Cayman Islands regulatory updates Q2 2026

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Updated Common Reporting Standards ("CRS") jurisdiction lists

- The Department for International Tax Cooperation ("DITC") published updated lists of CRS participating jurisdictions and CRS reportable jurisdictions for 2026. These updates are important because they determine which account holders and controlling persons may become reportable under CRS obligations.

- Incorrect jurisdiction classifications can result in under-reporting, over-reporting, or inaccurate filings, exposing entities to regulatory scrutiny and potential enforcement action.

- Potential consequences include:

  - Regulatory enforcement proceedings

  - Financial penalties

  - Corrective filing requirements

  - Increased compliance reviews by the DITC

  The CRS participating jurisdictions and CRS reporting jurisdictions list can be found on page 448 of the Cayman Islands Gazette, located **here.**

DITC reporting obligations

- The DITC has issued a reminder on CRS reporting requirements:

  - Appointment of a Principal Point of Contact ("PPoC") in the Islands

  - The date on which the Cayman Financial Institution ("FI") became an FI

The DITC has extended the deadline to register these two items of information to January 31, 2027.

Updated beneficial ownership transparency guidance

- The February 2026 update to the Guidance on Complying with Beneficial Ownership Obligations in the Cayman Islands was primarily issued to align the guidance with the Beneficial Ownership Transparency Act, 2023 and the related 2026 amendments to the Beneficial Ownership Transparency Regulations. The revisions provide additional clarification on identifying beneficial owners, indirect ownership, control, reporting obligations, and alternative compliance routes.

  Key updates

- Revised guidance providing additional clarification on identifying beneficial owners in complex ownership and control structures.
- Emphasis that control, not just ownership, may result in an individual being a beneficial owner.
- Clarification on treatment of indirect ownership, voting rights, ownership chains, nominee arrangements, and other control mechanisms.
- Expanded guidance on Reportable Legal Entities ("RLEs"), trusts, partnerships, foundation companies, and senior managing officials.
- Provision of additional examples to assist with determining registrable beneficial owners in complex structures.
- Clarification of alternative routes to compliance and beneficial ownership reporting requirements.
- Reinforced obligations to maintain accurate, current beneficial ownership information and report relevant changes promptly.

Updated Beneficial Ownership Transparency ("BOT") guidance is available **here**.

Cayman Islands Monetary Authority ("CIMA") regulatory policy on approval of auditors

- CIMA issued a new regulatory policy on the Approval of Auditors for Regulated Entities in June 2026 that will take effect on January 1, 2027. The policy establishes enhanced criteria for auditor approval and reflects increasing regulatory focus on audit quality, governance, and the reliability of financial reporting by regulated entities.

- CIMA stated that the policy is intended to strengthen confidence in audited financial statements and ensure that only suitably qualified and independent auditors perform audits for regulated entities. The policy aligns with broader governance and internal control expectations.

- The regulator is placing increased responsibility on boards and senior management to ensure that auditor appointments meet regulatory expectations. Auditor suitability will become an ongoing compliance consideration rather than simply an appointment decision.

- Under the policy, only audit firms with a physical presence in the Cayman Islands will continue to be approved. The policy also expands on circumstances where auditors must report concerns directly to the regulator.

- The new framework requires audit firms and engagement partners to be registered with and in good standing with the Cayman Islands Institute of Professional Accountants ("CIIPA"). Regulated entities should confirm that their auditors continue to meet all local registration requirements. The policy introduces explicit expectations that audit firms comply with International Standards on Quality Management ("ISQM 1 and ISQM 2"). Auditors will be expected to evidence more sophisticated quality control and governance frameworks.

- Failure to maintain an approved auditor may result in regulatory breaches; delayed financial statement submissions; regulatory intervention; restrictions on operations; and increased supervisory engagement.

Click the **link** for more information.

CIMA's fraudulent websites list

- On June 11, 2026, CIMA published an updated list of websites using Cayman addresses while not registered or licensed to conduct regulated activity. The list includes websites purporting to be banks, trust companies, investment businesses, and crypto-related businesses, and also identifies examples that impersonate or mimic legitimate Cayman entities. The list can be accessed **here**.

CIMA's enforcement against Securities Investment Business Act ("SIBA")-registered persons and enforcement activity

- The cancellation of registrations and removal of entities from CIMA's registers demonstrates that the regulator continues to actively monitor compliance with licensing, registration, ongoing fee, and termination requirements. In June 2026, CIMA cancelled the registrations of several SIBA-registered persons due to fundamental regulatory compliance failures. These included:
  - RC Advisory Limited (June 4, 2026)
  - RSIF Management Limited (June 4, 2026)
  - Blue Ravine Capital Limited (June 5, 2026)
  - Canterbury Securities Limited (June 9, 2026)
- The list can be accessed **here**.

- CIMA's new rule on effective compliance programmes for the prevention and detection of money laundering, terrorist financing, and proliferation financing for financial service providers
  - CIMA issued a new rule establishing the minimum requirements for an effective Anti-Money Laundering ("AML"), Countering the Financing of Terrorism ("CFT") and Counter-Proliferation Financing ("CPF") compliance programme for all financial service providers regulated and supervised by CIMA, which takes effect on September 18, 2026. The rule confirms many existing expectations under the AML

regulations and guidance notes, while introducing a more structured and evidence-based framework for demonstrating the effectiveness of AML/CFT/CPF controls.

- The rule is intended to strengthen governance, accountability, risk management, training, and ongoing monitoring arrangements across the financial services sector. CIMA's focus is not only on whether controls exist, but whether firms can demonstrate that those controls are operating effectively in practice.

- A formal AML/CFT/CPF compliance programme is required.

  - Financial service providers must maintain a documented AML/CFT/CPF programme incorporating policies, controls, monitoring, reporting, and governance arrangements.

- Increased governance and board accountability are required.

  - The boards remain responsible for overseeing programme effectiveness and should receive regular AML risk, compliance, and remediation reporting.

- There is an enhanced role for the AML compliance officer, money laundering reporting officer, and deputy money laundering reporting officer.

  - Entities should review current role descriptions and reporting arrangements to ensure they align with the rule's expectations.

- A risk-based approach must be documented.

  - Firms must maintain documented risk assessments covering customer, geographic, product, delivery channel, and emerging money laundering, terrorist financing, and proliferation financing risks. Boards should ensure risk assessments are regularly reviewed, approved, and linked to operational controls.

- Detailed policies, procedures, and controls must be maintained.

  - Controls must address Customer Due Diligence, Enhanced Due Diligence, beneficial ownership, ongoing monitoring, suspicious activity reports, sanctions, record keeping, and reliance arrangements.

- Mandatory training and employee screening must take place.

  - Ongoing AML training, employee screening, and maintenance of training records are required.

- Demonstrating effectiveness is a requirement.

  - Firms must evidence that controls are effective, tested, independently reviewed, and remediated where deficiencies are identified. This represents a shift towards evidence-based supervisory assessments. Firms should expect increased testing and challenge of AML programme effectiveness during inspections.

- Outsourcing does not remove responsibility.

  - Where AML functions are outsourced or delegated to service providers or group entities, the regulated entity remains ultimately responsible for compliance. Oversight of administrators, delegates, and outsourced AML providers should be strengthened and documented.

The new rule can be viewed **here**.

CIMA's new rule on financial sanctions developments

- CIMA issued a new rule establishing minimum requirements for compliance with financial sanctions and targeted financial sanctions ("TFS") by regulated entities that comes into effect on September 18, 2026. The rule codifies and strengthens existing sanctions compliance expectations, introduces more prescriptive governance and control requirements, and reinforces the obligation to identify, freeze, report, and prevent dealings involving designated persons and sanctioned assets.

- The rule reflects increasing international scrutiny of sanctions compliance and aligns with Financial Action Task Force expectations regarding targeted financial sanctions, terrorist financing, and proliferation financing controls.

- Key takeaways:

  - Establishes minimum sanctions and TFS compliance requirements for all CIMA-regulated entities.

  - Requires firms to implement a documented sanctions compliance framework integrated with their AML/CFT/CPF programme.

  - Mandates risk assessments covering customers, beneficial owners, products, transactions, delivery channels, and geographic exposure.

  - Requires sanctions screening and monitoring capable of identifying designated persons and sanctioned entities without delay.

  - Reinforces obligations to immediately freeze assets and prevent dealings with designated persons or sanctioned assets.

    - Requires reporting suspected designated persons, frozen assets, and sanctions breaches to the Financial Reporting Authority using the Compliance Reporting Form.

    - Places greater emphasis on board oversight, governance, management information, and control effectiveness.

    - Requires sanctions-specific staff training and awareness programmes.

    - Confirms that outsourcing sanctions screening does not remove the regulated entity's responsibility for compliance.

    - Signals increased regulatory scrutiny of sanctions, terrorist financing and proliferation financing controls.

- The new rule can be viewed **here**.

CIMA reporting schedule 2026

- CIMA issued its annual reporting schedule setting out filing deadlines for prudential returns, AML returns, audited financial statements, and other regulatory filings. The reporting schedule is intended to enhance supervisory oversight and ensure timely submission of regulatory information.

- Late filings remain one of the most common causes of regulatory breaches.

- Boards should require periodic reporting on filing status, outstanding returns, extension requests, and breach notifications.

- Timely reporting enables CIMA to:

    - Monitor financial condition
    - Assess prudential risks
    - Evaluate AML compliance
    - Identify emerging sector risks

- CIMA's 2026 reporting schedule can be viewed **here**.

Upcoming reporting deadlines

July 31, 2026 – Deadline to file annual report for the 2024 reporting period for Foreign Account Tax Compliance Act/CRS

July 31, 2026 – Reporting deadline for 2025 calendar year CRS returns (still using XML v2.0)

September 15, 2026 – Deadline for the 2025 CRS compliance form

December 31, 2026 – Economic substance returns due to the DITC for relevant entities carrying out relevant activity

January 31, 2027 – CRS deadline for appointment of Cayman based PPoC

Recommended fund termination deadlines

September 1, 2026 – Recommend timeframe to commence voluntary liquidation process

November 1, 2026 – Strike-off application to be submitted to avoid incurring the following year's fees

December 31, 2026 – Documentation must be submitted to CIMA in sufficient time for deregistration to be approved by this date in order to avoid the following year's annual fees

How we can help

Full DITC management and Cayman-based PPoC:

- We handle every aspect of DITC registration, updates, and ongoing notifications
- We act as your Cayman-based PPoC, so you meet the new requirements with zero operational burden
- We manage your entire CRS calendar, so no deadline is ever missed
- We deliver tailored support where you need it – updating policies and procedures, and training teams and boards on the new requirements

Email **info@apexfunds.ky** for more information.

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