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# Statement of Guidance

## Licensing – Mutual Fund Administrator

### 1. Statement of Objectives

In order to ensure that the Cayman Islands retains its reputation as a leading and well regulated international financial centre it is imperative that all entities required to be licensed under the regulatory laws are licensed in accordance with a firm and clearly defined licensing criteria. The Authority recognises that high standards of licensing are the necessary foundation for effective regulation and supervision. Therefore there is a need for rigorous criteria to be applied when processing all applications for licenses.

### 2. Fit and Proper Direction and Management

2.1. It is a requirement of applicants to show that they are controlled and managed by persons that are fit and proper. In determining whether a person is fit and proper all relevant circumstances will be considered and will include that persons possess:

- a) Honesty, integrity and reputation;
- b) Competence and Capability
- c) Financial Soundness

2.2. Applicants should refer to the Statement of Guidance on Fitness and Propriety for further details on the criteria used by the Authority when determining whether persons are fit and proper.

### 3. Ownership and control

The business of all mutual fund administrators should be conducted by at least two individuals. A minimum of two executive directors is required for applicants who are companies. Any change in directors, officers and managers must be approved



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by the Authority.

#### 4. Financial resources

The Authority must be satisfied that the mutual fund administrator presently has, and will continue to have, financial resources (whether actual or contingent) that are adequate for the nature and scale of the business

#### 5. Internal Systems and Controls

All mutual fund administrators must have in place compliance and procedural manuals and internal controls to ensure effective management and compliance with the law.

#### 6. Record Keeping

Management information should be both timely and accurate and supported by full and accessible records. Such records should be accessible by the Authority. Approval is required by the Authority to locate records overseas. Applicants should refer to the Authority's Statement of Guidance on the Nature, Accessibility and Retention of Records.

#### 7. Know Your Customer Policy

All licence holders must comply with the Money Laundering Regulations, 2000.

#### 8. Compliance with industry standards

All licensees are expected to be in compliance with their respective industry standards, where such standards exist. This will assist in ensuring that business is carried out in conformance with the professional standards normally expected of a licensee in that particular sector.

#### 9. Track Record and Viability

##### 9.1. Business plan

9.1.1 A detailed business plan covering the first three years of business is



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required. The information should identify assumptions and qualify accordingly. Any changes therein must be notified to the Authority.

9.1.2 The business plan should contain details of the reasons for the business to establish an operation in the Islands, the short and long-term objectives and how these will be achieved. The applicant must be able to demonstrate that it has adequate resources in terms of manpower, systems and expertise, to meet its objectives.

## 9.2. Financial statements

All licensees are required to have their accounts annually signed off by a local auditor in accordance with the Local Audit Sign Off rule. Applicants must supply an auditor's letter of consent.