

GOVERNANCE & OPERATIONS

The role of the fund administrator in BVI and Cayman structures

A fund administrator does far more than calculate NAV — across both BVI and Cayman regimes, the administrator is frequently the party that keeps a fund's regulatory, investor and governance obligations running in practice.

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Overview

In both the BVI and Cayman Islands, a fund's directors and managers bear ultimate legal responsibility for regulatory compliance, but the day-to-day work of meeting that responsibility is generally delegated to a fund administrator. At its core, fund administration covers net asset value calculation, maintenance of the register of investors, processing of subscriptions and redemptions, and coordination of the fund's annual audit — functions common to every fund regardless of category or jurisdiction.

Beyond these core functions, the administrator's role expands materially depending on the fund's category. In a Cayman Administered Fund, the administrator is statutorily required to provide the fund's principal office and to assess and monitor the promoter's reputation and conduct, standing in CIMA's shoes for ongoing oversight. In a BVI Private Investment Fund, an appointed administrator typically supports one or more of the three statutory Appointed Persons — particularly the valuation function — even though the administrator itself is not one of those persons under SIBA. Across every category, promoters increasingly look to the administrator as the practical owner of the fund's compliance calendar, even where the statutory obligation sits elsewhere.

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Key features

Function	Typical scope
Net asset value calculation	Periodic (or continuous, for closed-ended capital accounts) valuation of fund assets and liabilities, applied consistently with the fund's valuation policy
Investor register and transfer agency	Maintenance of the register of investors, processing subscriptions, redemptions, transfers and capital calls/distributions
Regulatory filing support	Coordination of annual returns, Fund Annual Returns, and notifications of material changes to the regulator
AML/CFT support	Investor onboarding due diligence, screening, and support for the fund's appointed AML/CFT officers

Function	Typical scope
Audit coordination	Preparation of financial statements and supporting schedules, and liaison with the fund's auditor
Category-specific statutory roles	Cayman Administered Fund: principal office and promoter oversight; BVI PIF: support for Appointed Persons, particularly valuation

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Regulatory framework

Neither BVI nor Cayman law makes appointment of an administrator mandatory for every fund category — the BVI's Incubator and Approved Funds, and Cayman's Registered Fund, carry no statutory administrator requirement — but in practice almost every fund appoints one, given the operational complexity of NAV calculation, investor records and regulatory filing even at a small scale. Where an administrator's role is statutorily defined, as in the Cayman Administered Fund, the administrator itself must be independently licensed by CIMA and is subject to its own capital, fit-and-proper and ongoing supervisory requirements, which is why CIMA is willing to rely on the administrator's gatekeeping in place of direct fund-level licensing scrutiny in that category.

Across both jurisdictions, the administrator's relationship with the fund is governed by an administration agreement that should clearly allocate responsibility for each compliance function between the administrator, the directors or general partner, and the manager — particularly for functions like economic substance notification, FATCA/CRS reporting, and (in the BVI Private Investment Fund context) support for the statutory Appointed Persons, where ambiguity about who owns a given deadline is a common source of missed filings.

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Practical considerations

- Negotiate the administration agreement's scope of work in detail rather than relying on generic fund-accounting language — explicitly allocate responsibility for each regulatory filing and deadline.
- For a Cayman Administered Fund, engage the administrator early in structuring, since its own due diligence appetite will directly shape whether and how quickly the fund can launch.
- For a BVI Private Investment Fund, clarify in writing how the administrator's role interacts with the three statutory Appointed Persons, particularly where the administrator supports the valuation function.
- Even where an administrator is not statutorily required, weigh the operational risk of self-administration against the relatively modest cost of appointing one, especially once investor numbers or NAV grow.
- Review the administration agreement periodically as the fund's category or scale changes — a scope of work fitted to an Incubator Fund will typically need to expand on conversion to a Professional Fund or beyond.
- Use the administrator as the practical custodian of the fund's compliance calendar, but confirm in governance documents that ultimate responsibility remains with the directors or general partner.

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How Berkley can help

Berkley Fund Services provides fund administration across the full range of BVI and Cayman fund categories described in this series — from NAV calculation and investor registers through to the category-specific statutory roles described above — and works closely with directors, managers, auditors and legal counsel to keep each fund's compliance calendar running smoothly. Promoters structuring a new fund, or reviewing an existing administration relationship, are welcome to discuss their requirements with Berkley's team.

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