IQEQ

Cayman Liquidations Services

Introduction

An investment manager looking to dissolve or wind down a solvent, Cayman-domiciled company typically has two options: voluntary liquidation or strike-off. While a strike-off is less expensive and generally faster than a voluntary liquidation, there are limitations to a strike-off. For instance, a company that is struck off can in some circumstances be reinstated for up to 10 years; a company dissolved through voluntary liquidation cannot be reinstated.

The appropriate liquidation method depends on the history of the company's operations and its current financial position. However, most often the appropriate method is voluntary liquidation as it provides further protection and finality. With liquidation, all matters are dealt with in an appropriate manner to mitigate the risk of future claims being pursued against the company or its directors.

Pre-liquidation

Before beginning either process, a fund should complete the following prior to year-end to remove certain fees and costs:

- Pay all dividends to shareholders/partners/members (either in cash or in kind)
- Pay all creditors in full
- If the company is a fund regulated by the Cayman Islands Monetary Authority (CIMA), the fund must complete all required steps before submitting its application for deregistration, including fully redeeming all investors and completing the final audit (among other things), prior to year-end to avoid CIMA fees for the next year

Notification

When a registered mutual or private fund in the Cayman Islands is winding down, it must notify CIMA within 21 days of either the decision to cease trading (per section 6.1 of the Rule on Cancellation of Licenses or Certifications of Registration for Regulated Mutual Funds and Registered Private Funds) or the appointment of a liquidator.

Funds undergoing an ordinary solvent wind-down must remain registered until all final payments to investors are complete and the necessary documents are submitted to the CIMA. During this period, the fund is still required to fulfill all CIMA obligations, including annual audits, fund annual returns and annual fees.

Mutual or private funds that apply to deregister due to ceasing business must meet the following conditions and submit necessary documentation to CIMA.

- Be in good standing with CIMA, including paying all fees, submitting audited financial statements and clearing outstanding inquires with CIMA
- Submit the original certificate of registration or a relevant affidavit (not applicable to electronic certificates)
- Pay the fee for surrendering the registration
- Provide a certified copy of the resolution indicating the cessation date
- Submit an affidavit outlining the reason for cessation of business and confirming the proper redemption and final distribution to all investors

Financial statements

Funds must submit audited financial statements either from the last financial year-end to the date of final investor distributions, or to the final NAV calculation date, with a note confirming post-year-end distributions. In certain cases, CIMA may grant an audit waiver or extend the audit period up to 18 months.

Applications are reviewed individually. While CIMA does not commit to a specific processing timeframe, operators should anticipate a de-registration process of at least 3-6 months from the submission of all required documents.

Liquidation

After a fund is deregistered, a voluntary liquidation of the operating company can be relatively painless with proper support. Some key benefits of timely liquidation include saving on annual fees to the Cayman Islands Registrar and CIMA, avoiding further compliance obligations under FATCA/CRS or Economic Substance filings to the DITC, and potentially reducing the need for additional audited financial statements.

The voluntary liquidation of a Cayman-domiciled entity follows a statutory process under Cayman Law. Liquidation begins when shareholders resolve to wind up the company. The liquidator must then complete the following steps:

- Notify the registrar of companies by submitting the necessary documents
- Publish liquidation and final meeting notices in the Cayman Islands Gazette
- Address any outstanding matters with the administrator, client or bank
- Pay any creditors (if required)
- Hold the final meeting to complete the liquidation
- File the final return with the registrar of companies
- Send the final dissolution documents to the client

Timing

Following successful deregistration, the voluntary liquidation process will take 4-8 weeks from the appointment of the liquidator to the final meeting of the shareholder(s), and the submission of the voluntary liquidator's final return to the registrar. The process may take longer if the company has assets or liabilities prior to commencing the voluntary liquidation.

We recommend starting the voluntary liquidation process before the end of September at the latest (but preferably sooner) to avoid incurring fees with the registrar of companies in the following year. The company should hold its final general meeting and file all the requisite documents prior to January 31.

How we can help

IQ-EQ Cayman Islands can assist with planning for the liquidation of your Cayman entity, acting as the appointed liquidator and drafting all the relevant documentation. Our liquidation experts will guide you through every step of the process to ensure a seamless closure of your Cayman structure.

IQEQ

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Key facts and figures*

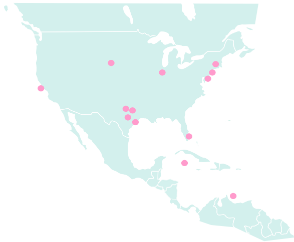
People	Jurisdictions	Assets under administration	Minimum senior team experience	Funds under administration
6500+	24	$857bn	20yrs	800+

Our locations worldwide

APAC
Australia
Hong Kong
India
Japan
Mainland China
New Zealand
The Philippines
Singapore

AMERICAS
Cayman Islands
Curaçao
United States

EMEA
Belgium
Cyprus
France
Guernsey
Ireland
Isle of Man
Jersey
Luxembourg
Mauritius
The Netherlands
South Africa
Switzerland
United Arab Emirates
United Kingdom



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*Information correct as of January 2026

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