

## 2016 ANNUAL CLIENT MEMO

This memorandum covers the following topics of interest to our clients.

**■ 2016 Update****– Trident Offices and Services**

- Trident Group Worldwide Offices
- Trident Fund Services Website
- Services Rendered by Trident
- Amended Annual Fees
- Software Platforms
- SSAE 16/ISAE 3402 Review (Service Organization Control 1 or “SOC 1”)

**– Cayman Islands Jurisdiction**

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- Common Reporting Standard (CRS)
- AIFMD and Cayman Funds
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- Voluntary Liquidations, Mutual Fund Deregistrations and Audit Waivers
- Important Reminders and Updates

**■ Authorisation by Client of Annual Return submission by Trident to Registrar of Companies****■ Annual Fee Payment Procedures****■ Continuing Statutory Obligations of certain types of Cayman Islands Entities:**

- Investment Funds
- Exempted Companies
- Limited Liability Companies
- Exempted Limited Partnerships
- Vessels Registered in the Cayman Islands

*This memorandum is intended to provide general information and guidance for the clients of Trident Trust Company (Cayman) Limited. It does not purport to be comprehensive or to render legal advice. Please contact us if you require additional information.*

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2016 Update  
Trident Offices  
and Services**Trident Group Worldwide Offices**

The Trident Group currently has 34 offices in 24 jurisdictions worldwide: Bahamas, Barbados, British Virgin Islands, Canada, Cayman Islands, Cyprus, Dubai, Guernsey, Hong Kong, Isle of Man, Jersey, Luxembourg, Malta, Mauritius, Nevis, New Zealand, Panama, Seychelles, Singapore, Spain, Switzerland, United Kingdom, United States, US Virgin Islands. Click [here](#) for contact details.

**Trident Fund Services Website**

The Trident Fund Services website, [www.tridentfundservices.com](http://www.tridentfundservices.com), provides information on the Trident Fund Services brand and demonstrates the scale of our fund services business worldwide. Trident currently provides services to more than 400 funds in 10 fund domiciles globally with assets under administration in excess of \$30 billion. In addition to the services listed on our website we have also prepared an extensive Capability Statement detailing all aspects of our Fund Administration Services in the Cayman Islands. We would be pleased to forward a copy on request.

**Services Rendered by Trident In the Cayman Islands**

Trident offers the following services in the Cayman Islands:

- Company formation
- Partnership registration
- LLC formation
- Company, LLC and partnership administration
- Fund administration for mutual funds and private equity funds
- Registrar and Transfer Agent services for mutual funds and private equity funds
- Trustee and trust administration
- Vessel registration and administration services
- Cayman aircraft registration services
- "Cayman Office" domiciliary services
- Voluntary liquidation services
- Document legalisation services
- Custodial services
- General Registry and Grand Court searches
- Service of Process Agent
- Assistance with FATCA and CRS reporting

**Amended Annual Fees**

Effective October 1, 2016 our annual representation and formation fees for Cayman companies will increase by approximately 10%. This is the first time we have increased these fees in more than five years. During this time the cost of delivering these services has risen substantially, driven in particular by increasingly complex and demanding compliance procedures, and the infrastructure required to process and protect the information gathered to meet these evolving regulatory requirements. The new annual representation fees will be reflected in the next annual fee invoice you receive. Please click [here](#) to view our updated Fee Schedule for Cayman companies.

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**Software Platforms**

Trident operates the following industry-standard specialist software in addition to its normal suite of applications:

**Advent Geneva®**

Provides full investment, accounting and operational support for the most comprehensive investment instrument coverage in the industry. All portfolio accounting and reporting can be performed in real time and the unified data model for the investment and general ledgers ensures immediate access to full financial accounting including positions, performance, financial accounts, P&L balances and more.

**Geneva World Investor/Hybrid®**

Integrates seamlessly with Geneva to perform comprehensive investor accounting, manage investors, automate reporting and calculate performance and incentive fees with a comprehensive streamlined workflow. Geneva World Investor/Hybrid is a proven, industry-standard solution for global investor accounting and reporting.

**IntraLinks®**

Provides a web based solution for accessing fund and investor documentation providing secure rapid distribution of important documents, a centralized historical repository of past documents and the ability to access documents securely from anywhere around the world at any time.

**SSAE 16/ISAE 3402 Review (Service Organization Control 1, or "SOC 1")**

For the seventh year Trident Cayman has engaged the services of Ernst & Young to carry out its annual internal control review in accordance with Statement of Standards for Attestations Engagements No. 16, Reporting on Controls at a Service Organization ("SSAE 16"), of the American Institute of Certified Public Accountants. Ernst & Young's examination is also performed in accordance with International Standard on Assurance Engagements No. 3402, Assurance Reports on Controls at a Service Organization ("ISAE 3402"). These examinations cover our fund operations and a copy of the report is made available to clients, prospective clients, or their auditors, on request.

**2016 Update  
Cayman Islands  
Jurisdiction**
**Foreign Account Tax Compliance Act ("FATCA")**

Cayman signed Inter-governmental Agreements ("IGAs") with the US and UK in November 2013 and passed domestic legislation in July 2014 governing the automatic exchange of tax information with the US and UK Governments.

In addition, the Cayman Islands FATCA Working Group has produced comprehensive Guidance Notes on the International Tax Compliance Requirements of the Intergovernmental Agreements. Cayman based Financial Institutions that meet the requirements set out in the IGA and in Cayman domestic implementing legislation will not be subject to the 30% withholding tax on US source income or investment proceeds imposed by the FATCA regulations upon non-compliant Financial Institutions. However, this does not impact the imposition of usual withholding taxes under the US Internal Revenue Code.

Under the Cayman Islands Intergovernmental Agreements with the US and UK all Foreign Financial Institutions ("FFI"), which include investment funds, as well as many trusts and a proportion of their underlying entities, and Trident Trust Company (Cayman) Ltd, have an obligation to report to the Cayman Tax Information Authority. If an FFI chooses not to report it commits an offence and is liable on summary conviction to a fine of \$5,000, or to imprisonment of key individuals for a term of two years, or to both.

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Penalties are to be assessed on the Reporting Financial Institution and the individuals considered to have committed the offence. A reporting financial institution shall, in respect of 2014 and every following calendar year: prepare a return setting out the required information in relation to every reportable account that is maintained by the institution at any time during the calendar year in question; the institution's Global Intermediary Identification Number; and certain other representations required under the law. If during the calendar year in question the reporting financial Institution maintains no reportable accounts no filing is required. The reporting financial institution shall send a return to the regulator on or before 31st May of the year following the calendar year to which the return relates. The information required to be in the return is as follows:

- (a) the name and address of the account holder;
- (b) where applicable, the account holder's US or UK taxpayer identifying number and date of birth;
- (c) if an account is identifiable by an account number, that number or, if not, its functional equivalent;
- (d) the balance or value of the account, or if the account was closed during the year, the balance or value on the date that the account was closed;
- (e) the relevant total gross credits during the year, or if there are none, a statement of that fact; and
- (f) if the account holder is a passive nonfinancial foreign entity that has a controlling person who is a specified person, the name and address of that specified person, and, if that person is an individual, that person's US or UK taxpayer identifying number and date of birth.

In order to comply with our obligations Trident will be requesting the completion of Self-Certification Forms. These Forms must be completed by all Settlers, Protectors and relevant Beneficiaries where Trident provides Trustee services and all Shareholders where Trident provides nominee shareholder or custody services. Additionally Trident may also be asking for such forms to be completed for any FFI it manages. Failure to complete the Forms may result in the party being deemed as non-compliant.

**Common Reporting Standard ("CRS")**

The Cayman Islands enacted regulations in October 2015, implementing the Common Reporting Standard (CRS), effective January 1, 2016, in compliance with OECD requirements. As of September 2016 101 jurisdictions have committed to participate in the Automatic Exchange of Information ("AEOI").

According to the Guidance Notes issued by the Tax Information Authority, due diligence on pre-existing accounts should have been completed by June 30, 2016, whereas any new accounts as of January 1, 2016, are required to be reviewed under the CRS regulations.

The first reporting from industry to the Department for International Tax Cooperation (DITC) is anticipated to be required by 31 May 2017, under the local regulations, and will be in similar format to the FATCA reporting.

**AIFMD and Cayman Funds**

The Alternative Investment Fund Managers Directive (AIFMD) is EU legislation that has introduced a common regulatory regime across the EU for Alternative Investment Fund Managers. The Directive affects any Cayman fund that markets to EU investors or is judged to be managed from the EU. The Cayman Islands has agreed AIFMD co-operation arrangements with the European Securities and Markets Authority (ESMA) which allow it to sign individual Memoranda of Understanding with individual EU regulators. The Cayman Islands Monetary Authority has now signed individual AIFMD-related

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MoUs with the majority of European Union members. These MoUs with national regulators, as well as additional reporting and transparency requirements, are a prerequisite for managers of Cayman funds looking to continue marketing to European investors through the individual national private placement regimes (NPPRs).

The Cayman Islands is now implementing legislation to establish an opt-in regime for regulating Cayman Islands-domiciled investment funds and managers with connections to the European Union (EU), in order to facilitate the extension of the EU's AIFMD passport to the Cayman Islands. However this passport has not yet been extended to Cayman as ESMA in its July 2016 advice has taken the view that, whilst the draft legislation is positive, it cannot give definitive advice until the final AIFMD-like regulatory rules are in place. Until such time that the AIFMD passport is extended to the Cayman Islands, Cayman investment funds may continue to be marketed in the EU under NPPRs. Funds intending to market to professional investors in these countries should analyse the constraints and requirements of the NPPRs of the countries concerned. These arrangements are meant to continue until at least 2018.

Members of our EU team are available to discuss with you the implications of the AIFMD and the options and actions you may need to consider. To schedule a discussion, please contact our Cayman office or your usual Trident Fund Services representative.

#### **Directors Registration and Licensing**

The Directors Registration and Licensing Law requires that the directors (both natural persons and corporate directors) of certain regulated entities be either registered or licensed with the Cayman Islands Monetary Authority ("CIMA") in accordance with the Law. On or before 15 January of each year, each registered or licensed director (whether they are a natural person or corporate director) must provide CIMA with information in a prescribed form and pay their annual fee. CIMA has implemented a system to send an email to all registered/licensed directors reminding them of the requirement to pay the annual fee. Directors who do not pay the annual fee on or before 15 January will be charged a penalty surcharge of one-twelfth of the annual fee for every month or part of a month that the fee remains unpaid. Failure to pay the annual fee does not result in the de-registration of a director under the Law. If a director wishes to de-register he may surrender his registration upon application to CIMA in the prescribed form and upon payment to CIMA of a de-registration fee. If a director is considering de-registration and is able to do so prior to year end, he will need to have completed the process prior to 31 December in order to avoid the next year's annual fees becoming due and payable.

#### **Significant Amendments to Existing Laws**

##### **The Companies (Amendment) Law 2015**

The period of time in which companies must notify the Cayman Islands Registrar of Companies of any changes to its directors and officers has been extended from 30 to 60 days. The maximum penalty payable per company for late filing of notification of changes to directors and officers has been reduced to US\$609.76 and the aggregate penalty for late filings for a group of five or more companies, providing the filings are on the same day, is now capped at US\$3,048.78 to be split equally between the companies.

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**New Laws****Limited Liability Companies**

The Limited Liability Companies Law (2016) came into effect on July 13, 2016. The Cayman Islands Limited Liability Company (or "LLC") is a new type of vehicle available in Cayman. The new LLC offers a combination of features present in the existing Cayman Exempted Company and the Cayman Islands Exempted Partnership, and is based largely on the form of a Delaware Limited Liability Company. Key features of the LLC are that it will be a separate legal entity with separate legal personality (like a company) and its members will have limited liability, providing flexible governance arrangements and capital account mechanics in a manner similar to a limited partnership. Registration of the Cayman LLC is a simple process, and requires the filing of a registration statement and payment of a registration fee. The constitution of the LLC is the LLC Agreement, which will remain a private agreement and is not required to be filed with the Registry. The LLC is required to maintain a Register of Members, Register of Managers (the directors), and a Register of Mortgages and Charges, however only the register of Managers is required to be filed with the Registry. The LLC Law permits Cayman Exempted Companies to be converted into an LLC, transfer by way of continuation of LLCs into and out of the Cayman Islands, and for the merger and consolidation of LLCs. The related Government fees are: Registration, US\$975.61, Annual Government, US\$975.61.

**Confidential Information Disclosure Law, 2016**

The Cayman Islands' Confidential Relationships (Preservation) Law was repealed on 22 July 2016 and replaced by a new statutory confidentiality regime in the form of the Confidential Information Disclosure Law, 2016. The new framework has been implemented as part of the Cayman Islands' commitment to being at the forefront of international standards on tax transparency as well as cooperation between taxation and law enforcement authorities globally.

**Abolishment of Bearer Shares**

The Companies (Amendment) Law (2016) came into effect on May 13, 2016, abolishing bearer shares. Bearer shares issued by a company had to be converted to registered shares before July 13, 2016, and the issue of any new Bearer Shares by a company were prohibited after May 13, 2016. Bearer Shares not converted to registered shares by July 13, 2016, are now null and void.

**Cayman Islands Statistics**

The number of active companies on the Cayman Islands company register has exceeded 100,000 for the first time, and there are now more than 19,000 active partnerships in the territory.

At the end of the second quarter, 101,430 companies were listed as active, three per cent more than a year earlier and 2.6 per cent more than at the end of 2015, according to figures from the territory's company registry, the Cayman Islands General Registry.

New partnerships registered in the Cayman Islands increased by one per cent in the 12 months to June compared to the same period last year. A total of 3,334 new partnerships were incorporated during the past year, continuing the trend of uninterrupted annual growth since 2009/10.

As of July 1, 2016, 923 new partnership were registered, significantly exceeding the 588 partnership terminations. The net result is that there are now more than 19,000 active partnerships registered in the Cayman Islands.

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The newly introduced limited liability company form attracted 21 registrations in the first month, while the number of trusts on the register dropped by one percent to 1,784 in the first two quarters of this year. This continues a trend of small declines since 2014.

According to the Cayman Islands Monetary Authority (“CIMA”), there were 11,019 funds licensed or registered with CIMA, as at June 30, 2016 of which 2,882 were master funds. There were 176 Banks registered and 738 Insurance Licenses issued as at June 30, 2016.

This is a testament to the worldwide recognition of the quality of Cayman’s financial Industry.

**Changes to Government Fees**

The Cayman Islands Government is in the process of reviewing government fees as part of their 2016/2017 annual budget process. As of the publication of this Annual Memo this process has not been finalized and the impact on 2017 government fee charges is not known. Once the 2017 fees have been published all clients will be notified of the impact, if any, to their portfolio.

**Taxation Status**

The Cayman Islands do not have any form of direct corporate, income, capital gains, payroll or property taxes. They continue to operate as a successful and transparent tax neutral jurisdiction from which to base international operations. No new direct taxes have been introduced in the past year.

**Tax Exemption Certificates**

Tax Exemption Certificates can be obtained for certain types of Trusts, Companies and Limited Partnerships for an application fee of US\$1,830. Such Certificates “exempt” the entity in question from any form of Cayman Islands direct taxation for 20-50 years depending on the type of entity. Although there is no current form of direct taxation in the Cayman Islands, these certificates provide assurance that any future direct taxation that may be introduced will not apply for the period granted. Where an entity no longer requires a Tax Exemption Certificate, it can be surrendered and our office should be notified accordingly. Tax Exemption Certificates which have expired may be renewed for the same number of years as the original certificate, at a cost of US\$1,830.

**Regulated Industries**

Any company, trust or partnership domiciled in the Cayman Islands or doing business within or from the Cayman Islands which offers the following services may be subject to licensing requirements and regulation by the Cayman Islands Monetary Authority (“CIMA”) unless they fall within the scope of the exemption categories contained in the relevant legislation:

- Insurance Services
- Banking Services
- Trustee Services
- Investment Fund Services
- Company Management Services
- Securities Investment Business
- Private Trust Companies



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Please contact us if you need to determine whether an entity with which you are associated may be subject to possible licensing by CIMA because of existing operations or proposed changes to its business activities. The CIMA website, [www.cimoney.com.ky](http://www.cimoney.com.ky), provides extensive information and copies of all the relevant laws online.

**Voluntary Liquidations, Mutual Fund Deregistrations and Audit Waivers**

In order to avoid the expense of annual 2017 government fees, entities who have ceased business and wish to be wound up and/or deregistered need to complete filings with the Registrar of Companies by January 31, 2017 and, in the case of regulated entities with the Cayman Islands Monetary Authority (“CIMA”), by December 31, 2016.

For termination filings with the Registrar, the operators of the entity need to make a decision whether to make a formal dissolution under Part V of the Companies Law, or whether to apply for a removal from the Register of Companies as a “Strike Off” by the Registrar pursuant to Part VI of the Companies Law. Clients are encouraged to contact our office as soon as possible if they wish for further information concerning the above choices.

CIMA regulated entities, if they wish to be considered for a partial year audit waiver in order to avoid the expense of a 2016 year-end audit, should commence their de-registration process and apply for and seek confirmation of a waiver from CIMA as early as possible. CIMA will consider applications for partial year audit waivers for terminating Funds on a case by case basis. If a request for an audit waiver is not granted, the Fund will need to allow for this, both in terms of the time required to prepare and submit the audited financials as well as the associated audit costs and additional year of government fees. Please contact your normal contact at our office if you need further information on CIMA termination.

**Important Reminders & Updates****Instructions for Sending Mail to the Cayman Islands**

All mail intended for delivery to Trident’s offices must use the following postal address:

Trident Trust Company (Cayman) Limited  
PO Box 847  
Grand Cayman, KY1-1103  
Cayman Islands

Mail which is sent without the P.O. Box and/or the postal code is liable to be “returned to sender” by the Post Office.

**Instructions for mail to entities registered at Trident’s offices**

If client entities registered with Trident wish to use Trident’s offices as a mailing address for their business activities, please ensure that the entity legal name is included within their published address. Please ensure that all relevant parties are aware of this requirement to avoid confusion in identifying the ownership of mail received.

**Know Your Customer Obligations**

Cayman Islands law requires Trident to have on file prescribed due diligence information concerning each of our corporate, trust and partnership clients and their directors, shareholders, partners, beneficial owners and other related parties including information which will confirm the tax domicile of the respective parties.



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The relevant regulations require that if the necessary due diligence information is not provided, a Financial Service Provider (“FSP”), such as Trident, must determine whether they wish to continue the relationship with the client in question. Failure to properly assess the status of non-compliant clients will place the FSP’s own licence in jeopardy and result in legal penalties. To meet these requirements we notify each of our clients where due diligence remains outstanding in order to make a determination as to our continued relationship. Time spent obtaining required outstanding due diligence information is billed at the appropriate rate for the staff member undertaking the work.

**General Terms of Business**

Our general Terms of Business are available on the Cayman Islands section of our Group website ([www.tridenttrust.com](http://www.tridenttrust.com)). Please note that the Terms of Business supplements the respective service agreements, which we have in place with each of our clients.

**Websites**

Our websites ([www.tridenttrust.com](http://www.tridenttrust.com) and [www.tridentfundservices.com](http://www.tridentfundservices.com)) feature information and news from the Cayman Islands and the other jurisdictions in which Trident provides services.

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**Authorisation of  
Annual Return  
Submission to  
Registrar of  
Companies  
by Trident**

All Cayman Islands companies and foreign registered companies must file an Annual Return with the Registrar of Companies. Trident will file your company's annual return with the Cayman Islands Government next year provided we have received payment of our annual invoice by no later than 31 December. **Please also note that payment of our annual invoice will constitute your authorisation for us to file the Annual Return.**

The Annual Return for each client entity will include the following representations, which Trident assumes to be true unless we have been specifically advised otherwise by you:

- that there has been no alteration in the company's Memorandum of Association, other than an alteration in the name of the company, or an alteration already reported in accordance with the law;
- the operations of the company have been conducted mainly outside the Cayman Islands; and
- the company has not, and will not, trade in the Cayman Islands (except in furtherance of its business outside the jurisdiction).

**Please notify this office immediately if any of these four representations is not correct with respect to your company.**

In paying Trident's invoice, the directors and shareholders also acknowledge that they are aware that it is an offence to make or permit a false annual return declaration. Such offences could expose the company, its shareholders, directors and officers to severe fines and penalties. The company could be liable to immediate dissolution and removal from the Register. Furthermore, all of its assets would then vest in the Cayman Islands Government.

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**Annual  
Fee Payment  
Procedures**

Trident's billing cycle for annual statutory charges and government fees runs from 1 October to 30 September in each year. This enables Trident to meet year-end government filing and payment deadlines. We would appreciate it if you could settle our invoices as soon as possible. To ensure prompt credit, your remittance should properly identify the entity to which it relates. This is important, as government charges penalties for late payment of annual fees. Payment of government fees can only be made if all of Trident's outstanding fees have been received and if we have been able to identify and credit the funds to your account.

For entities formed during the year, Trident prorates the annual statutory charges to bring them into line with our annual billing cycle. General administration services and related expenses are billed separately throughout the year.

All Trident fee notes are expressed in United States Dollars. They can be paid by a personal or corporate cheque drawn on a US or Cayman Islands bank account, by International Bank Draft or by a wire transfer. Cheques or Bank Drafts should be mailed to Trident Trust Company (Cayman) Limited, PO Box 847, Grand Cayman KY1-1103, Cayman Islands, ensuring that the name of the client or the invoice number is properly identified.

**Our Wiring Instructions****To:**

BNY Mellon, New York  
ABA Number: 021 000 018  
SWIFT BIC: IRVTUS3NXXX

**For the Account of:**

Butterfield Bank (Cayman) Limited  
Account: 803 326 5086  
SWIFT BIC: BNTBKYKYXXX

**For Final Credit to:**

Trident Trust Company (Cayman) Limited  
Account: 011 0103 4977

Reference: Trident invoice number and name of Cayman entity.

(Note: If full and correct details are not included we may not be able to credit your payment which will result in the funds being returned.)

Please contact our office accountant on 1-345-949 0880 or at [cayman@tridenttrust.com](mailto:cayman@tridenttrust.com) should you have any questions with respect to the above instructions.

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Continuing  
Statutory  
Obligations of  
Cayman Islands  
Investment Funds

**CIMA Registration**

Cayman domiciled entities (hereinafter “Regulated Funds”), which offer redeemable equity interests to investors will need to register as a mutual fund with the Cayman Islands Monetary Authority (“CIMA”) unless they fall within one of several exemptions.

The main exemptions from registration are (i) that the equity interests are not redeemable at the option of the investor; or (ii) that the Fund has fifteen or fewer investors who have the power by majority vote to remove the operator of the Fund, or (iii) if a foreign fund, the same is incorporated or established in a country approved by CIMA.

Cayman domiciled entities which hold investments and conduct trading activities and have one or more regulated feeder funds, as defined in the Mutual Funds Law (2015 Revision) (hereinafter “Master Funds”, and collectively with Regulated Funds hereinafter “Registered Funds”), are required to register as a Master Fund with the Cayman Islands Monetary Authority.

Please contact us immediately if you have any entity registered with us which issues redeemable equity interests and/or that falls under the definition of a Master Fund and which is not currently registered with CIMA.

**Audit Requirements for CIMA Registered Funds**

All registered Funds are required to file audited financial statements within six months of the Fund’s year-end together with an annual return. To reduce delays in finalising and filing the audited financial statements, particularly for Funds that have independent directors, please note:

**1. Director Approval of Financial Statements**

Draft audited financial statements need to be circulated to all Directors and to Trident for comment as soon as they are available. Even on those Funds where Trident is not performing NAV calculation services, we frequently have useful comments, especially with respect to the notes to the financial statements.

The Board of Directors as a whole is ultimately responsible for the Fund and will need to evidence its approval of the Fund’s financial statements and the related management representation letter to the auditors. The Cayman regulators require that the Directors formally approve the annual audited financial statements. Accordingly, the Fund’s audited financial statements should be signed off by the auditors, filed with CIMA, and distributed to third parties only after the Board of Directors has documented its approval of the audited financials.

**2. Management Representation Letters**

Auditors may request that Trident sign off on their standard audit representation letter. Such letters often contain representations on matters that fall outside our role and knowledge. In such cases Trident will provide a more limited audit representation letter. In addition, if the Fund has independent directors, they are likely to require some form of comfort letter from the Investment Manager, and possibly from Trident, before they approve the audited financial statements and the audit representation letter. Please notify us promptly about any request for administrator or director representation letters, to reduce the risk of delaying completion of the audit.

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**3. Electronic Reporting Initiative**

The Auditors, rather than the Administrator or Registered Office, are responsible for the electronic filing with CIMA of a Fund's audited financial statements along with the Fund's annual return. More information on the Electronic Reporting Initiative may be obtained from CIMA's website ([www.cimoney.com.ky](http://www.cimoney.com.ky)). Trident will require a copy of the electronic receipt from CIMA supporting the filing of Fund's financial statements with CIMA.

**4. Filing Extensions with CIMA**

Filing extensions for late reporting of audited financial statements, after the six-month filing deadline, will be granted by CIMA for a period of one month at a time. The first one-month extension is normally unquestioned, but should a further extension be required, CIMA will require a letter from the Fund's auditor explaining the reason(s) for the delay. In practice CIMA may approve a third one-month extension but only under special circumstances, and will not in practice approve extensions beyond the third month. There is a filing fee of US\$610 with respect to requests for filing extensions.

**Offering Document to be filed with CIMA**

Each Regulated Fund which is registered with CIMA, and each Master Fund that has a separate Offering Document, must have its current Offering Document filed with CIMA unless exempted by CIMA. The Document must describe in all material respects the equity interests which are being offered, and must contain sufficient information to allow a prospective investor to make an informed decision as to whether or not to subscribe. A Regulated Fund is not in compliance with this requirement if it is currently offering redeemable interests and the Offering Document on file has not been updated within twenty-one days with respect to material changes in the operations of the Regulated Fund or with respect to the prescribed details previously filed with CIMA.

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**Other CIMA Filing Requirements**

Other matters that must be notified to CIMA on a timely basis with respect to registered mutual funds include:

- Issuance of an updated Offering Document, a copy of which must be filed with CIMA. An update or supplement will in any event need to be made to the Offering Document in the event of material changes to the Fund's operations, directors, and key service providers.
- Resignation by a Director.
- Appointment of new Director. The notification letter to CIMA should include the resume/C.V. of the new Director.
- Change in Auditors. CIMA requires a letter from the resigning auditors stating the reason for the change, along with a letter of consent from the new auditors.
- Change to the Registered Office of the Fund.
- Change to the Principal Office of the Fund.
- Change to the Trustee of the Fund (for a Fund established as a unit trust).
- Change to the Administrator of the Fund. CIMA will require a letter of consent from the new Administrator.

A licenced Administrator also has a duty under Section 17 of the Mutual Funds Law to report to CIMA immediately if it knows or has reason to believe that a fund, or its promoter or operator, is carrying on business in a manner which is adverse to the best interests of the fund under one or more of the categories described within that Section.

**CIMAConnect e-portal for Financial E-Business**

CIMA has launched an e-business portal that enables online access for the completion and submission of requests for CIMA authorization, along with any required documents. The initial release is for the processing of new fund authorizations but over time further functional improvements will be made allowing for other types of requests to be submitted via the portal.

**CIMA Fees**

Mutual fund licence fees (generally US\$4,268 and US\$3,049 per annum for Regulated and Master Funds, respectively) are payable to CIMA by 15 January of each calendar year, after which date penalties are charged for late payment at the rate of one-twelfth of the annual fee per month.

**Due Diligence on Fund promoters and managers**

As part of Trident's due diligence procedures on the promoters and managers of mutual funds, we may require additional information from potential promoters and managers of new funds about their suitability to form and operate such funds. Trident's obligations to CIMA in this respect are set out in Section 16 of the Mutual Funds Law, 2013 Revision.

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 Continuing  
Statutory  
Obligations of  
Cayman Islands  
Exempted  
Companies

**Cayman Islands Registered Office**

Every company domiciled in the Cayman Islands must maintain a registered office in the Cayman Islands.

**Annual Fees & Returns**

An Annual Return must be submitted to the Registrar in January of each year following incorporation along with the appropriate annual return fee. As the Registered Office, Trident will attend to the filing of the annual return and all statutory compliance. See the section above entitled "Authorisation of Annual Return submission by Trident" for a description of representations within the Annual Return.

Please note: Annual returns cannot be submitted unless cleared funds have been received. Therefore, to ensure that the company does not fall into default, it is important to settle our invoices promptly.

**Penalties for Late Payment of Annual Fees or Late Filing of Returns**

(Based on the amount of the annual fee)

Up to 31 March	Nil
Between 1 April and 30 June	33.33%
Between 1 July and 30 September	66.67%
Between 1 October and 31 December	100%

A Certificate of Good Standing cannot be obtained after January 1st for a company with outstanding fees or returns.

**Failure to Pay Annual Fees to Registrar of Companies**

**A Company which has not filed its annual return or paid its annual return fee within 12 months of its due date is liable to be struck off the Register. Any assets held by a company which is struck off the Register automatically vests in the Cayman Islands Government.**

**Meetings**

Exempted Companies are not obligated to hold annual meetings of shareholders. The frequency and procedures relating to convening meetings of shareholders and directors are governed by the provisions of the Articles of Association. Note: Directors are no longer required by statute to hold an annual meeting in the Cayman Islands.

**Company Registers**

Under the Companies Law each company must maintain the following registers:

**Register of Directors & Officers**

This register contains the name, address, date of appointment and date of resignation of each director and officer. The register is not a public document although details of the directors and officers must be filed with the Registrar of Companies and be maintained at the registered office in the Cayman Islands.



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**Register of Shareholders**

This register contains the name and address of each of the company's shareholders; the number, type and class of shares held; whether shares are fully paid; the distinguishing number of shares (if any); the date of entry as a member, the date of transfer; and the person to whom the shares are transferred. The register is not a public document. The register may be kept in an electronic format or any other medium, and can now be freely maintained anywhere in the world. Although this is not required by statute the register is usually held at the registered office. Trident, as a regulated entity, requires, as a matter of "Know Your Customer" policy, that details of all shareholders and beneficial owners are held at the registered office and that all changes are notified to us promptly.

**Register of Mortgages & Charges**

This register contains details of the mortgages and charges specifically affecting the property of the company. If any mortgage or other form of security interest is granted, full particulars must be provided immediately and the register written-up. This register can be inspected by any member or creditor of the company and must be maintained at the registered office in the Cayman Islands. Security documents which are brought to or executed in the Cayman Islands will be subject to stamp duty.

**Filing Procedures****Penalties for Late Filing**

The Companies Law provides for daily penalties for non-compliance with a number of requirements (e.g., filing deadlines, requirement to have a registered office). There are statutory time constraints, either fifteen or thirty days, for due notification. For this reason, it is important to provide the information to the registered office promptly to avoid fines or penalties which will be levied pursuant to the Companies Law. The following events must be notified to the registered office in order that the Registrar of Companies may be notified and the appropriate fee paid.

As a general rule, only the Registered Office in the Cayman Islands may make filings with the Registrar of Companies. For this reason all significant corporate events should be notified promptly to us for the appropriate filing by us, if required, with the Registrar.

The time limits for notification of the following significant events are:

- Changes in the name of a company: 15 days
- Alterations to the Memorandum or Articles of Association: 15 days
- Any other special resolution passed by the shareholders: 15 days
- Changes of location of the registered office: 30 days
- Changes in directors or officers: 60 days
- Increases in the authorised capital of the company: 30 days

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Changes to penalties effective November 2, 2015:

Effective November 2, 2015, late filings relating to changes to the Register of Directors and Officers will attract a penalty against the Company of US\$609.76 on day 61, irrespective of the number of changes; maximum aggregate of penalty of US\$3,048.78 where the breach occurs with 5 or more companies. Note, however, if the Registrar is satisfied that the breach has been knowingly and willfully authorized or permitted, the penalty per company is US\$1,219.51 and US\$1,219.51 penalty for every director and officer of the company to which the breach relates, plus US\$121.95 for every day during which default continues.

Late filing of an increase in authorized share capital or the company having no registered office provider will incur a penalty of US\$12 per day, up to a maximum of US\$609.76.

**We strongly recommend that you pay careful attention to the reporting of all statutory obligations in order to avoid unnecessary penalty costs.**

### **Minute Book**

A minute book should be maintained. Although there is no requirement that the minute book be maintained at the Registered Office most companies follow this practice. The minute book and statutory records of the company should contain:

- Certificate of Incorporation (we retain the original Certificate of Incorporation for safekeeping)
- Certified copy of the Memorandum and Articles of Association
- Original or duplicate originals of the minutes of directors' and shareholders' meetings (and any attachments referred to in the minutes)
- Written resolutions of the directors and shareholders (and any attachments referred to in the minutes)
- The resignation letters of directors or officers
- Consent to Act letters for the directors and secretary
- Copies of share certificates as issued and the original share certificate stubs
- Share transfer forms, Applications for Shares and the Share Register
- Copies of Certificates of Good Standing or Incumbency (if obtained)
- Annual returns
- Tax concessions certificate

It is important to ensure that all relevant information and paperwork is provided to keep the statutory records up-to-date irrespective of where the documents originate. Maintaining all parts of the statutory records at the Cayman Registered Office will ensure compliance with the statutory obligations of the Company and expedite the issuance of legal opinions. Duplicate statutory records may be maintained.

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**Books of Account**

All companies must maintain proper books of account, although they need not necessarily be kept at the Registered Office. The books of account must be such as are necessary to give a fair and true view of the state of the company's affairs and explain its transactions. All books of account must be maintained for a minimum of five years from the date on which they are prepared. Failure to do so may result in a penalty of US\$6,097.56.

If a company is regulated by CIMA it must have its financial statements audited annually and lodged with CIMA by its auditors.

**Name**

The name of the company must be displayed at the Registered Office in the Cayman Islands. Where Trident provides the registered office, we will attend to this requirement.

**Company Seal**

A company may have a common seal. The previous statutory requirement for each company to have a common seal has been repealed.

If a common seal is used, the Articles of Association normally will provide that it be kept at the Registered Office. A duplicate seal may be approved for use outside the Cayman Islands when the directors are non-resident. This may be a facsimile of the common seal, which may, but is not required to, have imprinted the district, territory or place where it is to be used.

**Procedure to Change Directors & Officers**

Letters of resignation and Consent to Act letters should be sent to the Registered Office, along with the resolutions of the directors (or shareholders where a sole director has resigned) appointing new directors and officers and accepting the resignation of the retiring directors and officers. Copies of resolutions should be provided to the Registered Office promptly so that Trident can update the Register of Directors and Officers and make required filings electronically with the Registrar of Companies. There are significant penalties for late filing of changes of directors and officers.

Generally, directors may be removed by an ordinary resolution of the shareholders passed at a general meeting of the shareholders. An ordinary resolution requires a simple majority of those shareholders present and entitled to vote at the meeting voting in favour of the resolution. Officers may usually be removed by a resolution of the directors. Alternatively, directors and officers may be removed by resolutions signed by all shareholders or directors respectively, in lieu of a formal meeting.

The Articles of Association and minute book must be checked to ensure compliance with any special provisions relating to the appointment and removal of directors.

## 2016 ANNUAL CLIENT MEMO

**Alternate Directors**

Under an amendment to the Companies' Law which came into force in May, 2013, alternate directors and any changes thereof may be required to be notified to the Registrar of Companies, if the alternate director(s) fall within the definition under the Law. However, Alternate Directors are not required to be recorded on the Register of Directors nor filed with the Registrar of Companies if they fall within the following categories (a) their powers are limited to fulfil limited responsibilities; or are appointed for a specified period of less than 90 days; or (c) they are appointed to attend a particular meeting or series of meetings; or are appointed to sign a particular board resolution or series of board resolutions.

**Share Transactions**

The issuance of new shares is usually approved by a resolution of the directors. If the Registered Office maintains the Register of Members, the original resolution should be lodged with the Registered Office for entry to the Register of Members, along with a copy of the Minutes of the meeting at which the resolution was passed to enable the Register to be amended and the share certificate(s) issued. Shares must be issued in consideration of additional paid in capital. Shares may be issued at a premium.

If existing shares are transferred, a share transfer form must be signed and placed on the minute book. The directors should pass a resolution approving the transfer and issue of a new share certificate, which may not be issued until the old share certificate is surrendered to the registered office for cancellation, unless the shares are in registered form only and certificates are not issued.

The Articles of Association and minute book must be checked to ensure compliance with any restrictions on the transfer of shares.

## 2016 ANNUAL CLIENT MEMO

 Continuing  
Statutory  
Obligations of  
Cayman Islands  
Limited Liability  
Companies

**Annual Filings**

An LLC must file an annual return and pay an annual fee to the Registrar of Companies in January of each year following registration.

**Proper Books of Account**

An LLC must keep or cause to be kept proper books of account. Please refer to the section 'Books of Account' herein.

**Register of Members**

An LLC must maintain a Register of Members which contains the name and address of each member of the LLC, the date on which such person became a member, the date on which such person ceased to be a member, and the time and date of receipt of any notices in relation of security interests served. The register is required to be updated within 21 days of any changes to the register. The register is not open to public inspection and is not required to be filed with the Registrar, however provided where management of the LLC is vested in the members, the register of members must be filed with the Registrar. The register must be maintained at its Registered Office or at such other location provided under the LLC Agreement. The Registered Office must have a record of where the register is kept, where other than at the Registered Office, and be provided with updates to the register as changes occur.

**Register of Managers**

An LLC must maintain a Register of Managers which contains the name and address of each manager of the LLC, the date on which such person became a manager, and the date on which such person ceased to be a manager. The register is required to be maintained and kept at the Registered Office and a copy of the register is required to be filed with the Registrar.

**Register of Security Interests over LLC Interests**

An LLC must maintain a Register of Security Interests. The priority ranking of secured creditors will be based on the time and date of notice of such interest to the Registered Office. The register must be updated within 21 days of any change.

**Register of Contributions**

An LLC must maintain a Register of Contributions for each member. The register will set out the amount and date of contributions for each member, and the date of any return (whole or part) of such contributions. The register must be updated in 21 days of any change, and can be kept at any location, and is not open to public inspection unless otherwise provided under the LLC Agreement.

**Register of Mortgages and Charges**

An LLC must maintain a Register of Mortgages and Charges which must be kept at the Registered Office and reflect a true record of the all mortgages and charges of the LLC. Please refer to the section 'Register of Mortgages and Charges' under 'Company Registers' herein for further details.

## 2016 ANNUAL CLIENT MEMO

**Continuing  
Statutory  
Obligations of  
Cayman Islands  
Exempted  
Limited  
Partnerships**
**Residence**

Any one of the limited partners and the General Partner may be resident, domiciled, established, incorporated or registered in the Cayman Islands. However, at least one general partner must be resident in the Cayman Islands if an individual, or registered here (as a local or foreign corporation), if a corporation or a partnership. Under the Exempted Limited Partnership Law (2014 Revision), a Foreign Limited Partnership may act as the General Partner of the Exempted Limited Partnership, providing such Foreign Limited Partnership is established in a recognized jurisdiction and is registered in Cayman as a Foreign Registered Partnership.

**Name**

Every exempted limited partnership must include the words "Limited Partnership" or the letters "L.P." or "LP" in its name. The name may be preceded by or followed with a dual or foreign name. Under the Exempted Limited Partnership Law (2014 Revision), an Exempted Limited Partnership may have an additional foreign name, a "dual foreign" name, which will be reflected on the Certificate of Registration alongside the English form of the name.

**Registration**

Each exempted limited partnership is required to make an initial statement giving certain information such as its name; the nature of its business; its registered office address; the term of the partnership; the name and address of its General Partner; and a declaration that it conducts its business mainly outside of the Cayman Islands. The Law now provides for expedited registration enabling registration on a new Exempted Limited Partnership on the same day as the filing.

**Changes in Registered Particulars**

Any changes to the details shown in the paragraph above should be advised to the Registrar by the General Partner within 60 days of that change by filing a section 10(1) statement.

**Register of Limited Partnership Interests**

The General Partner under the Exempted Limited Partnership Law (2014 Revision) is required to maintain two registers for the Exempted Limited Partnership, the first register, the "Register of Limited Partners," must contain the name and address of each Limited Partner and the date of entry and/or withdrawal of each Limited Partner from the ELP. The second register, the "Register of Limited Partners Contributions," is required to record the amount and date of contributions of each Limited Partner, and the amount and date of any payment representing a return of the whole or any part of the Limited Partner's contribution. The register may be kept in an electronic format or any other medium, and can now be freely maintained anywhere in the world. Although not required by statute the register is usually held at the registered office. Trident requires, as a matter of "Know Your Customer" policy, that details of all partners are held at the registered office and that all changes therein are advised to us promptly.

**2016 ANNUAL CLIENT MEMO**
**Register of Security Interests**

The General Partner under the Exempted Limited Partnership Law (2014 Revision) is required to maintain a Register of Security Interests at the Registered Office. The Register of Security Interest in which shall be registered each security interest in relation to which a valid notice of the grant of a security interest over the whole or any part of a limited partnership interest has been served. The Register of Security Interests shall contain the identity of the grantor and grantee, the partnership interest or part thereof subject to the security interest and the date on which notice of the security interest was validly served.

**Tax Information Sharing**

The law now provides that, if a General Partner of an exempted limited partnership does not usually keep the register of limited partnership interests at the registered office in the Cayman Islands, or it neither keeps the books of account of the partnership at its registered office, nor at another place within the Cayman Islands, then should the Tax Information Authority (TIA) serve a notice or order on the General Partner, the General Partner must make the relevant register and the books of account available to the TIA at its registered office in the Cayman Islands.

The phrase “books of account” is very broad and includes material underlying documentation such as contracts and invoices with regard to all money received and expended by an exempted limited partnership, all sales and purchases of goods by the exempted limited partnership and the assets and liabilities of the exempted limited partnership. The accounts can be provided in electronic form or any other medium.

**Penalties**

Failure to provide the register or books of account to the TIA upon service or order, without reasonable excuse, will result in a fine for the exempted limited partnership of US\$610 and a further fine of US\$122 for every day during which non-compliance continues.

Failure to file changes to the registration particulars of the Exempted Limited Partnership with the Registry within the time constraint will result in penalties of US\$244 per day up to a maximum of US\$1,220 for non-compliance.

**Annual Return**

Prior to 31 January each year, the General Partner must pay the prescribed fee and make a Declaration that the partnership has complied with the law.

**Penalties for Late Payment of Annual Fees or Late Filing of Return**

Up to 31 March	NIL
Between 1 April and 30 June	33.33%
Between 1 July and 30 September	66.67%
Between 1 October and 31 December	100%

A Certificate of Good Standing cannot be obtained for an exempted limited partnership with outstanding fees or returns after January 1st.



## 2016 ANNUAL CLIENT MEMO

Continuing  
Statutory  
Obligations  
of Vessels  
Registered  
in the  
Cayman Islands

**Tonnage Taxes**

All vessels fully registered in the Cayman Islands pay an annual tonnage tax to the Cayman Islands Shipping Registry. The tonnage tax is based on the gross tonnage of the vessel. The minimum tonnage tax is US\$400. This annual fee will be included in our annual invoice and is due and payable in January.

Please note that where registration fees remain unpaid beyond January 31st the following late payment penalties shall apply:

- a 10% surcharge on the amount outstanding will be applied for amounts due and not paid within 30 days of the due date; and
- an additional 5% surcharge on the amount outstanding will be applied for each period of 30 days or part thereof for amounts due and not paid within 60 days of the due date.

**Annual Casualty Investigation Fund Fee**

All vessels fully registered in the Cayman Islands must pay an annual casualty investigation fund fee to the Cayman Islands Shipping Registry. The minimum annual casualty investigation fund fee is US\$30. This annual fee will be included in our annual invoice and is due and payable in January.

**Vessel Radio Licenses**

All vessels registered in the Cayman Islands are obliged under the Information and Communication Technology Authority Law (as revised) to obtain a radio licence from the Authority, regardless of whether or not the respective vessel actually enters or remains within the territorial waters of the Cayman Islands. The operator of a radio station on any vessel registered in the Cayman Islands must at all times have a current licence from the Authority.

The Radio Regulations issued by the International Telecommunications Union ("ITU"), which apply to the Cayman Islands via United Kingdom legislation, state that no transmitting station may be established or operated by a private person or by any enterprise without a licence issued in an appropriate form and in conformity with the provisions of the Regulations by or on behalf of the government of the country to which the station in question is subject.

Vessel owners should note that unlicensed vessels are excluded from the ITU's Maritime mobile Access and Retrieval System ("MARS") database that is used by search and rescue organisations and that, where applicable, Maritime Mobile Service Identity ("MMSI") numbers are withdrawn from vessels that have not renewed their licence and are reallocated to new vessels. For the continued safety of all those on board, it therefore is vitally important that a vessel keeps its radio licence current.

Annual radio licence fees for luxury yachts from the ICTA currently range from US\$60 to US\$180 depending upon gross tonnage. Trident charges on an hourly basis for handling the application.

The annual renewal fee for the Radio License is due on the anniversary of issuance and it is your responsibility to renew the Radio License which can be done either through our office or direct with ICTA.

Failure to obtain the required licence could result in a penalty of \$50,000 (plus \$10,000 for every additional day during which the offence has continued) and imprisonment for up to five years.