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Alternative Approach

Elliot Refson, head of funds at Jersey Finance, discusses their recent white paper



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Lead news story



SEC votes to allow in-kind creations and redemptions for Crypto ETPs

The US Securities and Exchange Commission (SEC) will accept arrangements to authorise in-kind creations and redemptions by approved players for crypto asset exchange-traded product (ETP) shares.

The approval of the orders came after a vote by the Commission, and demonstrated a shift from newly endorsed spot bitcoin and ether ETPs.

Both spot bitcoin and ether ETPs were previously restricted to creations and redemptions on in-cash grounds.

The changes will allow bitcoin and ether ETPs to generate and reclaim shares on an in-kind basis, similar to other commodity-based ETPs the SEC has accepted.

This extends to exchange applications that aim to record and sell an ETP that would grasp mixed spot bitcoin and spot ether, alternatives on specific spot bitcoin ETPs, Flexible Exchange choices on shares of fixed bitcoin-based ETPs, and rise of position restrictions to common limits for options (up

to 250,000 contracts) for filed options on specific BTC ETPs.

SEC Chairman Paul S. Atkins says: "I am pleased the Commission approved these orders permitting in-kind creations and redemptions for a host of crypto asset ETPs. Investors will benefit from these approvals, as they will make these products less costly and more efficient."

"Today's approvals continue to build a rational regulatory framework for crypto, leading to a deeper and more dynamic market, which will benefit all American investors. This decision aligns with the standard practices for similar ETPs."

Jamie Selway, director of the Division of Trading and Markets, says: "The Commission's decision today is an important development for the growing marketplace for crypto-based ETPs. In-kind creation and redemption provide flexibility and cost savings to ETP issuers, authorised participants, and investors, resulting in a more efficient market." ■

AST

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The background of the slide features a complex, abstract design. It includes several overlapping, semi-transparent geometric shapes in shades of light blue, purple, and pink. Overlaid on these are various financial data visualizations, including candlestick charts and line graphs in brown and gold tones. The overall aesthetic is modern and professional, typical of a corporate financial services advertisement.

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Bovill Newgate rebrands to Ocorian

Ocorian, a global asset service provider, has announced that its regulatory and compliance arm, Bovill Newgate, is rebranding to Ocorian following the completion of the integration which began in 2024.

The rebranding took effect as of 31 July 2025.

According to the firm, the rebrand brings Ocorian's regulatory advice and compliance expertise together with its global premier solutions for clients across the financial services industry under one single brand

along with specialists across the UK, Asia, and the US.

Rebecca Thorpe, global head of regulatory consulting at Ocorian says: "We are bringing our market-leading regulatory advice and compliance experts under the Ocorian brand to make it easier than ever for our clients to connect and do business with us. This will also make it easier for us to support our clients with the advice and solutions they need, to meet an ever more complex regulatory and compliance landscape, wherever they need it globally."

Clearstream enhances its Settlement Prediction Tool

Clearstream has released an enhanced version of its Settlement Prediction Tool to help clients manage settlement risks, reduce penalty exposure, and support T+1 client readiness. According to the firm, the AI-powered tool delivers predictive insights into settlement outcomes and identifies potential failure drivers.

Clearstream says that the enhanced Settlement Prediction Tool leverages artificial intelligence to forecast the likelihood of timely settlement and estimate potential penalty costs.

By analysing transaction details and historical settlement patterns, the tool identifies at-risk instructions up to four business days in advance.

According to the firm, the benefits are proactive risk mitigation through early identification of potential settlement failures, lower penalty costs with predictive visibility into high-risk transactions, improved operational efficiency by prioritising actions and optimising resource allocation and enhanced visibility and control across all settlement instructions.

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Zodia Custody offers support for Canton Coin

Zodia Custody, the institution-first digital assets platform, has announced that it is the first bank-backed custodian to offer custody support for Canton Coin (CC), the native token for Canton Network.

The Canton Network, according to the firm, has been designed to facilitate secure transactions for the financial players to operate with a high degree of information safeguarding.

Zodia Custody will also waive custody fees for CC with upcoming

plans to feature the token in its recently announced Zodia Rewards programme, providing clients the ability to maximise their utility on the network.

Anoosh Arevshatian, chief product officer at Zodia Custody, says: “Our clients demand secure access to the most significant innovations in digital assets. Our support for Canton Coin delivers directly on that promise, providing a vital gateway to a network poised to redefine how institutions interact.”



Northern Trust appointed NTMA contract

Northern Trust has been granted a contract to deliver custodian and related services to the National Treasury Management Agency (NTMA), Ireland’s State body covering the administration of public assets and liabilities.

The corporation will function as the outsourced asset servicing partner for the recently established Future Ireland Fund and the Infrastructure, Climate and Nature Fund.

Northern Trust will provide the two long-term savings funds with a range of solutions including custody, front office solutions, securities lending, currency management, and financial accounting.

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Franklin Templeton selects BNY for US ETF servicing mandate

BNY has been appointed by Franklin Templeton to provide a full suite of asset servicing and foreign exchange solutions for its US-listed exchange traded funds (ETFs), expanding a partnership that spans nearly three decades.

The mandate will see Franklin Templeton leverage BNY's Exchange Traded Execution (ETX) platform, which offers integrated services across the ETF lifecycle. The platform is designed to enhance flexibility, scale and operational efficiency, supporting Franklin Templeton's ambitions for one of its fastest-growing product lines.

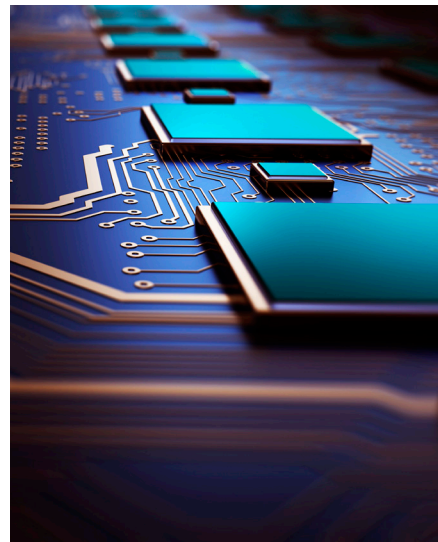
BNY previously supported the launch of three of Franklin Templeton's digital asset ETFs. Under the expanded arrangement, the firms say Franklin Templeton will benefit from BNY's full ETF servicing capabilities as well as its broader solutions aimed at driving asset growth and operational streamlining.

Emily Portney, global head of Asset Servicing at BNY, says: "BNY has been supporting Franklin Templeton for nearly three decades and we're proud to be deepening our relationship to now deliver end-to-end ETF solutions."

Patrick O'Connor, global head of ETFs at Franklin Templeton, adds: "We value our relationship with BNY and the opportunity to further utilise their platform and services.

"As we position our ETF business for its next phase of growth, we are excited to enhance both asset growth and operational efficiency for our clients."

As of 30 June 2025, BNY reports US\$55.8 trillion in assets under custody and/or administration and US\$2.1 trillion in assets under management. The bank serves many of the world's largest institutional clients, including more than 90 per cent of Fortune 100 companies.



7IM announces next phase of partnership with Tikker

7IM has announced the next phase of its partnership with fintech Tikker as part of its investment into its proprietary platform and supporting technology.

7IM started work with Tikker last year as one of its founding design partners which, according to the firm, was to improve efficiencies and automate the Managed Portfolio Service market to help support advice firms.

Tikker provides a portfolio automation tool that streamlines the rebalancing process, reducing it from what can take days to just a few minutes.

Through the software, 7IM's model portfolio managers and delivery teams can now use a single upload to rebalance 7IM's portfolios across its platform and multiple platforms if needed.

This includes asset allocation changes, reweighting, digitally enhanced checks and audit trail creation.



JTC set to acquire KHT

JTC, a global professional services provider, and Union Bancaire Privée (UBP), a Swiss wealth and asset manager, have reached an agreement on JTC's proposed acquisition of Kleinwort Hambros Trust Company and its subsidiaries — together KHT — which are wholly owned subsidiaries of UBP.

KHT also provides offshore share scheme and pension scheme administration services to several high-quality global corporate clients, which, according to the firm, will enhance and support JTC's Employer Solutions service offering.

Post completion, KHT will be integrated into JTC's global Private Client Services division.

The acquisition is subject to regulatory approvals and standard closing conditions.

Nigel Le Quesne, CEO of JTC, says: "We are delighted to announce the proposed acquisition of KHT from UBP. We look forward to welcoming the highly experienced team and their clients to JTC, as we further develop and expand our professional trust and corporate services in this large global market."



Sibos adds Paris and Dubai to line-up

Swift has confirmed Paris and Dubai as future host cities for Sibos, as part of a revised global rotation strategy that will see the industry event held every fourth year in a growth market region.

Following previously announced venues in Frankfurt, Miami, and Singapore, Paris will host the 2028 edition of Sibos, marking the event's 50th anniversary. Dubai will follow in 2029, representing a strategic expansion into emerging financial centres across Asia, the Middle East, Africa, and Latin America.

The revised rotation aims to reflect the growing diversity of Swift's global network, which spans more than 220 countries and territories. Until now, Sibos has rotated among established financial hubs across EMEA, North America, and Asia Pacific. By adding a fourth region into the cycle, Swift intends to bring new perspectives into key industry conversations around payments, securities, trade and digital infrastructure.

Paris, one of Europe's largest financial centres, will host Sibos for the first time in 2028. According to Paris Europlace, the city employs around 340,000 people in financial services — making it a leading hub on the continent.

Dubai's selection for 2029 highlights the region's growing role in global finance. The emirate is home to the Dubai International Financial Centre (DIFC), which has grown rapidly since its launch in 2004 and now hosts nearly 7,000 firms, including a majority of the Gulf Co-operation Council's fintech sector.

Since its inception in 1978, Sibos has grown into one of the largest financial services conferences in the world, drawing over 10,000 participants annually. The addition of digital access in recent years has further expanded its reach, enabling broader participation in debates around innovation, resilience and industry transformation.

Hanwha Life completes majority acquisition of Velocity Clearing

Hanwha Life, a South Korea-based insurance company, has completed the acquisition of a 75 per cent stake in US-based global financial services firm Velocity Clearing. The deal marks the firm's move into the North American capital markets — beyond Hanwha Life's traditional insurance business.

With this transaction, Hanwha Life says it has become the first Korean insurance company to acquire a US securities firm.

Through the majority acquisition, Velocity Clearing will become a platform for Hanwha Life to enhance its profitability and provide global financial products to clients.

Velocity Clearing manages the full post-trade lifecycle, including clearing and settlement. As of the end of 2024, the firm held approximately US\$1.2 billion in total

assets, with a compound annual growth rate of 25 per cent in revenue over the last three years.

Michael Logan, CEO of Velocity Clearing, states: "With Hanwha Life's global vision and support, we expect to accelerate our growth and unlock new opportunities together for our clients. We're excited about the powerful synergies ahead."

Working closely with Velocity Clearing, Hanwha Life aims to ensure early operational stability while building strategic synergies with its US asset management affiliate, Hanwha Asset Management (USA) and the Hanwha AI Center (HAC), located in San Francisco.

This collaboration will combine financial expertise with advanced AI capabilities to strengthen Hanwha Life's competitive edge in the US market.



IQ-EQ announces acquisition of Gordian Capital

IQ-EQ, an Astorg portfolio company, has announced the acquisition of Gordian Capital, Asia's first institutional cross-border fund platform and fund solutions provider.

CEO and co-founder, Mark Voumard, will continue to lead the business and will join IQ-EQs Asia senior leadership team.

The business will go to market as Gordian Capital, part of IQ-EQ, until Q2 2026 when the business will rebrand as IQ-EQ. ■

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An alternative approach

Elliot Refson, head of funds at Jersey Finance, sits down with Asset Servicing Times to discuss their recent white paper and trends in alternative investment

The white paper identifies three simultaneous diversifications occurring in alternatives: investor, structural, and product. Could you please explain these key trends and what is driving this transformation across the industry?

The key trends that the white paper identifies break down into three clear buckets — investor, structural, and product.

The white paper identified that from an investor perspective there is a desire by family offices and high net worth (HNW) investors to increase their allocations to alternatives. The other side of this coin is the need for many alternative managers to diversify their investor base away from their traditional reliance on large institutional investors for their funds which has been drying up.

From a structural perspective the white paper identified that there is a shift away from traditional pooled funds to funds of one, managed accounts and co-investment vehicles to accommodate investor demand and this structure diversification is likely to get a further boost from new technology.

And from a product perspective the white paper identified that there is a trend to a growing use of AI and the rise of digital investing, including tokenisation. Tokenisation offers one potential solution to the transparency, liquidity and cost problems which have held family offices and high net worth investors back from allocating to alternatives.

Your Jersey data shows impressive growth primarily coming from non-traditional structures rather than standard collective investment funds. What does this shift indicate about the industry's direction and investor preferences?

What we have seen over the past five years is a 50 per cent decline in the number of Collective Investment Funds both in Jersey and across jurisdictions. This decline has been more than compensated for by a significant increase in the assets under management (AUM) and number of funds of one and smaller co-mingled funds that are structured in corporate vehicles. This is highlighted by record number of limited partnerships created in Jersey over recent years.

There are two reasons for this: the first is that high net worth and family office investors want more control of their capital and investments.

“I think that one of the drivers of managers looking to high net worth and family office investors is that institutional funds are running dry”

The second is that, while this group wants access to alternative investments for their enhanced returns and diversification, this demand is selective hence specific structuring rather than investing in diversified funds.

The research indicates managers are shifting from institutional to family office and HNW investors, yet only five per cent of HNW investors currently allocate to alternatives despite 53 per cent planning increases. What opportunities are behind this significant shift, and how substantial could this market become?

I think that one of the drivers of managers looking to high net worth and family office investors is that institutional funds are running dry, but it would appear that they are pushing on an open door.

Let me put this new opportunity for managers to raise capital in perspective.

The Bain Global Private Equity Report notes that individual investors hold roughly 50 per cent of the estimated US\$295 trillion of global AUM but those same investors represent just 16 per cent of AUM held by alternative investment managers.

In general terms that boils down to a US\$150 trillion opportunity, of which just US\$24 trillion is allocated, leaving US\$126 trillion on the table.

Managed accounts usage among advisers has tripled from 18 to 56 per cent according to your research. What factors are driving this dramatic adoption, and how do you foresee this trend evolving as it extends into retail markets?

I think that we broadly touched on this earlier. There are two reasons for this: the first is that high net worth and family office investors want more control of their capital and investments. And the second is that while this group want access to alternative investments for their enhanced returns and diversification this demand is selective, almost case by case if you like, hence specific structuring rather than investing in diversified funds.

More widely however, as we have started to see with tokenisation Investment structure diversification is likely to get a further boost from new technology.

Your findings indicate managers are now offering multiple vehicle types — managed accounts, co-investments, funds of one, and hybrid structures. How is this proliferation of options altering the investment landscape, and what advantages does it bring?

I do not think that any of these structures are new to the investment world, but they are certainly being applied more to the alternatives space. The clear advantages are that the investors keep control of their own assets and can be more specific about the investments they want. As to how it is affecting the investment landscape in this new world, this is simply what a manager needs to do to raise funds from the new investor base and of course as investors are more selective about the investments that they make the manager must be more aware of how he structures each deal.

The white paper cites McKinsey projections of US\$2 trillion in tokenised assets by 2030, with ambitious investor allocation targets. How feasible are these projections, and what steps are needed for tokenisation to transition from pilot programmes to widespread adoption?

There are a number of surveys out there which indicate various levels of take up for tokenisation — some larger, some smaller. In a 2023 report by Northern Trust and HSBC, 5 to 10 per cent of all assets are estimated to be digital by 2030 — which suggests a number circa 15 to 30 trillion.

But what is needed for tokenisation to transition to the mainstream is standardisation.

Each deal currently is being done from scratch, many are complex and expensive, but standards will emerge, just as they did for investment funds, private equity funds and hedge funds and at every other iteration of markets.

That aside, distribution is also key. We see institutions tokenise assets for their own clients where they effectively manage the book which works but is ring-fenced, and we are seeing platforms emerge where distribution is more difficult, but winners will emerge, and the platform model will likely become mainstream.

All of this provides massive opportunities across the board and as we have seen historically many of tomorrow's solutions are copied and pasted from history.

And I think that this will broadly be the case, for example with placement agents moving into marketing tokenised offerings. For this reason, I do believe that once the market has filled these gaps widespread adoption will follow quickly.

But let us not forget that the tokenisation of real-world assets grew out of the virtual assets sector. Virtual assets such as bitcoin, emerged over a decade ago as a revolutionary concept but are now almost mainstream with a value touching US\$4 trillion.

This sets the precedent and the trajectory of the pick up in demand for the tokenisation of real-world assets which have the added attraction of already being accepted investments.

Your research notes that 60 per cent of firms currently use AI in data-related distribution, coinciding with blockchain adoption. How do you envision these technologies collaborating to address conventional challenges related to accessibility, transparency, and efficiency?

The digitalisation of real-world assets refers to the process of converting tangible and intangible assets into digital tokens that can be managed, traded, and stored on a blockchain.

Accessibility, transparency, and efficiency are a by-product of this process, as are cost savings, decentralised ownership, diversification opportunities, and a streamlined administrative process. Enhanced liquidity is also a possibility.

Private credit has exceeded US\$2 trillion and is expanding beyond direct lending into asset-based financing. McKinsey describes this as a “generational opportunity” — could you elaborate on the factors driving this growth and where the most promising opportunities lie?

What is driving the massive growth in private credit stems from regulatory-driven bank retrenchment, strong investor demand for yield, private equity growth, and the asset class’ ability to innovate into asset-based financing and other nontraditional areas. The most promising opportunities lie in asset-backed finance, infrastructure and the sustainable sector.

Your research identifies sustainable sectors as the largest growth opportunity, with 35 per cent of institutions emphasising this area, yet you observe a lack of adequate measurement tools in the industry. What dynamics in sustainable allocations are not fully captured by the market?

The research shows that allocations from pension funds, sovereign wealth funds and family offices are growing very strongly but the reason that this is under the radar is that the industry has not yet got the right tools to measure what is going on. For example, sustainable investing is still often wrapped up with ESG. Some of it is in that area, but much of it is in the private market domain. Equally, much of the investment that is going into the renewable energy sector — a large part of the sustainable investing — is being counted in the infrastructure category. Also, what impact funds are investing in can be difficult to determine.

To examine what is really going on, the research went to the source of all these sustainable allocations: the investors, through a survey of 252 pension funds, 50 sovereign wealth funds and 50 large family offices. All of those surveyed increased their allocations to the main sustainable finance sectors in 2024, some substantially so.

Renewables is easily the most popular sector. But biodiversity and nature grew the most rapidly last year. It was followed by waste and recycling water and then forestry/timber.

Our own research reflects the 2024 Natixis Private Assets Report, which surveyed 500 institutions worldwide, found that the sustainable sector is now the biggest opportunity in private markets.

It is likely that as the sustainable sectors grow each will become a recognised private investment category in its own right. The renewable sector is often already categorised this way. Biodiversity and nature will likely become so too. Other sustainable sectors could well also follow.

Jersey has positioned itself at the forefront of these trends with innovative regulatory frameworks and diverse vehicle options. How do you perceive Jersey’s role in facilitating this industry transformation, particularly concerning digital assets and tokenisation?

From a jurisdictional perspective the challenge always is that financial centres must stay relevant. Those which do not evolve to serve the needs of the managers and investors who use them and who do not reflect the advancements in their markets simply die out. History is littered with examples of this.

As the virtual asset landscape evolves, the need for robust regulatory frameworks is crucial. Jurisdictions need to find a balance between fostering innovation and protecting investors.

One key factor that sets Jersey apart from other jurisdictions is the almost unique and collaborative approach taken by our industry: our service providers, our government and our regulator, the Jersey Financial Services Commission, which has many years led to highly successful innovation.

From the starting point, back in the day, that Jersey would treat virtual assets as it would any other asset class it was exactly this approach which led to Jersey regulating the world’s first bitcoin fund in 2014, which led to Jersey being the first jurisdiction to apply an anti-money laundering (AML) control framework for virtual currency exchanges in 2016 and ICO guidance in 2018.

It is this guidance which was the facilitator of the developments that have taken place in Jersey.

More recently our regulator issued two further guidance documents, the ‘Tokenisation of Real-World Assets (RWA)’ and ‘Initial Coin/Token Offering (IC/TO)’ the latter being an update of the original ICO guidance from 2018. Both documents are aimed at supporting this new business in Jersey.

With this framework in place let me touch on the wider advantages Jersey brings to the table as a jurisdiction for the tokenisation of real-world assets.

In Jersey our base case is tax neutrality and stability; both political stability and fiscal stability as well as a minimal change outlook from a regulatory, legal or economic perspective underpinned by world-class infrastructure — for example the fastest broadband in the world — and by the broad and deep expertise of the 14,000 people who work in our industry.

And it is against this backdrop that we will continue to iterate to support evolution of managers and the industry.

Service provider implications

Considering these trends from a service provider perspective, what are the principal operational and technological challenges that fund administrators and custodians should prepare for?

Obviously, we are not a service provider, but I think that what we are seeing here is the natural evolution of markets. From a structuring perspective there is nothing new. Funds of one, co-invest and managed accounts have been around for a long time. Tokenisation is also a natural evolution of investments which began with the introduction of railroads and industrialisation in the 1800s, from this we saw the beginning of large-scale investments which led to stock exchanges to facilitate share trading. The first mutual fund or unit trust came in 1924, then came the modern portfolio theory in 1952 to name just a few milestones. More recently we have seen the rise of ETFs and passive investing.

The next step of this evolution is the conversion of assets into digital tokens that can be managed, traded, and stored on a blockchain bringing with it all the benefits we spoke about earlier. Initially it's fair to assume that there will be a hybrid model but ultimately it will be blockchain exclusively.

Your conclusion suggests that these multiple trends will create unprecedented opportunities. For the broader ecosystem, including service providers, what capabilities and investments should they prioritise to support this evolving landscape?

There are a number of players creating supporting companies for each step of the services required in this new world. Tokenisation platforms and online placement agents for tokenised offerings

are a case in point. We are seeing some of the service providers acquire these firms to offer end to end servicing. But of course, parts of the process can be outsourced. It is up to each of the service providers to determine the part that they will play in the next step of the evolution of investing. ■

Mapping the future of alternatives

Jersey Finance's latest white paper, produced in partnership with IFI Global, explores how structural, investor and product trends are reshaping the alternatives market — and the growing role for service providers in supporting its evolution.

Investor diversification: With institutional fundraising slowing, managers are turning to high net worth and family office investors — a segment largely underallocated to alternatives but showing strong appetite for increased exposure.

Structural shift: There is a clear move away from traditional pooled funds towards customised structures such as funds of one, co-investments and managed accounts. This reflects a demand for greater control and more selective allocations.

Technology-driven change: Tokenisation and AI are gaining ground, with tokenised fund structures offering improved efficiency, transparency and liquidity. McKinsey forecasts up to US\$2 trillion in tokenised assets by 2030, though standardisation remains a key hurdle.

New product focus: Private credit is expanding beyond direct lending into asset-based finance, while sustainability-linked investments — particularly renewables, biodiversity and water — are driving sector growth.

Implications for service providers: Administrators and custodians face rising demand for flexible servicing models, digital capabilities, and infrastructure to support tokenised and hybrid investment structures. Those able to adapt may find themselves central to the next phase of market evolution.



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The next chapter

Michael McPolin's, head of Market Advocacy at Broadridge International, looks at the Shareholder Rights Directive and explores how fragmented regulation, inconsistent implementation, and technological gaps continue to hamper effective shareholder engagement across the EU

Shareholder democracy provides an investor the ability to actively shape the companies in their portfolio — helping inform board decisions, drive accountability, and ensure their investment voice is recognised across markets. Yet, for many European investors, this potential is too often constrained by complex regulations, inconsistent practices, and technological inefficiencies. The evolving landscape of shareholder rights within the European Union (EU) is characterised by both progressive reforms and ongoing challenges.

With the recent review of the Shareholder Rights Directive (SRD) by the European Securities and Markets Authority (ESMA) and subsequently the Directorate General Justice and Consumers (DG JUST), Europe is at a strategic inflection point. Beyond the technical language and regulatory updates, there remains a clear gap between the vision for harmonised investor engagement and the reality faced by market participants. Achieving true corporate democracy hinges not only on policy, but also on practical solutions that address lack of standardisation at source, fragmented market nuances and processes across jurisdictions.

In our analysis, we explore the EU's latest findings on shareholder rights, highlighting the persistent challenges impacting both institutional and retail investors alike. From inconsistent legal interpretations to varied market practices and the promise of advanced, interoperable technology, one thing is certain: enabling seamless, meaningful shareholder participation remains a critical area of focus — not only for investors, but for any organisation pursuing transparency and sustainable growth in an increasingly engaged marketplace.

The Shareholders Rights Directive was originally introduced in 2007 with the aim to encourage long-term shareholder engagement. This was followed some 13 years later with the implementation of SRD II in September 2020 that required intermediaries to provide their investor clients with event notifications and the ability to vote. It also empowered issuers with the right to request who owns them via the disclosure process.

As part of an agreed process to review the directive, in January 2025 DG JUST published a report that it commissioned on the application of the SRDs, which followed an earlier report on the implementation and effectiveness of the revised SRD II published by the European Banking Authority (EBA) and ESMA.

The approach on collecting data and information on how the original SRD and SRD II were implemented across the member states consisted of literature reviews, case studies, interviews and

consultations with over 100 key industry stakeholders, including Broadridge. Indeed, our representatives met several times with the consultants commissioned by the EU to discuss their insights and share our extensive experience providing SRD-compliant proxy voting and shareholder disclosure solutions to both institutional and retail investors.

The DG JUST report validated the recommendations and conclusions made by the EBA and ESMA that, while wide-ranging progress has been made, opportunities were missed in several areas including insufficient policing by regulators, failure to harmonise the definition of shareholder or define the scope of eligible securities, and that these issues are further compounded by the lack of adoption of standardised formats. However, due to the increase in scope of the DG JUST-commissioned report, several additional concerns have been highlighted around the ability of shareholders to exercise their rights in general meetings due to obstacles remaining in the local legislation of EU member states, which are especially prevalent in cross-border situations and affect the ability of shareholders to fully exercise their rights.

Legal uncertainty concerning shareholder rights

The report on the application of the SRDs identified eight problem drivers related to the provisions, implementation and application of SRD and SRD II, and to external market and technological trends. The drivers consist of:

- The significant room available for national discretion for the implementation of the SRDs
- Lack of clarity and inconsistencies in the SRD framework
- Fragmented and insufficient enforcement capacity
- Differences in national securities laws and fragmentation in post-trading infrastructure
- Increasingly complex and varied ownership structures and investment portfolios
- Reliance on intermediaries to exchange information between issuers and investors
- Obstacles to receiving timely transmission of information that shareholders need in order to make informed decisions at general meetings
- Difficulties to fully embrace technology for interactions in the chain of intermediaries

Legal uncertainty caused by the lack of uniform application and enforcement of the SRD and SRD II was identified in the report as the main problem and affects the other issues mentioned in this

article. Because national regulators retained significant discretion on how the SRDs' provisions were implemented, harmonisation across markets was undermined and the application of shareholder rights, especially in cross-border situations, remained complicated.

The report identified five potential areas that would benefit from intervention by the EU to ensure that the objectives and aims of the directives would be more fully realised. These areas are: (i) legal uncertainty concerning shareholder rights in the SRDs; (ii) the inability of shareholders to fully exercise their rights in general meetings; (iii) lack of a harmonised definition of a shareholder (shareholder identity); (iv) lack of timely communication and transmission of information from issuers to investors such that shareholder rights could be exercised; and (v) high cost and administrative barriers to the exercise of shareholder rights.

Exercise of shareholder rights in general meetings

The report validated the EBA and ESMA conclusion that lack of harmonisation across the EU created unnecessary barriers for shareholder participation. It echoed previous conclusions that the definition of shareholders and eligible securities should be harmonised, and that barriers to shareholder participation at meetings due to divergent market practices and documentation required should be removed. A good example is the recent regulatory change in Denmark that removed the requirement for power of attorneys which resulted in a significant improvement in shareholder participation at general meetings.

Another barrier that the report mentioned should be removed is the existence of divergent timeframes between markets around the convocation of meetings and (the existence of) record dates, i.e. the date when shareholders have to own shares in order to exercise their voting rights. Harmonising these dates would both further remove uncertainties on shareholders' rights to participate in a meeting and make it easier for market participants to reconcile ownership rights ahead of a meeting.

The report mentioned that shareholders should be able to exercise their rights through participation in general meetings, both hybrid and in person. However, it suggests that virtual-only meetings should not be acceptable, with hybrid meetings being the industry norm. Proposed measures for exercising rights range from lowering or removing thresholds of share ownership to put items on meeting agendas to strengthening the rights of shareholders by providing them the opportunity to ask questions about items that are not on the agenda.

Shareholder identification

The aim of shareholder identification is to provide issuers with the ability to know who their shareholders are in order to establish direct contact with them. The obstacles that currently impede this aim are similar to those for shareholder participation, namely the lack of harmonisation of the definition of shareholder and eligible securities. The report mentions several approaches to harmonise these definitions all aimed to arrive at the same goal, namely that end beneficial owners of the shares are visible to the issuers. The report also advocates the reduction or complete removal of the 0.5 per cent ownership threshold for shareholder identification implemented in some European markets for shareholder identification, as it disenfranchises retail shareholders whose holdings are generally well below the threshold. To aid issuers being able to establish direct contact with their beneficial owners, issuers should get the ability to request more meaningful contact details, enabling them to establish a direct communication channel with their shareholders.

Interestingly, the report also mentions the possibility of establishing a centralised, EU-wide, register of shareholders, to alleviate the problem that information flows to establish shareholders' identity are dispersed between a wide range of central securities depositories and transfer agents.

Transmission of information

The report noted that progress had been made on ensuring that information on corporate events reached investors in a timely manner in line with SRD performance standards.

It does, however, highlight issues with the quality of information sent in a machine-readable, standardised format. While often the key event details, the so-called 'shell information', are available, the full details of the agenda items are not sent in a standardised format in the original message and often contain a hyperlink to the relevant section of the issuer website.

The report suggests two options to ensure that adequate information is provided. Firstly, it recommends that issuers should adopt standards to make information that is currently optional to become mandatory, e.g. agenda information and create a Golden Operational Record (GOR) that can be transmitted via a machine readable standardised (ISO 20022) format. Another recommendation is the concept of a European Single Access Point (ESAP), targeted to go live in the summer of 2027, that could

be used to host the information. While both would represent a credible way forward, the GOP has the advantage of leveraging an existing ecosystem while also enhancing efficiency and automation in the front to back investment lifecycle.

The report also raises the possibility of allowing shareholders the choice of submitting voting instructions through the custodial chain or directly to issuers through online platforms, similar to what currently is possible in Switzerland for certain issuers' events. However, I would point out the advantage of the central securities depository (CSD) option as it leverages existing connectivity, provides global consistency and can be enriched via the adoption of standards by the issuers.

Costs

Another area impacted by the absence of harmonisation is costs and charges, and what can reasonably be included in charging for transmission of information needed to be SRD compliant. Intermediaries and member states have adopted diverging approaches, and the underlying rationale for the range being charged is not always clear. The report proposes that the EU establishes a standard set of permitted charges.

There also appears to be a divergence between charges for domestic and cross-border events. While in some cases sending instructions across borders can be more complex and therefore more costly, setting a standard on which costs can be charged could be beneficial.

The report concluded that, while charges are already being disclosed by intermediaries, there is nevertheless divergence on the format of the disclosures which can hinder transparency for end-users. It proposes that a common charging format should be introduced that can be modelled on the approach set out in the EU's Payment Account Directive.

Lastly, the report suggests that capping of charges for the exercise of shareholder rights could be introduced to ensure that costs will be transparent and any uncertainties pertaining to charges would be removed, which in turn would encourage greater inclusion.

Next steps

The report does not appear to propose sweeping changes in a new EU directive or regulation but proposes a range of carefully

“The aim of shareholder identification is to provide issuers with the ability to know who their shareholders are in order to establish direct contact with them”

targeted measures for the EU to address the root causes and remove the remaining issues around legal uncertainties for shareholders, and further increase adoption of the standards set out in the SRDs through effective working models at both EU and member state level to monitor and police adherence. The report also proposes adapting the current directives to clarify the definition of shareholders, the securities in scope, and harmonise key general meeting dates to remove barriers on shareholder participation that result from market or national practices e.g. proof of entitlement and the reconciliation obligation.

It also highlights that SRD and SRD II were both conceptually right but one of the biggest challenges has been the lack of policing by the local regulators, so this is seen as a future area of focus.

The recommendations are with the European Commission (EC), however there are currently no clear timelines for implementation, so we will have to wait and see how and when the potential changes are put into practice, but in line with the EC's continued focus on promoting investment and share ownership in the EU we can all rest assured there will be another iteration of SRD in the not too distant future.

Broadridge is committed to supporting its clients as they navigate these changes. By delivering innovative solutions that address regulatory complexity and operational friction, we help firms realise the full potential of their shareholder engagement strategy — empowering investor voices today and into the future. ■

Cayman Islands Panel Discussion

Industry leaders explore how the Cayman Islands is maintaining its dominance as a global funds domicile amid evolving regulation, rising investor expectations and emerging digital asset trends

Samantha Widmer, Associate Director, Funds & Capital Markets, **Cayman Finance**

Pranav Variava, Head, Investments Supervision Division, **CIMA**

Christopher Bouck, Deputy Head, Investments Supervision Division, **CIMA**

Michelle Majid, Deputy Head, Financial Stability & Macroprudential Monitoring, **CIMA**

Niall Gallagher, Managing Director, **Citco Trustees (Cayman)**

Geoff Ruddick, Managing Director and Country Head, Cayman Islands, **Hawksford**

Kendell Pierre, Chief Compliance Officer, **MUFG Investor Services**



How has the Cayman Islands' position as a leading funds domicile evolved in recent years, and what key trends are you observing in terms of fund formations and asset flows compared to competing jurisdictions?

Geoff Ruddick: The Cayman Islands has shown remarkable resilience and adaptability in the face of global market uncertainty, particularly post-pandemic. While other jurisdictions have faced headwinds, Cayman has rebounded strongly, reaffirming its position as the preferred domicile for fund managers and investors from around the world. As of 31 December 2024, there were 12,858 funds registered under the Mutual Funds Act in Cayman — a testament to the continued strength of its offering. We have seen particular growth in private credit, private equity, and digital asset strategies — including crypto funds and tokenised investment structures. Segregated Portfolio Companies (SPCs) continue to gain traction due to their flexibility. The industry continues to diversify, with long-short and long-only equity strategies remaining dominant, while macro, multi-strategy, and fund of funds structures are maintaining significant market share.

Interestingly, there is a shift away from the traditional 'classic' master-feeder model, particularly among Asian and European managers, towards more cost-efficient single and double-legged structures. Cayman exempted companies and stand-alone funds remain a popular vehicle of choice, largely due to their versatility and efficiency.

Compared to many competing jurisdictions, Cayman remains highly competitive on speed-to-market and operational flexibility. While institutional strategies may sometimes lean toward these other centres for specific regulatory or investor-driven reasons, Cayman's infrastructure, regulatory landscape together with the fact that investors are familiar with it, continues to position the jurisdiction ahead of the curve.

Niall Gallagher: The Cayman Islands has been unwavering in its commitment to the financial services industry and it is the cornerstone of the economic success of the jurisdiction over many years. Successive governments have championed the Cayman Islands in this regard and have put in place policies that have allowed the funds industry to thrive whilst at the same time keeping a keen eye on ensuring that the appropriate regulation and legislation are in place to protect all stakeholders.

While many fund domiciles are growing and strengthening, the Cayman Islands is still very much leading the way when it comes to hedge and private equity (PE) funds.

Indeed, the popularity of Cayman from a PE perspective is clearly borne out by the figures; since the introduction of the Private Funds Act, 2020, the Cayman Islands has seen the registration of over 17,500 private funds.

From an asset flow perspective, we are seeing continuous strong demand from family offices and high-net-worth investors, particularly in the private asset space. Indeed, overall, the increasing sophistication of the family office sector is driving demand for a wide range of services as these investors seek institutional expertise to support their growth strategies.

Samantha Widmer: The Cayman Islands has strengthened its position as the world's premier offshore funds domicile in an increasingly complex global macroeconomic and regulatory environment. Over the past few years, Cayman has experienced sustained growth in fund registrations by being responsive to evolving market needs and offering sophisticated, flexible structures to managers and investors worldwide.

As of 30 June 2025, the Cayman Islands Monetary Authority reported 30,699 registered Cayman funds. They included 13,090 mutual funds, which are mostly hedge funds, and 17,609 private funds.

Since 2020, private fund registrations have increased by 38.7 per cent, and mutual fund registrations by approximately 10 per cent. This growth outpaces most competing jurisdictions and underpins the Cayman's continued dominance as a domicile for hedge funds and private equity funds.

The US Securities and Exchange Commission's (SEC's) private funds statistics show that the Cayman Islands accounts for almost a third (31.6 per cent) of the net assets of US private funds included in the data, and for more than half (53.6 per cent) of all qualifying hedge funds' net assets reported to the SEC.

As a fund domicile, Cayman offers a range of benefits. The tax-neutral regime, which avoids double taxation, a trusted legal infrastructure based on English common law, efficient and internationally recognised regulation, and a large pool of professional service providers. As such, the jurisdiction continues to be a preferred destination for US, Asian, European and increasingly Middle Eastern fund sponsors.

Kendell Pierre: It is evident that Cayman remains the premier jurisdiction for fund domicile. This remarkable achievement is a testament to the collective hard work, dedication, and the strategic

decisions of the entire financial services industry made along the way. The total number of funds registered with the Cayman Islands Monetary Authority (CIMA) is at an all-time high. This incredible achievement is partly fueled by a surge in private equity activity, with 2024 marking the highest number of private funds registered since the introduction of the Private Funds Act in 2020.

Flexible legislation, political and economic stability, and the quality and depth of the local service providers have provided the foundation for this continued growth and is the ideal platform for any future developments.

Pranav Variava: The Cayman Islands has long been established as a premier jurisdiction for the domiciliation of alternative investment funds, especially private equity and hedge funds. This stance has been strengthened over the last few years by steady increases in asset flows and fund registrations, supported by a flexible legal framework, advanced regulatory monitoring, and the jurisdiction's well recognised tax neutrality. With more than 30,000 alternative investment funds established and managing a combined net asset value of over US\$8 trillion, 2024 saw a record high in fund formations.

As the jurisdiction continues to draw a wide range of international fund and institutional investors, its quantitative growth reflects the qualitative strength.

Looking ahead, CIMA is committed to addressing emerging trends in the financial sector. Beyond regulating traditional financial services, the authority has prioritised digital transformation, fintech innovation, and sustainable finance initiatives, further cementing its position as a forward-thinking leader in the global financial industry.

Strong growth in private funds and modest but consistent growth in traditional mutual funds are two major trends influencing fund formations. Notably, Cayman private funds have grown by around 5 per cent annually, indicating trust in Cayman's operational infrastructure and regulatory framework. With a growing demand for funds built on digital assets and ESG-related investments, the fund sector has also become more diversified.

CIMA has observed an increasing interest in fintech and blockchain assets, particularly in tokenised funds. To date, three applications for tokenised funds have been approved, and we are continuing to receive heightened interest in this category of funds. Additionally, CIMA is collaborating with the government to establish a specific regulatory framework for tokenised funds.

What impact have recent regulatory developments — including the Private Funds Act, beneficial ownership requirements, and economic substance regulations — had on fund establishment costs, operational complexity, and client decision-making processes?

Christopher Bouck: The recent regulatory developments, notably the Private Funds Act, enhanced beneficial ownership regimes, and economic substance regulations, have significantly influenced the cost structures and operational complexities associated with the establishment and administration of funds in the Cayman Islands. However, these developments are a step in the right direction which further aligns Cayman Islands' regulatory framework with global best practices of and recommendations of supranational stakeholders such as the Organisation for Economic Co-operation and Development (OECD), European Union (EU), and the Financial Action Task Force (FATF).

The Private Funds Act has established more robust standards for fund governance mandating enhanced disclosures and transparent management of conflicts of interest. Although these regulations may have increased compliance costs, they bolster investor confidence in governance and transparency, a trade-off that many managers consider vital for maintaining market credibility.

The implementation of uniformly mandatory beneficial ownership disclosures, as stipulated by the Beneficial Ownership Transparency Act, has greatly improved the Cayman Islands' anti-money laundering (AML) and counter-terrorism financing framework. Fund structures are now required to maintain and report accurate and current beneficial ownership information to the Registrar of Companies, while key stakeholders must undergo rigorous fitness and propriety assessments by CIMA.

This regulatory framework adds an extra administrative burden during both the fund launch and ongoing maintenance phases, but it significantly enhances the jurisdiction's global reputation and its capacity to combat illicit activities.

Economic substance legislation, mandated by international standard-setting organisations such as the OECD and EU, requires certain entities in the Cayman Islands to demonstrate substantial local activity, which incurs costs related to office space, local staffing, and governance controls. Although this initially raised concerns regarding the attractiveness of the Cayman Islands, the jurisdiction provides well-structured guidance and exemptions tailored to specific entity types, thereby balancing compliance requirements with commercial viability. Fund managers and service providers have adapted their operational models to ensure compliance in a cost-effective manner.

“The introduction of new regulations, including the Private Funds Act, has certainly increased baseline operational complexity — but in many ways, it has formalised and standardised what were already widely adopted best practices”

Geoff Ruddick

Managing Director and Country Head, Cayman Islands
Hawksford



While the costs may have increased, CIMA's ongoing efforts in digitisation and a risk-based supervisory approach are helping to alleviate these concerns in terms of improved turnaround times. From the perspective of an entity's decision-making, clear and upfront communication regarding these requirements and associated costs is essential for maintaining transparency. Notably, these regulatory advancements highlight the jurisdiction's commitment to aligning with global standards, thereby minimising the risk of blacklisting and improving access to institutional investors who value stringent governance and compliance.

The Cayman Islands' continued ability to adapt to international regulatory standards has been crucial for effective supervision and in preserving its reputation as a leading global financial center.

While these measures may have additional compliance costs, they also present significant opportunities. By aligning with global standards, the Cayman Islands enhances its reputation as a well-regulated and compliant jurisdiction, which is attractive to international investors and businesses. As global regulatory expectations tighten, being ahead of the curve in terms of compliance gives the Cayman Islands a competitive edge, particularly in sectors like private equity, hedge funds, and cryptocurrency funds, where investors prioritise the importance of regulatory certainty.

Furthermore, alignment with international standards can attract more sophisticated capital, including institutional investors such as pension funds, sovereign wealth funds, and high-net-worth individuals, who require assurance that their investments are safeguarded from regulatory or reputational risks.

Ruddick: The introduction of new regulations, including the Private Funds Act, has certainly increased baseline operational complexity — but in many ways, it has formalised and standardised what were already widely adopted best practices. For serious market participants, the impact has been manageable, and these changes have enhanced Cayman's credibility on the global stage.

The beneficial ownership (BO) regime has added an administrative layer, typically handled efficiently via service providers and legal counsel. Similarly, economic substance rules have had a minimal direct impact on the funds themselves, applying more meaningfully to fund managers with local operations. Nonetheless, these developments contribute to a slightly more involved setup process, especially for new entrants or less-experienced managers.

That said, the Cayman ecosystem — legal advisors, administrators, and governance professionals — has adapted quickly. These professionals continue to play a key role in absorbing complexity and helping clients navigate the evolving landscape. As a result, we have not seen a material deterrent to fund establishment in Cayman — rather, these developments have helped reassure investors about Cayman's regulatory robustness.

Widmer: Recent regulatory developments have introduced greater compliance and oversight requirements for Cayman-domiciled funds. Far from undermining the jurisdiction's appeal, these changes have strengthened its reputation for sound governance and reinforced its standing among global investors and regulatory bodies.

The introduction of the Private Funds Act marked a significant milestone, aligning the Cayman Islands' regulatory framework with evolving international standards for transparency and investor protection. Key provisions include mandatory registration with the Cayman Islands Monetary Authority (CIMA), annual audits, and the implementation of independent oversight functions such as valuation, cash monitoring, and safekeeping of fund assets.

These reforms have also supported the jurisdiction's efforts to meet the recommendations of the FATF, further demonstrating Cayman's commitment to global best practices in AML and counter-terrorist financing (CTF).

These changes have contributed to the costs of establishing and operating a fund, as managers now face mandatory service provider appointments and more rigorous reporting obligations.

Similarly, the enhanced beneficial ownership framework requires entities to maintain detailed registers. Economic substance rules, while initially aimed at relevant operating entities rather than investment funds, have also introduced additional filings and considerations when structuring vehicles for asset management and holding purposes.

Taken together, these regulatory shifts mean that fund sponsors must now plan for a more structured establishment process. However, there has been no overall negative impact. For many managers and investors, the presence of a robust, transparent regulatory framework is a benefit rather than a drawback.

Cayman's ability to balance global standards with commercial pragmatism remains a distinguishing factor. It reinforces, rather than undermines, Cayman's competitiveness.

The Cayman Islands.

The world's leading jurisdiction for investment funds.



Samantha Widmer, CPA
Associate Director - Funds & Capital Markets



Gallagher: Regulatory developments are constantly evolving and the industry continues to evolve with it. Investors take comfort that these developments protect their interests while general partners (GPs) have an opportunity to differentiate themselves through operational efficiencies. Increasing regulatory developments have driven cost increases but these are really only marginal, and their implementation has caused minimum disruption.

Changes to the beneficial ownership regime announced in 2023, and the introduction of economic substance requirements, were flagged in advance, and also aligned internationally with other jurisdictions. Therefore, they did not impose any significant challenges.

The Private Funds Act has been a tremendous success; the Act essentially codifies best practice standards across the industry. Operationally, we have seen clients adopting strong governance frameworks which actually benefit the industry and instill confidence in the product.

From a regulatory perspective, CIMA has been providing data to the industry in the form of reports of the findings from their Thematic Reviews which can underscore areas they see as requiring the attention and focus from stakeholders; whilst at the same time being in a position to hold the industry to account through risk-based monitoring of the sector.

How do you assess the Cayman Islands' competitive advantages against other major domiciles, particularly regarding regulatory flexibility, tax neutrality, and time-to-market for fund launches, and where do you see the most significant challenges?

Gallagher: The Cayman Islands is second to none. The jurisdiction has a no direct taxation policy which has allowed it to flourish as a funds domicile. Caymans fund products provide market participants with certainty, and this in turn means that the time-to-market for fund launches remains extremely competitive, typically less than three months.

Widmer: Cayman's competitive advantages remain strong, particularly in three key areas: regulatory flexibility, tax neutrality and time-to-market.

The jurisdiction offers a range of fund structures — such as exempted companies, exempted limited partnerships, segregated portfolio companies and unit trusts — that are familiar to international investors and adaptable to a wide variety of strategies and asset classes. This flexibility has made Cayman appealing for managers launching funds across traditional and innovative sectors, including digital assets and ESG-focused investments.

“Developing appropriate software tools and hiring the right people are the core components to adhering to regulatory obligations in respect of cross-border reporting requirements”

Niall Gallagher
Managing Director
Citco Trustees (Cayman)



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Tax neutrality is a key reason why the Cayman Islands remains attractive to global investors. Since there are no local taxes on income, capital gains, or profits, funds can operate efficiently without adding extra tax layers at the fund level. This is especially useful for complex, cross-border investment structures. Importantly, investors still pay taxes in their home countries — Cayman's system simply avoids unintended tax complications within the fund itself.

In terms of time-to-market, Cayman is known for its streamlined regulatory process. With the implementation of CIMA's online REEFS portal, many funds can be registered and launched within a matter of weeks, provided that their service providers are aligned and documentation is in order. This speed, combined with legal certainty and minimal regulatory red tape, is a significant draw for fund managers under pressure to deploy capital efficiently.

That said, the most significant challenges ahead include increased regulation and competition for professional talent. Compliance, including audits, valuations, and cross-border reporting, has become more complex. Meanwhile, competition for talent is another pressing issue, with a growing need to attract and retain skilled professionals to support industry growth.

Pierre: The statistics do not lie and with more than 50 per cent of the world's funds domiciled in the Cayman Islands, Cayman is clearly the choice for fund entities. I see this in a number of areas:

Regulatory flexibility — with more than three decades of experience servicing the funds industry, the Cayman Islands have grown through innovation and forward-looking policies that embody best practices and have served as a blueprint for others. The Cayman Islands has a mature and well-respected legal and judicial system that's primarily based on UK common law. Over the years, Cayman's legal framework has evolved to accommodate various fund structures and investment strategies. The flexibility, strength, and integrity of the AML regime was demonstrated through enhancements of the corporate governance regime. The positive outcome of the FATF inspection and subsequent reporting following improvement measures implemented in the jurisdiction promote stakeholder confidence.

Tax neutrality — the fact that Cayman does not add an extra layer of taxes on transactions taking place there is an attractive factor for fund vehicles. Taxes on the income, capital gains, or dividends of certain Cayman-domiciled entities can be structured so they are not applicable for a period. This does not take away from the significant role that the jurisdiction plays in global

efforts to combat tax evasion through legislation, regulation, and automatic tax information sharing arrangements that uphold the highest international standards for transparency and cross-border cooperation under regulations such as the OECD Common Reporting Standard (CRS) and US Foreign Account Tax Compliance Act (FATCA).

Time-to-market — the Cayman Islands is in a favorable time zone, with premier law, accountancy, corporate services, and investments professionals that are employed by some of the world's leading firms. Their expertise ensures efficient fund administration, compliance, and governance. Under their stewardship, Cayman boasts a robust and quick launch and registration process for investment funds and fund managers facilitating a rapid, yet comprehensive, launch that positions businesses to secure opportunities in a fast-paced market.

The main challenges are perception, cost, and the ever-evolving geopolitical landscape. For years, Cayman has been fighting the stigma of having lower AML standards that create difficulties for the financial services sector. This will be mitigated by the recent FATF endorsement of the AML regime. Cost will always be an issue as inflation rises and companies focus more and more on managing their expenses, however, costs are generally aligned with other offshore jurisdictions. Finally, monitoring requirements for any proposed regulatory changes, assessing the impact, and implementing change in this rapidly changing environment is a challenge that every jurisdiction faces.

Ruddick: Cayman's core strengths remain as compelling as ever. It offers genuine tax neutrality — a feature that is well understood and valued by institutional investors around the globe — and a flexible, business-friendly regulatory regime. The jurisdiction's time-to-market advantage is especially notable: new funds can be launched in one to two weeks, whereas competing jurisdictions may require months to achieve the same. The local ecosystem is a key differentiator: Cayman boasts a critical mass of experienced professionals across legal, audit, governance, accounting, and fund administration. Independent governance has become an established best practice — in fact, 70 per cent of new corporate funds in 2024 appointed all or a majority of independent directors. General partner structures are following suit, increasingly introducing independent oversight.

The outsourcing of AML officer roles to independent providers is another hallmark of Cayman's maturity — especially for institutional or large-scale managers looking for robust oversight without sacrificing efficiency.

That said, there are challenges. The cost of compliance continues to rise, and misperceptions from onshore regulators or the media — particularly around tax or transparency — can distort Cayman’s image. Global regulatory convergence is also creating pressure, as initiatives in the EU, UK, and US aim to harmonise requirements that were once jurisdictionally specific. Cayman must strike the balance between maintaining flexibility and ensuring alignment with international expectations.

Michelle Majid: The primary competitive advantages of the Cayman Islands are its tax-neutral environment, regulatory adaptability, and swift fund launch timelines. The jurisdiction does not impose corporate, income, capital gains, or withholding taxes on funds or investors, which helps to maintain returns and streamline cross-border fund operations. This tax neutrality is a fundamental aspect that is highly regarded by global private capital, particularly in intricate multi-jurisdictional fund structures. Additionally, the regulatory framework is tailored to offer customised structuring options — such as limited partnerships or segregated portfolio companies — with minimal interference, allowing fund managers to execute a variety of investment strategies with flexibility.

Regulatory adaptability is demonstrated by CIMA’s practical approach, particularly under the Private Funds Act and the revised

Mutual Funds Act, where requirements are calibrated according to risk and designed to fulfill investors’ due diligence expectations without burdensome bureaucracy. The time required to launch funds is relatively brief. The jurisdiction provides expedited registrations backed by a substantial pool of specialised professionals who are well-versed in CIMA’s procedural intricacies, facilitating a seamless launch experience that promotes rapid capital deployment.

CIMA has effectively struck a balance between regulatory compliance and innovation by implementing policies that promote competitiveness in an ever-changing global market. The Cayman Islands has aligned its regulatory framework with international standards, such as the OECD’s CRS, to reinforce its commitment to tax transparency and maintain credibility on the global stage. While compliance is vital to global competitiveness, the jurisdiction also embraces innovation to address emerging trends such as fintech, blockchain, and ESG investing.

This dynamic approach allows the Cayman Islands to foster the development of new financial products and services without compromising high regulatory standards. Tailored solutions, such as those tailored for tokenised funds, blockchain ventures, and sustainable finance initiatives, showcase this balance, enabling service providers to innovate while ensuring compliance.

“Local service providers, including legal counsel and fund administrators, are increasingly supporting clients with ESG disclosures, investor communications, and third-party assurance processes”

Samantha Widmer

Associate Director, Funds & Capital Markets
Cayman Finance



Nevertheless, challenges arise in a changing regulatory environment marked by heightened global standard harmonisation, increased scrutiny on AML and substance, and a growing demand from investors for ESG disclosures and impact reporting. Moreover, rising operational costs associated with compliance complexity pose a risk of pricing out smaller fund managers or new entrants to the market. Mitigating reputational risks amid increasing geopolitical scrutiny and tightening global tax policies necessitates ongoing vigilance. It is essential to ensure that the jurisdiction is not merely viewed as a low-tax haven, but rather as a well-regulated and transparent financial center, which is crucial for maintaining investor trust and market access. The capacity to incorporate emerging asset classes, such as digital and tokenised funds, while upholding regulatory clarity will be vital for preserving Cayman's competitive superiority.

What operational and compliance considerations do fund administrators face when servicing Cayman-domiciled funds, especially regarding cross-border reporting requirements, FATCA/CRS compliance, and managing multiple regulatory frameworks?

Gallagher: Developing appropriate software tools and hiring the right people are the core components to adhering to regulatory obligations in respect of cross-border reporting requirements. The rules and frameworks governing various cross-border reporting regimes carry a high degree of technical competence, particularly when you may also need to consider elements of tax treaties where the rules governing an obligation are silent or opaque. Having appropriate software solutions that can navigate the requirements in conjunction with a talented pool of professionals with sectoral knowledge is deeply advantageous.

As the exchange of information is now happening on a more regular basis we are seeing an uptick in queries being filtered through various cross-border competent authorities seeking validation of information submitted in a taxable person's home jurisdiction. Anecdotally, we are also seeing the Cayman Islands Department of International Tax Cooperation (DITC) issue significant fines in respect of deficiencies in reporting obligations, be that missed, late or incorrect filings. It is important that clients seek appropriately provisioned service providers to help them meet these complex requirements.

Ruddick: Administrators servicing Cayman-domiciled funds are increasingly required to navigate a multi-layered compliance landscape. FATCA and CRS obligations are now business as

usual, but their complexity — particularly for global investor bases — requires robust systems and constant updates.

Cross-border reporting, Alternative Investment Fund Managers Directive (AIFMD)-compliance for EU-marketed funds, and SEC-related obligations for US-focused funds add to the operational burden. The trend is clear — administrators must now operate within a global compliance framework, not just a local one.

There is growing pressure to implement automated compliance monitoring and data validation tools — both to improve accuracy and to satisfy investor due diligence. Cybersecurity is another critical area, with administrators facing increased expectations around safeguarding sensitive investor and net asset value (NAV) data.

Administrators are also collaborating more closely with independent directors, especially as investor demands around transparency and governance continue to rise. These relationships are integral to ensuring that compliance obligations are met without impeding fund performance or investor service.

Variava: Fund administrators managing Cayman-domiciled funds operate within a complicated regulatory framework that necessitates careful navigation of cross-border reporting requirements and multi-jurisdictional compliance systems.

They must ensure that funds adhere to strict reporting obligations under FATCA and CRS, which involve the collection and exchange of investor tax information with relevant tax authorities globally. This entails comprehensive investor due diligence programmes, dependable beneficial ownership data management, and robust data security measures to uphold confidentiality while meeting transparency requirements.

The variety of investor domiciles significantly heightens operational complexity, as administrators frequently need to reconcile varying reporting deadlines, data formats, and compliance standards. Managing this across multiple regulatory frameworks necessitates advanced compliance infrastructure, including integrated IT systems capable of automating data collection, validation, and reporting. Administrators must ensure the timely preparation and submission of reports to CIMA, tax authorities, and other regulators, which requires well-trained personnel skilled in multi-jurisdictional regulatory intricacies.

Beyond tax reporting, administrators are increasingly partnered in CIMA's risk-based supervisory framework, which, inter-alia, includes adherence to anti-money laundering, counter-

financing of terrorism regulations, and economic substance requirements. Maintaining accurate and comprehensive registers — encompassing beneficial ownership, investment activities, and financial accounts — is crucial for regulatory inspections and ongoing audits. CIMA's supervisory approach involves periodic onsite visits and offsite reviews, necessitating that administrators have strong internal controls and escalation protocols.

Given the rising demand for tokenised funds, ESG disclosures, and the changing landscape of cyber risk assessments, administrators are required to integrate new compliance frameworks associated with sustainable finance and digital asset management. This necessitates continuous training, investment in technology, and close cooperation with legal and audit experts to ensure that governance frameworks are both current and resilient. As a result, fund administrators are not just back office operators but essential partners in governance, compliance, and risk management.

Pierre: First and foremost, there is a significant lack of understanding from both the financial institutions (FIs) and the investors/account holders in the respective funds. This lack of clarity spans all jurisdictions and is not confined to any single location.

Another pressing issue is data quality and ongoing remediations. The requirements can sometimes change on short notice, which

has a substantial impact on the administrators. For instance, updating a self-certification to modify a percentage on a controlling person might appear straightforward, but it entails considerable time spent examining investors and reaching out to obtain updated documentation. Moreover, it is challenging and costly to find comprehensive systems that can manage all aspects efficiently. Each jurisdiction involved in FATCA and CRS has slightly different requirements, whether it's the way XML is generated, the portal is used, etc., making it difficult to standardise processes.

The process for offboarding funds is another area of concern. For FATCA and CRS, this process depends on when the fund officially dissolves and receives its certificate of dissolution, which typically occurs well after the last NAV is struck, creating a backlog of pending dissolutions. Adding jurisdictions to the reporting list also introduces risks. When a new location is added, all self-certifications received by an investor there prior to the addition must be updated, as the classification changes.

Additionally, changes to reporting or regulations require administrators to constantly update their procedures to align with new requirements from all jurisdictions. While some provide easily accessible manuals and FAQs, others do not. Furthermore, there are jurisdictions where documentation is not published in English, complicating the understanding of these changes.

“Investing in technology and development, such as introducing tech in fund management with the steady rise and acceptance of digital assets, is a significant opportunity for Cayman to stay ahead of other competing regions”

Kendell Pierre
Chief Compliance Officer
MUFG Investor Services



When administrators use third-party systems, they must rely on vendors to be prompt in updating for any new regulations. Unfortunately, most systems lack a comprehensive end-to-end process, necessitating manual intervention or the use of custom IT solutions.

Lastly, we are seeing an increase in the number of investors and account holders with very complex structures entering funds. This often necessitates seeking external advice, which adds to the overall costs.

How are ESG considerations and sustainable finance trends influencing fund domiciliation decisions, and is the Cayman Islands adapting its regulatory framework to accommodate these evolving investor demands?

Pierre: The evolution of ESG in the Cayman Islands has been a conservative yet steady journey building on the supervisory issues and information circular issued by CIMA in December 2021. As of now, there are no specific reporting and disclosure regulations tailored to ESG. The Cayman Islands continue to keep a watchful eye on international best practices, carefully measuring their responses to global trends.

The approach taken has not been one of strict regulations on financial industry vehicles. Instead, the Cayman Islands have maintained a deliberate flexibility, acknowledging their unique position as the world's leading domicile for investment funds and capital markets across a broad spectrum of financial services products. Notably, there has been an uptick in new fund launches with an ESG focus, as well as an increase in green bonds within the fixed income market. Asset managers, possibly spurred by investor activism, have been integrating ESG into their investment objectives. Industry experts in the Cayman Islands are well-prepared to adapt to this growing trend, maintaining a close watch on global best practices, and actively engaging in dialogue with the Cayman Islands Government through industry peer groups and direct engagement.

Ruddick: ESG is no longer a niche consideration — it is becoming a standard part of allocator due diligence, particularly for managers targeting European or North American investors. While Cayman does not currently have a formal ESG regulatory regime, the jurisdiction remains highly accommodating to ESG-aligned strategies.

In practice, ESG integration tends to happen at the investment manager level, rather than at the investment fund domicile.

Cayman's flexible structure enables managers to implement whatever ESG policy framework best fits their strategy, whether Sustainable Finance Disclosure Regulation (SFDR)-aligned or bespoke.

That said, there is an opportunity for Cayman to develop ESG certification tools or disclosure templates that support managers seeking to enhance transparency and comparability. Other jurisdictions, such as Luxembourg and Ireland, are positioning themselves more aggressively on the ESG front — so Cayman will need to ensure it keeps pace with evolving investor expectations.

We are also seeing shifts in fee structures and liquidity terms, driven by investor sensitivity and demand for alignment. The '2 and 20' model is increasingly rare, with most managers offering lower management fees, and flexible redemption terms — including gates and lock-ups — designed to ensure stability while accommodating responsible ESG-oriented capital.

Widmer: Fund sponsors are using Cayman vehicles to structure a wide range of ESG-aligned funds, including impact funds, green infrastructure and social capital strategies. The flexibility of the Cayman regime allows these investment goals to be embedded in fund offering documents, governance arrangements and performance metrics, without the need for prescriptive legislative mandates.

While there is no dedicated ESG regulatory framework in Cayman, local service providers, including legal counsel and fund administrators, are increasingly supporting clients with ESG disclosures, investor communications, and third-party assurance processes. Cayman's regulatory authorities are also monitoring international developments to maintain compatibility with evolving global standards such as the International Sustainability Standards Board (ISSB) and Sustainability Accounting Standards Board (SASB).

In this way, Cayman is ensuring it remains a viable and attractive domicile for ESG and sustainable finance vehicles, without undermining its core value proposition of flexibility and efficiency.

Gallagher: The Cayman Islands has been strong in promoting ESG at all levels and we have seen a number of initiatives in this space.

This includes a government commitment to the UN Sustainable Development Goals (SDGs) initiative; guidance from the CIMA on ESG-related disclosures for regulated funds; the Cayman Islands stock exchange's platform for listing sustainable investment

products, and its introduction of a green bonds segment in 2019; the Cayman Islands Fund Administrators Association (CIFAA) ESG committee; and right down to local endeavors by residents to promote local conservation initiatives.

The reality is, even though the structures have been put in place to facilitate growth in ESG and sustainable finance structures, there are also other factors that will influence investor demand such as political and economic pressures which will always feature heavily. Europe has long been dominant in this space but as the market continues to grow and mature in the coming years, the Cayman Islands should see more inflows from US-based investors.

What role does the quality and depth of the local service provider ecosystem — including administrators, auditors and legal counsel — play in maintaining the Cayman Islands' competitiveness as a funds hub?

Bouck: The Cayman Islands' financial ecosystem's decades of successful operating history and experience have given it a high caliber of service providers. The extensive and sophisticated ecosystem of service providers in the Cayman Islands is a vital foundation that supports the jurisdiction's reputation as a leading global funds domicile.

The local service provider ecosystem generally consists of administrators, auditors, legal advisors, custodians, fund managers, and compliance experts — who work together seamlessly to provide high-quality, comprehensive services that are crucial for the establishment, operation, and regulatory compliance of funds.

The depth of knowledge in this sector reflects the jurisdiction's long-standing financial services industry, allowing providers to efficiently handle complex transactions, adapt to changing regulatory requirements, and meet diverse investor needs.

This ecosystem fosters innovation by quickly interpreting regulatory changes and converting them into practical advice and operational frameworks, thereby reducing time-to-market and minimising risk exposures for fund clients.

The presence of many skilled international and local firms promotes healthy competition, enhances quality standards, and encourages specialisation in emerging areas such as digital assets, ESG, and fintech-enabled fund services.

Moreover, ongoing professional development and regulatory engagement ensure that the local industry stays aligned with global best practices and compliance expectations.

“The Cayman Islands has long been established as a premier jurisdiction for the domiciliation of alternative investment funds, especially private equity and hedge funds”

Pranav Variava
Head, Investments Supervision Division
CIMA



CIMA regularly engages with these industry participants through industry association meetings to discuss and guide on emerging trends and regulatory needs. These collaborative forums promote open communication and a proactive approach to regulatory changes or market developments.

CIMA also hosts outreach events to raise awareness of common challenges, identify regulatory gaps, and share key observations. These events serve to educate industry participants on CIMA's regulatory expectations for investment funds.

Crucially, this mature ecosystem also enhances the Cayman Islands' reputation as a jurisdiction with a strong governance culture capable of supporting complex and innovative fund structures.

The expertise of service providers often serves as a key differentiator for investors when assessing alternative domiciles, providing a lasting competitive edge for the Cayman Islands.

Gallagher: The success of the Cayman Islands as a global leader in the funds industry is in no small part due to the effectiveness of the local service provider ecosystem. Cayman's service providers offer deep levels of expertise in fund structures, regulations, operations, and the ability to work hand-in-hand with onshore advisors to create best in class products to global investors.

Cayman has also benefitted from the establishment of various industry associations who are able to work effectively with Government, Regulators and the Judiciary to ensure Cayman maintains its position as the leading fund domicile.

Pierre: Service providers are integral to maintaining the Cayman Islands' place at the top of the podium for competitiveness as a funds hub. Professional services providers extend beyond administrators, legal and public accounting to other fiduciary services and are further supported and governed by the local regulator, government, and bodies such as Cayman Finance.

Collectively they work together to maintain the integrity of the jurisdiction by advising on, reviewing, and consistently delivering world-class services that adhere to international regulatory standards. Partnering with local experts gives businesses peace of mind and places the focus on growth, while ensuring that funds remain compliant with global regulations.

Ruddick: It plays a foundational role. Cayman's 'critical mass' of Tier 1 service providers is central to its long-term competitiveness. Clients benefit from direct access to experienced professionals

across all functions — legal, audit, governance, fund admin, IT, and cybersecurity — often under one roof or within one time zone.

This depth of expertise ensures Cayman can support everything from emerging managers launching their first fund to global institutional players managing multi-strategy platforms.

The jurisdiction's alignment with North and South American time zones also gives it an edge over many European domiciles, particularly in servicing US-based managers and investors.

Of course, talent retention and development are critical to sustaining this advantage. Investment in training, technology and succession planning — particularly in fund administration and compliance functions — will be essential to ensuring the ecosystem remains agile and future-ready.

Widmer: The depth and professionalism of the Cayman Islands' service provider ecosystem are fundamental to its continued competitiveness as a global funds hub.

The jurisdiction features a large experienced community of administrators, auditors, law firms and corporate services providers, many of whom have long-standing relationships with the world's leading fund sponsors and institutional investors.

As of 2025, there are 69 CIMA-licensed mutual fund administrators in the jurisdiction, all of the big four audit firms have a strong presence in Cayman, and the legal community includes internationally recognised firms with deep expertise in fund structuring, regulatory compliance and dispute resolution.

This ecosystem not only supports the efficient formation and ongoing operation of investment funds, but also plays a key role in ensuring the jurisdiction remains responsive to global developments.

Whether it is implementing regulatory updates, adapting to new asset classes, or advising on cross-border tax and disclosure regimes, local service providers are key to maintaining the trust and confidence of clients.

Their professionalism, institutional knowledge and close working relationship with CIMA ensure that the jurisdiction continues to offer the highest standards of investor protection, while preserving the commercial pragmatism that has made it such a popular choice for fund domiciliation.

Looking ahead, what do you see as the most significant opportunities and threats facing the Cayman Islands as a Financial Centre in general and a funds domicile in particular — particularly in light of changing geopolitical dynamics, regulatory harmonisation efforts, and emerging digital asset fund structures?

Widmer: The Cayman Islands is well-positioned to capitalise on several strategic opportunities while remaining mindful of the challenges that lie ahead.

On the opportunity side, the jurisdiction is poised to benefit from increased fund flows from emerging markets such as Brazil, the UAE, India and China, alongside growth markets such as Japan, where investors are seeking stable, internationally recognised structures to support portfolio diversification and long-term growth.

There is also growing interest in digital asset strategies and fund tokenisation, and Cayman's flexible regulatory approach and openness to innovation give it an edge in accommodating these evolving structures. The jurisdiction is already home to most of the world's crypto-related funds, and further regulatory developments may position it as a global hub for blockchain-enabled finance.

Cayman also stands to benefit from global economic uncertainty by offering a stable, neutral platform for capital aggregation and international investment.

However, there are threats to navigate. Rising compliance costs and regulatory complexity have raised the bar for smaller managers. The competition for skilled professionals, both in Cayman and globally, poses a challenge to maintaining service quality and a capacity for innovation.

To remain competitive, the jurisdiction must continue to invest in talent, technology and forward-thinking regulation, while maintaining its commitment to international standards. With these elements in place, the Cayman Islands is well equipped to remain a premier financial centre and the domicile of choice for the next generation of global investment funds.

Gallagher: The impact of technology advances and the rise of digital assets will bring huge opportunities for the growth and development of the Cayman Islands, but equally it will inherently expose the jurisdiction to very harmful threats if not addressed appropriately. For over a decade, the Cayman Islands has been introducing legislation and regulations to support, nurture and develop a thriving environment for the digital economy. For example, the foundation company, introduced in 2017, has

“Economic substance legislation, mandated by international standard-setting organisations such as the OECD and EU, requires certain entities in the Cayman Islands to demonstrate substantial local activity”

Christopher Bouck

Deputy Head, Investments Supervision Division
CIMA



been a versatile vehicle for technology entrepreneurs involved in blockchain, crypto and web3. This has seen a growth in the numbers of founders relocating to the Cayman Islands for work/life reasons.

The Cayman Islands has seen the introduction of virtual asset service provider (VASP) regulations to enhance protections in the digital space. From a funds domicile perspective, tokenised funds is something on the horizon and the Cayman Islands is well positioned to become a hub for these funds, should the appropriate infrastructure be put in place — and there is no reason why that cannot be the case with the right planning.

From a threat perspective, globally there is the ongoing fight against cybercrime and all stakeholders can play their part in defending against bad-actors.

The regulator here has played a part in rolling out strong cybersecurity regulation and service providers are investing heavily in various cyber-defense initiatives, ranging from staff training to implementation of new technologies to stay ahead of the game.

Geopolitically, Cayman is a small open economy but with extensive connections to other major financial centers; historical ties to the UK, close proximity to the US and a recently established Asia office based in Singapore all facilitate the growth of the funds sector of the Cayman Islands economy.

Globally, we all see a rise in the numbers of sanctions issued by competent authorities on various individuals, so from a jurisdictional perspective stakeholders need to ensure that a robust, fit-for-purpose framework is in place to detect and prevent financial crimes in all shapes and forms. The Cayman Islands was recognized for its leadership in the fight against financial crime by the FATF when it was appointed as one of the first two guest members under FATF's Regional Bodies' Guest Initiative to participate in FATF meetings and working groups during 2024/25, enhancing global financial security perspectives.

Ruddick: Cayman's future will be shaped by its ability to stay ahead of innovation, while remaining compliant with evolving global standards.

Opportunities lie in the continued growth of digital asset funds — including tokenised securities and crypto investment vehicles — and in the use of blockchain for fund recordkeeping, digital identity, and NAV calculations.

Cayman is also well-positioned to serve as a 'regulatory sandbox' for fintechs and emerging managers looking to launch novel strategies in a flexible yet credible jurisdiction.

On the risk side, geopolitical shifts — such as US-China tensions, grey/blacklisting threats, or new EU frameworks — present real challenges.

Regulatory duplication, particularly from onshore jurisdictions aiming to push fund managers back into their domestic systems, could also create friction. However, Cayman's commitment to governance, transparency, and institutional professionalism is its key advantage.

Proactive engagement with global regulators, harmonising compliance tools where appropriate, and maintaining flexibility in fund structuring will be critical. If Cayman gets this balance right, it can continue to lead not just by history and infrastructure, but by vision and innovation.

Pierre: Change can either be viewed as an obstacle or an opportunity. Investing in technology and development, such as introducing tech in fund management with the steady rise and acceptance of digital assets, is a significant opportunity for Cayman to stay ahead of other competing regions.

Service providers and regulators alike need to harmonise efforts to design flexible structures that embrace and meet the ever-changing needs of the market.

As previously mentioned, Cayman has been addressing the stigma of having lower AML standards that create difficulties for the financial services sector.

The dedication and hard work by its professional infrastructure continue to chip away at this ongoing pressure to implement international regulatory standards and correct reputational challenges around transparency, which historically may have been a deterrent to some investors.

Majid: Looking forward, the Cayman Islands is well-positioned to capitalise on emerging opportunities while managing significant risks in a swiftly evolving global financial environment.

There are numerous prospects in digital asset fund structuring, where Cayman's proactive regulatory adoption of VASP frameworks enables it to meet the growing demand for regulated cryptocurrency and tokenised investment options.

Progress in regulatory technology and supervisory digitisation could further improve operational efficiencies and ensure timely compliance within the fund industry, thereby enhancing Cayman's market appeal.

On the other hand, the Cayman Islands financial services industry faces several challenges. The increasing convergence of international regulations raises compliance costs and the risk of over-regulation, which could jeopardise market competitiveness if agility is compromised.

Geopolitical tensions, potential tax reforms — including global minimum tax initiatives — and multinational tax transparency efforts may impact Cayman's tax neutrality attractiveness. Additionally, reputational risks arising from misuse or anti-money laundering breaches necessitate ongoing vigilance.

The rapid pace of technological advancements, shifting global regulations, cybersecurity risks, consumer protection concerns, and an increasing focus on sustainability are some additional challenges.

At CIMA, we view challenges as opportunities for improvement, and this approach is reflected in our Strategic Plan, which outlines key priorities for the 2024-2026 period.

CIMA's current strategic objectives focus on six core areas: enhancing technological capabilities, strengthening efforts to combat financial crime, establishing proactive and effective regulation, being recognised as an employer of choice, maintaining the integrity of Cayman's currency, and expanding public outreach and education.

These priorities will ensure that the Cayman Islands remain competitive, well-regulated, and well-positioned for the future.

CIMA is actively addressing these challenges and pursuing these opportunities to enhance its regulatory framework and supervisory processes in collaboration with relevant stakeholders.

CIMA is confident that by embracing innovation, strengthening regulatory frameworks, and prioritising sustainability, the Cayman Islands can continue to lead as a global financial center.

In conclusion, the strength of the Cayman Islands is rooted in its capacity to foresee, adjust, and create within a clear yet adaptable regulatory environment, bolstered by a strong and knowledgeable professional network, which allows it to uphold its status as a leading global funds domicile. ■

“CIMA has effectively struck a balance between regulatory compliance and innovation by implementing policies that promote competitiveness in an ever-changing global market”

Michelle Majid

Deputy Head, Financial Stability & Macprudential Monitoring
CIMA





Bridging the gap

With its tokenised reinsurance fund, MembersCap is aiming to redefine traditional access to this exclusive asset class. CEO Lloyd Wahed speaks to Karl Loomes about this market, the importance of discipline, and what comes next for the firm

Reinsurance is not typically associated with accessibility. Historically, investing in this risk-remote, uncorrelated asset class has been the domain of pension funds and endowments with ticket sizes well into the hundreds of millions. But according to Lloyd Wahed, CEO of MembersCap, that model is long overdue a rethink.

“Tokenisation allows us to bring this type of opportunity to a broader range of allocators,” he explains. “Reinsurance offers strong, stable returns that are uncorrelated to volatility in the broader financial markets — particularly valuable in today’s macro environment, and especially digital assets. But until now, it’s been completely out of reach for smaller institutions, family offices and high-net-worth individuals.”

Access and alignment

MembersCap’s flagship offering — MCM Fund I — is structured as a traditional reinsurance fund. The firm has spent years building relationships with the biggest reinsurers in the world, enabling access to the uppermost layers of risk. “We operate at the top of the tower,” says Wahed. “That’s how we’re able to generate attractive yield in a risk-remote way.”

The difference, he says, is not in the portfolio — it is in the distribution. By tokenising the fund, MembersCap can make fractional ownership available via digital marketplaces. “You no longer need US\$100 million to get involved,” says Wahed. “Through tokenisation, we can break that down into smaller units. That allows people to invest US\$250,000 or US\$2.5 million — or in some cases far less — and still benefit from the same reinsurance structure.”

He believes this represents a much-needed middle ground in the blockchain investment space. “Right now, you see either exotic high-risk strategies aiming for 20 per cent-plus returns, or vanilla money market funds yielding four or five per cent. Reinsurance fills the gap between those two.”

Global reach, local nuance

Investor appetite for this model has been widespread, with demand coming from London, New York, Switzerland, Singapore, Japan and beyond. “There’s no walled garden here,” says Wahed. “This is a global opportunity.” Wahed and his co-founder and co-managing partner, Patrick Barrett — previously a private equity

“Right now, you see either exotic high-risk strategies aiming for 20 per cent-plus returns, or vanilla money market funds yielding four or five per cent. Reinsurance fills the gap between those two”

and insurance partner at Morrison & Foerster LLP — have spent their careers working internationally and across borders, which they believe gives them the unique ability to operate globally.

That said, each region brings its own nuances.

“In Singapore, for example, the family office sector is booming — and those allocators are looking to protect capital by diversifying into uncorrelated assets, which fits our profile well. In parts of Southeast Asia and Latin America, we see more focus on payments and remittances. But there are allocators who understand and want access to what we are doing.”

He adds that the sweet spot — where blockchain, asset management and reinsurance all overlap — is currently Switzerland.

“In Zurich, people really understand all three of those disciplines. That’s why so many of our early partners are based there.”

Fund-first discipline

While tokenisation is the enabler, Wahed is quick to stress that MembersCap considers itself a fund first.

“Traditional institutions have become dramatically more open about their embrace of blockchain and digital assets”

“Too many firms in this space start with the technology and then look for an asset. We started with the asset and an investment policy,” he says.

That meant building a business model that could meet the expectations of the world’s largest reinsurers, and pass the scrutiny that comes with that. “When we deployed our capital and traded with one of the most successful Lloyd’s of London syndicates, it was a pinch-yourself moment,” he says.

“It validated our belief that if we build a world-class business, the market will respond.”

Led by chief information officer Dr Benjamin Fox — an industry veteran formerly of Ontario Teachers’ and Hiscox — the investment team focuses on risk-remote structuring and portfolio diversification. “We aim for consistency,” says Wahed, “and a portfolio that is resilient in both good and bad years by always focussing within a band that reflects the underlying risk.”

Responsible tokenisation

Despite the growing buzz around tokenisation, Wahed believes the concept needs to be handled with care. “We have the ability to do a lot of things, such as create liquidity, market making, daily NAVs, but the question is: should we?”

To that end, the firm appointed Jeremy Williams as head of compliance for digital strategy to ensure any innovations align with risk and client protection. “The goal is long-term value for our investors,” says Wahed. “We are not chasing hype. If someone is coming into a reinsurance investment, we want them to stay for a year or more. That is when the compound benefits start to show.”

Phase one, he says, is access. Phase two is liquidity — but only when the ecosystem is ready for it. “You should not be trading in and out of reinsurance daily. This is a diversifying, uncorrelated asset in your portfolio. The benefit is in holding it.”

Building bridges

The journey Wahed describes is as much about integration as innovation. “Traditional institutions have become dramatically more open about their embrace of blockchain and digital assets. Everyone knew this had been going on quietly for years, but now they are very publicly voicing their long-term commitment to the space,” he says. “We’re seeing large organisations talk to us about how we can slot into their broader infrastructure — and that just would not have happened a few years ago.”

He believes MembersCap is well placed to act as a bridge. “Our role is to bring the rigour and regulatory frameworks of traditional finance together with the innovation and accessibility of blockchain. That is where the most exciting opportunities lie.”

Next phase

Looking ahead, Wahed says the focus will be on scale and distribution. “Portfolio quality will always come first. But the big change you’ll see from us in the next year is distribution — through platforms, marketplaces and partnerships across both the traditional and digital assets space.” The firm has recently hired one of the leaders in the tokenised funds space, Bruce Jackson, CFA, as chief capital officer and senior partner to lead this effort. Jackson was previously chief of digital assets at Apex Group.

He believes the firm’s early lead gives it a significant advantage. “No one has really cracked broader distribution of reinsurance, and certainly not across the worlds of TradFi and DeFi,” he says.

“We are pioneering that. And over the next three years, our mission is to give as many investors as possible access to this asset class — and help them become members.” ■



Jersey Finance

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Why Jersey for Tokenisation of Real World Assets?

Tokenisation is set to transform the funds sector.

Jersey offers a unique combination of stability, regulatory clarity and tax advantages, making it the ideal jurisdiction for the tokenisation of real-world assets (RWAs).

Our Island has an established approach for considering applications involving token-generating events and we treat tokenisation in the same way as securitisation vehicles.

We have a long history of collateralised loan obligation (CLO) securitisation structures and institutions are well-versed in the formation of securitisation vehicles.

About Jersey

Jersey is a stable and predictable jurisdiction, with a breadth and depth of services and expertise. Activity in the digital assets space is growing rapidly, thanks to our world-class digital infrastructure, renowned regulatory framework and broad range of corporate vehicles.

Learn more about Jersey's IFC:

jerseyfinance.je/the-tokenisation-of-real-world-assets/



linkedin.com/company/jersey-finance



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From Ireland to the Cayman Islands

Oran O’Connell, senior associate at Waystone, shares his journey into asset servicing, reflecting on regulatory insight, international experience and the importance of mentorship

Can you give me an insight of your personal journey into the asset services industry, why did you decide this was the career for you?

My interest in the asset services industry was driven by a natural interest in finance, global financial markets and international business. I started my career with Waystone by completing an eight month internship with the Structured Finance/Corporate Services team in Cashel, Ireland. This gave me early exposure to regulatory frameworks and cross-border transactions. I completed a bachelor in Business Studies at the University of Limerick, majoring in Risk Management and Insurance and later completed a postgraduate diploma in Applied Alternative Investment Funds from the University College of Dublin.

I had a major interest in the world of investment funds and as a result, transitioned into the asset management industry — first in Ireland and now in the Cayman Islands. The combination of analytical work, regulatory insight, and strategic oversight really resonated with me, making it a perfect fit.

What aspects of your job do you enjoy the most?

My role is enjoyable as it has an intersection between regulation and strategy. I enjoy being involved in the day to day oversight of fund operations and ensuring good governance and compliance with local tax regulations here in the Cayman Islands. There is a great deal of satisfaction in seeing how good governance practices can improve an entity’s day-to-day operations. Another aspect I really value is client interaction. Working closely with clients allows me to build strong professional relationships

and gain a deep understanding of their structures, needs, and challenges. Every client is different, and tailoring solutions that align with both regulatory expectations and overall objectives keeps the role dynamic and rewarding.

How do you find your experience in the industry as a newer person, compared to those who are more established? Are there pros and cons to each?

Experience is invaluable in the funds industry. As someone relatively new to the industry, I have found it incredibly valuable to be surrounded by highly experienced independent directors. Their depth of knowledge and willingness to share insights has been instrumental in accelerating my learning.

It is very encouraging to be in an environment where questions are welcomed, and guidance is always available — it creates a strong foundation for professional growth.

While more established professionals naturally bring years of experience, a willingness to take such advice onboard should assist in influencing my ability to become more influential over time.

Have you noticed any misconceptions about the asset servicing industry? Is there anything in the industry you would like to see evolve or change?

Waystone has been fully committed to retaining young employees and giving every opportunity there is possible to kickstart my career. Waystone allowed me the opportunity to relocate from

Ireland to the Cayman Islands, which has been an incredible experience. They also funded my further studies at the University College of Dublin, which I have been very thankful of.

A common misconception is that the various departments within asset servicing — such as risk and compliance, legal, anti-money laundering (AML), and business development — operate entirely independently of one another.

In reality, our work is highly integrated. These functions consistently collaborate and feed into one another to ensure seamless service delivery and robust governance solutions for our clients.

What is the training process of a new employee? Do you think it was beneficial to your role and others who may now be in the same position you were?

When I joined Waystone, I had the benefit of both formal training and hands-on experience. I was fortunate to work across different teams and regions — from fund risk in Ireland to Economic Substance and Fund Governance in the Cayman Islands.

That exposure gave me a holistic view of the industry. I absolutely think it was beneficial, and I would encourage firms to continue offering rotational or cross-functional learning opportunities for new hires.

In terms of your career, where do you see yourself in a decade?

In ten years, I would like to see myself having progressed further in the directorship space, taking on greater responsibility and contributing more strategically at the board level. I am particularly interested in expanding my reach across multiple jurisdictions, working with a broader range of clients and governance structures.

This kind of growth comes with time, experience, and most importantly, strong professional relationships. I believe the foundations for that are being laid now — by consistently delivering high-quality work, being proactive, and earning the trust of clients and colleagues.

I look forward to continuing to build those relationships and broadening my impact across the global financial services landscape.

What advice would you give to young graduates when entering the financial services field?

My biggest piece of advice is to gain as much on-the-ground experience as possible. There is no substitute for learning by doing — whether that is getting involved in client meetings, contributing to projects, or observing how different parts of the business operate.

At the same time, start building your network from the very beginning. The relationships you form early in your career will often be the ones that support and guide you for years to come. I have been fortunate at Waystone to work alongside exceptional professionals who are always willing to share their knowledge and encourage growth. That kind of support makes a real difference.

I also strongly believe that international experience is invaluable. Working in different jurisdictions broadens your perspective, enhances your adaptability, and deepens your understanding of global financial services — I would definitely encourage any graduate to take that opportunity if it arises. ■



Oran O'Connell, Waystone

Industry Appointments



SimCorp appoints Sanderson as CEO

SimCorp, a fintech and a subsidiary of Deutsche Börse, has appointed Peter Sanderson as the company's CEO, effective immediately.

Sanderson previously worked as the group CEO for GAM Investments from 2019 to 2024, where he gained firsthand insights into SimCorp's software as a direct client.

Prior to that, he worked at BlackRock Investment Management, Mondrian Investment Partners, and KPMG.

Speaking about his appointment, Sanderson says: "I am very excited to join SimCorp at this crucial juncture in the company's growth. During periods of unprecedented market turbulence, we are uniquely positioned to help our clients adapt and grow while they continue to evolve their business. I am also impressed by the unique, values-based culture that SimCorp has established and look forward to working with this world-class team on achieving our growth ambitions."

AccessFintech appoints CEO

AccessFintech, the data sharing and workflow collaboration platform, has appointed Sarah Shenton as CEO.

Shenton will lead the company's next period of product development as AccessFintech blocks out its following phase of growth.

Long-term board member and capital markets leader, Shenton has a 20 year background working in operations, engineering and strategic investing.

Recently she guided the Value Accelerator at Goldman Sachs' alternative assets business. Here she helped increase operational efficiency, scale and commercial success alongside leadership teams at fast-growing companies.

Shenton's new position was determined by a united ruling from the board, who have worked closely with her since her tenure as board director since 2018.

Jersey Funds Association announces its new committee

The Jersey Funds Association (JFA) has confirmed its new committee, following the organisation's annual general meeting.

Joel Hernandez has been appointed as chair of the JFA and Dilmun Leach has been appointed vice chair.

The JFA's main committee also includes Robin Wilson as the treasurer, Michael Johnson, Richard Anthony, Mike Byrne, John Riva, Steve Cartwright, Ben Dixon, Stephanie Webb, Robert Milner, Tim Morgan, Simon Page, Tom Powell, Sophie Reguengo, Martin Rowley, Martin Paul, Jon Stevens, Elliot Refson, Chris Patton, Gary Ayres, Alison Gurd, John Everett and Jeffrey Parongan.



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Hernandez says: “Reflecting on the past year at our AGM and following the JFA’s annual dinner last month, it’s clear there is real positivity across Jersey’s funds industry.

“Despite geopolitical uncertainty, global fundraising headwinds and liquidity constraints, Jersey’s funds industry remains resilient and continues to grow — however the JFA is cognisant that an increased focus on product innovation and progress is critical if Jersey is to retain its position as a leading funds jurisdiction.”

TaxTec Group appoints French

TaxTec Group has appointed Sarah French as the global head of sales and strategic partnerships.

French has previously held roles such as the head of client solutions and chief revenue officer at Taina Technology.

She has also worked at Goal Group of Companies as the global head of sales product development and research.

Ocorian appoints Rowland as Commercial Director

Ocorian, an asset servicing firm for private markets and corporate and fiduciary administration, has recruited Craig Rowland as commercial director. Rowland brings nearly 20 years’ experience in senior business development roles, which includes founding his own business, Strohl UK, and running a global sales team with representatives in the UK, Guernsey, Luxembourg and South Africa.

His most recent role was chief revenue officer at Cleveland & Co, before which he was director of business development at global advisory, Maitland.



LMAX Group names Khazen to lead cross-asset sales in the Americas

LMAX Group has appointed Ilya Khazen as director of institutional sales for the Americas, as it continues to expand its presence across traditional and digital markets.

Based in New York, Khazen will lead cross-asset sales across the region, focusing on delivering LMAX Group’s FX and digital asset trading services to a growing institutional client base. He will report to Chris Knight, managing director of LMAX Digital.

Khazen joins from Copper Technologies, where he served as director and co-head of sales, overseeing performance, client relationships and revenue growth in North America. His previous experience also includes senior roles at Goldman Sachs and Societe Generale.

David Mercer, CEO of LMAX Group, says: “Ilya brings a wealth of both digital assets and traditional finance experience to LMAX Group and

can hit the ground running as the world’s biggest banks and asset managers ready themselves for active crypto engagement.”

Speaking on his appointment, Khazen, adds: “I’m delighted to be joining LMAX Group to further build its cross-asset offering at such a critical juncture.

“As an established business in FX and a first mover in institutional digital assets trading, I’m looking forward to leveraging my network and knowledge to help deliver on the strategic vision of LMAX Group’s entire business.”

The appointment comes as LMAX Group accelerates its strategy in the US, aiming to provide an integrated, full-service cross-asset platform for banks, asset managers and other institutional clients. The firm is targeting further expansion in the region amid increasing regulatory clarity around digital assets.

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FundBank appoints Rohr

FundBank (Europe) has appointed Suzel Rohr as the clients service manager in the Luxembourg team. Rohr will be supporting fund managers and institutional clients across onboarding, operational coordination, and service delivery. As client service manager in the business development team at FundBank, Rohr will contribute to the bank's client service strategy by supporting fund managers and institutional clients across a wide range of operational and onboarding activities.

According to the bank, Rohr plays a key role in ensuring seamless coordination between internal teams and external stakeholders.

Gresham appoints Zhu

Gresham, an enterprise data automation solutions for the financial services industry, has announced the appointment of Hayley Zhu as sales director for Asia Pacific. She will lead the company's go-to-market strategy across the region.

Zhu brings over 20 years of experience across the region, with more than 15 years focused on FinTech.

Her background spans buy and sell side platforms, enterprise data, and regulatory technologies, with a track record of helping institutions modernise their operations and deliver measurable outcomes.

Embat appoints a new leadership

Embat, a European financial management and treasury platform, has appointed Theo Wasserberg as the head of UK and Ireland and Quique Fernandez as country launcher and head of treasury transformation.

Wasserberg will lead Embat's market strategy, customer partnerships and team growth.

Fernandez, on the other hand, brings deep treasury domain expertise and will lead product localisation, solution design, and client delivery for the region. ■

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Ever closer to the EU

For Cyprus, opportunities over the next year or so come from harmonisation of regulations with EU norms. Andrew Hutchings takes a look at the key changes facing asset servicing in the country



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Country Profile
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Trouble in the time of Trump – or not?

Cyprus is a small open economy that is a part of the European Union (EU) and the euro area, but geographically in Asia Minor. Accordingly, Cyprus would, at first glance, be vulnerable to an end of the post-1985 system of free trade and multilateral institutions. Maria Permyakova, president of the Cyprus Investment Funds Association (CIFA), highlights risks from interventions by governments in cross border investment flows: "This can result in increased market volatility, particularly in fixed income markets and weakened emerging markets currencies."

However, she sees opportunities for the funds industry – in part because of greater demand for enhanced income. "It is precisely at times like this that particular financial centres can boost activity levels. Protagonists here in Cyprus are positioning the country as one of the leading investment fund centres in the EU – with a stable regulatory environment and tax incentives for particular types of funds."

The regulator is also upbeat about the prospects for the financial sector. Dr George Tsiakoulas, chairman of the Cyprus Securities and Exchange Commission (CySEC), emphasises the importance of international cooperation. "Financial regulators and other authorities can and will do more to ensure that we follow consistent rules in relation to consumer protection, anti-money laundering (AML) precautions, cybersecurity and engagement with digital platforms," he notes.

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Jersey Funds Association announces its new committee

The Jersey Funds Association (JFA) has confirmed its new committee, following the association's annual general meeting.

Joe Montemurlo has been appointed as chair of the JFA and David Leach has been appointed vice chair.

The JFA's new committee also includes Boris Wilson as the treasurer, Michael Johnson, Richard Boffroy, Mike Byrne, John Blin, Peter Campbell, Ben Dixon, Stephanie Wells, Robert Khan, Tim Morgan, Simon Page, Tom Pined, Sophie Regan, Mark Sherry, Mark Phil, Joe Stevens, Matt Smith, Chris Miller, Ben Ayres, Alison Kent, John Evans and Jeffrey Pennington.

Ouaglini appointed within the Hong Kong Government's SAR Task Force

New Trust, a digital asset financial institution specialising in crypto, tokens, and smart contracts, has announced that Dr Ouaglini has been appointed as a new member of the Hong Kong SAR Government's Task Force on governing digital assets.

Assets in Hong Kong, the newly reported member – all of whom are experienced leaders across the ecosystem – will contribute to shaping the city's strategy to become a global hub for digital assets.

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BC Partners set to sell a majority stake in NAVEX

BC Partners, an international investment firm, has announced an agreement with a consortium led by Goldman Sachs Alternatives, for the sale of a majority stake in NAVEX, a data, analytics, risk and compliance management software as a service provider.

The consortium also includes funds managed by Blackstone's private equity strategy for industrial investors.

Under the terms of the agreement, the private equity business at Goldman Sachs Alternatives will take a minority stakeholding in the firm.

7IM announces overhaul of its transfer process

7IM has announced a major overhaul of its transfer process, which according to the firm, marks a key milestone into its proprietary platform, reducing the need for status-checking and enabling faster, clearer client communication.

The platform is now replacing further integration tools – including those from providers such as BNP Paribas – to streamline the process further.

The development follows extensive client feedback, which highlighted independent industry requirements will be met.

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GEARING UP

Natalie Berkecz of Northern Trust looks at how Europe is preparing for the move to T+1



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