

FUND TYPES — CAYMAN ISLANDS

The Cayman Private Fund

Since 2020, every Cayman closed-ended fund — private equity, venture capital, real estate and similar drawdown vehicles — must register with CIMA under the Private Funds Act before it can accept a single dollar of committed capital.

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Overview

The Private Fund is the Cayman Islands' regulatory category for closed-ended collective investment vehicles, created by the Private Funds Act and administered entirely separately from the Mutual Funds Act. It captures any Cayman company, unit trust or exempted limited partnership that pools investor capital for investment with a view to spreading investment risk and generating a pooled return, and whose interests are not redeemable at the investor's option — the archetypal private equity, venture capital, real estate, infrastructure or credit fund with a fixed term and capital-drawdown mechanics. The Act carves out entities already licensed or registered elsewhere, debt-only vehicles, genuinely single-investor structures, and a defined list of “non-fund arrangements” such as securitisation vehicles, single-family offices and pure holding companies.

Before the 2020 reform, closed-ended funds sat entirely outside CIMA's regulatory perimeter. The Private Funds Act now brings these vehicles into a compliance framework that closely tracks the Mutual Funds Act's ongoing obligations — CIMA-approved audit, annual return, AML/CFT officers, valuation and custody standards — while recognising the structural realities of drawdown funds: no minimum investment threshold, no offering document strictly required, and a registration deadline tied to the fund's capital-raising timeline rather than a fixed pre-launch date.

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Key features

Feature	Private Fund	vs. Registered Fund (open-ended)
Redemption feature	Closed-ended; non-redeemable, drawdown/committed capital	Open-ended; investor-initiated redemption
Minimum investment	None mandated by statute	US\$100,000 per investor, or exchange listing
Registration deadline	Within 21 days of accepting capital commitments, before accepting capital	No equivalent “before capital” trigger
Offering document	Not strictly required — a summary of terms or marketing materials suffices	Full offering document required
Annual fee*	~US\$4,270*	CI\$4,125 (~US\$5,030)
Penalty for late registration	Up to US\$125,000	N/A

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*Pre-2026-increase figure; reconfirm current CIMA fee schedule before publication.

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Regulatory framework

The Private Funds Act requires a “private fund” to submit its CIMA application within 21 days of accepting capital commitments from investors, and before it receives any investor capital — a materially different trigger from the mutual fund regimes. The application package, filed via REEFS, comprises the application form, certified certificate of incorporation, constitutional documents, an offering document or summary of terms, auditor and administrator consent letters, and a structure chart; notably, a formal offering document is not mandated.

Ongoing obligations mirror the Mutual Funds Act framework closely but are calibrated for illiquid, drawdown structures: audited financial statements within six months of financial year end; a Fund Annual Return with auditor attestation; annual asset valuation under CIMA's NAV Rules; custodian or safekeeping arrangements where practicable, with an alternative title-verification framework where no custodian is appointed; and designated cash-monitoring to verify investor payments reach the correct accounts. Economic substance notification, FATCA/CRS registration and beneficial ownership compliance apply as they do to mutual funds. Breach of the Act's requirements, including failure to register on time, carries penalties of up to US\$125,000.

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Practical considerations

- Build the 21-day registration clock into the fund's first-close timeline from the term sheet stage — accepting capital before registering is a compliance breach with real penalty exposure.
- Because a formal offering document is not required, decide early with counsel whether a full private placement memorandum, a summary of terms, or marketing materials best serves both CIMA's filing requirement and investor disclosure needs.
- For umbrella or parallel structures, map every alternative investment vehicle and co-investment vehicle at structuring stage — each carries its own registration fee and filing obligation.
- Confirm the fund's administrator, custodian and valuation agent contractually accept the specific CIMA-mandated valuation, custody and cash-monitoring roles — ordinary NAV administration is not the same as satisfying the Private Funds Act's requirements.
- If the strategy could evolve to include any redemption feature, flag this early — a shift toward open-ended characteristics may require Mutual Funds Act registration analysis, and the two regimes are not interchangeable after the fact.
- Confirm which statutory exclusions genuinely apply before assuming registration is required at all — misclassifying an excluded structure as a private fund, or vice versa, is a common early-stage structuring error.

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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.

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