

Cayman Investment Funds – Amended CRS and CARF and Go Live 1 January 2026

Overview

The Cayman Islands has implemented the Organisation for Economic Co-operation and Development's ("OECD") Crypto-Asset Reporting Framework ("CARF") and made complementary changes to the Common Reporting Standard ("CRS"), which will each come into effect from 1 January 2026.

The OECD has introduced CARF to close tax transparency gaps created by the growth in the crypto-asset market and made complementary changes to CRS to both expand the scope of assets which are considered "Financial Assets" for purposes of CRS to include certain digital assets, and to expand on certain due diligence and reporting requirements. New self-certification forms will be required and there will be a new requirement for a Cayman Islands resident principal point of contact.

While CRS continues to require reporting of account balances held by "Financial Institutions" (which includes "Investment Entities") and information on payments and proceeds from sales of Financial Assets, CARF now requires transaction-based reporting of (i) exchanges between Relevant Crypto Assets and Fiat currencies, (ii) exchanges between forms of Relevant Crypto assets, and (iii) transfers of Crypto assets.

Where an entity is both a Reporting FI under CRS and a RCASP (as defined below) under CARF, both regimes can apply. However, CARF is meant to be a complementary regime and the amended CRS contains an optional coordination rule to avoid duplicative reporting of certain gross proceeds if the information is reported under CARF.

Amended CRS: What changes for Cayman Financial Institutions (including Investment Funds)

The amended CRS will take effect from 1 January 2026 and Cayman Islands investment funds (whether open-ended or closed-ended) must comply with the expanded due diligence and reporting fields and scope from 2026, with first reports due by 30 June 2027 for the 2026 period.

Due diligence and reporting requirements

The amended CRS provides for the capture and reporting of additional data fields:

- Account type and whether it is new or pre-existing.
- Confirmation whether a valid self-certification has been provided.
- Whether the account is joint and the number of joint holders.
- For Entity Accounts, the role/relationship of each Controlling Person (e.g., trustee, settlor, protector; controlling person roles for investment entities).

Accordingly, new versions of the Tax Information Authority's ("TIA") self-certification forms will need to be used from 2026. The DITC will publish new versions of self-certification forms accordingly, although, at the time of writing, these had not yet been issued. For pre-existing accounts as at 31 December 2025 and until 30 June 2028 (end of the transitional period), certain new data points are only required to be reported if such information is available in the electronically searchable data maintained by the Reporting Financial Institution.

Timing of Registration and Reporting

From 2026, entities which become financial institutions in a given calendar year will need to register with the TIA by 31 January of the following Calendar year. Financial Institutions established in 2025 will have until 30 April 2026 to so register, in line with the previous regime.

If any of the registration information changes, entities will have 30 days after the change occurring to file a "change form".

While the reporting deadlines in respect of the 2025 calendar year remain as is at present, i.e. (i) 31 July 2026 for CRS Returns using the existing schema, and (ii) 15 September 2026 for the Compliance Reporting Form, from 2027, all reports in respect of the previous year (including the Compliance Reporting Form) will need to be submitted by 30 June. Further, a new form of OECD XL Scheme will need to be used from 2027.

Cayman Resident Principal Points of Contact

From 2026, new Cayman Islands Financial Institutions established in a given calendar year will need to appoint a Cayman Islands resident Principal Point of Contact ("PPoC") by the following 31 January. Pre-existing Financial Institutions will have until 31 January 2027 to appoint such a Cayman resident PPoC. Persons authorized to change a PPoC and secondary users on the DITC portal can continue to be resident outside of the Cayman Islands.

Relevant investments for "Investment Entities"

Whether or not an entity is an "Investment Entity" for purposes of the CRS is partly predicated by what it invests in. From 2026, not only will this include "Financial Assets" but also money and "Relevant Crypto Assets". "Relevant Crypto-Asset" means any Crypto-Asset that is not a Central Bank Digital Currency, a Specified Electronic Money Product or any Crypto-Asset for which the Reporting Crypto-Asset Service Provider has adequately determined that it cannot be used for payment or investment purposes.

The definition of "Financial Asset" is expanded to include a futures or forward contract or option in a Relevant Crypto Asset.

CARF: What you need to know as a Cayman Islands Investment Fund

CARF will apply to Cayman Islands Reporting Crypto-Asset Service Providers ("RCASPs") from 1 January 2026, with first reporting due by 30 June 2027 for the 2026 calendar year. Most Cayman investment funds will not themselves be RCASPs unless they are in the business of effectuating exchange transactions in Relevant Crypto-Assets for or on behalf of customers (for example, operating a trading platform, acting as broker/dealer, or as counterparty/intermediary for client transactions). Crypto-focused funds that only trade on their own account are generally not RCASPs. CARF will therefore likely become relevant only for fund groups where a group entity provides exchange services.

Scope and who is in scope

- **In-scope persons:** Cayman Islands RCASPs, i.e. entities or individuals resident in the Cayman Islands (or Cayman Islands branches of overseas RCASPs) that, as a business, provide services effectuating exchange transactions in Relevant Crypto-Assets for or on behalf of customers, including as counterparty/intermediary or by making available a trading platform. This includes exchanges, brokers/dealers and operators of crypto ATMs.
- **Funds and managers:** A Cayman Islands investment fund that only trades crypto-assets for its own account is not, by that fact alone, an RCASP. However, a fund group entity that provides exchange or intermediation services for others could be an RCASP. Careful, factual analysis is required for crypto funds with affiliated service operations.

Timing and key obligations

- Go-live: 1 January 2026.
- Registration: Pre-existing RCASPs must register with the DITC by 30 April 2026; new RCASPs by 31 January of the year following commencement.
- Due diligence: RCASPs must obtain self-certifications, determine reportable users/persons and jurisdictions, and identify and aggregate reportable exchange and transfer transactions. For pre-existing users, self-certifications must be collected within 12 months of go-live.
- Reporting: First CARF reporting by 30 June 2027 for 2026, including identity data for users/beneficial owners and aggregated transaction data by crypto-asset and transaction type (fiat/crypto exchanges, crypto/crypto exchanges, and transfers, including certain retail payment transfers).
- Enforcement: CARF regulations include enforcement powers and penalties. Notably, the TIA may impose a penalty for failure to submit returns and related information without first issuing a breach notice.

Practical implications for fund groups

- Fund vehicles are typically out of scope unless they provide exchange services as a business. However, fund groups should verify that no group entity is inadvertently in scope (e.g., operating an OTC desk or platform servicing “customers”).
- If a manager or affiliate operates a crypto trading venue or broking service, it will likely be classified as a RCASP, in turn requiring the compliance and reporting obligations summarized above.

How Campbells can help

If you have any questions on the implications of CARF or the amended CRS please reach out to your usual Campbells contact or the individuals below.

Campbells provides CRS and CARF registration and reporting services to which your Cayman Islands investment funds and RCASPs can outsource their compliance obligations.

Key Contacts



Simon Thomas

Partner, Head of Investment Funds
& Co-Head of Corporate
stthomas@campbellslegal.com



Tim Dawson

Partner
tim.dawson@campbellslegal.com



Michelle Richie

Partner
mrichie@campbellslegal.com



Krista Wight

Counsel
krista.wight@campbellslegal.com



Myfanwy Leggatt

Senior Associate
mleggatt@campbellslegal.com