



CIMA Public Statement

The Cayman Islands Monetary Authority ("the Authority") issues the following public statement in order to clarify the interpretation of Section 3.62 of the Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands ("the Guidance Notes" or "the GN")¹:

"The Authority interprets Section 3.62 of the Guidance Notes as allowing its licensees and registrants to apply Schedule 3 equivalency in relation to the delegation of AML/CFT obligations to service providers located in Schedule 3 countries. The Authority notes that sub – delegates operating in a non – Schedule 3 country are not allowed to avail themselves of Schedule 3 equivalency mechanisms. The Authority believes that, on a risk basis, delegates located in countries that do not appear in Schedule 3 of the Money Laundering Regulations are inherently more risky and as such stakeholders must exercise more caution in those circumstances. Therefore, delegates are strongly encouraged to inform sub – delegates domiciled in non – Schedule 3 countries that they are required to comply with all AML/CFT related obligations according to the Cayman Islands Guidance Notes, Money Laundering Regulations (2013 Revision) and the Proceeds of Crime Law, 2008".

For example: Firm A, registered or licensed in the Cayman Islands, delegates certain AML related functions to Firm B (located in a Schedule 3 country) and Firm B sub – delegates to Firm C (where Firm C is domiciled in a non – Schedule 3 country), Firm C is expected to comply with all Cayman related AML/CFT obligations.

The Authority takes this opportunity to remind stakeholders that all persons conducting relevant financial business are deemed ultimately responsible for their delegates' and sub – delegate's discharge of AML/CFT related responsibilities.

¹ Section 3.62 "**Managed Financial Services Providers:**

"Where the delegate is located in a Schedule 3 country and is subject to the anti-money laundering regime of that Schedule 3 country, the Monetary Authority will regard compliance with the regulations of such jurisdictions as compliance with the Regulations and Guidance Notes".