

2016 ANNUAL CLIENT MEMO

**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.

2016 ANNUAL CLIENT MEMO

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). 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.

2016 ANNUAL CLIENT MEMO

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.