

CAYMAN ISLANDS



**LIMITED LIABILITY COMPANIES
(AMENDMENT) (NO.2) LAW, 2020**

(Law 20 of 2020)

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CAYMAN ISLANDS

(Law 20 of 2020)

I Assent,



Martyn Roper
Governor

Date: 22nd day of May, 2020

LIMITED LIABILITY COMPANIES (AMENDMENT) (NO.2) LAW, 2020

(Law 20 of 2020)

**A LAW TO AMEND THE LIMITED LIABILITY COMPANIES LAW (2020 REVISION) TO
PROVIDE FOR AN ADMINISTRATIVE PENALTY REGIME; AND FOR INCIDENTAL AND
CONNECTED PURPOSES**

ENACTED by the Legislature of the Cayman Islands.

Short title and commencement

1. (1) This Law may be cited as the Limited Liability Companies (Amendment) (No.2) Law, 2020.
- (2) This Law shall come into force on such date as may be appointed by Order made by the Cabinet and different dates may be appointed for different provisions of this Law and in relation to different matters.

Amendment of section 5 - formation

2. The principal Law is amended in section 5 as follows —
 - (a) in subsection (2), by inserting after paragraph (b) the following paragraphs —

“(ba) the names and addresses of the members who hold an interest in the limited liability company;

(bb) the nature of the business;



- (bc) the date of the end of the limited liability company's financial year;";
- and
- (b) by inserting after subsection (2) the following subsection —
 - (2A) The Registrar shall make the information under subsection (2) available for inspection by any person on payment of a fee of fifty dollars and the inspection shall be subject to such conditions as the Registrar may impose.”.

**Insertion of Part 10A in the Limited Liability Companies Law (2020 Revision)
– administrative fines**

3. The *Limited Liability Companies Law (2020 Revision)*, in this Law referred to as the “principal Law”, is amended by inserting after Part 10 the following Part —

“Part 10A – Administrative fines

Registrar's power to fine

- 56A.**(1) The Registrar has the power to impose an administrative fine on a person who breaches a provision of this Law that is specified in the Schedule.
- (2) Cabinet may by order amend the Schedule.

Fine amounts

- 56B.** The fine shall be five thousand dollars for a breach and the Registrar may, in addition to the fine for the initial breach, impose a further fine of one thousand dollars for every month that the breach continues until one of the following occurs —
- (a) the breach stops or is remedied;
 - (b) payment of the initial fine and all fines imposed for the continuing breach; or
 - (c) the total of the initial fine and all fines for the continuing breach amounts to twenty-five thousand dollars.

The power to fine

- 56C.** For the avoidance of doubt —
- (a) a fine may be imposed for a breach that is not an offence;
 - (b) where a breach set out in the Schedule is also an offence, a fine for the breach is not limited by the penalty under the provision or by sections 6(2) and 8 of the Criminal Procedure Code (2019 Revision).



Limitation period

- 56D.**(1) The Registrar shall not impose a fine after the expiration of six months after the date on which the Registrar became aware of the commission of the breach.
- (2) For subsection (1), the Registrar shall be deemed to have become aware of the breach when information was first received from which the breach can reasonably be inferred.

Relationship with penalties

- 56E.** If a breach set out in the Schedule is an offence, a fine for the breach shall not preclude a prosecution for the breach or liability for any relevant fees.

Registrar may issue guidance

- 56F.** The Registrar may issue guidance on the enforcement of administrative fines under this Law.

Registrar's rule-making power for Part

- 56G.** The Registrar may, by rules published in the Gazette, provide for —
- (a) aggravating and mitigating factors for fines; and
 - (b) the publication of fines imposed in accordance with this Part.

Regulation-making powers for this Part

- 56H.** Regulations made by Cabinet may provide for —
- (a) forms and procedures for imposing fines;
 - (b) appeals against decisions under this Part;
 - (c) how fines shall be paid and may be enforced;
 - (d) interest on outstanding fines;
 - (e) evidentiary provisions for proceedings relating to this Part; and
 - (f) other matters required or permitted to be prescribed under this Part or that are necessary or convenient to give effect to the purposes or provisions of this Part.”.

Amendment of section 57 - annual return

- 4.** The principal Law is amended in section 57(1) by inserting after the words “the limited liability company” the words “stating the nature of the business,”.

Amendment of section 71 - application

- 5.** The principal Law is amended in section 71 as follows —
- (a) in subsection (1) as follows —



- (i) in paragraph (b), by deleting the words “(other than a company registered as an excluded person under section 5(4) of the *Securities Investment Business Law (2020 Revision)*)” ; and
 - (ii) in paragraph (d), by deleting the words “included in the list published in the Gazette and referred to in regulations 22(d) and 23(1) of the *Anti-Money Laundering Regulations (2020 Revision)*” and substituting the words “designated as having measures for combating money laundering and the financing of terrorism which are equivalent to that of the Islands in accordance section 5(2)(a) of the *Proceeds of Crime Law (2020 Revision)*”; and
- (b) in subsection (2), by repealing paragraph (a) and substituting the following paragraph —
- “(a) regulated, registered or holding a licence in the Islands under a regulatory law or regulated in an equivalent legislation jurisdiction that is designated as having measures for combating money laundering and the financing of terrorism which are equivalent to that of the Islands in accordance with section 5(2)(a) of the *Proceeds of Crime Law (2020 Revision)*”.

Amendment of section 82 - consequences of failure to disclose beneficial ownership

6. The principal Law is amended in section 82(3) by deleting the words “the limited liability company shall” and substituting the words “the corporate services provider shall”.

Amendment of section 91 - right to issue restrictions notice

7. The principal Law is amended in section 91 as follows —
- (a) in subsection (1), by deleting the words “A limited liability company” and substituting the words “A corporate services provider for a limited liability company”; and
 - (b) in subsection (2), by deleting the words “the limited liability company” and substituting the words “the corporate services provider”.

Amendment of sections 96 and 97 - relaxation of restrictions; orders for sale

8. The principal Law is amended in sections 96(1), 97(1) and 97(2) by deleting the words “limited liability company” wherever they appear and substituting the words “corporate services provider”.

Amendment of section 99 - limited liability company may withdraw restrictions notice

9. The principal Law is amended in section 99 as follows —



- (a) in the section heading, by deleting the words “limited liability company” and substituting the words “corporate services provider”; and
- (b) by deleting the words “limited liability company” wherever they appear and substituting the words “corporate services provider”.

Amendment of section 106 - regulations

- 10.** The principal Law is amended in section 106(1)(g) by deleting the words “limited liability companies” and substituting the words “corporate services providers”.

Amendment of the principal Law- insertion of the Schedule

- 11.** The principal Law is amended by inserting after section 107 the following Schedule —

“SCHEDULE

(section 56A)

Administrative fines

No.	Section	Description of breach
1.	73(1)	Failure of a limited liability company to take reasonable steps to identify any beneficial owner of the limited liability company.
2.	74(1)	Failure of a limited liability company to take reasonable steps to identify any relevant legal entities.
3.	75(1)	Failure of a limited liability company to give notice in writing to beneficial owners and relevant legal entities identified under sections 73 and 74.
4.	76(2)	Failure of a beneficial owner or relevant legal entity to supply information under section 76(2) within the timeframe specified at 76(3).
5.	78	Failure of a limited liability company to keep its beneficial ownership register at the registered office.

No.	Section	Description of breach
6.	79(1)	Failure of a limited liability company to provide in writing to a corporate services provider or to the Registrar the required particulars of registrable persons once the required particulars have been confirmed.
7.	79(1A)(a)(i)	Incorrect reporting by a person that the person is a legal entity or a subsidiary to whom Part 12 does not apply by virtue of section 71(1).
8.	79(1A)	Failure of a limited liability company which is exempt under Part 12 to provide — (a) written confirmation of the exemption to the corporate services provider; or (b) instructions to file the written confirmation with the competent authority under section 79(1A).
9.	81(1)	Failure of a limited liability company to give notice requesting confirmation of the change under section 81(1) to a registrable person as soon as reasonably practicable after the limited liability company becomes aware of a relevant change with respect to a registrable person.
10.	81(2)	Failure of a limited liability company which receives confirmation of a relevant change to instruct the corporate services provider or the Registrar to enter the change in the limited liability company's beneficial ownership register in accordance with section 81(2).
11.	82(1)	Failure of the corporate services provider to give notice of its opinion to the limited liability company if it is of the opinion that the limited liability company has failed to comply with



No.	Section	Description of breach
		section 79 or 81 without reasonable excuse, or has made a statement that is false, deceptive or misleading in accordance with section 82(1).
12.	82(2)	Failure of the limited liability company to provide the corporate services provider or the Registrar with a response to a notice under section 82(2).
13.	82(3)	Failure of a corporate services provider to — (a) issue a restrictions notice; and (b) send a copy of the notice to the competent authority within two weeks, where the registrable person does not comply with the obligations under section 82(3).
14.	83(2)	Failure of a person to whom the section applies— (a) to notify the limited liability company of the relevant changes; (b) to state the date the change occurred; and (c) to give the limited liability company the information needed to update the beneficial ownership register under section 83(2) within the timeframe specified at section 83(3).
15.	87(2)	Failure of the corporate services provider to regularly deposit beneficial ownership information in such place, such manner and at such intervals as may be prescribed in accordance with section 87(2)

No.	Section	Description of breach
16.	90A(2)	Failure of a limited liability company or a corporate services provider to comply with a request for additional information under section 90A.
17.	92(1)	Failure to act in a manner consistent with the terms of a restrictions notice under section 92(1).

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Passed by the Legislative Assembly the 20th day of May, 2020.

Hon. Barbara Conolly
Deputy Speaker

Zena Merren-Chin
Clerk of the Legislative Assembly

