

# **CORPORATE GOVERNANCE COMPLIANCE**

**Legal and Corporate Services Solutions  
Asia Offerings**

**March 2024**

**CONYERS**  
40 YEARS IN HONG KONG



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## Corporate Governance Compliance – How Conyers can assist

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As you are aware, the Cayman Islands Monetary Authority's ("CIMA") new Rule on Corporate Governance for Regulated Entities ("**CG Rule**") has now come into effect. This builds on CIMA's Statement of Guidance – Corporate Governance – Mutual Funds and Private Funds ("**CG SOG**", together with the CG Rule, the "**CG Measures**") by extending CIMA's minimum expectations for sound and prudent corporate governance to providing clear, concise directives that create binding obligations for which any breach could lead to an administrative fine or regulatory enforcement action by CIMA.

At a minimum, the Governing Body<sup>1</sup> of a regulated fund (the "**Fund**") is responsible for documenting and implementing a corporate governance framework that addresses the following:

- Objectives and strategies of the Fund
- Structure and governance of the Governing Body
- Appropriate allocation of oversight and management responsibilities
- Independence and objectivity
- Collective duties of the Governing Body
- Duties of individual directors of the Governing Body
- Appointments and delegation of functions and responsibilities

- Risk management and internal control systems
- Conflicts of interest and code of conduct
- Remuneration policy and practices
- Reliable and transparent financial reporting
- Transparency and communications
- Duties of senior management
- Relations with CIMA.

Separately, CIMA has issued a new Rule and Statement of Guidance – Internal Controls for Regulated Entities. Although this applies to all Cayman regulated entities, regulated funds generally do not have senior management or staff, instead outsourcing day-to-day management to service providers. As such it is unlikely that additional measures with respect to internal controls beyond adopting the corporate governance framework required under the CG Measures would be required.

These tailored solutions therefore focus primarily on the GC Measures. However, if you would like further information for Rule and Statement of Guidance – Internal Controls on Regulated Entities and how this may affect your business (e.g. you have Cayman regulated investment advisor or investment manager in your fund group structure), then please let us know and we would be happy to provide further information.

<sup>1</sup> Governing Body means: the board of directors where the regulated fund is a company; the general partner where the regulated fund is a partnership; the manager (or equivalent) where the regulated fund is a limited liability company; and the trustee where the regulated fund is a unit trust.





## Corporate Governance Compliance – How Conyers can assist (continued)

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The CG Measures provides that a regulated fund's corporate governance framework should be commensurate with the size, complexity, structure, nature of business and risk profile of its operations. As a result, certain compliance steps should be undertaken for Funds.

### Action Points and Conyers Legal Assistance

We would recommend that the Governing Body (directly or indirectly through management) now:

1. Undertakes a **gap analysis** exercise of current corporate governance policies and those required under the CG Measures.  
***We can provide a compliance checklist for the purposes of undertaking the gap analysis exercise.***
2. Develops an appropriate **corporate governance framework** consistent with the CG Measures.  
***We can assist in the analysis of completed checklists and recommend policies and practices for the Governing Body to comply with the CG Measures. We can assist, amongst other things, with revising existing documents and/or preparing new policies and practices, where necessary, that would form an appropriate corporate governance framework.***

3. Holds a **Governing Body board meeting** to adopt a corporate governance framework consistent with the CG Measures.

***We can assist with the preparation with a board agenda ensuring that the Governing Body addresses all required matters and adopts appropriate policies and practices consistent with the CG Measures.***

4. Monitors compliance of the corporate governance framework throughout the year.

***We can advise, on any ongoing matters, as required.***

5. Holds Governing Body board meeting at least annually in compliance with CG Measures.

***We can assist with the preparation of board agenda for an annual board meeting of the Governing Body in compliance with CG Measures, and more frequently, where required.***

### Corporate Services Assistance

We can provide various corporate services (e.g. registered office, Anti-Money Laundering ("AML"), AEOI, independent directors, board support services) to assist a Fund and its Governing Body with ongoing corporate compliance, including governance obligations.



## Tailored Solutions

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The full breadth and scope of legal and corporate services we can provide are as follows.

### Legal Services

Provision of legal services to assist with corporate governance gap analysis, preparing an appropriate corporate governance framework, board agendas, as required.

### Corporate Services

- Provision of registered office services;
- Provision of a Money Laundering Reporting Officer (“**MLRO**”), a Deputy Money Laundering Officer (“**DMLRO**”) and an Anti-Money Laundering Compliance Officer (“**AMLCO**”)
- Provision of Principle Point of Contact and Authorized Person with The Cayman Islands Tax Information Authority (“**PPOC**”)
- Provision of the Foreign Account Tax Compliance Act (“**FATCA**”) and the Common Reporting Standards (“**CRS**”) Reporting services
- Provision of independent directors
- Provision of board support
- Corporate Governance and AML training

The solutions, the information and details contained herein are confidential and are provided on the understanding that such information will be reviewed and not disclosed further than the directors of the Governing Body, executives and relevant internal personnel of the client and of the group of which it may form a constituent part.



## Fee Schedule

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### Legal Fees

Based on the proposed scope of the assistance that you require, we will either (i) provide an estimate of our fees for the given project; or (ii) charge on an hourly basis based on the seniority of the lawyer involved being in the range of US\$270 per hour to US\$1,050 per hour.

As a first step, we will provide corporate governance checklists that should be completed and returned to us. Having assessed the particular needs of a Fund, we will provide an indicative fee estimate, based on our anticipated level of involvement.

Whilst each Fund's needs will be different, we generally expect our legal fees to be between US\$10,000 to US\$15,000 per Fund for analysing the client-completed gap analysis, develop a suitable corporate compliance framework in line with the GC Measures and create an agenda for a Governing Body meeting to adopt such framework.





## Registered Office Services

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Registered office services include the following:

- Providing a registered office address for your entities in the Cayman Islands
  - Maintaining statutory records including incorporation documents, seal (if required) and minute book
  - Onboarding and keeping statutory registers of your Cayman Islands entities, including: register of directors and officers, register of members (if applicable) and register of mortgages and charges
  - Maintaining the register of beneficial owners
  - Maintaining information provided by an entity for economic substance notifications
  - Attending to filing of statutory forms, declarations, returns and notices as required by law
  - Providing your entities at the appropriate time with an invoice which includes relevant annual government fees; when the requisite fees (and forms, if relevant) have been received by Conyers then arrange for the necessary fees and documents to be forwarded to the Registrar of Companies, and also attend to the filing of the annual statutory return of the entity with the Registrar of Companies
- Assistance with the payment of fees payable to the CIMA
  - Issuing of registered office certificate and certification of documents as true copies of documents held on the minute book in our capacity as registered office

Additional services as incurred in any 12-month period will be charged to the entity in accordance with our schedule of fees, as published and as may be from time to time amended with notice.



## Directorship Services

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CIMA has signaled that independent oversight is a key area of focus. Through our affiliate, **Conyers Financial Institutions Group**, Conyers has a team of highly qualified and experienced investment fund fiduciaries who provide independent directorship and ancillary support services to Cayman domiciled hedge funds, private equity funds and associated investment vehicles.

- **Highly qualified and experienced** – our directors have multiple professional qualifications and have decades' worth of experience operating in the Cayman investment funds industry.
- **Regulatory specialists** – our directors have a deep practical understanding of the Cayman regulatory environment facing investment funds and are able to take on these responsibilities as part of their contribution to the board.
- **Governance and internal controls** – our directors are well versed as to the corporate governance and internal control rules imposed on funds by CIMA and are able to assist Funds to meet these obligations through coordination of properly structured board meetings and engagement with service providers.
- **Independent decision making** – appointing independent directors to your fund board is the easiest and most effective way for the board to demonstrate independent judgement and objectivity in response to the corporate governance rules imposed by CIMA.
- **Industry insights and best practice** – our directors have worked with a range of investment managers and have acted across a broad cross section of investment strategies and structures which leaves them well suited to advise.

### Governance solutions

Our fiduciaries are flexible and able to work with you to provide tailored governance solutions to a range of investment fund structures.

In addition to providing independent directors for hedge funds and private equity general partners, our fiduciaries are able to take up positions on private equity boards, advisory boards and on corporate governance committees.

In practice, the objectives of governance committees will largely be achieved by holding meetings. Details of typical points of discussion and areas where the independent committee members would contribute include:

- Act as chairman for committee meetings to guide the conversation in such a way to ensure that all requisite corporate governance topics stipulated by the CG Rule are sufficiently covered
- Ensure that conflicts of interest are sufficiently discussed, addressed and documented in accordance with the CG Rule
- Discuss and evaluate the Fund's position with respect to practical compliance with the broader scope of Cayman regulations and assist with any remediation as required
- Liaise with services providers (investment manager, administrator, AML appointees, etc.) to ensure the committee retains sufficient oversight and control over any outsourced functions
- Review and discussion of investment activities, performance and financial position
- Help guide any dialogue with CIMA though the life of the Fund as and when necessary





## Board Support Services

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As part of a robust corporate governance regime, it is essential that meetings are planned, operated and documented in such a way that the requirements of the corporate governance measures are clearly and demonstrably met. **Conyers Client Services** is an affiliate of Conyers. As part of our corporate services, we provide a variety of options to assist in arranging, holding and minuting board and committee meetings in a professional and appropriate manner.

Our board support services can be tailored to your individual client needs. Our corporate secretarial professionals are experienced in all types of regulated entities including but not limited to investment funds, insurance companies and corporate entities on a global and local basis.

With the advantage of state-of-the-art virtual meeting facilities and an easy-to-access location in Grand Cayman, Conyers also offers the perfect venue to host board meetings.

### Full Board Support

Full board support services include:

- Liaising with stakeholders to arrange and coordinate meetings

- Drafting the agenda and circulating for review and comment
- Collating and distributing any required Board packs and liaising with stakeholders
- Attending meetings either via telephone or in person
- Providing telephonic conference facilities
- Taking minutes of the meeting
- Preparing and distributing the draft minutes for review and sign off
- Finalising close out procedures and filing minutes on the minute book in line with governance procedures

### Minutes Only

Depending on your specific requirements, Conyers can provide a minute-taking-only service whereby Conyers:

- Attends meetings either via telephone or in person
- Takes minutes of the meeting
- Prepares and distributes the draft minutes for review and sign off
- Finalises close out procedures and files minutes on the minute book in line with governance procedures



## FATCA and CRS Services

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The introduction of FATCA and CRS has had a far-reaching impact on applicable entities and groups. Cayman entities are required to analyse existing investor accounts, validate and update investor information, enhance on-boarding processes and expand reporting capabilities on a global basis. Conyers can help clients with the full spectrum of FATCA and CRS compliance.

The following is an overview of the services we can provide to your entity:

- register with the Internal Revenue Service (“IRS”) and obtain a Global Intermediary Identification Number (“**GIIN**”) and register, notify and act as PPOC with the Cayman Islands Tax Information Authority (“**TIA**”);
- classify, validate and remediate pre-existing accounts, including file reviews and obtain enhanced due diligence and forms as required;
- carry out due diligence and classification of new accounts including obtaining forms and due diligence documentation for validation up front to facilitate compliance;
- prepare and file reports that are compliant with Cayman Islands legal requirements and TIA; and
- prepare and file CRS Compliance Form with the TIA.



## AML Services

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Under the Cayman Islands Anti-Money Laundering Regulations (“**AMLRS**”), financial service providers (“**FSPs**”) must ensure that they have appointed suitably qualified individuals to act as AMLCO, MLRO and DMLRO (together, the “**AML Officers**”). The AML Officers should have practical knowledge and understanding of the Cayman AML regulatory frameworks including but not limited to the AMLRS and Guidance Notes<sup>3</sup>. Conyers can provide qualified individuals to assume these roles and help guide your entity through this constantly evolving environment which requires continued vigilance to ensure ongoing compliance and standards of best practice.

All FSPs should be aware that as the regulator, CIMA has significant powers to impose administrative fines under the Monetary Authority (Administrative Fines) (Amendment) Regulations, 2020 (“**Fine Regulations**”) for AML breaches. The sliding scale of fines ranges from US\$6,100 for ‘minor’ breaches to US\$122,000 for individuals and US\$1,220,000 for entities for ‘very serious’ breaches.

### Anti-Money Laundering Compliance Officer

The AMLCO has statutory duties under the AMLRS and is responsible for ensuring that the FSP has implemented measures which ensure compliance with the AMLRS and the Guidance Notes. The AMLCO also acts as the point of contact with certain Cayman Islands competent authorities, including CIMA.

### Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer

Where a suspicious activity report (“**SAR**”) is filed, the MLRO will act as ongoing liaison with the Financial Reporting Authority (“**FRA**”) or other regulatory or investigative agencies. It is important to note that the MLRO may commit a criminal offence if they fail to properly carry out these functions without reasonable excuse, and/or be subject personally to administrative fines imposed by CIMA.

The MLRO has statutory duties under the AMLRS and is responsible for the implementation and management of suspicious activity reporting procedures. Where suspicious activity pertaining to criminal conduct, money laundering, terrorist financing or proliferation financing is suspected, the MLRO or DMLRO must investigate in order to determine whether there is a requirement to file a SAR with the FRA.

<sup>3</sup> Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands



# Key Contacts

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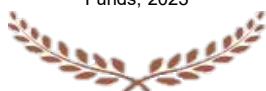


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**Piers Alexander**  
Leading Lawyer

Chambers Asia Pacific, Offshore:  
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Funds, 2023



"Conyers team is able to provide  
high-quality and commercial  
advice for complex transactions."

Chambers Asia Pacific, Offshore:  
Corporate & Finance including Investment  
Funds, 2023



"They always try hard to  
understand the client's wishes  
and endeavour to achieve them."

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## Conyers – Investment Funds – Asia

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With 40 years in Asia, Conyers continues to lead the way in providing offshore legal advice to many of Asia's largest and most innovative corporate clients and is perfectly placed to help clients in Asia with their investment fund structures.

The highly experienced investment funds team act as offshore legal advisor for international and Asia-based fund management houses, financial institutions and entrepreneurs, providing innovative advice and solutions on investment fund matters. The team works alongside clients from the initial structuring issues for new funds through the continuing operations and other long term business requirements of investment funds.

### Our Services

The team assists on:

- Incorporations and formations
- Venture capital funds
- Structuring advisory
- Real estate funds
- Fund regulation
- Infrastructure funds
- Investment management regulation
- Master-feeder funds
- Offering and other fund documentation
- Special situation funds
- Crypto funds
- Segregated portfolio companies
- Hedge funds
- Limited partnerships
- Private equity funds
- Unit trusts

Structuring issues include:

- Corporate governance parameters
- Liquidity requirements
- Fiduciary obligations of operators
- Asset segregation and liability ring-fencing
- Conflicts of interest solutions
- Multi-class share rights
- Investor participation and control issues
- Liquidity restrictions, including lock-in periods, redemption gates and side-pockets
- Investment and advisory committees

**Legal 500 Asia Pacific,  
Leading Firm 2024**



**Chambers & Partners  
Asia Pacific, Offshore  
2024**  
(13 years ranked)

**Best Overall Law Firm  
(Offshore) for 11  
consecutive years from  
2013 to 2023**  
*China Business Law  
Awards*



**Pro-Bono Firm of the  
Year**  
*China Business Law  
Awards*

**Most Responsive Firm  
of the Year**  
*In-House Community  
2021*



**Offshore Law Firm of  
the Year**  
*IFLR Asia-Pacific  
Awards 2020*

**Caring Company  
2021 – 2023**  
*The Hong Kong Council  
of Social Service*



## Our Asia Award-Winning Practice

Since 1985, Conyers Asia practice has been leading the way in providing offshore legal advice to many of the region's largest and most innovative corporate clients.

As Asia's leading advisor in corporate finance and capital markets, we are known for our strengths in IPOs. In addition, we are also advisors to many of our clients in practice areas including investment funds, merger and acquisition, and litigation and restructuring.

With close to 40 lawyers based in our Hong Kong and Singapore offices, we advise on Bermuda, British Virgin Islands and Cayman Islands laws. The team is fluent in Cantonese, English, Japanese, Mandarin and Malay, and is able to provide advice to clients in their local languages.

Through our global network, we can provide clients the advice they need for cross-border transactions.

CONYERS



“

*They are excellent practitioners with particular expertise in finance and complex cross-border disputes.*

”

– Chambers Asia-Pacific, 2024

“

*The team understand the market trends due to the volume of their deal flow, which is very helpful to our practice.*

”

– Chambers Asia-Pacific, 2024

“

*The team is practical and very responsive.*

”

– Legal 500, Hong Kong, Offshore Law Firm, 2024

“

*The team is well-established and renowned for its familiarity with the financial and judicial environment in Hong Kong, which enables them to give practical solutions for clients to deal with matters involving the relevant offshore jurisdictions efficiently.*

”

– Legal 500, Hong Kong, Offshore Law Firm, 2024

# CONYERS

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## 40 YEARS IN HONG KONG

For additional information about the content presented in this brochure or our service offerings, please contact one of our law yers listed above. This publication should not be construed as legal advice. It deals in broad terms only and is intended merely to provide an overview and give general information.

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