



PRIVATE SECTOR CONSULTATION

**Rules on Corporate Governance for
Regulated Entities**

**Statement of Guidance on Corporate
Governance for Mutual Funds and
Private Funds**

A. Introduction

1. Section 34(1)(a) of the Monetary Authority Act (2020 Revision) ("MAA") states that:

After private sector consultation and consultation with the Minister charged with responsibility for Financial Services, the Authority may -

- (a) issue or amend rules or statements of principle or guidance concerning the conduct of licensees and their officers and employees, and any other persons to whom and to the extent that the regulatory laws may apply;*

2. Requirements specific to the private sector consultation are prescribed in section 4(1) of the MAA as follows:

When this Law requires private sector consultation in relation to a proposed measure -

- (a) the Authority shall give to each private sector association a draft of the proposed measure, together with -*

- i. an explanation of the purpose of the proposed measure;*
- ii. an explanation of the Authority's reasons for believing that the proposed measure is compatible with the Authority's functions and duties under section 6;*
- iii. an explanation of the extent to which a corresponding measure has been adopted in a country or territory outside the Islands;*
- iv. an estimate of any significant costs of the proposed measure, together with an analysis of the benefits that will arise if the proposed measure is adopted; and*
- v. notice that representations about the proposed measure may be made to the Authority within a period specified in the notice (not being less than thirty days or such shorter period as may be permitted by subsection (3)); and*

(b) before proceeding with the proposed measure, the Authority shall have regard to any representations made by the private sector associations, and shall give a written response, which shall be copied to all the private sector associations.

3. The Cayman Islands Monetary Authority ("the Authority") seeks consultation and comment from the private sector associations concerning the proposed *Rule on Corporate Governance for Regulated Entities ("Rule") (Appendix 1)* and *Statement of Guidance on Corporate Governance for Mutual Funds and Private Funds ("SOG") (Appendix 2)*.

B. Background

4. Currently, the corporate governance supervisory and regulatory framework consists of three (3) existing regulatory measures. These are the:

- *Rule on Corporate Governance for Insurers (2016);*
- *Statement of Guidance on Corporate Governance (2016); and*

- *Statement of Guidance on Corporate Governance for Regulated Mutual Funds (2013)*.
5. The Authority reviewed the current corporate governance supervisory and regulatory framework to identify and implement areas for enhancement based on the following:
- Lack of supervisory enforceability of corporate governance statements of guidance, i.e., the *Statement of Guidance on Corporate Governance (2016)* and the *Statement of Guidance on Corporate Governance for Regulated Mutual Funds (2013)*.
 - Inconsistent application of binding corporate governance rules across regulated sectors. Currently, only insurers (including portfolio insurance companies, but excluding Class A External Insurers) are governed by corporate governance rules, i.e., the *Rule on Corporate Governance for Insurers (2016)*.
 - Scope of applicability of the current corporate governance measures do not extend to all regulated entities including, Securities Investment Business Act Regulated Persons, Virtual Asset Service Providers Registrants, Private Funds, Money Services Businesses and Private Trust Companies.
 - Alignment with international corporate governance principles and standards.
6. Consequent on the above, the Authority is proposing to issue a new *Rule on Corporate Governance for Regulated Entities* which will be applicable to all entities regulated by the Authority and an industry specific *SOG on Corporate Governance for Mutual Funds and Private Funds*. The proposed Rule and SOG will replace the existing corporate governance regulatory measures as identified in paragraph 4 above.
7. The general approach to formulating these new measures was to adopt relevant corporate governance elements from the existing corporate governance framework and make enhancements as needed based on a review of international standards, jurisdictional comparison, and regulatory/supervisory needs.
8. These proposed measures and consequent expansion of scope are not anticipated to create any undue burden for regulated entities as these entities should already be implementing a comprehensive corporate governance framework suitable for the size, complexity, structure, and risk profile of its operations. It is important to state that corporate governance is core to financial entity soundness and prudence. Additionally, the proposed Rule and SOG does not fundamentally deviate from key corporate governance principles already required and/or guided by the current Cayman Islands corporate governance framework.
9. Importantly, notwithstanding the proposed Rule being applicable to all regulated entities, the Authority would expect (and explicitly outlines) that the established corporate governance framework for regulated entities should be commensurate with the size, complexity, structure, and risk profile of its operations. In this regard, the Authority would use requisite supervisory judgement and expects entities, as applicable, to make and comprehensively support any case as to why

a particular corporate governance rule would not apply based on the size, complexity, structure, and risk profile of its operations.

C. International Standards

10. Corporate governance is a key component across numerous international standards and has formed an important reference for the corporate governance framework enhancements being proposed.
11. *Table 1* outlines key corporate governance elements within relevant international standards which were considered.

Table 1: International Standards – Key Elements of Corporate Governance

International Standards	Key elements of Corporate Governance
International Association of Insurance Supervisors IAIS ICPs	<p>Appropriate allocation of oversight and management responsibilities The supervisor requires the insurer’s Board to:</p> <ul style="list-style-type: none"> • Ensure that the roles and responsibilities allocated to the Board, Senior Management and Key Persons in Control Functions are clearly defined so as to promote an appropriate separation of the oversight function from the management responsibilities; and • Provide oversight of the Senior Management.
	<p>Corporate culture, business objectives and strategies of the insurer</p> <ul style="list-style-type: none"> • The supervisor requires the insurer’s Board to set and oversee the implementation of the insurer’s corporate culture, business objectives and strategies for achieving those objectives, in line with the insurer’s long-term interests and viability.
	<p>Structure and governance of the Board The supervisor requires the insurer’s Board to have on an ongoing basis:</p> <ul style="list-style-type: none"> • an appropriate number and mix of individuals to ensure that there is an overall adequate level of competence at the Board level commensurate with the governance structure; • appropriate internal governance practices and procedures to support the work of the Board in a manner that promotes the efficient, objective and independent judgment and decision making by the Board; and • adequate powers and resources to be able to discharge its duties fully and effectively.
	<p>Duties of individual Board Members The supervisor requires that an individual member of the Board:</p> <ul style="list-style-type: none"> • act in good faith, honestly and reasonably; • exercise due care and diligence;

	<ul style="list-style-type: none"> • act in the best interests of the insurer and policyholders, putting those interests ahead of his/her own interests; • exercise independent judgment and objectivity in his/her decision making, taking due account of the interests of the insurer and policyholders; and • not use his/her position to gain undue personal advantage or cause any detriment to the insurer. <p>Duties related to risk management and internal controls</p> <ul style="list-style-type: none"> • The supervisor requires the insurer’s Board to provide oversight in respect of the design and implementation of risk management and internal controls. <p>Duties related to remuneration</p> <p>The supervisor requires the insurer’s Board to:</p> <ul style="list-style-type: none"> • adopt and oversee the effective implementation of a written remuneration policy for the insurer, which does not induce excessive or inappropriate risk taking, is in line with the corporate culture, objectives, strategies, identified risk appetite, and long-term interests of the insurer, and has proper regard to the interests of its policyholders and other stakeholders; and • ensure that such a remuneration policy, at least, covers those individuals who are members of the Board, Senior Management, Key Persons in Control Functions and other employees whose actions may have a material impact on the risk exposure of the insurer (major risk-taking staff). <p>Reliable and transparent financial reporting</p> <ul style="list-style-type: none"> • The supervisor requires the insurer’s Board to ensure there is a reliable financial reporting process for both public and supervisory purposes that is supported by clearly defined roles and responsibilities of the Board, Senior Management and the external auditor. <p>External Audit</p> <ul style="list-style-type: none"> • The supervisor requires the insurer's Board to ensure that there is adequate governance and oversight of the external audit process. <p>Communications</p> <ul style="list-style-type: none"> • The supervisor requires the insurer’s Board to have systems and controls to ensure appropriate, timely and effective communications with the supervisor on the governance of the insurer.
<p>Basel Committee on Banking Supervision (“BCBS”)</p> <p>Basel Core Principles</p>	<ul style="list-style-type: none"> • Laws, regulations, or the supervisor establish the responsibilities of a bank’s Board and senior management with respect to corporate governance to ensure there is effective control over the bank’s entire business. The supervisor provides guidance to banks and banking groups on expectations for sound corporate governance. • The supervisor regularly assesses a bank’s corporate governance policies and practices, and their implementation, and determines that the bank has robust corporate governance policies and processes commensurate with its risk profile and systemic

	<p>importance. The supervisor requires banks and banking groups to correct deficiencies in a timely manner.</p> <ul style="list-style-type: none"> • The supervisor determines that governance structures and processes for nominating and appointing Board members are appropriate for the bank and across the banking group. Board membership includes experienced non-executive members, where appropriate. Commensurate with the risk profile and systemic importance, Board structures include audit, risk oversight and remuneration committees with experienced non-executive member. • Board members are suitably qualified, effective and exercise their “duty of care” and “duty of loyalty”. • The supervisor determines that the bank’s Board approves and oversees implementation of the bank’s strategic direction, risk appetite and strategy, and related policies, establishes and communicates corporate culture and values (e.g., through a code of conduct) and establishes conflicts of interest policies and a strong control environment. • The supervisor determines that the bank’s Board, except where required otherwise by laws or regulations, has established fit and proper standards in selecting senior management, maintains plans for succession, and actively and critically oversees senior management’s execution of Board strategies, including monitoring senior management’s performance against standards established for them. • The supervisor determines that the bank’s Board actively oversees the design and operation of the bank’s and banking group’s compensation system, and that it has appropriate incentives, which are aligned with prudent risk taking. The compensation system, and related performance standards, are consistent with long-term objectives and financial soundness of the bank and is rectified if there are deficiencies. • The supervisor determines that the bank’s Board and senior management know and understand the bank’s and banking group’s operational structure and its risks, including those arising from the use of structures that impede transparency (e.g., special-purpose or related structures). The supervisor determines that risks are effectively managed and mitigated, where appropriate. • The supervisor has the power to require changes in the composition of the bank’s Board if it believes that any individuals are not fulfilling their duties related to the satisfaction of these criteria.
<p>International Organization of Securities Commissions (“IOSCO”)</p>	<p>No specific principles have been issued for Corporate Governance and IOSCO subscribes to the OECD’s corporate governance principles.</p>

<p>Organisation for Economic Co-operation and Development (“OECD”)</p> <p>OECD CG Principles</p>	<p>Key Functions - The Board should:</p> <ul style="list-style-type: none"> • Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders, the board should apply high ethical standards. It should take into account the interests of stakeholders; • Review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; • Monitor the effectiveness of the company’s governance practices and making changes as needed; • Select, compensate, monitor and, when necessary, replace key executives and oversee succession planning; • Align key executive and board remuneration (through the development of policies) with the longer-term interests of the company and its shareholders; • Oversee the process of disclosure and communications; • Exercise objective independent judgement on corporate affairs; • Consider setting up specialized committees to support the full board in performing its functions, particularly in respect to audit, and, depending upon the company’s size and risk profile, also in respect to risk management and remuneration. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board; • Regularly carry out evaluations to appraise their performance and assess whether they possess the right mix of background and competences.
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D. Purpose of Proposed Measures and Consistency with the Authority’s Functions

12. Section 6(1) of the MAA outlines the principal responsibilities of the Authority, which includes its regulatory functions, *inter alia*, “to regulate and supervise financial services business carried on in or from within the Islands”.

13. Section 6(3) of the MAA provides that in performing its regulatory functions, the Authority shall, *inter alia*:
 - (a) *endeavour to promote and enhance market confidence and the reputation of the Islands as a financial centre;*
(...)
 - (c) *recognise the international character of financial services and markets and the necessity of maintaining the competitive position of the Islands, vis a vis both consumers and suppliers of financial services, while conforming to internationally applied standards insofar as they are relevant and appropriate to the circumstances of the Islands;*
 - (d) *recognise the principle that a burden or restriction which is imposed on a person or activity should be proportionate to the benefits, considered in general terms;*

- (f) (...) recognise the need for transparency and fairness on the part of the Authority.

14. As previously mentioned, the general approach to formulating the proposed Rule was to adopt relevant corporate governance elements from the existing corporate governance framework (i.e., the corporate governance measures currently in force) and make enhancements as needed based on review of international standards, jurisdictional comparison, and division feedback. On the other hand, the proposed SOG is simply intended to replace the existing mutual funds corporate governance guidance with a Statement of Guidance on Corporate Governance applicable to both mutual funds and private funds.
15. In its current form, the proposed Rule reflects the following key corporate governance elements (including specific enhancements relating to areas highlighted in **bold**):
- Objectives and strategies of the regulated entity;
 - **Structure of the governance of the Governing Body;**
 - Appropriate allocation of oversight and management responsibilities;
 - Independence and objectivity;
 - Collective duties of the Governing Body;
 - Duties of individual members of the Governing Body;
 - Appointments of Governing Body;
 - **Delegation of functions and responsibilities;**
 - Risk management and internal control systems;
 - **Conflicts of interest and code of conduct;**
 - Remuneration policy and practices;
 - **Reliable and transparent financial reporting;**
 - Transparency and communications;
 - **Duties of Senior Management;** and
 - Supervisory Review.
16. As specific examples of enhancements made, sections were updated/included as follows: (i) conflict of interest was updated to include minimum inclusions for a documented 'conflict of interest' policy; (ii) delegation of duties was updated to reflect sub-committee functions and responsibilities; and (iii) code of conduct requirements included in relation to director/senior management conduct.
17. Notably, the specific corporate governance elements captured in the proposed Rule are not vastly different from the existing corporate governance framework in force. The most significant difference between the proposed Rule and the current corporate governance framework relates to the proposed measure's scope of applicability (i.e., all CIMA regulated entities) which has been largely premised on the need for great supervisory enforceability and consistency.

E. Jurisdictional Comparison

18. A jurisdictional comparison was conducted to establish whether regulatory authorities in other jurisdictions extended corporate governance requirements/guidance to their respective regulated sectors. The following eight (8) jurisdictions were assessed: Bahamas; Bermuda; British Virgin Islands; Hong Kong; Isle of Man; Jersey; Singapore; and United Kingdom.

19. The comparison revealed that all eight (8) jurisdictions had specific corporate governance framework instruments which established key corporate governance elements for application by relevant financial industry participants (including, Board and Senior Management responsibilities, setting strategy, risk management functions, compensation and remuneration, disclosures etc.).
20. *Table 2* reflects the types of corporate governance framework instruments issued by the assessed jurisdictions and the applicable sectors.

Table 2: Jurisdictional Comparison

Country	Type and Applicability of Regulatory Instrument	Overview
<p>Bahamas</p> <p><i>Central Bank of Bahamas</i></p>	<p><i>Instrument:</i></p> <ul style="list-style-type: none"> • Guidelines • Guidance Note (Insurance) <p><i>Applicable Sectors:</i></p> <ul style="list-style-type: none"> • Banks and Trusts • Insurers 	<p>The guidelines set out the minimum standards that the central bank expects its licensees to adopt in respect of their corporate governance. The guidelines are not intended to be prescriptive, but to provide direction and basic principles from which a corporate governance process can be developed and implemented, based on the unique character of each licensee.</p> <p><i>The Guidance Note for Corporate Governance and Oversight Assessment Criteria (Insurance)</i> provides guidance to Senior Management, Board of Directors and other oversight functions on key components of each essential criterion that will be evaluated when assessing the effectiveness of the institution's oversight functions.</p>
<p>Bermuda</p> <p><i>Bermuda Monetary Authority ("BMA")</i></p>	<p><i>Instrument:</i></p> <ul style="list-style-type: none"> • Policy • Code of Conduct <p><i>Applicable Sectors:</i></p> <ul style="list-style-type: none"> • Banks • Trusts • Deposit-taking Institutions • Insurers • Investment Business • Fund Administrators 	<p>The BMA has issued sector-specific policies and codes of conduct on corporate governance for its regulated sectors. The policies set out nine principles and related guidance which reinforce key elements of corporate governance. These principles include, in part, the role of the Board/ Chairman; performance evaluation; and duties of the Board and Senior Management.</p>

<p>British Virgin Islands</p> <p><i>British Virgin Islands Financial Services Commission ("BVIFSC")</i></p>	<p><i>Instrument:</i></p> <ul style="list-style-type: none"> • Regulatory Code • Legislation <p><i>Applicable Sectors:</i></p> <ul style="list-style-type: none"> • Licensees 	<p>The regulatory code captures areas of governance, such as, duties of directors and senior officers; proper apportionment; and requirements for policies, systems, and controls. In assessing whether the corporate governance framework of a licensee is adequate, the BVIFSC will pay particular attention, where appropriate, to accountability, corporate discipline, and checks and balances with the application of the "four eyes principle", transparency and disclosure arrangements and whether potential conflicts are avoided or properly managed.</p> <p>In addition to the Code, the BVI's Insurance Act and Securities Investment Business Acts, 2020 outline principles on corporate governance for the Insurance and the Investment sectors.</p>
<p>Hong Kong</p> <p><i>Hong Kong Monetary Authority ("HKMA")</i></p>	<p><i>Instrument:</i></p> <ul style="list-style-type: none"> • Regulatory Rulebook • Supervisory Statement <p><i>Applicable Sectors:</i></p> <ul style="list-style-type: none"> • Locally Incorporated Authorised Institutions 	<p>The HKMA <i>Supervisory Policy Manual (SPM) module CG-1 on Corporate Governance of Locally Incorporated Authorized Institutions</i> ("the Manual") provides detailed guidance on the corporate governance standards to be observed by locally incorporated authorized institutions. The Manual documents key corporate governance principles such as, in part, the responsibilities of the Board, setting and overseeing objectives and strategies; risk governance; setting corporate values and standards; conflicts of interest; and remuneration.</p>
<p>Isle of Man</p> <p><i>Isle of Man Financial Services Authority ("IMFSA")</i></p>	<p><i>Instrument:</i></p> <ul style="list-style-type: none"> • Statement of Guidance <p><i>Applicable Sectors:</i></p> <ul style="list-style-type: none"> • Trust and Corporate 	<p>The statements of guidance issued by the IMFSA on corporate governance for its respective sectors are designed to apply as widely as possible to assist licence holders in enhancing their corporate governance framework.</p> <p>The statements of guidance address five (5) objectives of corporate governance:</p> <ul style="list-style-type: none"> • Compliance with statutory obligations; • Management of risk;

		<ul style="list-style-type: none"> Aligning the interests of shareholders and directors; Management and control systems; and Balancing of power and responsibility within the board.
<p>Jersey</p> <p><i>Jersey Financial Services Commission ("JFSC")</i></p>	<p><i>Instrument:</i></p> <ul style="list-style-type: none"> Codes of Practice <p><i>Applicable Sectors:</i></p> <ul style="list-style-type: none"> Investment Business Insurance Business Trusts Money Services Business Deposit-Taking Institution 	<p>The JFSC has issued a code of practice for each regulated sector. The relevant codes of practice provide enforceable requirements in the form of high-level principles supported by detailed rules in the areas of corporate governance, conduct of business and prudential matters.</p> <p>The codes of practice require regulated entities to organise and control their affairs effectively for the proper performance of their business activities and demonstrate the existence of adequate risk management systems.</p> <p>Additionally, regulated entities must operate an effective corporate governance system that includes the key corporate governance elements as outlined in the relevant codes. These principles include, in part, the requirements for a license holder to:</p> <ul style="list-style-type: none"> conduct its business with integrity; have due regard to the interest of their client; demonstrate the existence of adequate risk management systems.
<p>Singapore</p> <p><i>Monetary Authority of Singapore ("MAS")</i></p>	<p><i>Instrument:</i></p> <ul style="list-style-type: none"> Codes of Practice Guidelines <p><i>Applicable Sectors:</i></p> <ul style="list-style-type: none"> Financial Holding Companies 	<p>The <i>Guidelines on Corporate Governance</i> documents the principles financial institutions should observe in relation to Board matters, remuneration, accountability, audit, shareholder rights and engagement, managing stakeholder relationships, and oversight of related party transactions.</p> <p>The <i>Code of Practice on Corporate Governance</i> (the "Code"), which is applicable to listed companies in Singapore on a comply-or-explain basis, aims to promote high levels of corporate governance in Singapore by putting forth Principles of good</p>

		<p>corporate governance and Provisions with which companies are expected to comply.</p> <p>The guidelines complements the Code by providing guidance on the application of the principles and provisions and setting out best practices for companies.</p>
<p>United Kingdom</p> <p><i>Prudential Regulation Authority ("PRA")</i></p>	<p><i>Instrument:</i></p> <ul style="list-style-type: none"> • Regulatory Rulebook • Supervisory Statement <p><i>Applicable Sectors:</i></p> <ul style="list-style-type: none"> • Licensees (see overview) 	<p>The <i>Supervisory Statements SS5/16 on Corporate Governance</i> provides firms regulated by the PRA with those aspects of governance to which the PRA attaches particular importance and may devote particular attention during its supervision.</p> <p>The statement applies generally to PRA-regulated firms (including, banks, insurers, designated investment firms, building societies, friendly societies, and credit unions) though it is recognised that different governance models may apply depending on the nature and size of the firm and any wider group, and that expectations of boards should also be proportionate.</p>

F. Cost and Benefit Analysis

21. Table 3 shows the significant costs and benefits associated with the issuance of the proposed measures.

Table 3: Costs and Benefits of Issuing the Proposed Rule and SOG

	Costs	Benefits
CIMA	<p>1. The Authority will incur the usual administrative costs associated with conducting industry consultation, publication and amending supervisory manuals and reporting forms, as applicable. These costs are not deemed to be overly burdensome and represent typical costs of the Authority carrying out its mandate.</p>	<p>1. Strong corporate governance represents a core element of a sound and prudent financial system, both at the system and individual entity levels. The provision of rules and guidance, as proposed, will create binding corporate governance obligations on all regulated entities¹. This will allow the Authority to effectively supervise and enforce these critical corporate governance obligations in support of its</p>

	<p>2. Additionally, as the scope of applicability of the proposed measures will include all regulated entities, the Authority may face increased resourcing costs to supervise these additional entities in relation to specific corporate governance rules within the proposed measure.</p>	<p>regulatory functions and ultimate promotion and maintenance of a sound financial system in the Cayman Islands.</p>
Cayman Islands	<p>1. There are no immediate foreseen costs to the jurisdiction as a whole with the implementation of the proposed measures.</p>	<p>1. The proposed Rule and SOG will enhance the regulatory and supervisory framework within the Cayman Islands relating to financial institution corporate governance and further improve and support the Cayman Islands' reputation for promoting and maintaining a sound financial system.</p> <p>2. Additionally, the proposed Rule and SOG will be applied within the context of proportionality (i.e., the size, complexity, structure and risk profile of regulated entities). This allows for the continued recognition of the international character and competitive position of the Cayman Islands in relation to financial services and markets.</p>
Regulated Entities	<p>1. Regulated entities are not expected to incur additional costs in relation to the implementation of the proposed Rule and SOG as the specific corporate governance elements captured are not vastly different from the existing elements provided across the three (3) corporate governance</p>	<p>1. As the proposed corporate governance framework enhancements will include specific rules that create binding obligations for regulated entities, these entities will:</p> <ul style="list-style-type: none"> • be supported by greater accountability mechanisms to ensure that strong corporate governance is implemented on

	<p>measures currently in force.</p> <p>Additionally, these elements align with long-existing generally accepted and internationally recognised best practices relating to corporate governance.</p>	<p>an ongoing basis within the entity;</p> <ul style="list-style-type: none"> • benefit from enhanced sustainability due to being able to quickly identify and resolve any systemic issues thus reducing the likelihood of costly corporate crises; and • be able to minimize risks by having strong governance practices in place which will increase levels of transparency, trust and integrity. This will effectively create an environment conducive to risk reduction, corruption and any source of mismanagement. <p>2. Regulated entities, as market participants within the Cayman Islands, will also benefit from reputational improvements of the jurisdiction at large resulting from the enhanced regulatory and supervisory framework within the Cayman Islands relating to financial institution corporate governance.</p>
<p>Summary</p>	<p>Consequent on the above, it is determined that the benefits outweigh the costs, and the issuance of the <i>Rule on Corporate Governance for Regulated Entities</i> and <i>Statement of Guidance on Corporate Governance for Mutual Funds and Private Funds</i> should be pursued by the Authority.</p>	

G. Consultation Feedback and Comments

22. Before proceeding with the proposed measures, 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.

23. 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.
24. 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 measures.

Reference	Example of a Helpful Comment	Examples of Comments needing more Support
Rule 4.2 ¹	<p>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 exists that fall into neither category.</p> <p>Suggested wording: <i>Hard-to-Value Securities means an asset <u>or liability</u> for which <u>there is no Market Price which is required to be measured at fair value pursuant to 5.2</u></i></p>	<ul style="list-style-type: none"> × 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.

25. All feedback submitted by private sector associations will be given due consideration, nevertheless, the decision to adopt any feedback provided into a proposed measure will be at the sole discretion of the Authority.

H. Notice of Representations

26. The Authority seeks consultation through written comments and representations from the private sector associations concerning the proposed *Rule on Corporate Governance for Regulated Entities and Statement of Guidance on Corporate Governance for Mutual Funds and Private Funds*.
27. The Authority must receive representations by 1700hrs on **Wednesday, 21 September 2022**. Representations received after this deadline may not be considered and will not form part of the collated written response provided to private sector associations.
28. Comments and representations must be addressed to:

¹ This example is not reflective of the content of the proposed measure(s).

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29. The Authority shall have due regard to any representation made by the private sector associations and industry stakeholders. The Authority shall provide a written response collating the feedback received and the Authority's position on this feedback. This response shall be copied to all relevant private sector associations only.



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