



SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT
Rule on Corporate Governance for Regulated Entities

| No. | Section | Comments | Authority's Response | Consequent Amendments to the Proposed Measure |
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| SECTION-SPECIFIC COMMENTS | | | | |
| 1. | GENERAL | N/A | Language around "size, nature and complexity" have been refined for further clarity throughout the measure. | Language refined to "commensurate with the size, complexity, structure, nature of business and risk profile of its operations" as follows: <i>Rule - Corporate Governance - Sections 3.3, 5.2.1 e), 5.6.2 c), 5.8.1 a), 5.12.2, 6.1 and 6.2</i> |
| 2. | 3.3 The Authority acknowledges that regulated entities that are part of a group may be subject to group-wide governance practices. Where a regulated entity is part of a group, it may rely on the group corporate governance framework provided that the regulated entities' Governing Body is satisfied that the framework is appropriate in consideration of the | The concept of 'group' as used in this Rule appears to refer to a group of companies in a parent/subsidiary relationship, as would be common in many regulated sectors. This is seldom found in the investment funds context, however, because the equivalent of 'group-level' policies are maintained by an investment manager, or administrator, or other service provider to the fund (rather than a parent). The Authority has long recognised this arrangement in other parts of its rules, and this clarification is suggested to avoid inconsistency | The Authority agrees to the proposed amendment. | Rule 3.3 revised to read as follows: The Authority acknowledges that regulated entities that are part of a group may be subject to group-wide governance practices, and that such entities may rely on service providers in respect of certain governance matters. Where a regulated entity is part of a group, it may rely on the group corporate governance framework provided that the regulated entities' Governing Body is satisfied that the framework is commensurate with the size, complexity, structure, nature of business and risk profile of its |

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| | regulated entities' structure, business, risks and legal requirements in the Cayman Islands, including those outlined in this Rule. Where gaps are identified, a tailored corporate governance framework that complies with the legal requirements in the Cayman Islands is required for regulated entities. | with this longstanding position. The remainder of Rule 3.3 (correctly) makes clear that responsibility remains with the regulated entity itself. <u>Suggested Amendment</u> The Authority acknowledges that regulated entities that are part of a group may be subject to group-wide governance practices, <i>and that regulated mutual funds and private funds may rely on service providers such as their investment manager in respect of certain governance matters...</i> | | operations and legal requirements in the Cayman Islands, including those outlined in this Rule. Where gaps are identified, a tailored corporate governance framework that complies with the legal requirements in the Cayman Islands is required for regulated entities. |
| 3. | 3.3 | Rule 3.3: Consider if similar carve-out language used for MF/PFs is necessary for certain types of insurers (e.g., Class B). Reference any such language throughout measure and give similar consideration. | Revisions were made to Rule 3.3 accordingly. | The Rule was revised to remove the mention of any specific entity/carve-outs, thereby making it applicable generally to entities which are subject to any group-wide governance practices. |
| 4. | 3.3 The Authority acknowledges that regulated entities that are part of a group may be subject to group-wide governance practices. Where a regulated entity is part of a group, it may rely on the group corporate governance | Consideration should be given to inserting the phrase "size, complexity" after "regulated entities" and after "structure". | The Authority agrees to the proposed amendment for consistency with rule 3.2. | Rule 3.3 revised to read as follows: The Authority acknowledges that regulated entities that are part of a group may be subject to group-wide governance practices, and that such entities may rely on service providers in respect of certain governance matters. Where a regulated entity is part of a group, it may rely on the group corporate |

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| | <p>framework provided that the regulated entities' Governing Body is satisfied that the framework is appropriate in consideration of the regulated entities' structure, business, risks and legal requirements in the Cayman Islands, including those outlined in this Rule. Where gaps are identified, a tailored corporate governance framework that complies with the legal requirements in the Cayman Islands is required for regulated entities.</p> | | | <p>governance framework provided that the regulated entities' Governing Body is satisfied that the framework is appropriate in consideration of the regulated entities' commensurate with the structure, business, risks size, complexity, structure, nature of business, and risk profile of its operations and legal requirements in the Cayman Islands, including those outlined in this Rule. Where gaps are identified, a tailored corporate governance framework that complies with the legal requirements in the Cayman Islands is required for regulated entities.</p> |
| <p>5.</p> | <p>4.1.1 The "Governing Body" of a regulated entity is the Board of Directors where the entity is a corporation, the General Partner where the entity is a partnership, the manager where the entity is a Limited Liability Company, the Board of Trustees where the entity is a trust business or the equivalent of such roles where the entity is another legal entity.</p> | <p>It is possible for a Cayman Islands incorporated limited liability company to not have managers, but it will always have someone discharging the equivalent function.</p> <p><u>Suggested Amendment</u></p> <p>The "Governing Body" of a regulated entity is the Board of Directors where the entity is a corporation, the General Partner where the entity is a partnership, the manager <i>(or equivalent)</i> where the entity is a Limited Liability Company, the Board of Trustees where the entity is a trust business or the equivalent of such</p> | <p>The Authority agrees to the proposed amendment.</p> | <p>Rule 4.1.1 revised to read as follows:</p> <p>The "Governing Body" of a regulated entity is the Board of Directors where the entity is a corporation, the General Partner where the entity is a partnership, the manager (or equivalent) where the entity is a Limited Liability Company, and the Board of Trustees where the entity is a trust business. or the equivalent of such roles where the entity is another legal entity.</p> |

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| | | roles where the entity is another legal entity. | | |
| 6. | 4.1.1 | <p>Section 4.1.1:</p> <p>The definition of "Governing Body" currently includes "manager (or equivalent) where an entity is a LLC" which is also applicable to PF/MF, however the definition of "Operator" in the PFA/MFA currently excludes any reference to LLCs. Consider language to clarify appropriate applicability of LLC governance to MFs/PFs in absence of supporting legislation.</p> | <p>The definition of "Governing Body" in the Rule and the definition of "Operators" in the SOG was amended for accuracy, clarity, and consistency between the two measures.</p> | <p>The definition of "Governing Body" in the Rule was amended as follows:</p> <p><i>"The "Governing Body" of a regulated entity is the Board of Directors where the entity is a corporation, the General Partner where the entity is a partnership, the manager (or equivalent) where the entity is a Limited Liability Company, and the Board of Trustees where the entity is a trust business." the Operator where the entity is a mutual fund or private fund or the equivalent of such roles where the entity is another legal entity.</i></p> <p>The definition of "Operator" in SoG was amended as follows:</p> <p><i>"The Operator is considered to be the 'Governing Body' of a Mutual Fund and a Private Fund and for the purposes of this SOG, the Operator is defined as "the Board of Directors where the entity is a corporation, the General Partner where the entity is a</i></p> |

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| | | | | <p><i>partnership, the manager (or equivalent) where the entity is a Limited Liability Company, and the Board of Trustees where the entity is a trust business". has the meaning ascribed to it under the Mutual Funds Act and the Private Funds Act.</i></p> <p>Additionally, a footnote was added to acknowledge the difference in definition of 'Operator' as provided in the SOG and that which is provided in the MFA and PFA:</p> <p><i>"The Authority acknowledges the difference in the definition of an 'Operator' as provided in this SOG versus the MFA and PFA, and is making the requisite recommendation to amend the MFA & PFA to align the definitions."</i></p> |
| 7. | <p>4.1.5 "Senior Management" includes the most senior staff of the regulated entity, including heads of divisions, and any person who fulfils the functions of a senior manager, by whatever name called. Such functions include</p> | <p>Rule 4.1.5 - Definitions "Senior Management" - Mutual Fund and Private Funds do not have any staff/very unlikely to be staffed.</p> <p>Suggest that this Rule only apply to MF/PFs to the extent they actually have any "Senior Management", otherwise MF/PFs should be exempt from any</p> | <p>For clarification, paragraph 4.1.5 as outlined in the proposed Rule is a definition and not a rule. Notwithstanding, the Authority acknowledges that all mutual funds and private funds may not have Senior Management but will rather rely on the "Governing Body"</p> | <p>No amendments are required.</p> |

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| | actively participating in the daily planning, supervision, administration and execution of a regulated entity's objectives and strategy. | provisions of the proposed Rule applicable to "Senior Management". | for the day-to-day management of the fund. | |
| 8. | 5.1.2 A regulated entity must establish a Governing Body that is responsible for implementing a corporate governance framework that addresses, at a minimum... | Rule 5.1.2 Corporate Governance Framework - CIMA to clarify expectations / specify the required format of the corporate governance framework. Suggest CIMA provide guidance / clarify expectations on the proposed format of the Corporate Governance Framework i.e. is the expectation that this will take the form of a separate policy document / memorandum, be built into the PPM, etc. | The Authority does not stipulate a set form for the governance framework. What the Authority requires is that the framework be commensurate with the entity's size, complexity, structure, nature of business and risk profile of its operations and that it meets the minimum requirement outlined in Rule 5.1.2 (a)-(n), as applicable. | No amendments are required. |
| 9. | 5.2.1 (b) The Governing Body is responsible for, at a minimum: "establishing and overseeing the implementation of the entity's corporate culture, business objectives and strategies for achieving such objectives (including ongoing monitoring and evaluation), in line with the entity's long-term | CIMA to clarify what is meant by "corporate culture." Corporate Culture is a vague description. | For reference, corporate culture is defined as: A system of values, beliefs and habitual behaviours that characterise an organisation and influence how work gets done ¹ . The corporate culture of a regulated entity should reflect and reinforce good governance and controls. | No amendments are required. |

¹ IGI Global, <https://www.igi-global.com/dictionary/organizational-culture/21475>; Development Dimensions International, <https://www.ddiworld.com/blog/leadership-culture>

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| | interests and viability, including the legitimate interests of relevant stakeholders.' | | | |
| 10. | <p>5.2.1 (d) The Governing Body is responsible for, at a minimum:</p> <p>"ensuring the regulated entity conducts its affairs in accordance with the acts, regulations and rules of the Cayman Islands and the Authority; and"</p> | <p>The constitutional documents will generally set out the limits of the Governing Body's powers. It is suggested that this should be represented as part of the Governing Body's core duties as well.</p> <p><u>Suggested Amendment</u></p> <p>...ensuring the regulated entity conducts its affairs in accordance with <i>its constitutional documents and</i> the acts, regulations and rules of the Cayman Islands and the Authority.</p> | The Authority agrees to the proposed amendment. | <p>Rule 5.2.1(d) revised to read as follows:</p> <p>The Governing Body is responsible for, at a minimum:</p> <p>"ensuring the regulated entity conducts its affairs in accordance with the acts, regulations and rules of the Cayman Islands and the Authority, and where applicable, the entity's constitutional documents; and"</p> |
| 11. | <p>5.2.1 (e) The Governing Body is responsible for, at a minimum:</p> <p>"ensuring the regulated entity adopts a management structure appropriate with its size, complexity, structure and risk profile."</p> | <p>Consideration should be given to inserting the phrase "nature of business" after "structure" and before "and risk profile".</p> | The Authority agrees to the proposed amendment for consistency with rules 3.2 and 3.3. | <p>Rule 5.2.1 (e) revised to read as follows:</p> <p>The Governing Body is responsible for, at a minimum:</p> <p>"ensuring the regulated entity adopts a management structure appropriate that is commensurate with its the size, complexity, structure, nature of business and risk profile of its operations."</p> |

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| <p>12.</p> | <p>5.3.1 (a) The Governing Body must have on an on-going basis, at a minimum:</p> <p>“an appropriate number of individuals with a diversity of skills, background, experience and expertise that have been approved by the Authority to ensure that there is an overall adequate level of competence at the Governing Body.”</p> | <p>There are certain regulated entities where the Governing Body does not require any approved individuals, most notably certain investment funds.</p> <p><u>Suggested Amendment</u></p> <p>“...an appropriate number of individuals with a diversity of skills, background, experience and expertise that have <u>all required approvals from</u> been approved by the Authority to ensure that there is an overall adequate level of competence at the Governing Body.”</p> | <p>The Authority acknowledges approval may not be required for all Governing Body members and has clarified the rule to be agnostic of such approval requirement.</p> <p>Additionally, expectations regarding the “appropriate number of individuals” has been clarified.</p> | <p>Rule 5.3.1 (a) revised to read as follows:</p> <p>The Governing Body must have on an on-going basis, at a minimum:</p> <p>“an appropriate number of individuals with a diversity of skills, background, experience and expertise that have been approved by the Authority to ensure that there is an overall adequate level of competence at the Governing Body.”</p> |
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| | | <p>Rule 5.3.1(a): "an appropriate number of individuals".</p> <p><u>Suggested Amendment</u></p> <p><i><u>Suggested wording: "an appropriate number of individuals [being not less than two directors in the case of a corporation, two managers in the case of an LLC, or two natural persons in the case of a General Partner, corporate director or a Trustee or the equivalent of such roles where the entity is another legal entity.]"</u></i></p> <p>Suggest we seek clarification from CIMA that:- (i) "an appropriate number of individuals" does not imply a minimum requirement of more than two directors / managers (in exempt company / LLC context), or two natural persons in respect of any GP / corporate director / Trustee of a MF / PF or equivalent where the entity is another entity.</p> | | <p>Rule 5.3.1 (a) revised to read as follows:</p> <p>The Governing Body must have on an on-going basis, at a minimum:</p> <p>"an appropriate number of individuals, as required by the applicable regulatory acts and regulations, with a diversity of skills, background, experience and expertise that have been approved by the Authority to ensure that there is an overall adequate level of competence at the Governing Body."</p> |
| | | <p>Rule 5.3.1(a): Does "approved by the Authority" refer to Directors registered or licensed under DRLA?</p> <p><u>Suggested Amendment</u></p> <p><i><u>Suggested addition of "pursuant to the Directors Registration and Licencing Act (as amended)" after the words "approved by the Authority."</u></i></p> | <p>The Authority acknowledges approval may not be required for all Governing Body members and has clarified the rule to be agnostic of such approval requirement.</p> | |

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| | | <p>Rule 5.3.1(a): How much diversity can be expected in a board of 2 directors as required under CIMA guidance?</p> <p>Suggest CIMA to clarify expectations.</p> | <p>The Authority does not stipulate explicit diversity requirements for directors but expects regulated entities to ensure that the diversity across directors is commensurate with the entities' size, complexity, structure and risk profile.</p> | <p>No amendments are required.</p> |
| <p>13.</p> | <p>5.3.1 (b): The Governing Body must have on an on-going basis, at a minimum: "appropriate documented internal governance practices and procedures to support the work of the Governing Body in a manner that promotes the efficient, objective and independent judgement and decision making by the Governing Body."</p> | <p>Rule 5.3.1(b): "appropriate documented internal governance practices and procedures to support the work of the Governing Body" - CIMA to provide clarification on where and what form these are to be documented for Mutual and Private Funds.</p> <p>Query whether CIMA's expectation is for MF/PFs to adopt P&P's with practices/procedures beyond what is ordinarily set out in the Articles /applicable constitutional document/PPM with respect to powers of operator and governance.</p> | <p>The Authority expects referenced internal governance practices and procedures to be commensurate with the entities' size, complexity, structure and risk profile.</p> <p>A mutual fund or private fund may deem such practices and procedures to be appropriately captured in its Articles/applicable constitutional documents/PPM.</p> | <p>No amendments are required.</p> |

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| <p>14.</p> | <p>5.3.1 (d) The Governing Body must have on an on-going basis, at a minimum:</p> <p>“high standards of business conduct and ethical behaviour for Directors and Senior Management, including policies on conflict of interest, code of conduct, private transactions, self-dealing and preferential treatment of favoured internal and external entities.”</p> | <p>Rule 5.3.1(d) "the Governing Body must have.... policies on conflict of interest, code of conduct, private transactions, self-dealing and preferential treatment of favoured internal and external entities" - CIMA to provide guidance / clarify expectations as to form and content. How do these apply (and documentation\required) with respect to outsourced service providers / independent directors?</p> <p>CIMA to provide guidance / clarify expectations as to form and content. CIMA to advise whether the policies and procedures of service providers engaged to provide independent directors can adequately cover this requirement.</p> | <p>The Authority expects referenced policies to be commensurate with the entities' size, complexity, structure and risk profile.</p> <p>A regulated entity may deem the policies and procedures of service providers engaged for governance support to be sufficient.</p> | <p>No amendments are required.</p> |
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| <p>15.</p> | <p>5.3.1 (f) The Governing Body must have on an on-going basis, at a minimum: “an appropriate succession plan for Directors and Senior Management.”</p> | <p>In practice, funds' constitutional documents contain extensive provisions agreed with investors with respect to how members of the Governing Body (and the Governing Body itself, for partnerships) may be amended. We assume the Authority does not intend to require funds to depart from these principles, and thus suggest this footnote for clarification.</p> <p><u>Suggested Amendment</u></p> <p>an appropriate succession plan for Directors and Senior Management¹; <i>[As new footnote:] For mutual funds and private funds, this obligation may be discharged by provisions in the fund's constitutional documents providing for the appointment and removal of Directors and/or Senior Management.</i></p> | <p>The Authority expects referenced succession planning to be commensurate with the entities' size, complexity, structure and risk profile.</p> <p>A mutual fund or private fund may deem such a succession plan to be appropriately captured in its Articles/applicable constitutional documents/PPM/service provider agreements.</p> | <p>No amendments are required.</p> |
| | | <p>CIMA to provide guidance / clarify what the expectations are as to form and content of the succession plan. Does this need to be documented and applied at a Fund level?</p> <p>Suggest to CIMA that for independent service providers there is likely adequate coverage of this in their Directors Service Agreements/ Service Provider</p> | <p>The Authority expects referenced succession planning to be commensurate with the entities' size, complexity, structure and risk profile.</p> <p>A mutual fund or private fund may deem such a succession plan to be appropriately captured in its Articles/applicable constitutional</p> | <p>No amendments are required.</p> |

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| | | Agreements insofar as to consider the replacement of independent. | documents/PPM/service provider agreements. | |
| 16. | 5.4.2 The Governing Body must oversee Senior Management (including the appointment and dismissal of senior managers), set appropriate performance standards for Senior Management and ensure that Senior Management is managing the affairs of the regulated entity in accordance with the strategies and objectives established by the Governing Body. | Consideration should be given to using the term "termination" instead of "dismissal". Consideration should be given to using the phrase "day-to-day operations" instead of the term "affairs". | The Authority agrees to the proposed amendment. | Rule 5.4.2 revised to read as follows: The Governing Body must oversee Senior Management (including the appointment and dismissal termination of senior managers), set appropriate performance standards for Senior Management and ensure that Senior Management is managing the affairs day-to-day operations of the regulated entity in accordance with the strategies and objectives established by the Governing Body. |
| 17. | 5.5.1 The Governance Body must establish clear and objective independence criteria which should be met by its members to promote objectivity in decision making by the Governing Body. Rule 5.5.1 (footnote) The Authority recognizes that the Governing Body may consist of members from the parent | This language of the first substantive comment is taken from the Private Funds Act and reflects the relationship between mutual/private funds and their investment managers or advisors. The second substantive comment arises out of the common market-standard provision for regulated funds to agree with their investors that Governing Bodies may take into account a variety of factors, such as balancing the interest of one fund with other funds within | The Authority agrees to the proposed amendment. | Footnote for rule 5.5.1 revised to read as follows: The Authority recognizes that the Governing Body may consist of members from the parent company, group or business associates of the regulated entity (or, in the case of a mutual fund or a private fund, the parent company, group or business associates of any person providing, directly or indirectly, the investment management or investment advisory services with respect to such mutual fund or |

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| | <p>company, group or business associates of the regulated entity, but expects all members to exercise independent judgement and objectivity in the decision making of the Governing Body.</p> | <p>the same structure for the benefit of investors as a whole.</p> <p>Strictly speaking, this could be regarded as not 'independent judgement' but it is judgement made with the full disclosure and consent of all investors. Moreover, the Exempted Limited Partnership Act and the Limited Liability Companies Act (each as amended) specifically provide for this ability to amend fiduciary duties. We therefore suggest this clarification as we assume it is not the Authority's intent to prohibit this common global industry market-standard practice.</p> <p><u>Suggested Amendment</u></p> <p>The Authority recognizes that the Governing Body may consist of members from the parent company, group or business associates of the regulated entity <i>(or, in the case of a mutual fund or a private fund, the parent company, group or business associates of any person providing, directly or indirectly, the investment management or investment advisory services with respect to such mutual fund or private fund)</i>, but expects all members to exercise independent judgement and objectivity in the decision making of the Governing Body, <i>taking into account (where</i></p> | | <p>private fund), but expects all members to exercise independent judgement and objectivity in the decision making of the Governing Body, taking into account (where relevant) factors required or permitted to be considered by the regulated entity's constitutional documents.</p> |
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| | | <u>relevant) factors required or permitted to be considered by the regulated entity's constitutional documents.</u> | | |
| | | <p>Rule 5.5.1: "The Governance Body must establish clear and objective independence criteria".</p> <p>This is a step further than the 2013 SOG "exercise independent judgement". CIMA to clarify what they mean by "independence criteria", how will this be documented in practice and what would this likely entail.</p> | The Authority expects the referenced establishment of independence criteria to be commensurate with the entities' size, complexity, structure and risk profile, and should allow the Governance Body to exercise independent judgement in the ongoing exercise of its function. | No amendments are required. |
| 18. | 5.5.1 The Governance Body must establish clear and objective independence criteria which should be met by its members ¹ to promote objectivity in decision making by the Governing Body. | The term should be "Governing" not Governance". | The Authority agrees to the proposed amendment for consistency of verbiage used throughout the measure. | Rule 5.5.1 revised to read as follows: The Governing ance Body must establish clear and objective independence criteria which should be met by its members to promote objectivity in decision making by the Governing Body. |
| 19. | Proposed new insertion. | 5.5.2 (new) Consideration should be given to inserting a new sub-rule which requires that the Governing Body document the independence criteria as it is met by its members. | <p>The Authority is of the view that the inclusion of a new sub-rule, as proposed, is not required.</p> <p>However, the Authority will amend Rule 5.5.1 to capture the documentation requirement.</p> | Rule 5.5.1 revised to read as follows: The Governing Body must establish and document a clear and objective independence criterion which should be met by its members to promote objectivity in decision making by the Governing Body. |

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| <p>20.</p> | <p>5.6.1 The Governing Body, on an ongoing basis, shall, at a minimum: a) ensure that regulators are promptly notified of substantive issues affecting the regulated entity, in line with applicable acts, rules, regulations and regulatory measures; b) comply promptly and fully with requests for information from the Authority as required by the regulatory acts; c) enquire into the affairs of the regulated entity and request information from management or service providers, including their presence at board meetings where necessary; and d) ensure that the business of the regulated entity is conducted in compliance with the relevant acts, rules, regulations and regulatory measures in force in the Cayman Islands and in any country in which the regulated entity does business.</p> | <p>Requires more clarity around reporting notification how, when etc. 1. What is deemed to be "substantial" 2. What is the expected mechanism to report the information 3. Define "promptly"</p> | <p>The Authority agrees to the proposed amendment.</p> | <p>Rule 5.6.1 revised to read as follows: The Governing Body, shall, at a minimum: a) ensure that the relevant regulator(s) is promptly notified by email, within ten days, of any substantive issues which could materially affecting the regulated entity, in line with applicable acts, rules, regulations and regulatory measures;</p> |
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| <p>21.</p> | <p>5.6.1 (a) The Governing Body, on an ongoing basis, shall, at a minimum: "ensure that regulators are promptly notified of substantive issues affecting the regulated entity, in line with applicable acts, rules, regulations and regulatory measures"</p> | <p>Consider replacing the term "regulators" with "the Authority".</p> | <p>The Authority is of the view that the term "regulators" should remain as it captures all regulators (whether domestic or international) to which a regulated entity may have regulatory obligations.</p> | <p>Rule 5.6.1(a) revised to read as follows: "ensure that the relevant regulator(s) Authority is notified by email, within ten days, of any substantive issues which could materially affect the regulated entity, in line with applicable acts, rules, regulations and regulatory measures..."</p> |
| <p>22.</p> | <p>5.6.1 (a) The Governing Body, on an ongoing basis, shall, at a minimum: "ensure that regulators are promptly notified of substantive issues affecting the regulated entity, in line with applicable acts, rules, regulations and regulatory measures"</p> | <p>What is the difference between the term "applicable" in this sub-rule and "relevant" in sub-rule (d)? Consider using one term for purposes of consistency.</p> | <p>The Authority has reviewed Rule 5.6.1 (a) and (d) and made the necessary amended to ensure that the term "applicable" is used throughout the measure for consistency.</p> | <p>Rule 5.6.1 (d) revised accordingly for consistency.</p> |
| <p>23.</p> | <p>5.6.1 (d) The Governing Body, on an ongoing basis, shall, at a minimum: "ensure that the business of the regulated entity is conducted in compliance with the relevant acts, rules, regulations and regulatory measures in</p> | <p>Should the Authority concern themselves with whether or not a regulated entity is complying with relevant acts, rules, regulations and regulatory measures in any country which the regulated entity does business (other than the Cayman Islands)?</p> | <p>The Authority is of the view that while a regulated entity may be licensed or registered within the Cayman Islands, it may have operations in other countries, whose laws it should comply with as a matter of prudence and good governance.</p> | <p>No further amendments are required beyond stated directly above.</p> |

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| | force in the Cayman Islands and in any country in which the regulated entity does business.” | | | |
| 24. | <p>5.6.2</p> <p>The Governing Body shall regularly, at a minimum of once per year:</p> <p>a) review the strategic objectives and policies of the regulated entity and either amend or readopt them as appropriate;</p> <p>b) evaluate the progress made towards achieving the strategic objectives;</p> <p>c) review the composition of the Governing Body to ensure that collectively it has sufficient knowledge, skills, experience, commitment and independence to oversee the regulated entity effectively, considering the size, complexity, structure and risk profile of the business of the regulated entity. For this purpose, the Board should collectively and individually have, and continue to maintain, including through training, necessary skills, knowledge and understanding of the</p> | Requiring a Licensee to review all governing documents annually (as opposed to periodically) feels like regulatory overreach. It is inconsistent with the notion of utilization of a Risk-based approach that CIMA has traditionally encouraged of its licensees and also deviates from CIMA practice to provide principle-based requirements rather than prescriptive ones. | The Authority is of the opinion that an annual requirement to review and evaluate core components of a regulated entity’s corporate framework is prudent in ensuring that any associated risks can be identified and mitigated in a timely and proactive manner, and reduces the risk exposure of the entity and its stakeholders. | No amendments are required. |

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| <p>regulated entity's business to be able to fulfil its role. Depending on the size, complexity, structure and risk profile of the business of the regulated entity, a Governing Body may sometimes rely on the advice of external experts on one or more of these areas. In that case, the Governing Body should nevertheless collectively have the skills and experience necessary to understand and, where appropriate, question and challenge the advice of such external expertise. At all times, the Governing Body must effectively manage any outsourced operations including outsourced management functions, as applicable;</p> <p>d) undertake self-assessments of the performance of the governing body (as a whole) and individual members. Any deficiencies identified should be remedied and documented.;</p> <p>e) review the implementation of the risk assessment and risk</p> | | | |
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| | <p>management systems to ensure that all significant risks are being adequately measured, monitored and controlled;</p> <p>f) review the implementation of internal controls, ensuring they are operating effectively and that any deficiencies are adequately addressed;</p> <p>and</p> <p>g) where applicable, review the remuneration policy for Senior Management.</p> | | | |
| 25. | <p>5.6.2 (e) The Governing Body shall regularly, at a minimum of once per year: "review the implementation of the risk assessment and risk management systems to ensure that all significant risks are being adequately measured, monitored and controlled;²"</p> | <p>Consideration should be given to including "mitigated" in this sub-rule.</p> | <p>The Authority agrees that "mitigated" is the more generally accepted term used by industry as oppose to "controlled".</p> | <p>Rule 5.6.2 (e) revised to read as follows:</p> <p>The Governing Body shall regularly, at a minimum of once per year: "review the implementation of the risk assessment and risk management systems to ensure that all significant risks are being adequately measured, monitored and controlled mitigated;"</p> |
| 26. | <p>5.7.1 Each Director of the Governing Body shall</p> | <p>Rule 5.7.1 "... The Governing body shall indicate a time commitment expected from Non-</p> | <p>The Authority is of the opinion that establishing a minimum time commitment which is</p> | <p>No amendments are required.</p> |

² Identified, assessed, monitor and mitigate the risks - this is verbiage used by FATF - <https://www.fatfgafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf>

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| | <p>devote sufficient time to the role in support of effectively and efficiently executing associated responsibilities. The Governing Body shall indicate a time commitment expected from Non-Executive Directors in letters of appointment. The Governing Body shall confirm to the Non-Executive Directors the on-going time commitment expected on an annual basis at the beginning of each financial year.</p> | <p>Executive Directors in letters of appointment. The Governing Body shall confirm to the Non-executive Directors the ongoing time commitment expected on an annual basis at the beginning of each financial year." - this should be removed. It is too difficult to predict the number of hours that are required for any particular Mutual or Private Fund by Non-executive directors as this will be heavily fact and circumstance specific.</p> <p>This should be removed on the basis that you cannot predict the number of hours that are required for any particular Mutual or Private Fund by Non-executive directors, this will be heavily fact and circumstance specific. Directors owe duties of skill, care and diligence in the exercise of their powers and the conduct of the MF/PFs affairs in addition to fiduciary duties.</p> <p>The remainder of the proposed Rule and draft SOG provides a framework of the expected diligence and devotion to the role. [Alternatively, expected minimum could be suggested by CIMA providing that these are deemed reasonable minimums commensurate on the size, complexity, structure and risk</p> | <p>mutually agreed upon by the regulated entity and appointed Non-Executive Directors, is prudent and will allow proactive consideration of resource needs of the entity in achieving its strategic objectives.</p> <p>Further, the Authority acknowledges that this commitment may vary based on varying circumstances and expects that a regulated entity will make such determinations based on the size, complexity, structure and risk profile of its operations.</p> | |
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| | | profile of the regulated funds operations.] | | |
| 27. | 5.7.1 | <p>Rule 5.7.1:</p> <p>Consider the verbiage used in the second- and third-line which references “indicate a time commitment” and “ongoing time commitment”. The issue raised was that such verbiage has a quantitative inference which would be practically difficult to determine. A suggestion was made for alternative verbiage to be used such as “time needed to effectively execute fiduciary duties”. Give due consideration and revise as appropriate.</p> | Rule amended to balance both the quantitative uncertainty of determining a specific time commitment vs. the need for regulatory certainty that enough time is given to such roles in support of effectiveness. | <p>Rule 5.7.1 amended to read as follows:</p> <p><i>“Each Director of the Governing Body shall devote time to the role needed for effective and efficient execution of associated responsibilities. The Governing Body shall indicate a minimum time commitment expected from Non-Executive Directors in letters of appointment, noting that such time commitment may change given the needs of the regulated entity, which may change from time to time. The Governing Body shall confirm to the Non-Executive Directors the on-going minimum time commitment expected on an annual basis at the beginning of each financial year.”</i></p> |
| 28. | 5.7.6 (Footnote) | <p>This addresses the same concern as outlined above in Rule 5.5.1.</p> <p>In the absence of this clarification, there is scope for legitimate and appropriate adjustments to fiduciary duties (specifically provided for under Cayman Islands law, and with full disclosure to investors) inadvertently breaching this rule.</p> <p><u>Suggested Amendment</u></p> | The purpose of this Rule is to ensure that Directors of the Governing Body prioritise the interests of the regulated entity and relevant stakeholders but does not preclude such Directors from considering other interests as the constitutional documents of the fund permit. | No amendments are required. |
| | | In the case of a PIC, the Governing Body must assess, at least every two (2) years, whether its relationship with the Segregated Portfolio Company (“SPC”), including in relation to the insurance manager, management structure or governance, is in the best interests of the policyholders of the PIC. | | |

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| | If the majority of Directors and senior managers of the PIC are the same as those of the SPC, this assessment must be carried out in writing on an annual basis. | <u>"...In the case of a mutual fund or private fund, Directors or Governing Bodies may consider such other interests as the constitutional documents of the fund permit, provided always that they act in accordance with all applicable fiduciary duties."</u> | | |
| 29. | <p>New subrule 5.7.9 added to read as follows:</p> <p>Each Director of the Governing Body must ensure it is they are not subject to undue influence from Senior Management or other parties and that it has they have access to all relevant information about the regulated entity</p> | Please refer to Industry's comment in 5.14.1 below. | Further to Industry's comments noted in 5.14.1 below, the Authority decided to add this new subrule as this requirement is more appropriately placed under the section titled "Duties of Individual Directors of the Governing Body". | <p>New subrule 5.7.9 added to read as follows:</p> <p>Each Director of the Governing Body must ensure that they are not subject to undue influence from Senior Management or other parties and that it has they have access to all relevant information about the regulated entity</p> |
| 30. | <p>5.8.1 <i>Sub-committees:</i> The Governing Body may establish sub-committees to carry out delegated powers, duties, and functions in respect of certain matters. Established sub-committees are accountable to the board but should not relieve the board of any of its responsibilities.</p> | Global change: Replace the term "board" with "Governing Body". | The Authority agrees to the proposed amendment for consistency. | All applicable references to "board" in the measure have been revised to "Governing Body". |

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| 31. | 5.8.1 | <p>Rule 5.8.1:</p> <p>Suggested that Footnote 4 be relocated to 5.8.1 b). Give due consideration and revise as appropriate.</p> | Footnote relocated as suggested. | No changes to verbiage. |
| 32. | <p>5.8.1(a):</p> <p>Sub-committees: The Governing Body may establish sub-committees to carry out delegated powers, duties, and functions in respect of certain matters. Established sub-committees are accountable to the board but should not relieve the board of any of its responsibilities:</p> <p>"Where the Governing Body establishes sub-committees to conduct certain functions, the number and types of sub-committees established should be appropriate the size, complexity, structure and risk profile of the regulated entity. Each established sub-committee, as applicable,</p> | <p><u>Suggested Amendment</u></p> <p>"Where the Governing Body establishes sub-committees to conduct certain functions....must have a charter of terms or reference or other instrument <i>(whether contained within corporate resolutions, minutes or as may otherwise be documented [by the regulated entity])</i> that sets out its mandate, scope, accountability, reporting obligations and working procedures..."</p> | The Authority notes the proposed amendment but finds that Rule 5.8.1(a) sufficiently captures the requirement for the charter of terms to be documented, wherever it is contained. | No amendments are required. |

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| | <p>must have a charter of terms of reference or other instrument that sets out its mandate, scope, accountability, reporting obligations and working procedures. Sub-committees must maintain appropriate records (for example, meeting minutes or summary of matters reviewed and decisions taken) of their deliberations and decisions. Such records should document the committees' fulfilment of their responsibilities and help with the assessment of committee effectiveness by the Governing Body or those responsible for the internal control functions."</p> | | | |
| <p>33.</p> | <p>5.8.1 (b) Sub-committees: The Governing Body may establish sub-committees to carry out delegated powers, duties, and functions in respect of certain matters. Established sub-committees are accountable to the board but should not relieve the</p> | <p>We suggest the footnote would provide an appropriate and proportionate route to compliance with 5.8.1(b) for investment funds, taking into account the nature, scale and complexity of their business and structure, which is different to that of other regulated entities. We note that they already have three anti-money laundering officers registered with the Authority, and will have Cayman Islands and</p> | <p>The Authority agrees to the proposed amendment due to the unique nature of funds.</p> | <p>New footnote added to 5.8.1(b) to read as follows:</p> <p>For mutual funds or private funds, taking into account the size, complexity, structure, nature of business and risk profile of their business, this obligation may be discharged by the Governing Body receiving a report directly from the fund's anti-money laundering compliance officer, or from another</p> |

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| | <p>board of any of its responsibilities:</p> <p>"The Governing Body must have in place an appropriate Compliance Committee or person who reports directly and timely to the Governing Body on all compliance matters (the nature, scale and complexity of the regulatory entity's business can be used as a guide as to whether an appropriate compliance committee or person is most suitable."</p> | <p>onshore legal counsel, as well as legal counsel of their investment manager / adviser, all of whom already will report to the Governing Body at board meetings. The Governing Body will also receive reports from the investment fund's service providers, who will themselves have compliance personnel. Appointing an additional Compliance Committee or person would significantly overlap with the existing functions and would be unnecessary as well as adding a Cayman Islands specific additional cost. We note the Authority's draft Statement of Guidance on Corporate Governance for Mutual Funds and Private Funds appears to acknowledge how fund operators currently keep informed with respect to these matters at draft section 4.3 of the SOG.</p> <p><u>Suggested Amendment</u></p> <p><u>"[As new footnote:] For mutual funds or private funds, taking into account the nature, scale and complexity of their business, this obligation may be discharged by the Governing Body receiving a report directly from the fund's anti-money laundering compliance officer, or from another suitably qualified compliance or legal professional, not less than</u></p> | | <p>suitably qualified compliance or legal professional, not less than annually and on an ad hoc, timely basis, as appropriate.</p> |
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| | | <u>annually and on an ad hoc basis timely basis as appropriate."</u> | | |
| 34. | 5.8.1 (b) <p><i>Sub-committees:</i> The Governing Body may establish sub-committees to carry out delegated powers, duties, and functions in respect of certain matters. Established sub-committees are accountable to the board but should not relieve the board of any of its responsibilities.</p> <p>The Governing Body must have in place an appropriate Compliance Committee or person who reports directly and timely to the Governing Body on all compliance matters (the nature, scale and complexity of the regulatory entity's business can be used as a guide as to whether an appropriate compliance committee or person is most suitable).</p> | <p>This sub-rule refers to the "nature, scale and complexity of the regulated entity's business". Consideration should be given to changing this to refer to the "size, complexity, structure and risk profile", as noted elsewhere in the document.</p> <p>Replace the term "regulatory" with "regulated".</p> | The Authority agrees to the proposed amendment for consistency. | 5.8.1 (b) revised to read as follows: <p><i>Sub-committees:</i> The Governing Body must have in place an appropriate Compliance Committee or person who reports directly and timely to the Governing Body on all compliance matters (the nature, scale and complexity (the size, complexity, structure, nature of business and risk profile of the regulatory regulated entity's business can be used as a guide as to whether an appropriate compliance committee or person is most suitable).</p> |
| 35. | 5.10.2 (b) <p>The Governing Body shall establish a documented 'conflicts of interest' policy for its members, which shall at a</p> | Rule 5.10.2(b) "review or approval process for members to follow before they engage in certain activities (such as serving on another board)" - This is impractical for independent | Notwithstanding the acknowledgement that independent director service providers may serve on several Boards, the Authority deems it prudent for all | No amendments are required. |

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| | <p>minimum, include the following:</p> <p>"a review or approval process for members to follow before they engage in certain activities (such as serving on another board) to ensure that such activity will not create a conflict of interest."</p> | <p>director service providers. Suggest this clause should not apply to independent director service providers. The number of boards and new boards that independent service providers engage on would make this a prohibitive amount of administration.</p> <p>Suggest this be removed for Mutual and Private Funds insofar as relative to an independent director serving on another board. CIMA to provide guidance on what "certain activities" will be deemed to constitute.</p> | <p>regulated entities to have a mechanism which allows for adequate oversight of conflicts of interest at the Governing Body level.</p> <p>Within the context of the Rule, "certain activities" speak to a number of possible circumstances which may result in a conflict of interest for a member of the Governing Body.</p> | |
| 36. | <p>5.10.2 (d)</p> <p>The Governing Body shall establish a documented 'conflicts of interest' policy for its members, which shall at a minimum, include the following:</p> <p>"a member's responsibility to abstain from voting on any matter where the member may have a conflict of interest or where the member's objectivity or ability to properly fulfil duties to the regulated entity may be otherwise compromised"</p> | <p>Understood that a director of a company must not put himself in a position where there is an actual or potential conflict between his duty to the company and his personal interests or a duty owed to another person, including a shareholder whom the director represents on the board. However, it is open to the company, as beneficiary of the fiduciary power, to waive a particular conflict where given by the company in general meeting (i.e. the shareholders by a majority vote, once the director has made full disclosure of the conflict or potential conflict). Invariably a company's articles of association will also provide that, if a director discloses his or her interest to the board at or before</p> | <p>The Authority agrees to the principle of the proposed amendment.</p> | <p>Rule 5.10.2 (d) revised to read as follows:</p> <p>a member's responsibility to abstain from voting (unless otherwise allowed by Articles of Association or constitutional documents) on any matter where the member may have a conflict of interest or where the member's objectivity or ability to properly fulfil duties to the regulated entity may be otherwise compromised;</p> |

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| | | the meeting at which a particular matter is to be considered, he or she may vote in respect of that matter, notwithstanding that he is interested in such matter. Suggest that for companies, Rules 5.10.2(d) and 5.10.4 be subject to the provisions of the Articles and similarly, for ELP's/LLCs and Unit Trusts, these Rules be subject to the provisions of the applicable constitutional documents. | | |
| 37. | 5.12.2 The Governing Body must establish an audit committee or equivalent that is appropriate with the size, complexity, and structure of the regulated entity. The audit committee or equivalent is chiefly responsible for the financial reporting process; providing oversight of the regulated entity internal and external auditors; approving or recommending to the Board for their approval, the appointment, compensation and dismissal of auditors; reviewing and approving the audit scope and frequency; receiving key audit reports and ensuring that Senior Management is taking the | Replace the term "board" with "Governing Body". | The Authority agrees to the proposed amendment for consistency. | All applicable references to "board" in the measure have been revised to "Governing Body". |

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| | <p>necessary corrective actions in a timely manner to address control weaknesses, non-compliance with and regulations, and other problems identified by auditors.</p> <p>Additionally, the audit committee or equivalent should oversee the establishment of accounting policies and practices by the regulated entity. The Board is responsible for oversight of the audit committee or equivalent.</p> | | | |
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| <p>38.</p> | <p>5.10.4 "Where a conflict of interest arises, a member of the Governing Body must recuse himself or herself at the earliest opportunity from a Board meeting and refrain from deliberating on any matter giving rise to such conflicts"</p> | <p>Most private funds and many mutual funds deal with conflicts by way of independent Limited Partner Advisory Committees ("LPACs"), which are global industry standard. These are typically, investor driven in scope and require LPAC approval of various conflict situations. We therefore suggest this clarification as we assume it is not the Authority's intent to prohibit this common practice, which has arisen in conjunction with the requirements of investors over time. In particular, a strict obligation on members of Governing Bodies to recuse themselves where conflicted is broader than the standard common law position which requires any interested party to declare any interest.</p> <p><u>Suggested Amendment</u></p> <p>Precede with <i>"Subject to any express or implied provisions set out in the regulated entity's constitutional documents or (if any) offering documents,"</i>.</p> | <p>The Authority agrees with the proposed amendment.</p> | <p>Rule 5.10.4 revised to read as follows:</p> <p>Subject to any express provisions set out in the regulated entity's Articles of Association or constitutional documents, where a conflict of interest arises, a member of the Governing Body must recuse himself or herself at the earliest opportunity from a Board meeting and refrain from deliberating on any matter giving rise to such conflicts.</p> |
| | | <p>As above - suggest deleting or making subject to the applicable MF/PF's constitutional documents.</p> | <p>The Authority is of the view that it cannot be deleted as it applies to regulated entities.</p> | <p>Please see amendment directly above.</p> |

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| <p>39.</p> | <p>5.10.6 (a) The Governing Body must abide by a Code of Conduct that is based on the following key principles:</p> <p>“Directors should act solely in the interest of the regulated entity and relevant stakeholders. They should not under any circumstances do any act with the purpose of gaining any financial or other consideration for themselves, their family or friends.”</p> | <p>This wording more closely follows the typical expression of directors' fiduciary duties under Cayman Islands law. There are many ordinary course and legitimate acts that Directors will do that might inadvertently breach this Rule as drafted – they might have a shareholding in the entity, their remuneration might be connected to its success, and so on. Regulated entities' constitutional documents will typically already contain extensive provisions dealing with director conflicts of interest, which would ordinarily already take these sorts of ancillary conflicts into account. If the draft Rule introduces additional duties that conflict with the provisions of an investment fund's constitutional documents or go beyond the standards required in Cayman Islands statutes, this is likely to introduce significant and unwelcome compliance costs. Moreover, these costs will not apply to non-Cayman Islands entities within the same investment fund structure, introducing inconsistencies and harming the jurisdiction's competitiveness.</p> <p><u>Suggested Amendment</u></p> <p>Directors should act solely in the interest of the regulated entity and relevant stakeholders. They</p> | <p>The Authority agrees to the proposed amendment.</p> | <p>Rule 5.10.6 (a) revised to read as follows:</p> <p>The Governing Body must abide by a Code of Conduct that is based on the following key principles:</p> <p>Directors must act solely in the interest of the regulated entity and relevant stakeholders. They should not under any circumstances, do any act with the primary purpose of gaining any financial or other consideration for themselves, their family or friends.</p> |
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| | | should not under any circumstances do any act with the <u>primary</u> purpose of gaining any financial or other consideration for themselves, their family or friends. | | |
| 40. | 5.11 Remuneration Policy and Practices | <p>The Authority will recognise that its existing rules already contain extensive provisions requiring funds to disclose the remuneration structures of their Governing Body and other key service providers, and that these structures are often extensively negotiated with investors individually and collectively to ensure an appropriate balance and alignment of interests between investors and service providers, consistent with other jurisdictions and in line with global industry standard. It is submitted these existing arrangements, supported by the Authority's existing rules and guidance in respect of disclosure of these matters, are sufficient. Additional provisions restricting parties' ability to agree appropriate remuneration provisions may harm the jurisdiction's competitiveness.</p> <p><u>Suggested Amendment</u></p> <p><u>[As new footnote]:</u> <u>For regulated entities that are mutual funds under the Mutual Funds Act or private funds under</u></p> | The Authority is of the opinion that this Rule does not preclude negotiation of remuneration premised on ensuring an appropriate balance and alignment of interests between investors and service providers. | No amendments are required. |

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| | | <i>the Private Funds Act, this Rule 5.11 shall not apply.</i> | | |
| 41. | 5.11.1 The Governing Body must adopt and oversee the effective implementation of a written remuneration policy. The remuneration policy must: (i) not induce excessive or inappropriate risk taking; (ii) align with the corporate culture, objectives, strategies, identified risk appetite and long-term interests of the regulated entity; and (iii) have proper regard to the interests of relevant stakeholders. | CIMA to clarify expectations on scope of what is required here. | The remuneration policy is expected to ensure an appropriate balance and alignment of interests between those providing governance, oversight and management of the regulated entity and other relevant stakeholders such as shareholders and investors. | No amendments are required. |
| 42. | 5.13.3 The Governing Body must hold regular board meetings, not less than annually. | Many mutual funds and private funds have Governing Bodies that are formed under the laws of other jurisdictions, where boards of directors are not applicable – most commonly a limited liability company structure which is either under the control of its managing members, or where control is divided among principals. This suggested drafting avoids confusion that (a) these sorts of entities are outside of the scope of this rule, and (b) that the Authority will interpret this rule in an appropriate manner with respect to the regulated entity's individual characteristics and structure. | The Authority agrees to the proposed amendment. | Rule 5.13.3 revised to read as follows: The Governing Body must hold regular meetings, at least annually. Where the Governing Body is not comprised by a board, its principals or other natural person who exercise ultimate control over the regulated entity should meet at least annually. |

| | | <p><u>Suggested Amendment</u></p> <p>The Governing Body must hold regular board meetings, not less than annually. <u>Where the Governing Body is not controlled by a board, its principals or other natural person who exercise ultimate control should meet not less than annually.</u></p> | | |
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| <p>43.</p> | <p>5.14.1 The Governing Body must ensure it is not subject to undue influence from Senior Management or other parties and that it has access to all relevant information about the regulated entity.</p> | <p>Inserting this requirement into the "Duties of Senior Management" section implies it is Senior Management's accountability not to influence the Directors, as does the use of the phrase "subject to". The accountability should be with the Directors not to be unduly swayed and this accountability should be clear.</p> | <p>The Authority agrees with the comment and will move this rule to the section titled "Duties of Individual Directors of the Governing Body".</p> | <p>New subrule 5.7.9 added to read as follows:</p> <p>Each Director of the Governing Body must ensure that it they are not subject to undue influence from Senior Management or other parties and that it has they have access to all relevant information about the regulated entity.</p> |
| <p>44.</p> | <p>5.14.2 The Governing Body must approve appropriate policies and procedures to ensure that Senior Management: a) is sufficiently accountable to the Governing Body; b) carries out the day-to-day operations of the regulated entity effectively and in accordance with the entity's corporate culture, business objectives and strategies for</p> | <p>Rule 5.14.2 See comment above re Rule 4.5.1, "Senior Management" not applicable to MF/PFs.</p> <p>Suggest that this Rule only apply to MF/PFs to the extent they actually have any "Senior Management", otherwise MF/PFs should be exempt from any provisions of the proposed Rule applicable to "Senior Management".</p> | <p>The Authority acknowledges that all mutual funds and private funds may not have Senior Management but will rather rely on the "Governing Body" for the day-to-day management of the fund. Rules should be applied in consideration of size, complexity, structure and risk profile of operations of the regulated entity.</p> | <p>No amendments are required.</p> |

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| | <p>achieving such objectives, in line with the entity's long-term interests and viability, including the legitimate interests of relevant stakeholders;</p> <p>c) promotes sound risk management, compliance and fair treatment of relevant stakeholders</p> <p>d) provides the Governing Body adequate and timely information to enable the Governing Body to carry out its duties and functions including the monitoring and review of the performance and risk exposures of the regulated entity, and the performance of Senior Management; and;</p> <p>e) maintains adequate and orderly records of the internal organization that can be easily accessed.</p> | | | |
| <p>45.</p> | <p>6.1. Regulated entities must, as required by the Authority, demonstrate the adequacy and</p> | <p>Clarity is needed how they expect licensees to demonstrate the effectiveness of their Corporate Governance framework. If it is left to the licensee to decide how they</p> | <p>The demonstration of the adequacy and effectiveness of the corporate framework, as required by the Authority, will depend on the specific nature</p> | <p>No amendments are required.</p> |

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| | effectiveness of its corporate governance framework. As deemed suitable, the Authority will exercise supervisory judgement when assessing such adequacy and effectiveness based on the size, complexity, structure, and risk profile of the regulated entity. | determine the adequacy and effectiveness, then this should be explicitly stated. In the event this is the case, some guidance would still be appreciated. | of the supervisory concern relating the framework and is not intended to be a prescriptive undertaking. | |
| 46. | 6.2 Where a regulated entity is of the view that a particular rule (or application of a rule) is not applicable to the entity based on the size, complexity, structure, and risk profile of its operations, it is the responsibility of the entity to ensure this is comprehensively demonstrated to the Authority, as needed | "Demonstrated to the authority" - what does this mean / what form does this take? Mutual and Private Funds would be of the size and complexity to not warrant compliance with this Rule. "Suggest the Authority prescribes a form of letter for which reporting of these can be provided. Suggest CIMA clarify carve outs / exemptions for Mutual and Private Funds." | The demonstration of the view that a Rule is not applicable to a regulated entity will be at the discretion of the entity and is not intended to be a prescriptive undertaking. | No amendments are required. |