

APPENDIX

Economic substance requirements – Relevant activities and corresponding CIGA

The meaning of each "relevant activity" is set out below. Only a "relevant entity" which is conducting "relevant activity" as defined in the left hand column is required to satisfy the ES Test (which includes a requirement for the "relevant entity" to conduct CIGA). The examples of CIGA as set out in the right hand column are not mandatory or exhaustive, so a "relevant entity" may not need to perform every element of CIGA listed for the "relevant activity" to the extent they do not apply.

The term "group" where applicable, means a collection of enterprises related through ownership or control such that it is either required to prepare consolidated financial statements for financial reporting purposes under applicable accounting principles or would be so required if equity interests in any of the enterprises were traded on a public securities exchange.

Definition	CIGA
Banking Business	
Banking business has the meaning given by section 2 of the Banks and Trust Companies Act (2025 Revision), where banking business means the business of receiving (other than from a bank or trust company) and holding on current, savings, deposit or other similar account money which is repayable by cheque or order and may be invested by way of advances to customers or otherwise.	<p>The CIGA in the context of banking business include:</p> <ul style="list-style-type: none"> (a) raising funds, managing risk including credit, currency and interest risk; (b) taking hedging positions; (c) providing loans, credit or other financial services to customers; (d) managing capital and preparing reports or returns, or both, to investors or CIMA , or both.
Distribution and Service Centre Business	
<p>Distribution and service centre business means the business of either or both of the following:</p> <ul style="list-style-type: none"> (a) purchasing from an entity in the same group: (i) component parts or materials for goods; or (ii) goods ready for sale, and reselling such component parts, materials or goods outside the Cayman Islands; (b) providing services to an entity in the same group in connection with the business outside the Cayman Islands. <p>However, it does not include any activity included in any other relevant activity except holding company business.</p>	<p>The CIGA in the context of distribution and service centre business include:</p> <ul style="list-style-type: none"> (a) transporting and storing goods, components and materials; (b) managing stocks; (c) taking orders; (d) providing consulting or other administrative services.

Financing and Leasing Business

Financing and leasing business means the business of providing credit facilities for any kind of consideration to another person but does not include financial leasing of land or an interest in land, banking business, fund management business or insurance business.	<p>The CIGA in the context of financing and leasing business include:</p> <ul style="list-style-type: none"> (a) negotiating or agreeing funding terms; (b) identifying and acquiring assets to be leased; (c) setting the terms and duration of financing or leasing; (d) monitoring and revising financing or leasing agreements and managing risks associated with such financing or leasing agreements.
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Fund Management Business

Fund management business means the business of managing securities as set out in paragraph 3 of Schedule 2 to the Securities Investment Business Act (2020 Revision) carried on by a relevant entity licensed or otherwise authorised to conduct business thereunder for an investment fund (where "managing securities" means managing securities belonging to another person in circumstances involving the exercise of discretion).	<p>The CIGA in the context of fund management business include:</p> <ul style="list-style-type: none"> (a) taking decisions on the holding and selling of investments; (b) calculating risk and reserves; (c) taking decisions on currency or interest fluctuations and hedging positions; (d) preparing reports or returns, or both, to investors or CIMA, or both.
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Headquarters Business

<p>Headquarters business means the business of providing any of the following services to an entity in the same group:</p> <ul style="list-style-type: none"> (a) the provision of senior management; (b) the assumption or control of material risk for activities carried out by any of those entities in the same group; or (c) the provision of substantive advice in connection with the assumption or control of risk referred to in paragraph (b). <p>However, it does not include banking business, financing and leasing business, fund management business, intellectual property business, holding company business or insurance business.</p>	<p>The CIGA in the context of headquarters business include:</p> <ul style="list-style-type: none"> (a) taking relevant management decisions; (b) incurring expenditures on behalf of other entities in the group; (c) co-ordinating activities of the group.
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Holding Company Business

Holding company business means the business of a "pure equity holding company", with "pure equity holding company" meaning an entity that only holds equity participations in other entities and only earns dividends and capital gains.	The CIGA in the context of holding company business include all activities related to that business.
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Insurance Business

Insurance business has the meaning given by section 2 of the Insurance Act, 2010 where "insurance business" means the business of accepting risks by effecting or carrying out contracts of insurance, whether directly or indirectly, and includes running-off business including the settlement of claims.	<p>The CIGA in the context of insurance business include:</p> <ul style="list-style-type: none"> (a) predicting or calculating risk or oversight of prediction or calculation of risk; (b) insuring or re-insuring against risk; (c) preparing reports or returns, or both, to investors or CIMA, or both.
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Intellectual Property Business

Intellectual property business means the business of holding, exploiting or receiving income from intellectual property assets. An "intellectual property asset" means an intellectual property right including a copyright, design right, patent and trademark.

The term "intellectual property asset" includes any such right from which identifiable income accrues to the business but does not apply to a business which owns intellectual property merely as an adjunct to its business.

The CIGA in the context of intellectual property business include:

(a) where the intellectual property asset is a:

(i) patent or an asset that is similar to a patent, research and development; or

(ii) non-trade intangible (including a trademark), branding, marketing and distribution;

(b) in exceptional cases, except if the relevant activity is a high risk intellectual property business, other core income generating activities relevant to the business and the intellectual property assets, which may include:

(i) taking strategic decisions and managing (as well as bearing) the principal risks related to development and subsequent exploitation of the intangible asset generating income;

(ii) taking the strategic decisions and managing (as well as bearing) the principal risks relating to acquisition by third parties and subsequent exploitation and protection of the intangible asset;

(iii) carrying on the underlying trading activities through which the intangible assets are exploited leading to the generation of income from third parties.

Shipping Business

Shipping business means any of the following activities involving the operation of a ship anywhere in the world other than in the territorial waters of the Cayman Islands or between the Cayman Islands:

(a) the business of transporting by sea, passengers or animals, goods or mail for a fee;

(b) renting or chartering of ships for the purpose described in paragraph (a);

(c) the sale of travel tickets and ancillary ticket related services connected with the operation of a ship;

(d) use, maintenance or rental of containers, including trailers and other vehicles or equipment for the transport of containers, used for the transport of anything by sea: or

(e) the functioning as a private seafarer recruitment and placement service.

However, it does not include a holding company business or the owning, operating or chartering of a pleasure yacht.

The CIGA in the context of shipping business include:

(a) managing crew (including hiring, paying and overseeing crew members);

(b) overhauling and maintaining ships;

(c) overseeing and tracking deliveries;

(d) determining what goods to order and when to deliver them, organising and overseeing voyages.