

December 28, 2015

## Common Reporting Standards Come Into Effect For Many Offshore Funds on January 1, 2016

On January 1, 2016, the new standard for automatic exchange of information between tax authorities developed by the OECD (the “Common Reporting Standard”) becomes effective in the Cayman Islands, Bermuda, the British Virgin Islands, Guernsey, Jersey and a number of other jurisdictions that are part of the “Early Adopters Group.”

Starting on this date, all persons opening new accounts with financial institutions located in one of such jurisdictions are required to provide certain “self-certifications” that allow such financial institutions to perform due diligence and determine the investors’ tax residency. Due diligence procedures for identifying existing individual accounts with balances of at least \$1 million will have to be completed by December 31, 2016, while due diligence with respect to all other investors must be completed by December 31, 2017. The first exchange of information with respect to certain accounts is expected to take place in 2017.

In order to comply with the Common Reporting Standard, all investment funds located in one of the Early Adopter jurisdictions should have in place updated subscription procedures for new investors admitted on or after January 1, 2016, and should be prepared to gather additional information from all existing investors shortly thereafter. For this purpose, funds located in the Cayman Islands may use the [Entity Self-Certification Form](#) and the [Individual Self-Certification Form](#) published by the Cayman Islands Department for International Tax Cooperation (“DITC”). The Cayman authorities have stated that, if self-certification was not obtained as part of the account opening procedures, such self-certification should be obtained and validated as quickly as possible and no later than 90 days after the opening of such account. Funds located in jurisdictions other than the Cayman Islands should consult with local counsel.

If you have any questions about the Common Reporting Standard and related self-certification forms, please contact your usual Ropes & Gray [hedge funds](#) or [tax](#) adviser.