SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT

Rule and Statement of Guidance – Recovery Planning

No.	Section	Comments	Authority's Response	Consequent Amendments to the Proposed Measure
	GENERAL COMMENTS			
1.	The Authority refers to "material" in various sections. Could guidance be provided on the specific criteria or considerations that the authority uses to determine what is considered "material"?		"Material" is used throughout the RSOG in relation to the Regulated Entities within a group, business lines, changes, risk drivers and impediments to executing recovery options. The Authority does not prescribe specific criteria for "material" as it is expected that a risk-based proportionality approach will be applied using both quantitative (for e.g. contribution to assets, revenue, liquidity) and qualitative (for e.g. operational dependencies, critical shared services) indicators. A definition of "material" has been included for guidance on what could be considered material, but it is not intended to act as specific criteria on how to conclude on what is material.	Definition of "Material" included as follows: "**Material**" refers to any entity, function, exposure or change that is significant enough to affect the viability, credibility or feasibility of its Recovery Plan, or the continuity of critical functions in the jurisdiction(s) it operates.
2.	We recommend that the RSOG more explicitly articulate how proportionality should be applied in practice for small, non-systemic, liability-driven banks, particularly in relation to group expectations, fire-drill exercises, and the depth of recovery option analysis.		The application of proportionality is a principles-based approach and unique to each Regulated Entity. The Authority expects that Regulated Entities will scale the scope and depth of their Recovery Planning in accordance with Sections 2.3 and 2.4 of the RSOG. Guided by Section 9, upon supervisory assessment of the Recovery Plan, the Authority will assess the Plan, applying proportionality as outlined in Section 9.1.2.	No change.

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	SECTION-SPECIFIC COMMENTS			
3.	**2.3** This RSOG establishes the Authority's rules and guidance on the requirements and key elements of effective Recovery Planning, the Authority's assessment of Recovery Plans, and the manner in which the Authority's powers relating to Recovery Planning requirements are to be exercised. **2.4.** The Authority recognises that there will be variations in approaches to the trigger events, stress scenarios, and recovery options of Regulated Entities. In assessing whether the Recovery Plan of a Regulated Entity meets the requirements of this RSOG, appropriate consideration will be given to the size, complexity, structure, nature of business, and risk profile of the Regulated Entity.	Is CIMA asking that regulated entities apply their own assessment of proportionality? Or does CIMA intend to provide additional guidance around the application of proportionality to regulated entities on a case-by-case basis? Are there defined metrics that guide the Authority's consideration of the size, complexity, structure, nature of business, and risk profile of the Regulated Entity? What are the main areas that CIMA's expectations would be higher or lower, taking proportionality into account? For example, would CIMA generally expect small banks to do less analysis of recovery options and consider fewer stress scenarios than larger banks?	The Authority has specified the dimensions that must be considered by Regulated Entities in applying their own assessment of proportionality i.e. size, complexity, structure, nature of business and risk profile (Rule 6.1). The Authority does not prescribe defined quantitative metrics, as each Regulated Entity is expected to apply appropriate quantitative and qualitative indicators. Regulated Entities in scope can be guided by the Authority's regulatory classifications, such as designated Domestic Systemically Important-Deposit Taking Institutions, to determine systemic importance and to guide the complexity and severity of stress scenarios. All Recovery Plans will undergo a supervisory assessment guided by Section 9, and any deficiencies will be identified.	No change.
4.	**4.1 a)** The RSOG applies to: All banks incorporated in the Cayman Islands, together with their local or overseas branches and subsidiaries.	Please confirm if this is deposit taking banks only, as noted in paragraph 9 of the supporting Private Sector Consultation release. Please confirm if the scope of the Recovery Plan for a bank incorporated in the Cayman Islands would extend to all its overseas branches and subsidiaries e.g. any recovery planning scenarios should cover all overseas branches and subsidiaries of the Cayman Islands entity, and not only the Cayman Islands entity?	"Banks" as referred to in 4.1a is defined under the Bank and Trust Companies Act ("BTCA"), which refers to a person carrying on banking business, also defined in the BTCA, which includes licensed deposit-taking banks. As noted in 4.1d, the Authority can require a Recovery Plan from any other Regulated Entity it determines poses a financial stability risk. Guidance on Recovery Planning for branches and subsidiaries is as presented in Section 4.2. Any recovery planning scenarios for overseas branches and subsidiaries would be dependent on material interconnections and interdependencies. Locally incorporated banks should consider their entire operations as guided by section 4.2.4 where the Recovery	The following footnote was included in 4.1a for banks: Banks refer to Regulated Entities carrying on banking business as defined in the Bank and Trust Companies Act. Guidance on Recovery Planning for branches and subsidiaries is noted under Section 4.2. Other Considerations for Financial Groups.

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			Plan of the Regulated Entity should be prepared on a consolidated basis, consistent with that of its parent entity's Recovery Plan and take into account its subordinate operation, activities, or branches in or outside of the Cayman Islands.	
5.	**4.2.2** For a Regulated Entity that is a part of a financial group, the scope of the Recovery Plan should consider coverage "upwards" to the parent entity level and "downwards" to its subsidiaries and branches in proportion to materiality and risk.	What was the intention of the Authority, or what is the Authority's expectation with the requirement that the scope of a Recovery Plan "should consider coverage "upwards" to the parent entity level"? It is understood that a Regulated Entity's Recovery Plan should take into account all of its subsidiaries, i.e. "downwards". But to what extent must the scope include the parent entity? What is the Authority expecting to see to meet this requirement? Some examples would be helpful as a guide to what is expected in terms of coverage of a recovery plan upwards to the parent entity level. Is this referring to the expectations mentioned in paragraphs 7.5.7, 7.5.8 and 7.5.9?	The Authority expects Recovery Planning to "look upwards" to the parent entity, such that the Recovery Plan of the Regulated Entity is integrated with, and informed by, the financial group's recovery framework as required in Rule 7.5.7. Recovery Planning for Regulated Entities that are part of a financial group may, for example, rely on support from a parent entity as the main recovery option, as seen in Rule 7.50. Consideration of this "upwards" coverage will ensure that the Regulated Entity can execute a credible recovery option even in a situation where the parent entity is under stress.	No change.
6.	**4.2.3.** For a Regulated Entity that is a local branch of a bank incorporated outside of the Cayman Islands, the Authority may accept considerable reliance on the parent entity's Recovery Plan, provided the Regulated Entity can demonstrate how its operations are covered by the parent entity's Recovery Plan.	It is noted that where a "Regulated entity is a local branch of a bank incorporated outside of the Cayman Islands, that the Authority may accept considerable reliance on the parent entity's Recovery Plan". Is there an approval process for the use of a group recovery plan as the recovery plan for a regulated entity in the Cayman Islands?	The Authority does not prescribe a formal process for a local branch to use its parent entity's recovery plan. Guided by 4.2.3, the Authority will accept considerable reliance on the parent entity's Recovery Plan, which can range from the submission of the group recovery plan or extracts thereof, together with a demonstration that the group Recovery Plan adequately covers the branch. The Supervisory Assessment of the submitted Recovery Plan will determine whether full or	**4.2.3**. For a Regulated Entity that is a local branch of a bank incorporated outside of the Cayman Islands, the Authority may accept considerable reliance on the parent entity's Recovery Plan, provided the Regulated Entity can demonstrate how its operations are covered by

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			partial reliance on the parent entity's Recovery Plan is acceptable and whether any deficiencies need to be addressed. Further guidance is included for clarity.	the parent entity's Recovery Plan. **The Authority notes that in cases where there is considerable reliance on the parent entity's Recovery Plan, the local branch should demonstrate that any risks posed to the Regulated Entity's local operations, including but not limited to risks that may affect the feasibility of discrete recovery options, have been adequately considered and incorporated in the Recovery Planning process at both the local and parent levels.**
7.	**4.2.4.** For a Regulated Entity that is a local subsidiary incorporated in the Cayman Islands, the Recovery Plan should be prepared on a consolidated basis, consistent with that of its parent entity's Recovery Plan such that material interconnections and interdependencies between the parent entity's Recovery Plan and the Recovery Plan of the local subsidiary take into account its subordinate operations, activities, or branches in or outside of the Cayman Islands.	Would CIMA have specific expectations of regulated entities whose parent includes the option to dispose of the Cayman regulated entity in a recovery situation?	In a case where the disposal of the Cayman Regulated Entity is a recovery option of the parent entity, the Authority would expect to see this option included in the menu of recovery options as seen in Rule 7F, Rules 7.5.7 and 7.5.9, where the Authority is informed of this option with prior approval received from the Authority. CIMA should be informed if ever this becomes a recovery option (even in normal times). CIMA would then be able to ensure it places extra supervisory oversight, especially if it identifies deteriorating conditions at either the parent or subsidiary level. While it is acknowledged that a disposal of the Cayman entity can arise at the 9th hour, CIMA should at least be informed if this is part of the consideration during normal times.	No change.

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			Also stated in Rule 7.49 "*A Regulated Entity that is a subsidiary must be able to implement stand-alone recovery options appropriate to its size, complexity, structure, nature of business, and risk profile.*" This includes whether appropriate contingency arrangements are in place to ensure continuity of operations during the transition. Further guidance on recovery options is noted in 7.54 – 7.62.	
8.	**5.1.1.** "Action Plan" refers to a high-level roadmap of the Recovery Plan which outlines the steps to take in response to specific stress scenario to achieve a recovery objective. It is focused on strategic decisions and the sequencing of recovery actions for use by Senior Management, Board and governance committees, as relevant. **10.3.** A Regulated Entity must submit a Board-approved Action Plan simultaneously with its Recovery Plan within the Effective Date of implementation of this Rule and Statement of Guidance and for every revised Recovery Plan thereafter.	The information that is intended to be in the Action Plan is largely included in the Recovery Plan. Does the Authority still expect a Regulated Entity to take all of that information out of the Recovery Plan and include it in a separate Action Plan document? Or potentially duplicate the same information in two separate documents?	The Authority notes the potential duplication of information in the two separate documents; however, the objective of the Action Plan is to serve as a high-level implementation plan/roadmap that operationalises the Recovery Plan in a concise, practical, action-oriented format that supports rapid decision-making in a stress situation.	Additional guidance included in the definition of "Action Plan" for clarity: **5.1.1**. "**Action Plan**" refers to a high-level roadmap of the Recovery Plan which outlines the steps to take in response to specific stress scenario to achieve a recovery objective in a **concise, practical, action-oriented format that supports rapid decision-making in a stress**. It is focused on strategic decisions and the sequencing of recovery actions for use by Senior Management, Board and governance committees, as relevant.
9.	**5.1.6.** "Fire drill" refers to a structured live simulation exercise conducted by Regulated Entities to test the efficacy of the Recovery Plan in response to a stress scenario.	Is the expectation of a full drill or can tabletop simulation exercises achieve the Authority's objective? Can these exercises be conducted in segments or is the full recovery plan expected to be tested during one sitting.	The Authority has taken a principles-based approach to the "fire drill" exercise; hence, tabletop simulation exercises conducted in segments are acceptable provided they align with the elements presented in 7.12.	No change.

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		Is there any templates or standards required in how the results are documented?		
10.	**6.1.** Regulated Entities must develop functional and usable Recovery Plans commensurate with their size, complexity, structure, nature of business and risk profile.	More clarity is needed if this "commensurate" in the definition of size will have a different application to large institutions versus a small building society. Is there a minimum standard that is proportionate to the size and import of the entity.	Rule 6.1 aligns with a proportionality approach where a Recovery Plan, as defined in 5.1.13 is developed and presented commensurate with each of the factors noted i.e. size, complexity, structure, nature of business and risk profile. Smaller institutions may have simpler Recovery Plans with fewer recovery options, provided the Recovery Plan meets the necessary requirements.	No change.
11.	**7B.** Governance – This section must detail the responsibilities of the Board of Directors, Senior Management, Internal Audit, and any other senior governance committee or persons in Control Functions in the creation and execution of a Recovery Plan.	In keeping with the existing Governance framework, the respective Board would utilise Board meetings, and Board Minutes as evidence of review and challenge. More clarity is needed on the type of evidence required to indicate that the Board has provided sufficient challenge on the recovery plan. In addition, further clarity on what CIMA deems as sufficient challenge is being recommended.	The Authority does not specify what type of "evidence" should be provided but the Regulated Entity should be able to demonstrate that the Board or other appropriate senior governance committee or persons in Control Functions have actively tested, questioned and scrutinised i.e. challenged the elements of the Recovery Plan which eventually shaped the final Recovery Plan of the Regulated Entity.	No change.
12.	**7.1.C.** Scope & Strategic Analysis—This section must identify the Regulated Entity's core subsidiaries, business lines, and critical functions, which will inform the scope of coverage of its Recovery Plan. It must also demonstrate a strategic analysis of how these will be maintained during a financial stress event.	Is there an expectation that this analysis is included in the Recovery Plan or can this exercise be conducted as part of the entity's governance process and results used to underpin the actual strategies noted in the plan.	As required in Rule 7.1.C, the Authority expects this analysis to be included in the Recovery Plan, but it is not prescriptive in how this exercise is conducted.	No change.
13.	**7.1.D. Triggers and Indicators –** An Early Warning Indicator ("EWI") framework must contain triggers that include a mix of qualitative and quantitative metrics that are most relevant to the Regulated Entity and stipulate the	It is recommended that CIMA provide the type of triggers that the entities would be required to include in the EWI based on the	Section 7.25 gives guidance on the range of qualitative and quantitative indicators that can inform the EWI framework. Each Regulated Entity is expected to develop its own range of indicators guided by 7.24 and commensurate	No change.

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	forward-looking conditions that necessitate recovery action(s).	institutional type and size- that is, some minimum ranges. Are entities allowed to apply its own threshold for the mix of indicators it intends to use.	to the size, complexity, nature of business and risk profile.	
14.	**7.1 E.** Stress Testing – This section must include the following: (1) tests of the Recovery Plan against a minimum of three (3) stress scenarios: (i) market-wide scenarios, (ii) idiosyncratic scenarios, and (iii) a combination of both; and (2) a clear description of the Point of Near Failure.	Please can the Authority confirm if the intention is for operational events to be included within the idiosyncratic scenarios. For example, is the intention that the Recovery Plan focuses on financial recovery, as the regulated entity's business continuity plan or equivalent would deal with operational recovery from major operational events, including cyber events? The reference to require three stress scenarios for a small and less complex entity seems excessive. Define the Authority's meaning of idiosyncratic stress and point of near failure (and is this to be determined by the entity or is there an expectation that it is an industry standard to be utilised/created).	A Recovery Plan should not be confused with a Business Continuity Plan. As indicated, the Recovery Plan is focused on a financial recovery, and while the same operational event may trigger both plans, the focus of the Recovery Plan is on financial stress i.e. how can financial viability be restored under severe financial stress. The three stress scenarios required are as recommended from international standard setters and comparable jurisdictions. Each of the three stress scenarios represents different types of stress and Regulated Entities are reminded of the proportionality principle. Hence, for smaller Regulated Entities, each of the three scenarios presented may be fewer, simpler, high-level scenarios.	For the avoidance of doubt, Section 6.2 has been amended as follows and with a supporting footnote: "6.2 A Recovery Plan, **which is not to be confused with a Business Continuity Plan**,…" Additionally, a footnote for *Business Continuity Plan* has been included as follows: **This refers to a documented plan, guided by an enterprise-wide Business Continuity Management Framework, that is implemented by a Regulated Entity to respond and adapt to operational disruptions, as defined in CIMA's *Rule and Statement of Guidance – Business Continuity Management for Regulated Entities (2026)*.**

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15.	**7.1 F.** Recovery Options—This section must include all the options available to a Regulated Entity and the specific time needed to execute each option, highlighting the time needed to realise the total Recovery Capacity and restore viability.	Please can the Authority confirm that "all options" can be interpreted as "the material options" available to a Regulated Entity? Request for clarity on what CIMA would deem acceptable "limited option" recovery plans in cases where a smaller entity may not have many recovery options.	"All options" refer to the range of recovery options chosen and dismissed by the Regulated Entity and presented in the Recovery Plan as available commensurate with the size, complexity, structure, nature of business, and business risk profile of such.	Rule 7.1F has been amended for clarity as follows: F. Recovery Options—This section must include ~~all~~ the **chosen and dismissed** options available to a Regulated Entity and the specific time needed to execute each option, highlighting the time needed to realise the total Recovery Capacity and restore viability.
16.	**7.1.G.** Communication Plan— If the Regulated Entity chooses a Recovery option, it must implement a usable communication plan that details the internal and external communication approach.	This section speaks to a communication plan - can CIMA clarify if this is a separate document from the recovery plan.	The communication plan is included as part of the Recovery Plan as guided in Section 7.63 "The Recovery Plan includes a communication plan usable in a stress event…"	No change.
17.	**7.5.4.** Evidence that the Board or other appropriate senior governance committee or persons in Control Functions has provided sufficient challenge on the Recovery Plan and reviewed and approved it. They, as applicable, are required to set out their view of the extent to which the Recovery Plan is credible and executable in severe but plausible scenarios, and an explanation of that view. The Board or other appropriate senior governance committee or persons in Control Functions should also review and approve any material changes to the Recovery Plan made by Senior Management.	It is not clear as to the evidence required or expected of the Authority that the Board has provided sufficient challenge on the recovery plan. We request that the Authority explain what is expected as evidence to prove that the Board has challenged the recovery plan. Will minutes of the meeting be adequate?	The Authority does not specify what type of "evidence" should be provided but the Regulated Entity should be able to demonstrate that the Board or other appropriate senior governance committee or persons in Control Functions have actively tested, questioned and scrutinised i.e. challenged the elements of the Recovery Plan which eventually shaped the final Recovery Plan of the Regulated Entity.	No change.
18.	**7.5.6.** Where the Regulated Entity is part of a financial group, it must submit the Recovery Plan of its parent entity at the request of the Authority.	We note that Rule 7.5.6 refers to submission of a parent entity's Recovery Plan at the request of the Authority. In cases where a Regulated Entity is part of a	The Authority notes the feedback received and has amended Rule 7.5.6 for further clarity.	Further specifics have been included for applicability as follows: 7.5.6 Where the Regulated Entity is part of a financial

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		financial group whose parent entity is incorporated in a jurisdiction that does not require recovery planning, no such parent Recovery Plan may exist. We recommend that the RSOG be clarified to confirm that, in such circumstances, the absence of a parent Recovery Plan does not in itself constitute a deficiency, provided that the Cayman Islands Regulated Entity maintains a credible and stand-alone Recovery Plan commensurate with its size, complexity, and risk profile.		group **and a Recovery Plan is developed at the group level**, it must submit the Recovery Plan of its parent entity at the request of the Authority.
19.	**7.5.7.** The Board of the Regulated Entity must ensure that the development of its Recovery Plan is coordinated and consistent with the parent entity's recovery options.	It is not clear the expectation as it relates to the Recovery Plan being coordinated and consistent with the parent entity. Please provide clarity as it relates to the Authority's expectations that the Recovery Plan must be coordinated and consistent with the parent entity recovery option. Is the expectation that the Board should review both parent and license's recovery plan to ensure consistency?	The Board is not required to review or approve the parent entity's recovery options, but the Authority expects that the Board will ensure that the Recovery Plan of the Regulated Entity is developed such that its own recovery options do not contradict the group-level options and are aligned with the group-wide recovery strategy.	No change.
20.	**7.5.8.** The Authority expects and may assess the Recovery Plan of the Regulated Entity in relation to its parent entity, to examine whether the parent entity's recovery options that have been developed in the interest of the financial group are not detrimental to the Regulated Entity's operations in the Cayman Islands. The parent entity's recovery options should include a clear description of the measures and arrangements to be taken within the financial group if its Recovery Plan is activated.	It is noted that the Authority may assess the recovery plan of a regulated entity's parent company. Does this include situations where the parent entity is not domiciled in the Cayman Islands?	This does not include situations where the parent entity is not domiciled in the Cayman Islands. In this case, the Authority refers to Rule 7.5.7, which requires alignment in the development of the Regulated Entity's Recovery Plan with its parent entity's recovery options.	No change.

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21.	**7.5.9** If disposal of the Cayman Islands Regulated Entity or any of its business lines is a recovery option of the parent entity (even in normal times), the Regulated Entity must ensure that the Authority is informed, and prior approval is received pursuant to the requirements set out in the regulatory acts or other relevant legislation.	This paragraph is not clear. Is CIMA stating that in order for a Parent Entity to have the disposal of a Cayman Islands regulated entity as a recovery option in the Parent Entity's Recovery Plan, that CIMA must first approve the addition of this recovery option in the Parent Entity's Recovery Plan? Or is this paragraph purely stating that the Parent Entity needs CIMA's approval before it can sell the Cayman Islands regulated entity? The RSOG wording is not fully clear on whether prior approval is needed to include disposal of a Cayman Islands Regulated Entity as a recovery option for the parent entity, or whether prior approval is only needed in the event that the disposal actually takes place. We note that Rule 7.5.9 appears to require prior regulatory approval where disposal of the Cayman Islands Regulated Entity or its business lines is identified as a recovery option, even though recovery options are by nature hypothetical and pre-transactional. At recovery-planning stage, the identity of the buyer, transaction details and structure are typically unknown. We suggest that this provision be reframed to require early supervisory notification and engagement in principle, with formal approvals applying only	The Authority requires early supervisory notification and engagement as part of the Regulated Entity's Recovery Planning process if this is a recovery option. Formal prior approvals apply only at the execution stage if the disposal affects the Cayman Islands Regulated Entity or any of its material business lines pursuant to the requirements set out in the BTCA, *inter alia*. The rule was enhanced for greater clarity.	The rule was amended as follows: **7.5.9** If disposal of the Cayman Islands Regulated Entity or any of its business lines is a recovery option of the parent entity (even in normal times), the Regulated Entity must ensure that the Authority is informed **as part of the Recovery Planning process.** ~~, and~~ **The execution of this recovery option requires that** prior approval is received pursuant to the requirements set out in the regulatory acts or other relevant legislation.

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		once a specific and actionable transaction is proposed (in the actual recovery phase, i.e., not recovery planning, phase).		
22.	**7.9.** The Regulated Entity must ensure that the Internal Audit function reviews its Recovery Plan, and include confirmation of this review within the submission of the Recovery Plan to the Authority.	The requirement for internal audit review of the recovery plan goes beyond what is required by a number of jurisdictions that have implemented recovery planning frameworks, where the role of internal audit may be expressed more broadly in relation to providing assurance over the risk management framework. Rule 7.9 implies that Internal Audit must review Recovery Plan upon initial submission for approval to the Authority. However, it is not clear whether Internal Audit is also expected to review the Recovery Plan on a regular cycle or at any specific time beyond the initial submission.	The Authority has enhanced Rule 7.9 to clarify the requirements for the internal audit review of the Recovery Plan.	7.9. The Regulated Entity must ensure that the Internal Audit function reviews its Recovery Plan and includes confirmation of this review within the submission of the Recovery Plan to the Authority: 7.9.1. prior to the initial submission of the Recovery Plan; 7.9.2. to check the implementation of remediation actions following the Authority's initial review; and 7.9.3. for each re-submission of the Recovery Plan as a result of updates and/or changes that adversely impact the Recovery Plan.
23.	**7.31.** Stress scenarios should follow a clear narrative, taking the Regulated Entity from normal operating conditions; through a severe but plausible financial stress; and end in the Point of Near Failure. They should set out financial indicators at each stress stage; capture when each risk management indicator is triggered; and at what point management and governance actions will be taken. It should also demonstrate the effect on the ability of the Regulated Entity to undertake relevant recovery	1. Where Regulated Entities cannot see severe but plausible financial stresses leading to a Point of Near Failure, what are the regulatory expectations? 2. Where entities hold exceptionally high levels of capital and/or liquidity relative to their risks, it would be preferred if the regulator allowed them to recognize this in the Recovery Planning and not mandate	1. Where Regulated Entities are unable to identify a Point of Near Failure, reverse stress testing can be considered as a starting point for developing scenarios that should only be "near-default" or the Point of Near Failure. The Authority expects a clear narrative for demonstrating the journey from normal, to stress to near failure. 2.	1. Reverse stress testing was included as a consideration for a Point of Near Failure via a footnote as seen below: ***Reverse stress-testing scenarios can be a useful starting point for developing Point of Near Failure scenarios. i.e. near-default scenarios given the aim of Recovery Planning is to***

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	options, and at what point certain options would no longer be viable.	increasing the scenarios well beyond plausible. As an example, if the ICAAP reflects severe-yet-plausible stresses – could that be used to inform a ceiling – but still run through what the EWIs and Actions would look like on those scenarios?		***describe options to ensure and restore the financial strength of viability when a Regulated Entity comes under severe stress.***
24.	**7.32.** The Points of Near Failure should be set out through qualitative (based on operational, governance, legal, and reputational signals) or quantitative (based on prudential metrics) metrics relevant to the Regulated Entity's operations.	It is not clear whether the point of near failure set out through qualitative or quantitative metrics is to be determined by the Regulated Entity. There appears to be multiple scenarios at which the institution would break (economic stress, physical stress, geopolitical stress). We seek clarification on 'the point of near failure' and as to who will make such determination. Should the scenarios be only represented in macro economical variables i.e. GDP growth; FX; Interest Rate…?	The Point of Near Failure, as defined in Section 5 – Definitions "*refers to a severe stress scenario but one that is still within the realm of recovery and acts as a trigger for the activation of recovery actions as outlined in a Regulated Entity's Recovery Plan*". Guided by this, it is the Regulated Entity that determines the Point of Near Failure and includes both qualitative and quantitative scenarios, including those but not limited to the indicators listed in 7.33.	No change.
25.	**7.33.** The Authority is not prescriptive on the components of a stress scenario. However, the following are frequently used: ▪ significant capital and liquidity impacts; ▪ severe losses through a rogue trader; ▪ rating downgrades; ▪ a US dollar crisis (or other dominant currency of the Regulated Entity); ▪ decreasing GDP growth rates; ▪ loss of goodwill or reputational crises; ▪ significant deposit withdrawal or runoff; ▪ collapse of global financial markets; ▪ rise in public debt; ▪ significant changes in currency rates; ▪ significant changes in commodity prices;	It is not clear when the Authority mentions that it is not prescriptive on the components of a stress scenario. Can the Authority elaborate as its expectation of the use of the frequently used listed?	The Authority is not prescriptive, such that there are no specific criteria or components provided, as each Regulated Entity differs based on the size, complexity, structure, nature of business and risk profile. The list provided in 7.33 is for illustrative purposes as examples of indicators commonly used as components of a stress scenario; any of the listed components in 7.33 can be used but Regulated Entities are not limited to this list.	No change.

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	▪ bank failures; or ▪ fraud;			
26.	**7.34.** The stress scenarios within the Recovery Plan should cover both fast-moving and slow-moving risk events; and set out the speed and duration of the stress and how these would impact other components of the Plan (such as recovery options and the ability to react to EWI).	The RSOG notes that the stress scenarios within the recovery plan should cover both fast-moving and slow-moving events. Different Regulated Entities can arrive at different definitions of fast- and slow-moving events. Does the Authority leave this definition to each Regulated Entity to determine what should be considered appropriate? Kindly elaborate on what is meant by 'fast vs slow moving events'.	The Authority notes the application of proportionality to each of the components of Recovery Planning by the Regulated Entity, which includes triggers and indicators, stress scenarios and recovery options. Rule 7.1E notes the consideration and inclusion of three (3) stress scenarios and within these scenarios, fast- and slow-moving events should be covered. Additional guidance explaining fast-moving and slow-moving risk events have been included in 7.34. Fast-moving events may represent a sudden and sharp deterioration of its operations and provisions of critical services within a stress scenario that develops over a short timeframe and would require immediate activation of recovery options to maintain its viability. On the other hand, slow-moving events represent gradual deterioration that occurs over an extended period and require early-warning monitoring and sufficient time to implement medium – long-term recovery options.	**7.34** The stress scenarios within the Recovery Plan should cover both fast-moving and slow-moving risk events; and set out the speed and duration of the stress and how these would impact other components of the Plan (such as recovery options and the ability to react to EWI). **Fast-moving events may represent a sudden and sharp deterioration of its operations and provisions of critical services within a stress scenario that develops over a short timeframe and would require immediate activation of recovery options to maintain its viability. On the other hand, slow-moving events represent gradual deterioration that occurs over an extended period and require early-warning monitoring and sufficient time to implement medium – long-term recovery options.**
27.	**7.39.** Regarding the financial impact assessment, comprehensive descriptions should explain the financial positions both if the action(s) were implemented and if no action was	Do financial impact assessments need to be performed both under financial and regulatory reporting bases (where these differ) and	Regulated Entities are not required to prepare two full sets of financial statements, but should ensure that the financial impact assessment includes forward-looking projections of their	7.39. Regarding the financial impact assessment, comprehensive descriptions should explain

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	taken. This will also give the Authority insights into the Regulated Entity's risk appetite; validate the financial position associated with the recovery options presented in each scenario; and the threshold under which intervention becomes necessary.	does the Authority expect to see full balance sheet and income statement projections before and after implementation of all of the recovery options or only a selection of material recovery options?	balance sheet, income statement and key prudential measures such as liquidity and capital adequacy, before and after the implementation of the recovery options presented. Where there are differences between the financial and regulatory reporting, the Regulated Entity should clearly present the impact on regulatory reporting and any material differences from financial reporting should be reflected in the analysis. In line with the proportionality principle, the depth and granularity of financial projections shall be commensurate with the size, complexity, structure, nature of business and risk profile of the operations of the Regulated Entity. Guidance has been enhanced for clarity.	the financial positions both if the action(s) were implemented and if no action was taken. **Regulated Entities are not required to prepare two full sets of financial statements, but should ensure that the financial impact assessment includes forward-looking projections of their balance sheet, income statement and key prudential measures such as liquidity and capital adequacy, before and after the implementation of the recovery options presented.** This will also give the Authority insights into the Regulated Entity's risk appetite; validate the financial position associated with the recovery options presented in each scenario; and the threshold under which intervention becomes necessary.
28.	**7.44.** The range of Recovery options should be presented in order of effectiveness and explain the benefits of each option, individually and cumulatively. Effectiveness takes into account the impact, timeliness, ease of execution and any associated risks that may arise from implementing the Recovery option. Each of these factors should play a role in determining the most effective sequence of options to deal with a stress event.	These paragraphs may be misleading, and the process is not entirely plausible. It is not plausible to determine the benefits of all recovery options if implemented together or cumulatively. Some recovery options are designed to assist in liquidity stresses, and some are designed to assist in capital	Recovery options and recovery capacity should be considered relative to each stress test in the Recovery Plan. The Recovery Plan should detail the stress and then consider the available options relevant to that stress in order of effectiveness and then cumulatively. The Recovery Plan should also consider available options that the Regulated Entity deems ineffective or irrelevant to the stress, and	No change.

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	7.47. The Regulated Entity's total Recovery Capacity demonstrate all the benefits of all options available if implemented together, in terms of satisfying the capital and liquidity requirements relevant to the stress event.	stresses, they are not all complementary. As such, some options may have conflicting impacts on different measures, and when assessing the total benefits of all Recovery Options, some options may make another measure worse (and would actually not be implemented in reality). For example, if one recovery option is to sell a part of a loan book, then the bank may not want to sell investments (a different recovery option), as the latter will have a detrimental impact on the operations of the bank. This requirement in these two paragraphs is therefore not plausible and should be reconsidered. The RSOG states that Recovery options should be presented in order of effectiveness. Different recovery options may be more or less effective depending on the nature of the stress. Does the Authority expect the effectiveness of the Recovery options to be assessed relative to each stress test that is considered in the recovery plan, and does this apply to all recovery options or only a selection of material recovery options?	explain why those options have been discounted. The recovery options considered should include all available options, not just the ones deemed material. The Authority does not expect an entity to consider liquidity stress-specific recovery options and capital stress-specific recovery options together. The recovery options considered should be relevant to the specific stress. The Regulated Entity is responsible for determining which options are plausible together and then set this out within the plan. If something is not considered plausible, it should be detailed in the plan, along with the reasons why.	
29.	**7.50.** Where support from a parent entity is the main recovery option for a Regulated Entity, it must submit a written attestation by the parent company to the Authority, to confirm that the parent entity is available to support the Regulated Entity; and to grant the Authority the	Does the Authority include parent entities domiciled outside of Cayman Islands within the considerations of this paragraph and, if so, is it possible to grant the Authority legal rights to	Where a Recovery Plan lists parental support as the main recovery option, the Authority expects confirmation from the Group that it would support the Regulated Entity in a stress, and a written attestation would be the most appropriate means of achieving this. Board	The following Rule was amended as follows: **7.50.** Where support from a parent entity is the primary recovery option for a Regulated Entity, it must

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	legal rights to impose the recovery option under the laws of the Cayman Islands.	impose the recovery option under the laws of Cayman Islands under all scenarios e.g. if compelling the action to be taken by the parent entity adversely impacts customers and other subsidiaries in other jurisdictions? It is not clear the detailed level attestation required from a parent entity. Further the inclusion of legal rights to impose the recovery option on the parent entity outside of the Cayman Islands appears overreaching. Can the Authority elaborate on its expectation when it states 'confirm that the parent entity is available to support the Regulated Entity'? In other words, what is the parent entity attesting to? We recommend limiting the obligation of the parent to the licensee as we believe such commitments should be between the parent and the licensee (the subsidiary). We note that Rule 7.50 raises several concerns: 1. A written attestation of parental support may be interpreted as a committed financial obligation (effectively a committed Off Balance Sheet facility), with potential accounting, financial, capital, and legal implications for the parent entity that go beyond the	signed attestations accompanying Recovery Plans will be accepted in situations where this is the case. Notably, CIMA is not requiring parental attestation, except in cases where parental support is mentioned as a recovery option. If parental support is mentioned but there exists legal impediments to implementation of that parental support, then that recovery option may not be a viable option for the Regulated Entity. Concerns over the Authority's legal rights to impose were noted and the rule amended to avoid ambiguity.	submit a written attestation ~~by the parent company~~ to the Authority, to confirm that the parent entity is available to support the Regulated Entity; ~~and to grant the Authority the legal rights to impose the recovery option under the laws of the Cayman Islands.~~ **subject to the relevant approvals from the Authority, as applicable, pursuant to the requirements set out in the regulatory acts or other relevant legislation**.

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		intended contingent nature of recovery options 2. The availability of parental support in a stress scenario is inherently conditional and dependent on the parent's own financial position at the time of stress. A blanket written commitment may therefore not reflect economic reality. 3. The reference to granting the Authority legal rights to impose recovery options is inconsistent with the governance of recovery planning, where decisions on execution of recovery actions remain the responsibility of the Regulated Entity's Board and Senior Management. We recommend that this paragraph be clarified to reflect that parental support, where included, is a conditional recovery option subject to governance approvals, and that the CIMA's role is one of assessment, challenge, and coordination rather than imposition.		
30.	**7.53**. The Recovery Plan should also set out situations where each dismissed option would not be credible, for example, due to market conditions.	We consider it a burdensome and onerous exercise to document and provide explanation of all the dismissed scenarios. We recommend that the recovery plan be presented with the options applicable to the nature and complexity of the business and therefore the removal of the expectation to provide a rationale for dismissed scenarios.	Recovery plans should consider all recovery options available to the Regulated Entity, and should then list them in order of effectiveness, and discount options that are dismissed. The Authority wants to see discounted recovery options as evidence that the Regulated Entity has fully considered all available recovery options. This forms part of the due process and demonstrates that the Recovery Plan gives full consideration to the Regulated Entity's recovery options.	No change.

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31.	**7.55.** In a market-wide stress, the Regulated Entity should also consider the potential actions of other market participants. For example, if an option is to dispose of assets and another institution is in the same position, the market value and benefit of the recovery option will be reduced.	It is not clear how a Regulated Entity will be able to know the potential action of other market participants. Can the Authority elaborate on how a Regulated Entity to consider market participants recovery options?	The Regulated Entity should consider how other market participants are likely to behave in a market-wide stress where, using the same example provided, many institutions choose to dispose of assets at the same time and how this would affect the market value of the asset(s) under consideration in the recovery option.	No change.
32.	**10.3.** A Regulated Entity must submit a Board-approved Action Plan simultaneously with its Recovery Plan within the Effective Date of implementation of this Rule and Statement of Guidance and for every revised Recovery Plan thereafter.	The rule refers to Action Plan. Provide clarification on what this Action Plan is in reference to. Is the Action Plan separate from the Recovery Plan or can it be included as part of the Recovery plan?	The Authority refers to the definition of "Action Plan" in 5.1.1 as "*a high-level roadmap of the Recovery Plan which outlines the steps to take in response to specific stress scenarios to achieve a recovery objective in a concise, practical, action-oriented format that supports rapid decision-making in a stress. It is focused on strategic decisions and the sequencing of recovery action for use by Senior Management, Board and governance committees, as relevant*." This is not a separate standalone document from the Recovery Plan and is included within the submission of the Recovery Plan.	No change.
33.	**11.1.** The Rule and Statement of Guidance will come into effect within twelve (12) months of the date that it is published in the Cayman Islands Gazette.	It is recommended that CIMA consider extending the implementation timelines from 12 months to 24 months given the significant work to create the recovery plan, conduct stress testing, seek Board challenge, submit to the Authority for review and then implement the recovery plan. In addition, for an entity that is part of a Group, the parent would also be required to have its own recovery plan framework to provide oversight and testing.	The Authority notes that while the RSOG will come into effect 12 months from the date of gazette, the Recovery Plan submission, see section 10, is due within 12 months of the effective date which gives the Regulated Entity a total of 24 months to develop and submit a Recovery Plan to the Authority (See Section 10.1.1)	No change.