

Caribbean Regulatory Update – Q1 2026

1 April 2026

This regulatory update provides a comprehensive summary of legal and regulatory developments in the Cayman Islands and 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. Tokenised Fund Acts: The Mutual Funds (Amendment) Act, 2026, the Private Funds (Amendment) Act, 2026, and the Virtual Asset (Service Providers) (Amendment) Act, 2026

On 25 March 2026, the Cayman Islands Parliament passed three complementary amendment Acts amending the Mutual Funds Act (the "**MFA**"), the Private Funds Act (the "**PFA**"), and the Virtual Asset Service Providers Act ("**VASP Act**"). Together, these updates establish a formal regulatory framework for tokenised investment fund structures and resolve certain material ambiguities as to the regulatory status of tokenised funds.

The changes made clarify that the issuance of digital tokens by a regulated fund does not constitute a virtual asset issuance under the VASP Act. This change effectively removes the risk of a fund being subject to overlapping regulatory requirements, confirming that tokenised funds are most appropriately regulated within Cayman's existing regulated funds framework rather than also as virtual asset service providers.

The amendments define tokenised interests and provide for specific registration and conduct of business requirements for tokenised funds.

The Cayman Islands Monetary Authority's ("**CIMA**") supervisory powers have been expanded to enable them to conduct inspections of tokenised funds' underlying technology and digital token transactions.

For a more comprehensive explanation, please see our client briefing [here](#).

2. Virtual Asset Service Providers ("VASPs"): Market Update and New Rule and SOG on Market Conduct

CIMA has issued the first two licences for virtual asset trading and custody platforms under Phase 2 of the VASP Act, marking a significant milestone in the maturation of the Cayman digital-asset regulatory ecosystem.

As at the time of writing, a further 19 VASPs are registered with CIMA. Supervisory activity has intensified, with CIMA conducting risk-based on-site inspections and thematic desk-based reviews, and strengthening expectations around AML/CFT, cyber security, governance, and Travel Rule compliance. VASPs must now submit annual AML Returns and quarterly Travel Rule filings.

Following consultation, CIMA has also published its Rule and Statement of Guidance ("**RSOG**") on Market Conduct for Virtual Asset Service Providers which establishes minimum requirements and guidance for VASPs authorised under the VASP Act.

The RSOG covers a broad range of market conduct, corporate governance and client facing obligations.

Specific rules apply to Virtual Asset Trading Platforms, requiring market abuse surveillance, transparent pricing, and real-time order book data, and to Virtual Asset Custodians, who must segregate and safeguard client assets, implement robust security measures, report breaches within 72 hours, and conduct regular reconciliation of client balances.

British Virgin Islands (BVI)

1. Beneficial ownership: “legitimate interest” access goes live on 1 April 2026

The BVI’s beneficial ownership regime continues to evolve. From 1 April 2026, persons able to demonstrate a “legitimate interest” may apply to access limited beneficial ownership information held on the beneficial ownership register. Access is not public and is generally limited to specific AML/CFT/CPF-related purposes. At the same time, beneficial owners may apply for exemptions from disclosure in prescribed circumstances, including where disclosure may create a serious risk of harm or raise other protected concerns. This is a significant practical development for BVI entities, registered agents and ultimate beneficial owners, particularly where advance exemption applications may be appropriate.

2. Revised beneficial ownership guidance and filing moratorium / deadline relief

The BVI Financial Services Commission (FSC) issued revised guidance on the filing of beneficial ownership information on 2 January 2026, providing further clarification on the operation of the beneficial ownership regime. In addition, the Registrar of Corporate Affairs extended the temporary filing fee moratorium for certain filings by existing companies and existing limited partnerships until 31 March 2026. This extension provided additional time to regularise register-related and beneficial ownership filings without incurring filing fees, but it also underscored the need to complete any outstanding compliance work promptly.

3. FATF February 2026 public statements: BVI remains under increased monitoring

In its February 2026 public statements, the FATF continued to list the British Virgin Islands among jurisdictions under increased monitoring. The BVI FSC subsequently issued Industry Circular 10 of 2026 reminding regulated persons to consider the concerns identified by the FATF and to apply a risk-based approach, including appropriate or enhanced customer due diligence where relevant. While increased monitoring does not itself impose countermeasures, it remains an important AML/CFT/CPF backdrop for BVI business.

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:



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