

APPLEBY

GUIDE

CAYMAN ISLANDS
BENEFICIAL OWNERSHIP
REGIME



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About Appleby

CAYMAN ISLANDS

As a British Overseas Territory, the Cayman Islands has a robust and reliable legal system based on English common law that is supplemented by a modern and commercial statutory framework. With a sophisticated and well-developed court system, a history of stable government and a deep and well-respected bench of jurists very familiar with complex commercial cases, the Cayman Islands provides a secure venue for high-stakes commercial litigation. The ultimate appellate court for Cayman Islands matters is the Judicial Committee of the Privy Council in London.

This guide was last updated in February 2025. It is routinely reviewed by Appleby and updated when changes to the law require it. This guide is for general guidance only and does not constitute definitive advice. Please contact one of our lawyers if you require more detailed information.

Further publications are available from applebyglobal.com

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BENEFICIAL OWNERSHIP IN CAYMAN

The beneficial ownership framework in the Cayman Islands requires, subject to certain exemptions, that beneficial owner information must be requested and verified by a licensed corporate service provider (**CSP**). The CSP must promptly file beneficial owner information with the designated competent authorities.

On 31 July 2024, the Beneficial Ownership Transparency Act, 2023 (as amended) (**BOT Act**), the Beneficial Ownership Transparency Regulations, 2024 (**Regulations**) and related guidance published by the competent authority for beneficial ownership came into force replacing and consolidating the previous beneficial ownership framework. The Ministry of Financial Services & Commerce (**Ministry**) advised that no enforcement action would be undertaken in respect of the new requirements until 1 January 2025. Accordingly, all in-scope entities should now be in full compliance to avoid the potential imposition of significant fines and penalties.

WHO IS A BENEFICIAL OWNER?

The BOT Act amends the definition of “beneficial owner” to align more closely with the definition of beneficial owner contained in the Anti-Money Laundering Regulations (**AML Regulations**) with one notable exception that the trigger threshold percentage will remain at 25% for beneficial owners under the BOT Act and 10% for beneficial owners under the AML Regulations.

For the purposes of the BOT Act, beneficial owner means a person:

- ultimately owns or controls, whether through direct or indirect ownership or control, 25% or more of the shares, voting rights or partnership interests in the legal person;
- otherwise exercises ultimate effective control over the management of the legal person; or
- is identified as exercising control of the legal person through other means.

If no individual meets any of the above conditions, the senior managing official of the legal person will be identified as the relevant person for beneficial ownership purposes. A senior managing official will include a director or a chief executive officer of the legal person. In circumstances where the trustee(s) of a trust meet one of the conditions above, such trustees will be the beneficial owners of the legal person where they have *ultimate effective control* over the activities of the trust (other than acting solely in the capacity of a professional advisor or a professional manager).

WHAT ENTITIES ARE IN SCOPE?

The revised beneficial ownership regime applies to Cayman companies (including exempted companies), limited liability companies, foundation companies, exempted limited partnerships, limited partnerships and limited liability partnerships (each a **legal person**).

Cayman Islands general partners, carry vehicles, debt issuance vehicles, special purpose vehicles, blockers, trading subsidiaries, entities registered under the Securities Investment Business Act (**SIB Act**) or Virtual Asset (Service Providers) Act (**VASP Act**) are all now in scope.

Each legal person is required to maintain a register of beneficial ownership information at their CSP, the contents of which are reported to a centralized data platform maintained by an appointed Cayman competent authority.

Trusts and foreign registered entities are out of scope.

WHAT EXEMPTIONS APPLY?

Under the BOT Act certain entities are able to claim an exemption and rely upon an “alternative route to compliance” benefit by providing their CSP with written confirmation of their category of exemption and the required details specific to that category.

Entities able to rely upon an alternative route to compliance include:

- entities listed on the Cayman Islands Stock Exchange (**CSX**) or an approved stock exchange;
- subsidiaries of an entity listed on the CSX or an approved stock exchange ;
- entities licensed by the Cayman Islands Monetary Authority (**CIMA**); and
- funds registered with CIMA as a mutual fund or private fund.

Entities registered under the SIB Act or VASP Act are not able to claim an exemption and rely upon the alternative route to compliance.

The written confirmation must set out the paragraph under which the exemption is claimed and other prescribed details as more particularly described in BOT Act.

WHAT DO IN SCOPE ENTITIES NEED TO DO?

Entities that are in scope need to establish and maintain a register of beneficial owners with their CSP and provide the CSP with required particulars to file and ensure that the register remains accurate and up-to-date. Upon receipt of the required particulars, the CSP is required to review and verify the same before filing the beneficial owner details with the competent authority.

Entities registered with CIMA as mutual funds or private funds have the option to submit details of a designated contact person to their CSP instead of disclosing their register of beneficial owners.

Similarly, entities that are licensed under a "regulatory act," listed on the CSX or another approved stock exchange, or subsidiaries (as defined under the BOT Act) of a listed entity may provide proof of their licensed or listed status to their CSP instead of submitting their register of beneficial ownership information. Alternatively, these entities may voluntarily choose to disclose their register of beneficial ownership if they prefer.

ROLE OF THE CONTACT PERSON FOR REGISTERED FUNDS

Registered funds that are required to maintain a register may use an alternative route to compliance and appoint a designated contact person who serves as the primary liaison between the entity and the competent authority. Only an entity licensed by or registered with CIMA for providing beneficial ownership information (typically a CSP) or a fund administrator that holds a Mutual Fund Administrators Licence may be appointed as Contact Person.

The contact person's key responsibilities include:

- Providing access to the register upon request by the relevant authorities within 24 hours of a request;
- Facilitating communications between the entity and the Cayman Islands competent authority regarding beneficial ownership information;

Appleby Global Services is able to act as a contact person subject to agreement. Please get in touch with one of the contacts listed below or your usual Appleby contact if you wish to discuss.

WHAT INFORMATION WILL BE ON THE REGISTER?

The following information on each individual beneficial owner of a legal person must be contained on the register:

- name;
- residential address;
- address for service of notices under the BOT Act;
- date of birth;
- nationality;
- ID verification (copy of valid passport, driver's licence or other government ID) that includes (i) identification number; (ii) country of issue; and (iii) issue/expiry date;
- nature in which the individual owns or exercises control of the legal person; and
- date the individual became/ceased to be a beneficial owner.

From a reporting perspective, the following persons are treated as an individual:

- a corporation sole;
- a government or government department of a country or territory or a part of a country or territory;
- an international organisation whose members include two or more countries or territories (or their governments);
- a public authority.

For each of those deemed individuals the following information must be contained on the register:

- name;
- principal office;
- the legal form of the person and the law by which the person is governed;
- the date on which the person became or ceased to be a registrable beneficial owner in relation to the legal person in question.

The second category of information to be gathered relates to “reportable legal entities” which are, in relation to a legal person, another Cayman entity that, if it were an individual would be a beneficial owner of the legal person. Any reportable legal entities that either directly hold a relevant interest in a legal person or meets one or more of the specified conditions or through which any beneficial owner or reportable legal entity indirectly holds a relevant interest in the legal person must report the following information:

- corporate or firm name;
- registered or principal office;
- entity type and its governing law;

- nature of the reportable legal entity's ownership or its exercise of control of the legal person;
- the register in which it is entered and its registration number in that register; and
- the date on which it became or ceased to be a registrable beneficial owner in relation to the legal person in question.

DATA RETENTION

Data relating to a person that is no longer a beneficial owner must be removed from the register. However, the CSP must retain the record for a period of five years following the date the individual or reportable legal entity ceased to be a beneficial owner.

WHO CAN ACCESS THE REGISTER?

Law enforcement/regulatory bodies

The information on the register may be accessed (without restriction) by the Royal Cayman Islands Police Service, Financial Reporting Authority, CIMA, Anti-Corruption Commission, Tax information Authority, Maritime Authority, Civil Aviation Authority, Registrar of Lands, or other competent authority involved in investigating money laundering or terrorist financing.

Designated persons

Aside from the above regulatory and law enforcement agencies, there is a provision in the BOT Act for restricted access to the information on the register to be made available to certain members of the public who can demonstrate a legitimate interest.

Commencing on 28 February 2025, applications may be made, pursuant to the Beneficial Ownership Transparency (Legitimate Interest Access) Regulations, 2024 for access to beneficial ownership information for a specific legal person where evidence is provided that it is linked to money laundering or terrorist financing. The Beneficial Ownership Transparency (Access Restriction) Regulations, 2024 allow for individuals to apply for protection from public disclosure where they believe their association with the legal person, if disclosed, will place them, or an individual living with them, at serious risk of kidnapping, extortion, violence, intimidation or other similar danger or serious harm.

PENALTIES

The penalties for non-compliance with the obligations which pre-existed since the original beneficial ownership framework have increased and new sanctions apply in respect of obligations introduced under the BOT Act and the Regulations. The maximum penalties for non-compliance with certain obligations under the new regime extend to criminal sanctions and fines up to US\$100,000 (one hundred thousand dollars) for summary conviction. Directors and officers may also be subject to personal liability.

In circumstances where an in-scope entity makes a false or misleading statement, the CSP must issue a notice requiring the outstanding particulars or a justification and correction in respect of a false or misleading statement.

If not rectified within one month of receipt of the notice, the CSP must issue a restrictions notice with respect to the shares or other relevant interest. The effect of a restrictions notice is that any transfer or agreement to transfer the relevant interest will be void. The interests are stripped of their rights and except in liquidation no payment may be made in respect of the interests. There is a right to apply to the Grand Court to object to restrictions imposed.

CONCLUSION

For further guidance regarding the BOT Act and Regulations, please refer to the contacts below or your usual contact within Appleby.



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For the convenience of clients in other time zones, a list of contacts available in each of our jurisdictions may be found [here](#).

ABOUT APPLEBY

Appleby is one of the world's leading international law firms. Our global teams of legal specialists advise public and private companies, financial institutions and private individuals. We are a full service law firm providing comprehensive, expert advice and services across corporate, dispute resolution, property, regulatory and private client and trusts practice areas. We work with our clients to achieve practical solutions whether from a single location or across multiple jurisdictions. We have offices in ten highly regarded, well-regulated global locations, operating in nine and practicing the laws of eight jurisdictions. Our office locations include the key international jurisdictions of Bermuda, the British Virgin Islands, the Cayman Islands, Guernsey, Isle of Man, Jersey, Mauritius, and the Seychelles, as well as the international financial centres of Hong Kong and Shanghai. Our global presence enables us to provide comprehensive, multi-jurisdictional legal advice at the times most beneficial to our clients. We are regularly recognised for our professionalism, integrity and excellent client service, and these are the values we pride ourselves on and are at the core of our business.

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