

INVESTMENT MANAGERS

Investment manager types in the Caribbean: an overview

Fund promoters structuring in the British Virgin Islands or the Cayman Islands can typically manage assets without a full investment business licence — but the two jurisdictions get there by very different routes, and knowing which applies is a threshold structuring decision, not an afterthought.

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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.

Both the BVI and Cayman regulate the business of managing or advising on investments, but each has built a light-touch pathway alongside its full licensing regime specifically to accommodate fund managers serving sophisticated, institutional-style investor bases. In the BVI, this is the Approved Manager regime under the Investment Business (Approved Managers) Regulations, which caps eligibility by assets under management — US\$400 million for open-ended structures, US\$1 billion in aggregate capital commitments for closed-ended structures. In the Cayman Islands, the equivalent light-touch route is Registered Person status under Cayman SIBA, which instead gates eligibility on the nature of the manager's clients, with no AUM cap at all. Managers who fall outside either light-touch gateway fall back to a full investment business licence issued respectively by the BVI FSC or CIMA.

For a fund promoter, the choice of jurisdiction and regime turns on several practical variables: expected AUM trajectory, investor profile, whether the manager will also be regulated in a “recognised” onshore jurisdiction, appetite for governance overhead, and the timeline to market. Both jurisdictions' light-touch regimes allow a manager to commence business on a provisional basis pending final regulatory sign-off, which materially compresses launch timelines compared with a full licence application.

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Key features

Feature	BVI	Cayman Islands
Light-touch regime	Approved Manager (Investment Business (Approved Managers) Regulations)	Registered Person (Cayman SIBA)
AUM / commitment caps	Capped: ≤US\$400m AUM (open-ended); ≤US\$1bn commitments (closed-ended)	No AUM cap — gated by investor profile, not size

Feature	BVI	Cayman Islands
Eligibility gateway	BVI entity managing qualifying BVI or recognised-jurisdiction funds	Sophisticated persons, high-net-worth persons, group-only business, or overseas-regulated business
Application / annual fee	US\$1,200 / US\$1,800 (confirm current FSC schedule)	~US\$6,098 (CI\$5,000) / ~US\$6,098
Approval timeline	Lodge ≥7 days pre-launch; provisional operation while FSC reviews	REEFS filing; registration can take several weeks
Full-licence fallback	Category 3/4 licence under BVI SIBA Schedule 3; PI insurance required	Securities Manager/Advisor licence; minimum net worth and PI insurance required

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Regulatory framework

The BVI framework is anchored in a single statute — BVI SIBA — under which section 4(1) prohibits carrying on investment business without a licence, and Schedule 3 sets out the licensable categories. The Approved Manager regime sits alongside this as subordinate legislation, created to relieve smaller managers of the full licence's governance burden. Applicants approach the FSC through a licensed BVI registered agent or legal advisor, and may begin trading provisionally while the FSC completes its review; a full Category 3/4 licence, by contrast, typically takes 2–4 weeks for straightforward applications but can run 9–12 months for complex or novel structures.

Cayman's framework is equally statute-led: Cayman SIBA prohibits securities investment business without a licence, but excuses from full licensing, via registration only, any person that falls within specified categories — most importantly for fund managers, sophisticated or high-net-worth client business. This registration gateway was tightened in 2020, when the old “Excluded Person” no-filing category was abolished and folded into a Registered Person filing obligation with CIMA, including annual declarations, change notifications and AML officer appointments. Full licensees, in both jurisdictions, face materially heavier ongoing obligations — audited accounts, financial returns, PI insurance, minimum capital — than the light-touch tracks.

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Practical considerations

- Map the manager's five-year AUM trajectory before choosing BVI Approved Manager status — the AUM caps are hard triggers requiring remediation once breached.
- In Cayman, confirm investor sophistication at the fund level, not just the manager level — Registered Person status depends on the fund's investors meeting the sophisticated or high-net-worth thresholds.
- Where a manager is already licensed by a recognised overseas regulator, both jurisdictions offer a faster eligibility path — confirm the manager's home regulator qualifies before assuming this route is available.
- Both light-touch regimes deliberately exclude the broader governance obligations of a full licence, but AML/CFT, economic substance and CRS/FATCA obligations still apply in full.

- Build the provisional operating window into the fund's launch critical path — the BVI's mechanism is materially more forgiving of a tight timeline than Cayman's registration-first approach.
- Confirm current fee figures against each regulator's published schedule before quoting them to a client — both regimes' fees have moved in recent years.

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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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