



September 5, 2023

President, Association of Legal Professionals and Advocates (Cayman) Ltd
Chief Executive Officer, The Alternative Investment Management Association Limited
Chair, Blockchain Association of the Cayman Islands Ltd
Chairman, Cayman Finance Ltd
President, The Cayman Islands Association of Financial Advisors
President, The Cayman Islands Bankers Association Limited
President, The Cayman Islands Company Managers Association
President, Cayman Islands Compliance Association
President, The Cayman Islands Directors Association
Chair, Cayman Islands Fund Administrators Association
President, Cayman Islands Insurance Association
President, Cayman Islands Legal Practitioners Association Ltd
Chairman, Cayman International Reinsurance Companies Association
Chief Executive Officer, Cayman Islands Institute of Professional Accountants
President, CFA Society of the Cayman Islands
Chair, Insurance Managers Association of Cayman Limited
Chairperson, Recovery and Insolvency Specialists (Cayman) Association Ltd
Chair, Society of Trust and Estate Practitioners (Cayman Islands)

Dear Heads of Private Sector Associations:

Re: Private Sector Consultation Paper: Guidance Notes (Amendment) – Part IX – Sector Specific Guidance – Section 1: Virtual Asset Service Providers – September 2023

The Cayman Islands Monetary Authority ("the Authority") forwards herewith for comments the proposed:

(1) Private Sector Consultation Paper: Guidance Notes (Amendment) – Part IX – Sector Specific Guidance – Section 1: Virtual Asset Service Providers – September 2023

(hereafter referred to as "the proposed measure").

A Private Sector Consultation Paper ("PSCP") is being forwarded along with the proposed measure to provide the relevant Associations with the consultation documents as required by the Monetary Authority Act (as amended). Please refer to the PSCP for further details on the Background, Purpose and Rationale of the Measure, and Significant Costs and Benefits.

If your association has comments, please forward a consolidated response on its behalf, on or before **Thursday October 5, 2023**¹.

Before proceeding with the proposed measure, the Authority shall have regard to any representations made by the private sector associations only. Feedback submitted by individuals, entities, or other bodies, unless acting on behalf of private sector associations, will not be accepted by the Authority. Representations from private sector associations must be submitted as a consolidated document, and a listing of the entities which provided feedback should be included. Private sector associations should ensure that conflicting positions are resolved prior to submission to the Authority. Where positions conflict within or across associations, the Authority will consider all available information in taking a decision, which will be at its sole discretion.

To ensure that all responses are given due consideration, it is important that private sector associations make clear reference to the sections of the measure being commented on, and that responses are unambiguous, clearly articulated and based on fact. The consultation process is not designed to address complaints or grievances. Feedback of this nature should be submitted through the established complaints process.

In cases where the feedback proposes to change a policy position of the Authority or substantially amend any requirement of the draft measure, information to support the position of the association must be provided. The table below provides an example of the Authority's expectation with regard to feedback for the proposed measure.

Reference	Example of a Helpful Comment	Examples of Comments needing more Support
Rule 4.2 ²	In Rule 4.2 the current text omits the fair value measurement of liabilities. Also, as defined it is not asymmetrical with the Market Price definition and thus scenarios exist that fall into neither category. Suggested wording: <i>Hard-to-Value Securities means an asset or liability for which there is no Market Price which is required to be measured at fair value pursuant to 5.2</i>	× This is not what is done in other jurisdictions. × I don't think we should do this. × CIMA is not considering the position of the experts.

The consultation document will be posted to the Authority's website at www.cima.ky.

We look forward to your response and should you have any queries, please email contactpolicy@cima.ky.

Sincerely,



Rayford Britton
Head of Policy and Development

cc: Managing Director, Cayman Islands Monetary Authority
Ms. Cindy Scotland, OBE

¹ Where the private sector association has no comments or representations on the proposed measure, it is recommended that the Authority be informed of this fact.

² This example is not reflective of the content of the proposed measure.