

CAYMAN ISLANDS



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**THE SPECIAL ECONOMIC ZONES LAW, 2011
(LAW 22 OF 2011)**

**THE SPECIAL ECONOMIC ZONES (AMENDMENT) REGULATIONS,
2015**

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The Cabinet, in exercise of the powers conferred by section 30 of the Special Economic Zones Law, 2011, Law 22 of 2011, makes the following Regulations -

1. These Regulations may be cited as the Special Economic Zones (Amendment) Regulations, 2015. Citation

2. The Special Economic Zones Regulations, 2011 are amended by inserting after regulation 2 the following regulation - Insertion of regulation 2A in the Special Economic Zones Regulations, 2011 - criteria to be considered for decisions regarding grant of trade certificate
 - “Criteria to be considered for decisions regarding grant of trade certificate Schedule 3 2A. Before a decision is made regarding an application for a trade certificate, the Authority shall take into consideration the guiding principles for criteria to be considered regarding the grant of a trade certificate for the Cayman Enterprise City Special Economic Zone set out in Schedule 3.”

3. The Special Economic Zones Regulations, 2011 are amended by inserting after Schedule 2, the following Schedule - Insertion of Schedule 3 in the Special Economic Zones Regulations, 2011 - guiding principles for criteria to be considered for decisions regarding the grant of a trade certificate for the Cayman Enterprise City Special Economic Zone

“SCHEDULE 3

(Regulation 2A)

Guiding Principles for criteria to be considered for decisions regarding the grant of a trade certificate for the Cayman Enterprise City Special Economic Zone

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| Composition | 1. The Special Economic Zone known as Cayman Enterprise City shall comprise, inter alia, companies that are of types as described under the Special Economic Zones (Cayman Enterprise City) Order, 2011. |
| Evaluation | 2. (1) The evaluation of a company to be included within the types outlined by the Special Economic Zones (Cayman Enterprise City) Order, 2011 shall focus on the global enterprise and not on the legal structures used to organise its economic activity.

(2) Categorisation of a company into any one park shall be based on the principal activity of the enterprise, where the principal activity is the activity that contributes the most to the value added of the enterprise.

(3) Consideration of secondary activities, that is, those activities that produce products eventually for third parties that are not the principal activity of the enterprise may also be considered if the secondary activity is a significant contributor to the value added of the enterprise.

(4) Ancillary activities, that is, those that are undertaken to support the main productive activities of an enterprise by providing goods or services entirely or primarily for the use of that enterprise, shall not be considered. |
| General Criteria | 3. A company that oversees and manages a unit of the same company or enterprise that is a specialized service, knowledge-based or technology-based business, is itself deemed to be a specialized service, knowledge-based, or technology-based business so that the activities of a head office, or administrative support unit, are to be classified in the same park as that of the principal activity of the enterprise. |
| Classification | 4. A company that is involved in mixed activities shall be classified according to its principal activity unless the secondary activity is the more appropriate activity for which the company should be licensed. |
| Company emphasis | 5. A company of the type described under the Special Economic Zones (Cayman Enterprise City) Order, 2011 is - |

- (a) focused on external markets, doing business outside of the Islands except for limited purposes that are ancillary to or in furtherance of business carried on outside of the Islands and in the case of a media production company, this may also include the filming of theatrical and non-theatrical motion pictures outside of the Special Economic Zone but within the jurisdiction, subject to the company obtaining any additional licenses or other permissions that may be required by the body within the Ministry which is charged with responsibility for facilitating film, television, video and other media projects in the Islands;
- (b) in business not traditionally conducted in the Islands so as to help to diversify the economy and at the same time avoid harm to existing businesses in the local economy by ensuring that Cayman Enterprise City businesses will not create unfair competition and this principle seeks to ensure the avoidance of loss of Government revenue by preventing the movement of businesses with an existing physical presence in the Islands, into the parks;
- (c) not involved in local manufacturing without the express consent of the Cabinet and provided that the production or assembly of special-purpose machinery and components for any technology sectors may be permitted, and that any such local production or assembly shall be geographically limited to Cayman Brac;
- (d) expected to maintain a physical presence and to operate as a going concern in the designated industry; and
- (e) not involved in the provision of financial services so that no entity that performs any activities requiring a licence, or other approval or oversight, from the Cayman Islands Monetary Authority established by section 5 of the Monetary Authority Law (2013 Revision) is permitted to operate in the parks but the activities described in relation to the Cayman Commodities and Derivatives Park are an exemption to this principle.

(2013 Revision)

6. (1) In determining the appropriateness of an individual business for inclusion in the Cayman Internet Park, the Cayman Science and Technology Park and the Cayman Media Park consideration shall be given -

Park Specific Criteria

- (a) to knowledge-based and technology related industries, that is, Cayman Enterprise City will host industries, diversifying the Islands' already primarily service and knowledge based economy with industries beyond financial services and tourism and these include global technology businesses that foster innovation and entrepreneurship within their industry; and a strong indicator of such a focus will be the existence of intellectual property holdings or a significant involvement in R&D in the technology areas

specified in Schedule 2 of the Special Economic Zones (Cayman Enterprise City) Order, 2011;

- (b) to primarily employing highly skilled or specialised employees who will have a significant positive impact on the local economy through increased consumption spending, and developing the intellectual capital of the Islands' labour force; and
- (c) to no clinical biotech research being conducted locally, for there are wide ranging ethical and regulatory issues associated with biotechnology research and there is currently no capacity within the Islands to regulate this type of industry, so it would be undesirable to expose the Islands to the jurisdictional risks of accepting businesses for which there is insufficient capacity to regulate or support.

(2) In determining the appropriateness of an individual business for inclusion in the Cayman Commodities and Derivatives Park consideration shall be given -

- (a) to appropriate due diligence with regard to the potential of money laundering and terrorist financing within a company considered for a trade certificate; and
- (b) to the adherence to best practices as codified and agreed with the Special Economic Zone Authority on advice from the Cayman Islands Monetary Authority.”.

Made in Cabinet the 5th day of May, 2015.

Kim Bullings

Clerk of the Cabinet.