

**CAYMAN ISLANDS**



# **MUTUAL FUNDS (AMENDMENT) BILL, 2019**

Supplement No. 4 published with Legislation Gazette No. 22 dated 27<sup>th</sup> June, 2019.

**A BILL FOR A LAW TO AMEND THE MUTUAL FUNDS LAW (2019 REVISION) TO REQUIRE LICENSEES PROVIDING COMPANY MANAGEMENT SERVICES TO COMPLY WITH PART XVIIIA OF THE COMPANIES LAW (2018 REVISION), PART 12 OF THE LIMITED LIABILITY COMPANIES LAW (2018 REVISION) AND PART 8 OF THE LIMITED LIABILITY PARTNERSHIP LAW, 2017; AND FOR INCIDENTAL AND CONNECTED PURPOSES**

## PUBLISHING DETAILS

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**Sponsoring Ministry/Portfolio:** Ministry of Financial Services and Home Affairs (FSHA)



**Memorandum of**  
**OBJECTS AND REASONS**

This Bill seeks to amend the Mutual Funds Law (2019 Revision) (“the principal Law”) to require licensed mutual fund administrators who are providing company management services to comply with the requirements of Part XVIIIA of the Companies Law (2018 Revision), Part 12 of the Limited Liability Companies Law (2018 Revision) and Part 8 of the Limited Liability Partnership Law, 2017. The legislation also empowers the Authority to take action where the Law or the Anti-Money Laundering Regulations (2018 Revision) are contravened and provides for incidental and connected purposes.

Clause 1 sets out the short title of the legislation.

Clause 2 seeks to amend section 30 of the principal Law to enable the Authority to sanction a regulated mutual fund or an EU Connected Fund that contravenes any provision of the principal Law or the Anti-Money Laundering Regulations (2018 Revision).

Clause 3 seeks to amend section 31 of the principal Law to enable the Authority to sanction a licensee that contravenes any provision of the principal Law, the Anti-Money Laundering Regulations (2018 Revision), Part XVIIIA of the Companies Law (2018 Revision), Part 12 of the Limited Liability Companies Law (2018 Revision) or Part 8 of the Limited Liability Partnership Law, 2017.

Clause 4 seeks to amend section 33 of the principal Law to empower the Authority to apply for a search warrant if the Authority has reasonable grounds for suspecting that Part XVIIIA of the Companies Law (2018 Revision), Part 12 of the Limited Liability Companies Law (2018 Revision), or Part 8 of the Limited Liability Partnership Law, 2017 is being contravened by a licensee who is a “corporate services provider” as defined in that Part.

Clause 5 seeks to amend section 35 of the principal Law to require an auditor to give notice to the Authority where the auditor suspects that, in respect of licensed mutual funds administrators, Part XVIIIA of the Companies Law (2018 Revision), Part 12 of the Limited Liability Companies Law (2018 Revision) or Part 8 of the Limited Liability Partnership Law, 2017 is being contravened by a licensee who is a “corporate services provider” as defined in that Part.



**CAYMAN ISLANDS****MUTUAL FUNDS (AMENDMENT) BILL, 2019****Arrangement of Clauses**

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ENACTED by the Legislature of the Cayman Islands.

**Short title**

1. This Law may be cited as the Mutual Funds (Amendment) Law, 2019.

**Amendment of section 30 of the Mutual Funds Law (2019 Revision) – powers of Authority in respect of regulated mutual funds or regulated EU Connected Funds**

2. Section 30(1) of the *Mutual Funds Law (2019 Revision)*, in this Law referred to as “the principal Law”, is amended by inserting after paragraph (b), the following paragraph —
  - “(ba) a regulated mutual fund or EU Connected Fund has contravened any provision of this Law or of the Anti-Money Laundering Regulations (2018 Revision);”.

**Amendment of section 31– powers of Authority in respect of licensed mutual fund administrators**

3. The principal Law is amended in section 31(1) by inserting after paragraph (a), the following paragraphs —

“(aa) a licensed mutual fund administrator has contravened any provision of this Law or of the *Anti-Money Laundering Regulations (2018 Revision)*;

(ab) a licensed mutual fund administrator who is a “corporate services provider” as defined in Part XVIIA of the *Companies Law (2018 Revision)*, Part 12 of the *Limited Liability Companies Law (2018 Revision)* or Part 8 of the *Limited Liability Partnership Law, 2017*, has contravened that Part;”.

**Amendment of section 33 – powers of Authority, etc., to search in accordance with search warrant**

4. The principal Law is amended in section 33(1) by inserting after the word “Law” wherever it appears, the words “, Part XVIIA of the *Companies Law (2018 Revision)*, Part 12 of the *Limited Liability Companies Law (2018 Revision)* or Part 8 of the *Limited Liability Partnership Law, 2017*”.

**Amendment of section 35 – obligation of auditors**

5. The principal Law is amended in section 35(2)(e), by inserting after subparagraph (i), the following subparagraph —

“(ia) in respect of a licensed mutual funds administrator, Part XVIIA of the *Companies Law (2018 Revision)*, Part 12 of the *Limited Liability Companies Law (2018 Revision)* and Part 8 of the *Limited Liability Partnership Law, 2017*, if the licensee is a “corporate services provider” as defined in that Part;”.

Passed by the Legislative Assembly the      day of      , 2019.

*Speaker*

*Clerk of the Legislative Assembly*

