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ENHANCED TRANSPARENCY AND REGULATORY OBLIGATIONS IN THE BRITISH VIRGIN ISLANDS AND THE CAYMAN ISLANDS: PRACTICAL IMPLICATIONS FOR INSOLVENCY PRACTITIONERS

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INSOL International is pleased to present a new technical paper for publication – *Enhanced Transparency and Regulatory Obligations in the British Virgin Islands and the Cayman Islands: Practical Implications for Insolvency Practitioners.*

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When an insolvency practitioner (IP) is appointed to an insolvent entity falling within the scope of the regulations, the IP will be required to meet ongoing compliance obligations on behalf of the entity. In many cases, this will be a complex exercise that is both time and resource intensive, and the IP may face personal liability consequences if the obligations are not met.

The paper outlines the nature of the new regulations, the enhanced compliance and liability implications for IPs as a result of the regulations, and what this evolving landscape means for the future of Offshore insolvency practice.

INSOL thanks the authors for their expertise and time in preparing this important paper.

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1. Introduction

In recent years, there have been significant reforms to restructuring and insolvency systems in Offshore regions,[1] including the introduction of the restructuring officer regime in the Cayman Islands, which took effect on 31 August 2022.

Apart from these insolvency-specific measures, there have also been far broader reforms introduced in Offshore regions, concentrating on enhanced transparency, accountability and supervisory oversight. These reforms reflect a fundamental regulatory shift in Offshore financial centres, intended to align with evolving international standards and expectations.

Indeed, over the past decade, sustained scrutiny from international bodies – such as the Organisation for Economic Cooperation and Development (OECD), the EU Code of Conduct Group and the Financial Action Task Force (FATF) – has placed Offshore financial centres under increasing pressure to demonstrate regulatory robustness.

The recent transparency and accountability-focused legislative reforms in jurisdictions such as the British Virgin Islands (BVI) and the Cayman Islands do not appear to have been prompted by isolated or jurisdiction-specific cases, but rather a recognition that historic corporate frameworks, particularly those permitting minimal financial and beneficial ownership disclosure, no longer met international standards. Failure to address these concerns carries tangible risks, including grey listing, black listing, reputational damage and reduced access to global financial markets.

The reforms introduced across Offshore regions have imposed new and, in some cases, more onerous responsibilities for insolvency practitioners (IPs). IPs are increasingly required to assume responsibility for retrospective compliance, regulatory remediation and ongoing reporting obligations during liquidation. This paper discusses the nature and scope of these enhanced IP responsibilities, focusing on the BVI and the Cayman Islands.

The paper also considers how these developments may affect a director's decision to incorporate, maintain or formally wind up an entity, and what this evolving landscape means for the future of Offshore insolvency practice.

2. Reporting and regulatory obligations for IPs

When appointed over a BVI or Cayman Islands entity, IPs must ensure compliance with a broad set of reporting and regulatory requirements, which now include economic substance reporting, annual financial return requirements, beneficial ownership reporting and US Foreign Account Tax Compliance Act / OECD Common Reporting Standard (FATCA / CRS) reporting. These requirements apply during the onboarding, asset realisation and distribution stages of a liquidation, regardless of whether the liquidation is solvent or insolvent.

2.1 International context and drivers of reform

While the reporting obligations described in sections 2.2 to 2.4 below are now largely framed as technical compliance requirements, they must be understood against a backdrop of sustained international scrutiny of Offshore financial centres. Pressure from the OECD, the EU Code of Conduct Group and the FATF has resulted in a shift away from confidentiality-driven corporate regimes towards enhanced transparency, accountability and regulatory oversight. In particular:

- In 2017, the EU introduced its list of non-cooperative tax jurisdictions, overseen by the EU Code of Conduct Group on Business Taxation, where jurisdictions were assessed against criteria including tax transparency, fair taxation and the implementation of anti-Base Erosion and Profit Shifting (BEPS) measures. Offshore jurisdictions were placed on "grey lists" pending commitments to reform.

  Along with other jurisdictions, the BVI and the Cayman Islands each made commitments to implement economic substance requirements, enhance beneficial ownership transparency and strengthen corporate reporting frameworks.

  The purpose of the economic substance requirements is to address the principle (as set out by the OECD Forum on Harmful Tax Practices and the EU Code of Conduct Group on Business Taxation) that jurisdictions should not facilitate the use of structures that attract profits but do not reflect real economic activity that is being undertaken in that jurisdiction.

1 These regions include the British Virgin Islands, the Cayman Islands, Bermuda and the Channel Islands (Jersey and Guernsey).

- Offshore jurisdictions have historically been criticised for insufficient access to beneficial ownership information and over-reliance on registered agents without effective oversight. This scrutiny has led to the implementation of centralised beneficial ownership systems and enhanced anti-money laundering / know-your customer (AML / KYC) obligations on service providers.

  For example, as of January 2025, BVI companies are required to file a Register of Beneficial Owners with the BVI Registrar of Corporate Affairs (BVI Registrar), which reflects a shift towards centralised oversight.

  A similar search platform is maintained by the Cayman Islands Registrar of Companies (Cayman ROC). This shift has extended compliance expectations beyond corporate service providers to IPs, particularly where liquidations involve asset realisation, distributions or cross-border elements.

Many of the reforms discussed below were not driven by domestic concerns or local insolvency policy, but rather broader global regulatory trends and the perception that historic corporate frameworks in Offshore regions have lacked sufficient safeguards, particularly in relation to tax transparency, beneficial ownership opacity and financial record keeping.

This perception has undermined confidence among international counterparties and exposed Offshore jurisdictions to the risk of being listed as a jurisdiction under increased monitoring by the FATF, with potentially severe consequences for their domestic financial services industries.

For IPs, the reforms that have been introduced have the practical effect of extending regulatory responsibility into the liquidation process itself, and IPs now operate within a more regulated environment than that which existed a decade ago.

2.2 BVI

The introduction of the Economic Substance (Companies and Limited Partnerships) Act 2018 (BVI ESA) in 2018, the annual financial return requirements under the BVI Business Companies Act 2004 (as amended) (BVI BCA) in 2023, and the requirement to file a Register of Beneficial Owners under the BVI BCA (introduced in 2025) reflect a deliberate recalibration of the BVI's regulatory compliance position.

The BVI has sought to demonstrate regulatory equivalence with Onshore standards, while preserving flexibility for legitimate international business.

2.2.1 Economic substance

Under the BVI ESA, BVI companies that carry on "relevant activities" must file annual ES declarations with the International Tax Authority (BVI ITA). This requirement continues to apply during liquidation, unless the entity ceases relevant activities and is formally exempted.

IPs must therefore ensure that the current business activities are reviewed and perform an assessment to confirm the company's ES classification in order to submit filings with the BVI ITA.

2.2.2 Annual financial returns

In January 2023, the BVI introduced a new requirement under section 98A of the BVI BCA for companies to file annual financial returns. BVI companies must now file a simple balance sheet and income statements with their registered agent within 9 months of the end of their financial year. It is noted that this document is not a public document and is only filed with the company's registered agent, not the BVI Registrar.

This represents a substantial change to the financial reporting obligations of BVI entities. Previously, section 98(2) of the BVI BCA only required companies to maintain records "sufficient to show and explain the company's transactions" and to "at any time, enable the financial position of the company to be determined with reasonable accuracy".

IPs appointed over companies with outstanding annual returns may be required to prepare and file the required information for pre-appointment financial periods. However, no returns are required to be filed for the period from the date of liquidation. In practice, this has shifted a compliance burden that historically sat with directors onto IPs post-appointment.

In solvent or voluntary liquidations, historic filings are generally regularised immediately prior to or as part of an orderly winding up, and the availability of books and records may make this more straightforward.

In insolvent appointments, however, the books and records available to the IP are often incomplete or unreliable, and there may not even be a registered agent in place. Although the statutory obligation to file remains with the company, the IP will need to exercise professional judgment as to the extent to which a filing can be made. Where appropriate, any filing may be accompanied by an explanatory communication to the registered agent, if one is in place, to clarify the limitations of the underlying information and to mitigate the risk of misstatement.

2.2.3 *Beneficial ownership and AML*

The Beneficial Ownership Secure Search System Act 2017 (BOSS Act) establishes the framework for the collection and maintenance of beneficial ownership information in the BVI. It requires registered agents to obtain and maintain up-to-date details of a company's beneficial owner(s).

Previously, this information was maintained by registered agents on the Beneficial Ownership Secure Search System. However, with effect from January 2025, BVI companies are now required to file a Register of Beneficial Owners with the BVI Registrar, reflecting a shift towards greater centralised oversight.

This Register is filed through the BVI Registrar's online VIRRGIN platform, and forms part of a broader move to enhance regulatory supervision and information accessibility in line with international standards. While beneficial ownership information remains non-public, the BVI Registrar now plays a more direct role in its administration and monitoring.

For IPs, this change increases the importance of the early verification of beneficial ownership records upon appointment, particularly where historic information and company records may be incomplete or inconsistent. IPs must ensure any required filings are made and report any changes within the prescribed timeframes.

In addition, the BVI's anti-money laundering regime, set out in the Anti-Money Laundering Regulations and Anti-Money Laundering and Terrorist Financing Code of Practice, applies to a wide range of entities and activities. IPs must conduct due diligence to verify the identity of beneficial owners, directors and significant stakeholders. These obligations apply throughout the liquidation and are particularly relevant when realising assets, settling claims and distributing proceeds.

2.2.4 *FATCA / CRS and Crypto Asset Reporting*

BVI companies may also be subject to reporting under the FATCA / CRS. Following their appointment, IPs may need to make entity classification, submit nil returns, or complete late filings to ensure compliance.

The BVI has also committed to implementation of the OECD Crypto-Asset Reporting Framework, which is expected to apply to certain virtual asset service providers regulated under the Virtual Assets Service Providers Act 2022. IPs should monitor developments in this area to ensure compliance.

2.3 Cayman Islands

The introduction of the International Tax Cooperation (Economic Substance) Act (2024 Revision) of the Cayman Islands (the original Act having entered into force on 1 January 2019) and the Cayman Islands Beneficial Ownership Transparency Act (2026 revision) (the original 2023 Act having entered into force on 31 July 2024), along with continued enhancements to rules and regulations governing financial services, economic substance, AML / KYC and sector-specific activities, demonstrates the Cayman Islands' commitment to meet global regulatory standards while supporting its position as a leading international financial centre.

2.3.1 *Economic substance*

Under the International Tax Cooperation (Economic Substance) Act (2024 Revision) of the Cayman Islands (Cayman ESA) and accompanying regulations, a company (or partnership) is required to file an annual Economic Substance Notification (ESN) with the Tax Information Authority (Cayman TIA) via the Cayman ROC or registered office service provider, as applicable.

The ESN indicates whether the company or partnership is carrying on a "relevant activity" and, if so, whether it is a "relevant entity". Companies or partnerships that meet both conditions are required to satisfy the economic substance test (ES Test) and file an Economic Substance Return (ESR) with the Cayman TIA.

Where a "relevant entity" in liquidation continues "relevant activities" during the liquidation or winding up process, the IP must continue to satisfy the obligations under the Cayman ES Act, including satisfying the ES Test.

Upon cessation of the "relevant activity", the requirement to satisfy the ES Test and file ESRs with the Cayman TIA also ceases. However, IPs must keep in mind that all entities – irrespective of whether they are considered "relevant" – must file ESNs with the Cayman TIA.

Further, IPs of a "relevant entity" must maintain the entity's records for 6 years after final dissolution, during which time the Cayman TIA may submit an information request.

2.3.2 *Annual returns*

Under the Cayman Islands Companies Act (2026 Revision) (Cayman Companies Act), Cayman Islands entities are required to file an annual return with the Cayman ROC in January of each year and pay the applicable annual fees. The purpose of the annual return is to advise the Cayman ROC of any changes made to the memorandum of association and the nature of the business and the operations of the entity since the last return. ESNs (discussed above) must be filed as a prerequisite to filing the annual return.

IPs appointed over companies with outstanding annual returns face potentially time-consuming and resource intensive compliance obligations, insofar as they must prepare and submit the required information to avoid strike-off or additional procedural steps.

2.3.3 *Books of account*

Under the Cayman Companies Act, Cayman Islands entities are required to keep proper books of account (Accounts), including any material underlying documentation that gives a "true and fair view" of the state of the entity's affairs. The Accounts shall be kept at the entity's registered office or at such other place deemed fit by its directors. There are no requirements for unregulated entities to have the Accounts audited or to file the Accounts with any government body.

Under the Cayman Companies Winding Up Rules (2023 Consolidation) (CWRs), IPs are required to prepare reports and accounts with respect to the conduct of the liquidation and the state of the entity's affairs on an annual basis at a minimum.

Additionally, entities regulated by the Cayman Islands Monetary Authority (CIMA) must meet specific reporting and auditing filing requirements. In the context of liquidations of regulated entities, IPs must keep in mind that a prerequisite to deregister with CIMA is a final audit up to the date of the IP's appointment unless the entity qualifies for an audit waiver. This may result in the IP being required to remedy any outstanding compliance issues, which could be time and resource intensive.

Further, IPs in the Cayman Islands are generally licensed and supervised by the Cayman Islands Institute of Professional Accountants (CIIPA) under the Accountants Act (as amended), while regulated entities fall within CIMA's supervisory remit. As a result, appointments over regulated entities may involve parallel engagement with both CIIPA and CIMA.

2.3.4 *Beneficial ownership*

Under the Cayman Islands Beneficial Ownership Transparency Act (2026 Revision) and the Beneficial Ownership Transparency Regulations (2026 Revision), it is a requirement for entities to establish and maintain beneficial ownership registers and file the beneficial ownership information with the Cayman ROC monthly. For entities in liquidation, the filing requirement remains but the interval is extended to every 90 days.

2.3.5 *AML requirements*

Under the Cayman Islands Anti-Money Laundering Regulations (2025 Revision) and the Guidance Notes on the Prevention and Detection of Money Laundering, Terrorist Financing and Proliferation Financing in the Cayman Islands (February 2024) (Cayman AML Regulations), all relevant financial businesses are required to establish systems to detect money laundering, terrorist financing and proliferation financing.

In relation to IPs, the Cayman AML Regulations require screening to determine whether the subject entities, individuals and / or assets are subject to sanctions and completion of due diligence on the subject entities and individuals. Such screening and due diligence must be conducted during the onboarding process as well as during the liquidation – including when realising assets, settling claims and distributing proceeds. Again, these compliance obligations are significant and it is important for IPs to pay close attention to the regulatory scheme and put in place appropriate risk and reporting protocols to ensure the obligations are met in the course of their appointment.

2.3.6 *FATCA / CRS and Crypto Asset Reporting*

Under the Cayman Islands' Automatic Exchange of Information framework, Cayman Islands entities are subject to due diligence and regulatory reporting requirements under FATCA / CRS. Cayman Islands entities classified as financial institutions, including those in liquidation, are required to report information on in-scope account holders for FATCA and / or CRS to the Cayman TIA by 31 July of each year. In addition, a separate CRS Compliance Form must be filed with the Cayman TIA by 15 September of each year.

In addition to FATCA and CRS, the Cayman Islands has implemented the OECD Crypto-Asset Reporting Framework via the Tax Information Authority (International Tax Compliance) (Crypto-Asset Reporting Framework) Regulations 2025, which came into effect on 1 January 2026. The regime introduces due diligence and reporting obligations for in-scope crypto asset service providers, including certain Virtual Asset Service Providers regulated under the Virtual Asset (Service Providers) Act (as amended). Where an insolvent entity falls within scope, IPs should consider whether ongoing crypto-asset transaction reporting obligations apply.

IPs must ensure they are kept up-to-date with reportable jurisdictions – which may change annually – to ensure they comply with the FATCA / CRS obligations.

The Cayman Islands framework places less emphasis on routine financial filing for unregulated entities than the BVI, but greater emphasis on close regulatory engagement where an entity falls within a supervised perimeter.

2.4 Comparative observations

Although the underlying policy objectives in respect of economic substance, beneficial ownership, AML requirements and FATCA / CRS are broadly aligned across the BVI and the Cayman Islands, the manner in which reporting obligations are imposed differs in ways that are material for IPs.

From a BVI perspective, the annual financial return requirements represent a more structured and mandatory corporate reporting regime approach than that which was historically adopted. Unregulated BVI companies are no longer merely required to keep financial records, they are now required to produce and submit prescribed financial information within fixed timeframes.

While BVI annual returns are not publicly accessible, their mandatory preparation and submission to registered agents introduces an additional compliance step which, in practice, often falls to IPs following their appointment.

Conversely, there are no requirements for unregulated Cayman Islands entities to file financial statements with any government body or to have such financial statements audited. The Cayman Islands' financial reporting framework places greater emphasis on statutory record keeping and ongoing regulatory engagement where an entity falls within a supervised perimeter. However, IPs are required to maintain the accounts of an entity and report to stakeholders on at least an annual basis.

Where financial records are incomplete or unavailable, an additional responsibility falls to the IP to review the company's books and records and either bring the entity back into compliance with its statutory obligations or engage proactively with the relevant regulator or tax authority to discuss an appropriate course of action.

The implementation and commitment to the OECD Crypto-Asset Reporting Framework further demonstrates alignment between these jurisdictions and their efforts to keep pace with the growth of virtual assets and digital service providers, while ensuring that appropriate regulatory and transparency frameworks are in place.

For IPs, these differences translate into varying compliance burdens, with insolvency appointments often requiring retrospective reconstruction of financial information that was not previously prepared in a formalised manner.

Viewed collectively, these reforms reflect a clear international trend towards greater transparency and corporate regulation, rather than being jurisdiction specific. Further, for Offshore jurisdictions, this alignment has become less a matter of policy choice and more a prerequisite for continued market access.

3. Practical considerations for IPs

IPs are responsible for meeting statutory filings and reporting requirements during the winding up process and, in the case of licensed or regulated entities, they may be required to liaise with the regulator to confirm that all conditions of any licence remain met until the company is dissolved.

To comply with the statutory requirements detailed in section 2 above, IPs must, now more than ever before, ensure that the most basic practical steps of their appointment are completed. These steps, while operational in nature, increasingly determine whether a liquidation can proceed efficiently, or at all. This includes (but is of course not limited to):

- gaining access to historic records of the company. This is especially important for completing required filings that cover a period prior to their appointment. It is critical that IPs notify the directors, registered office and other relevant service providers and stakeholders of the appointment within the prescribed time to secure the company's books and records;
- notifying the relevant tax authority and regulator to verify whether the company is regulated or registered for FATCA and / or CRS reporting; and

- assessing the company's statutory obligations and ensuring that relevant filings are completed. Many reporting and compliance requirements remain in force during liquidation and compliance failures can result in significant penalties, reputational damage and potential disqualification.

  Further, IPs can be held personally liable under certain circumstances, particularly if they breach their statutory duties and / or act negligently. As such, it is imperative that IPs take steps to ensure compliance with the above statutory reporting and filing requirements and incorporate regulatory checks into standard liquidation procedures, ensuring that all statutory obligations are met before dissolution. In cross-border insolvencies or where parallel proceedings are involved, IPs must consider local and foreign reporting requirements.

While the steps outlined above will be familiar to experienced IPs, the cumulative impact of enhanced reporting obligations has altered the practical realities of Offshore appointments, making these considerations even more important.

For example, in the BVI, the introduction of enhanced reporting obligations has resulted in IPs frequently inheriting historic compliance deficiencies upon appointment over an insolvent entity, often with limited cooperation from directors and incomplete corporate records. While the statutory obligations remain those of the company, in practice the responsibility for reviewing the entity's position, identifying any required filings and engaging with the relevant authorities to regularise compliance falls to the IP.

In voluntary liquidations, the expectation that historic compliance will be addressed prior to or as part of an orderly winding up is typically higher. These exercises can be particularly onerous for smaller practices, where the time and costs associated with addressing legacy compliance issues, together with ongoing statutory obligations, may be disproportionate to the size of the estate. In some cases, the cumulative regulatory burden risks eroding recoveries, raising difficult questions around funding and remuneration.

IPs across Offshore jurisdictions have noted that, while the policy rationale for enhanced transparency is broadly accepted, the pace and layering of reforms has resulted in a more complex compliance environment, particularly in cross-border liquidations.

4. Future outlook for Offshore companies and IPs

The evolving regulatory landscape is likely to impact both IPs and directors and the way in which companies are dissolved (formally and informally) going forward.

For example, the volume of formal liquidations (both voluntary and court-appointed) may increase as directors seek certainty and finality in circumstances where informal strike-off now carries heightened risk. Notably:

- in the BVI, the BVI BCA updates surrounding the strike-off and immediate dissolution of a BVI entity may alter director behaviour; and
- in the Cayman Islands, the Cayman Companies Act allows for a company to be restored to the Register within 10 years after the date of strike-off, whereas companies dissolved after formal liquidation cannot be reinstated except for certain circumstances including when fraud is involved.

While some companies continue to lapse into administrative dissolution, the restrictions on the ability to restore, to defend claims and deal with assets, and the potential liability exposure risks to both a company and individual directors and other officers (discussed below), provide incentives for directors to seek formal liquidation routes, particularly where contingent liabilities or legacy compliance issues exist.

In the region, it is usual for IPs to recommend voluntary liquidations, rather than administrative strike-off, especially for companies that have traded, held assets, had investors, entered contracts or incurred liabilities. This provides directors with the sense of finality and comfort that appropriate steps to close the company will be taken.

Publicly available statistics on insolvency and dissolution trends remain limited across Offshore jurisdictions. However, figures reported by the BVI FSC's quarterly statistical bulletins appear to show an increase in incorporations in the BVI and a decrease in the number of filings of Notices of Appointment of a Liquidator and Notices of Completion of Liquidations since 2022 relating to voluntary liquidations. On the other hand, anecdotal evidence from practitioners in the BVI suggests an uptick in enquiries relating to voluntary liquidations following the introduction of the 2023 amendments to the BCA.

For directors, the enhanced compliance framework being introduced into the Offshore market may influence directors' decisions to incorporate in Offshore jurisdictions or maintain good standing of already incorporated entities. For companies with minimal activities, the cost and complexity of maintaining good standing and / or

formally winding up a company could outweigh the benefits of Offshore incorporation, potentially leading to a decrease in the number of incorporations and an increase in companies being automatically struck off the Register and dissolved. Conversely, companies engaged in substantial operations may view compliance as an acceptable cost for the benefits of operating in a stable and well-regulated jurisdiction.

While directors of an Offshore company may consider automatic strike-off and dissolution to be a more straightforward and less expensive option for dissolving a company, there are several risks that should be considered before taking this route.

For example, as a result of other recent changes to the BCA, effective 1 January 2023 the BVI Registrar may now automatically strike-off and immediately dissolve a BVI company if it: (i) does not have a registered agent; or (ii) fails to pay its annual fee or any late payment penalty by the due date. This amendment contrasts with the previous legislation, which allowed a struck-off company to continue to legally exist for 7 years before it was automatically dissolved.

Where a company has been struck off the Register and dissolved, the company must not:

- commence legal proceedings, carry on any business or in any way deal with the assets of the company;
- defend any legal proceedings, make any claim or assert any right for, or in the name of the company; or
- act in any way in respect to the affairs of the company.

However, management should also be aware that the struck off and dissolved company is not absolved from:

- any liability that arose, or would have arisen, prior to its striking-off and dissolution;
- any creditor making a claim against the company and pursuing the claim through to judgment or execution; and / or
- any liability of the company's members, directors, officers, or agents.

The inability to defend any claims therefore could result in the company's members, directors, officers or agents becoming personally liable for certain claims brought against the dissolved company. This could also result in directors becoming disqualified from acting as a director in the future. It is therefore important that all creditors and claimants of the company are identified prior to dissolution and that all debts of the company have been settled. Management should also ensure that all obligations under contracts have been discharged and that all contracts are formally terminated before dissolution.

Any assets held by a BVI company that is struck off and dissolved from the Register will be automatically vested in the Crown and cannot be recovered without going through a formal process to restore the company to the Register. Therefore, if a company is immediately struck off and dissolved, there is a risk that both known assets and / or off-balance sheet assets at the time of its dissolution will be automatically vested in the Crown and the company will not be permitted to deal with those assets unless it is restored.

Under the Cayman Companies Act, when a company is formally wound up, the company cannot be reinstated except for certain circumstances including when fraud is involved. This allows for legal certainty and ultimately protects directors and officers from future claims assuming there was no fraudulent activity. However, a company that is struck off the Register can be reinstated by court application within a prescribed period. For directors and officers, this means that liabilities such as potential claims continue during the prescribed period.

These statutory restoration mechanisms reinforce the importance of finality in formal liquidation processes.

5. Enforcement and case observations

There remains limited reported case law in Offshore jurisdictions directly addressing failures by IPs to comply with corporate reporting requirements. In the BVI, enforcement has tended to occur through regulatory and administrative channels rather than through the courts. For example, failure to satisfy economic substance or beneficial ownership requirements are typically addressed through financial penalties imposed by the BVI Registrar or the BVI ITA.

Similar consequences are present in the Cayman Islands under the Cayman ESA and the Beneficial Ownership Transparency Act. While such penalties are generally imposed on the company, IPs face indirect exposure where non-compliance increases costs or gives rise to professional criticism.

Importantly, where non-compliance predates liquidation, IPs may be required to consider potential recovery actions against former directors for breaches of statutory duty, particularly where failures have resulted in penalties diminishing the liquidation estate. Although such claims remain fact-specific, they underscore the need for IPs to assess historic compliance as part of their initial investigations.

By contrast, jurisdictions such as the Cayman Islands, where regulated entities are subject to close ongoing supervision by CIMA, demonstrate a more active supervisory role during insolvency, including approval conditions for deregistration. These differences demonstrate the varying enforcement approaches across Offshore jurisdictions, despite there being broadly similar policy objectives.

6. Conclusion

Recent developments in corporate reporting and regulatory obligations across the BVI and the Cayman Islands have reshaped the role of IPs in Offshore jurisdictions and may influence directors' dissolution decisions going forward. The trajectory of these reforms points towards greater transparency, enhanced regulatory engagement and closer alignment with international standards.

For IPs, this creates both opportunity and risk. While the enhanced reporting requirements may increase demand for formal liquidation services, they also heighten the importance of robust record keeping and proactive engagement with regulators. Directors play a critical role in ensuring companies comply with their regulatory obligations; however, that responsibility often transfers to IPs upon appointment. IPs must therefore navigate evolving compliance frameworks, in parallel with their duties towards asset realisation and distribution.

Although strike-off and dissolution may appear to offer a simple and inexpensive route to dissolving a company, the potential exposure to restoration, creditor claims and regulatory scrutiny highlights the importance of adopting a formal and properly managed approach to winding up. Ultimately, adherence to statutory processes not only mitigates regulatory and reputational risks but also preserves the integrity of the Offshore jurisdictions as credible and well-regulated centres for international business.

Looking ahead, it remains likely that reporting obligations will continue to evolve and expand, particularly as international standards develop in areas such as tax transparency and digital asset reporting. IPs in Offshore jurisdictions must therefore remain vigilant, ensuring regulatory compliance is embedded into liquidation strategies from the outset of their appointment. In doing so, IPs can not only protect themselves from personal exposure but can also play a critical role in maintaining confidence in Offshore jurisdictions as credible and well-regulated centres for international business.

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