

## Frequently Asked Questions (FAQs)

### 1. What is a beneficial owner?

A 'beneficial owner' refers to the natural person(s) who ultimately own or control a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate control over a legal person or arrangement.

Examples:

- Mr Smith has a Cayman company for which he is the sole shareholder and he is not holding the shares on behalf of anyone other than himself. Then, Mr Smith is the beneficial owner.
- Mr Smith is a shareholder of a Cayman company and he is holding the shares (by Declaration of Trust) on behalf of his business Partner, Mr Ebanks. Then, Mr Ebanks is the beneficial owner.
- Mr Smith has two Cayman companies, company A is owned by company B and company B is owned by Mr Smith. Then, Mr Smith is the beneficial owner.

### 2. Who will have access to the BO Register?

**The information will not be available to the public.** Cayman still maintains its stance on the importance of confidentiality.

Only the "Cayman Islands Competent Authority" ("CA") designated by the Cayman Islands Ministry of Financial Services" will have access to the Beneficial Ownership information ("BOI") held on your company's BO Register.

The CA has established a non-public, secure platform which will allow it to search information on a company's beneficial owner which have been provided by the company's corporate. This information can be requested and shared by a local competent authority through various agreements, treaties, and memorandums of understanding agreed between the Cayman Islands and various jurisdictions.

### 3. How secure is the information?

The Cayman Islands has selected a platform which is highly secure and significantly reduces the risk of a data breach. The platform model has no internet access and is therefore not susceptible to most remote hacking techniques. Insider attacks are also reduced risk due to the limited access.

### 4. Who are required to provide information?

All Cayman companies, who are not exempt, are required to provide this information. These are companies incorporated or registered by way of continuation under the Companies Law (2016 Revision).

Cayman companies who are not exempted, under the new legislation are required to engage their Cayman corporate service provider to establish and maintain the BO Register.

### 5. What are the exemptions?

Companies that meet the following criteria are exempt from having to create and maintain a BO Register:-

- i. listed on the Cayman Islands Stock Exchange or an approved stock exchange
- ii. registered or holding a license under a "regulatory law"
- iii. managed, arranged, administered, operated or promoted by an "approved person<sup>1</sup>" as a special purpose vehicle, private equity fund, collective investment scheme or investment fund
- iv. a general partner of any vehicle, fund or scheme referred to in the paragraph above that is managed, arranged, administered, operated or promoted by an "approved person<sup>1</sup>"; or exempted by the regulations.
- v. a subsidiary<sup>2</sup> of any of the above.

<sup>1</sup> **approved person** is a person or a subsidiary of a person that is (i) regulated, registered or licensed under a Cayman Islands regulatory law or regulated in an approved jurisdiction (e.g. investment advisors or managers regulated by the SEC or the FCA would fall within this limb), or (ii) listed on the Cayman Islands Stock Exchange or another approved stock exchange. **Vistra Cayman is an approved person.**

<sup>2</sup> **subsidiary** being a company or LLC where, (i) more than 75% of the interests or voting rights are, collectively, held by one or more exempt entities or other legal entities; (ii) exempt entities or other legal entities having the right to appoint or remove a majority of directors or managers; or (ii) it is itself a subsidiary of another exempt subsidiary)

Vistra Cayman will assist the company with determining whether they are required to maintain the BO Register.

## **6. What is required from the companies who are not exempt?**

A Cayman company, who is not exempt, is required to:

- i. Identify the individuals or relevant legal entities of the company and confirm their information;
- ii. Record the details of all registrable persons (persons who meet certain criteria and must be placed on the BO Register);
- iii. Provide the below BO information in writing to its CSP, to enter into the company's beneficial ownership register; and
- iv. Update the particulars of the company's registrable persons when changes have been confirmed, and send in writing the updated information to the CSP, to update the company's beneficial ownership register.

The beneficial owners information:

- the name of the individual or legal entity;
- the individual's date of birth;
- its registered or principal office, its residential address or an address for service of notices;
- a certified copy of the individual's passport, driver's licence or other government-issued identification;
- the type of entity it is and its governing law;
- the date on which the individual or legal entity became or ceased to be a beneficial owner of the company.

## **7. What is the deadline for providing beneficial ownership information?**

The Cayman Islands government has stipulated a grace period of 1 year, ending June 2018, to enable existing companies to gather information and create a BO Register.

## **8. What happens if the beneficial ownership information is not provided before the deadline?**

Failure to provide the beneficial ownership information could result in penalties being imposed on the beneficial owners or the company who fail to comply by way of fines in the region of US\$30,000 or even criminal proceedings.

## **9. Vistra Cayman BO Register services**

While it remains the duty of the Company to provide the necessary information for transmission to the Cayman Islands government, Vistra Cayman can provide assistance with the classification process upon request by the Company. This includes engaging a Cayman lawyer, if required.

We will also assist with the creation and maintenance of the BO Register, preparation of notices to all beneficial owners, and any other relevant matters required in order for the companies to fulfil their legal obligations under Cayman Islands law.

Please note that there will be fees associated with these services.

## **10. When do we start collating information if engaging Vistra Cayman to create and maintain BO Register?**

Further notification will be sent out with more specific information and the documents required to complete the requirements. In the meantime if you have any further questions please contact your Relationship Officer.

**11. Other options?**

If an “approved person<sup>1</sup>” acts as **Nominee Shareholder** or **Corporate Director** for a Cayman company, the Cayman company would not be required to create and maintain a BO Register.

If a Cayman company is 100% owned by a Cayman Trust which an “approved person<sup>1</sup>” is acting as **Trustee** of the trust, the Cayman company would not be required to create and maintain a BO Register.

<sup>1</sup> **approved person** is a person or a subsidiary of a person that is (i) regulated, registered or licensed under a Cayman Islands regulatory law or regulated in an approved jurisdiction (e.g. investment advisors or managers regulated by the SEC or the FCA would fall within this limb), or (ii) listed on the Cayman Islands Stock Exchange or another approved stock exchange.

Vistra Cayman, including some of our other offices, offer the above services. Please contact your Account Manager for more details and fees associated with the services noted above.