CAYMAN ISLANDS

MUTUAL FUNDS (AMENDMENT) ACT, 2026

(Act 5 of 2026)

Supplement No. 1 published with Legislation Gazette No. 16 dated 24th March, 2026.

PUBLISHING DETAILS

CAYMAN ISLANDS

MUTUAL FUNDS (AMENDMENT) ACT, 2026

(Act 5 of 2026)

Arrangement of Sections

Section Page

1. Short title 5
2. Amendment of section 2 of the Mutual Funds Act (2025 Revision) - definitions....5
3. Amendment of section 16 - licensed mutual fund administrators to be satisfied in respect of mutual funds 6
4. Insertion of Part 3B - tokenised mutual funds....7

CAYMAN ISLANDS

(Act 5 of 2026)
I Assent,

Jane Owen
Governor

Date: 19th March, 2026

MUTUAL FUNDS (AMENDMENT) ACT, 2026

(Act 5 of 2026)

AN ACT TO AMEND THE MUTUAL FUNDS ACT (2025 REVISION) TO PROVIDE FOR SPECIFIC REQUIREMENTS FOR TOKENISED MUTUAL FUNDS; TO PROVIDE DEFINITIONS FOR "DIGITAL EQUITY TOKEN" AND "TOKENISED MUTUAL FUND"; AND FOR INCIDENTAL AND CONNECTED PURPOSES

ENACTED by the Legislature of the Cayman Islands.

Short title

1. This Act may be cited as the Mutual Funds (Amendment) Act, 2026.

Amendment of section 2 of the Mutual Funds Act (2025 Revision) - definitions

2. The *Mutual Funds Act (2025 Revision)*, in this Act referred to as the "principal Act", is amended in section 2 as follows —

(a) in the section heading, by deleting the word "Definitions" and substituting the word "Interpretation";

(b) in the definition of the word "**debt**", by deleting the words "in respect of a share," and substituting the words "in respect of a share, an LLC interest,";

(c) in the definition of the words "**equity interest**", by deleting the words "means a share," and substituting the words "means a share, LLC interest,"; and

(d) by inserting in the appropriate alphabetical sequence the following definitions —

" "**digital equity token**" means a digital representation of the whole of an equity interest held by an investor in a mutual fund;

"**LLC interest**" has the meaning assigned by section 2 of the *Limited Liability Companies Act (2025 Revision)*;

"**partnership interest**" means the interest of a partner in a partnership in respect of —

(a) the profit;

(b) the capital; and

(c) the voting or other rights, benefits or obligations,

to which the partner is entitled or subject pursuant to the partnership agreement or this Act; and

"**tokenised mutual fund**" means a mutual fund that has any of its equity interests represented by digital equity tokens;".

Amendment of section 16 - licensed mutual fund administrators to be satisfied in respect of mutual funds

3. The principal Act is amended in section 16(1) as follows —

(a) in paragraph (c), by deleting the words "a proper way," and substituting the words "a proper way;";

(b) in paragraph (d), by deleting the words "by the Authority." and substituting the words "by the Authority; and"; and

(c) by inserting after paragraph (d) the following paragraph —

"(e) in the case of a tokenised mutual fund —

(i) all records relating to the issuance, creation, sale, transfer and ownership of an equity interest that is represented by a digital equity token (including records containing any additional information which may be required by the Authority), are securely maintained by the tokenised mutual fund and are available to the Authority, or any person assigned by the Authority, within the period specified by the Authority; and

(ii) the tokenised mutual fund has complied with every other requirement under this Act which is applicable to a tokenised mutual fund.".

Insertion of Part 3B - tokenised mutual funds

4. The principal Act is amended by inserting after section 22H the following Part —

"**Part 3B - Tokenised Mutual Funds**

Specific requirements for tokenised mutual funds

22I. (1) The requirements in this section apply in respect of a tokenised mutual fund and are in addition to the other requirements under this Act.

(2) The operator of a tokenised mutual fund shall confirm annually to the Authority that all records relating to the issuance, creation, sale, transfer and ownership of an equity interest that is represented by a digital equity token have been properly kept and maintained in compliance with the requirements of this Act.

(3) An equity interest that is represented by a digital equity token is only transferrable with the approval of the operator of the tokenised mutual fund in accordance with the offering document.

(4) The tokenised mutual fund shall disclose in the offering document any risks specific to the digital equity tokens identified by the tokenised mutual fund, including considerations regarding cybersecurity, the transferability of the digital equity token and any other potential risks identified by the Authority.

(5) The offering document shall set out how the risks identified in subsection (4) are addressed or mitigated for investors.

(6) The Authority may impose specific restrictions on the characteristics of a digital equity token that represents an equity interest created by a tokenised mutual fund and, where the Authority imposes specific restrictions, the tokenised mutual fund shall ensure that the digital equity token is in compliance with those requirements.

(7) The tokenised mutual fund shall comply with any periodic reporting requirement specified by the Authority under this Act.

(8) The Authority —

(a) may request any additional information that is required to enable the Authority to make a decision on an application in respect of a tokenised mutual fund; and

(b) shall monitor on-going compliance of a tokenised mutual fund with the requirements of this Act.

Exercise of supervisory powers by the Authority

22J. The Authority shall exercise supervisory powers over tokenised mutual funds to ensure compliance with this Act and the protection of investor interests including carrying out inspections of —

(a) the underlying technology; and

(b) digital equity token transactions.".

Passed by the Parliament the 5th day of March, 2026.

Hon. D. Ezzard Miller
Speaker

Twila Escalante
Acting Clerk of the Parliament