



## **Rule on Internal Controls – General for all Licensees**

### **1. STATEMENT OF OBJECTIVES**

To set out the Cayman Islands Monetary Authority’s (the “Authority”) rule on Internal Controls – General (the “Rule”), pursuant to the Monetary Authority Law (2004 Revision) (“MAL”).

### **2. INTRODUCTION**

Section 34 of the MAL provides that the Authority may issue rules:

**34. (1)** After private sector consultation and with the approval of the Governor, the Authority may –

- (a) issue or amend rules or statements of principle or guidance concerning the conduct of licensees and their officers and employees;

...

2.2 This document establishes the Rule on Internal Controls – General and should be read in conjunction with the following Statements of Guidance as relevant: (a) Internal Controls Banks; (b) Internal Controls Insurance, (c) Internal Controls Securities Investment Business; (d) Internal Controls for Trust Companies, Company Managers and Corporate Services Providers; and (e) Internal Audit Banks.



### **3. SCOPE OF APPLICATION**

This rule applies to all licensees regulated by the Authority under the regulatory laws (as defined and amended under the MAL).

### **4. THE RULE**

- 4.1 A licensee must establish, implement, and maintain internal controls, strategies, policies, and procedures appropriate for the size, complexity, and nature of its activities.
- 4.2 Such internal controls, strategies, policies, and procedures must be approved by the licensee's board of directors.
- 4.3 A licensee must take the necessary steps to monitor its internal controls.

### **5. ENFORCEMENT**

Whenever there has been a breach of the Rules, the Authority's policies and procedures as contained in its Enforcement Manual will apply, in addition to any other powers provided in the Banks and Trust Companies Law (2003 Revision); Insurance Law (2004 Revision); Mutual Funds Law (2003 Revision), The Securities and Investment Business Law (2004 Revision); and the Monetary Authority Law (2004 Revision).

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