
GUIDANCE NOTE

Master Fund Registration



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MASTER FUND REGISTRATION

The Mutual Funds (Amendment) Law, 2011 (the “**Law**”) came into force on 22 December 2011. The Law requires the registration with the Cayman Islands Monetary Authority (the “**Authority**”) of certain Cayman Islands master funds.

Which master funds are not affected?

Importantly not all master funds will be required to register with the Authority:

1. The Law only captures Cayman Islands master funds which issue equitable interests which are redeemable at the option of the feeder fund, therefore a master fund which allows redemptions only with the directors’ or general partners’ consent do not require registration.
2. A “*master fund*” is defined as a mutual fund that is incorporated or established in the Cayman Islands that holds investments and conducts trading activity and has one or more regulated feeder funds. Therefore a master fund where the feeder is not regulated by the Authority is also not itself required to register with the Authority.
3. Master funds incorporated or established outside of the Cayman Islands are not required to register with the Authority.
4. Intermediate funds that do not hold investments or conduct trading activity but instead pass such investments through to a master fund are not required to register with the Authority.
5. A “*regulated feeder fund*” will be defined as a regulated mutual fund that conducts more than 51% of its investing through another mutual fund. Therefore master-feeder structures that have several master funds (including certain fund platforms) where the investment into any one master fund is less than 51% of its investing, are not required to register with the Authority.
6. Closed ended private equity funds are not subject to the registration regime.

Which master funds are affected?

The master funds that are affected are those mutual funds that are incorporated or established in the Cayman Islands that hold investments and conduct trading activity and has one or more regulated feeder funds. This definition includes mutual funds which issue equitable interests that are redeemable at the option of the feeder fund.

How to register?

The registration process involves the filing of a certificate of incorporation and a MF4 registration form as well as the payment of an annual fee of approximately US\$3,000. No separate offering document is required for the master fund and where the auditor and administrator of the master fund are the same as for the corresponding regulated feeder fund a separate letter of consent is not required.



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When to register?

The procedure for registering the master fund is straightforward, the Law requires existing master funds (which are registrable) to register within 90 days of the commencement of the Law (i.e. prior to 20 March 2012). There is a provision for this period to be extended by the Cayman Islands government for a further 60 days if required. New master funds are required to register with the Authority before commencing activity.

Continuing obligations to the Authority

Master funds are required to file with the Authority audited financial statements, signed off by a local auditor, within six months of its financial year end and payment of the annual fee.

What to do next?

Existing master-feeder clients should contact us immediately to discuss the new registration requirements and their options.

Typically all the assets of the feeder fund in a master-feeder structure are held at the master level and the Authority has considered it prudent to bring such master funds within their regulatory oversight. The above changes therefore are aimed at improving the regulatory landscape of the Cayman Islands.

The Cayman Islands is the world's leading jurisdiction for the funds industry and this new development is a further example of Cayman's continuing effort to be at the forefront of leading appropriate regulation in the funds industry.

This publication is for general guidance only and is not intended to be a substitute for specific legal advice. If you would like further information please contact:

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This publication is for general guidance and is not intended to be a substitute for specific legal advice. Specialist advice should be sought about specific circumstances. If you would like further information please contact:

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