

FUND TYPES — CAYMAN ISLANDS

The Cayman Licensed Fund

Reserved for well-capitalised, reputationally strong promoters targeting retail or public distribution, the Licensed Fund trades a heavier CIMA vetting process for the ability to market without a minimum investment threshold.

01

Overview

The Licensed Fund, registered under section 4(1)(a) of the Mutual Funds Act, is the smallest of the four Mutual Funds Act categories by volume, precisely because it is the most regulator-intensive route. It exists for funds that do not meet the Registered Fund's US\$100,000 threshold test and do not wish to rely on a licensed administrator's oversight, typically because the fund is aimed at retail investors or public distribution outside the Cayman Islands. CIMA itself describes the category as benefiting large, well-known and reputable institutions that do not propose to appoint Cayman Islands service providers.

Because there is no minimum-investment safe harbour, CIMA instead licenses the fund itself directly, which means substantive scrutiny of the fund's promoter and operators — their reputation, financial soundness, and fitness — in a manner closer to licensing a regulated financial institution than registering a private investment vehicle. This makes the Licensed Fund the appropriate route for funds intending genuine retail or public marketing, but a poor fit for a standard institutional or high-net-worth-only fund that can instead use the far lighter Registered Fund process.

02

Key features

Feature	Licensed Fund	vs. Registered Fund
Minimum investment	None mandated — designed for retail distribution	US\$100,000 per investor, or exchange listing
CIMA scrutiny	Substantive: promoter reputation, operator fit-and-proper review	Self-certification of threshold; no comparable vetting
Application documents	Standard pack plus personal questionnaire, ID, CV, references, police certificate	Standard fund pack only
Timeline	4–6 weeks (CIMA's own published guidance)	~5 business days to ~2 weeks
Annual fee*	CI\$3,675 (~US\$4,482)*	CI\$4,125 (~US\$5,030)

*Post-1-January-2026 figure not independently confirmed for the Licensed Fund; reconfirm before publication.

03

Regulatory framework

Section 4(1)(a) of the Mutual Funds Act requires a fund that does not qualify for registration to obtain a licence from CIMA before carrying on business. The application is filed via REEFS, but layered with a full fit-and-proper package for each operator: a completed personal questionnaire, certified photo ID, current CV, financial and character references, a police clearance certificate, copies of academic or professional qualifications, and a current job description, in addition to the standard certificate of incorporation, offering document, auditor and administrator consent letters and MLRO form required of every category.

CIMA's evaluation extends beyond paperwork completeness to substantive judgment on promoter reputation, administrator expertise, and proper conduct of business, which is why CIMA's own published timeline for this category — four to six weeks — is markedly longer than for Registered Funds. Once licensed, the fund is subject to the same ongoing obligations as any other regulated mutual fund, but CIMA also retains supervisory powers specific to licensed entities, including the ability to impose licence conditions, reflecting the closer regulatory relationship inherent in a licence.

04

Practical considerations

- Do not default to a Licensed Fund “to be safe” — the personal vetting burden, timeline and closer CIMA relationship are real costs; use this category only where retail or public distribution genuinely requires it.
- Start operator due diligence documentation in parallel with fund formation — these documents often have the longest lead time of the whole application.
- If the fund can instead meet the US\$100,000 threshold for all investors, seriously test whether Registered Fund status achieves the same commercial goal at a fraction of the process and cost.
- For funds distributing in specific retail markets, confirm early with local counsel whether the target jurisdiction's own retail-fund rules impose additional requirements layered on top of the Cayman licence.
- Build contingency time into any offering timeline — CIMA may raise queries on promoter background or offering terms that a Registered Fund application would never trigger.
- If the investor base later shifts toward exclusively institutional or high-net-worth investors, evaluate whether re-registering as a Registered Fund would reduce ongoing regulatory friction and fees.

05

How Berkley can help

Berkley Fund Services administers Cayman Islands funds across all of CIMA's registration and licensing categories, handling NAV calculation, investor register maintenance, CIMA and Fund Annual Return filings, and coordination with a fund's auditor and directors. Promoters weighing up which Cayman category best fits a proposed structure are welcome to discuss their plans with Berkley's team before finalising an offering document.

Berkley Fund Services is an authorised financial services provider, regulated in South Africa (FSCA 52890) and the British Virgin Islands (BVI FSC – Licence No. SIBA/L/26/1190).

Enquiries: enquiries@berkleyfunds.com

ENQUIRIES enquiries@berkleyfunds.com

This article is provided for general information purposes only and does not constitute legal, regulatory or tax advice. Fund promoters and managers should seek independent professional advice before establishing or investing in any of the structures described.