



EA BANK

What is a ‘relevant activity’? The ES Law specifies nine categories of relevant activity.

The Guidance Notes provide examples of Cayman Islands Core Income Generating Activities (CIGA) for each relevant activity. It should be noted that these are not exhaustive lists and there is no requirement for a relevant entity to conduct all CIGA for the relevant activity if it does not do so as part of its business

Relevant Activity	Definition	CIGA
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Banking Business	<p>means the business of 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> <p>As this definition is taken from the Banks and Trust Companies Law, entities that conduct banking business should already hold a banking license.</p>	<ul style="list-style-type: none"> (i) raising funds, managing risk including credit, currency and interest risk; (ii) taking hedging positions; (iii) providing loans, credit or other financial services to customers; (iv) managing capital and preparing reports or returns, or both, to investors or the Cayman Islands Monetary Authority, or both
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Distribution and service centre business	<p>means the business of either or both of the following - (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 Islands; (b) providing services to an entity in the same Group in connection with the business outside the Islands, but does not include any activity included in any other relevant activity except holding company business</p> <p>For the avoidance of doubt, (b) above only falls within the definition in the specific circumstances where the relevant entity is operating as a service centre for entities in the same Group</p>	<ul style="list-style-type: none"> (i) transporting and storing goods, components and materials; (ii) managing stocks; (iii) taking orders; (iv) providing consulting or other administrative services
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<p>Financing and leasing business</p>	<p>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>	<ul style="list-style-type: none"> (i) negotiating or agreeing funding terms; (ii) identifying and acquiring assets to be leased; (iii) setting the terms and duration of financing or leasing; (iv) monitoring and revising financing or leasing agreements and managing risks associated with such financing or leasing agreements
<p>Fund Management Business</p>	<p>means the business of managing securities belonging to another person in circumstances involving the exercise of discretion carried on by a relevant entity that has been issued a license by the Cayman Islands Monetary Authority or is “otherwise authorized” to conduct business under the Securities Investment Business Law and which does so for an investment fund.</p>	<ul style="list-style-type: none"> (i) taking decisions on the holding and selling of investments; (ii) calculating risk and reserves; (iii) taking decisions on currency or interest fluctuations and hedging positions; (iv) preparing reports or returns, or both, to investors or the Cayman Islands Monetary Authority, or both
<p>Headquarters business</p>	<p>means the business of providing any of the following services to an entity in the same Group - (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), but does not include banking business, financing and leasing business, fund management business, intellectual property business, holding company business or insurance business</p>	<ul style="list-style-type: none"> (i) taking relevant management decisions; (ii) incurring expenditures on behalf of other Group entities; (iii) co-ordinating Group activities

<p>Holding Company Business</p>	<p>the business of a pure equity holding company, being a company that only holds equity participations in other entities and only earns dividends and capital gains.</p>	<p>a relevant entity that is only carrying on a relevant activity that is the business of a pure equity holding company is subject to a reduced economic substance test which is satisfied if the relevant entity confirms that –</p> <ul style="list-style-type: none"> a) it has complied with all applicable filing requirements under the Companies Law (2018 Revision); and b) it has adequate human resources and adequate premises in the Islands for holding and managing equity participations in other entities.
<p>Insurance business</p>	<p>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. As this definition is taken directly from the Insurance Law, entities that conduct insurance business should already hold an insurance license.</p>	<ul style="list-style-type: none"> (i) predicting or calculating risk or oversight of prediction or calculation of risk; (ii) insuring or re-insuring against risk; (iii) preparing reports or returns, or both, to investors or the Cayman Islands Monetary Authority, or both

<p>Intellectual property business</p>	<p>means the business of holding, exploiting or receiving income from intellectual property assets, being any intellectual property right including a copyright, design right, patent and trademark.</p>	<p>where the intellectual property asset is a - (A) patent or an asset that is similar to a patent, research and development; or (B) non-trade or intangible (including a trademark), branding, marketing and distribution (ii) 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 – (A) taking strategic decisions and managing (as well as bearing) the principal risks related to development and subsequent exploitation of the intangible asset generating income; (B) 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; (C) carrying on the underlying trading activities through which the intangible assets are exploited leading to the generation of income from third parties. The Schedule includes sector-specific guidance for “High Risk Intellectual Property (“IP”) Business” and also provides the Authority’s interpretation of “intellectual property asset”.</p>
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