

CAYMAN ISLANDS



**Companies Law
(2018 Revision)**

BENEFICIAL OWNERSHIP (COMPANIES) REGULATIONS

(2019 Revision)

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(2018 Revision)****BENEFICIAL OWNERSHIP (COMPANIES)
REGULATIONS
(2019 Revision)****PART 1 - PRELIMINARY****Citation**

1. These Regulations may be cited as the *Beneficial Ownership (Companies) Regulations (2019 Revision)*.

Definitions

2. In these Regulations —

“**arrangement**” includes —

- (a) a scheme, agreement or understanding, whether or not it is legally enforceable; and
- (b) a convention, custom or practice of any kind,

but something does not count as an arrangement unless there is at least some degree of stability about it (whether by its nature or terms, the time it has been in existence or otherwise);

“**company**” means a company to which Part XVIIIA of the Law applies, except in regulations 7A and 7B, where it has the meaning assigned by the Law;



“**joint arrangement**” means an arrangement between the holders of shares (or rights) that they will exercise all or substantially all the rights conferred by their respective shares (or rights) jointly in a way that is pre-determined by the arrangement;

“**limited partner**” means —

- (a) a limited partner in a limited partnership registered under the *Partnerships Law (2013 Revision)* or the *Exempted Limited Partnership Law, 2014 [Law 5 of 2014]*, other than one who takes part in the management of the partnership business; or
- (b) an individual or a legal entity who is a foreign limited partner and participates in limited partnership arrangements established under the law of a country or territory outside the Islands;

“**voting rights**” —

- (a) means rights to vote at general meetings of the company or legal entity in question, including rights that arise only in certain circumstances; and
- (b) in relation to a legal entity that does not have general meetings at which matters are decided by the exercise of voting rights, shall be read as a reference to rights in relation to the entity that are equivalent to those of a person entitled to exercise voting rights in a company; and

“**withdrawal notice**” means a notice issued by a company under section 273 of the Law that withdraws a restrictions notice.

PART 2 - ADDITIONAL MATTERS TO BE NOTED IN BENEFICIAL OWNERSHIP REGISTER

Duty of company to provide additional matters to corporate services provider or Registrar

- 3. (1) A company shall provide in writing to a corporate services provider or to the Registrar, as the case may be, the additional matters required to be noted by this Part.
- (2) Where any additional matter noted in a company’s beneficial ownership register in accordance with regulation 4, 5, 6 or 7 ceases to be true, the company shall, within one month of becoming aware of that fact —
 - (a) update its beneficial ownership register to reflect any new information received regarding the additional matter, once that information is confirmed; or
 - (b) note in its beneficial ownership register —



- (i) that the additional matter has ceased to be true; and
- (ii) the date on which the additional matter ceased to be true.

Additional matters where there is no registrable beneficial owner or relevant legal entity

4. (1) This regulation applies where a company knows or has reasonable cause to believe that there is no registrable beneficial owner or relevant legal entity in relation to the company.
- (2) The company shall note in its beneficial ownership register the words “no registrable person identified” to show that —
- (a) the company knows or has reasonable cause to believe that there is no registrable beneficial owner or relevant legal entity in relation to the company; or
 - (b) the company has taken reasonable steps to identify all beneficial owners and relevant legal entities and has not, in the course of taking such steps, been able to identify any registrable person.

Additional matters where an identified registrable person’s particulars are not confirmed

5. (1) This regulation applies where —
- (a) a company has identified a registrable person in relation to the company; and
 - (b) all the required particulars of that person have not yet been confirmed for the purposes of section 253 of the Law.
- (2) The company shall note in its beneficial ownership register the words “confirmations pending” to show that the company has identified a registrable person in relation to the company but that all the required particulars of that person have not yet been confirmed.

Additional matters where a company’s investigations are ongoing

6. (1) This regulation applies where a company —
- (a) is not required to place a note in its beneficial ownership register by regulation 4, or 5;
 - (b) has not entered, and is not required to enter, the required particulars of any registrable person or registrable relevant legal entity in its beneficial ownership register; and
 - (c) has not yet completed taking reasonable steps to find out if there is anyone who is a registrable person.

- (2) The company shall note in its beneficial ownership register the words “enquiries pending” to show that it is still in the process of taking reasonable steps to find out if there is anyone who is a registrable person in relation to the company.

Additional matters where a company has issued a restrictions notice

7. (1) This regulation applies where a company has issued a restrictions notice.
- (2) The company shall note in its beneficial ownership register the words “restrictions notice issued” and the date of issue of the notice to show that it has issued the restrictions notice.
- (3) Where the company withdraws a restrictions notice under section 273 of the Law, the company shall note in its beneficial ownership register —
 - (a) the words “restrictions notice withdrawn” to show that it has withdrawn the restrictions notice by giving a withdrawal notice; and
 - (b) the date specified in the withdrawal notice as the date on which the withdrawal notice was given.
- (4) Where a court makes an order under section 270 of the Law directing that a relevant interest in the company cease to be subject to restrictions, the company shall note in its beneficial ownership register —
 - (a) the words “restrictions ceased by court order” to show that the court has made an order under section 270 of the Law directing that a relevant interest in the company cease to be subject to restrictions; and
 - (b) the date on which the court’s order takes effect.

PART 2A – Duties of the Corporate Services Provider and the Registrar

Confirmation of a company’s exemption from the application of Part XVIIIA of the Law

- 7A. (1) Where a company is exempt from the application of Part XVIIIA of the Law, the corporate services provider that provides registered office services to the company (or the Registrar if the Registrar provides such services) shall provide the competent authority with all relevant information from the written confirmation of the exemption provided by the company under section 253(1A) of the Law.
- (2) The relevant information shall be provided by way of the search platform established pursuant to section 260 of the Law, in the place and manner and at



such intervals as are required of corporate services providers (or the Registrar) by section 261 of the Law and these Regulations.

- (3) The written confirmation of the exemption required to be provided by a company by section 253(1A) of the Law shall include the following information for the purposes of paragraph (a)(ii) of that section —
 - (a) for an exemption under section 245(1)(a) of the Law, the name of the stock exchange;
 - (b) for an exemption under section 245(1)(c), the names of the approved person, the regulator or the stock exchange that is relevant to the approved person and the jurisdiction in which that regulator or stock exchange is established;
 - (c) for an exemption under section 245(1)(d), the names of the relevant regulator and the jurisdiction in which that regulator is established;
 - (d) for an exemption under section 245(1)(e) —
 - (i) where the vehicle, fund or scheme is registered or holds a licence under a regulatory law, the name of the partnership; or
 - (ii) where the vehicle, fund or scheme is managed, arranged, administered or operated by an approved person, the names of the partnership, the approved person and the regulator or stock exchange that is relevant to the approved person and the jurisdiction in which that regulator or stock exchange is established;
 - (e) for an exemption under section 245(1)(f), the name of the relevant legal entity holding a licence under the relevant Law referred to in that section;
 - (f) for an exemption under section 245(1)(g), such information as may be specified in the Regulations.
- (4) Where a company is exempted on the basis that it is a subsidiary of one or more legal entities described in section 245(1), the written confirmation shall include —
 - (a) the names of —
 - (i) every legal entity described in that section of which the company is a subsidiary for the reasons set out in section 245(3)(a) or (b); or
 - (ii) the ultimate parent or parents in each chain of exempted legal entities, where the company is a subsidiary by reason only of section 245(3)(c); and
 - (b) in respect of each legal entity named pursuant to paragraph (a), the paragraph of section 245(1) that provides for the exemption and such additional information as is relevant to that paragraph.

- (5) Where, in the case of an exemption under section 245(1)(e) of the Law, the general partner is a general partner of more than one partnership which qualifies for the exemption, the written confirmation of the exemption need only name one such partnership.
- (6) Where a company is exempt from the application of Part XVIIIA of the Law under more than one paragraph of section 245(1), the written confirmation of the exemption need only include the information required by one subparagraph of paragraph (3) of this regulation that applies to the company.
- (7) The written confirmation referred to in paragraph (4) need only include the names of legal entities or parent entities required under one of the subsubparagraphs of paragraph (4)(a) that applies to the company.

Changes to information in confirmation of exemption

- 7B.** (1) If a company that has provided a written confirmation of exemption to a corporate services provider or the Registrar in accordance with section 253(1A) of the Law becomes aware that any information in the confirmation has ceased to be true, the company shall, within one month of becoming aware of that fact, provide the corporate services provider or the Registrar, as the case may be, with —
- (a) an amended written confirmation of the exemption correcting the erroneous information and including any additional information required by these Regulations; and
 - (b) instructions to file the amended confirmation of exemption with the competent authority.
- (2) On receipt of an amended confirmation of exemption provided under paragraph (1), a corporate services provider, or the Registrar, as the case may be, shall provide the competent authority with all relevant information from the amended confirmation or exemption, in accordance with the requirements of regulation 7A(2).

Deposit of beneficial ownership information

- 7C.** (1) Corporate services providers shall deposit with the competent authority not less than once in each month —
- (a) the beneficial ownership information required to be deposited under section 261(2) of the Law and the relevant information required under regulation 7A(1) respecting a confirmation of exemption; or
 - (b) if the beneficial ownership information and relevant information referred to in subparagraph (a) has not changed since the prior deposit of such



information, a notice that there has been no change to the information since that time.

- (2) The beneficial ownership information and notice referred to in paragraph (1) shall be deposited in the manner specified by the competent authority as being compatible with its search platform.
- (3) Notwithstanding paragraph (1), the period for deposit of the beneficial ownership information and notice referred to in that paragraph is —
 - (a) every ninety days for a company that is in liquidation; and
 - (b) every three hundred and sixty-five days for an ordinary resident company.

PART 3 - RESTRICTIONS NOTICES

Content of a restrictions notice

8. A restrictions notice shall —

- (a) specify the date on which it is issued;
- (b) identify the addressee's relevant interest in the company by reference to the shares or right in question;
- (c) explain the effect of the notice;
- (d) state that, by virtue of the notice, certain acts or failures to act may constitute an offence; and
- (e) state that an aggrieved person may apply to the court for an order directing that the relevant interest cease to be subject to restrictions.

Withdrawal of a restrictions notice

9. Where a company is required to withdraw a restrictions notice under section 273 of the Law, the withdrawal notice shall —

- (a) be given before the end of the period of fourteen days beginning with the day on which the company is required to withdraw the restrictions notice under that section;
- (b) specify the date on which the withdrawal notice is given;
- (c) identify the addressee's relevant interest in the company by reference to the shares or right in question; and
- (d) state that the relevant interest is no longer subject to restrictions.

PART 4 - INTERPRETATION: HOLDING AN INTEREST IN A COMPANY DIRECTLY OR INDIRECTLY

Application of Part 4

- 10.** For the purposes of determining whether a person meets the specified conditions for beneficial ownership under section 247 or 248 of the Law or is a registrable person under section 251 of the Law, this Part specifies the circumstances in which —
- (a) a person (“V”) is to be regarded as directly holding an interest in a company (“company W”); and
 - (b) an interest held by V in company W is to be regarded as held indirectly through a legal entity.

Holding an interest in a company directly

- 11.** (1) V holds an interest in company W directly if —
- (a) V holds shares in company W directly;
 - (b) V holds, directly, voting rights in company W;
 - (c) V holds, directly, the right to appoint or remove any member of the board of directors of company W;
 - (d) V has the right to exercise, or actually exercises, significant influence or control directly over company W; or
 - (e) paragraph (2) is satisfied.
- (2) This paragraph is satisfied where —
- (a) the trustees of a trust (or the members of a partnership or other entity that, under the law by which it is governed is not a legal person) hold an interest in company W in a way mentioned in regulation (1)(a) to (d); and
 - (b) V has the right to exercise, or actually exercises, significant influence or control directly over the activities of that trust, partnership or other entity.

Holding an interest in a company indirectly through a legal entity

- 12.** (1) This regulation applies where V —
- (a) holds an interest in company W by virtue of indirectly holding shares or a right; and
 - (b) does so by virtue of having a majority stake as described in regulation 13(3) in —
 - (i) a legal entity (“L”) which holds the shares or right directly; or
 - (ii) a legal entity that is part of a chain of legal entities such as is described in regulation 13(1)(b) or (2)(b) that includes L.



- (2) Where this regulation applies, V holds the interest in company W —
- (a) through L; and
 - (b) through each other legal entity in the chain mentioned in paragraph (1)(b)(ii).

Shares or rights held indirectly

- 13.** (1) A person holds a share indirectly if the person has a majority stake in a legal entity and that entity —
- (a) holds the share in question; or
 - (b) is part of a chain of legal entities —
 - (i) each of which (other than the last) has a majority stake in the entity immediately below it in the chain; and
 - (ii) the last of which holds the share.
- (2) A person holds a right indirectly if the person has a majority stake in a legal entity and that entity —
- (a) holds that right; or
 - (b) is part of a chain of legal entities —
 - (i) each of which (other than the last) has a majority stake in the entity immediately below it in the chain; and
 - (ii) the last of which holds that right.
- (3) For these purposes, A has a majority stake in B if —
- (a) A holds a majority of the voting rights in B;
 - (b) A is a member of B and has the right to appoint or remove a majority of the board of directors of B;
 - (c) A is a member of B and controls alone, pursuant to a joint agreement with other shareholders or members, a majority of the voting rights in B; or
 - (d) A has the right to exercise, or actually exercises, dominant direct influence or control over B.

PART 5 - INTERPRETATION OF MISCELLANEOUS TERMS AND RULES RESPECTING THE HOLDING OF SHARES AND RIGHTS AND RESPECTING LIMITED PARTNERS

Application of Part 5

- 14.** This Part applies for the purposes of determining whether a person meets the specified conditions for beneficial ownership under section 247 or 248 of the Law or holds a relevant interest for the purposes of the provisions respecting restrictions notices under Part XVIIIA of the Law.

Joint interests and arrangements

- 15.** (1) If two or more persons each hold a share or right jointly, each of them is treated as holding that share or right.
- (2) If shares or rights held by a person and shares or rights held by another person are the subject of a joint arrangement between those persons, each of them is treated as holding the combined shares or rights of both of them.

Calculating shareholdings

- 16.** (1) In relation to a company that has share capital, a reference to holding “more than 25% of the shares” in that entity is to holding shares comprised in the issued share capital of that entity having a paid-up value (including both as to nominal value and share premium) exceeding (in aggregate) 25% of the aggregate paid up value (including both as to nominal value and share premium) of the issued share capital of that entity.
- (2) In relation to a legal entity that does not have a share capital —
- (a) a reference to holding shares in that entity is to holding a right to share in the capital or, as the case may be, profits of that entity;
- (b) a reference to holding “more than 25% of the shares” in that entity is to holding a right or rights to share in more than 25% of the capital or, as the case may be, profits of that entity.

Voting rights

- 17.** (1) A reference to the voting rights in a legal entity is to the rights conferred on shareholders in respect of their shares (or, in the case of an entity not having a share capital, on members) to vote at general meetings of the entity on all or substantially all matters.
- (2) In relation to a legal entity that does not have general meetings at which matters are decided by the exercise of voting rights, a reference to exercising voting rights in the entity shall be read as a reference to exercising rights in



relation to the entity that are equivalent to those of a person entitled to exercise voting rights in a company.

Voting rights in a legal entity

18. In applying this Part, the voting rights in a legal entity shall be reduced by any rights held by the entity itself.

Rights to appoint or remove members of the board

19. A reference to the right to appoint or remove a majority of the board of directors of a legal entity is to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all or substantially all matters.

References to Board of Directors

20. References to a board of directors, in the case of an entity that does not have such a board, shall be read as references to the equivalent management body of that entity.

Rights treated as held by person who controls their exercise

- 21.** (1) Where a person controls a right, the right is to be treated for the purposes of these Regulations as held by that person (and not by the person who in fact holds the right, unless that person also controls it).
- (2) Where a relevant interest is treated under this regulation as held by a person other than the person who in fact holds the interest, both the holder and the other person shall be regarded as having the relevant interest.
- (3) A person controls a right if, by virtue of any arrangement between that person and others, the right is exercisable only —
- (a) by that person;
 - (b) in accordance with that person's directions or instructions; or
 - (c) with that person's consent or concurrence.

Rights exercisable only in certain circumstances etc.

- 22.** (1) Rights that are exercisable only in certain circumstances shall be taken into account only —
- (a) when the circumstances have arisen, and for so long as they continue to subsist; or
 - (b) when the circumstances are within the control of the person having the rights.
- (2) Notwithstanding paragraph (1), rights that are exercisable by an administrator or by creditors while a legal entity is in insolvency proceedings shall not be taken into account even while the entity is in those proceedings.



- (3) Rights that are normally exercisable but are temporarily incapable of exercise shall continue to be taken into account.

Rights attached to shares held by way of security

- 23.** Rights attached to shares held by way of security provided by a person shall be treated as held by that person —
- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realizing it, the rights are exercisable only in accordance with that person's instructions; and
 - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realizing it, the rights are exercisable only in that person's interests.

Certain limited partners

- 24.** (1) An individual or a legal entity does not meet the specified conditions for being a beneficial owner or a relevant legal entity in relation to a company by virtue only of being a limited partner.
- (2) An individual or a legal entity does not meet the specified conditions in section 247(3) of the Law in relation to a company (or to the extent they may otherwise apply to such legal entity by virtue of section 248(3) of the Law) by virtue only of, directly or indirectly —
- (a) holding shares; or
 - (b) holding a right,
- in or in relation to a limited partner which (in its capacity as such) would meet the condition if it were an individual.
- (3) Paragraphs (1) and (2) do not apply for the purposes of determining under section 247(5) of the Law (to the extent such section would apply to such legal entity by virtue of section 248(3) of the Law) whether the members of a partnership or other entity meet the conditions in section 247(3) or (4) of the Law (to the extent such section would apply to such legal entity by virtue of section 248(3) of the Law) in their capacity as such.



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Kim Bullings
Clerk of the Cabinet.



ENDNOTES

Table of Legislation History:

SL #	Law #	Legislation	Commencement	Gazette
9/2018		Beneficial Ownership (Companies) (Amendment) Regulations, 2018	2-Mar-18	GE18/2018/s1
21/2017		The Companies (Amendment) Law, 2017 (Commencement) Order, 2017	21-Apr-17	GE34/2017/s2
17/2017		Beneficial Ownership (Companies) Regulation, 2017	1-Jul-17	GE31/2017/s4



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