



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.

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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 Feedback on the Regulatory Procedure -

Cancellation of Licence or Certificate of Registration for Regulated Private Funds

SECTION-SPECIFIC COMMENTS 1. List of Acronyms MAA Monetary Authority Act (2021 Revision) as may be amended or revised from time to time The Monetary Authority Act is in its 2020 revision. Amend the definition of MAA to read as follows: Monetary Authority Act (2020 Revision) as may be amended or revised from time to time. The Authority notes and agrees with your comment. Amended as recommended. 2.

FN1 Ceasing to carry on business, also known as ceasing to trade, denotes there is no ongoing investing with a view to receive profits or gains from the acquisition, holding, management or disposal of investments, but does not include the disposal of assets for purpose of redeeming investors from a Fund. If Ceasing to carry on Business or Trade is defined in the PFA, then the definition in the PFA prevails. As drafted, a private fund could fall within this definition at the end of its investment period, which provides uncertainty as to, the status during a funds harvest period which may be several years before a private fund is required to commence its winding up (or dissolution). In light of the Authority's feedback, we propose a modest revision to the definition. When read in conjunction with the other de-registration requirements this should provide suitable flexibility to recognise the number of different and legitimate variables that determine when any The Authority thoroughly covers various criteria surrounding the cessation of business, including the date of cessation of dissolution outlined in constitutive documents, in section 6.2 of the Rule - Cancellation of Licences and Certificates of Registration for Regulated Mutual Funds and Private Funds. No amendment required. SUMMARY OF PRIVATE SECTOR CONSULTATION AND

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No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure particular private fund has ceased to carry on business that, by way of example, may be informed by specific provisions in the fund's constitutive documents, its investment strategy or other relevant considerations.

Ceasing to carry on business, also known as or ceasing to trade, denotes there is no ongoing investing operating with a view to receive profits or gains from the acquisition, holding, management or disposal of investments, but does not include the disposal of assets for purpose of redeeming investors from a Fund. If "Ceasing to carry on Business or Trade" is defined in the PFA, then the definition in the PFA prevails. 3. 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 of a certificate of registration as set out in the revised regulatory procedures. No amendment required. SUMMARY OF PRIVATE SECTOR

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Funds August 2022 3 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure 4. 5.1 Good standing A Fund seeking to cancel its certificate of registration with the Authority must be in good standing on the date of the cancellation of the 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 segregated portfolios of SPCs, an AIV registered under a private fund and other types of "sub-fund" recognising that such "multi-fund" registration are required to be filed manually for private funds rather than through REEFS. Anecdotally, we also understand that CMRAI analysts have indicated that for terminations/additions CMRAI will not confirm what "sub-funds" are active unless The Authority notes your feedback in this regard. Notwithstanding, this feedback falls outside the scope of this consultation.

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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.

5. 5.2 5.2.1. 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 Please clarify the position on fees following submission of an application to cancel the registration of a private fund. It is unclear from the current drafting whether a reduction in fees will be applied, 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 No amendment required.

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6. 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 The first letter of each sub-paragraph should be lowercase. Amend so that the first letter of each sub-paragraph is lowercase. Amend so that the first letter of each sub-paragraph is lowercase. The Authority noted your comment and has considered it 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 7 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure fund) was issued by the Authority, this requirement is not applicable; 7. 7.1.1.2 that, to the best of the operators knowledge or information, the Fund has operated in accordance with its articles, limited partnership agreements or other constitutive documents and its Marketing Materials including adherence to all investment guidelines and restrictions and computation of the net asset value; The term 'Marketing Materials' is not defined so it should be lowercase. Amend so that the reference to 'Marketing Materials' is

lowercase. The Authority has noted and considered your comment for revision. Amended as recommended. 8. 7.1.1.3 that all participating investors (such as shareholders and unit holders) have been properly and completely redeemed out of the Fund or otherwise received a final distribution out of the Fund's assets legally available for distribution to investors; This paragraph uses the term 'properly and completely redeemed', which is not defined. Insert the footnote that defines properly and completely redeemed that is in the current Regulatory Procedure for Mutual Funds (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'). 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 are no residual cash or assets owed or potentially owed to investors. 9. 7.1.1.3 that all participating investors (such as shareholders and unit holders) have been properly and completely redeemed out of the Fund or otherwise received a final distribution out of the Fund's assets Add "limited partners" to the reference to shareholders and unitholders. 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 8 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure legally available for distribution to investors; 10. 7.1.1.3 (Footnote) We note the changes that have been made to section 7.1.1.3, but we would suggest reinstating the footnote, amended as follows: In both such circumstances, this denotes that there is no residual cash or assets owed or potentially owed to investors. Please note the Authority's response and revision at comment no. 8 above. Please note the Authority's response and revision at comment no. 8 above. 11. 7.1.1.5 Whether the Fund intends to: 7.1.1.5.1 continue as a legal entity in the Cayman Islands; or 7.1.1.5.2 seek striking-off from the General Registry (with the Registrar of Companies/Registrar of Exempted Limited Partnership) in the Cayman Islands. The first letter of this paragraph should be lowercase. Amend so that the first letter of this paragraph is lowercase. The recommended change is already in place. No amendment required. 12. 7.1.1.5.2 seek striking-off from the General Registry (with the Registrar of Companies/Registrar of Exempted We note the words "(with the Registrar of Companies/Registrar of Exempted Limited Partnerships)" is too narrow as it excludes other vehicle types that 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. 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 Limited Partnership) in the Cayman Islands. may be registered under the PFA, e.g. limited liability companies. We would propose removing the words"(with the Registrar of Companies/Registrar of Exempted Limited Partnership) on the basis the residual language is sufficiently certain and encompasses all vehicle types. 13. 7.2.1

Pursuant to the Companies Act (2021 Revision) (as amended) 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 7.2.1.2 Voluntary liquidator's consent to act (CWR Form No. 20 or any other prescribed form, stamped by the Registrar of Companies) 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 Partnerships/ Registers of Limited Liability Companies, etc Amend reference from "the Registrar of Companies" to "the relevant Registrar". The Authority has noted and considered your comment for revision. Amended as recommended.

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due to the transfer of the legal entity to another jurisdiction: We note the Authority's position that a private 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 net asset value calculation or confirmation that a final distribution has taken place). As noted in the context of regulated mutual funds, in reverse scenarios, where funds have migrated to The Authority notes the suggestion, however, will maintain the requirement for submission of outstanding audited financial statements when processing an application for cancellation or deregistration of a fund. No amendment required.

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19. 7.4 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 prepare a special mid-year audit, at significant cost. Please note response to comment no. 18 above. No amendment required.

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20. 7.4.1.2 that, to the best of the operators' knowledge or information, the Fund has operated in accordance with its articles or limited partnership agreements or other constitutive documents and its Marketing Materials including adherence to all investment guidelines and restrictions and computation of the net asset value; and The term 'Marketing Materials' is not defined so it should be lowercase. Amend so that the reference to 'Marketing Materials' is lowercase. The Authority has noted and considered your comment for revision. Amended as recommended.

21. 7.5 Funds that never carried on Business The following must be provided to The first letter of each sub-paragraph should be lowercase. The Authority has noted and considered your comment for revision. Amended as recommended.

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22. 7.6 Does Not Meet Definition of a Private Fund If a fund does not meet the definition of a private fund as outlined in the PFA, but is registered with the Authority anyway, the fund must nevertheless meet all regulatory requirements for cancellation. The following outlines the requirements for the cancellation of a certificate of registration of a Fund when converting into a single investor fund or mutual fund, as per the MFA (as amended): The reference to the MFA does not need to have (as amended) after it. Amend to delete the reference to '(as amended)'. The Authority has noted and considered your comment for revision. Amended as recommended.

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23. 7.6.1.1.3 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 Marketing Materials, including adherence to all investment guidelines and restrictions and computation of the net asset value; and; The term 'Marketing Materials' is not defined

so it should be lowercase. Amend so that the reference to 'Marketing Materials' is lowercase. The Authority has noted and considered your comment for revision. Amended as recommended.

24. 7.6.2 Open-Ended Fund When a Fund no longer meets the definition of a private fund because the investment interests are redeemable at the option of the investors, the Authority requires: The first letter of each sub-paragraph should be lowercase. Amend so that the first letter of each sub-paragraph is lowercase. The Authority has noted and considered your comment for revision. Amended as recommended.

25. 7.6.2 (Footnote) If a Fund's investment interests become equity interests given the open-ended nature of the offering and as a result the Fund is required to register as a mutual fund, a simultaneous registration application will be required to be filed under the Mutual 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 changing licence classifications.

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26. 7.6.2.2.1 The term 'Marketing Materials' is not defined so it should be lowercase. Amend so that the references to 'Marketing Materials' are lowercase. The Authority has noted and considered your comment for revision. Amended as recommended.

27. 7.6.3 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 7.6.1 or 7.6.2, the 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 Funds situation as may be required. Please adjust the new language to refer to the PFA rather than the MFA as follows: In circumstances where the Fund does not meet the definition of a private fund as outlined in the PFA for reasons other than as described in 7.6.1 or 7.6.2, the 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. The Authority has noted and considered your comment for revision. Amended as recommended.

28. Footnote 3 If a Fund's investment interests become equity interests given the open-ended nature of the offering and as a result the Fund is required to register as a mutual fund, a simultaneous registration application will be required to be filed under the Mutual Funds Act via . The term 'Mutual Funds Act' is defined as the MFA, so the reference to Mutual Funds Act should be replaced with a reference to the MFA. Replace the reference to the Mutual Funds Act with a reference to the MFA. The Authority has noted and considered your comment for revision. Amended as recommended.

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29. 7.7 Funds Dissolving by way of a Merger 7.7.1. Terminating or Dissolving Fund In case of a merger the terminating or dissolving fund shall provide the 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 Private 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.

30. The first letter of each sub-paragraph should be lowercase. Amend so that the first letter of each sub-paragraph is lowercase. The Authority has noted and considered your comment for revision. Amended as recommended.

31. 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; This paragraph is missing the words 'of the Fund' Amend to read as follows: a certified copy of the resolution of the operators 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 The Authority has noted and considered your comment for revision. Amended as recommended.

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32. 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 Marketing Materials or 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; The first letter of each sub-paragraph should be lowercase. The terms 'Marketing Materials' and 'Offering Document' are not defined so they should be lowercase. Amend so that the first letter of each sub-paragraph is lowercase. Amend so that the references to 'Marketing Materials' and 'Offering Document' are lowercase. The Authority has noted and considered your comment for revision. Amended as recommended.

33. 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 regulated mutual funds). This would ensure consistency with Section 6.1.7 of the Regulatory Policy Exemption from Audit Requirement for a Private 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 In any such cases where the surviving fund is not a regulated fund (mutual or private) of the Authority, the appropriate basis of deregistration would either be cease to carry-on business or by-way-of-merge with relevant information indicating that the surviving fund is a not a CMRAI- regulated entity. No amendment required.

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