

February 16, 2023

**Via Electronic Mail**

Ministry of Financial Services and Commerce  
Cayman Islands Government  
Suite 126, Government Administration Building  
133 Elgin Avenue, George Town  
Grand Cayman KY1-9000  
Cayman Islands

**Re: Companies (Amendment) Bill, 2024**

Dear Members of the Financial Services Legislative Committee:

MFA<sup>1</sup> appreciates the opportunity to comment on the draft Companies (Amendment) Bill, 2024 (Proposed Amendment).

We are strongly supportive of protections for shareholders in capital markets globally. Shareholder rights are essential to the functioning of the capital markets and are key to a country's reputation in the global investor community.

We are deeply concerned that the Proposed Amendment would have a deleterious impact on the rights of shareholders of Cayman Islands companies, as the Proposed Amendment would leave shareholders with as few as 20 days to exercise their appraisal right from the time of the merger announcement, without enough time to assess the merits of the merger, receive information, or even complete the administrative steps necessary to exercise their appraisal right.

The appraisal right is a critical component of shareholder protections and, in some cases, the only protection available in the context of mergers involving Cayman Islands companies. Our members invest in Cayman Islands companies with the knowledge that – should they object to a statutory merger – they are protected by the appraisal right and access to Cayman Islands courts. The adoption of the Proposed Amendment would virtually deprive our members, and any other investors looking to invest in Cayman Islands public companies, of this critical right.

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<sup>1</sup> Managed Funds Association (MFA), based in Washington, DC, New York, Brussels, and London, represents the global alternative asset management industry. MFA's mission is to advance the ability of alternative asset managers to raise capital, invest, and generate returns for their beneficiaries. MFA advocates on behalf of its membership and convenes stakeholders to address global regulatory, operational, and business issues. MFA has more than 175 member firms, including traditional hedge funds, credit funds, and crossover funds, that collectively manage over \$3.2 trillion across a diverse group of investment strategies. Member firms help pension plans, university endowments, charitable foundations, and other institutional investors to diversify their investments, manage risk, and generate attractive returns over time.

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Accordingly, we urge you to:

- Continue to subject mergers of public companies to a shareholder vote; and
- Retain the ability of shareholders to submit a notice of objection to exercise their appraisal right until the date of the shareholder vote—or, alternatively, until no earlier than the date 150 days following the merger announcement.

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We appreciate the opportunity to provide comments to the Members of the Financial Services Legislative Committee regarding the Proposed Amendment and would be pleased to meet with Members or their staff to discuss our comments. If the Members or their staff have questions or comments, please do not hesitate to call Joseph Schwartz, Vice President and Senior Counsel, or the undersigned at (202) 730-2600.

Respectfully submitted,

/s/

Jillien Flores  
Executive Vice President  
Head of Global Government Affairs  
MFA