



## Private Funds (Amendment) Law, 2020

On 7 July 2020, the Government of the Cayman Islands passed the Private Funds (Amendment) Law, 2020.

### The Private Funds (Amendment) Law 2020

The Cayman Islands Government has on 7 July 2020 passed the Private Funds (Amendment) Law, 2020 (the “**Amendment**”).

The Amendment amends the Private Funds Law, 2020 to, amongst other things, clarify the definition of “**private fund**” and require that conflicts of interest arising in relation to valuation, safekeeping of fund assets and cash monitoring are managed and monitored.

The definition of “**private fund**” now means a company, unit trust or partnership that offers or issues or has issued investment interests, the purpose or effect of which is the pooling of investor funds with the aim of enabling investors to receive profits or gains from such entity’s acquisition, holding, management or disposal of investments, where

- (a) the holders of investment interests do not have day-to-day control over the acquisition, holding, management or disposal of the investments; and
- (b) the investments are managed as a whole by or on behalf of the operator of the private fund, directly or indirectly, but does not include — (i) a person licensed under the *Banks and Trust Companies Law (2020 Revision)* or the *Insurance Law, 2010*; (ii) a person registered under the *Building Societies Law (2020 Revision)* or the *Friendly Societies Law (1998 Revision)*; or (iii) any ‘non-fund arrangements’.

Amendments have also been made to section 16 - valuation, section 17 - safekeeping of fund assets and section 18 - cash monitoring - whereby “managed, monitored” has been inserted after “identified” in those sections.

### CIMA Registration

The effect of the Amendment is that more entities will now be caught by the Private Funds Law, 2020 and be required to register with the Cayman Islands Monetary Authority **by 7 August 2020**. In addition, private funds will need to further consider their current operating conditions to ensure compliance with the Amendment.

*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 Stuarts Walker Hersant Humphries.*



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