



REGULATORY **HANDBOOK** VOLUME 1

***Revisions to Section Entitled
"External Relationships"***



Issued by the Cayman Islands Monetary Authority
Pursuant to section 48 of the Monetary Authority Act (2020 Revision)

This replaces the "External Relationships" section of the Cayman Islands Monetary Authority
Regulatory Handbook – Volume 1 issued on November 2018.

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External Relationships

Relationships with Other Regulatory Bodies

Under the MAA the Authority can enter into an MOU with other ORAs or with other competent authorities.

Dealing With Requests for Assistance

The Authority has a legal responsibility under section 6(1) (c) of the MAA to provide assistance to ORAs and under section 6(2)(f) to provided assistance to competent authorities. This falls under the co-operative function of the Authority. The MAA provide a clear definition of what constitutes an ORA and the procedure and criteria describe the actions to be taken by the Authority upon receipt of a request for assistance from an ORA. The procedures and criteria also state what actions will be taken pursuant to a request for assistance from the competent authority. The procedures and criteria are detailed in Appendix D1.

Memorandum of Understanding with Overseas Regulatory Bodies

A MOU is essentially a statement of intent setting out the terms and conditions of information exchange and investigative assistance between regulatory authorities. This assists in the quality and timeliness of information on licensees' operations overseas, reduces the cost of obtaining such information, and streamlines the administrative processes when requests are received. The Authority has established an objective criteria that an ORA must meet before the Authority would consider entering into an MOU with it. The details of the criteria are given in Appendix D2 and the standardised format for a MOU is given in Appendix D3.

Relationships with the Cayman Islands Public

General Public Disclosure

The Authority endeavours at all times to provide timely and comprehensive information to its stakeholders. In pursuit of this objective, the Authority issues a number of publications including the Annual Report, Statistical Digests, Regulatory Circulars, a quarterly newsletter - "*The Navigator*", and regular press releases. In addition, all of the rules and statements of guidance issued to licensees are posted on the Authority's website along with licensing requirements, statistical information, statutory reporting forms and their associated schedules, and the AML Guidance Notes – related issues. The Authority is committed to transparency and disclosure and utilizes the website in particular to keep licensees and their customers up- to-date with initiatives impacting the jurisdiction.

Private Sector Consultation Process

The Authority has long recognised that the success of its initiatives is dependent on the extent to which licensees embrace them and collaborate with the Authority in their implementation. This 'culture of consultation' is formalised through a clearly stated private sector consultation process.

Under the MAA section 4(1), the Authority is required to consult the private sector associations when seeking to introduce new measures, namely rules, statement of principle and statements of guidance. Such consultation will normally include a cost benefit analysis of such proposed measures. The normal period for consultation is 30 days but on occasion, for expediency, the period for consultation may be reduced from the normal 30 days. The Heads or Chairpersons of the Private Sector Associations are the formal point of consultation with industry and the Authority will only

accept consolidated sets of comments from each Association on the proposed measure. Each proposed measure will be posted to the consultation page of the Authority's website.

The Private Sector Associations recognised under Schedule 3 of the MAA include the:

- Alternative Investment Management Association (Cayman Islands);
- Association of Legal Professionals and Advocates (Cayman) Ltd.
- Blockchain Association of the Cayman Islands Ltd.
- Cayman Finance Ltd.
- Cayman International Reinsurance Companies Association
- Cayman Islands Fund Administrators Association
- Cayman Islands Institute of Professional Accountants
- Cayman Islands Insurance Association
- Cayman Islands Legal Practitioners Association Ltd.
- CFA Society Cayman Islands
- Insurance Managers Association of Cayman Limited
- Recovery and Insolvency Specialists (Cayman) Association Ltd.
- Society of Trust and Estate Practitioners (Cayman Islands)
- The Alternative Investment Management Association Limited
- The Cayman Islands Association of Financial Advisors
- Cayman Islands Compliance Association Ltd.

However, in many instances the Authority will also consult with other relevant associations such as the Cayman Islands General Insurance Association and the Cayman Islands Society of Financial Analysts.

Where the MAA requires private sector consultation in relation to a proposed measure, all proposed measures are sent to the private sector associations along with:

- An explanation of the purpose behind the measure;
- The reasoning for the measure; an explanation of how other countries and territories have adopted the measures; and
- An estimate of the associated costs and benefits associated.

Representations can be made within a prescribed time, to which the Authority will provide a written response. Where a proposal requires the approval of the Governor, a copy of the private sector's representations along with the Authority's response will be provided to the Financial Secretary.

The measures subject to the consultation process include:

- The issuance or amendment of rules or statements of principle or guidance concerning the conduct of licensees and their officers and employees;
- The issuance or amendment of statements of guidance concerning the requirements of the AMLR; and
- The issuance or amendment of rules or statements of principle or guidance to reduce the risk of financial services business being used for money laundering or other criminal purposes.

Other Consultation Groups

The Anti-Money Laundering Steering Group

The group is comprised of the Managing Director of the Authority, the Chief Officer for Financial Services, the Attorney General, the Solicitor General, the Commissioner of the Royal Cayman Islands Police Department, the Collector of Customs, the Director of Public Prosecutions and the Chief Officer or Director, as the case may be, of the department in Government charged with responsibility for monitoring compliance with Regulations made under section 145 in relation to persons conducting “relevant financial business” who are not otherwise subject to such monitoring by the Monetary Authority. The group is responsible for overseeing the Cayman Islands AML regime, ensuring effective collaboration between regulators and law enforcement, advising government on AML issues, and monitoring the interaction and co-operation with overseas agencies.