



BOARD OF DIRECTORS

Code of Conduct and Conflict of Interest

2021

1.0 Overview

- 1.1 The purpose of this document is to provide the Cayman Islands Monetary Authority's ("CIMA" or "the Authority") directors (whether individually or collectively) with the highest legal and ethical standards in connection with their responsibilities as directors. The behaviours and actions of the Authority's directors are governed by the standards and principles set out herein. All directors must be familiar with and adhere to same.
- 1.2 The codes, standards and principles outlined herein have been established under the following applicable laws:
- Monetary Authority Act ("the MAA");
 - Public Authority Act ("the PAA");
 - Public Management and Finance Act ("the PMFA");
 - Standard in Public Life Act ("the SPLA");
 - Anti-Corruption Act ("the ACA"); and
 - the Authority's rules, guidance, principles, policies issued under regulatory laws¹.

2.0 Code of Conduct

2.1 Legal Obligation

- 2.1.1 Directors must at all times be mindful of their general and specific duties as set out in all applicable legislation² and must act honestly, in good faith, with care and skill and in the best interest of the Authority.
- 2.1.2 Directors must exercise leadership, enterprise, integrity, and good judgement in directing the Authority and in so doing, act in a manner based on transparency, accountability, and responsibility.
- 2.1.3 Directors must be highly competent and politically neutral.
- 2.1.4 Directors shall ensure that the Board performs its duties of governance and understands and upholds its legal obligations to the Authority.

2.2 Ethical Obligation

- 2.2.1 Duty of Care - Directors must act on an informed and prudent basis in decisions with respect to the Authority, and must approach the affairs of the Authority in the same way that a "prudent person" would approach their own affairs.

¹ See section 2 of the MAA

² Reference: Paragraph 1.2 of this document.

- 2.2.2 Duty of Loyalty - Directors should act in the best interest of the Authority and not act in their own interest, or the interest of another individual or group, at the expense of the Authority.

2.3 Decision Making

- 2.3.1 In reaching decisions, directors must consider their legal and ethical obligations³.
- 2.3.2 If a director disagrees with a decision of the Board, the director must:
- (a) abide by and support the decision, or
 - (b) not disclose the dissent while still a director.

2.4 Participation

- 2.4.1 Directors shall demonstrate their commitment to the Authority by demonstrating a high level of participation at Board meetings.
- 2.4.2 Directors are required to attend meetings on a regular and punctual basis. If a director is unable to attend a meeting, the director should advise the Secretary to the Board prior to the meeting.
- 2.4.3 Directors must prepare themselves for all Board meetings by familiarising themselves with the meeting's agenda and background materials to the greatest extent possible, with the goal of discussing the issues and business addressed at the meeting.
- 2.4.4 Directors must focus on the discussions at hand and be prepared to deal with issues that may not be easily solvable.
- 2.4.5 Directors must be members of at least one Sub-Committee of the Board.
- 2.4.6 Directors must participate in:
- (a) strategic planning and orientation workshops;
 - (b) board development workshops;
 - (c) seminars and other educational events that enhance their skills as directors; and
 - (d) other any event(s) and training(s) as required.

2.5 Political Participation

- 2.5.1 A director should not occupy a paid party-political post or hold a particularly sensitive or high-profile role in a political party. A director should abstain from all controversial political activity.
- 2.5.2 Directors should not make political statements or engage in any other political activity on matters directly related to the work of the Authority.
- 2.5.3 A director should inform the Chairperson before undertaking any significant political activity.

³ Reference: Paragraphs 2.1 and 2.2 of this document.

- 2.5.4 Directors must ensure that any views expressed which relate to politics is clearly and unequivocally stated to be that Director's personal views, and not the views of the Authority.

2.6 Communication

- 2.6.1 To improve efficiency, it is advantageous to clarify the lines of communication between directors and CIMA management and staff.
- 2.6.2 It is recognised that management and staff must not be burdened unnecessarily with communications from directors. However, the Board is ultimately responsible and liable for the performance of CIMA. Thus, directors may request information from management on CIMA related matters and may provide to management recommendations or comments. In so doing, directors should exercise good judgement; and management should respond in a timely manner.
- 2.6.3 The channel for communicating requests for action to management from the Board is through the Chairperson, or in the Chairperson's absence, the Deputy Chairperson, or the Managing Director ("MD"), or the acting MD (in the absence of the MD).

2.7 Confidentiality

- 2.7.1 Directors must maintain, at all times, the confidentiality of all confidential information and records of the Authority and must not make use of or reveal such information or records except in the course of performance of their duties or unless the documents or information become a matter of general public knowledge.
- 2.7.2 Directors must not use confidential information obtained through their association with the Authority to further their private interests or the private interests of their friends, relatives, or associates.
- 2.7.3 Directors must comply with the Authority's policies and procedures that guide the storage, use and transmission of any information of the Authority, including the use of computer databases or email systems.⁴
- 2.7.4 Directors must treat Board discussions as a "safe haven" for the benefit of their peers and the Authority's Executive, and shall not repeat any discussions concerning the Authority's business and practices, or any discussions of a personal nature of their peers and the Authority's Executive in a public setting.
- 2.7.5 A director must, on ceasing to hold office, immediately destroy or return to the Secretary to the Board all confidential documents (including those held in electronic form) in their possession, custody or control and anything that belongs or relate to the Authority, officers, staff, licensees, clients of licensees or registrants.

2.8 Property

⁴ Regulatory Policy: Nature, Accessibility and Retention of Record

- 2.8.1 Directors must not misappropriate the Authority's assets.
- 2.8.2 Directors are entrusted with the care, management and cost-effective use of the Authority's property and resources, including the use of the Authority's name, and should not make significant use of these resources for their own personal benefit or purposes.
- 2.8.3 Directors must ensure that any property of the Authority assigned to them is maintained in good condition and shall be accountable for such property.

2.9 Use of Public Funds

- 2.9.1 Directors have a duty to ensure the safeguarding of the Authority's funds and the proper custody of assets which have been publicly funded.

2.10 Gifts and Hospitality

- 2.10.1 Directors must exercise good judgement in accepting hospitality from those who have an interest in the outcome of decisions of the Authority. Gifts, other than customary and reasonable ones during the holiday season, should be declined or declared.
- 2.10.2 Directors must never canvass, seek gifts or hospitality.

2.11 Media

- 2.11.1 Directors should not, in the context of the Authority's business and practices, make comments to the media or make themselves available for interviews by the media on behalf of the Authority without prior approval from the Chairperson and consultation with the MD.
- 2.11.2 Directors must ensure that any comments made by them to the media outside of the context of the Authority's business and practices is attributed to them in their personal capacity and not in their capacity as directors.
- 2.11.3 When engaging with social media activities, directors should at all times respect confidentiality, financial, legal, and personal information. Social media is a public forum and the same considerations, including the provisions of this Code, apply as if speaking in public or writing something for publication, either officially or in a personal capacity. Where any personal social media accounts used by a director refer or link the director's public role, the capacity in which the director is acting should be made clear.

2.12 Responsibility

- 2.12.1 Directors must adhere to the standards prescribed by this Code, as well as any applicable conflicts of interest. Directors should report any breaches or potential breaches of this Code to the Board through the Chairperson.

3.0 Key Principles of Public Life

3.1 The Code of Conduct is based on the following key principles:

- (a) **Selflessness** – Directors must act solely in the interest of the Authority.
- (b) **Integrity** – Directors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- (c) **Objectivity** – Directors must act and take decisions impartially, fairly and on the best evidence and without discrimination or bias.
- (d) **Accountability** – Directors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- (e) **Openness** – Directors must act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- (f) **Honesty** – Directors must be truthful.
- (g) **Leadership** – Directors must exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

4.0 Conflicts of Interest

4.1 Duty to Disclose

- 4.1.1 All directors have a legal duty to disclose a possible or perceived conflict of interest with respect to any matter brought up for discussion or decision by the Board as prescribed by the MAA⁵, PAA⁶ and the SPLA⁷.
- 4.1.2 When disclosing conflicts, directors must ensure that they consider any professional interest, company directorships/financial interests that they have in any licensed entity. Declarations of financial interests in licensed/regulated entities should be made formally on an annual basis.
- 4.1.3 If a director or a member of any Board appointed sub-committee has any pecuniary interest, direct or indirect, in any contract, proposed contract, licence or other matter and is present at a meeting of the Board, Management Committee (MC) or other committee, as the case may be, at which the contract, proposed contract, licence or other matter is the subject of consideration, the director shall, at the meeting and as soon as practicable after its commencement, disclose the fact and shall not take part in the consideration or discussion of the contract,

⁵ 18(1), 19 & 20 of the MAA

⁶ Section 21 (1) of the PAA

⁷ Section 29 of the SPLA

proposed contract, licence or other matter or vote on any question with respect to it, and shall be excluded from the meeting for the duration of the consideration, discussion and voting procedure.

4.1.4 For the purposes of paragraph 4.1.3, a director or a member of a Board appointed committee, shall be treated as having indirectly a pecuniary interest in a contract, proposed contract, licence or other matter if the director, or member of the Board appointed committee:

- (a) is a member of a company or other body with which the contract was made or is proposed to be made or which has a direct pecuniary interest in the licence or other matter under consideration;
- (b) is a partner, or is in the employment of a person with whom the contract was made or is proposed to be made, or who has a direct pecuniary interest in the licence or other matter under consideration; or
- (c) is a professional adviser to a person who has a direct or indirect pecuniary interest in a contract, proposed contract, licence or other matter.

4.1.5 Paragraph 4.1.4 does not apply to membership of or employment under any public body.

4.1.6 In the case of married persons, the interest of one spouse shall be deemed for the purpose of this section to be also the interest of the other.

4.2 Determining Whether a Conflict of Interest Exists

4.2.1 After disclosure of the interest and all material facts, and after any discussion with the respective director, the interest disclosed will be discussed and voted upon. All disclosable interest will be kept confidential by the Authority.

4.3 Procedure for Addressing a Conflict of Interest

4.3.1 Once details of the conflict of interest have been disclosed, the director making the disclosure should:

- (a) as soon as the matter comes up on the agenda, immediately leave the meeting and not participate, directly or indirectly, in the deliberations and not return while the matter is under discussion until a decision has been taken by the Board; and
- (b) comply with acts and regulations which deal with conflicts of interest.

4.4 Record of Conflict of Interest

- 4.4.1 A declaration of conflict of interest and the absence of the director shall be recorded in the minutes of the meeting.

4.5 Annual Disclosure/Declarations

- 4.5.1 Each director is required in January of each year, to disclose in writing to the Chairperson, any disclosable interest⁸, in addition to any disclosure required under the respective domestic legislation.⁹ Such written disclosures are held by the Chief Financial Officer and the Head of Human Resources, and are subject to inspection by the auditors of the Authority during office hours only.
- 4.5.2 All directors are expected to read section 4.0 of this document headed Conflict of Interest and sign a declaration on an annual basis stating that they have read, understood, and agree to abide by the provisions of the Code. One Board meeting per year will be used (in part) to discuss section 4.0 of this document and the related procedures, and to ensure that the Board understands its role in managing conflicts.

4.6 Violations

- 4.6.1 If the Board has reasonable cause to believe a director has failed to disclose actual or possible conflicts of interest, it shall inform the director of the basis for such belief and afford the director an opportunity to explain the alleged failure to disclose.
- 4.6.2 If, after hearing the director's response and after making further investigation as warranted by the circumstances, the Board determines the director has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
- 4.6.3 Any issue arising from the application of section 4.0 of this document shall be referred to the Governance Sub-Committee of the Board.

⁸ A any interest which is five per cent or more in a public traded entity or any interest in a non-public traded company.

⁹ The MAA, PAA, SPLA, PFMA



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