



THE ANCHOR



SAR FILINGS

What are "SARs"? Suspicious Activity Reports. Anyone in the Cayman Islands, including persons conducting relevant financial business, must file a SAR if they have knowledge or a suspicion that a person is engaged in a financial transaction in which there are reasonable grounds to suspect the transaction is related to the proceeds of criminal conduct as defined in the Proceeds of Crime Law (POCL). This includes all CIMA registrants and licensees, and is not limited to those required to have a Money Laundering Reporting Officer (MLRO) under the Anti-Money Laundering Regulations (AMLRs).

Where are they filed? The Financial Reporting Authority (FRA) of the Cayman Islands. Details of how to file, and what should be included in a SAR, can be found on the [FRA website](#).

Can I file a SAR in another country? A CIMA registrant or licensee must file a SAR with the FRA in the Cayman Islands. Filing a report regarding suspicious activity in another country, such as in the country of the parent of a branch, would not satisfy the filing obligations under the POCL, and is a breach of both of the AMLRs and POCL.

When are they filed? As soon as a person has knowledge or a suspicion that a person is engaged in a financial transaction in which there are reasonable grounds to suspect the transaction is related to the proceeds of criminal conduct as defined in the POCL. One of the purposes of a SAR is to alert the proper authorities so that an investigation can be initiated at the earliest possible time, and ideally prevent the crime from occurring.

Timely SAR filings are extremely important in detecting and preventing financial crime.

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SAR FILINGS (CONTINUED)

What happens after a SAR is filed? The FRA reviews the information in the SAR. Sometimes the FRA requests additional information from the person filing the SAR.

They gather additional information from other persons, law enforcement and regulatory agencies, and disseminate the information in the SAR to the relevant law enforcement and regulatory agencies for further investigation.



WHAT IS PROLIFERATION FINANCING?

“Proliferation financing” is much more interesting than it sounds. It actually refers to “preventing the financing of the proliferation of weapons of mass destruction”. It goes hand in hand with terrorism and terrorist financing, as well as targeted financial sanctions. Measures to prevent terrorism financing, such as targeted financial sanctions, are often related to the prevention of proliferation financing as terrorists and sanctioned individuals/countries often seek weapons of mass destruction.

CIMA has released amendments to the Guidance Notes which include guidance on proliferation financing. The guidance can be found [here](#). FAQs will follow shortly. Internationally, FATF and other international bodies have been examining proliferation financing to determine where it differs from terrorism financing, to allow countries, financial institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs) to better understand the risks. The Anchor will continue to report on developments in this space.

TARGETED FINANCIAL SANCTIONS UPDATE

The AMLRs were recently amended by way of the Anti-Money Laundering (Amendment) (No. 2) Regulations 2019 to clarify obligations of FIs and DNFBPs on procedures for targeted financial sanctions and other material amendments. The FRA has set up a subscription service for anyone who wishes to automatically receive sanctions by email. To sign up, click [here](#).

Financial institutions and DNFBPs are also required to ensure that they are appropriately analysing the terrorist financing risks of their clients and transactions, in which targeted financial sanction screening plays a part.

AML/CFT LEGISLATION UPDATE

Since the previous publication of The Anchor, the following pieces of legislation were published in the Cayman Islands gazette with amendments that relate to AML/CFT:

- Anti-Money Laundering (Amendment)(No.2) Regulations, 2019 (LG26, S1)
- Companies (Amendment) Law, 2019, (LG28, S1)
- Limited Liability Companies (Amendment) Law, 2019, (LG28, S2)
- Limited Liability Partnership (Amendment) Law 2019, (LG28, S3)
- Mutual Funds (Amendment) Law, 2019, (LG28, S4)
- Insurance (Amendment) Law, 2019, (LG28, S5)
- Building Societies (Amendment) Law, 2019, (LG28, S6)
- The Cooperative Societies (Amendment) Law, 2019, (LG28, S7)
- The Banks and Trust Companies (Amendment) Law, 2019, (LG28, S8)
- Trusts (Amendment) (No. 2) Law 2019, (LG28, S9)
- Money Services (Amendment) Law 2019, (LG28, S10)
- Trusts (Transparency) Regulations, 2019, (LG 29, S1)
- Private Trust Companies (Amendment) (No. 2) Regulations, 2019, (LG 29, S2)

These are all freely available from the [Cayman Islands Gazette website](#). Note that the reference in brackets following the name of each Law refers to the Legislative Supplement of the Gazette in which they can be located.