Boardmate

SECTOR GUIDE · CAYMAN FUND BOARDS

Director obligations & *governance*

What the law and CIMA expect of the directors of Cayman Islands investment funds – duties, board operation, oversight of delegated functions, and the minute-keeping standard – and where a controlled record helps.

For fund directors & board support **Read** 12 minutes boardmate.app

Contents

This guide is general information about the Cayman regulatory framework, not legal or compliance advice. It cites primary sources current at the time of writing; provisions are applied by CIMA on a proportional basis and some carry an "as applicable" qualifier. Always confirm the current position with your Cayman counsel and CIMA's published instruments before relying on it.

01

Where a fund director's duties come from

A director of a Cayman investment fund sits at the intersection of two sources of duty: long-standing common-law fiduciary duties, and a binding regulatory framework that since 2023 sets them out in writing.

Common law

Directors owe fiduciary duties – to act in good faith in the best interests of the company, for proper purposes, and to avoid or manage conflicts – alongside a duty of care, skill, and diligence.

The CIMA Rule

The Rule on Corporate Governance for Regulated Entities, issued under section 34 of the Monetary Authority Act, restates and reinforces these duties as enforceable requirements. **[CIMA Rule §2.1]**

Who it applies to

It applies to the "Governing Body" of all regulated entities – for a company, the board of directors – on a proportional basis to size, complexity, and risk profile. **[CIMA Rule §3.1–3.2, §4.1]**

When it took effect

Issued 14 April 2023 and fully effective 14 October 2023, it brought regulated private funds into corporate-governance scope for the first time.

> A "Rule" is binding in CIMA's taxonomy, distinct from a persuasive-only Statement of Guidance. Regulated mutual funds and private funds are directed to read the Rule alongside the Statement of Guidance on Corporate Governance for Mutual Funds and Private Funds. **[CIMA Rule §1.2]**

02

The duties of an individual director

The Rule sets out what each director must do, mirroring the common-law standard. These are the obligations a board's records should be able to evidence.

Act in good faith	Act honestly, in good faith, and reasonably in the conduct of the entity's business. **[§5.7.2]**
Due care & diligence	Exercise due care, skill, and diligence in carrying out the role. **[§5.7.3]**
Best interests first	Act in the best interests of the regulated entity and its stakeholders, ahead of personal interests. **[§5.7.6]**
Independent judgment	Exercise independent judgment and not use the position for undue personal advantage. **[§5.7.8]**
Make enquiries	Make enquiries where issues or complaints are raised, rather than assume. **[§5.7.5]**
Know the limits	Understand the limitations of the services and reports provided by the entity's service providers. **[§5.7.7]**

03

Overseeing delegated functions

Cayman funds delegate heavily — administration, investment management, audit, and AML functions are outsourced. The Rule is explicit that delegation does not transfer the board's responsibility.

> The Governing Body cannot abrogate its responsibility for functions delegated. In particular, it must retain overall responsibility for internal control, internal audit, risk management and actuarial matters, as applicable.
>
> CIMA Rule on Corporate Governance, §5.8.2

In practice the Rule requires the board to keep mechanisms for documenting each delegation and monitoring how the delegated function is exercised [§5.8.2], and to have the collective skill to understand, question, and challenge the advice of external experts [§5.7]. The board approves and oversees; it does not rubber-stamp.

Where a controlled record helps: oversight is only as good as the evidence that it happened. When each service-provider report is considered on the record, questions and challenges are captured, and decisions are minuted against the meeting, the board can show it supervised rather than deferred — exactly what §5.8.2 expects.

04

How the board must operate

Beyond individual duties, the Rule prescribes how the board runs — and these requirements recur every year.

Meet regularly	The Governing Body must hold regular meetings, at least annually, at a frequency appropriate to the entity's size, nature, scale, and complexity. **[§5.13.3]**
An annual review cycle	At least once a year the board must review strategy and policies, evaluate progress, review its own composition and independence, undertake self-assessment, and review the implementation of risk management and internal controls. **[§5.6.2]**
Manage conflicts	Conflicts of interest must be managed and, where they arise, noted in the minutes of the meeting to which the subject matter relates. **[§5.10.3]**
A governance framework	The entity's governance framework must address objectives, board responsibilities, director duties, delegation, risk and internal control, conflicts, accounting, compliance, and disclosure. **[§4]**

> Where another regulatory act or regulation requires a higher meeting frequency, that act supersedes the Rule's annual minimum. **[§5.13.3 fn]**

05

The minute-keeping standard

The Rule does not leave minutes to custom. It states what the record must contain — a standard that maps directly onto how board support teams produce minutes.

> Detailed minutes of all Governing Body meetings shall be prepared with all decisions, discussions and points for further actions being documented.
>
> CIMA Rule on Corporate Governance, §5.13.5

At a minimum, the minutes must record:

- Attendance of each member **[§5.13.5(a)]**
- Dissensions or negative votes **[§5.13.5(b)]**
- Conflicts of interest declared **[§5.13.5(c)]**
- The substance of matters considered **[§5.13.5(d)]**

Where Boardmate helps: these four requirements are precisely what a formal minute should carry, and what slips when minutes are drafted by hand under backlog pressure. Boardmate drafts to a formal structure from the meeting's own source material, keeps reviewer comments and chair decisions attached to the record, and produces an audit trail — so the minute meets the standard and can be shown to have done so.

Audited accounts and the Fund Annual Return

On top of governance duties sits a recurring filing cycle that generates board work. The most prominent obligation for funds is the audited accounts and Fund Annual Return (FAR).

Audited accounts	Mutual funds must submit audited annual accounts as required by section 8(2) of the Mutual Funds Act; private funds as required by section 13(4) of the Private Funds Act. **[MFA s.8(2); PFA s.13(4)]**
The Fund Annual Return	The FAR is filed together with the audited accounts, within six months of the fund's financial year end (for a 31 December year end, by 30 June). **[CIMA reporting requirements]**
Filed by the auditor	A CIMA-approved local Cayman auditor submits the accounts and FAR electronically via CIMA's E-Reporting or REEFS systems; the fund operator remains responsible for accuracy. **[CIMA reporting requirements]**
The annual CIMA fee	Regulated mutual funds and private funds must also pay an annual fee to CIMA, due by 15 January each year, to maintain registration; late payment attracts a monthly penalty. **[MFA / PFA annual fees regs]**

> Each obligation creates the same board-cycle pattern: source material, a board decision, a minuted record, and follow-up. Boardmate Lite clears the minutes backlog these cycles generate; Boardmate Full carries the live cycle — packs, minutes, actions, approvals, and reminders — where applicable.

The wider statutory cycle

Beyond CIMA's own filings, several Cayman regimes create recurring obligations that surface as board agenda items, decisions, and records. They are administered by three authorities: CIMA, the DITC (which carries out the Tax Information Authority's functions), and the General Registry.

AML officers	A person carrying on relevant financial business must designate, at managerial level, an AML Compliance Officer (reg 3), a Money Laundering Reporting Officer (reg 33(1)), and a Deputy MLRO (reg 33(2)) — all natural persons. **[AML Regs (2023 Rev), regs 3 & 33; Proceeds of Crime Act]**
Director registration	Directors of covered entities (including mutual funds) must register with CIMA; a natural person acting for 20 or more covered entities must be licensed as a professional director, and corporate directors must be licensed. **[Directors Registration & Licensing Act 2014, ss.4, 9, 17]**
Beneficial ownership	In-scope legal persons must keep adequate, accurate, and current beneficial ownership information, with changes confirmed within 30 days; funds may rely on an alternative route to compliance through a licensed Cayman service provider. **[Beneficial Ownership Transparency Act 2023, s.10; Regs 2024]**
FATCA & CRS	As Financial Institutions, funds register and report financial-account information, and file the CRS Compliance Form, through the DITC Portal. **[Tax Information Authority Act; FATCA & CRS regs]**
Economic substance	Only a "relevant entity" carrying on a "relevant activity" must satisfy the economic substance test, and an investment fund is excluded from the definition of "relevant entity" — so a fund is generally out of scope. Every Cayman entity still files an annual economic substance notification with the DITC, a prerequisite to its annual return, in which a fund confirms its status. **[ITC (Economic Substance) Act 2021 Rev, s.4 & Schedule; DITC]**

This page maps where the obligations sit and the instruments that create them; it is not a complete statement of every deadline, fee, exemption, or how each applies to a particular fund. Exact filing dates and current fee amounts in particular should be confirmed with your advisers and the relevant authority.

SOURCES

CIMA Rule on Corporate Governance for Regulated Entities (s.34 Monetary Authority Act; in force 14 October 2023); **Statement of Guidance on Corporate Governance for Mutual Funds and Private Funds.** cima.ky

Mutual Funds Act s.8(2); **Private Funds Act** s.13(4); CIMA investment-funds reporting requirements and annual fees (due 15 January). cima.ky · legislation.gov.ky

Anti-Money Laundering Regulations (2023 Revision), regs 3 & 33, under the **Proceeds of Crime Act (2020 Revision)**; **Directors Registration and Licensing Act, 2014**, ss.4, 9, 17. cima.ky · legislation.gov.ky

Beneficial Ownership Transparency Act, 2023 & **Regulations, 2024**; **Tax Information Authority Act** with FATCA & CRS regulations (DITC); **International Tax Co-operation (Economic Substance) Act (2021 Revision)**, s.4 and Schedule (definitions of "relevant entity", "relevant activity" and "investment fund"), administered by the Authority/DITC. ditc.ky · legislation.gov.ky

Carry your Cayman board cycle with control intact