



February 27, 2017

**Via email:**

Ministry of Financial Services  
Government Administration Building  
133 Elgin Avenue, Box 126  
Grand Cayman KY1-9000

**Re: Managed Funds Association Comments on Proposed Regulations Requiring Country-by-Country Reporting in the Cayman Islands**

Dear Sir / Madam:

The Managed Funds Association<sup>1</sup> appreciates the opportunity to comment on the proposed regulations from the Ministry of Financial Services (the “Ministry”) to implement country-by-country reporting (“CBCR”) requirements in the Cayman Islands (the “Proposed Regulations”). MFA supports tax authorities having access to sufficient information from taxpayers to perform their oversight responsibilities. MFA generally supports the Proposed Regulations, which we believe will facilitate reporting to appropriate tax authorities, while minimizing unnecessary burdens on private investment funds that invest globally. As the Ministry is aware, many MFA members manage private investment funds domiciled in the Cayman Islands and, as such, have a significant interest in the CBCR regulations ultimately adopted by the Cayman government.

We would like to provide specific comments with respect to two items addressed in the Proposed Regulations – the obligation to report information on a non-public, confidential basis to the Tax Information Authority (the “Authority”) and the proposed revenue threshold for a multi-national enterprise to be subject to reporting.

We strongly support the obligation to report to the Authority on a non-public basis and the proposal to keep such information confidential (other than with respect to sharing tax information with other tax authorities, as appropriate). As noted above, while MFA supports appropriate tax reporting to relevant tax authorities, we do not believe such information should be required to be

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<sup>1</sup> The Managed Funds Association (MFA) represents the global alternative investment industry and its investors by advocating for sound industry practices and public policies that foster efficient, transparent, and fair capital markets. MFA, based in Washington, DC, is an advocacy, education, and communications organization established to enable hedge fund and managed futures firms in the alternative investment industry to participate in public policy discourse, share best practices and learn from peers, and communicate the industry’s contributions to the global economy. MFA members help pension plans, university endowments, charitable organizations, qualified individuals and other institutional investors to diversify their investments, manage risk, and generate attractive returns. MFA has cultivated a global membership and actively engages with regulators and policy makers in Asia, Europe, North and South America, and many other regions where MFA members are market participants.

reported publicly. Further, we agree with the proposal for the Authority to keep such information on a confidential basis. We encourage the Ministry to ensure that any final CBCR regulations require reporting on a non-public basis to the Authority and to require the Authority to maintain the confidentiality of such information, as proposed.

We also support the proposed U.S. \$850 million annual revenue threshold for multi-national enterprises to be subject to CBCR requirements. We believe that the Ministry should adopt the proposed U.S. dollar threshold rather than a euro-based threshold as many private investment funds calculate their net asset value and transact with their investors in U.S. dollars. Using a U.S. dollar threshold would minimize burdens for many private investment funds, which would otherwise be required to recalculate their revenue to euros for purposes of the CBCR revenue threshold. We also believe that the proposed threshold amount is appropriate to avoid imposing substantial reporting burdens on smaller private investment funds and other small companies.

If you have any questions regarding any of MFA's comments discussed above, or if we can provide further information with respect to the application of CBCR requirements to private investment funds, please do not hesitate to contact Benjamin Allensworth or me at (202) 730-2600.

Respectfully submitted,

/s/ Stuart J. Kaswell

Stuart J. Kaswell

Executive Vice-President and Managing  
Director, General Counsel