

**CAYMAN ISLANDS**



**SECURITIES INVESTMENT BUSINESS  
(AMENDMENT AND VALIDATION) BILL,  
2024**

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**A BILL FOR AN ACT TO AMEND THE SECURITIES INVESTMENT BUSINESS ACT (2020 REVISION) TO PROVIDE FOR FEES FOR DEREGISTRATION; TO PROVIDE FOR FEES FOR THE FILING OF MATERIAL CHANGES BY REGISTERED PERSONS UNDER SECTION 5; TO PROVIDE FOR FEES FOR RESTRICTED LICENCES; TO PROVIDE FOR CERTAIN NEW DEFINITIONS; TO PROVIDE FOR THE VALIDATION OF FEES COLLECTED BY THE AUTHORITY; AND FOR INCIDENTAL AND CONNECTED PURPOSES**

## PUBLISHING DETAILS

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**Sponsoring Ministry/Portfolio:** Ministry of Financial Services and Commerce (FSC)



## Memorandum of OBJECTS AND REASONS

This Bill seeks to amend the Securities Investment Business Act (2020 Revision) (“the principal Act”) to provide for fees for —

- (a) deregistration;
- (b) the filing of material changes by registered persons under section 5; and
- (c) restricted licences.

The Bill also seeks to provide for definitions for words used in the legislation.

Further, the Bill seeks to provide for the validation of fees collected by the Authority prior to the commencement of this legislation.

Clause 1 provides the short title and commencement of the legislation.

Clause 2 amends section 2 of the principal Act by, among other things, inserting definitions in the legislation.

Clause 3 amends section 5 of the principal Act to provide for fees for deregistration and notification of material changes by registered persons.

Clause 4 amends section 6 of the principal Act to require an applicant for a licence to specify the category or categories for which an application is being made. The clause also inserts new provisions that provide for —

- (a) the prescribing of different fees for different types or categories of licences; and
- (b) the procedure by which the holder of a restricted licence may have certain restrictions on the holder’s licence adjusted.

Clause 5 amends section 11 of the principal Act to clarify the power that the Cabinet, after consultation with the Authority, may exercise to prescribe any fees payable under the legislation.

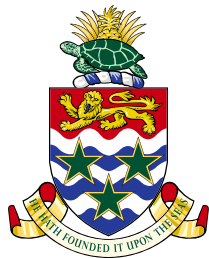
Clause 6 amends section 16 of the principal Act to empower the Authority to exempt certain persons from registration or licensing under the legislation.

Clause 7 provides for the validation of the payment of fees to and the collection of fees by the Authority for the deregistering of a securities investment business, the filing of material changes by registered persons under section 5 and the grant of a restricted licence prior to the commencement of this amending and validating legislation.

Clause 8 provides that this amending and validating legislation does not affect any order or determination made by a court relating to fees collected by the Authority without statutory authority for the deregistering of a securities investment business, the filing of material changes by registered persons under section 5 and the grant of a restricted licence prior to the commencement of this amending and validating legislation.



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**A BILL FOR AN ACT TO AMEND THE SECURITIES INVESTMENT BUSINESS ACT (2020 REVISION) TO PROVIDE FOR FEES FOR DEREGISTRATION; TO PROVIDE FOR FEES FOR THE FILING OF MATERIAL CHANGES BY REGISTERED PERSONS UNDER SECTION 5; TO PROVIDE FOR FEES FOR RESTRICTED LICENCES; TO PROVIDE FOR CERTAIN NEW DEFINITIONS; TO PROVIDE FOR THE VALIDATION OF FEES COLLECTED BY THE AUTHORITY; AND FOR INCIDENTAL AND CONNECTED PURPOSES**

ENACTED by the Legislature of the Cayman Islands.

**Short title and commencement**

1. (1) This Act may be cited as the Securities Investment Business (Amendment and Validation) Act, 2024.
- (2) This Act comes into force on such date as may be appointed by Order made by the Cabinet.

**Amendment of section 2 of the Securities Investment Business Act (2020 Revision) - interpretation**

2. The *Securities Investment Business Act (2020 Revision)*, in this Act referred to as the “principal Act”, is amended in section 2 as follows —



- (a) in subsection (1) as follows —
  - (i) by deleting the definition of the words “**broker member**” and substituting the following definition —

“**broker member**” means a broker member of the Exchange who carries on activities specified in paragraph 1(b) of Schedule 2;” and
  - (ii) by inserting, in the appropriate alphabetical sequence, the following definitions —

“**broker-dealer**” means a person who carries on one or more of the activities specified in paragraph 1(a) of Schedule 2;

“**operator**”, in the context of a virtual asset trading platform, has the same meaning as in the *Virtual Asset (Service Providers) Act (2024 Revision)*;

“**restricted licence**” means a securities investment business licence that contains a restriction referred to in section 6(10);

“**securities advisor**” means a person who carries on the activities specified in paragraph 4 of Schedule 2;

“**securities arranger**” means a person who carries on the activities specified in paragraph 2 of Schedule 2; and

“**securities manager**” means a person who carries on the activities specified in paragraph 3 of Schedule 2 ;” and
- (b) by repealing subsection (2) and substituting the following subsection —

“(2) For the purposes of this Act, “**virtual asset trading platform**” has the same meaning as in the *Virtual Asset (Service Providers) Act (2024 Revision)*.”.

### **Amendment of section 5 - requirement for a licence, registration, deregistration and fees payable**

**3.** The principal Act is amended in section 5 as follows —

- (a) in subsection (4B)(b), by deleting the words “by the Authority” and substituting the words “by the Authority and pay the prescribed fee for deregistration”;
- (b) in subsection (4C), by deleting the words “or annual declaration” and substituting the words “or annual declaration and the notification shall be accompanied by the applicable prescribed fee”; and
- (c) by inserting after subsection (4C) the following subsection —

“(4CA) The Cabinet may prescribe fees that apply in respect of any notification of a specified material change in information filed by a registered person in its application or annual declaration.”.



**Amendment of section 6 - application for a licence**

4. The principal act is amended in section 6 as follows —

- (a) by repealing subsection (4) and substituting the following subsections —
  - “(4) An application under this section shall —
    - (a) specify the category or categories for which the application is being made, that is —
      - (i) broker-dealer;
      - (ii) market maker;
      - (iii) securities advisor;
      - (iv) securities arranger; or
      - (v) securities manager;
    - (b) indicate whether or not it is for a restricted licence; and
    - (c) include the prescribed information and be accompanied by the prescribed fee.
  - (4A) Different fees may be prescribed for different types or categories of licences.”;
- (b) by inserting after subsection (10) the following subsections —
  - “(10A)The holder of a restricted licence that wishes for —
    - (a) the limit on the number of clients to whom services may be provided to be increased above the prescribed limit; or
    - (b) the minimum value of an individual client’s investment to be increased above the prescribed limit,shall submit an application in writing to the Authority for approval to do so, including the information and fee as may be prescribed.
  - (10B)The Authority, in relation to an application received under subsection (10A), may either grant approval or refuse approval of the application.”; and
- (c) by inserting after subsection (13) the following subsection —
  - “(14)For the purposes of this section —
    - (a) “**licence**” includes a restricted licence; and
    - (b) “**licensee**” includes the holder of a restricted licence.”.

**Amendment of section 11 - regulations**

5. The principal Act is amended in section 11(1) by repealing paragraph (a) and substituting the following paragraph —

- “(a) prescribing anything which is to be prescribed under this Act, including prescribing any fees payable under the Act; and”.



**Amendment of section 16 - powers and duties of the Authority**

6. The principal Act is amended in section 16 by repealing subsection (1B) and substituting the following subsection —

“(1B)The Authority —

- (a) shall exempt a person from registration or licensing under this Act where the person operates a trading platform which engages in securities investment business which utilises virtual assets only; and
- (b) may exempt a person from registration or licensing under this Act where —
  - (i) the person is engaged in an activity which requires a licence under the *Virtual Asset (Service Providers) Act (2024 Revision)* and the Authority determines that the activity would be more capably supervised under the *Virtual Asset (Service Providers) Act (2024 Revision)* due to the technology and method of delivery, nature and complexity of the activity, or the supervisory needs of the person carrying out the activity; or
  - (ii) the Authority determines that additional licensing or registration under this Act is unnecessary as the person is already licensed under the *Virtual Asset (Service Providers) Act (2024 Revision)*.”.

**Validation of payment and collection of fees**

7. The payment of fees to, and the charging and collection of fees by, the Authority without statutory authority for —

- (a) the deregistering of a securities investment business by a registered person;
- (b) the filing of material changes by registered persons under section 5; and
- (c) the grant of a restricted licence,

prior to the commencement of this amending and validating Act are —

- (i) validated; and
- (ii) taken to have been lawfully charged by, paid to and collected by the Authority,

as if the Authority was empowered under the principal Act, as amended by this amending and validating Act, to charge and collect those the fees.



### Orders or determinations by court not affected

8. This amending and validating Act does not affect any order or determination made by a court with respect to fees charged by, paid to and collected by the Authority without statutory authority for —
- (a) the deregistering of a securities investment business by a registered person;
  - (b) the filing of material changes by registered persons under section 5; and
  - (c) the grant of a restricted licence,
- prior to the commencement of this amending and validating Act.

Passed by the Parliament the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

*Speaker*

*Clerk of the Parliament*

