fund shall provide the following to the Authority: In the same manner as Section 7.4 (Transfers Out), we respectfully submit that the Regulatory Procedure be revised to state that the Authority may exercise discretion to grant an exemption from the audit requirement in other exceptional circumstances, in a manner consistent with the broad supervisory discretion set out at Section 5.4 of the Regulatory Policy - Exemption from Audit Requirement for a Regulated Mutual Fund. See proposed approach above with respect to Section 7.4 (Transfers Out). The Authority notes the suggestion, however, will maintain the requirement for submission of outstanding audited financial statements when processing an application for cancellation/deregistration of a fund. The requested change does not fall under the scope of this consultation. No amendment required. 29.

7.7.1 7.7.1.1 A cover letter from or on behalf of the operator(s) of the Fund outlining the The first letter of each sub-paragraph should be lowercase. The Authority has noted and considered your comment for revision. Amended as recommended. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 19 No. Section Comments from the Private Sector Authority s Response Consequent Amendments to the Proposed Measure request to merge the funds; 7.7.1.2 A certified copy of the resolution of the operators or the participating investors (shareholders, unit holders, etc.) which includes material details of the proposed merger (merger plan) and specifies the dissolving and surviving entities; 7.7.1.3 An affidavit from or on behalf of the operator(s) of the Fund. In case of an administered mutual fund, the affidavit can also be provided by the locally licenced mutual fund administrator. The contents of the affidavit must verify that: Amend to read as follows: 7.7.1.1. a cover letter from or on behalf of the operator(s) of the Fund outlining the request to merge the Funds; 7.7.1.2. a certified copy of the resolution of the operator(s) or the participating investors (shareholders, unit holders, etc.) of the Fund which includes material details of the proposed merger (merger plan) and specifies the dissolving and surviving entities; 7.7.1.3. an affidavit from or on behalf of the operator(s) of the Fund. In case of an administered mutual fund, the affidavit can also be provided by the locally licenced mutual fund administrator. The contents of the affidavit must verify that: 30. 7.7.2 Surviving Fund The surviving fund shall provide the following to the Authority in the case of a merger: The surviving fund's obligation to provide information to the Authority should be subject to such surviving fund being regulated by the Authority as a regulated mutual fund (with private funds caught by the equivalent Regulatory Procedure applying to private funds). This would In any such cases where the surviving fund is not a regulated fund (mutual or private), it is the Authority s expectation that the Fund would apply for cancellation on the appropriate basis that it would either cease to carry-on business or by-way-of-merger with relevant information indicating that the No amendment required. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 20 No. Section Comments from the Private Sector Authority s Response Consequent Amendments to the Proposed Measure 7.7.2.1 A copy of the updated offering document or supplement to the offering document outlining material details of the merger and other material changes; 7.7.2.2 A certified copy of the memorandum and articles of association that reflect details of the merger and all appropriate changes required under the Companies Act; ensure consistency with Section 6.1.7 of the Regulatory Policy Exemption from Audit Requirement for a Regulated Mutual Fund. Section 7.7.2.2 should be sufficiently broad to encompass surviving funds structured as other Cayman Islands vehicles, such as LLCs, or as a foreign company carrying on business in or from the Cayman Islands. Revise the initial sentence of 7.7.2 to read: The surviving fund, if regulated by the Authority as a mutual fund, shall provide the following to the Authority in the case of a merger: In section 7.7.2.2 add the words "or other constitutive document" after the words "memorandum and articles of association; and replace the words "under the Companies Act" with "under applicable law" surviving fund is a not a CMRAI-regulated entity. 31. 7.7.2 Surviving Fund The surviving fund shall provide the following to the

Authority in the case of a merger: 7.7.2.1 A copy of the updated offering document or supplement to the offering document The first letter of each sub-paragraph should be lowercase. The memorandum and articles of association are of the Fund, so should be specified as such. The Companies Act is in its 2022 revision, so should be specified as such. Amend to read as follows: The Authority has noted and considered your comment for revision. Amended as recommended. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 21 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure outlining material details of the merger and other material changes; 7.7.2.2 A certified copy of the memorandum and articles of association that reflect details of the merger and all appropriate changes required under the Companies Act; 7.7.2.3 A certified copy of the Certificate of Merger; and 7.7.2.4 An updated fund form (if applicable). The surviving Fund shall provide the following to the Authority in the case of a merger: 7.7.2.1. a copy of the updated offering document or supplement to the offering document outlining material details of the merger and other material changes; 7.7.2.2. a certified copy of the memorandum and articles of association of the Fund that reflect details of the merger and all appropriate changes required under the Companies Act (2022 Revision); 7.7.2.3. a certified copy of the Certificate of Merger; and 7.7.2.4. an updated fund form (if applicable). 32. 7.8.1.2 In cases where a liquidator has been appointed the following must be provided to the Authority: 7.8.1.2.1 Notice of the winding up of the Fund (CWR Form No. 19 or any other prescribed form, stamped by the The first letter of each sub-paragraph should be lowercase. Move the 'and' from the end of the first sub-paragraph to the end of the second sub-paragraph. Amend to read as follows: 7.8.1.2.1. notice of the winding up of the Fund (CWR Form No. 19 or any other The Authority has noted and considered your comment for revision. Amended as recommended. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 22 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure Registrar of Companies); and 7.8.1.2.2 Voluntary liquidator's consent to act (CWR Form No. 20 or any other prescribed form, stamped by the Registrar of Companies). 7.8.1.2.3 A copy of the liquidator's report, where the Fund is not in a good standing, before the Fund can be terminated. prescribed form, stamped by the Registrar of Companies); 7.8.1.2.2. voluntary liquidator's consent to act (CWR Form No. 20 or any other prescribed form, stamped by the Registrar of Companies); and 7.8.1.2.3. a copy of the liquidator's report, where the Fund is not in a good standing, before the Fund can be terminated. 33. 7.8.2.1 An affidavit from the operator(s) of the master fund attesting to the following: 7.8.2.1.1 The master fund no longer meets the definition of a master fund under The first letter of each sub-paragraph should be lowercase. The reference to the Fund in the second sub-paragraph should be a reference to the master fund. Amend to read as follows: The Authority has noted and considered your comment for revision. Amended as recommended. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Rule & Regulatory Procedures Cancellation of Licence or Certificate of Registration for Regulated Mutual Funds and Private Funds August 2022 23

No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure the MFA; 7.8.2.1.2 That, to the best of the operators' knowledge or information, while registered with the Authority the Fund operated in accordance with its articles and other constitutive documents and its offering document including adherence to all investment guidelines and restrictions and computation of the net asset value; 7.8.2.1.3 That while registered with the Authority, the master fund has not operated in a manner that is prejudicial to its investors and creditors; and 7.8.2.1.4 The investors have been advised of their rights. 7.8.2.1.1. the master fund no longer meets the definition of a master fund under the MFA; 7.8.2.1.2. that, to the best of the operators' knowledge or information, while registered with the Authority the Fund master fund operated in accordance with its articles and other constitutive documents and its offering document including adherence to all investment guidelines and restrictions and computation of the net asset value; 7.8.2.1.3. that while registered with the Authority, the master fund has not operated in a manner that is prejudicial to its investors and creditors; and 7.8.2.1.4. the investors have been advised of their rights.