



# the NAVIGATOR

July 2013

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## CIMA Publishes New Consultative Paper on Governance for Mutual Funds

The Cayman Islands Monetary Authority (CIMA) is inviting comment from the private sector in the financial services industry on a sector-specific Statement of Guidance on corporate governance for mutual funds. It is proposed that this Statement of Guidance be applied to all regulated mutual funds.

This new consultation is a follow-up to the corporate governance consultations launched in January of this year. The feedback showed strong support for providing guidance on corporate governance, rather than implementing mandatory standards. Work will continue on developing the other proposals from the January consultation.

Interested persons have until 16 August to provide their responses to the Authority on the Statement of Guidance.



**The Statement of Governance - Mutual Funds will provide high-level guidance on the corporate governance standards expected in the oversight of Cayman Islands-registered mutual funds.**



Mrs. Cindy Scotland, MD



## New Financial Services Minister

With the change of government in the Cayman Islands following general elections on 22 May 2013, there is a new Minister for Financial Services. He is Hon. Wayne Panton, MLA, Third Elected Member for Bodden Town.

Mr. Panton was born in the Cayman Islands and grew up in Newlands, Grand Cayman. He attended Cayman Prep School and subsequently what was then called the Cayman Islands High School. Following graduation from sixth form, he attended the Cayman Islands Law School and joined the firm of WS Walker & Co (now called Walkers) as an articled clerk. After qualifying in 1988, he joined Walkers as a corporate and trust associate. (continued on page 2)



## Financial Services Minister

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He became a partner in Walkers in January 1997. During a period of very significant growth, Mr. Panton had been a member of the firm's three-member Management Committee, the Deputy Managing Partner, Managing Partner of the firm's international structured and asset finance practice and Chairman of the Walkers group until his retirement in June 2011.

Mr. Panton has been active in a number of professional, civic organisations, district and community organisations and statutory authorities.

He was President of the Caymanian Bar Association, Chairman of the Port Authority of the Cayman Islands, Vice Chairman of the National Trust for the Cayman Islands and a member of the government Shipping Sector Consultative Committee.



## Premier on CI Financial Services Industry



The place of the Cayman Islands in the world of international finance is an area that will receive attention from the new government sworn in on 29 May.

Premier Hon. Alden McLaughlin, MBE, JP, MLA, made reference to the industry in a speech delivered on the occasion of the swearing-in of the Premier and Ministers of Cabinet.

He stated, "As a government we will do our part to protect the financial services industry from the onslaught of new regulation that is being mooted in Europe and elsewhere. I invite the stakeholders in the industry to join us in this common cause for our mutual benefit. I urge them too to think outside the box. The government will certainly support innovation and will welcome new ideas to keep our financial services industry on the cutting edge so long as they continue to benefit the country."

## Facts Box

### Licence/Registration Numbers

Licences/Registrations in Effect

31 March 2013

30 June 2013

### Banking and Trust

Banks	222	221
Category A	15	15
Category B	207	206
Nominee Trusts	36	36
Money Services Providers	6	6

## FSB RCGA Meeting Hosted by CIMA



Members of the Regional Consultative Group for the Americas (RCGA) of the Financial Stability Board (FSB) reviewed the progress made in improving banks' risk governance practices since the financial crisis at a meeting hosted by CIMA in the Cayman Islands in May. They also shared experiences in the region in implementing the reforms to the global over-the-counter derivatives market agreed in the G20, and discussed the potential impacts of those reforms.

The participants discussed global financial system vulnerabilities and regional financial stability. In addition, members considered the current practices of internationally active banks in measuring risks at a consolidated level, and were updated on the work of authorities to monitor the shadow banking system in the region.

The RCGA is one of six regional groups of the FSB, which is based in Basel, Switzerland. The groups were established

to bring together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting financial systems and on initiatives to promote financial stability.

In addition to staff of the FSB Secretariat, representatives of financial authorities from throughout the Americas came to the Cayman Islands to participate in the meeting. The Hon. Financial Secretary, Mr. Kenneth Jefferson, and CIMA Managing Director, Mrs. Cindy Scotland, represent the Cayman Islands on the FSB RCGA.

The other countries represented include Argentina, Bahamas, Barbados, Bermuda, Bolivia, Brazil, British Virgin Islands, Canada, Chile, Colombia, Costa Rica, Guatemala, Jamaica, Mexico, Panama, Paraguay, Peru, Uruguay and the United States.

They commended CIMA for the excellent arrangements made for hosting the meeting.



## CIMA Signs MOUs With European Counterparts

The Alternative Investment Funds Management Directive (AIFMD), was implemented across Europe from 22 July, 2013. Prior to this date, CIMA took an important step to allow the continued marketing of Cayman Islands-domiciled hedge funds in Europe.

Managing Director, Mrs. Cindy Scotland, signed Memoranda of Understanding (MOUs) with 25 of her European counterparts.

These countries are: The Netherlands, France, Belgium, Ireland, Portugal, Romania, Luxembourg, Cyprus, Czech Republic, Sweden, Finland, Denmark, Latvia, Estonia, Poland, United Kingdom, Bulgaria, Greece, Lithuania, Malta, Slovak Republic, Hungary, Iceland, Norway, and Liechtenstein.

Mrs. Scotland expressed satisfaction that CIMA has now been able to sign these MOUs. Twenty-three percent of Cayman funds are marketed in Europe.

She said "Given the importance of Europe as a market for Cayman hedge funds, we have contacted the five European countries which have not yet signed with a view to securing signed MOUs."

Those countries are: Austria, Germany, Italy, Slovenia and Spain.

The AIFMD is the European Union's regulatory framework for alternative investment firms and features strict rules on how private equity firms can market their new funds to investors in Europe.

## Queen's Jubilee Commemorative Coin

On 2 June 1953, at the age of 25, Her Royal Majesty Queen Elizabeth II was crowned in a lavish ceremony at Westminster Abbey. She had been proclaimed queen more than one year earlier on the death of her father, King George VI, but the coronation ceremony had been postponed as a mark of respect during the period of mourning.

Just in time for the 60th anniversary of the Coronation, CIMA unveiled a second Diamond Jubilee Coin in the Royal Mint's Commonwealth 24 Coin Collection.

The special commemorative collection is in honour of the Queen's Diamond Jubilee. In June 2012, Queen Elizabeth II celebrated 60 years since she ascended the throne. The Diamond Jubilee festivities took place in London for four days, but were celebrated all throughout the Commonwealth.

With a face value of \$5, the limited edition, silver coin design illustrates a hallmark of the Queen's 60-year reign that is of personal significance to the Sovereign.

A portrait of HRM Queen Elizabeth II, the denomination (Five Dollars) and the words "Cayman Islands" is on the obverse side.

The reverse of "The Queen's Golden Jubilee" coin features the image of the Jubilee Beacon as well as the phrase "A Celebration that Binds Us Together as a Nation" – an excerpt from the Queen's Golden Jubilee speech in 2002.

With only 40,000 of these coins available in the Commonwealth, CIMA's Currency Division obtained 50 coins for local sale. The coin is the perfect memento to commemorate the once-in-a-lifetime event.



## Facts Box

### Licence/Registration Numbers

Licences/Registrations in Effect

31 March 2013

30 June 2013

### Fiduciary Services

Trust Companies	142	140
Unrestricted Trusts	52	51
Restricted Trusts	67	67
Nominee Trusts	23	22
Registered Private Trust Companies	83	85
Registered Controlled Subsidiaries of Trust Companies	32	35
Companies Management	91	93
Corporate Services	14	15



Five officers of the Cayman Islands Monetary Authority (CIMA) made presentations at the Spring Training event organised by the Cayman Islands Society of Professional Accountants (CISPA) on 15 May.

They were: (l-r) from the Banking Division, Senior Analyst Ishmael DaSilva and Chief Analyst, Dana Rankine; Analyst Cynthia Campbell and Senior Analyst Ruth Yates of the Investments and Securities Division; and Chief Analyst in the Insurance Supervision Division, Ruwan Jayasekera.

Cynthia Campbell explained the different types of funds regulated by CIMA and the supervision and monitoring of funds.

Ruth Yates dealt with the benefits of the move from a paper-based reporting system to an online electronic system in relation to the submission of audited financial statements.

Ms. Yates also provided details on the criteria for audit waivers and extension requests.

Ishmael DaSilva spoke on the supervision process, and some of the various international standards with which the jurisdiction has to be compliant. Dana Rankine's part of the presentation explained the various categories into which banks are classified and the type of business permitted under the various categories.

Ruwan Jayasekera told his audience that Insurance is the sector for which the Cayman Islands is known as a leading jurisdiction. He drew the accountants' attention to the changes in the Insurance Law, in particular Section 20 which deals with whistle blowing and immunity for auditors.

CISPA is a not-for-profit organisation that regulates and promotes the accounting profession in the Cayman Islands. The Spring Training event was organised to bring members and other professionals up to date on developments affecting the accounting profession.

## Good Response to Hedge Funds Corporate Governance Survey

Over 170 hedge fund managers, investors, directors and various service providers gave their feedback in a survey on corporate governance commissioned by CIMA.

CIMA commissioned the partners of Ernst & Young to conduct the survey on the corporate governance standards, practices and the regulatory framework pertaining to the Cayman Islands mutual funds sector.

The respondents cited directors' experience/knowledge, capacity and independence as the most important corporate governance elements of the Cayman Islands fund sector. Another key point highlighted by the survey respondents included ensuring that directors had sufficient time to apply themselves to every board they represent.

The survey revealed that investors are increasingly demanding more information to assess the robustness of corporate governance standards and, frequently, do not receive their requested information for due diligence purposes in all circumstance; and that while they are divided on whether setting a limit on directorships held would be beneficial to the fund sector, those in support of a limit were more in favour of a limit based on manager relationships. Of those stakeholders who wanted more transparency on the number of directorships held by directors, two-thirds preferred that

Cayman Island Hedge Fund  
Corporate Governance Survey  
Commissioned by the Cayman Islands Monetary Authority



this information be divulged by way of a CIMA-managed database.

Managing Director, Mrs. Cindy Scotland, expressed CIMA's thanks to the survey respondents. She said, "We are grateful to members of the industry who took advantage of this opportunity to contribute towards shaping the future of the mutual funds regulatory framework in a manner that retains the Cayman Islands' position as the leading jurisdiction for mutual funds formation."

## Business Continuity Systems Tested

When Hurricane Ivan caused catastrophic damage to most of Grand Cayman in September 2004, CIMA was back in full operation within a week.

As a critical player in the Cayman Islands' vital financial services industry, CIMA is not resting on its laurels, but strives to ensure that it can function even when disaster strikes.

The Authority's Crisis and Disaster Management team continues to focus on improving their disaster recovery and business continuity plan.

Just before the start of the 2013 hurricane season, that plan was put to the test in a simulation exercise.

CIMA's disaster recovery plan focuses on maintaining operations, communications and securing staff in a temporary location to guarantee business continuity.

Information technology, specifically systems recovery, plays a vital role in the plan and staff conducted extensive systems, and communications, checks.

Network Administrator, Michael Dawkins, checks computer systems



Managing Director, Mrs. Cindy Scotland, gives General Counsel, Mr. Langston Sibblies QC, some pointers on his satellite phone.

The main part of the exercise took place at Deloitte's Disaster Recovery Centre (DRC), the Authority's primary offsite location at Citrus Grove, in central George Town.

The DRC, which houses CIMA's data replication systems, work stations and telecommunications equipment, will serve as the temporary headquarters for CIMA staff, in the event of a disaster.

In addition to the DRC facilities, CIMA has a second protection area at Brac Informatics Centre (BIC) on Cayman Brac.

The Authority's critical data is continually backed-up at both off-site locations ensuring information can be recovered and accessed in the event of a system failure or a lack of accessibility to CIMA's Elizabethan Square offices.

## Meet Alex - CIMA Security Officer

As one steps over the threshold of the Cayman Islands Monetary Authority, the first face that one sees is that of Alex Solomon. As the organization's first representative, his cheerful disposition sets the tone for what the employee or visitor will experience whilst in our halls.

Think on the stereotype of those who "serve and protect" – stone faced, arrogant or overly serious. A welcome antithesis, Alex is pleasant, mild mannered and an aide to anyone who needs him. Whether it be assisting with a heavy load, or holding an umbrella, or simply opening the door for you, Alex's presence is indubitably an asset to the Authority. He inspires an aura of comfort that only comes when one feels truly safe and protected.

If you haven't already discerned it, Alex is no ordinary security guard. Prior to coming to the Cayman Islands a year and a half ago, he was a bodyguard to celebrities and dignitaries in his homeland of the Philippines.



He is the father of two girls, which would explain how he has mastered the balance of being protective and gentle all at once. He calls his family his greatest motivators and even in their absence they continue to drive him.

You can find Alex many a day interacting with the regular visitors as well as welcoming new ones. Employees often stop and chat with him in their passing - he may in the fact be the most popular guy at the Authority.

Alex has integrated seamlessly into the Cayman Islands Monetary Authority family in the short time he has been here. Organizations value a reputation of hard work and dedication. At CIMA, those qualities meet you at the door.

## PR Executive Wins Award of Excellence



CIMA's Public Relations Executive, Dr. Sharon Marshall, was presented with a Gold Quill Award of Excellence from the International Association of Business Communicators (IABC) in New York City on 24 June.

Mr. Keby Myers, Chair of IABC's International Executive Board, presented Dr. Marshall with her award.

## Interns Value Learning Experience at CIMA

Six young, Caymanian interns worked side-by-side with CIMA professionals this summer to gain practical experience in the financial services industry. Andrew Walton, Shanaz Whittaker, Olin Monteith, Chloe Scott, Travis McLean and Takiyah Smith all experienced first-hand what it means to be a CIMA employee.

Dispersed throughout the Authority, the interns gained valuable knowledge in all areas of the financial sector. The tasks they executed were not the conventional intern's work, but actual examples of what they would encounter in their careers.

Travis McLean, a recent graduate of Hiram College was pleased about his stint at CIMA, "This internship has helped me bridge the gap between the classroom and the real world by exposing me to real financial situations that companies deal with on a daily basis. Work experience like this is invaluable for young Caymanians looking to find their place in the financial sector; thus I'm grateful for my internship here", he said.

Shanaz Whittaker, recipient of the Thomas Jefferson Memorial Scholarship sponsored by the Authority also raved about her experience this summer. "This is my third summer with CIMA, and I remain exuberant about the flexibility provided in allowing me to be rotated to a different division each summer.

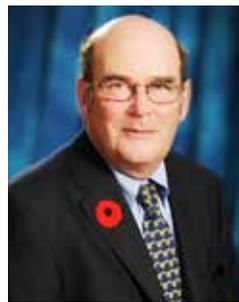
## Staff Football Team Participates in Tournament



Back row: Danu Smith, Ariel Tatum, Kenrick Solomon, Randy Myles  
Middle Row: Travis McLean, Charles Bodden, Justin Rankine, Alexis Bodden  
Front Row: Daniel Ebanks, Dana Rankine, Cindy Grant, Brent McLean, Roshenara Khan. Kneeling:

Joseph Tatum

## CIMA Board Director to Present Lecture



Prof. William Gilmore, will present a lecture entitled "The Financial Action Task Force and the International Community: Revised Standards and New Challenges".

The lecture on 6 August at the main courts building, is being sponsored by the Cayman Islands judicial administration. It will focus on challenges posed for all countries by the recent amendments to the FATF standards, and changes to the compliance evaluation process for those standards. The FATF is an anti-money laundering measure.

Professor Gilmore has been a member of the Authority's Board of Directors since 2006.



(l-r) Interns Andrew Walton, Chloe Scott, Travis McLean, Shanaz Whittaker, Olin Monteith and Takiyah Smith.

Not only has this experience provided me with a general and basic understanding of each division, but I am also better able to integrate such knowledge into my studies."

Over the years, CIMA's internship programme has resulted in former interns being successfully hired as permanent staff on completion of their studies, and most of the current interns said they would consider working for CIMA in the future.

CIMA has been sponsoring the uniforms and water for the staff team in the Annual Government Football League. The team has been playing for the past 10 years.

The Authority's efforts have not gone unrewarded. CIMA won in 2007, and were second place last year. They were undefeated for the entire regular season, and only lost to the Fire Department in the Final.

This year, the tournament includes teams from seven Government departments.

While the CIMA team is playing to win, as the team coordinator says, "The greater purpose is to encourage camaraderie between the various Government Departments. By playing the game, we build further relationships with other CIMA staff and Government employees."

## CIMA Out Front on Gender Equality in the Workplace

The call for gender equality is reverberating around the world now more than ever. Societies globally are demanding the constitutional and social rights of males and females, to be treated fairly.

In Cayman, inequalities also exist between women and men, at all levels. Data from the 2010 Census of Population & Housing highlighted issues like the income gap where females earn 17% less than males, regardless of their level of education.

For CIMA, which employs 66% females and 34% males, gender equality is an important issue. In fact, in June CIMA became the first Authority to formally train staff on the Gender Equality Law, 2011, in a bid to become an outstanding gender-equal workplace. Conducted at a Camana Bay theatre for all 163 staff by experts from the Ministry of Education, Employment & Gender Affairs, the training addressed discrimination in employment, training and recruitment on the basis of sex, marital status, pregnancy or gender.

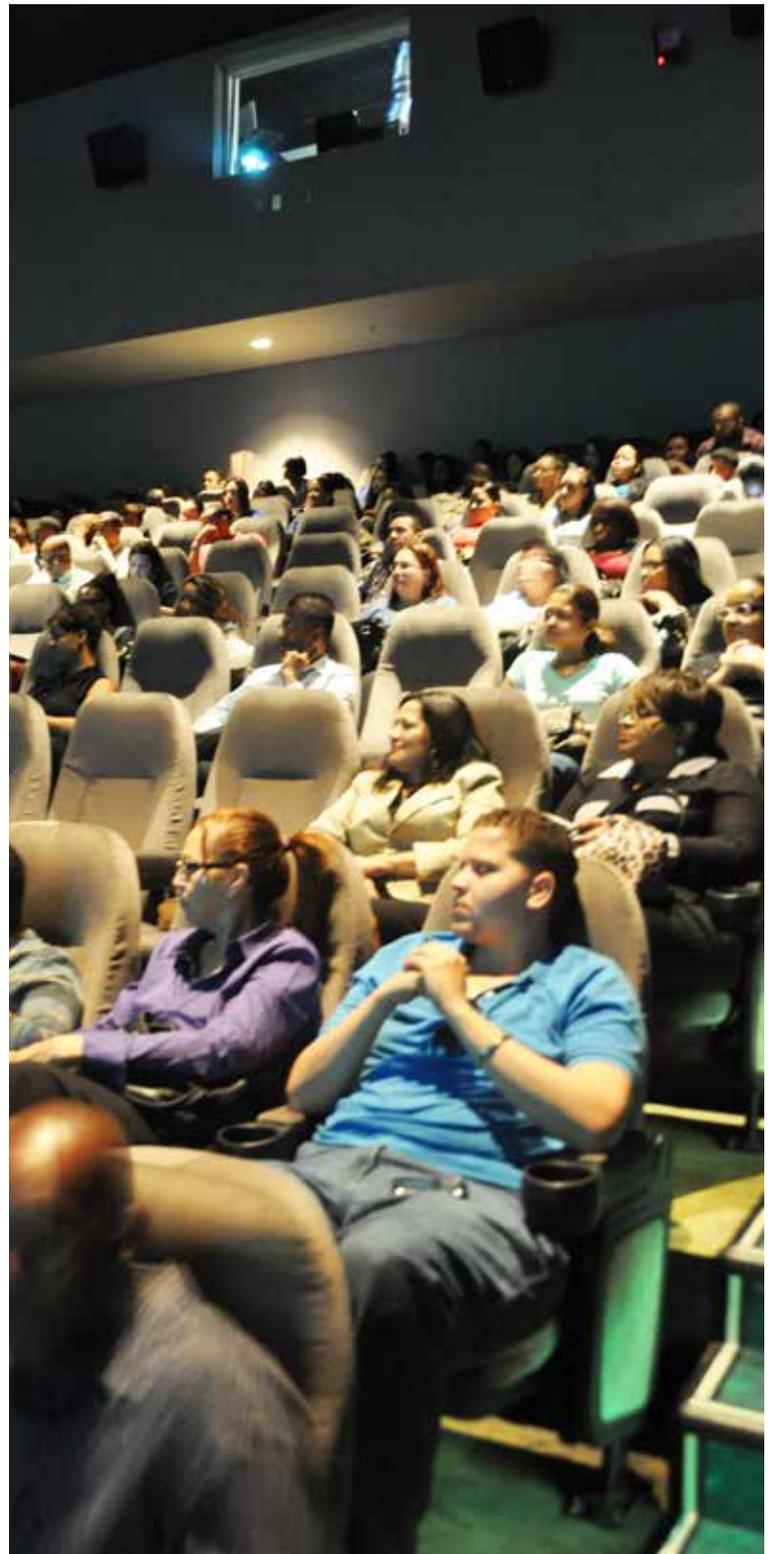
**“CIMA is committed to making gender equality a non-issue by providing a working environment that promotes respect, human rights and non-discrimination for all.**

Mrs. Cindy Scotland, MD

“CIMA is committed to making gender equality a non-issue by providing a working environment that promotes respect, human rights and non-discrimination for all,” Managing Director, Cindy Scotland said. “We are proud to be the first Authority to implement this training for our staff. Their efforts determine CIMA’s success and contribute to our country’s economic well-being. Likewise, it is vital that we ensure their well-being in the workplace and uphold the rights of all our staff to be treated fairly, and with dignity.”

In order to ensure that CIMA is free from gender-based discrimination, the Authority is reviewing its organizational policies and practices to guarantee that they comply with the Gender Equality Law, 2011. CIMA is also providing training to all employees to ensure that they understand the implications of the Law, their rights under the Law and internal policies relating to it.

The Gender Equality Law, 2011, which took effect on January 31, 2012, also addresses gender inequalities by promoting the payment of equal remuneration to male and female employees who perform work of equal value. It also aims to protect against discrimination in other areas such as access to goods, services and facilities, as well as discrimination through job advertisements, application forms and recruitment interviews.



Licences/Registrations in Effect	31 March 2013	30 June 2013
<b>Insurance</b>		
Insurance Companies	768	777
Class A	27	27
Class B	741	750
Class C	-	40
Class D	-	2
Insurance Managers	29	29
Insurance Brokers	39	40
Insurance Agents	60	60
<b>Investments and Securities</b>		
Mutual Funds	10,932	11,209
Registered	8,282	8,243
Master	2,131	2,449
Administered	408	400
Licensed	121	117
Mutual Fund Administrators	123	123
Full	88	88
Restricted	32	34
Exempted	2	2
Securities and Investment		
Business Law (SIBL) Licensees	34	34
Excluded Persons Under SIBL	1,834	2,064
<b>Currency in Circulation</b>		
Total Currency	CI\$89.0m	CI\$87.2m
Notes	CI\$79.1m	CI\$77.2m
Coins	CI\$9.9m	CI\$10m

## LOOK AHEAD

## 2013

**CIMA to Host ASBA Training Course**

From October 14-18, the Authority will host a Bank Analysis and Examination School Course in partnership with the Association of Supervisors of Banks of the Americas (ASBA).

ASBA is an agency dedicated, among other activities, to the organization of permanent training events aimed at developing a homogeneous technical capacity in banking supervision within the region of its jurisdiction.

Its objectives are to: promote the implementation of regulatory and legal frameworks in member countries in line with international standards; advance bank supervisory policies, procedures, and programmes in line with international best practices; support Associate Members' efforts to develop sufficient skilled and capable supervisory resources to enable them to fully carry out their bank supervisory responsibilities; and develop an internal and external network that will benefit the organization's advancement, international recognition and representative capabilities.

CIMA is an Associate Member of ASBA.

**CIMA to Participate in ASHRM Conference**

The 2013 Annual Conference of the American Society for Healthcare Risk Management (ASHRM) is scheduled to take place in Austin, Texas, USA, from 27-30 October.

The ASHRM Annual Conference & Exhibition is described as "the optimal learning, networking and career-building experience for healthcare risk managers." This year's theme – "Everyone is a Risk Manager". Nearly 2,000 industry professionals are expected to attend.

This is an event in which the Authority is interested since the Cayman Islands continues to be the leading jurisdiction for health care captive insurance companies.

CIMA will sponsor an aspect of the ASHRM conference, which is an opportunity to connect with some of the most engaged and informed healthcare risk managers in the industry.