CAYMAN ISLANDS



Beneficial Ownership Transparency Act

(2026 Revision)

BENEFICIAL OWNERSHIP TRANSPARENCY (ADMINISTRATIVE FINES) RULES, 2026

(SL 47 of 2026)

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(SL 47 of 2026)

In exercise of the powers conferred by section 29 of the Beneficial Ownership Transparency Act (2026 Revision), the Registrar makes the following Rules —

PART 1 - PRELIMINARY

Citation, application and review

1. (1) These Rules may be cited as the Beneficial Ownership Transparency (Administrative Fines) Rules, 2026.

(2) These Rules apply to the assessment and determination of an administrative fine under section 26 of the Act in respect of any prescribed breach occurring on or after the date of commencement.

(3) The Registrar shall review these Rules no later than two (2) years after the date of commencement, and thereafter at such intervals as the Registrar considers appropriate.

Interpretation

2. In these Rules —

"administrative fine" means a fine imposed by the Registrar under section 26 of the Act, comprising an initial fine and, where applicable, a continuing fine;

"business day" means a day other than a Saturday, Sunday or public general holiday within the meaning of the *Public Holidays Act (2007 Revision)*;

"**final determination"** means the written decision of the Registrar under rule 9 imposing, varying or declining to impose an administrative fine;

"**notice of investigation"** means the written notice issued by the Registrar under rule 9 before a final determination is made;

"**continuing fine"** means the further fine of up to $1,000 per month that may be imposed under section 26(3) of the Act for each month the breach continues after the initial fine;

"**initial fine"** means the fine of up to $5,000 that may be imposed for a prescribed breach under section 26(2) of the Act;

"p**rescribed breach"** means a breach of a provision listed in Schedule 1 of the Regulations for which an administrative fine may be imposed under section 26 of the Act;

"**self-report**" means a voluntary written disclosure of a prescribed breach made to the Registrar before the Registrar has detected the breach or issued a notice of investigation;

"**single systemic breach**" means a group of related failures arising from the same root cause, affecting more than one legal person or reporting period, which the Registrar determines should be treated together for the purpose of assessing proportionality;

"**Register**" means the beneficial ownership register;

"Regulations" means the *Beneficial Ownership Transparency Regulations (2026 Revision)*;

"total cap" means the maximum aggregate amount of $25,000 being the total of the initial fine and all continuing fines in respect of any single breach under section 26(3)(c) of the Act.

PART 2 - PRINCIPLES AND FINE STRUCTURE

Guiding principles

3. (1) In determining whether to impose an administrative fine and, if so, in what amount, the Registrar shall be guided by the following principles —

(a) I**ntegrity of the Register** - the adequacy, accuracy and currency of the Register is the primary objective of the Act; the Registrar shall give primary weight to restoring and maintaining that integrity.

(b) **Proportionality** - the fine must be proportionate to the nature, gravity, duration and circumstances of the specific breach.

(c) **Dissuasion** - the fine must be set at a level capable of deterring the person concerned and similarly situated legal persons and corporate service provider from committing future prescribed breaches;

(d) **Effectiveness** - the fine must be sufficient to promote compliance with the Act and to demonstrate that the Cayman Islands' beneficial ownership enforcement regime operates as intended; and

(e) **Fairness** - the process of assessment and determination shall be transparent, consistent and allow the person subject to a fine a meaningful opportunity to make representations; and

(f) **Consistency** - comparable cases should generally attract comparable outcomes unless there is a clear and recorded reason for a different outcome.

(2) In every case the Registrar shall exercise judgment, having regard to all relevant circumstances, the Act, the Regulations and these Rules.

Statutory fine structure

4. (1) Section 26 of the Act provides the following fine structure for Prescribed breaches. All amounts are in Cayman Islands Dollars (CI$) —

Fine Type	Statutory Basis	Amount (CI$)	Notes
Initial fine	s.26(2)	Up to $5,000	Maximum for the prescribed breach. The Registrar may impose any lesser amount, including nil, having regard to these Rules.
Continuing fine	s.26(3)	Up to $1,000/month	For each month the breach continues after the initial fine. Assessed independently. Subject to the total cap.
Total cap	s.26(3)(c)	$25,000	Maximum aggregate of initial fine and all continuing fines for any single breach.

(2) In assessing aggregate fines for multiple legal persons or multiple reporting periods, the Registrar shall have particular regard to —

(a) the number of affected legal persons;

(b) whether the failures arose from a common root cause;

(c) the duration of the non-compliance;

(d) the extent of any impact on the Register;

(e) whether the person self-reported or acted only after detection; and

(f) the cumulative effect of the fine.

(3) Where a prescribed breach concerns obligations owed separately in respect of more than one legal person, each failure may constitute a separate prescribed breach. The Registrar shall, however, consider whether related failures arise from a single systemic breach and shall ensure that the aggregate fine remains effective, proportionate and dissuasive having regard to the totality of the circumstances.

PART 3 - ASSESSMENT METHODOLOGY

Initial assessment

5. (1) The Registrar shall, as the first step in every determination, assess the seriousness of the breach having regard to the following matters —

(a) **Nature of the breach** - the type of obligation breached as identified by the relevant item in Schedule 1 of the Regulations, and the degree to which that obligation is fundamental to the integrity of the Register;

(b) **Identity of the person** - whether the breach was committed by a legal person or a corporate service provider, recognising that corporate service providers, as professional custodians of beneficial ownership information, owe heightened obligations under the Act;

(c) **Duration** - the period over which the breach subsisted, measured from the date on which the relevant obligation first arose or the prescribed deadline expired, and whether it has continued after the Registrar's notification;

(d) **Impact on the Register** - the extent to which the breach has caused or risks causing the Register to contain inaccurate, incomplete or out-of-date information; and

(e) **Third-party and systemic impact** - any adverse impact on the competent authority, law enforcement agencies or the public interest, and any wider systemic risk having regard to the Cayman Islands' international obligations; and

(f) **Multiple Legal Persons** - where the breach affects more than one Legal Person, the number of affected legal persons and whether the failures should be treated separately or as a single systemic breach for the purpose of assessing proportionality.

(2) After considering the matters in paragraph (1), the Registrar shall identify a provisional seriousness category and starting point as follows: Minor - $500 to $1,500; Moderate - $1,500 to $3,000; Serious - $3,000 to $5,000. The category selected shall be recorded with reasons.

(3) The seriousness bands are starting points only. The Registrar may move within or outside a band, subject to the statutory maximum, after considering aggravating and mitigating factors and the guiding principles set out in rule 3.

Aggravating factors

6. (1) In making the final assessment of an administrative fine under section 29(aa) of the Act, the Registrar shall consider whether any aggravating factor is present. Aggravating factors are set out in Part A of the Appendix. The Registrar may also have regard to any other circumstance that makes the breach more serious than the initial assessment indicates, whether or not it is listed in the Appendix.

(2) The aggravating factors will weigh heavily in the Initial Fine being set at or near $5,000 and whether a Continuing Fine should be imposed. The presence of two or more aggravating factors shall be considered cumulatively; their combined effect may substantially increase the fine within the statutory range.

(3) Where one or more aggravating factors are established, the Registrar shall record in the final determination which factors have been established and the weight accorded to each.

Mitigating factors

7. (1) The Registrar shall also consider whether any mitigating factor is present including any Self-Report made before detection. Mitigating factors are set out in Part B of the Appendix. The Registrar may also have regard to any other circumstance that reduces the seriousness or culpability of the breach, whether or not listed in the Appendix.

(2) Mitigating factors shall be weighed holistically. No single mitigating factor automatically cancels an established aggravating factor. The Registrar shall record in the final determination which factors have been established and the weight accorded to each.

(3) The Registrar retains full discretion to determine the weight accorded to any mitigating factor having regard to the quality, completeness and genuineness of the conduct or circumstance relied upon.

Balancing aggravating and mitigating factors

8. (1) Where both aggravating and mitigating factors are present, the Registrar shall weigh them holistically (per breach) to arrive at a final fine that is effective, proportionate and dissuasive, having regard to all the circumstances of the case.

(2) In performing this balancing exercise, the Registrar shall have regard to —

(a) the relative weight of each factor established, giving greatest weight to those most directly connected to the integrity of the Register;

(b) whether the mitigating factors reflect genuine engagement with the requirements of the Act or merely reactive steps taken after detection;

(c) whether the overall fine arrived at is consistent with fines imposed in previous comparable cases, to maintain consistency and transparency; and

(d) whether the overall fine is sufficient to fulfil the guiding principles in rule 3, and, in particular the principles of effectiveness and dissuasion.

(3) The Registrar shall maintain a record of all final determinations, including the factors established, the weight accorded to each and the resulting fine, to support consistency across cases.

PART 4 - EARLY RESOLUTION

This Part identifies circumstances in which the Registrar may reduce the assessed initial fine to reflect early rectification, cooperation, self-reporting, the provision of a complete early account and acceptance of responsibility. These provisions are intended to guide the exercise of discretion under section 26 of the Act and do not create a separate settlement power, compromise the Registrar's statutory responsibilities or prevent a person from exercising any appeal rights available under the Act or the Regulations. All reductions under this Part are applied only after the assessment under Part 3 is complete and do not reduce the statutory maximum or the total cap.

Overview of Early Resolution Routes —

Route	Maximum Reduction	Key Conditions
Route A – Rectification and Cooperation	25%	A legal person or corporate service provider that remedies a prescribed breach within five (5) business days of receipt of the notice of investigation and maintains

Route	Maximum Reduction	Key Conditions
		full co-operation throughout, may be considered for a reduction of twenty-five percent (25%) of the assessed initial fine.
Route B - Early Account Scheme	20%	Comprehensive evidenced response submitted within seven (7) business days of the notice of investigation. The response must be complete, accurate and signed by a senior officer.
Route C - Acceptance of Responsibility and Early Resolution	Up to 40%	Request made within fourteen (14) business days of the notice of investigation. The legal person or corporate services provider accepts the material facts, confirms remediation and agrees payment terms. No waiver of statutory appeal rights is required.

Breach notice and representations

9. (1) Before making a final determination on the amount of an administrative fine, the Registrar shall issue notice of investigation to the legal person or corporate service provider containing —

(a) the relevant item in Schedule 1 of the Regulations and statutory provision;

(b) a description of the breach and the period it has subsisted;

(c) the aggravating and mitigating factors provisionally identified by the Registrar, with reasons;

(d) the provisional assessed initial fine and, where applicable, any proposed continuing fine;

(e) information about the early resolution and mitigation options available under rules 10, 11 and 12; and

(f) the deadline and procedure for written representations or early resolution requests.

(2) A legal person or corporate service provider shall be entitled to submit written representations to the Registrar within fourteen (14) business days of receipt of the notice of investigation, addressing any of the matters in the notice of investigation.

(3) The Registrar shall consider all representations and issue a final determination within thirty (30) days of the expiry of the representations period, unless extended for good cause notified in writing.

(4) The final determination shall be in writing, shall address the substance of representations made and shall explain how the aggravating and mitigating factors have been weighed.

(5) Nothing in this rule restricts the Registrar's discretion to reach a final determination that differs from the provisional assessed fine set out in the notice of investigation.

Route A – Rectification and co-operation reduction

10. (1) A legal person or corporate service provider that remedies a prescribed breach within five (5) business days of receipt of the notice of investigation, and that maintains full co-operation throughout the process, may receive a Route A reduction of twenty-five percent (25%) of the assessed initial fine.

(2) The Registrar shall not apply a Route A reduction where the rectification was incomplete, ineffective or carried out only in response to sustained Registrar pressure without genuine engagement. The quality and completeness of the rectification, and the consistency of cooperation maintained throughout, are the primary criteria.

Route B – Early account scheme

11. (1) A legal person or corporate service provider may request participation in the Route B - Early Account Scheme which enables a person under investigation to provide a comprehensive, evidenced and early factual account of the breach for consideration as a mitigating factor and, where appropriate, a reduction of up to twenty percent (20%) of the assessed initial fine.

(2) A request for participation in the Route B - Early Account Scheme must be made in writing within seven (7) business days of receipt of the notice of investigation. The Registrar retains discretion to decline a request for participation in the early account scheme in any case.

Process

(3) Where the Registrar agrees to participation the Route B - Early Account Scheme, the early account must be submitted within seven (7) business days. The account must cover the full chronology and nature of the breach, all persons involved, the impact on the Register, all remediation steps taken and all measures to prevent recurrence; be supported by relevant documentary evidence; and be signed by a senior officer attesting to its truth, completeness and accuracy.

Reduction assessment

(4) Following receipt of the early account, the Registrar shall assess its completeness and quality. A reduction of up to twenty percent (20%) may be applied where the account is complete, accurate, well-evidenced and timely. No reduction shall apply where the account is incomplete, materially inaccurate, or omits relevant facts.

Route C – Acceptance of responsibility and early resolution

12. (1) A legal person or corporate service provider that accepts the material facts of the breach and does not seek to contest the Registrar's proposed findings may request early resolution. Acceptance of responsibility may be considered as a mitigating factor and may justify a reduction of up to forty percent (40%) of the assessed initial fine.

(2) A request for early resolution must be made in writing within fourteen (14) business days of receipt of the notice of investigation. The Registrar retains discretion to decline any request where early resolution would be inconsistent with the seriousness of the breach, the public interest or the guiding principles in rule 3.

(3) Early resolution requires —

(a) written acceptance of the material facts; confirmation that the breach has been remedied or a remediation plan acceptable to the Registrar;

(b) finalisation of payment terms within thirty (30) days of the Registrar's agreement to proceed; and

(c) payment of the agreed amount within the agreed period.

(4) Nothing in this Rule requires a person to waive any appeal right conferred by the Act or the Regulations.

(5) Where early resolution is concluded, the Registrar shall issue an administrative fine notice constituting the final determination.

PART 5 - CONTINUING FINE AND PUBLICATION

Continuing Fine Assessment

13. (1) Where a breach is continuing at the time of the final determination, the Registrar shall separately assess whether to impose a continuing fine under section 26(3) of the Act, and if so at what monthly rate. The continuing fine is an independent power and does not follow automatically from the imposition of an initial fine.

(2) A breach shall be treated as continuing from the date on which the prescribed obligation first became overdue until the date on which full compliance is achieved. For this purpose, partial, inaccurate or incomplete remediation does

not stop time running unless the Registrar is satisfied that the relevant obligation has been complied with in all material respects.

(3) Reductions under Part 4 apply only to the initial fine unless the Registrar determines that the same mitigating conduct is relevant to the rate or duration of any continuing fine. Any continuing fine remains subject to the total cap.

Publication of enforcement actions

14. (1) The Registrar may publish details of an administrative fine imposed under section 29(b) of the Act. Publication is not automatic. In considering whether to publish, the Registrar shall have regard to —

(a) the seriousness of the breach; the public interest in transparency;

(b) the deterrent value of publication; whether publication would cause disproportionate harm; any confidential obligation under the Act; and

(c) any representations made regarding publication.

(2) Publication shall not occur until the appeal period has expired without appeal, or where an appeal has been made, until it is finally determined.

(3) A publication notice shall include —

(a) the name of the legal person or corporate service provider; a description of the breach and the relevant item in Schedule 1 of the Regulations;

(b) the amount of the fine imposed; relevant dates; and

(c) such other information as the Registrar considers appropriate.

(4) The Registrar may redact information where publication would be disproportionate or would prejudice ongoing proceedings.

(5) Publication notices shall appear in the *Gazette* and on the General Registry website.

(6) The Registrar shall maintain a searchable register of published enforcement notices.

(7) Nothing in this Rule authorises publication of information contrary to section 23 of the Act or any other applicable statutory restriction on disclosure.

APPENDIX

(Rules 6 and 7 — section 29(aa) of the Act)

PART A		
Ref	**Aggravating Factor**	**Description**
A1	Extended duration	Non-compliance persisting for more than two (2) months from the date the obligation first arose or the prescribed deadline expired. Each additional month of continuing breach is a compounding consideration.
A2	History of non-compliance	A prior prescribed breach, enforcement action or sanction by the Registrar within the two (2) years preceding the current breach. Repeated non-compliance across consecutive reporting cycles is a materially aggravating circumstance.
A3	Failure to respond to notices	Failure to respond to the Registrar's notices or requests during an investigation.
A4	Material impact on the Register	The breach has directly caused the Register to contain inaccurate, incomplete or out-of-date information, or has materially impeded the competent authority's ability to respond to law enforcement requests.
A5	Corporate service provider systemic failure	A corporate services provider failed to maintain adequate verification, record-keeping or monitoring systems, proportionate to its size and client base, across multiple client entities or across multiple reporting periods.
A6	Seniority of responsible person	The breach was caused or materially contributed to by a director, senior manager, compliance officer or other person in a position of authority or oversight within the legal person or corporate service provider.

A7	Multiple concurrent breaches	Two or more prescribed breaches identified in the same investigation, whether by the same legal person, the same corporate service provider or both. Where fines are imposed concurrently, the aggregate must remain proportionate.
PART B		
Ref	**Mitigating Factor**	**Description**
M1	Compliance history	No prior prescribed breach and no prior enforcement action by the Registrar within two (2) years. A genuinely isolated, first-time failure attracts meaningful weight. Not available where a pattern of 'first-time' breaches exists across successive reporting periods.
M2	Cooperation	Full, prompt and unreserved co-operation throughout the investigation, including timely responses to all requests, making relevant personnel available and engaging constructively in the representations process. Partial or conditional cooperation attracts proportionately lesser weight.
M3	Internal corrective measures	Demonstrable, substantive and systemic steps to prevent recurrence, such as enhanced verification procedures, updated record-keeping protocols, staff training or appointment of a dedicated compliance officer. Systemic improvement carries more weight than reactive or ad hoc measures.
M4	Force majeure	The breach was caused directly and demonstrably by an extraordinary event entirely beyond reasonable control such as a declared natural disaster, pandemic or civil emergency which rendered compliance impossible within the required timeframe. The person must have notified the Registrar at the earliest opportunity and taken all reasonable steps to remedy the breach as soon as practicable.

M5	Exceptional hardship	Exceptional hardship may be considered only where supported by contemporaneous documentary evidence and where the Registrar is satisfied that payment of the assessed fine would be wholly disproportionate to the nature of the breach and would not undermine the deterrent objectives of the Act. This factor shall not apply to deliberate breaches and shall ordinarily carry limited weight for corporate service providers.
M6	Self-reporting	The breach was voluntarily disclosed to the Registrar before detection by the Registrar and was accompanied by prompt remedial action and full cooperation. Self-reporting carries significant mitigating weight where the disclosure is complete, accurate and timely.

The factors listed in this Schedule are not exhaustive. The Registrar may have regard to any relevant aggravating or mitigating circumstance not listed here. No combination of aggravating factors may cause the Initial Fine to exceed $5,000 or the aggregate fine to exceed $25,000. No combination of mitigating factors shall reduce the Initial Fine to a level that would undermine the integrity of the Register, the deterrent purpose of the Act, or the effectiveness of the administrative fines' regime.

Made by the Registrar the 20th day of October, 2026.

Cindy Jefferson-Bulgin
Registrar