

INVESTMENT MANAGERS — CAYMAN ISLANDS

Cayman manager registration and licensing under the Securities Investment Business Act

Cayman's Securities Investment Business Act draws a sharp line between managers who can simply register with CIMA and those who need a full licence — and getting that classification right is distinct from, and easily confused with, CIMA's separate fund-registration regimes for the funds themselves.

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Overview

Note: “SIBA” refers to two unrelated statutes that happen to share an acronym — the BVI's Securities and Investment Business Act, 2010, and the Cayman Islands' Securities Investment Business Act. Each reference below is jurisdiction-specific.

Cayman SIBA regulates the business of dealing in, arranging deals in, managing, or advising on securities when carried on in or from the Cayman Islands, and is administered by CIMA. This is the regime that captures the manager — the entity making investment decisions or giving advice — and is legally and operationally distinct from CIMA's fund-level regimes under the Mutual Funds Act and Private Funds Act. A promoter can, and typically must, deal with both: registering or licensing the fund under the applicable funds legislation, and separately registering or licensing the manager under SIBA. Within SIBA, the Act creates two tracks: a full Licence, and a lighter-touch Registered Person status available to managers whose business falls within one of three statutory gateways — intra-group business, business with sophisticated or high-net-worth clients, or business already regulated by a recognised overseas authority.

Historically, entities meeting these gateway criteria could operate as “Excluded Persons” with no filing obligation at all; that category was abolished in 2020, and such entities must now formally register with CIMA as Registered Persons. Managers who cannot bring themselves within a Registered Person gateway must obtain a full SIBA Licence — most commonly in the Securities Manager or Securities Advisor category — which carries materially heavier prudential requirements including minimum net worth, audited accounts, and professional indemnity insurance.

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Key features

Feature	Registered Person	Full SIBA Licence
AUM / commitment thresholds	None — gated by investor type	None
Application / annual fee	~US\$6,098 (CI\$5,000) each	CI\$1,000 application; CI\$10,000 first-grant / annual
Approval timeline	REEFS filing; estimates vary, confirm current CIMA processing time	REEFS filing; CIMA typically issues a Notice of Decision after review
Ongoing obligations	Annual declaration only; mandatory AML/CFT officer appointments	Audited annual accounts; periodic financial returns; annual insurance disclosure
Capital adequacy / PI insurance	Not required	Minimum net worth; PI insurance required
Eligibility criteria	Sophisticated/HNW clients, group-only, or overseas-regulated business	No investor-type restriction — can serve any client base

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Regulatory framework

Cayman SIBA sits alongside, but is administratively and legally separate from, the Mutual Funds Act and Private Funds Act, which regulate the fund vehicle itself. Under SIBA, CIMA is the licensing and registering authority for both tracks. For Registered Persons, the applicant self-assesses against the three statutory gateways, then files electronically through CIMA's REEFS portal with client lists, director and shareholder questionnaires, an organisational chart, and AML compliance-officer details. For a full Licence, the applicant submits a more extensive application — business plan, organisational charts, evidence of relevant securities experience, character references, police clearance certificates, and PI insurance evidence — and CIMA's review considers whether the applicant can comply with SIBA and its Regulations and is staffed and resourced appropriately.

Ongoing compliance obligations for both tracks include maintaining AML/CFT policies and appointed officers, corporate governance and cybersecurity frameworks, client asset segregation, and adequate record-keeping. The key operational divergence is financial reporting and prudential regulation: full licensees must file audited annual accounts and periodic financial returns and must maintain minimum net worth and PI insurance; Registered Persons file only an annual declaration and fee, with no financial statement, audit, capital or insurance requirement. Both tracks must separately consider Cayman's economic substance regime where the manager conducts discretionary fund management business in or from the Cayman Islands.

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Practical considerations

- Confirm at the outset which of the three Registered Person gateways applies, tested against the actual investor register of the fund(s) being managed, not the manager's marketing materials.
- Do not conflate fund-level CIMA registration with manager-level SIBA registration or licensing
- these are separate filings, fee schedules and ongoing obligations.

- If the manager or an affiliate is already licensed by a recognised overseas regulator for equivalent activity, evaluate the overseas-regulation gateway as a potentially faster alternative to the sophisticated/HNW-investor test.
- Where the manager anticipates admitting any investor who might not clearly meet the sophisticated or HNW thresholds, budget for the possibility of needing a full Licence.
- Factor the 2020 reforms' added compliance overhead for Registered Person status into cost comparisons with the BVI's lighter Approved Manager regime, rather than assuming Cayman registration is automatically cheap and easy.
- Confirm current fee figures and processing-time estimates against CIMA's published schedule before publication or client use.

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How Berkley can help

Berkley Fund Services works alongside BVI and Cayman investment managers and their legal counsel to keep the fund-level filings, investor records and administrator-facing obligations that accompany each manager regime running smoothly. Managers weighing up their licensing options are welcome to discuss a proposed structure with Berkley's team.

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