

Caribbean Regulatory Update – Q1 2025

20 May 2025

This regulatory update provides a comprehensive summary of legal and regulatory developments in the Cayman Islands and the British Virgin Islands (BVI) over the last quarter.

For further guidance, please contact your usual Campbells advisor or one of the key contacts listed at the end of this update.



Cayman Islands

1. Beneficial Ownership Updates

Beneficial Ownership Transparency (Access Restriction) Regulations, 2024 ("Access Restriction Regulations")

Effective 9 December 2024, the Access Restriction Regulations introduce a formal process for individuals to apply to the Registrar of Companies to restrict public access to their beneficial ownership information.

- **Grounds for Restriction:** Applicants must demonstrate a serious risk of harm (such as kidnapping, extortion, violence, or intimidation) if their information were made public.
- **Application Process:** The applicant must submit evidence supporting their claim. The Registrar will consider the application and may consult with law enforcement or other agencies as appropriate.
- **Outcome:** If successful, the beneficial owner's information will be withheld from public disclosure, but will remain available to competent authorities and certain financial institutions for AML/CFT purposes.

Beneficial Ownership Transparency (Legitimate Interest Access) Regulations, 2024 (the "Legitimate Interest Access Regulations")

The Legitimate Interest Access Regulations came into force on 28 February 2025 and set out the process by which individuals or entities may request access to beneficial ownership information by demonstrating a "legitimate interest."

- **Legitimate Interest:** amongst others, includes an interest in the prevention, detection, or investigation of money laundering, terrorist financing, or similar crimes.
- **Application Process:** Applicants must provide supporting documentation and reasons for their request.
- **Registrar's Role:** The Registrar will assess whether the applicant's interest meets the threshold and may consult with law enforcement agencies before granting access.

Further information is available in our client advisory [here](#) under the heading "public accessibility".

2. Virtual Asset (Service Providers) (Amendment) Act, 2024

Effective 1 April 2025, this amendment brings several changes to the regulation of virtual asset service providers ("VASPs"). These developments are accompanied by the implementation of the much-anticipated "Phase 2" licensing regime, specifically targeting virtual asset trading platforms and custodians.

Key Reforms Introduced by the VASP (Amendment) Act

Governance Enhancements

All VASPs are now required to appoint a minimum of three directors. Among these, at least one must be an independent director with no vested interest in the VASP.

Operational Standards

VASPs must adhere to stringent operational standards, particularly in their communications with clients and the public. All disclosures, advertising materials, and client-facing communications must be accurate and transparent.

Custody and Safeguarding Requirements

VASPs offering custodial services face heightened obligations to safeguard client assets. Assets must be segregated from proprietary holdings, and custodians are required to adopt robust measures to protect client funds. The Cayman Islands Monetary Authority ("CIMA") now has the authority to mandate enhanced disclosures regarding:

- Insurance arrangements;
- Regulatory obligations;
- Grievance procedures;
- Sharing of client information with third parties; and
- Internal custodial governance practices.

Financial Reporting Obligations

CIMA has been granted discretion to require audited financial statements from registered VASPs when deemed necessary due to the nature, size, or complexity of their operations. This power also extends to cases where there is reasonable suspicion that a VASP has provided false or misleading financial accounts.

Expanded Regulatory Oversight

CIMA's enhanced powers under the amended framework include:

- Imposing tailored conditions on licensing and registration applicants based on their business model's risk profile;
- Issuing cease-and-desist directives for activities contravening the VASP Act;
- Penalizing entities that knowingly disseminate misleading representations about their services; and
- Revoking licenses or registrations for non-compliance or misconduct.

Furthermore, any material changes to a VASP's approved business plan (particularly those impacting its licensed or registered activities) now require prior written approval from CIMA.

Refined Definitions

The VASP Act has also been updated to incorporate new definitions while refining existing ones. Notable changes include updates to terms such as "originator" and "convertible virtual asset".

3. Financial Reporting Authority ("FRA") Advisory – Defence Against Money Laundering / Consent Regime

Following amendments to the Proceeds of Crime Act (As Revised), the FRA issued an [advisory](#) on 13 January 2025 regarding the Defence Against Money Laundering (DAML) / Consent Regime:

This Advisory notes that sections 11, 12 and 13 of the Proceeds of Crime (Amendment) Act, 2023 (the "**Amendment Act**") came into force on 2 January 2025. From that date, entities submitting a Suspicious Activity Report ("**SAR**") must obtain explicit consent from the FRA before proceeding with any transaction that may constitute money laundering. The FRA will review SARs and may grant or withhold consent for the proposed activity.

Draft regulations are expected to be published by the FRA for consultation in due course, which will clarify reporting procedures and timelines.

4. Registry and CIMA Fee Changes

As discussed in our [Q4 2024 Regulatory Update](#), on 1 January 2025, fee changes for Cayman Islands companies, limited liability companies, exempted limited partnerships and limited liability partnerships came into effect.

CIMA updates to certain regulatory fees also came into effect 1 January 2025 and further information is available [here](#).

Additional increases to Registry Fees and CIMA Fees

In addition to the revised annual fees, a range of legislative amendments have introduced new or increased Registry fees effective

from 1 January 2025. These changes primarily affect administrative and express processing fees. The main updates, broken down by entity type, are summarised below:

Company Fees

Amendments to the Companies Act (As Revised) include:

- **Name Reservation:** Applicants may now reserve a specific company name with the Registrar of Companies for up to four months, with fees ranging from US\$49 to US\$195 depending on the reservation period.
- **Reinstatement Fee:** Prior to a company being restored to the register, payment of a reinstatement fee is required, set at twice the original incorporation or registration fee.
- **Administrative Services:** The Registrar is now authorised to charge between US\$60 and US\$610 for various administrative services.
- **Express Services:** The scope of transactions eligible for express processing has been expanded, with fees ranging from US\$183 to US\$610.

Limited Liability Company (LLC) Fees

Amendments to the Limited Liability Companies Act (As Revised) provide that:

- **Merger/Consolidation Registration:** The Registrar of LLCs may charge US\$610 to register a plan of merger or consolidation.
- **Re-registration:** An exempted company may be re-registered as an LLC.
- **Administrative Services:** Fees for administrative services now range from US\$183 to US\$1,220.
- **Express Services:** The Registrar is empowered to provide certain express services for prescribed fees between US\$183 and US\$610.

Exempted Limited Partnership (ELP) Fees

Key changes to the Exempted Limited Partnership Act (As Revised) include:

- **Name Reservation:** The Registrar of Limited Partnerships may accept applications to reserve a specified name for an ELP or foreign limited partnership for up to four months, for a fee between US\$49 and US\$195.
- **Dissolution and Deregistration Fees:** New fees have been introduced for filing a notice of dissolution (US\$244) and for deregistration pursuant to a partnership agreement (US\$183).
- **Administrative Services:** The Registrar may now charge between US\$37 and US\$244 for certain administrative services.
- **Express Services:** The list of transactions eligible for express processing has been expanded, with fees from US\$183 to US\$610.
- **Foreign Limited Partnership Fee:** A prescribed administrative fee of US\$183 is now payable when a foreign limited partnership ceases to act as a general partner of an ELP.

Partnership and Limited Liability Partnership Fees

The Partnership Act (As Revised) and Limited Liability Partnership Act (As Revised) have been amended to:

- **Administrative Services:** Authorise the Registrar to charge fees for administrative services.
- **Express Services:** Establish a statutory basis for the Registrar to provide express services for a prescribed fee.

CIMA Regulatory Fees

With effect from 1 January 2025, CIMA has increased fees for licences granted under the following legislation:

- Banks and Trust Companies Act (As Revised)

- Companies Management Act (As Revised)
- Insurance Act, 2010
- Private Trust Companies Regulations (As Revised)

The Banks and Trust Companies Act (As Revised) and Companies Management Act (As Revised) now specify that licence application fees are non-refundable.

Insurance Act Amendments

The Insurance Act, 2010 has been amended to:

- Confirm that application fees for licences and for registration as a portfolio insurance company are non-refundable;
- Permit the payment of annual fees;
- Update provisions relating to the registration of exempted companies as portfolio insurance companies;
- Validate the charging and collection of annual fees for portfolio insurance companies.

5. CIMA Supervisory Circular: Crisis Management Framework

On 10 January 2025, CIMA issued a [circular](#) emphasising the importance of a robust crisis management framework for all regulated entities.

Entities are expected to implement and maintain crisis management plans, conduct regular scenario testing, and ensure clear lines of communication with CIMA during crises.

CIMA will engage with industry stakeholders to provide guidance on best practices and will monitor compliance as part of its supervisory activities.

British Virgin Islands (BVI)

1. BVI Business Companies Act Amendments

On 27 December 2024, a notice concerning the BVI Business Companies (Amendment) Act, 2024 (the “**Amendment Act**”) was published in the BVI Gazette noting that the Amendment Act and the BVI Business Companies (Amendment) Regulations, 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](#).

Schedule 1 of the BVI Business Companies Act (As Revised) (the “**BCA**”) was amended by the BVI Business Companies (Amendment of Schedule 1) Order, 2024 on 2 January 2025 to update or add various fees in accordance with the changes made by the Amendment Act.

The BVI Business Companies (Amendment of Schedule 1) (No. 2) Order, 2024 additionally amended Schedule 1 of the BCA to provide that:

- the fee for filing of a change in beneficial ownership information is \$75; and
- within a six month transitional period, there will be no fee for filing by an existing company for registration by the Registrar information required in relation to the register of members, register of directors and beneficial ownership.

Existing companies are required to comply with the requirements to file their register of members, nominee shareholder information (if any) and beneficial ownership information within six months of the Amendment Act coming into force (i.e., 2 July 2025).

2. Beneficial Ownership Regulations Guidelines

BVI Business Companies and Limited Partnerships (Beneficial Ownership) Regulations, 2024

As set out in our Q4 Regulatory Update, on 20 December 2024, the BVI Business Companies and Limited Partnerships (Beneficial Ownership) Regulations, 2024 (the “**BO Regulations**”) came into force on 2 January 2025.

All companies and limited partnerships must file beneficial ownership information with the Registrar via the BVI’s Financial Services Commission’s (“**FSC’s**”) VIRRGIN platform. Existing entities have until 2 July 2025 to file without charge; new incorporations or continuations must pay a \$125 (companies) or \$100 (limited partnerships) filing fee.

Entities must promptly update the Registrar with any changes to beneficial ownership.

The BVI FSC also published [FAQs](#) on Beneficial Ownership Implementation on 13 January 2025.

3. Limited Partnership Legislation Amendments

Limited Partnership (Amendment) Act, 2024

The Limited Partnership (Amendment) Act, 2024, which came into force on 2 January 2025, introduces significant amendments to the Limited Partnership Act (As Revised) (the “**LP Act**”). The key changes include:

- **Register Filings:** Limited partnerships are now required to file registers of general partners and limited partners with the Registrar which are not publicly available.
- **Beneficial Ownership:** There are new obligations regarding the collection, maintenance, and retention of beneficial ownership information.
- **Annual Financial Returns:** Limited partnerships must submit annual financial returns to their registered agents.
- **Struck Off and Restoration Provisions:** The LP Act updates the procedures and rules relating to struck off limited partnerships and the restoration of de-registered limited partnerships.
- **Registered Office Requirements:** Amendments have been made to the registered office provisions to address one-off transactions and the termination of business relationships.
- **Registered Agent Provisions:** The rules concerning the appointment and resignation of registered agents have been revised.
- **Certificates of Good Standing:** The requirements for obtaining certificates of good standing have been amended. Certificates will now only be issued if all necessary registers have been filed and will be valid for a specified period.
- **Fees and Penalties:** The framework for fees and penalties has been broadened.
- **Transitional Period:** The transitional period for limited partnerships registered under the Partnership Act (As Revised) to be automatically re-registered under the LP Act has been shortened. Any such partnerships will have been automatically re-registered under the LP Act on 13 January 2025 and such partnerships will have been registered without separate legal personality. Partnerships automatically re-registered will have a six month period to adopt a limited partnership agreement which is in compliance with the LP Act. Any affected partnerships should reach out to their usual Campbells contact for assistance with the necessary updates to their limited partnership agreement.

Most of these amendments bring the regulatory framework for limited partnerships in line with the recent changes made to the BVI business companies regime, ensuring greater consistency and alignment between the two structures.

The Financial Services (Limited Partnership Fees) (Amendment) Regulations, 2024 came into force on 2 January 2025 to add or amend various limited partnership filing fees and penalty amounts for late filing.

Administrative penalties amounts are set out in a tier branding format depending on the severity of the offence (Tier 1 – up to \$10,000, Tier 2 – up to \$25,000, Tier 3 – up to \$50,000 and Tier 4 – up to \$75,000).

The Financial Services (Limited Partnership Fees) (Amendment) (No. 2) Regulations, 2024 came into force on the same date to provide that:

- the fee for filing of a change in beneficial ownership information is \$50; and
- within the six month transitional period, there will be no fee for filing by an existing limited partnership for registration by the Registrar information in relation to the registers of general partners and limited partners and beneficial ownership.

4. Banks and Trust Companies (Amendment) Act, 2024

The Banks and Trust Companies (Amendment) Act, 2024 came into force on 2 January 2025 to provide as follows:

- **Expanded Definition:** The definition of “trust business” now includes a wider range of trust and corporate services, in particular a trust and corporate services provider acting as or arranging for another person to act as a professional trustee, protector or administrator of a trust or settlement or performing the equivalent function for another form of legal arrangement..
- **Deposit Insurance:** All domestic banks are now required to participate in the BVI’s deposit insurance scheme, enhancing depositor protection.

5. Other Legislative Updates

Other legislative updates effective 2 January 2025 are as follows:

- **Insolvency (Amendment) Act, 2024:**
 - Expands the circumstances in which the FSC may seek the liquidation of companies and registered foreign companies and appoint liquidators in the public interest or in the best interest of the financial services industry.
- **Insurance (Amendment) Act, 2024:**
 - Implements FATF Recommendation 26 by requiring FSC approval for any change in significant or controlling interests in foreign insurers.
- **Securities and Investment Business Act (Amendment of Schedule 1) Order, 2024:**
 - Foreign exchange contracts are now explicitly classified as “investments,” bringing them within the scope of regulatory oversight.
- **Proliferation Financing (Prohibition) (Amendment) Act, 2024:**
 - The liability under sections 15 and 16 (in relation to prohibiting dealing in or making available, assets owned, controlled or held by or on behalf or for the benefit of a designated person or entity) is now a strict liability offence.
 - The financial threshold for compulsory reporting of financial transactions involving a designated country person or entity has been removed.
 - Reporting obligations have been enhanced to place an obligation on any person who knows of any dealing or attempted dealing in an asset or the making available of an asset to make a report to the BVI Financial Investigation Authority (“FIA”).
- **Financial Investigation Agency (Amendment) Act, 2024:**
 - Expands the powers of the BVI FIA, including new disclosure, supervisory, and enforcement authorities.
 - Designated Non-Financial Businesses and Professions (DNFBPs) must now register with the FIA and comply with enhanced AML/CFT requirements.

Key Contacts

For further information or specific advice on how these developments may impact your business, please contact your usual Campbells advisor or one of the following:



Richard Spencer
Partner
rspencer@campbellslegal.com

Unfold more



Simon Thomas
Partner
stthomas@campbellslegal.com

Unfold more



Robert C. Searle
Partner, Hong Kong
rsearle@campbellslegal.com

Unfold more



Guy Williamson
Partner
gwilliamson@campbellslegal.com

Unfold more