

# Restructuring and Insolvency Specialists Association - Cayman Islands (“RISA”)

► by Hugh Dickson, Chair, RISA Cayman Islands

**The Cayman Islands is a major international financial services centre built upon a legislative structure based on English Common Law and a stable political environment. Tax neutral, Cayman provides a platform for the effective application of global capital flows for companies and financial institutions from around the world. It is the domicile of choice for the world’s hedge funds and private equity funds.**



There are over 11,000 alternative investment entities registered with the Cayman Islands Monetary Authority, the local financial services regulator, a significantly greater number of private funds that are outwith the regulatory registration requirement, and an estimated 80% of the world’s hedge funds are incorporated in the Cayman Islands. Cross border banking activities account for in excess of US\$1.5 trillion in cross border positions, and there is a growing insurance market with over 750 regulated entities - primarily captives and Segregated Portfolio Companies - with total assets of over US\$50 billion. Cayman also regularly features in the holding structures of large corporate groups, particularly those involving Russian and Chinese assets.

Given that background and the volume and value of transactions and asset holdings covered by Cayman corporations, it is hardly surprising that the Cayman Islands plays a key role in major insolvencies, restructurings and frauds, and has been front and centre in some of the largest cases worldwide in the last decade. The same legislative and judicial structure that encourages incorporation under Cayman law lends itself to the resolution of financial failures. This has led to the growth of a significant market in insolvency and restructuring experts locally, and a massive expansion in Cayman litigation serviced by a combination of local lawyers and the London bar. To put that in context, the two largest Cayman insolvency cases have each generated over US\$120 million in professional fees over the last 5 years, and insolvency and restructuring cases are the major user of the Cayman Islands Grand Court’s specialist Financial Services Division. RISA reflects the growth in the professional services community dealing with such work.

Established in 2012, RISA is a member of the International Association of Restructuring, Insolvency & Bankruptcy Professionals (INSOL). RISA has over 200 members drawn from professionals interested in the practice of insolvency in general and offshore insolvency in particular. The multi-disciplinary membership numbers all the leading professional service providers on the islands specialising in the field - both insolvency practitioners and lawyers - as well as a growing number of overseas members drawn from the professions and industry groups keenly interested in the sector, such as secondary debt traders and litigation funders. RISA welcomes applications for membership (which carries with it membership of INSOL) from those overseas with a keen interest in offshore insolvency and restructuring, and who are seeking to establish links to Cayman practitioners. RISA has a sister chapter in the British Virgin Islands, and new chapters are in the course of being established in Bermuda and the Bahamas.

RISA’s mandate is to develop and promote best practice in the fields of insolvency and restructuring, and to promote the recognition and international reputation of Cayman as a world class centre of excellence. We work with the legislative reform bodies to review and revise related law and rules governing insolvency practice. RISA hosts quarterly technical sessions for its members covering everything from case law developments to discussion panels on emerging areas of interest in offshore insolvency and restructuring. They provide an opportunity for members to exchange ideas on the development of the industry and best practice, share recent case experiences and set out services and areas of new practice relevant to cross border and offshore cases. With some of the leading exponents of offshore restructuring practice amongst our membership, the mutual exchange of ideas and initiatives provides an invaluable means of advancing the profession and promoting excellent standards of practice.

The quarterly sessions also provide a useful forum for professional networking, not only between local professionals, but increasingly as an opportunity for overseas members to attend in order to meet a wide range of Cayman professionals and explore areas for co-operation and assistance.

RISA is preparing a series of best practice statements for the guidance of its members and those closely involved in Cayman proceedings, ranging from the judiciary to investors and creditor groups, to promote better practice and a better understanding of relevant standards of practice amongst key stakeholder groups. We also publish case updates and technical articles filed by our members, providing a resource of useful briefing notes, white papers, articles and news stories. We encourage anyone who has material they would like to share through this site to send it to us at [events@risa.ky](mailto:events@risa.ky).

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