



The Navigator

OCT/NOV 2009

The Cayman Islands Monetary Authority is pleased to deliver our newly redesigned *Navigator*. We continuously strive to enhance dialogue with our stakeholders. We therefore welcome your questions or suggestions on how to improve on the information provided in this newsletter. Please do not hesitate to contact us at navigator@cimoney.com.ky.

New Directors Appointed Chairman sees Vital Role for CIMA

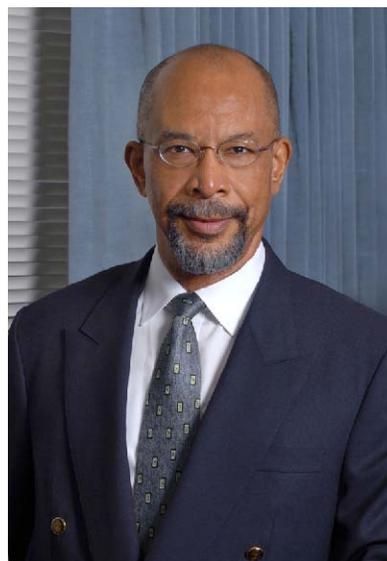
The Cabinet of the Cayman Islands Government appointed new members to the Board of Directors of CIMA in late July. Mr. George McCarthy, OBE, JP, retired Chief Secretary of the Cayman Islands, was appointed as the Chairman of the Board, while Mr. Linburgh Martin, chartered accountant and financial services executive, was appointed as the Deputy Chairman. The other new Directors are: international insurance industry consultant, Mr. Steve Butterworth; local attorney Ms. Sara Collins, and business development advisor, Mr. Raul Nicholson-Coe.

They join retired local banker, Mr. Harry Chisholm, MBE, JP; and international directors, Dr. Warren Coats and Prof. William Gilmore, who remain on the board along with Managing Director, Mrs. Cindy Scotland.

At the directors' first meeting in August, Chairman McCarthy expressed his confidence in management's capability and said he looked forward to working closely with all board members and the senior management of the Authority. The board's position, he said, was to "establish, guide and direct the necessary policies for CIMA to fulfill its role as set out by law."

Reiterating that the financial services industry was indeed the main pillar of the Cayman Islands' economy, he said CIMA has a critical role to play in the industry's continued viability.

"Developments occurring in the international community are having a significant impact on the Cayman Islands and CIMA's regulatory activities cannot be isolated from these developments," Mr. McCarthy asserted. "The board, while recognising CIMA as an independent regulatory agency, cannot be complacent. We must recognise that what is happening will impact the growth and development of the financial industry. The role of the new board is to ensure that all CIMA's actions enhance the growth and development of the industry."



CIMA Chairman George McCarthy

More information on CIMA's directors can be found on the [Directors and Management page of our website](#).

Highlights

[CIMA-FT Forum](#)

[CIMA Represented in Tax Agreement Negotiating Team and OECD Groups](#)

[CIMA Represents Caribbean Banking Supervisors on Hemispheric Association](#)

[Basel II Update](#)

[New CIMA Website Gives Easier Information Access](#)

[Miss G & Rina Retire](#)

[CIMA Scholarship Recipient](#)

[HR Highlights](#)

Licence Statistics as at Sept 2009 (With increase(+)/decrease(-) from 30 June 2009)

Banking and Trust

Class A 18 (0)
Class B 251 (+2)
Class B Restricted 1 (-1)
Nominee Trusts 61 (0)
Money Services Provider 7 (0)

Fiduciary Services

Trusts (Unrestricted) 53 (0)
Restricted Trusts 85 (0)
Nominee Trusts 22 (0)
Registered Private Trust Companies 17 (+8)
Registered Controlled Subsidiary of Trust Companies 13 (+4)
Companies Management 81 (+4)
Corporate Services 7 (-1)

Insurance

Class A 27 (-1)
Class B 779 (-8)
Insurance Managers 25 (0)
Insurance Brokers 30 (-1)
Insurance Agents 82 (+2)

Investments & Securities Services

Registered Mutual Funds 9,218 (+29)
Administered Mutual Funds 487 (-99)
Licensed Mutual Funds 133 (+3)
Mutual Fund Administrators (Full) 100 (-3)
Mutual Fund Administrators (Restricted) 42 (-2)
Mutual Fund Administrators (Exempted) 2 (0)
Securities Investment Business Law (SIBL) Licensees 28 (0)
Excluded Persons Under SIBL (Registered) 2,364 (+94)

Currency in Circulation as at September 2009 (With increase (+)/decrease (-) from 30 June 2009)

Total Currency C\$79.3 million
Notes C\$70.4 m (-\$4.3m)
Coins C\$8.9 m (0)
(C\$1.00 = US\$1.20)

CIMA-FT Forum

Challenges of Developing New Financial Framework Pondered



Among the Forum's panellists were (L-R) London Business School Economics Professor Richard Portes, FT Editorial Consultant John Willman, Czech National Bank Governor Zdenek Tuma, Citi's Head of European Banks Team Ronit Ghose, and FT Senior Columnist John Plender, here discussing the topic "Restructuring and Reforming the Financial Sector"

On 18 September, the Cayman Islands Monetary Authority partnered with the Financial Times to stage the Financial Times Global Finance Forum, themed, 'Challenges in developing a new financial architecture in the wake of the financial crisis' in London, England.

Some 100 persons representing the government and private sectors of approximately 27 countries/jurisdictions attended the one-day conference. Participants included top-level diplomats, regulators, economists, financial analysts and strategists, auditors, accountants, lawyers; directors and senior executives of banking, investment and other firms; representatives of finance industry associations; media editors and senior academics. Members of Cayman's private and public sector were in attendance.

The Premier and Minister for Financial Services, Hon. McKeeva Bush, OBE, JP, delivered the opening remarks for the event. He gave the audience an overview of Cayman's financial situation and plans for expanding the jurisdiction as an international financial centre.

CIMA Represented in Tax Agreement Negotiating Team and OECD Groups

Over the last few months, CIMA's Chairman, Mr. George McCarthy; Managing Director, Mrs. Cindy Scotland, and Deputy Managing Director and Legal Counsel, Mr. Langston Sibbles, have been participating as members of the Government's Tax Information Exchange Agreement (TIEA) negotiating team. They have been working alongside Attorney General, Hon. Samuel Bulgin; Financial Secretary, Hon. Kenneth Jefferson; Mr. Anthony Travers, retired Maples & Calder Partner and Chairman of the CSX, and Mr. Paul Byles, economic consultation to the Premier.

The Cayman Islands has now entered into 13 TIEAs, with several more in advanced stages of negotiations.

Following this jurisdiction's successful progression in August to the Organisation for Economic Cooperation and Development's (OECD) "white list" of countries that have substantially implemented international tax standards, members of the team

The Keynote presenter was Paul Myners, CBE, Financial Services Secretary to HM Treasury. He spoke on Restoring Confidence in the Financial System.

Among the 17 other speakers were; Michael Foot, who was at the time conducting the independent review of British offshore financial centres commissioned by the UK Treasury; Boris Cournède, Senior Economist, Monetary and Fiscal Policy Division, Organisation for Economic Cooperation and Development (OECD); Zdenek Tuma, Governor, Czech National Bank; Dr Malcolm Knight, Vice Chairman, Deutsche Bank Group; Charles Goodhart, Professor Emeritus of Banking and Finance, London School of Economics and Political Science, and Peter Larder, former director of the Cayman Stock Exchange and founder to the Cayman branch of the Society of Trust and Estate Practitioners (STEP).

Looking forward to a post-financial crisis world, other topics for the day included: Restructuring and Reforming the Finance Sector; Perspectives on the International Crisis - One Year On; Financial Markets Outlook: Prospects for Economic Turnaround; Regulating the New Financial Sector; Restoring Confidence in the Financial System.

Participants' response to the conference agenda, which CIMA and FT developed, was positive. Several described it as "very informative", "thought-provoking", "well-organised". Some commented on the "high quality" of the speakers, with one delegate pointing out that the mix "between academics, government and business practitioners was well balanced".

CIMA's Managing Director, Mrs Cindy Scotland, said CIMA intended to stage the conference again next year as it is a "valuable means of stimulating focused thought and the exchange of ideas among fellow international finance industry stakeholders and thought leaders."

attended the meeting of the OECD Global Forum on Transparency and Exchange of Information in September. There, Cayman was selected to sit on the newly-formed Steering Group and Peer Review Group (PRG).

The two new groups were established as part of the restructuring of the Global Forum and are intended to further strengthen the mandate of the Forum. That mandate is to ensure a rapid and effective global implementation of the standards of transparency and exchange of information for tax purposes through in-depth monitoring and peer review.

The Steering Group will help to restructure policy, and prepare and guide the Global Forum's future work. The PRG will develop detailed terms of reference and the methodology for monitoring and peer review of the tax information exchange regimes of OECD jurisdictions and non-OECD countries.

Members of the Cayman Islands delegation at the Global Forum, which took place in Mexico City, Mexico, were the Attorney General; Messrs McCarthy and Sibbles, and Senior Assistant Secretary to the Office of the Financial Secretary, Mrs. Michelle Bahadur.

Further meetings of the Steering Group and Peer Review Group are planned for December 2009 in Paris, France.



CIMA Represents Caribbean Banking Supervisors on Hemispheric Association

Contributed by: Theresa Christian, Banking Supervision Division



Head of Banking Supervision Reina Ebanks

Mrs. Reina Ebanks, Head of Banking Supervision, will be assuming the Caribbean Group of Banking Supervisor (CGBS) representative seat on the board of the Association of Supervisors of Banks of the Americas (ASBA) in November 2009. The CGBS representative seat on ASBA Board is rotated alphabetically among members of the CGBS on a biennial basis.

ASBA was first established in 1981 as the Commission of Banking Supervision and Regulation Agencies of Latin America and the Caribbean. ASBA's membership consists of banking supervisors from approximately 37 jurisdictions throughout the Americas. Its objectives are:

- to develop and promote banking supervisory practices throughout the Americas that are in line with international standards;
- to support the development of banking expertise resources in the region; and
- to facilitate co-operation and the exchange of knowledge, ideas, experience and training between members.

The ASBA Board meets approximately four times per year, in addition to its annual assembly, which will be held this year in Lima, Peru. Mrs. Ebanks may also be required to participate in a number of association's technical working groups.

Basel II

Pillar 1 Consultation Nears End, Technology Development Progressing

The final industry consultations for the implementation of Pillar 1 of the Basel II Capital Adequacy Framework in the Cayman Islands are now in progress. Consultation has been taking place over the last several months with the banks that will be affected by the implementation of the new framework. The consultations are being conducted through the Cayman Islands Bankers Association (CIBA) / CIMA Basel II Working Group set up for the purpose.

Basel II is a more comprehensive and flexible measure and minimum standard for the level of capital banks should hold. The framework seeks to align regulatory capital requirements more closely to the underlying risks that banks face. It aims to promote a more forward-looking approach to capital supervision, which encourages banks to identify, and develop or improve, mechanisms to manage their current and potential future risks. The framework has three main elements, or pillars. Pillar 1 addresses minimum capital requirements, specifically focused on regulatory capital calculated for three major components of risk that a bank faces: credit risk, market risk, and operational risk.

Some 100 banks incorporated in the Cayman Islands will be affected by the local implementation of Basel II.

In August, the CIBA/CIMA Basel II Working Group completed consultation on the policies, guidance and forms developed by CIMA for the market risk component of Basel II. The group did not find any issues to hinder the application of these documents.

Similar consultation on policies, guidelines and forms for the asset securitisation component was completed in October. Consultation on documents relating to the constituents of capital component is now being conducted and is scheduled for completion in December. That will be the final round of consultation for Pillar 1.

All draft CIMA Basel II policies, guidelines and forms that have

been reviewed by the CIBA/CIMA Basel II Working Committee are available on the CIMA website on the Basel II page. Upon the conclusion of the consultation with industry a compendium of final CIMA Basel II policies, guidelines and forms will be published and posted to the website.

At the same time as consultation is progressing, CIMA's Basel II Team and Information Systems department have been working with external technology vendors to develop the business requirements, forms and data systems to facilitate the submission and processing of reporting forms that the relevant banks will need to submit, and generation of reports.

Implementing Phase 1

CIMA plans to complete the implementation of Pillar 1 by December 2010. This will involve adoption of the 'standardised' approaches to credit, market and operational risk, as well as the 'basic indicator' approach to operational risk. These are a part of what the Basel Committee on Banking Supervision classifies as Pillar 1 of Basel II.

The remaining components of the first phase are Pillar 2 – Supervisory Review Process and Pillar 3 - Market Discipline. However, given the scope of Pillar 2 and Pillar 3 and the possible impact to banks, CIMA proposes to implement them after 2010.

Additional background on Basel II can be found on [Basel II page of our website](#), as well as on the Bank for International Settlements' website: <http://www.bis.org/publ/bcbsca.htm>. Any questions on the implementation of Basel II can be emailed to: contactbasel@cimoney.com.ky



New CIMA Website Gives Easier Information Access

Following a year of intense redevelopment and consultation with stakeholders to create a more user friendly domain, the Cayman Islands Monetary Authority (CIMA) debuted its new web site.

Used as a primary communication tool for those doing business with CIMA, this new site allows immediate access to information in relation to all aspects and functions of the Authority.

"The goal of this endeavour was to assist our clients and the public who use our site to more easily gather information, stay abreast of regulatory requirements and developments, and locate the various documents used in business with CIMA," explains Public Relations Executive, Ms. Joan Scott, who headed the website development team. "Although our prior site had much of the same information, it is now presented in a straightforward format which also highlights some of the previously under-emphasised aspects of CIMA's work, such as enforcement and international cooperation. We trust that our clients will find the new design much more compatible to with their needs."

Developed with the assistance of US-based business development and web design group Comsys, the site now provides improved navigation and makes document location easier. Visitors to the site will see a more modern layout, direct emailing capability to individual divisions, and additional search tools. It also continues

providing aggregate statistical information, lists of regulated entities in each sector, the ability to search for individual authorised entities, as well as the latest CIMA public notices, media releases, and publications, among other information. One new feature is web alerts, for which users can sign up so as to be notified when new material is posted to the site.

"CIMA's website is a key resource for the Authority's stakeholders, who are a diverse audience," comments Managing Director, Mrs. Cindy Scotland. "In redeveloping the site, we found out from clients their main frustrations in using the old domain. The most common issue was difficulty finding information. We addressed this by organising what is a vast amount of data into subject areas rather than by CIMA divisions, putting the most requested information up front, and providing multiple means for users to find what they want. Feedback thus far has been very positive."

Mrs. Scotland added: "As the main regulator of one of the world's leading financial centres, it is imperative that CIMA's site reflects our high regulatory standards by providing timely, relevant information and creating an efficient access point for this jurisdiction."

All are encouraged to visit the site at www.cimoney.com.ky and offer feedback for future improvements.

Miss G & Rina Retire



Financial Secretary Hon. Kenneth Jefferson congratulates Mrs. Gloria de Cordova at the 2007 CIMA staff awards ceremony where she received the CIMA Spirit Award.

The The end of September was also the beginning of a new chapter for one member of staff, as CIMA was forced to say goodbye to Mrs. Gloria de Cordova who entered into retirement after eight years with the Authority.

Affectionately known as 'Miss G', she was the Executive Assistant to Deputy Managing Director-Legal Counsel, Mr. Langston Sibblies. Her effervescent personality and charm made her seem more like a family member than a co-worker, while her attention to detail and unbreakable work ethic made her invaluable to the Authority.

She first joined CIMA in October 2001 as the Executive Administrative Assistant to the Managing Director. She subsequently worked in the Human Resources Unit as Senior Administrative Assistant before settling in the Legal Division in 2003, first as Senior Administrative Assistant then as Executive Assistant to the Deputy Managing Director.

As a testament to her calibre, in 2007, Miss G was the recipient of the inaugural CIMA Spirit Award. The annual award is given to the staff member who demonstrates dedication in achieving CIMA's mission through his or her work within the division; exhibits influence to motivate those with whom they interact; performs tasks in an exemplary fashion and who inspires others to improve. The award recipient is decided by a panel of staff members representing all CIMA's divisions.

And what does Miss G most look forward to in her retirement? "The opportunity to travel and see more of family and friends," she responded unequivocally.



Mrs. Rina Bodden (seated, centre) surrounded by co-workers from the Currency Division including Head of Currency Miss Deborah Ebanks (seated, left), and Deputy Managing Director, Operations, Mr. Patrick Bodden, following a farewell dinner in her honour.

Immediately following Miss G's departure, fellow staff member Mrs. Rina Bodden, a Senior Currency Officer with the Currency Division, also retired from the Authority. Having served 15 years with the Authority, and 17 years with other government departments, Rina was one of the original staff members when the Authority was created in 1997.

"Mrs. Bodden was with the Currency Board for three years when the merger between it and the Financial Services Supervision Division created what is now the Monetary Authority," explains Managing Director Mrs. Cindy Scotland, who along with Rina was an original member of staff. "She has always been dedicated to her role in CIMA and has set an example for staff over the years."

A humble, quiet person, her demeanour belies the intense training and experiences she endured as a police officer with the Royal Cayman Islands Police Service for 11 years. Prior to her RCIPS service, she had the honour of becoming the first female Prison Officer—known as the Prison Wardress—a position she held for three years.

"I have been working since I was 13 years old and have always been committed to making myself the best I can be," shared Mrs. Bodden. "Having worked myself through college, and trained in various locations around the region, I am looking forward to spending some time with my family and going out on our boat. I will forever be grateful for the numerous opportunities that the Authority has provided me and the friendships we created along the way."



CIMA Scholarship Recipient Eyes Financial Industry Career



Heidi Bush

CIMA awarded its first ever Thomas Jefferson Memorial Scholarship in August to young Caymanian Heidi Bush of East End who has begun courses at Albertus Magnus College in New Haven, Connecticut. Miss Bush was chosen by the scholarship committee based on a variety of criteria including, but not limited to, past academic achievements and proven financial need. She is a 2007 honours graduate of John Gray High School and will work towards earning her bachelor's degree as a double major in international business management and finance.

She explained that her choice of majors stemmed from Cayman's reputation as a major financial services jurisdiction. "Coming from a small island that has earned the distinguished reputation of being a leading offshore centre, I found the business programmes of Albertus very appealing," said Heidi. "I'm looking forward to putting my education to use when I return to do my holiday internships and eventually begin my career at CIMA."

Launched in November 2007 in honour of the late Caymanian statesman, the Thomas Jefferson Memorial Scholarship was established to provide assistance to a young Caymanian seeking qualifications for a career in the financial industry.

HR Highlights

Head and Deputy Heads Appointed



Patrick Bodden



Chuck Thompson



Ryan Bahadur



Dwight Merren



Scott MacLaren

Mr. Patrick Bodden, former Deputy Managing Director (DMD) was reappointed to CIMA in the post of DMD, Operations, on 1 October 2009.

Mr. Chuck Thompson was appointed as Head of Information Systems, effective 3 August 2009, while Mr. Ryan Bahadur was promoted to the post of Deputy Head of Banking Supervision and Mr. Dwight Merren was promoted to the post of Deputy Head of Insurance Supervision, in August and September, respectively. Mr. Scott MacLaren joined the Authority as Deputy Head of Information Systems in October.

The announcements of their appointments can be viewed on the News Releases page of our website.

Promotions

In addition to Messrs Bahadur and Merren, the following officers were promoted between July and October 2009:

- Ariel Tatum, to Senior Analyst, Banking
- Elaine Humphreys, to Senior Analyst, Banking
- Michelle Lloyd, to Finance Manager, Finance
- Theresa Christian, to Chief Analyst Banking

New Hires

In addition to Messrs Bodden, Thompson, and MacLaren, the following officers were hired between July and October 2009:

- Cynthia Frederick, Analyst, ISD
- Janique Samson, Analyst, Banking
- Katrina Ebanks, Administrative Assistant, MDs Office
- Annette Montieth, Accounts Officer, Accounts
- Lana Poldervaart, Secretary to the Board, Legal
- Marcia Finnikin, Analyst, ISD
- Tristanna Ebanks, Analyst, Banking
- Danielle James, Analyst, Banking
- Colin Foster, Analyst, ISD
- Nadine Nicolin, Chief Analyst, ISD
- Janet Farrington-Martinez, Temporary Assistant, Legal
- George Kamau, Senior Analyst, Insurance
- Dawn Budal, Executive Assistant, Legal

Transfers

- Tara Campbell, Senior Analyst, Compliance (from Legal Division)
- Judiann Richards, Chief Analyst, Policy and Development (from ISD)
- Tara Campbell, Senior Analyst, Compliance (from Legal Division)
- Judiann Richards, Chief Analyst, Policy and Development (from ISD)

The Navigator is published quarterly by the Cayman Islands Monetary Authority.

Editor: Joan Scott

Production: Joan Scott and Ruth Myles

Email: navigator@cimoney.com.ky

PO Box 10052
80e Shedden Road
Elizabethan Square
Grand Cayman KY1 - 1001
CAYMAN ISLANDS

Phone - General Office: 345-949-7089

Fax: 345-949-2532

www.cimoney.com.ky