

CAYMAN ISLANDS



Supplement No. 3 published with Extraordinary
Gazette No. 100 dated 27th November, 2017.

**THE LIMITED LIABILITY COMPANIES (AMENDMENT) (NO. 3) LAW,
2017**

(LAW 43 OF 2017)

**THE LIMITED LIABILITY COMPANIES (AMENDMENT) (NO. 3) LAW,
2017**

ARRANGEMENT OF SECTIONS

1. Short title and commencement
2. Amendment of section 70 of the Limited Liability Companies Law, 2016 - interpretation
3. Amendment of section 71 - application
4. Amendment of section 79 - role of corporate services provider
5. Amendment of section 82 - consequences of failure to disclose beneficial ownership
6. Amendment of section 87 - duties of corporate services providers
7. Amendment of section 89 - disclosure of beneficial ownership information by the Cayman Islands Monetary Authority
8. Amendment of section 100 - failure of a limited liability company to establish or maintain beneficial ownership register
9. Amendment of section 106 - regulations

CAYMAN ISLANDS

Law 43 of 2017

I Assent

Franz Manderson

Acting Governor.

November 27th, 2017

**A LAW TO AMEND THE LIMITED LIABILITY COMPANIES LAW,
2016 TO ADD A DEFINITION OF “REGULATORY LAW” FOR THE
PURPOSES OF PART 12; TO REQUIRE CORPORATE SERVICES
PROVIDERS TO UPDATE BENEFICIAL OWNERSHIP REGISTERS
REGULARLY AND TO FILE WRITTEN CONFIRMATIONS OF
EXEMPTIONS FOR LIMITED LIABILITY COMPANIES THAT ARE
EXEMPT FROM PART 12; TO CLARIFY EXCLUSIONS OF LEGAL
ENTITIES AND SUBSIDIARIES OF LEGAL ENTITIES FROM THE
SCOPE OF PART 12 AND ADD OTHER EXCLUSIONS; AND FOR
INCIDENTAL AND CONNECTED PURPOSES**

ENACTED by the Legislature of the Cayman Islands.

1. (1) This Law may be cited as the Limited Liability Companies (Amendment) (No. 3) Law, 2017.

Short title and
commencement

(2) This Law shall come into force on such date as may be appointed by the Cabinet and different dates may be appointed for different provisions.

2. The Limited Liability Companies Law, 2016 in this Law referred to as “the principal Law”, is amended in section 70 -

Amendment of section
70 of the Limited
Liability Companies
Law, 2016 -
interpretation

(a) in the definition of “corporate services provider” by deleting the words “ “regulatory law” as defined in section 2 of the Monetary

Authority Law (2016 Revision)” and substituting the words “regulatory law”; and

- (b) by inserting the following definition in the appropriate alphabetical sequence -

(2016
Revision)
(Law 10
of 2014) “ “regulatory law” means a law defined as such in section 2 of the Monetary Authority Law (2016 Revision), other than the Directors Registration and Licensing Law, 2014;”.

Amendment of section
71 - application

3. The principal Law is amended in section 71 -

- (a) by repealing subsection (1) and substituting the following subsection -

“(1) This Part applies in respect of limited liability companies formed and registered or registered by way of continuation under this Law, except a legal entity or subsidiary of one or more legal entities, any of which is -

Schedule 4
(2016
Revision)

(2015
Revision)

- (a) listed on the Cayman Islands Stock Exchange or an approved stock exchange in Schedule 4 of the Companies Law (2016 Revision);
- (b) registered or holding a licence under a regulatory law (other than a company registered as an excluded person under section 5(4) of the Securities Investment Business Law (2015 Revision));
- (c) managed, arranged, administered, operated or promoted by an approved person as a special purpose vehicle, private equity fund, collective investment scheme or investment fund, including where the vehicle, fund or scheme is a Cayman Islands exempted limited partnership;
- (d) regulated in a jurisdiction included in a list published by the Anti-Money Laundering Steering Group of countries and territories whose Anti-Money Laundering legislation is deemed to be equivalent to the Anti-Money Laundering legislation of the Islands;
- (e) a general partner of a vehicle, fund or scheme referred to in paragraph (c) which

vehicle, fund or scheme -

- (i) is registered or holds a licence under a regulatory law; or
- (ii) is managed, arranged, administered, operated or promoted by an approved person;

- (f) holding directly a legal or beneficial interest in the shares of a legal entity which holds a licence under the Banks and Trust Companies Law (2013 Revision), the Companies Management Law (2003 Revision), the Insurance Law (2010 Revision), Part III of the Mutual Funds Law (2015 Revision) or the Securities Investment Business Law (2015 Revision); or

(2013
Revision)
(2003
Revision)
(2010
Revision)
(2015
Revision)
(2015
Revision)

- (g) exempted by the Regulations.”;

- (b) in subsection (2)(a) by deleting the words “ “regulatory law” as defined in section 2 of the Monetary Authority Law (2016 Revision)” and substituting the words “regulatory law (other than a company registered as an excluded person under section 5(4) of the Securities Investment Business Law (2015 Revision)); and (2016 Revision)
(2015 Revision)

- (c) by inserting after subsection (2) the following subsection -

“(2A) For the avoidance of doubt, a legal entity shall not be considered -

- (a) to be operated or managed by an approved person solely as a consequence of the entity having appointed an individual who is an employee of a legal entity which holds a licence under a regulatory law as a director; or
- (b) to be managed, arranged, administered, operated or promoted by an approved person solely as a consequence of the entity having appointed an approved person to provide its registered office in the Cayman Islands.”.

4. The principal Law is amended in section 79 -

- (a) by inserting after subsection (1) the following subsection -

Amendment of section
79 - role of corporate
services provider

“(1A) A limited liability company that is exempt from the application of this Part under section 71(1) shall provide in the prescribed manner to the corporate services provider or the Registrar, as the case may be -

- (a) written confirmation of the exemption -
 - (i) identifying the paragraph under section 71(1) that provides for the exemption; and
 - (ii) including the prescribed information about the regulated legal entity, regulated parent entity or approved person referred to in that paragraph;
- and
- (b) instructions to file the written confirmation with the competent authority.”; and
- (b) in subsection (2) by inserting before the word “shall” the words “referred to in subsection (1)”.

Amendment of section 82 - consequences of failure to disclose beneficial ownership
Amendment of section 87 - duties of corporate services providers

5. The principal Law is amended in section 82(3)(a) by inserting before the word “issue” the words “subject to section 91,”.

6. The principal Law is amended in section 87 -

- (a) by renumbering the section as section 87(1); and
- (b) by inserting after subsection (1) the following subsections -

“(2) The corporate services provider shall regularly deposit beneficial ownership information received from the limited liability companies that have engaged the provider in such place, in such manner and at such intervals as may be prescribed.

(3) If default is made in complying with subsection (2), the corporate services provider and any officer of the corporate services provider who is in default -

- (a) shall incur a penalty of five hundred dollars; and
- (b) if the competent authority is satisfied that the default was knowingly or willfully authorized or permitted, shall incur an additional penalty of one thousand dollars and a further penalty of one hundred dollars for every day during which the default continues.”.

7. Section 89 of the principal Law is amended by deleting the words ““regulatory law” as defined in section 2 of the Monetary Authority Law (2016 Revision)” and substituting the words “regulatory law”.

Amendment of section 89 - disclosure of beneficial ownership information by the Cayman Islands

8. Section 100 of the principal Law is amended by inserting after the words “79(1)” the words “or (1A)”.

Monetary Authority
Amendment of section 100 - failure of a limited liability company to establish or maintain beneficial ownership register

9. Section 106(3) of the principal Law is amended by deleting the words “section 71(1)(e)” and substituting the words “section 71(1)(g)”.

Amendment of section 106 - regulations

Passed by the Legislative Assembly the 16th day of November, 2017.

Dr. Hon. W. McKeever Bush

Speaker.

Zena Merren-Chin

Clerk of the Legislative Assembly.