

## Information Regarding the Guidance Notes – Issued by the Cayman Islands Monetary Authority

### Amendments to the Guidance Notes - December 2008

The Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands (“the Guidance Notes”) have been amended. The principal amendments to the Guidance Notes, as recommended by the Anti-Money Laundering Steering Group (AMLSG) following the 23rd November 2007 Caribbean Financial Action Task Force (CFATF) Mutual Evaluation Assessment Report on the Cayman Islands, are as follows:

1. Simplified CDD measures should be unacceptable in specific higher risk scenarios (paragraph 3.114).
2. Financial Institutions should be required to maintain records of account files and business correspondence for the same period as identification data (paragraph 7.1).
3. The specific requirements of FATF Recommendation 7 with regard to cross-border correspondent banking and other similar relationships should be imposed on financial institutions in the Cayman Islands (paragraph 3.115).
4. Financial institutions should not be permitted to enter into, or continue, correspondent banking relationships with shell banks (paragraph 3.116).
5. Financial institutions should be required to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks (paragraph 3.117)
6. Requirements with respect to Eligible Introducers (paragraphs 3.66-3.84).
7. Financial institutions should be required to put in place screening procedures to ensure high standards when hiring employees (paragraph 6.6).
8. Financial institutions should be required to designate an AML/CFT compliance officer at management level (paragraphs 6.3-6.4).
9. Guidance on an appropriate AML/CFT internal audit function for all FSPs (paragraph 6.5).
10. The person responsible for considering whether a SAR should be submitted to have unimpeded access to relevant information (paragraph 6.3).
11. Financial institutions should be required to have policies and procedures in place to address any specific risks associated with non-face-to-face business relationships or transactions (paragraphs 3.28, 3.29, 3.55 and 3.58).

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