



28 July 2022

To: All Licenced Category 'A' & 'B' Banks (Excluding Branches), Money Services Businesses, and Registered Building Societies, Cooperative Societies & Development Banks

## **Supervisory Issues and Information Circular**

### **Re: Dividend Payments and Distributions**

Pursuant to section 6(2)(b) of the Monetary Authority Act (2020 Revision), one of the roles of the Cayman Islands Monetary Authority (the "Authority") is to promote and maintain a sound financial system in the Cayman Islands. Therefore, it is the Authority's responsibility to ensure that the banks and money services businesses (collectively the "Licensees"), building societies, development banks, cooperative societies and credit unions continue to maintain adequate capital and reserves, net worth hold adequate liquidity, as well as adequate loan loss and other provisions to support their business needs and objectives.

Based on the aforementioned, and due to the dynamic nature of the financial service industry, the Authority reminds all Licensees, building societies, cooperative societies and development banks incorporated and/or regulated under the Bank & Trust Companies Act (2021 Revision), the Money Services Act (2020 Revision), the Building Societies Act (2020 Revision), the Cooperative Societies Act (2020 Revision) and Development Bank Act (2018 Revision) (collectively the "Acts") to notify and/or seek approval from the Authority prior to payment of dividends, capital repayments or distributions to their shareholders, members and parent companies.

Kindly note, all dividend and distribution notifications and/or approval requests should be accompanied with a calculation of the pre and post dividend capital adequacy ratio and net worth calculation as defined in the Acts (if applicable), pre and post dividend liquidity and leverage ratio calculations (if applicable), Board of Director's resolution approving the dividend payment and confirmation that the Licensees, building society, credit union or development bank (as applicable) will continue to maintain the minimum required capital adequacy ratio, adequate liquidity and leverage ratios (if applicable), as well as adequate loan loss and other provisions to support its business needs and objectives.

Should you have any questions, please email the Banking Supervision Division at [contactbanking@cima.ky](mailto:contactbanking@cima.ky).