



# The Navigator

OCTOBER 2010

## AIFM Directive Update: Revised Proposal for European Fund Directive Puts Cayman in Better Position to Keep EU Access



Managers of Cayman Islands-domiciled alternative investment funds should be able to continue to market those funds in the European Union (EU) as a result of agreement reached by EU finance ministers on the revised Alternative Investment Fund Manager Directive (AIFMD) proposal on 19 October.

However, the full European Parliament still has to vote on the directive to introduce a new unified regulatory regime for alternative investment fund managers and funds within the 27-country EU. Alternative investment funds include hedge funds and private equity funds. This meeting is scheduled for Thursday, 11 November.

### Options for Access

Belgium, the current president of the EU Council, put forward the revised proposal. It includes provisions that would allow managers from outside the EU, and EU managers of non-EU funds, to receive a "passport" to market their funds across the Union. However, to do so, they would have to meet certain criteria. These include their jurisdictions having in place appropriate agreements relating to cross-jurisdictional regulatory cooperation and information sharing, and tax information exchange, as well as compliance with international anti-money laundering and anti-terrorist financing (AML/CFT) standards.

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## AIFM Directive Update: Cont.

It is proposed that the passport provision would become available after a transition period of two years. In the meantime, funds could continue to be marketed through private placement, that is, to professional investors, based on individual country rules.

CIMA's Managing Director, Mrs. Cindy Scotland, said that if the revised proposal is passed, Cayman funds and their managers should be in a good position to continue accessing the EU market.

"Overall, Cayman's regulatory, AML/CFT and tax information cooperation regimes meet the prevailing international standards. Our jurisdiction already has in place a number of tax information exchange and regulatory cooperation agreements, including 18 regulatory cooperation and information exchange agreements between CIMA and overseas financial regulators" she said.

She expanded: "CIMA is a member of the International Organisation of Securities Commissions (IOSCO) and a signatory to IOSCO's multilateral memorandum of understanding. The Caribbean Financial Action Task Force favorably assessed Cayman's compliance with the FATF's 40+9 AML/CFT Recommendations - the international standards in this area – and the IMF has also assessed the jurisdiction's regulation of financial services positively. In addition, Cayman is on the OECD's "White List" of jurisdictions that have substantially implemented the international tax standard, and has just been commended for our tax information framework as a result of the OECD Global Forum's peer review."

## CIMA & Government Action

Mrs. Scotland noted that CIMA and government officials had met with EU officials in June to discuss the AIFMD proposal as it then stood and had since been assessing what legislative or other changes would be necessary to ensure Cayman was accepted as fully compliant, and thus able to gain entry as a third country, under the new regime: "The version that has now been accepted by the EU Council provides the framework for non-EU jurisdictions, including the Cayman Islands, to continue to access the EU. Once the AIFMD is passed in its final form we will be able to move with certainty on any adjustments that will be required for continued access."

Information in the last edition of CIMA's Investments Statistical Digest indicates that the top location for managers of Cayman-domiciled funds regulated by CIMA, based on the aggregate size of net assets under management during 2008, was New York, followed by the UK.

## More Details on the Proposal

Assuming that the Alternative Investment Fund Manager Directive is implemented based on the latest proposal, it will allow EU alternative investment fund managers (AIFMs) - from the date of implementation by their respective home countries - to obtain an EU Passport from their home regulator. The passport will allow EU AIFMs to market funds across the EU, subject to full compliance with the directive.

- EU AIFMs marketing EU alternative investment funds (AIFs) will no longer need to use private placement regimes;
- EU AIFMs marketing Non-EU AIFs will need to ensure compliance with special conditions relating to co-operation between the supervisory authority of the non-EU AIF (e.g., CIMA) and its home regulator.

When the directive is implemented, Cayman AIFs would, subject to certain conditions outlined below, continue to utilise the individual EU member countries' private placement regimes to market themselves to Europe-based investors.

Non-EU AIFMs will be unable to apply for a Passport to market their AIFs for at least two years after the directive is implemented. It is proposed that a two-year grace period be given before implementation the directive, so implementation would be in 2013. Therefore, not before 2015, and then only after technical advice is received by the European Commission from the European Securities and Markets Authority, will a decision be made as to whether the passport should be made available to non-EU AIFMs. Until such time, the private placement regimes will remain available (unless individual EU member countries opt to discontinue it).

Three years after the introduction of any such passport for non-EU AIFMs (i.e., no sooner than 2018), an informed decision is scheduled to be made by the European Commission on private placement regimes, and whether they should be compulsorily phased out.

## Impact on Cayman Funds

For fund managers wishing to market Cayman funds into the EU, the following conditions will have to be met:

- they must continue to use the private placement regime (at least up to 2015);
- they will have to comply with the European Parliament's condition that a cooperation agreement to be in place between CIMA (i.e., supervisory authority where the AIFM and/ or the AIF is set up) and the supervisory authority of the country into which private placements are being made (e.g., UK FSA);
- the Cayman Islands should not be on the FATF money laundering blacklist (it is not);
- the Cayman Islands will need to have in place a signed Tax Information sharing agreement (that complies with the OECD Model Tax Convention) with its tax counterparts in EACH EU member state into which the Cayman fund is marketed;
- they will have to comply with the directive's Chapter IV -Transparency Requirements (annual report, disclosure to investors, regulatory reporting obligations) and Chapter V - Portfolio Company Requirements (notification of acquisition of control, asset stripping, content of annual report).

# Funds Regaining Ground

While the numbers of Cayman-regulated investment funds have not yet returned to pre financial crisis status, there are indications that the industry is starting to pick up. That positive movement is reflected in the numbers of new funds authorised and terminated by CIMA for the quarter ending 30 September 2010.

Between 1 July and 30 September 2010, CIMA authorised 289 new funds. This compares to 320 during the same period of 2009. A total of 158 funds terminated/cancelled their authorisation from July through September this year, compared to 289 during the same three-month period in 2009.

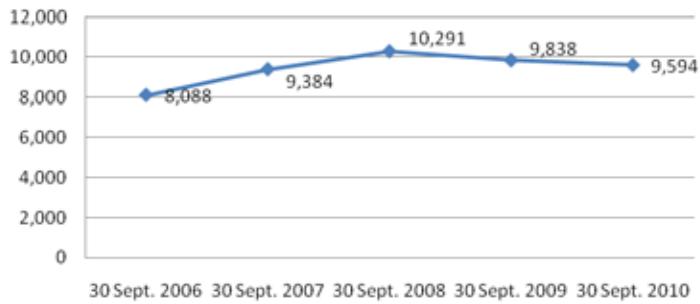
With these movements, the total number of funds under regulation at 30 September 2010 was 9,594 (comprising 9,024 registered funds, 439 administered funds and 131 licensed funds). The September 2010 figure is just 2.4% below the 9,838 funds under regulation at the end of September 2009 and is above the total fund numbers for the last three quarters.

Between the start of the 2010 calendar year and the end of September, new fund authorisations averaged 100 per month, around the same as the monthly average (99) during January to September last year. Terminations averaged 44 per month during January to September 2010, compared to an average of 66 per month during the same period last year.

During the quarter, growth continued in the fund administration area, with two new licences issued. As of 30 September, there were 133 licensed fund administrators (94 Full, 37 Restricted and 2 Exempted).

The securities investment business sector held steady during the quarter, with no revocations or new licences. As of 30 September 2010, there were 28 licensed securities investment business entities and 2,425 entities registered as Excluded Persons under the Securities Investment Business Law (SIBL). ('Excluded Persons' denotes entities exempt from the requirement to hold a licence under SIBL.) This compared to 28 SIBL licensees and 2,364 SIBL Excluded Persons at 30 September 2009.

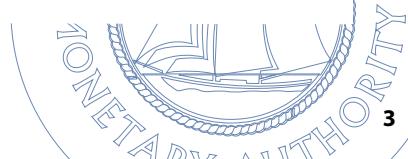
## Number of Funds at end of September 2006-2010



## CIMA Licence/Registration Numbers

(with increase (+) / decrease (-) from previous quarter)

Banking and Trust	30 June 2010	30 Sept. 2010
<b>Banks</b>	<b>265 (-4)</b>	<b>262 (-3)</b>
Class A	18 (+1)	17 (-1)
Class B	247 (-5)	245 (-2)
Class B Restricted	2 (+2)	2
<b>Nominee Trusts</b>	<b>52 (-4)</b>	<b>46 (-6)</b>
<b>Money Services Providers</b>	<b>7 (0)</b>	<b>8 (+1)</b>
<b>Fiduciary Services</b>		
<b>Trust Companies</b>	<b>149 (-2)</b>	151
Unrestricted Trusts	50 (-2)	51
Restricted Trusts	78 (0)	78
Nominee Trusts	21 (0)	22
<b>Registered Private Trust Companies</b>	<b>37 (+6)</b>	40
<b>Registered Controlled Subsidiaries of Trust Companies</b>	<b>14 (+1)</b>	18
<b>Companies Management</b>	<b>77 (0)</b>	79
<b>Corporate Services</b>	<b>7 (0)</b>	7
<b>Insurance</b>		
<b>Insurance Companies</b>	<b>789 (-3)</b>	<b>758 (-31)</b>
Class A	29 (+1)	29 (0)
Class B	760 (-4)	729 (-31)
<b>Insurance Managers</b>	<b>32 (+4)</b>	<b>33 (+1)</b>
Insurance Brokers	34 (+1)	34 (0)
Insurance Agents	106 (+8)	106 (0)
<b>Investments and Securities</b>		
<b>Mutual Funds</b>	<b>9,486 (+108)</b>	<b>9,594 (+108)</b>
Registered	8,929 (+110)	9,024 (+95)
Administered	427 (-2)	439 (+12)
Licensed	130 (0)	131 (+1)
<b>Mutual Fund Administrators</b>	<b>131 (-2)</b>	<b>133 (+2)</b>
Full	92 (-1)	94 (+2)
Restricted	37 (-1)	37 (0)
Exempted	2 (0)	2 (0)
<b>Securities Investment Business Law (SIBL) Licensees</b>	<b>28 (-1)</b>	<b>28 (0)</b>
<b>Excluded Persons Under SIBL</b>	<b>2,414 (+60)</b>	<b>2,425 (+11)</b>
<b>Currency in Circulation</b>		
(with increase (+) / decrease (-) from previous quarter)	30 June 2010	30 Sept. 2010
<b>Total Currency</b>	<b>CI\$77.98 million (-\$4.28 million)</b>	<b>CI\$78.28 million (+\$0.3 million)</b>
Notes	CI\$68.89 million (-\$4.32m)	CI\$69.21 million (+\$0.32m)
Coins	CI\$9.09 million (+\$0.07m)	CI\$9.05 million (-\$0.04m)



# The Insurance Law 2010, Explained

The Insurance Law 2010, which introduces an enhanced framework for the regulation of the insurance industry in the Cayman Islands, was passed in the Legislative Assembly in September and is expected to come into effect in January 2011.

The law includes some of the recommendations that had not yet been implemented coming from the International Monetary Fund, and the 2005 post Hurricane Ivan review of insurance industry by the CIMA-led Insurance Working Group. In addition, it streamlines the regulation of insurance and reflects latest international standards.

**Aims:** The Insurance Law 2010 achieves four main objectives:

1. it more clearly *differentiates the two markets that exist within the Cayman Islands insurance industry* – the domestic market and the international market, and allows each to be regulated according to its different requirements;
2. it further *strengthens legislation to protect Cayman's residents*, addressing known weaknesses that had existed;
3. it *brings the law up to international standards*, thus addressing the concerns of the IMF and meeting the present standards of the International Association of Insurance Supervisors, and
4. it *opens up new frontiers of business development*.

**Main Changes:** The Insurance Law 2010:

- *establishes defined categories of insurers*, separating definitions and practices to distinguish between insurance business and reinsurance business;
- *regulates domestic insurers* by establishing thresholds that prescribe adequate capitalisation and solvency requirements;
- *regulates insurance managers and auditors* by creating clear whistle-blowing and immunity provisions;
- *mandates increased policyholder protection through*:
  - proper segregation of assets - especially relevant to investment-linked policies,
  - robust pricing processes and controls,
  - adequate disclosures and reporting to policyholders,
  - effective training of intermediaries and professional sales advisory;
- *mandates an effective corporate governance system*; and
- *strengthens provisions to deter the commission of breaches to the law* by increasing penalties and through the creation of an explicit offence where false information is provided to the Monetary Authority.

**Insurer Licence Categories:** The law creates two new categories of insurer licences:

• **Class C** – Special Purpose Vehicles. This is explicitly for the creation of reinsurance arrangements that are financed through the capital markets. This would include, for example, catastrophe bonds.

• **Class D** – Reinsurers. This provides a clear regulatory structure for reinsurance business. This will allow the Cayman Islands to begin to develop a reinsurance industry which is an area of great potential for our international financial services centre.

At present there are two categories: **Class A** for domestic insurance business and Class B for international insurance, which has been mainly captive insurance. Under the new law, captive insurance providers will continue to fall within the **Class B** insurer category. Captives have been the mainstay of the international segment of Cayman's insurance industry. The changes seek to protect and enhance that, and to make allowance for open-market insurers.

Three sub-categories of Class B are being introduced that will cover the broad range – from pure captives to open market insurers – and provide appropriate regulation for each. The categories are based on the proportion of risk they are covering from their related business as compared to the proportion from their unrelated business.



**Whistle-blowing Provisions:** The Insurance Law 2010 strengthens the whistle-blowing provisions for insurance managers and auditors, and provides full protection for them in doing so. This enhances CIMA's oversight of international insurers licensed in the Cayman Islands by making it mandatory for insurance managers – who are their agents – to inform CIMA if the manager has concerns or information about the licensee's fitness and probity, ability to meet its obligations, criminal activity/proceedings or breach of its licence. There have been whistle-blowing provisions for insurance managers since 1979. However, the Insurance Law 2010 makes these responsibilities more explicit, includes auditors, and gives immunity in carrying out the duties, obligations and functions under this section of the law.

**Domestic policyholder protections:** The 2010 law increases the protection of domestic policyholders by requiring Class A insurers – that is, domestic insurers – to have CIMA's approval in order to transfer or amalgamate all or part of the insurer's long-term business – that is, their life business. Having regard to the

## The Insurance Law 2010, Explained: Cont.

interests of the policyholders and the circumstances of the case, CIMA may approve fully, approve subject to any conditions it sees fit, or deny such a request for portfolio transfer/amalgamation.

The domestic market is also strengthened by licensees being required to submit to arbitration where there is a dispute or difference arising out of or in connection with a contract of domestic insurance and no valid arbitration agreement is in place. Further, after a review of recent events in the domestic market, including the difficulties of CLICO Cayman and British American Insurance, the new law lays a framework for a more robust set of capital and solvency requirements for insurers.

**Increased penalties and powers:** It will now be an offence to knowingly and wilfully provide falsified or misleading information to CIMA. Anyone found guilty of this offence is liable on summary conviction to a fine of \$100,000 and to one year's imprisonment.

Recognising that fines have been generally disproportionate to the nature of the offences, the new Insurance Law will increase the penalties, particularly in respect of the domestic insurance market.

The law also allows CIMA to impose certain conditions regarding decisions made by a licensee. These include the suspension of voting rights or nullifying board decisions. These are among the powers of the Authority where it has concerns about the ability of the licensee to meet its obligations or about the manner in which the business is being conducted.

**Regulations:** The law makes provisions for regulations. These have been drafted and are undergoing consultation between Government and private sector stakeholders. They address aspects such as:

- developing a set of unique solvency standards for each distinct new class of business;
- protecting the viability of the Class B market. In fact, in some cases, the regulation is expected to be less burdensome;
- updating the reporting and disclosure requirements for the Class A domestic market.

It is planned that the regulations will come into effect at the same time as the law.

**Summary:** The Insurance Law 2010 clearly recognises the two distinct markets that comprise the insurance industry in the Cayman Islands and establishes a regulatory regime that is appropriate to each market and its sub-sectors. The law codifies some of the standards that were being applied in practice and addresses other weaknesses to bring it officially up to par with international standards. It provides the legislative framework for the Cayman Islands to become a domicile for reinsurance entities – tapping into a lucrative niche in the international insurance market.

And equally important, the new law provides greater protections for consumers in the domestic insurance marketplace.

## Basel II Parallel Run Progressing Well

The Basel II electronic reporting system was officially launched on 19 July 2010 allowing banks to submit Basel II Forms and Quarterly Prudential Returns (QPR) electronically to the Authority through its web based portal.

The parallel run period continues until 31 December 2010. During that time banks are required to submit one successful return. This parallel run period was envisioned to give the banks time to become compliant with the new reporting structure, while still allowing them to submit the current Balance Sheet (BS) Forms through the existing system.

"The Basel II implementation is an important part of the Authority's continued commitment to be compliant with internationally accepted standards on risk management," explained Head of Banking Supervision, Mrs. Reina Ebanks. "In light of constant changes in the global financial industry, using technology to simplify financial reporting will enhance the Authority's standing and competitiveness as a leading financial services centre."

So far, over 100 banks have been successful in filing their Basel II Forms and QPR Returns electronically to the Authority, an indication of the level of resources and priority that banks have assigned to the successful implementation of the Basel II framework.

The CIMA website provides the banking industry with all the requisite documents, forms and guidance as well as training videos to effectively comply with the reporting requirements of Basel II – Pillar I.

Implementation of Pillar II (Supervisory Review Process) and Pillar III (Market Discipline) will commence after 31 December 2010.

For additional information on the Authority's Basel II implementation initiative, the new Basel II and QPR returns, visit the Basel II page on the Cayman Islands Monetary Authority's website. Bank personnel may contact, Mrs. Tricia Thompson, Deputy Head of Banking Supervision at [t.thompson@cimoney.com.ky](mailto:t.thompson@cimoney.com.ky) or Mr. Kenton Tibbetts, Chief Analyst, Banking Supervision, at [k.tibbetts@cimoney.com.ky](mailto:k.tibbetts@cimoney.com.ky).

# Multiple Strategies Streamline On-site Examinations

On-site inspections are a critical tool that CIMA uses to carry out its ongoing supervision of regulated entities.

The supervision process has five stages:

- 1) assessing the risk of the entity/licensee,
- 2) planning and scheduling the supervisory processes,
- 3) performing the on-site inspection,
- 4) issuing the report of examination, and
- 5) an on-going process of monitoring the entity.

The on-site phase of the supervisory process involves CIMA regulatory staff going to licensee/registrants' offices to determine the overall financial condition of the entity/licensee, to identify areas in need of corrective action, and to make appropriate recommendations to correct identified deficiencies and/or problems.

The inspection includes the review of records and various documentation, an assessment of corporate governance, an evaluation and assessment of policies and procedures, and other procedures in order to determine the overall condition, safety and soundness of the entity and whether it is in compliance with the various legal and AML requirements. This is followed by the issuing of a formal report with recommendations to correct any deficiencies found, and follow-up with the entity to ensure recommendations are implemented.

As part of its effort to constantly increase the efficiency and effectiveness of supervision, the Authority has placed special emphasis, since 2009, on strengthening and streamlining the on-site process. The result has been a doubling, on average, of the number of on-site examinations conducted.

The Authority used several strategies to accomplish this. One component was creating dedicated teams, within CIMA's regulatory divisions, to do on-site work. So, rather than all the division's staff performing the range of licensing/registration and supervisory functions within that division, one team is able to focus exclusively on the on-site monitoring function. This has had the added benefit of increasing the analysts' expertise in this area, says Deputy Managing Director, Regulation, Mr. Howard Blacker, who has responsibility for the programme.

The Fiduciary Services and Investments and Securities divisions have already implemented on-site teams. They and the other regulatory divisions (Banking, and Insurance) have also renewed their focus on using risk-based criteria to determine the frequency of inspection for the different entities, and the aspects to be examined.

Mr. Blacker said: "We have been streamlining the scope of our examinations to make sure that we are taking a risk-based approach. This has allowed us to focus on the areas of each entity that need to be examined, identifying and doing only those procedures that we need to do in each case for us to reach a reliable conclusion as to the condition of the entity. Likewise, our reports of examination are also streamlined to reflect the risk based targeted approach."

In addition, a target was set: to issue final examination reports within 30 business days of the close of the inspection. This time frame takes into consideration the drafting of the report, its in-house review and approval, time for the licensee to review and comment on the draft, which is now 10 business days, and then for the finalisation of the report.

The divisions are getting closer to achieving that goal. "Relatively small changes are making a big difference," shared Mr. Blacker, adding: "For example, we have encouraged the examiners to make sure that before leaving the licensee's premises they thoroughly discuss their preliminary examination findings with the licensee. This gives the licensee the opportunity to provide additional information if a preliminary finding is in dispute or if something was overlooked during the examination process. This greatly reduces the time the licensee then needs to respond to findings when they receive the draft report." Divisions also delegated the responsibility for review and signing-off of some types of reports from the heads to the deputy heads.

"The on-site monitoring process is not only important from CIMA's perspective. Many of the regulated entities find it a most valuable resource to help them ensure their operations are sound, concluded Mr. Blacker. "We will therefore continue to find ways of working smarter, being more innovative to make even further improvements to the on-site process."



Having dedicated teams of examiners is increasing the efficiency of CIMA's on-site monitoring programme

# Considering AML/CFT Effectiveness in the Trusts and Corporate Services Sector

Representatives of CIMA recently participated in a Caribbean Financial Action Task Force (CFATF) and Financial Action Task Force (FATF) initiative to study how trust and corporate service providers (TCSPs) apply anti-money laundering / counter terrorist financing (AML/CFT) standards.

With a view to enhancing the effectiveness of the standards the CFATF and FATF jointly undertook the project through a working group comprising representatives of six regional and international member countries. The group was tasked with: evaluating how effective current practice is in deterring the use of trust and corporate vehicles for money laundering and terrorist financing, and assessing whether the existing international AML/CFT standards are adequate for TCSPs or whether sector-specific standards and requirements would be more appropriate.

The group considered the FATF's 40+9 Recommendations – which are the main international standards for combating

money laundering and terrorist financing – as well as other relevant guidelines. Part of the team's work was to examine the nature, size and operation of the trust and corporate services sector and to better understand how trust and corporate service providers across jurisdictions apply the AML/CFT standards.

The group submitted its draft report to the CFATF and FATF secretariats in September for consideration and further development.

This project came out of an ongoing exercise by the CFATF and FATF to identify and document money laundering and terrorist financing typologies (ways in which these crimes occur) in various sectors. The programme seeks to facilitate the sharing of information collated by various bodies involved in AML/CFT and to provide a basis for the development of AML/CFT initiatives. The organisations have produced a number of typologies reports which show the development of AML/CFT methods and trends in sectors such as securities, free trade zones, and money services business.

The TCSPs and international standards working group was formed at the joint CFATF/FATF Typologies Exercise meeting held in Grand Cayman last November. CIMA's Policy, Fiduciary, and Legal divisions contributed to the working group.

## CIMA List Exposes Fraudulent Websites

For several years CIMA has maintained a publication on its website entitled: **"Websites with Cayman Addresses Not Registered nor Licensed In the Cayman Islands."** In this edition of the Navigator, we explore briefly the rationale for the publication and the objectives it hopes to achieve.

The screenshot shows the Cayman Islands Monetary Authority website. The top navigation bar includes links for About CIMA, Currency, Regulated Sectors, Regulatory Framework, External Cooperation / Assessments, Enforcement, AML/CFT, Statistics & Regulated Entities, and Careers. The main content area features a large image of three people in a professional setting. Below the image, the page title is "Information and Alerts". Under "In This Section", there is a link to "Fraudulent Websites". The main content area contains text about the Authority's awareness of entities with Caymanian addresses that are not licensed or registered, and encourages people to respond if approached. It also lists a link to "Websites with Cayman Addresses Not Registered or Licensed by CIMA". The footer includes links for "Regulatory and Enforcement Notices" and "Public Notices", and contact information for the Compliance Division.

Over the years, the Authority has found that one of the tools used by advanced fee fraudsters is to set up websites designed to give the targeted victim the impression that he/she is dealing with an 'entity' established in, and operating from the Cayman Islands.

The fraudsters often use a name very similar to a well-known financial institution or a legitimate entity regulated by the Authority. In some cases, they copy websites of legitimate banks and other financial services providers, changing names of persons and contact details here and there.



## CIMA List Exposes Fraudulent Websites Cont.

In a number of the cases investigated by the Authority, the websites appear to be linked to emails or other correspondence promising a percentage of a large amount of money to targeted victims if they assist with moving the large sum of money out of the country it is currently deposited in.

Once persons respond to the correspondence, they are typically asked to establish an account with the 'entity' to receive the money. But first, they must pay, in advance, a significant 'activation fee' and/or a sum of money to satisfy a minimum balance requirement.

Victims then usually encounter delays in receiving the funds for a variety of reasons and are asked to pay additional fees to release the funds. These include fees to obtain money laundering clearance certificates, pay government surcharges and court fees.

The fraudsters will go to great lengths to convince their targeted victim of the legitimacy of the transaction. For example, they will forge letterheads and the signatures of government, regulatory and judicial officials. However, in the end there is no large sum of money or 'entity' for it to be moved to; just another victim of an advanced fee fraud.

In cases investigated by the Authority where a victim has sent money to the fraudsters, the funds have not been wired to an account in the Cayman Islands. However, the Authority takes steps to notify relevant parties in the jurisdiction where the funds were wired.

The Authority is of the opinion that these websites pose a risk to the general public, both locally and internationally, and to the reputation of the Cayman Islands. It has therefore taken the step to publish the **Websites with Cayman Addresses Not Registered nor Licensed In the Cayman Islands** list in an effort to promote and enhance consumer protection and the reputation of the Cayman Islands as a financial centre.

As the Authority becomes aware of additional 'entities' it updates the publication. The publication is available at: [http://www.cimoney.com.ky/enforcement/info\\_alerts.aspx?id=168](http://www.cimoney.com.ky/enforcement/info_alerts.aspx?id=168).

Any persons who have concerns that they are dealing with an 'entity' linked to a bogus website that purports to operate from the Cayman Islands can contact the Authority at [ContactCompliance@cimoney.com.ky](mailto:ContactCompliance@cimoney.com.ky)



Caption: The Kings of England collectors set

## Numismatic Programme Highlights Caymanian & World Heritage

Numismatists from around the world have been able to include Cayman Islands proof coins in their collections since 1972. It was in that year that the former Cayman Islands Currency Board released its first set, the Silver Wedding Anniversary of Her Majesty Queen Elizabeth and Prince Phillip.

Since inception, CIMA has continued the tradition of offering uncirculated proof coins which are either uniquely Caymanian or commemorate a shared heritage. Among the coins' purchasers are professional collectors as well as hobbyists, and persons who bought most issues as well as one-off, walk-in customers.

Over the years, coins issued under the numismatic programme have covered a variety of categories, including:

- personalities, such as Sir Francis Drake (the first recorded Englishman to visit the Cayman Islands), the kings of England (in a set covering monarchs from 1042AD), and, of course, Her Majesty Queen Elizabeth II;
- nature – through the Cayman Islands Flora and Fauna series; and
- events and milestones, including the Millennium, the Olympic games, the Cayman Islands Quincentennial, the Wreck of the Ten Sails, and the establishment and 10th anniversary of the Cayman Islands Monetary Authority.

The latest offering is: 50 Years of Constitutional Government, a gold and silver issue marking the official commencement of the 2009 Cayman Islands Constitution on 6 November, 2009. As with all coins offered in the numismatic programme, these have a limited mintage and are packaged with a certificate of authenticity.

Details of this issue and other available collectors coins can be found in the Currency/Numismatic Programmes section of CIMA's website, [www.cimoney.com.ky](http://www.cimoney.com.ky).

# CIMAConnect for Financial E-Business

Moving forward from its successful implementation of the electronic reporting service in 2007, CIMA has now implemented an e-business service set to further modernise the way regulated entities do business with the Authority.

Aptly named **CIMAConnect**, the innovation was activated on 4 October. It is a new e-business portal that enables online access for clients to complete and submit requests for CIMA authorisation, along with any required documents.

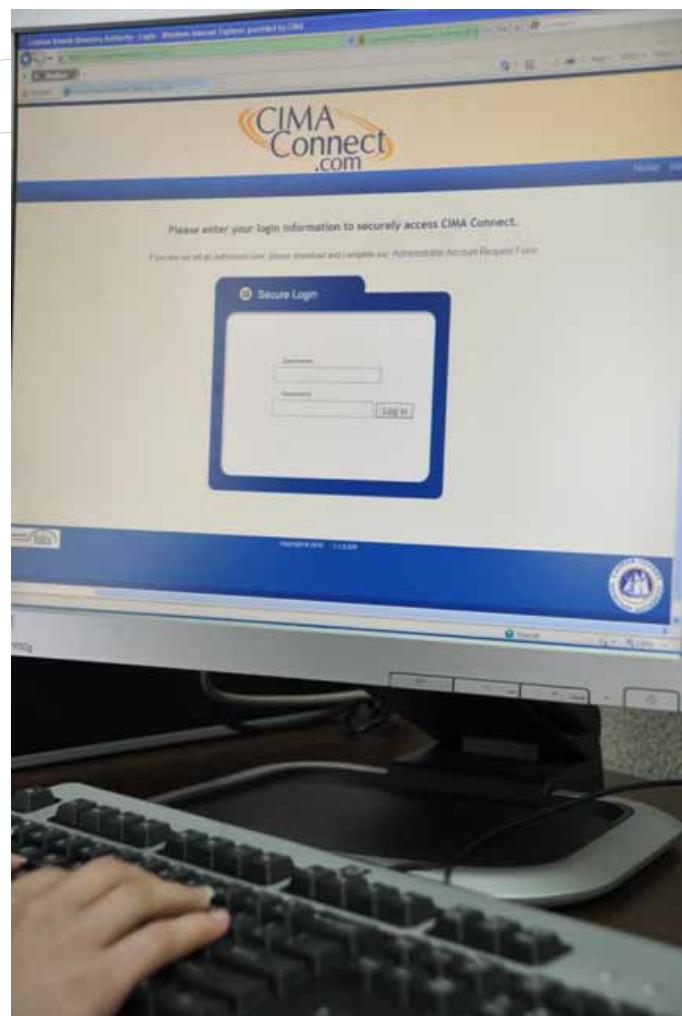
The initial release of **CIMAConnect** is for new fund authorisations. Service providers to funds are now able to apply for access to the system and, once they are authorised as users, they can submit requests for the registration or licensing of new funds online. They will be able to then see when their requests are accepted, track the progress of their submissions, and receive notification when the applications are approved. The secure web portal connects directly into an automated data management system that reduces the amount of manual processing that these submissions require, thus cutting the turn-around time for approval decisions.

"As the demands of regulating Cayman's financial services continue to grow, so does the need to be innovative and to capitalise on technological advances that can enhance our efficiency," explained Managing Director, Mrs. Cindy Scotland, adding: "In this regard, **CIMAConnect** is a landmark development for the Authority and the jurisdiction."

Once the fund registration and licensing service has been rolled out, further functional improvements will be made. It is planned that these will allow for other types of requests to be submitted via **CIMAConnect**. Under the regulatory laws, CIMA's approval is needed for existing entities to make certain changes. These include changes to the entity's name or beneficial ownership, amendments to its business plans, and the appointment of a new director/senior officer. On request, CIMA also issues letters certifying entities are in good regulatory standing. Expansion of the platform's functionalities will enable service providers to make these applications online. Access for insurance, banking, trust and corporate service entities will also be phased in.

As **CIMAConnect** is accessible only by authorised users, service providers will need to request access by completing an application available at [www.cimaconnect.com](http://www.cimaconnect.com). Upon approval, a management account will be activated and immediately accessible.

"**CIMAConnect** provides a convenient, secure and reliable connection with the Authority," shares Mrs. Scotland. "It eliminates delays from documents being submitted by hand or



Authorised users can access CIMAConnect through a secure web portal

through the mail, while also providing additional reassurances that information is easily recovered following a disaster. Ultimately, we are confident that this will be a welcome enhancement to the services we provide to both our local and global stakeholders."

The **CIMAConnect** project has been in development for about a year and is spearheaded by the Authority's Information Services and Investments and Securities divisions, with the technology platform and other services supplied by local information technology company Brac Informatics Centre.



# Meet the Board

In addition to the Managing Director, who serves as an ex-officio member, CIMA's Board of Directors currently comprises seven persons. They are appointed by the Governor in Cabinet (the latest appointments were in July 2009) and each brings extensive knowledge and experience relevant to various aspects of CIMA's functions.

There are six local members and three overseas members on the board. Together, the directors are responsible for setting and overseeing the policies and general administration of the affairs and business of the Authority. Below is a brief introduction to each. Full bios can be found on CIMA's website, along with more detailed information on CIMA's structure and governance, in the About CIMA section.



## **Mr. George McCarthy, OBE, JP - Chairman**

A former Financial Secretary for the Cayman Islands, Mr. McCarthy previously served as CIMA's Chairman, from the Authority's inception in 1997 until it gained operational independence from the Government in 2003. He served 35 years in the Cayman Islands Civil Service and retired as Chief Secretary in June 2009.



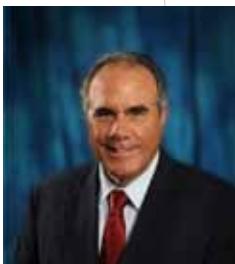
## **Mr. Linburgh Martin - Deputy Chairman**

Mr Martin previously served as Deputy Chairman from 2004-2005 after having served as a director from 2002. The Managing Director of Close Brothers (Cayman) Limited and its affiliate, Close Bank (Cayman) Limited, he is a member of the Institute of Chartered Accountants in England & Wales, and of the Society of Trust and Estate Practitioners.



## **Mrs. Cindy Scotland- Managing Director**

One of the Authority's first employees in 1997, Mrs. Cindy Scotland has held senior management roles including her current post of Managing Director, to which she was appointed in 2002. She represents the jurisdiction on regulatory matters to organisations such as IOSCO, IMF, & CFATF, and holds a number of board and committee posts. Mrs. Scotland was the 2004 Young Caymanian Leadership Award recipient.



## **Mr. Harry Chisholm, MBE, JP**

A founding member of the Cayman Islands Bankers Association and a banker in the Cayman Islands for over 40 years, Mr. Chisholm retired in December 2007 as Vice President and Country Manager of Royal Bank of Canada (RBC Banking) Cayman Islands. He has held numerous public board appointments and, currently, is a trustee of the Silver Thatch Pension Plan.





### **Dr. Warren Coats**

Dr. Warren Coats has been a member of CIMA's Board of Directors since his retirement as Assistant Director of the Monetary and Capital Markets Department in the IMF in 2003. Prior to that, he was a visiting economist to the Board of Governors of the (US) Federal Reserve System and the World Bank. Also a published author, his most recent book is One Currency for Bosnia: Creating the Central Bank of Bosnia and Herzegovina.



### **Ms. Sara Collins , LLB (Hons)**

Appointed to CIMA's Board of Directors in July 2009, Ms. Sara Collins is a practicing attorney-at-law in the Cayman Islands. She was admitted as a barrister of England and Wales in 1994 (she does not currently practise in the UK), as an attorney in the Cayman Islands in 1996, and as an attorney in the British Virgin Islands in 2005.



### **Prof. William Gilmore**

William Gilmore was appointed to CIMA's Board of Directors in May 2006. A professor of International Criminal Law, he has been the Dean and Head of the University of Edinburgh School of Law since 2004 and has authored numerous books, commentaries, and conducted research on a variety of topics in the financial regulation field and beyond.



### **Mr. Raul Nicholson-Coe**

Raul Nicholson-Coe was appointed to CIMA's Board of Directors in July 2009. He is currently the Managing Director of RNC Consulting Ltd. and previously spent over 20 years in the telecommunications industry. He was the COO of AT&T Wireless/Cingular Cayman Islands and of TeleCayman Ltd. and served on the boards of both TeleCayman and Caribbean Utilities Company.



# HR Developments

## Promotions:



### James Whittaker

#### Appointed Deputy Head, Investments & Securities

James Whittaker has been promoted to the post of Deputy Head in the Investments and Securities Division (ISD). Mr. Whittaker joined CIMA in January 2009 as an ISD Chief Analyst. He has over 17 years' financial industry experience in the Cayman Islands, Bermuda, Miami and New York, covering banking operations, securities and structured finance. He is a graduate of the International College of the Cayman Islands with multiple degrees in international finance, banking and accounting.

## Other Recent Promotions:

### Andrew Graham

Promoted to Senior Analyst, Investments & Securities Division

### Cindy Grant

Promoted to Senior Analyst, Compliance Division

### Jennifer Hydes

Promoted to Chief Analyst, Fiduciary Services Division

### Clive Scotland

Promoted to Network Administrator, Information Systems Division

### Kahlill Strachan

Promoted to Chief Analyst, Insurance Supervision Division

## Qualifications Gained:

### Rayford Britton

Society of Trust and Estate Practitioners (STEP) Exam pass – Trust Administration and Accounts (with Distinction)

**Becky Christie** - STEP Exam pass - Trust Creation: Law and Practice

**Dwayne Dixon** - STEP Exam pass- Company Law and Practice

**Leticia Frederick** - Advanced Certificate in Macroeconomics and Offshore Financial Services

**Maria Nunez** - Advanced Certificate in Macroeconomics and Offshore Financial Services

**Carmilee Pearson** - Associate in General Insurance (AINS)

**Anthony Ramoon** - Diploma in Fund Administration

**Kenton Tibbets** - Advanced Certificate in Macroeconomics and Offshore Financial Services

**Talia Woods** - Associate in General Insurance (AINS)

## New Appointments:

**Aarthi Balasundaram** - Information Systems Division

**Samantha Bonner** - Banking Supervision Division

**Jonathan Catlett** - Information Systems Division

**Kamaal Connolly** - Managing Director's Office

**Rachel King** - Banking Supervision Division

**Marvia Rankin** - Policy & Development Division

**Andrew Rowlings** - Investments & Securities Division

**Rosa Stella Tomlinson-Maragh** - Legal Division

**Melesia Webster** - Investments & Securities Division

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