



# Cayman Islands Update – Q1 2026

Welcome to our Cayman update which will provide you with a quarterly review of a wide range of Cayman Islands related regulatory compliance matters including news, guidelines, and significant updates.

As we begin 2026, this quarter's update highlights the most notable regulatory and compliance developments affecting Cayman-based entities. With updated CIMA fee structures now in force, enhanced obligations under the Beneficial Ownership Transparency Act, and continued refinement of the digital-asset and VASP regimes, the year opens with several important changes to be aware of. This edition also outlines upcoming CRS amendments, new sanctions reporting requirements, and key deadlines to help you navigate the months ahead with clarity and confidence.

You'll find updates on Waystone news and events from across the globe as well.

## 2026 Cayman Waystone Compliance Calendar

To keep track of upcoming 2026 compliance and regulatory deadlines, please follow the link to the [Waystone Compliance calendar](#).

## Regulatory Updates

### Key 2026 Changes to CIMA Fees & Beneficial Ownership Requirements

As part of the Cayman Islands' ongoing commitment to strengthening regulatory transparency and aligning with evolving global standards, several important updates took effect on 1 January 2026. These changes impact annual regulatory fees as well as beneficial ownership obligations for Cayman entities.

#### 1. Updates to CIMA Fees (Effective 1 January 2026)

On **31 December 2025**, the Cayman Islands Monetary Authority (CIMA) announced a series of legislative amendments introducing updated fee requirements for regulated entities. These changes include the following:

##### **Consolidated Annual Fee for Funds**

Mutual Funds and Private Funds will now pay one consolidated annual fee, replacing the previous process that required both an annual fee and a separate FAR (Fund Annual Return) fee. This update is intended to simplify compliance and reduce duplication across the sector. This consolidation will be in effect for 2027 annual fee payments, whilst 2026 is a transition year and the FAR fee for 2026 audit is being collected separately from the 2026 annual fees as per details below.

**Increase to FAR Fees**

For the 2026 period, the FAR fee has increased from CI\$350 to CI\$450 (USD\$548.78).

**Advance Collection of FAR Fees**

This year, the FAR fee is collected upfront, as a separate incremental annual CIMA fee. Funds which have not made payment to CIMA by 15 March 2026 will incur penalties. Starting in 2027, the FAR fee will be consolidated into the annual CIMA fee which are payable in January.

**Additional Adjustments Across the Industry**

Further fee changes have been implemented across several other sectors, including insurance, banking, and professional services, to maintain alignment with international supervisory standards.

**What This Means for Clients**

You may have received updated invoices reflecting these new fee amounts. It is important to ensure timely payment to avoid penalties and maintain good standing.

**2. Beneficial Ownership Transparency Act (2026 Revision) (BOTA)**

Published on 29 January 2026, the Beneficial Ownership Transparency Act (2026 Revision) (“BOTA”) introduces enhanced requirements relating to the collection and maintenance of beneficial ownership information in the Cayman Islands.

**Updated Definition of Beneficial Owner**

The definition under BOTA has been updated to align more closely with evolving global anti-money-laundering (AML) standards.

A key distinction is that AML Regulations (AMLR) use a 10% threshold for determining beneficial ownership for AML purposes, whereas BOTA applies a 25% threshold for statutory beneficial ownership reporting.

Under BOTA, a beneficial owner is an individual who:

- Owns or controls 25% or more, whether directly or indirectly; or
- Exercises ultimate effective control, even without ownership; or
- Is a senior managing official or trustee, where applicable.

**Note:** These definition points remain consistent with the original BOTA framework.

**Enhanced Requirements to Keep Information Current**

Entities must ensure beneficial ownership records are accurate, verified, and kept up-to-date, particularly when relevant changes occur to ownership or control or when restrictions notices are issued.

**Strengthened Information-Sharing Provisions**

Late-2025 legislative amendments expanded cooperation with competent foreign authorities, further aligning Cayman with Financial Action Task Force (FATF) expectations.

**What This Means for Clients**

Under BOTA, entities are required to maintain accurate and up-to-date beneficial ownership information to ensure ongoing compliance with the legislative framework. Any changes to the information previously provided must be reported within 30 days of becoming aware of the change. Waystone, as your Registered Office provider, will periodically request confirmation of your entity’s beneficial ownership status to assist with compliance; however, the legal obligation to provide timely and accurate information rests with the entity itself.

**Cayman Islands CRS Amendments: Key Changes**

The Cayman Islands Department of International Tax Cooperation (DITC) has announced significant amendments to the Common Reporting Standard (CRS) Regulations.

Some changes came into force on January 1, 2026 and some will come into effect from January 1, 2027. They will directly affect Financial Institutions, crypto asset service providers, and compliance teams operating in the jurisdiction.

Below is a breakdown of the key changes to help you stay ahead.

### **Key CRS Amendments**

The following amendments represent important compliance changes that Financial Institutions and service providers must prepare for. Each adjustment carries operational and regulatory implications, making it essential to understand the details and act early.

### **Registration Deadlines**

Entities becoming Financial Institutions in 2025 must register by April 30, 2026.

From 2026 onwards, the registration deadline moves to January 31, with the first new deadline on January 31, 2027.

### **CRS Reporting Deadlines**

Annual CRS returns, including NIL returns, and CRS Compliance Forms will be due by June 30 instead of July 31.

This applies to the 2026 reporting period, with the first new deadline on June 30, 2027.

### **Principal Point of Contact (PPoC)**

A PPoC is a person located in the Cayman Islands and authorised by a Cayman FI to act as its primary contact with the Authority (via the DITC) for CRS compliance purposes. The PPoC must be a resident in the Cayman Islands and can be either a:

- Natural person: has a physical address in the Cayman Islands, or
- Legal person: (i) incorporated, registered, or established in the Cayman Islands; and (ii) maintains a physical address in the Cayman Islands (not solely a mailing or correspondence address).

Entities registered before January 1, 2026 without a Cayman resident PPoC must submit a change form by January 31, 2027. Waystone has efficient solution for those entities needing AEOI support or need Cayman resident PPOC, please reach out to your Waystone contact for further details.

### **Crypto Asset Reporting**

Certain Crypto assets, electronic money products, and central bank digital currencies are now included in the definition of a Financial Assets.

While the Crypto Asset Reporting Framework captures most service providers, certain entities might be captured by the CRS obligations.

### **Self-Certification and Due Diligence**

Valid self-certification forms must include all the required data points (i.e. TIN, DOB, tax residency, etc.) including certain additional information, such as the role of controlling persons, whether an account qualifies a New Account or Pre-Existing Account or the type of account, i.e. joint account. The DITC will issue updated self-certification forms.

### **Penalties and Monitoring**

Penalties are capped at CI\$50,000 (USD\$60,000). Offences now include providing incomplete, incorrect, or unreliable information to the DITC.

### **Coming Soon**

The DITC will be releasing the following in the coming weeks:

- New version of the Self-Certification Form (effective January 1, 2026)
- Updated 2026 CRS Guideline
- Updated 2026 Enforcement Guideline.

## New UK Sanctions List is Live

The UK Government discontinued the OFSI Consolidated List from the 28 January 2026. From that date forward, the UK Sanctions List became the sole official source of sanctions designations applicable to Cayman-registered entities.

The UK Sanctions List retains all historic OFSI Group ID identifiers for Designated Persons and will remain valid for use, for example, for frozen asset or sanction breach reporting. It is important that Fund Administrators, or other service providers that are tasked with the AML compliance on behalf of the entity, update their sanction screening lists to ensure this change is appropriately reflected in their screening tools.

## Frozen Assets Reporting

The Financial Reporting Authority (FRA) introduced a new reporting requirement in Q4 of 2025.

Where an Entity that holds or controls assets belonging to persons designated under UK sanctions, such holdings must be reported to the FRA using the Frozen Asset Report (“FAR”) form. This will now be an annual requirement.

## Financial Action Task Force (FATF) 5th Round Mutual Evaluation – Inspection of the Cayman Islands December 2027

The FATF will carry out an onsite inspection of the Cayman Islands in December 2027. The assessment will focus on the effectiveness of the Cayman Islands’ implementation of laws, regulations and other measures relating to Anti-Money Laundering (“AML”), Counter Terrorism Financing (“CFT”) and /Countering Proliferation Financing (“CPF”) measures.

It is anticipated that there may be further revisions to Anti-Money Laundering Regulations as a result of the upcoming evaluation, with industry consultation underway currently regarding proposed new Rules on Prevention on Money Laundering, Terrorist Financing and Proliferation Financing and Sanctions.

## Digital Assets / Crypto Updates

The Cayman Islands continues to cement its position as a global leader in digital assets, with rapid legislative refinement, rising institutional participation, and an increasingly sophisticated regulatory environment. Over the past year, the jurisdiction has accelerated its evolution from an early adopter of virtual asset frameworks into a mature, internationally credible hub for tokenisation, Web3 infrastructure, and digital-asset fund structuring. The government’s ongoing amendments to the funds and virtual asset regimes, combined with heightened supervisory activity by CIMA and growing industry engagement—showcased most recently at Cayman Crypto Week 2026—highlight Cayman’s commitment to fostering innovation while maintaining the strong regulatory standards expected by institutional investors and global financial partners.

### Tokenised Funds – A Comprehensive Statutory Framework Takes Shape

Cayman made a decisive leap forward in February 2026 with the publication of three coordinated legislative amendments: the **Mutual Funds (Amendment) Bill 2026**, **Private Funds (Amendment) Bill 2026**, and the **Virtual Asset (Service Providers) (Amendment) Bill 2026**. Together, these introduce long-awaited statutory clarity for tokenised investment fund structures. Until now, ambiguity surrounding whether tokenised fund interests could fall under the Virtual Asset (Service Providers) Act (Vasp Act) created uncertainty for managers and promoters. The new bills confirm that tokenised mutual and private funds remain regulated under the traditional funds framework, not the Virtual Asset Service Providers (VASPs) regime, and are therefore treated as standard equity or investment interests, just in digital form.

The reforms make clear that tokenisation is simply a technology enabled representation of an investor’s ownership interest and does not alter underlying investor rights or regulatory obligations. This clarity supports operational improvements, such as enhanced recordkeeping, automated transfer restrictions, faster settlement, and streamlined onboarding, while preserving core AML/countering the financing of terrorism (CFT) protections.

Industry commentary notes the reforms are expected to stimulate renewed institutional interest after some tokenisation activity had temporarily shifted to competing jurisdictions in recent years. Cayman is now positioned to reassert itself as the leading global hub for regulated tokenised fund formation.

### VASP Regulatory Regime – Licensing, Oversight and Increasing Maturity

The **VASP Act** continues to evolve, with Phase 2, the introduction of full licensing for virtual asset trading platforms and custodians, now firmly in effect. As of February 2026, 19 VASPs are registered with CIMA, marking steady adoption of the regime. The first licences for trading and custody platforms were issued on 5 February 2026, underscoring the accelerating maturity of Cayman’s digital-asset service ecosystem.

CIMA has increased its supervisory activity through risk-based on-site inspections, thematic desk-based reviews, and strengthened expectations around AML/CTF, cybersecurity, governance, and Travel Rule compliance. The 2024–2025 Desk-Based Review highlighted key areas for improvement across VASP governance and controls, reinforcing that ongoing compliance remains a strategic priority as the regime matures. VASPs must now submit annual AML Returns and quarterly Travel Rule filings, with CIMA leveraging automated analytics tools to monitor cross-border activity and risk scoring. The message is clear: **Cayman will support digital asset innovation, but firms must be prepared to operate to increasingly rigorous international standards.**

### Cayman Crypto Week 2026 – Regulation, Innovation and Global Momentum

Held from 9–13 February 2026, Cayman Crypto Week showcased the jurisdiction’s growing prominence in digital assets. Speakers highlighted Cayman’s regulatory edge, particularly the VASP regime and the newly published tokenised fund amendments, as key drivers attracting global crypto trading, custody, and Web3 firms. Blockchain.com and other major participants noted Cayman’s shift from a regulatory-arbitrage destination to a credible, sophisticated jurisdiction with clear, enforceable standards. The event underscored Cayman’s ongoing balancing act: **fostering innovation while upholding stringent FATF-aligned oversight.**

## Securities Investments Business Registered Persons – Prudential Information Survey

CIMA published an Industry Notice advising entities registered as Registered Persons to submit the Prudential Information Survey for the 2025 calendar year via the REEFS Portal by 31 March 2026. A Completion Guide, which provides technical assistance and additional guidance on the completion of the survey, is available on CIMA’s website. The introduction of the Prudential Information Survey does not replace the requirement for Registered Persons to submit their Annual Declaration for the same reporting period that was due by 15 January 2026. Waystone is able to assist with completion of the survey. Please feel free to reach out to your Waystone contacts. It is anticipated that the Prudential survey will be an annual requirement for SIBA RP’s.

## CIMA’s 2026 Outsourcing Thematic Review: Key Lessons for Regulated Entities

In January 2026, CIMA released its Thematic Review on Outsourcing, assessing how regulated entities are implementing the requirements of the *Statement of Guidance – Outsourcing*. While outsourcing continues to play an important role in Cayman’s financial services industry, the review highlights that many entities still fall short of expected standards.

The Statement of Guidance – Outsourcing applies to all Regulated entities except for:

1. Regulated mutual funds as defined in the Mutual Funds Act (as amended)
2. Private Trust Companies as defined in the Private Trust Companies Regulations (as amended)
3. Private Funds as defined in the Private Funds Act (as amended).

According to CIMA, areas of strong practice observed included:

- Annual review and approval of outsourcing policies, and documentation of Board oversight through meeting minutes
- Documented risk assessments

- Well documented and signed, legally binding agreements with clear scope of services, responsibilities, reporting and insurance requirements
- Service provider due diligence
- Robust confidentiality clauses in SLAs.

On the flip side, key recurring weaknesses were identified in the following areas:

- Inclusion of full essential provisions in outsourcing agreements
- lack of evidence of accountability in reviewing outsourcing policies
- infrequent or poorly documented risk reviews and risk assessments
- lack of assessment of Service Providers
- insufficient oversight of intra-group outsourcing and failure to notify CIMA of new or terminated outsourcing arrangements.

CIMA encourages regulated entities to strengthen their outsourcing frameworks by:

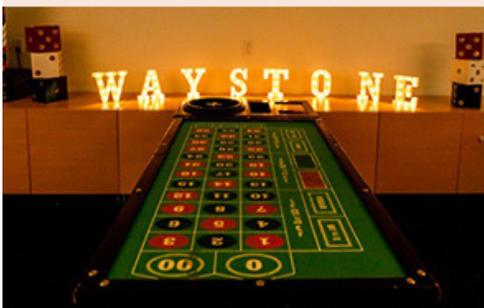
- Ensuring outsourcing agreements meet all regulatory expectations
- Enhancing governance, including regular Board oversight and maintenance of comprehensive outsourcing logs
- Conducting meaningful, well-documented risk assessments and due diligence
- Establishing robust oversight of intra-group arrangements
- Implementing internal controls to ensure timely notification to CIMA of outsourcing changes.

For further detail, entities are encouraged to review the [Statement of Guidance – Outsourcing](#) and [CIMA's Full Thematic review](#).

## Waystone Updates

### Waystone Casino-for-a-Cause Night

Waystone Cayman recently hosted its *Casino-for-a-Cause* evening at our new [Six Cricket Square office](#), bringing colleagues, partners, and friends together for a night of connection and friendly competition. Guests enjoyed cocktails, canapés, and casino-style games, all in support of the [NCVO](#) and its vital work within the Cayman community.



Thanks to the generosity and participation of attendees, the event contributed meaningfully to initiatives that support children and families across the islands.

## Upcoming Director Travel

As part of our ongoing global activity, several directors will be traveling internationally in the coming months. Their upcoming schedules are outlined below.

### March

- [Alaina Danley](#) – Boston & Texas
- [James Kattan](#) – London
- [Fortune Muhlenga](#) – Hong Kong
- [Roman Ipfling](#) – Hong Kong

### May

- [Julianne Recine](#) – New York (Waystone Compliance Breakfast event) & Chicago
- [Ivana Faltysova](#) – New York (Waystone Compliance Breakfast event)
- [James Kattan](#) – New York
- [Paras Malde](#) – San Francisco & New York
- [Charl Grobler](#) – San Francisco
- [Claris Ruwende](#) – Chicago
- [Sophia Dilbert](#) – Hong Kong & Japan
- [Yumi Dube](#) – Hong Kong & Japan
- [Lynden John](#) – Los Angeles, Hong Kong & Singapore

If you would like to meet with any of the directors, please contact your usual Waystone representative.

## Questions?

If you have any questions regarding any of the topics covered or would like to learn more about how Waystone can help you meet your regulatory obligations, please reach out to your usual Waystone representative or contact our [Cayman Solutions](#) team via the link below.

[Contact Us →](#)