



# the NAVIGATOR

April 2013

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## CIMA Commissions Consultative Paper & Survey on Corporate Governance

The Cayman Islands Monetary Authority (CIMA) is still in the process of collating the large number of responses from stakeholders to corporate governance proposals that aim to enhance and clarify corporate governance standards in the jurisdiction. In January, the Authority began formal consultation with local industry stakeholders on these proposals, and the deadline for receiving submissions was March 18. The corporate governance proposals seek to recognise the international character of Cayman's financial services market and provide continued protection of the Cayman Island's financial services sector, its consumers and investors.

Simultaneous with the consultation, CIMA commissioned a survey canvassing the funds industry for feedback on certain corporate governance considerations relating to the funds sector. The feedback gathered from the consultation and the survey will form a key contribution to CIMA's deliberations and enhancement of the industry's corporate governance regulatory framework.

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“ **We want to ensure that the advancement of the corporate governance standards for the Cayman Islands financial services sector is measured and appropriate for our industry, therefore formal consultation with local industry associations is vital.** ”  
Mrs. Cindy Scotland, MD

## Commemorative Heroes Day Coins Still Available



A limited number of the commemorative coins released by the Authority in January are still available for purchase. The coin commemorates the 10th Anniversary of Heroes Day, the national celebration of the heritage and culture of the Cayman Islands.

CIMA regularly produces commemorative coins that celebrate significant local and international events. The Heroes Day coin has a limited mintage of 200, and no additional coins will be minted.

## New Commemorative Heroes Day Coin Launched continued



*Designer, Miss. Kara Coe, receives a complimentary coin from Head of Currency, Miss Deborah Ebanks*

The silver coin designed by young Caymanian graphic designer, Kara Coe, captures some of the National Heroes Day themes celebrated over the years.

Miss. Coe says her inspiration for the design “derives from Heroes Square in George Town. The sailors represent Youth, Culture and Sports, and the woman represents Gender Equality. I have also embraced the historical use of catboats and positioned them to represent the three Islands. And the three fishing boats are Man-o-wars. Finally, I have wrapped the whole piece in thatch rope another significant historical piece of our cultural heritage.” The coat of arms is depicted in gold on the obverse side.

Coins are available from the CIMA Currency Division at the Government Administration Building at 133 Elgin Avenue.

## Facts Box

### Licence/Registration Circulation Numbers

Licences/Registrations in Effect	31 Dec. 2012	31 Mar. 2013
<b>Banking and Trust</b>		
<b>Banks</b>	<b>226</b>	<b>222</b>
Category A	15	15
Category B	211	207
<b>Nominee Trusts</b>	<b>36</b>	<b>36</b>
<b>Money Services Providers</b>	<b>6</b>	<b>6</b>

## CIMA Hosts Workshop on Catastrophe Modelling



*Approximately 70 participants attended the workshop.*

On 26 March, CIMA hosted a workshop on catastrophe risk modelling. It was attended by 27 CIMA staff, as well as representatives from the private sector. Topics included: the importance of catastrophe models, catastrophe modelling frameworks, understanding and validating models, and global risk. It also highlighted best practices.

This one-day workshop included a presentation by Mr. David Lalonde, Senior Vice President of AIR Worldwide. AIR Worldwide is a globally pre-eminent catastrophe risk modelling and risk consulting firm which models the risk from natural catastrophes and terrorism in more than 90 countries.

Mr. Lalonde said that “a robust catastrophe model should deliver consistency, superior risk differentiation and, more importantly, provide information about potential losses before they occur.”

He pointed out that the major natural hazards in the Caribbean are windstorm, and to a lesser degree, earthquakes. He alluded to the fact that the Cayman Islands were most recently impacted by Hurricane Michelle in 2001, and Hurricanes Gilbert and Ivan in 2004, and that windstorm coverage is a prerequisite for many businesses and residents of the Cayman Islands. The presenter said that property insurers are heavily dependent on reinsurance, particularly for catastrophe protection with respect to windstorms.

Mr. Lalonde explained that lessons learned from catastrophe modelling have been transferred to economic capital modelling.



*David Lalonde*

“CIMA has undertaken much research into the enhancement of corporate governance standards. We want to ensure that the advancement of the corporate governance standards for the Cayman Islands financial services sector is measured and appropriate for our industry, therefore formal consultation with local industry associations is vital,” Managing Director, Mrs. Cindy Scotland said. “The consultation and survey both present an important opportunity for industry stakeholders to provide input into the process and contribute to 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.”

The consultation was open for feedback for 45 business days. The survey was open until the end of February. The Authority will make a public statement about the outcome of the consultative paper in the coming weeks.

## REMINDER: Registration for New Mutual Funds via CIMACONnect

The Authority would like to remind industry professionals that new mutual funds applications must be made via CIMACONnect. CIMA launched electronic submissions for new mutual funds last September via its secure web portal, CIMACONnect. This latest expansion of CIMA’s e-business service offerings marks the Authority’s continual efforts to innovate and enhance efficiency.

Convenient, secure and reliable, the e-portal reduces manual processing, lessens turn-around time for approval and provides additional protection for document recovery in the event of a disaster.

CIMACONnect is accessible by authorised users only, thus service providers are reminded to request access at [www.cimacconnect.com](http://www.cimacconnect.com), where a management account will be activated immediately upon approval.



### Facts Box

#### Licence/Registration Circulation Numbers

Licences/Registrations in Effect	31 Dec. 2012	31 Mar. 2013
<b>Fiduciary Services</b>		
<b>Trust Companies</b>	<b>142</b>	<b>142</b>
<i>Unrestricted Trusts</i>	54	52
<i>Restricted Trusts</i>	66	67
<i>Nominee Trusts</i>	24	23
<b>Registered Private Trust Companies</b>	<b>77</b>	<b>83</b>
<b>Registered Controlled Subsidiaries of Trust Companies</b>	<b>30</b>	<b>32</b>
<b>Companies Management</b>	<b>86</b>	<b>91</b>
<b>Corporate Services</b>	<b>12</b>	<b>14</b>

### Insurance Law 2010 Enacted



The revisions to the Insurance Law are broad based and include stricter reporting and solvency standards for domestic insurers; a restructuring of Class “B” companies into three categories, depending on the amount of related party business; a new class of Insurer for “Reinsurance” companies and Insurance Linked Securities; and a

harmonization of solvency provisions that are appropriate to the type of risks being undertaken.

CIMA is confident that the new Law will significantly strengthen the already rigorous supervisory framework, as well present new business opportunities.



## CIMA Represented at Brazil Hedge Fund Forum

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Deputy Head of the Investment and Securities Division, Ms. Heather Smith, was part of a strong Cayman contingent of private and public sector professionals who attended the third annual Hedge Fund Brazil Forum in Rio de Janeiro on 18 and 19 March.

Ms. Smith highlighted CIMA's role as regulator and supervisor of the financial services industry, emphasizing the Authority's exemplary reputation for the

highest professional and ethical standards and its participation in international bodies such as the Association of Supervisors of Banks of the Americas (ASBA) and the International Organization of Securities Commissions (IOSCO).

She also lauded CIMA's responsiveness and international cooperation, our processing of numerous overseas requests for assistance each year and current MOUs the Authority has with Brazil.

Brazil has gained economic importance, boasting an expanding economy that overshadows all other South American countries and the highest number of high net worth individuals in Latin America. With positive predictions for further growth, the Hedge Fund Brazil Forum has become an important event for networking and education for hedge fund professionals from around the world, particularly for some of the top investment professionals from North and Latin America.

**“Representing the Authority and the Cayman Islands at this important event was a great honour and the opportunity to assist in the education of financial services professionals, on Cayman's regulatory framework, will ensure that relevant and accurate information about our jurisdiction is conveyed to market participants in this region.”**

Ms. Heather Smith,  
Deputy Head Investment & Securities Division

## 100 Women in Hedge Funds

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Head of the Investments and Securities Division, Yolanda McCoy, made a presentation to the inaugural 100 Women in Hedge Funds Cayman Event 2013. She was one of two featured presenters for the event which took place in April.

Mrs. McCoy gave an update on recent changes to hedge fund administration in the Cayman Islands. She said that “The Cayman Islands Funds Industry

has performed exceptionally well despite continued volatility in the global financial markets.”

The Cayman Islands is the leading domicile for funds, with a total of 10,871 registered as at June 2012.

She added that, “While we all recognize that the regulatory architecture has changed and will continue to change, CIMA remains engaged and committed in growing the local funds industry, fostering a vibrant and competitive industry and preserving the jurisdiction's reputation.”

**“While we all recognise that the regulatory architecture has changed and will continue to change, CIMA remains engaged and committed in growing the local funds industry”**

Mrs. Yolanda McCoy  
Head Investment & Securities Division

100 Women in Hedge Funds – which was formed in 2001 – is a global, practitioner-driven non-profit organization serving over 10,000 alternative investment management investors and professionals through educational, professional leverage and philanthropic initiatives.

## AIFMD Preparedness

The Cayman Islands Government passed an amendment on 15 March, 2013, which would permit the Authority to enter into memoranda of understanding with its EU counterparts, using a model MOU developed by the European Securities Markets Authority (ESMA).

The amendment was in response to the European Union's Alternative Investment Fund Managers Directive (AIFMD) being implemented from 22 July this year, which stipulates certain conditions for non-EU countries to market alternative investment funds, such as hedge funds, in the EU.

The amendment, which was deemed essential by government officials to facilitate the continued marketing of Cayman Islands funds in the European market, now makes Cayman compliant with the three AIFMD conditions that are of particular relevance to this jurisdiction.

CIMA has been in discussion with ESMA on the model requirements since early 2012. Having taken all necessary steps to enable the signing of the agreement with ESMA, CIMA recently indicated its ability and willingness to enter into cooperation agreements with the EU securities regulators based on the ESMA model MOU.

## FATCA

Minister for Financial Services, the Hon. Rolston Anglin, announced in the Legislative Assembly on 15 March 2013 that the Cayman Islands would adopt a Model 1 intergovernmental agreement (IGA) in response to the US Foreign Account Tax Compliance Act (FATCA).

He also said the decision will apply to a similar arrangement for the automatic exchange of certain information with the UK, and that he expects final negotiations on the mechanisms for exchange with the US and the UK to conclude quickly.

He acknowledged that the Model 1 IGA, which is an agreement between governments for the exchange of information, ensures that business in Cayman will continue to operate and compete effectively with that of its global counterparts. It also underscores the Islands' positive reputation regarding transparency and exchange of information for tax purposes.

## New Chief Actuary for CIMA



Mr. Alan Morris was recently appointed to the position of Chief Actuary, reporting directly to the Managing Director.

"Mr. Morris will ensure the integration of risk modelling into the risk management framework and will provide analytical support

and technical guidance to the various Divisions within CIMA," Managing Director, Cindy Scotland said. "We are pleased to have him as part of the CIMA team."

Mr. Morris has over twenty years experience in the insurance, reinsurance, financial risk management, hedge fund, indemnity and managed health care, longevity risk / life settlements and insurance linked securities areas, having worked in the regulatory, audit, insurance and consulting sectors. His wealth of experience has previously been applied in the Cayman Islands through his appointment as the Director of Actuarial Services and Financial Risk Management for a Big Four public accounting firm in the Cayman Islands. Mr. Morris is a Member of the American Academy of Actuaries (MAAA) and a Member of the Casualty Actuarial Society (ACAS) and holds University Degrees in Mathematics and Engineering from Trinity College, Connecticut.

## Andre Mon Desir Returns to CIMA as Deputy General Counsel



Former CIMA Legal Counsel, André Mon Désir, is back for another stint at the Authority, but this time as Deputy General Counsel.

Mr. Mon Désir first joined CIMA in 2007 after serving as Crown counsel and senior Crown counsel at the former Government Legal Department. He left CIMA in 2008 to serve as a judge in Trinidad and Tobago, where he remained for five years.

Prior to coming to Cayman, Mr. Mon Désir worked as a legislative draughtsman and in private practice. Mr. Mon Désir, has a Bachelor of Law degree from the University of the West Indies, a Master's degree from the University of London and a post-graduate certificate from the University of Hong Kong.

The new Deputy General Counsel will primarily support the management of the Division by supervising, providing guidance and assistance to the Legal Counsels and Paralegal to achieve the goals and objectives of the Division and CIMA.

## New PR Executive



Dr. Sharon Marshall joined CIMA as Public Relations Executive on 4 March.

Prior to this, she was head of public relations at the Caribbean Development Bank, after serving in a similar capacity at Cable & Wireless (Barbados) Limited.

Before entering the public relations profession, Dr. Marshall was an award-winning journalist and broadcaster for the national television station in Barbados and for the Caribbean Broadcasting Union.

She has a Bachelor of Arts (summa cum laude) from Howard University, and a Masters of Arts in English and a Ph.D. in History from the University of the West Indies.

Dr. Marshall is a member of the International Association of Business Communicators (IABC) and has served on the executive of the Barbados Chapter for three successive years, including as president for the 2012-13 term.

## CIMA Bids Farewell to Howard Blacker

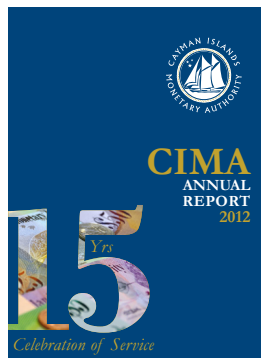


Deputy Managing Director, Howard Blacker, retired from the service of the Authority on March 15. Mr. Blacker assisted the Managing Director on matters relating to the supervision of regulated financial institutions, and in the ongoing development and implementation of CIMA's strategic plan. He had direct responsibility for CIMA's four supervisory divisions: Banking, Fiduciary Services, Insurance, and Investments and Securities.

Mr. Blacker began his career in the field of international financial services regulation in 1973, and joined CIMA on 6 April, 2009.

At a farewell function in honour of Mr. Blacker, both CIMA Chairman, Mr. George McCarthy and Managing Director, Mrs. Cindy Scotland, thanked the retiring Deputy Managing Director for his invaluable service to CIMA.

## CIMA Celebrates 15 Years of Service



CIMA quietly celebrated its 15th anniversary last November with a thanksgiving service at the Cayman Islands Baptist Church. CIMA staff, directors, their families and well-wishers attended the thanksgiving service officiated by Pastor Dr. Randall Von Kanel.

The Authority began operations in 1997. It was established as a body corporate under the Monetary Authority Law, which entered into force on 1 January of that year.

CIMA was created from the merger of the Financial Services Supervision Department of the Cayman Islands Government and the Cayman Islands Currency Board.

## Staff Dress Down Days Benefit Local Charities

The Cayman Heart Fund is just a little richer, thanks to CIMA staff who participated in dress down days in the month of March. Each participating staff member paid \$5 each Friday for the privilege of coming to work in more casual attire than is the norm. The total collected in this exercise organised by the CIMA Wellness Team was presented to the Cayman Heart Fund. The Fund is a non-profit organization that relies on the support of its sponsors and members for their funding. It is dedicated to the reduction of heart and circulatory disease in the Cayman Islands.

In May, CIMA will participate in the Dress Down Days to benefit the children's charity, Feed Our Future. The primary mission of Feed Our Future is to solve childhood hunger and to support intellectual nourishment in the Cayman Islands through the funding of nutritionally balanced low-cost or free school meals to children in need in public and private schools.

Participation in the Dress Down Days is just one of the ways that the Authority gives back to the local community.



Licences/Registrations in Effect	31 Dec. 2012	31 Mar. 2013
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**Insurance**

<b>Insurance Companies</b>	<b>768</b>	<b>768</b>
Class A	27	27
Class B	741	741
<b>Insurance Managers</b>	<b>26</b>	<b>29</b>
<b>Insurance Brokers</b>	<b>39</b>	<b>39</b>
<b>Insurance Agents</b>	<b>60</b>	<b>60</b>

**Investments and Securities**

<b>Mutual Funds</b>	<b>10,841</b>	<b>10,932</b>
Registered	8,421	8,282
Master	1,891	2,131
Administered	408	399
Licensed	121	120
<b>Mutual Fund Administrators</b>	<b>124</b>	<b>123</b>
Full	90	88
Restricted	32	33
Exempted	2	2
<b>Securities and Investment Business Law (SIBL) Licensees</b>	<b>34</b>	<b>34</b>
<b>Excluded Persons Under SIBL</b>	<b>2,170</b>	<b>1,834</b>

**Currency in Circulation**

<b>Total Currency</b>	<b>CI\$94.0m</b>	<b>CI\$89.0m</b>
Notes	CI\$84.2m	CI\$79.1m
Coins	CI\$9.8m	CI\$9.9m

**Note: CI\$1.00 = US\$1.20**  
m = million

# LOOK AHEAD 2013

## CIMA to Host Regional FSB Regional Consultative Group Meeting

On 27 May, CIMA will host the fourth meeting of the Regional Consultative Group for the Americas of the Financial Stability Board (FSB).

The meeting will target key regulatory issues in financial stability including the over-the-counter derivatives market reforms and the Key Attributes of Effective Resolution Regimes, as well as other regional financial vulnerabilities. Six regional consultative groups of the FSB were established in 2011, in response to a call from the G20 Leaders at their Toronto Summit the previous year, 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.

The regional groupings are the Americas, Asia, Commonwealth of Independent States, Europe, Middle East and North Africa, and Sub-Saharan Africa. Through these six regional groups, the FSB will be able to develop global

financial policy initiatives through a more inclusive process. In addition to the Cayman Islands, the Regional Consultative Group for the Americas consists of 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 of America. Approximately 40 representatives from the Regional Consultative Group for the Americas are expected to participate in the meeting.

