



19 May 2022

To: All Regulated Entities

Supervisory Issues and Information Circular

Third Party Reliance Testing for Agents/Nominees and Eligible Introducers

The Cayman Islands Monetary Authority (the "Authority") reminds all regulated entities of their obligations in respect of the application of third-party reliance testing for a person acting as an agent/nominee (including nominee investors) ("Nominee") or eligible introducer ("EI") under Regulations 24 and 25 of the Anti-Money Laundering Regulations (2020 Revision) ("AMLRs") and the Guidance Notes on the Prevention and Detection of Money Laundering, Terrorist Financing and Proliferation Financing in the Cayman Islands, 5 June 2020 ("GNs").

Regulated entities are required to conduct third party reliance testing in instances where an EI is being relied upon under Regulation 25 of the AMLRs. Regulated entities are also required to obtain a written assurance in the form required in Regulation 24 of the AMLRs from a person acting as, or appearing to act as, a Nominee for a principal, and conduct third party reliance testing.

The written assurance provided by the Nominee must confirm, amongst other things, that the Nominee will provide to the regulated entity copies of any identification and verification data obtained by the Nominee for the purposes of satisfying the requirements of customer due diligence. The Nominee must provide this information on request and without delay.

In the absence of such reliance testing, neither the Authority nor the person carrying out relevant financial business can be satisfied that either the EI or the Nominee has conducted the requisite customer due diligence to obtain evidence of the identity of the principal or beneficial owner, and that the EI or the agent/nominee is, in fact, able to provide it upon request in accordance with Regulations 25(1) and 24(2), respectively. In these circumstances, the person carrying out relevant financial business should determine whether it is still appropriate to continue to rely on Regulations 24 or 25.

The Authority reiterates that, as set out Regulations 24(3) and 25(3), the regulated entity relying on an EI or Nominee retains ultimate responsibility for compliance with the customer due diligence requirements under the AMLRs.

Should you require any further information, please email contactAMLCFT@cima.ky.