

THE WAVERLEY SERIES

CAYMAN ISLANDS

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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CAYMAN ISLANDS — AT A GLANCE

Capital	George Town
Population	Estimated at 87,866 in June 2024, up more than 5% year-on-year, approaching or exceeding 90,000 by April 2026
Financial services scale	Approximately 700 companies manage over 30,000 funds; the sector oversees roughly \$9.1 trillion in net assets under management and \$16 trillion in total assets, representing about 32% of US private fund net assets
Funds sector growth	13,119 funds registered under the Mutual Funds Act; private fund registrations increased 40% since 2020; active company registrations reached 123,530 and active partnerships 43,056 at end-2025
Reinsurance and CLOs	Reinsurance assets quadrupled to \$101 billion; the Cayman Islands remains the preferred domicile for US collateralised loan obligation sponsors, with the Cayman Islands Stock Exchange the world's leading venue for CLO listings (283 securities listed)
Fiscal position	A \$244.4 million Core Government surplus and \$252.3 million Entire Public Sector surplus for the six months to 30 June 2026; the current account deficit is projected at 12.9% of GDP in 2025, averaging 14.2% over 2026-2028, driven by high import demand
Capital investment	The government plans to invest \$323.7 million in capital projects and equity investments between 2026 and 2028, spanning education, health and social infrastructure, housing, transport, utilities, public safety and tourism assets
Regulatory developments	A new statutory framework for tokenised funds took effect following March 2026 legislative amendments; a new mutual and private fund fee structure and amended Common Reporting Standard rules (aligned with OECD CRS 2.0) both took effect 1 January 2026
International standing	The Cayman Islands is set to assume the Financial Action Task Force Presidency in July 2026
Governing framework	A self-governing British Overseas Territory with a principles-based, risk-sensitive regulatory framework, tax neutrality and English common law certainty, widely regarded as the preferred offshore destination for global fund managers and investors

The Cayman Islands' financial services industry closed 2025 having set records across nearly every metric that matters to international investors: roughly \$9.1 trillion in fund net assets under management, quadrupled reinsurance assets at \$101 billion, and record US collateralised loan obligation issuance routed through Cayman structures. This scale is now being paired with genuinely forward-looking regulation, a new statutory framework for tokenised funds took effect in early 2026, and a significant international leadership role, with Cayman set to assume the FATF Presidency in July 2026. Investors should read the Cayman Islands as the world's established domicile of choice for institutional capital, whose principal near-term question is not competitive position but the pace at which its notably wide current account deficit and evolving compliance architecture continue to develop.

1. INVESTMENT & FDI

A new statutory framework for tokenised funds positions the Cayman Islands at the forefront of digital-asset fund structuring, even as the sector continues its remarkable, sustained conventional growth.

In March 2026, the Cayman Islands Parliament passed the Mutual Funds (Amendment) Bill, the Private Funds (Amendment) Bill and the Virtual Asset (Service Providers) (Amendment) Bill, establishing the jurisdiction's statutory framework for tokenised funds, gazetted on 24 March 2026; the legislation clarifies that digital equity tokens and digital investment tokens issued by tokenised mutual funds and tokenised private funds are excluded from the virtual asset service provider regime specifically, providing structural certainty distinct from Cayman's separate virtual asset regulation. Private fund registrations have increased 40% since 2020, while reinsurance assets have quadrupled to \$101 billion over the same broader period, with growth in both captive and reinsurance entities expected to continue into 2026. Throughout 2025, particular growth was recorded in private credit, private equity and digital asset strategies, including crypto funds and tokenised investment structures, while segregated portfolio companies increasingly gained traction for their structural flexibility.

- **A concrete, legally clarified tokenised fund framework:** the explicit statutory exclusion of tokenised fund interests from the separate virtual asset service provider regime represents genuine, structural regulatory clarity that fund sponsors can rely upon when structuring digital-asset products in Cayman specifically.
- **Sustained, multi-year private fund growth independent of the digital-asset story:** the 40% increase in private fund registrations since 2020 demonstrates that Cayman's fundamental growth trajectory rests on broad-based institutional demand, not solely on newer digital-asset-linked structures.
- **A remarkable, quantified reinsurance-sector expansion:** the quadrupling of reinsurance assets to \$101 billion represents one of the most significant sectoral growth figures identified for any market in this series, reinforcing Cayman's position as a genuine alternative and complement to Bermuda specifically within the insurance-linked capital space.

2. TRADE & BUSINESS

Record US CLO issuance flowing through Cayman-domiciled structures underscores the territory's continued dominance in structured credit, even as a notably wide current account deficit reflects the economy's heavy reliance on imports.

US collateralised loan obligation issuance set a record in 2025, with the Cayman Islands remaining the preferred domicile for US CLO sponsors across new launches, refinancings and resets; the Cayman Islands Stock Exchange consolidated its position as the world's leading venue for CLO listings, with 283 CLO securities listed in the most recent year. Separately, the Cayman Islands' current account deficit is projected at 12.9% of GDP in 2025, averaging 14.2% between 2026 and 2028 as imports remain high, with the government's own Strategic Policy Statement identifying strong financial services and tourism demand as key to supporting the economy and limiting the deficit's broader impact.

- **A dominant, record-setting position in structured credit specifically:** the CLO market's record 2025 issuance, combined with Cayman's continued preferred-domicile status and the Cayman Islands Stock Exchange's leading global listing position, together represent genuine, quantified dominance in this specific segment of structured finance.
- **A notably wide, structurally embedded current account deficit:** the projected 12.9-14.2% of GDP deficit range represents a substantial, sustained external imbalance that, while consistent with Cayman's import-

dependent consumption economy, warrants direct investor awareness as a structural characteristic rather than a temporary condition.

- **Financial services and tourism explicitly identified as the deficit's key offsetting forces:** the government's own framing of these two sectors as central to supporting the broader economy against the deficit's impact provides a clear framework for understanding what continued growth in Cayman's core industries is actually accomplishing at the macroeconomic level.

3. MAJOR ECONOMIC DEVELOPMENTS

A genuinely strong mid-year fiscal surplus and an upcoming FATF Presidency together reinforce Cayman's institutional credibility, even as evolving compliance requirements add near-term operational complexity for financial institutions.

Unaudited financial results for the six months to 30 June 2026 showed a \$244.4 million surplus for the Core Government and a \$252.3 million surplus for the Entire Public Sector; the government separately moved to correct media suggestions that more than half of this mid-year surplus had already been spent, reflecting active, direct fiscal-communication engagement with public reporting. The Cayman Islands is set to assume the Financial Action Task Force Presidency in July 2026, described as a precursor to demonstrating continued readiness and compliance with global anti-money laundering practices. Separately, amendments to the Common Reporting Standard regime, aligning Cayman with the OECD's CRS 2.0 framework adopted in August 2022, took effect from 1 January 2026, bringing certain crypto assets, electronic money products and central bank digital currencies within the definition of Financial Assets for reporting purposes; the Department for International Tax Cooperation subsequently extended certain compliance deadlines on 21 January 2026, giving financial institutions additional time to appoint a suitably Cayman-based Principal Point of Contact. A new fee structure for mutual funds and private funds also took effect from 1 January 2026.

- **A genuinely strong, transparently reported fiscal position:** the substantial mid-year surplus, combined with the government's direct public correction of a media misstatement about spending, together reflect both strong fiscal performance and active, credible fiscal communication practices.
- **A significant, upcoming international AML leadership role:** assuming the FATF Presidency represents a notable elevation in Cayman's formal international standing on anti-money laundering matters, directly relevant to the jurisdiction's ongoing credibility with global regulators and counterparties.
- **Concrete, currently active compliance evolution for financial institutions:** the CRS 2.0 alignment, crypto-asset reporting inclusion, and new fee structure together represent genuine, near-term operational changes financial institutions operating in Cayman must actively manage, even as the DITC's deadline extension demonstrates some regulatory flexibility during the transition.

4. MAJOR PROJECTS & INFRASTRUCTURE

A cautious, affordability-focused capital investment programme spans education, health, housing and tourism infrastructure over the 2026-2028 planning period.

- **\$323.7 million capital investment programme (2026-2028):** spanning education and training facilities, health and social infrastructure, housing, roads, transport, utilities and environmental assets, public safety and disaster preparedness, and tourism, heritage and cultural attractions, this programme is explicitly described by government as following a cautious, affordability-focused approach prioritising long-term resilience and sustainable development.

- **A deliberately conservative investment philosophy:** the government's own framing of this programme as cautious and affordability-focused, rather than expansive, suggests a measured approach to public capital deployment consistent with the broader fiscal discipline reflected in the mid-year surplus described in Section 3.

5. CONFERENCES, FORUMS & EXHIBITIONS

Cayman Islands government ministers represented the jurisdiction at the Seventh World Telecommunication/Information and Communication Technology Policy Forum, reflecting continued international engagement beyond the core financial services sector.

- **WTPF-26, Nassau, The Bahamas:** Cayman Islands ministers for Finance and Economic Development and for Social Development and Innovation represented the jurisdiction at this international telecommunications and ICT policy forum, reflecting Cayman's engagement with digital-economy policy discussions beyond financial services specifically.

6. BUSINESS & INVESTMENT EVENTS

A government consultation on Securities Investment Business Act reforms and CIMA's new annual AML survey together represent this year's most significant direct regulator-industry engagement.

- **Securities Investment Business Act consultation:** issued 7 May 2026 by the Ministry of Financial Services and Commerce, this consultation on proposed amendments represents active, ongoing regulatory dialogue with industry on core securities-business regulation.
- **CIMA's 2026 AML Survey:** launched 1 June 2026 for Securities Investment Business Act Registered Persons, this annual return forms a key part of the Cayman Islands Monetary Authority's sector-wide assessment of anti-money laundering, counter-terrorism financing, proliferation financing and sanctions risk.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

The upcoming FATF Presidency and continued OECD-aligned tax transparency cooperation define Cayman's most consequential current international regulatory relationships.

- **Financial Action Task Force:** Cayman's assumption of the FATF Presidency in July 2026 represents its most significant current international institutional relationship, directly tied to the jurisdiction's continued global AML credibility.
- **OECD:** the CRS 2.0 alignment, effective January 2026, reflects Cayman's continued, active compliance with evolving international tax-transparency standards set by the OECD specifically.
- **United States:** as the preferred domicile for US CLO sponsors and a jurisdiction managing approximately 32% of US private fund net assets, the Cayman Islands' relationship with US capital markets participants remains structurally central to its core financial services business.
- **United Kingdom:** as a British Overseas Territory, Cayman's constitutional relationship with the UK continues underpinning its governance framework and international standing.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

A rapidly diversifying workforce, led by fast-growing Nepalese work-permit holders, reflects the practical labour-market dimension of Cayman's continued financial services and broader economic growth.

Nepalese workers are now the fastest-growing group within Cayman's workforce, rising from near zero a decade ago to approximately 1,800 people, representing more than 5% of all work permit holders. This labour-market shift accompanies broader population growth, with Cayman's population rising more than 5% year-on-year to approach or exceed 90,000 by April 2026, reflecting the practical human-capital dimension of the jurisdiction's continued economic and financial-sector expansion.

- **A specific, rapidly emerging workforce diversification trend:** the scale and speed of growth in Nepalese work-permit holders, from near zero to a meaningful share of the total workforce within a decade, represents a genuine, quantified shift in Cayman's labour-market composition worth noting for employers and immigration-policy stakeholders specifically.
- **Population growth directly reflecting economic expansion:** the sustained, above-5% annual population growth rate provides a tangible, human-scale indicator of the broader economic and financial-sector growth described throughout this briefing.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Tokenised fund structures, continued reinsurance and captive insurance growth, and CLO-linked structured credit define Cayman's most concretely promoted new investment channels.

- **Tokenised fund structuring:** the new statutory framework described in Section 1 opens a concrete, legally clarified channel for digital-asset fund managers considering Cayman as a domicile specifically.
- **Reinsurance and captive insurance:** continued growth in both categories is expected into 2026, building on the sector's quadrupled asset base.
- **CLO and structured credit vehicles:** Cayman's record-setting, preferred-domicile position in US CLO issuance remains open for continued sponsor engagement across new launches, refinancings and resets.
- **Private credit and private equity structures:** specifically identified as particular 2025 growth areas within the funds sector, these strategies remain active channels for continued institutional capital formation in Cayman.

SUMMARY ASSESSMENT

The Cayman Islands' financial services industry closed 2025 having set records across nearly every metric that matters to international investors: roughly \$9.1 trillion in fund net assets under management, quadrupled reinsurance assets at \$101 billion, and record US collateralised loan obligation issuance routed through Cayman structures. This scale is now being paired with genuinely forward-looking regulation, a new statutory framework for tokenised funds took effect in early 2026, and a significant international leadership role, with Cayman set to assume the FATF Presidency in July 2026.

A genuinely strong mid-year fiscal surplus and a rapidly diversifying, growing workforce reflect real, tangible economic momentum beneath the headline financial-services figures. Set against this: the current account deficit remains notably wide, projected to average 14.2% of GDP through 2028, and financial institutions face

genuine, active near-term compliance evolution across CRS 2.0 alignment, new fee structures and tokenised fund governance requirements.

Investors should read the Cayman Islands as the world's established domicile of choice for institutional capital, whose principal near-term question is not competitive position, which remains genuinely dominant, but the pace and cost at which its evolving compliance architecture continues to develop alongside its structurally wide, import-driven external deficit.