

Campbells Caribbean Regulatory Update – Q4 2024

21 January 2025

This Update provides an overview of the main legal developments in the Cayman Islands and the British Virgin Islands (“**BVI**”) over the last quarter.

For further information please contact your usual Campbells contact or one of the contacts provided at the end of this Update.



Cayman Islands

1. Beneficial Ownership Updates

On 9 December 2024, the Beneficial Ownership Transparency (Access Restriction) Regulations, 2024 (the “**Access Restriction Regulations**”) were gazetted and on 19 December 2024, the Beneficial Ownership Transparency (Legitimate Interest Access) Regulations, 2024 (the “**Legitimate Interest Access Regulations**”) were gazetted (the Access Restriction Regulations and the Legitimate Interest Access Regulations together the “**Regulations**”).

The Regulations were subject to a public consultation which took place between 11-25 October 2024 and took account of legal developments, including the European Court of Justice's 2022 judgment in respect of limiting public access to beneficial ownership registers. This was reaffirmed in a press release from the Cayman Islands government dated 21 November 2024 and available [here](#).

The Legitimate Interest Access Regulations (effective 28 February 2025) set out the basis upon which members of the public, with a legitimate interest, can access beneficial ownership information. This access is limited to cases where there is evidence of a connection to money laundering or terrorist financing. Legitimate interest groups include journalists, researchers, and organisations involved in anti-money laundering efforts.

The Access Restriction Regulations allow individuals to apply for protection from public disclosure if revealing their association with a legal entity would put them or their families at serious risk of harm.

Guidance on Applying for Access to Beneficial Ownership Information on the Basis of Legitimate Interest and for the Protection from Disclosure was published by the Competent Authority on 17 December 2024 and is available [here](#).

2. Economic Substance

On 25 November 2024, the Cayman Islands Department for International Tax Cooperation (“**DITC**”) published a bulletin outlining updates to the economic substance notification (“**ESN**”) and the economic substance return (“**ES Return**”).

The key changes to the ESN are:

- Financial year start and end dates are now mandatory.
- Partnerships must provide details for at least one General Partner.

The key changes to the ES Return are that partnerships conducting relevant activities must confirm whether their General Partner’s income derives solely from the entity’s relevant income.

Updated guidance is available in the ESN User Guide, DITC Portal User Guide, and ES Practice Points.

3. Changes to Cayman Islands Registry Fees and Fees payable to the Cayman Islands Monetary Authority (“CIMA”)

Effective 1 January 2025, fees for Cayman Islands companies, limited liability companies, exempted limited partnerships and limited liability partnerships changed.

An overview is provided below and references to dollars or \$ is to Cayman Islands dollars:

Companies (Amendment of Schedule 5) Order 2024

- The fee payable by a non-resident company with no registered capital, or a registered capital not exceeding \$42,000, an annual fee of \$900 (increased from \$800).

- The fee payable by a non-resident company with a registered capital exceeding \$42,000, an annual fee of \$1,140 (increased from \$1,040).
- The annual fee payable by an exempted company except a special economic zone company, in January of each year after the year of its registration, is as follows:
 - in the case of an exempted company with no registered capital, or a registered capital not exceeding \$42,000, an annual fee of \$925 (increased from \$825);
 - in the case of an exempted company with a registered capital exceeding \$42,000 but not exceeding \$82,000, an annual fee of \$1,225 (increased from \$1,125);
 - in the case of an exempted company with a registered capital exceeding \$820,000 but not exceeding \$1,640,000, an annual fee of \$2,209 (increased from \$2,109);
 - in the case of an exempted company with a registered capital exceeding \$1,640,000, an annual fee of \$2,793 (increased from \$2,693).
- The annual fee payable by a foreign company is \$1,650 (increased from \$1,550).

Limited Liability Companies (Fees) (Amendment) Regulations 2024

For limited liability companies (LLCs), the annual fee under section 57(1) is now \$1,100 (increased from \$800).

Exempted Limited Partnership (Amendment) (No. 2) Regulations 2024

The revised fees associated with exempted limited partnerships include:

- Annual fees: from \$1,200 to \$1,300 where the exempted limited partnership is licensed or regulated in accordance with section 4 or 5 of the Mutual Funds Act (Revised) (the “MFA”) or registered in accordance with section 5 of the Private Funds Act (Revised) (the “PFA”).
- Annual fees: from \$2,000 to \$2,100 where not licensed or regulated in accordance with sections 4 or 5 of the MFA or not registered in accordance with section 5 of the PFA.

Foreign limited partnerships: from \$1,550 to \$1,650 for the annual fees chargeable under section 42(6) for a foreign limited partnership registered under section 42(3).

Limited Liability Partnership (Fees) (Amendment) Regulations 2024

The fees for limited liability partnerships (“LLPs”) have been updated to reflect the following:

- Annual LLP fees are raised from \$2,000 to \$2,100.
- Annual fee for a registrant partnership which is provisionally registered is increased from \$1,000 to \$1,100.

CIMA Regulatory Fee Changes

CIMA has also made some updates to its fee schedule, effective 1 January 2025, and available [here](#).

4. VASP Updates

On 19 December 2024, the Virtual Asset (Service Providers) (Amendment) Act, 2024 was gazetted (the “**VASP Amendment Act**”).

Whilst not yet in force, the VASP Amendment Act updates definitions, clarifies regulatory requirements, and strengthens the supervision of virtual asset activities.

The VASP Amendment Act includes the following key updates and changes:

- Introduces new definitions such as “convertible virtual asset”, “financial services business”, and “originator”.
- Replaces references to “an existing licensee” with “a supervised person” to reflect a broader scope of oversight to licensees and registered persons.
- Adjusts fees and payments in respect of a regulatory application for licenses and registration.
- Mandates audited financial statements in cases where a VASP’s size, complexity or accounts indicates any potential issues and for VASPs to ensure the accuracy of any client communications and marketing materials.
- Includes stringent safeguarding measures for custodians including the maintenance of accurate records and ensuring segregation of client assets from proprietary assets.
- Grants CIMA the power to carry out inspections and enforce compliance with regulatory requirements.

In December 2024, CIMA published a Rule and Statement of Guidance in respect of the provision of virtual asset services by virtual asset custodians and virtual asset trading platforms which are available [here](#) and [here](#). The Rule and Statement of Guidance will come into effect upon the commencement of the relevant sections of the VASP Amendment Act and early adoption is encouraged.

5. CIMA Updates

A. Thematic Corporate Governance Review Report

In 2024, CIMA conducted a Corporate Governance Thematic Review (available [here](#)) to assess compliance with the Rule on Corporate Governance issued in April 2023 and effective from October 2023. The review evaluated 19 selected licensees across the Banking, Fiduciary, Insurance, Investments, and Securities sectors.

The review highlighted both commendable practices and areas requiring improvement within 14 governance categories, including the corporate governance framework, oversight responsibilities, independence, risk management, financial reporting, and transparency.

Key findings emphasised:

- The importance of adapting governance frameworks to an entity’s size, complexity, and risk profile.
- The need for tailored frameworks in group-affiliated entities to meet Cayman Islands’ regulatory standards.
- Challenges in ensuring consistent application of principles like objectivity, conflict management, and robust risk controls.

This review reflects CIMA’s commitment to enhancing corporate governance across regulated entities, aligning practices with international standards while considering local operational dynamics.

B. Complaints Handling Guidance

On 23 October 2024, CIMA issued updated guidance for regulated entities on handling complaints.

Key points include the need for transparent, accessible complaint procedures, prompt response times and clear communication.

Regulated entities should implement complaints-handling processes in line with CIMA’s Internal Controls Rule and Statement of Guidance and the Corporate Governance Rule, in particular:

- Boards and senior management are responsible for ensuring complaints are addressed promptly and effectively.
- There should be clear information on how to file a complaint, with visible contact details on websites and in relevant documents.
- Complaints should be acknowledged promptly, with timelines and regular communication.

Regulated entities should also train staff thoroughly on complaint-handling.

CIMA will review a regulated entities adherence to the guidance during inspections and complaint investigations.

CIMA's Supervisory Circular can be found [here](#) and [here](#).

C. Recruitment and Selection Standards

On 4 October 2024, CIMA published a new Rule and Statement of Guidance - Recruitment and Selection Standards for Trust and Corporate Service Providers and Company Managers which sets minimum expectations for recruitment, training, and continued development of staff to ensure compliance with regulatory standards. The Rule and Statement of Guidance will become effective in April 2025 and is available [here](#).

6. Regulatory Calendar 2025

Please click [here](#) to access Campbells 2025 Cayman Islands Key Annual Dates Calendar (which provides key regulatory filing dates for clients).

British Virgin Islands (BVI)

1. BVI Business Companies Act Amendments

On 27 December 2024, a notice concerning the BVI Business Companies (Amendment) Act, 2024 was published in the BVI Gazette noting that the BVI Business Companies (Amendment) Act, 2024 would be brought into force on 2 January 2025. Further detail on the amendments to the BVI Business Companies Act (as revised) is set out in our client advisory available [here](#).

On 6 December 2024, the BVI Business Companies (Amendment) (No. 2) Act, 2024 was gazetted and applies, retroactively, from 1 September 2024. A new section 98A(2A) to the BVI Business Companies Act (as revised) now authorises the BVI Financial Services Commission ("**FSC**") to grant extensions for filing annual returns. Such extensions cannot exceed a cumulative period of 9 months and can be granted either on a written application by a company or at the FSC's discretion.

On 11 December 2024, the FSC announced an extension for filing annual returns under the BVI Business Companies Act (as revised). Companies required to submit their first annual returns by 30 September 2024 will now have until 30 June 2025 to comply. This extension does not apply to entities with other year end dates unless an extension from the FSC is specifically requested.

The FSC also issued a circular on 26 September 2024, clarifying that no enforcement action would be taken against companies failing to meet the initial deadline (or registered agents for not reporting non-compliance).

2. Guidance on Enhanced Customer Due Diligence

On 26 November 2024, the FSC and the Financial Investigation Agency ("**FIA**") jointly issued new guidance titled "Effective Enhanced Customer Due Diligence Measures". This Guidance is aimed at assisting Financial Institutions supervised by the FSC and Designated Non-Financial Businesses and Professions (supervised for AML/CFT purposes by the FIA), to mitigate risks associated with money laundering, terrorist financing, and proliferation financing which could arise when dealing with higher risk customers or scenarios. The FSC's press release and associated guidance is available [here](#).

3. Guidance – Risk Management in Third-Party Introductions

On 28 October 2024, the FSC and the FIA jointly issued Guidance on 'Mitigating Risks with Introduced Business Relationships' for the benefit of their respective supervised entities. The Guidance is intended to serve as a reference for both Financial Institutions and Designated Non-Financial Businesses and Professions to assist them in mitigating the risks associated with the engagement of third-party introducers.

For further details, the press release can be found [here](#) and the full guidance document [here](#).

4. Beneficial Ownership Regulations Guidelines

On 20 December 2024, the FSC informed its regulated entities of the publication of its 'Beneficial Ownership Regulations Guidelines' (the "**Guidelines**").

The Guidelines have been developed to provide assistance in understanding the requirements for collecting, maintaining and filing Beneficial Ownership information under the BVI Business Companies and Limited Partnerships (Beneficial Ownership) Regulations, 2024 (the "**Regulations**").

Beginning January 2025, all BVI Business Companies and Limited Partnerships will be required to file their beneficial ownership information with the Registry of Corporate Affairs via the FSC's VIRRGIN system.

The Guidelines explain the difference between legal ownership and beneficial ownership in the context of the various types of BVI Business Companies and Limited Partnerships, and where ownership involves a trust or other legal arrangement, as well as ownership by control and beneficial owners under nominee relationships. The Guidelines also explain the key obligations for beneficial owners, legal entities and Registered Agents under the Regulations, the BVI Business Companies Act and the Limited Partnership Act.

The Guidance provides details of the required data to be submitted via VIRRGIN by the legal entity itself along with information required for individual beneficial owners, licensed trustees, non-licensed trustees, other legal arrangements, listed companies and funds.

The deadlines for initial filing and filing of any changes to beneficial ownership information are specified for BVI Business Companies and Limited Partnerships and the circumstances under which BVI Business Companies and Limited Partnerships may file for exemptions from filing beneficial ownership information are also detailed.

For completeness, the Guidelines also provide information on who can inspect the beneficial ownership register and what information is available upon inspection by domestic competent authorities and law enforcement agencies as well as under the UK Exchange of Notes.

The FSC encourages all entities and beneficial owners to familiarise themselves with the Guidelines to ensure proper understanding of the requirements under the Regulations to file adequate, accurate and up to date information for all beneficial owners.

The [Beneficial Ownership Regulations Guidelines](#) are available on the FSC's website.

On 20 December 2024, the FSC and the FIA issued guidance on 'Beneficial Ownership Obligations under the AML Regulations and AMLTF Code of Practice' (the "**AML Guidelines**"), for the benefit of their respective supervised entities.

The AML Guidelines have been developed to assist Financial Institutions ("**FIs**") supervised by the FSC and Designated Non-Financial Businesses and Professions ("**DNFBPs**") (supervised for AML/CFT purposes by the FIA) in understanding the requirements for collecting and maintaining Beneficial Ownership ("**BO**") information under the Virgin Islands' AML/CFT/CPF regime.

Details within the AML Guidelines provide in-depth context of beneficial ownership and control elements for companies, partnerships, trusts and other arrangements that a relevant person may encounter. They cover scenarios of direct and indirect ownership, as well as the risks that may exist in more complex ownership structures.

The FSC and FIA encourage FIs and DNFBPs to familiarise themselves with the AML Guidelines as proper identification and maintenance of BO information is critical to ensuring the legal persons and legal arrangements incorporated and/or registered in the BVI are not misused or abused for criminal purposes.

The AML Guidelines are available on the [FSC's](#) website and here on the [FIA's](#) website.

5. Virgin Islands Sanctions Regulation Notice

On 6 November 2024, the Governor of the Virgin Islands issued a Notice under the Virgin Islands Sanctions Regulations, empowering certain officials and entities to manage and enforce sanctions.

The Notice, which can be accessed [here](#), enables the Attorney General, the Director of the FIA and the Managing Director of the FSC execute specific sanctions-related duties within the BVI.

6. Regulatory Calendar 2025

Please click [here](#) to access Campbells 2025 BVI Key Annual Dates Calendar (which provides key regulatory filing dates for clients).

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