

## The Cayman Islands Private Funds Law, 2020

On January 8, 2020, the Cayman Islands Government published the Private Funds Law, 2020 (the “Law”)<sup>1</sup>. The Law was approved by the Cayman Islands Government and enacted into law on February 7, 2020. The Law introduces, among other changes, new standards for the valuation of a private fund’s assets. According to Clause 16 of the Law, private funds are required to have a valuation of their assets carried out at a frequency that is appropriate to the assets, but at least on an annual basis.

The valuations of the assets of a private fund must be performed by:

- a. An independent third party that is professionally qualified to conduct valuations in a non-high risk jurisdiction;
- b. The manager or operator of the private fund, or the person who has a control relationship with the manager of the private fund, provided that:
  - The valuation function is independent from the portfolio management function; or
  - Potential conflicts of interest are properly identified, managed, monitored, and disclosed to the investors of the private fund; or
- c. An administrator not falling under subsection (a) who is appointed by the private fund.

In the event that the valuation is not performed by an independent third party, in accordance with subsection (a), the Cayman Islands Monetary Authority (“CIMA”) may require the valuation be verified by an auditor or independent third party.

According to the Private Funds (Savings and Transitional Provisions) Regulations, 2020 (the “Transitional Regulations”), published on February 7, 2020, private funds have until August 7, 2020 to register with CIMA and comply with the Law.

### *Value. Added.*

Houlihan Capital is a leading, solutions-driven, valuation, financial advisory and boutique investment banking firm committed to delivering superior client value and thought leadership in an ever-changing landscape. The firm has extensive experience in providing objective, independent and defensible opinions of value that meet accounting and regulatory requirements. Our clients include some of the largest asset managers around the world, and ’40 Act funds, private equity funds, hedge fund advisors, fund administrators, and other asset management firms benefit from Houlihan Capital’s comprehensive valuation and financial advisory services. Houlihan Capital is SOC-compliant, a Financial Industry Regulatory Authority (FINRA) and SIPC member, and committed to the highest levels of professional ethics and standards.

**For more information, please contact:**

**Monica Blocker**

[mblocker@houlihancapital.com](mailto:mblocker@houlihancapital.com)

312.450.8699

1. <http://www.gov.ky/portal/pls/portal/docs/1/12910545.PDF>