



Cayman Islands Update – Q2 2026

Welcome to our update, providing a quarterly review of a wide range of Cayman Islands related regulatory and compliance developments, including key news, guidelines and significant updates.

In Q2 2026, the regulatory landscape continues to evolve, with a strong focus on transparency, reporting obligations and supervisory oversight. This edition highlights the implementation of amendments to the Common Reporting Standard aligned with CRS 2.0, the introduction of CIMA's 2026 AML Survey, and ongoing preparations for the Cayman Islands' 2027 FATF mutual evaluation. We also cover proposed reforms to the Securities Investment Business Act, updates to CIMA's investment fund fee framework, and continued growth across the funds and digital asset sectors.

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

Regulatory Updates and Key Developments

Reminder: Amendments to the Cayman Islands Common Reporting Standard Regulations

From 1 January 2026, the amendments announced by the Cayman Islands Department of International Tax Cooperation (DITC) to the Common Reporting Standard (CRS) Regulations in the Cayman Islands took effect with certain provisions applying in 2027. The changes will directly affect Financial Institutions (FIs), crypto asset service providers, and compliance teams operating in the jurisdiction. These amendments have been introduced to align the Cayman Islands CRS regime with amendments to the CRS adopted by the Organisation for Economic Co-operation and Development in August 2022 (CRS 2.0).

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

Key CRS Amendments

The following amendments represent important compliance changes that FIs 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

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

CRS Reporting Deadlines

From the 2026 reporting year, 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
- Legal person:
 - (i) Incorporated, registered, or established in the Cayman Islands
 - (ii) Maintains a physical address in the Cayman Islands (not solely a mailing or correspondence address).

An extension to the transition period was confirmed whereby all FIs must now ensure that they have appointed a person in the Cayman Islands as PPoC and have notified the Authority of the details of such person by 31 January 2027. Based on existing guidance, failure to provide details of the PPoC in the Cayman Islands may result in administrative penalties of US\$12,200 (CI\$10,000).

Waystone has an efficient solution for those entities needing AEOI support or need Cayman resident PPOC. Please reach out to your Waystone contact for further details.

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 Ongoing Monitoring Obligations

The amendments formalise a continuing obligation to keep the DITC portal information up to date. Where any information in an FI's registration changes (for example, FI classification, contact details, PPoC, Authorising Person, service provider), the FI must file a change notice within 30 days of the change occurring. Failure to do so may result in administrative penalties of US\$12,200 (CI\$10,000). Penalties are capped at CI\$50,000 (USD\$60,000). Offences now include providing incomplete, incorrect, or unreliable information to the DITC.

Penalty and Enforcement Changes

The amendments tighten enforcement measures. An FI that fails to file a CRS return and / or CRS Compliance Form by the statutory deadlines may be subject to immediate penalties of up to US\$12,000 (CI\$10,000) per breach in accordance with existing guidance.

Penalties may now be imposed immediately, without provision of a prior "breach notice".

Crypto Asset Reporting

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

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

CIMA Introduces the 2026 AML Survey for SIBA Registered Persons

The Cayman Islands Monetary Authority ("CIMA") has launched its 2026 Anti-Money Laundering ("AML") Return, the AML Survey, for Securities Investment Business Act ("SIBA") Registered Persons on 1 June 2026.

The survey forms a key part of CIMA's regulatory oversight and supports its ongoing sector-wide assessment of AML, CFT, CPF and sanctions risk. The survey is a single consolidated return containing more than 400 questions, requiring detailed operational and compliance input. The submission deadline for the AML Survey is 31 July 2026 (UTC-05:00). Failure to comply with this information request under Regulation 53A(1) of the Anti-Money Laundering Regulations ("AMLRs") may constitute a criminal offence and/or result in administrative fines.

Reminder: Obligation for independent AML Controls Reviews/Audits under the AMLRs

All Financial Services Providers ("FSPs") in the Cayman Islands must comply with the AMLRs which require an independent audit function to assess the effectiveness of the systems and controls for AML/CFT/CPF and sanctions compliance. It is mandatory, risk-based, and applies broadly across regulated entities, with frequency determined by the FSP's nature, size, complexity, and risks identified during the risk assessments. The audit must be conducted independently of operational and compliance roles or may be outsourced, subject to compliance with CIMA's outsourcing requirements, to external service providers if the FSPs do not have an internal audit function. Failure to conduct independent AML control reviews/audits in accordance with the AMLRs can result in significant criminal penalties and administrative fines.

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

The Cayman Islands is actively preparing for its 5th-round Mutual Evaluation, scheduled for 2027. The upcoming 5th-round evaluation by the Caribbean Financial Action Task Force - the FATF's regional body - places a heavy emphasis on the "effectiveness" of the Cayman Islands' implementation of laws, regulations and other measures, notably those relating to Anti-Money Laundering, Combatting the Financing of Terrorism, and Counter Proliferation Financing and sanctions. The Cayman Islands Government established a new Office for Strategic Action on Illicit Finance (OSAIF), to strengthen the jurisdiction's coordinated approach to effectiveness and alignment with FATF and other international standards.

The OSAIF stated that it is expected that particular attention will be paid to areas where the FATF standards have changed, such as:

- risk assessments
- emphasis on simplified due diligence, where appropriate
- strengthened requirements around beneficial ownership information, including:
 - requirements for competent authorities to have timely access to beneficial ownership information legal persons that present ML/TF risks
 - greater transparency around the use of nominee arrangements (shareholders or directors)
 - ensuring competent authorities have timely access to adequate, accurate and up-to-date beneficial ownership information on trusts.

Update on Cayman Islands Investment Funds

According to the [CIMA website](#) the number of open-ended investment funds regulated in the Cayman Islands has passed 13,000, reaching 13,013 at 30 June. The total includes 9,000 registered mutual funds, 3,174 master funds, 554 limited investor funds, 246 licensed mutual funds and 39 administered mutual funds.

The Cayman Islands has observed a growing interest in tokenised funds – with Cayman Finance reporting that nine tokenised investment funds are now registered with the Cayman Islands Monetary Authority (CIMA). The number of tokenised funds is expected to increase after amendments to the Virtual Asset (Service Providers) Act, the Mutual Funds Act and the Private Funds Act were passed in March 2026.

CIMA Fee Update: Investment Funds FAQ Revisions

On 30 April 2026 CIMA published updated Investment Funds FAQs to reflect the revised fee schedule applicable to mutual funds and related fund structures.

Updated Fee Framework

The updated FAQs confirm the current registration and annual fee structure for regulated funds, including:

- **Registered, Administered, Licensed and Limited Investor Funds:**
CI\$4,125 (US\$5,030.49) annual fee + CI\$300 (US\$365.85) administrative fee
- **Master Funds:**
CI\$3,075 (US\$3,750) annual fee + CI\$300 (US\$365.85) administrative fee
- **Sub-funds (where applicable):**
CI\$750 (US\$914.63) per sub-fund.

These updates align with the broader fee revisions introduced for 2026, reflecting increased regulatory oversight and a move toward greater consistency across fund categories.

What This Means for Clients

Clients should expect:

- Revised fee levels now reflected in CIMA billing and service provider invoices
- Consistent application of administrative and sub-fund fees across structures
- Continued transition toward a simplified and more transparent fee framework.

We recommend that clients review their current fund structures and budgeting assumptions to ensure alignment with the updated fee schedule.

For further details, please refer to CIMA's FAQs: <https://www.cima.ky/investment-funds-faqs>

Waystone continues to monitor these developments closely and remains available to support any queries or impact assessments.

Consultation on Proposed Amendments to SIBA

The Cayman Islands Government has launched a new consultation on proposed amendments to the Securities Investment Business Act. The Ministry of Financial Services and Commerce (the Ministry) issued the consultation by email on 7 May, seeking industry feedback on the draft Securities Investment Business (Amendment) Bill, 2026. The consultation closed on 22 May 2026. The Ministry conducted an initial round of industry engagement in late 2025. Following feedback from this process and an assessment by CIMA, a revised draft bill was released for further consultation to ensure the changes are practical and scale effectively.

The Government said the amendments are part of efforts to strengthen the Cayman Island's position as an international financial centre and that the proposed reforms are intended to enhance supervision of registered persons, including in capital adequacy, liquidity management, business conduct, internal controls and safeguarding client assets.

Key Proposed Changes

- **Expanded Prudential Requirements:** Core conduct and prudential rules that previously only applied to licensed entities would extend to Registered Persons, including minimum capital and liquidity standards, audited financials, mandatory filing of regulatory returns and compliance certificates, and approval requirements for changes of auditors and change of directors or senior officers as well as removing the option for registered persons to appoint corporate directors
- **Ownership and Governance:** Registered Persons must obtain prior approval from CIMA before any transfer, issuance, or disposal of shares that results in a holding of 10% or more.
- **Risk-Based Oversight:** Introduction of a risk-based and proportional approach to registration and supervision to ensure oversight matches the scale of operations.

Waystone Updates

This quarter, Waystone's Cayman team continued to engage across key markets through client meetings, industry events and collaboration with stakeholders in the Americas, Asia and Europe. These touchpoints provided valuable opportunities to connect with industry partners, strengthen relationships with clients and work closely with our international colleagues who support Cayman Solutions services from across Waystone's global network.

The team also supported local Cayman community initiatives during the quarter, including sustainability and charity-focused activities.

Waystone Cayman Drinks Reception/GAIM Ops

Waystone hosted its annual Cayman drinks reception during GAIM Ops, continuing a long-standing tradition of bringing together clients, industry peers and members of the alternative investment community at the start of the conference week.

The reception provided a relaxed opportunity to reconnect with longstanding clients and partners, strengthen relationships across the Cayman funds community and welcome attendees ahead of GAIM Ops.

AIMA Annual Forum – Japan

Waystone sponsored and attended the AIMA Japan Annual Forum, where the team joined industry participants for discussions on key themes shaping the alternative investment and asset management sectors.

[Sophia Dilbert](#), Director at Waystone, also joined the panel “Global Insights: The Evolving World of Fund Regulation,” sharing perspectives on global regulatory trends and practical considerations for investment managers navigating the future of fund regulation.

SuperReturn CFO/COO North America – Chicago

Waystone sponsored and attended SuperReturn CFO/COO North America in Chicago, where leaders across finance, operations and compliance gathered to discuss the evolving private markets landscape.

[Tyler Dennin](#), Executive Director and Head of Private Markets Fund Accounting at Waystone, joined the panel “Private markets 2.0: assessing the market,” sharing perspectives on operating models, governance and scalable infrastructure across private capital.

Cohen & Co. Roundtable – Chicago

Waystone co-hosted a lunch roundtable with Cohen & Co. focused on the legal, regulatory, compliance and governance priorities shaping the year ahead for asset managers.

[Angela Leyesa](#), US Head of Compliance Solutions at Waystone, [Julianne Recine](#), Director at Waystone, and [Claris Ruwende](#), Director at Waystone in the Cayman Islands, joined the speaker lineup, sharing perspectives on practical compliance considerations, scalable governance frameworks and common compliance gaps.

Help For Children Fundraiser – San Francisco

Waystone attended the Help For Children Fundraiser in San Francisco, supporting the organisation's work with the alternative investment community to prevent and treat child abuse.

Waystone and Cayman Finance Drinks Reception – New York

Waystone and Cayman Finance co-hosted a rooftop drinks reception in New York, bringing together clients, industry peers and members of the Cayman Islands delegation for an evening of networking and discussion.

The event provided an opportunity for meaningful engagement across the alternative investment community, with attendees including the Honourable Andre Ebanks, Premier of the Cayman Islands and Minister of Financial Services and Commerce, as well as representatives from the Cayman Islands Monetary Authority.

Morgan Lewis Annual Conference – New York

Waystone attended the Morgan Lewis Annual Conference in New York, joining industry leaders and market participants for discussions on developments affecting the investment management sector.

Seward & Kissel Digital Assets Symposium – New York

Waystone attended the Seward & Kissel Digital Assets Symposium in New York, which brought together market participants to discuss trends, opportunities and regulatory considerations across the digital assets landscape.

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 →](#)