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## **Cayman Islands in the Foreign Press**

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### **Cayman's IOSCO link may open India door to hedge funds**

MUMBAI, India: *Economic Times*, June 18, 2009 – A string of recent changes could slowly pave the way for direct entry of hedge funds into the Indian securities market. Cayman, the Caribbean offshore financial centre and a favourite tax haven of money managers, has been admitted as a member of the International Organization of Securities Commissions (IOSCO), the global standard setter for securities markets. The move could encourage the Securities and Exchange Board of India (SEBI), the local capital market regulator, to give hedge funds - most of which are registered with Cayman - direct access to the Indian market.

Cayman Islands, with its investor-friendly laws, has emerged as the most -favoured jurisdiction for fund formation, and is currently the fifth-largest banking centre in the world. The financial services regulator, Cayman Islands Monetary Authority (CIMA), is now a party to the IOSCO multilateral memorandum of understanding.

"With CIMA getting an ordinary member recognition from IOSCO, it may open up an opportunity for several hedge funds and investment funds to seek direct registration with SEBI as an FII rather than use other indirect access routes like third party FIIs," Siddharth Shah, head of funds practice, Nishith Desai Associates, said. "By far, Cayman is the most popular offshore fund jurisdiction for funds and this could encourage many funds to seek direct FII registration with SEBI," Shah added.

### **Headwinds for the Cayman Islands**

NEW YORK, USA: *PR.com*, June 18, 2009 – The Cayman Islands are by far the largest offshore domicile for the establishment and administration of investment funds, the second largest offshore center for captive insurance and a significant banking and structured finance hub.

In 1993, Cayman was the first offshore jurisdiction to pass specific hedge fund legislation. The process accelerated when the Cayman Islands Monetary Authority established the Investment and Services Division (ISD) in 1997. Why did the global financial markets embrace Cayman funds to the extent that they dominate offshore finance for years now?

But Cayman is also facing some headwinds at the moment. Are the Cayman really a "tax haven"? Or are certain stances against offshore structuring based on ignorance, if not part of a political agenda? What do people actually find when they come and visit the Cayman Islands, their workforce and regulatory as well as financial infrastructure?