

Cayman Islands

MONETARY AUTHORITY - ANNUAL REPORT 1999



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Mission Statement

MISSION STATEMENT



The Cayman Islands Monetary Authority (the Monetary Authority) is a statutory agency created by the Cayman Islands Government to:

- Regulate and supervise the financial services industry in order to maintain a first class financial system.
- Safeguard the interests of depositors, trust beneficiaries, policyholders and mutual fund investors from undue loss.
- Contribute to public confidence in our financial system by promoting sound corporate governance, prudent business practices and compliance with laws and regulations.
- Promote and maintain monetary stability and preserve the value and integrity of the Cayman Islands currency and advise the government on banking and monetary matters.

The Authority endeavours to fulfil its regulatory and supervisory mandate having due regard to international standards and the need for operational freedom by financial services providers and for the maintenance of a dynamic and competitive industry. The Authority values a close and harmonious working relationship with all segments of the industry and is committed to maintaining the highest standards and skill in our staff that responds expeditiously and effectively to the challenges posed by an ever-changing financial environment.

Directors and Senior Officials

DIRECTORS AND SENIOR OFFICIALS AS AT DECEMBER 31 1999

Board of Directors

Hon. George McCarthy	Chairman
Sir Vassel Johnson	
Richard Chalmers	
Julene Banks	
Neville Grant	Managing Director
Michael Austin	



Senior Officials

Neville Grant	Managing Director
Cindy Scotland	General Manager
Anna McLean	Deputy Head of Banking and Trust (Off-Site)
Karl Adamsons	Deputy Head of Banking and Trust (On-Site)
William McCullough	Head of Insurance
Gordon Rowell	Deputy Head of Insurance
Chris Collins	Superintendent, Health Insurance
Don Seymour	Head of Investments
Dwight Carter	Deputy Head of Investments
Paul Byles	Acting Head of Policy and Research
Neil Glasson	Information Technology, Manager

Chairman's Statement

CHAIRMAN'S STATEMENT



In 1999, global economic and financial conditions improved markedly after the turbulence in Asian markets in 1997/98. During the year, financial market confidence gradually returned to most of the economies affected by the crises. As a result of the positive turnaround in Asian economies, projections for global growth were 3 per cent for 1999. Against the background of an improved global economy in 1999, the Cayman Islands economy continues to expand.

Technological advances have led to the rapid development of e-business on a global scale. The government has stated a commitment to the development of e-business in Cayman and has established an Advisory Board on e-business. The Monetary Authority is involved in the work of this board and is currently examining the regulatory implications for the financial services sector.

During 1999, we hosted the XVII Annual Conference of the Caribbean Group of Bank Supervisors and the Annual Meeting of the Offshore Group of Insurance Supervisors. Both proved successful. Participants were able to acquaint themselves with regulators from a different field and the conference provided a forum for the sharing of information on cross-border supervisory issues. Cayman's commitment to cross-border co-operation was underscored by a Memorandum of Understanding (MOU), signed with Brazil in March 1999.

In mid year a task force was setup to examine the implementation requirements relating to increasing the powers of the Monetary Authority in line with international best practices. It is expected that the task force will produce a report on the issues to the Government early in 2000.

Also in early 2000 the review of financial services regulation in the six Caribbean overseas territories of the UK plus Bermuda, jointly commissioned by the UK Government and the seven territories gets underway. KPMG was appointed in late 1999 to undertake the review, and the Monetary Authority will be participating fully in the process.

The year 1999 was a successful one and I would like to use the opportunity as Chairman to extend my appreciation to the management and staff of the Monetary Authority for their dedication and commitment in maintaining safety and soundness in our financial system. The year 2000 promises to be eventful, beginning with the hosting of the United Nations Forum on Offshore Centres in March.

A handwritten signature in black ink, which appears to read "George McCarthy". The signature is stylized and cursive.

Hon. George McCarthy
Chairman
Cayman Islands Monetary Authority

Managing Director's Statement

MANAGING DIRECTOR'S STATEMENT

This year the Monetary Authority continued to place emphasis on training as evidenced by numerous local and overseas seminars which staff have attended and has stepped up its recruitment efforts.

During the year, a self-assessment was conducted against the international supervisory principles for the banking, insurance and investments industries to determine the extent to which the local regulatory and supervisory framework meets international best practices. From this assessment it was concluded that the Monetary Authority was largely compliant with international best practices, although some further areas for improvement were identified.

In our continuing efforts to further enhance the regulatory policy environment, the Policy and Research Division was restructured with a primary mandate to establish and maintain a compendium of regulatory policies for all industries, in addition to its responsibilities in the areas of training and publications. In the case of the latter, a project has been initiated to establish a regular newsletter for the Monetary Authority, which will keep its licensees updated on important regulatory developments.

I am grateful for the contributions of Mr William McCullough, Head of Insurance, and Mr Manuel Vasquez, my special assistant who have left the Monetary Authority during the year. I wish them every success in the future. I would also like to welcome Mr Clive Thursby as the new Head of Insurance beginning in January 2000, and Mr Paul Byles, the new Acting Head of Policy and Research who started in July of this year.

I would like to extend my thanks to all the staff for their dedication and hard work throughout the year.



Neville Grant
Managing Director
Cayman Islands Monetary Authority



Sectoral Overview

SECTORAL OVERVIEW



Banks and Trust Companies

The number of active banking and trust companies at the end of 1999 fell to 571 compared with 587 at the end of 1998. The 2.8% reduction in active licensees was largely due to a spate of mergers and acquisitions in the global financial market. The Monetary Authority has continued to witness an inflow of new licensees with a total of 23 new Licences being issued during the year. The number of Category 'A' Banks as at December 31st, 1999 was 31, with seven of these active in the retail market. The number of banks with a physical presence was 112.

Total external assets and liabilities booked through the banking and trust sector during 1999 was US\$671.7 bn and US\$668.9 bn, respectively. The level of external assets and liabilities reported in 1999 represented marginal increases over 1998, when external assets were US\$648 bn and external liabilities was US\$641 bn.

During the year the Monetary Authority took enforcement actions against several institutions, the most notable of these being EuroBank. In May 1999, the Executive Council appointed controllers of the Bank, which held a Category 'A' Banking Licence, to protect the interests of depositors and other creditors of the bank. The appointment was made for regulatory purposes under Section 14 of the Bank and Trust Companies Law. This followed the Monetary Authority's on-site inspection of EuroBank and a subsequent report by Coopers & Lybrand (now PWCs). The Authority's inspection report identified serious weaknesses in the bank's system of controls while the auditors noted that deficiencies in client documentation, including the lack of documentation on in-coming wire transfers, made it difficult for the bank to adhere to the 'KYC' principles. The auditors also identified accounts that gave rise to suspicions of money laundering that warranted the bank and its management being further investigated.

In early May 1999, a report from the Financial Reporting Unit (FRU) of the Royal Cayman Islands Police indicated that EuroBank and some of its officers may have been implicated in money laundering activities. An investigation of offences was undertaken by the FRU with the Monetary Authority's assistance and concluded that the bank may have been used to facilitate money laundering in probable contravention of the Proceeds of Criminal Conduct Law. In February 2000 criminal charges were laid against nine persons.

In June 1999, the bank was placed into voluntary liquidation. The actions taken in relation to the bank included a freeze on payments to depositors and creditors. At the end of 1999, the liquidators made a preferential payment to depositors for the maximum of CI\$20,000 under Section 162 of the Companies Law. This is the first time that this section of the Cayman Law dealing with preference payments to bank creditors has been invoked since its enactment in 1997.

SECTORAL OVERVIEW

Insurance

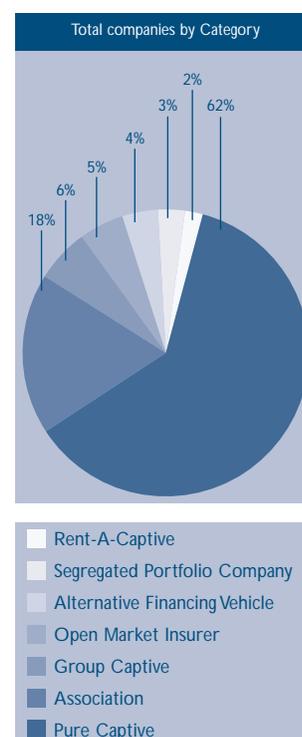
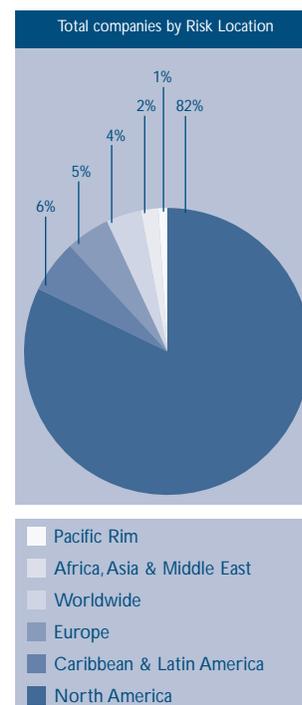
At December 31, 1999 the total number of Licences on record with the Insurance Supervision Department was 669. This number included 32 Class 'A' (Domestic) Insurance Companies, 497 Class 'B' (Captive) Insurance Companies, 26 Insurance Managers, 23 Insurance Brokers, 62 Insurance Agents and 28 Insurance Sub-Agents.

Captive Insurance

A captive is an insurance company generally formed to insure or 'capture' the risks of its ownership. In the Cayman Islands they are formed as class B insurance companies. Growth in the number of new Class 'B' licenses slowed somewhat in 1999. This is owed to the continuing mergers and consolidations of larger organisations in the insurance market. Despite the small global decline in the captive insurance industry, the Cayman Islands, at year-end, reported premium writings in excess of US\$2.7 billion and total assets in excess of US\$12 billion. These companies emanate mostly from the USA (82%), followed by the Caribbean and Latin America (6%) and Europe (5%).

Since the introduction of the Segregated Portfolio Company Legislation in 1998, 18 Segregated Portfolio Companies have been licensed with over 32 active cells within them. A Segregated Portfolio Company is a single legal entity divided into an unlimited number of cells whose assets and liabilities are legally separated from each other. This permits great flexibility in the allocation of capital between the core and individual cells but the creditors of an individual cell have no recourse to the assets of another cell. The Segregated Portfolio Company has many potential uses including the formation of rent-a-captives, composites, reinsurers and association captives, as well as providing a mechanism for the segregation of guaranteed and pooled assets in life insurance. Each individual cell is required to submit a business plan to the Monetary Authority for approval before joining the core company.

The Cayman Islands have also played an important role in the innovative area of risk securitization and the convergence of the traditional insurance market with the capital markets. Of the total alternative risk financing ('ARF') vehicles in the world, Cayman has 85% of the market. One purpose of the ARF is to generate additional capacity from the capital markets as opposed to the traditional reinsurance market. This area of captive management is still in the embryonic stages of development but is anticipated to become, much as the captive has, a significant mechanism in the industry.



SECTORAL OVERVIEW

Domestic Developments

Domestic insurance business increased in 1999, particularly in the area of Health Insurance following the introduction of the Health Insurance Law, 1998. The Insurance Supervision Division has continued its on-site inspection programme for domestic institutions which was started in 1998 and a total of 6 companies had been inspected at year-end. This exercise has resulted in vast improvements in the supervision of the domestic market. Total premiums written in the domestic market in 1999 were in excess of CI\$68 mn and total assets reported were in excess of CI\$70 mn.

Another development in the domestic market was the introduction of risk-based capital ('RBC') requirements for life companies operating in the Cayman Islands. Essentially, RBC is a technique for relating the amount of minimum capital that a company should maintain relative to the various risks to which the company is exposed.

Health Insurance

1999 represented the first complete year during which the Health Insurance Law and Regulations, 1997 were in force. The Monetary Authority continued to provide advice and guidance to employers and employees on their duties and rights under this legislation. Together with the Ministry of Health, guidance and explanations of the legislation were provided through publicity in the press, on radio and on television.

By year-end a little over 28,000 people in the Islands carried private health insurance representing a considerably higher level of compliance with the legislation than at the previous year's-end. Taken together with some 10,500 persons for whom health care benefits are provided by the Government of the Cayman Islands, in excess of 95% of the population of the Islands now have access to paid medical benefits.

The Monetary Authority is responsible for collecting and administering the fund established for payment of medical benefits in respect of uninsurable and partially uninsurable indigents. Supplementary legislation was enacted during 1999 empowering the Director of Health Services to make claims on this fund and the first claims were presented during December 1999, amounting to some CI\$24,000. As at the end of December 1999 the fund stood at CI\$1.8 mn.

Additionally the Monetary Authority has powers to act as arbitrator in respect of disputed claims or any questions relating to a Standard Health Insurance Contract. No disputed claims were presented to the Authority for arbitration during 1999.

SECTORAL OVERVIEW

Investment Services

Mutual Funds

There continues to be phenomenal growth in the mutual funds industry globally. Consequently, in 1999 the Cayman Islands increased its dominance as the number two offshore mutual fund jurisdiction by eclipsing the vaunted 2,000 mark with assets of US\$210 billion under administration on the Islands. At the end of 1999, there were 2,271 regulated funds, an increase of about 15 per cent reflecting the continued growth of the mutual funds industry in the Cayman Islands. In addition, the total number of Mutual Fund Administrators' licences increased by fifteen, thirteen of these being Restricted Mutual Fund Administrators' licences, bringing the total number of mutual fund administrators to 176, with exempt licences remaining unchanged.

Company Managers

During the year the Monetary Authority implemented an on-site inspection programme for company managers. With the current level of resources the initial cycle of inspections will proceed slowly but this is expected to improve once additional staff are in place. During the year, two on-site inspections were conducted. Currently there are 45 company manager 'Full' Licences, an increase of 6% from the previous year. The issuing of exempt licences for company managers was discontinued.

Policy and Legislative Developments

POLICY AND LEGISLATIVE DEVELOPMENTS



The Policy and Research Division experienced some structural changes during 1999, with the employment of two additional staff members and the establishment of a formal set of objectives and work agenda. A Division Head was recruited along with an administrative assistant and a Policy and Research Officer.

The Policy and Research Division is responsible for (i) the formulation of appropriate policies for the regulation of the financial industry, (ii) production of regular publications of the Monetary Authority, (iii) providing information, whether statistical or otherwise, on the financial sector to external bodies, and (iv) providing internal training seminars for the Authority's staff. This is achieved by monitoring regulatory and industry developments, both domestically as well as internationally.

Compendium of Policies

During 1999 the Division initiated a project to establish a Compendium of Regulatory Policies for the Monetary Authority. This will provide a set of documented policies for the Banking and Trusts, Investments and Insurance Divisions. An initial set of policies is currently being drafted which includes licensing policies for each industry. The Division will be working with Division Heads, the Board, Executive Council and industry towards formulating this initial set of policies in 2000.

Licensing Policy for Trust Services Providers

The Authority is in the process of improving the oversight of trust business activity in the Cayman Islands. Towards the end of the year, a draft policy on the licensing of trust services providers was submitted to the Board for review. The objective of this draft policy is to license only applicants who are capable of providing trust services in the Cayman Islands that will be in the public interest. The draft policy proposes a set of criteria against which applications can be judged. In addition, the Authority has recruited a consultant who will be assisting in developing a manual for on-site inspection of trust companies as well as providing expertise on trust business more generally.

Legislative Changes

Company Management Law

In 1999, the Companies Management Law (1998 Revision) was repealed and re-enacted as the Companies Management Law, 1999. It provides for a system of regulation of company managers by the Monetary Authority. The major changes in the new law are highlighted below:

- Persons who are licensed under the Companies Management Law are no longer exempt from licensing under the Local Companies (Control) Law (1995 Revision).

POLICY AND LEGISLATIVE DEVELOPMENTS

- Licensees are not permitted to issue or transfer shares without the prior approval of the Monetary Authority.
- Licensees are required to seek the approval of the Monetary Authority before the appointment of auditors.
- The Monetary Authority may require any licensee which is a company to remove any director or senior officer.
- The Law now requires licensees to provide a minimum aggregate professional liability insurance coverage of \$1.0 mn with a minimum of \$1.0 mn for each claim.

Regulation of Non-Bank Financial Institutions

Currently, non-bank financial institutions such as building societies, credit unions or institutions providing money transfer services are not regulated by the Monetary Authority. This sub sector of the financial system is now relatively small but growing in Cayman.

In Cayman, there is one building society incorporated under the Building Societies Law and two credit unions incorporated under the Cooperative Societies Law. There are also three money services businesses currently operating and legislation to regulate this area is currently being drafted.

Under the current Building Societies Law and the Cooperative Societies Law, the Registrar of Companies is responsible for the supervision of building societies and credit unions. These institutions are required to submit audited financial statements, prepared in accordance with generally accepted accounting principles, to the Registrar at the end of each financial year. Current legislation requires that the Registrar determine whether or not these institutions' financial statements conform with certain minimum criteria.

Plans are in progress to transfer the supervisory and regulatory powers of the Registrar of Companies under the Building Societies and the Cooperative Societies Law to the Monetary Authority. The focus of supervision will then shift to ensure that these financial institutions operate in a safe and sound manner and that they hold capital and reserves sufficient to support the risks that arise in their business. The change with respect to cooperative societies will only be applicable to credit unions. All cooperative societies that are not credit unions will continue to report to the Registrar of Companies.

New legislation is also being drafted for the regulation of money services providers. The new legislation will require such businesses to register with the Monetary Authority and appropriate reporting schedules are also being designed.

Regulatory Developments and International Issues

REGULATORY DEVELOPMENTS AND INTERNATIONAL ISSUES



DOMESTIC DEVELOPMENTS

Regulatory Self-Assessments

In late 1999, the Monetary Authority conducted a self-assessment against various international regulatory principles for financial services. These included the Basel Core Principles for Effective Banking Supervision, the IOSCO Objectives and Principles of Securities Regulation, and the IAIS Insurance Supervisory Principles.

The Core Principles for Effective Banking Supervision have become the most important standard for prudential regulation and supervision and the Cayman Islands have endorsed these as well as similar regulatory principles for investments and insurance business. The Core Principles were issued by the Basel Committee in 1997 and provide, *inter alia*, a comprehensive framework for effective supervision of banks. They consist of 25 Principles covering all areas of banking supervision and regulation including licensing, prudential regulations, methods of ongoing supervision and obligations of home country supervisors.

The International Association of Insurance Supervisors (IAIS) Insurance Supervisory Principles issued in September 1999 are the international standard for insurance supervision. Three additional standards were issued in September 1998 relating to licensing, on-site inspections and supervision of derivatives. The international standards for the supervision and regulation of investment services are based on the Objectives and Principles of Securities Regulation and Disclosure Standards to Facilitate Cross-Border Offering and Initial Listings by Multinational Issuers endorsed by the International Organisation of Securities Commissions (IOSCO) membership in September 1998.

The objective of the self-assessment conducted by the Monetary Authority was to determine the extent to which the local regulatory and supervisory framework in the Cayman Islands meets these international best practices. This self-assessment also served a dual role as a precursor to the FCO Review, which will be conducted during the first half of 2000. The self-assessment confirmed that the Cayman Islands have various regulatory practices and procedures that are consistent with internationally acceptable supervisory and regulatory practices. However, certain weaknesses were identified in the assessment, including: restrictions prohibiting access to banks' client information; legislative provisions limiting the extent to which the Monetary Authority can share information for cross-border supervision purposes and weaknesses in the area of enforcement.

From this assessment it was concluded that changes to various pieces of financial legislation would be required. In addition, it was concluded that the Monetary Authority would need to increase its human resources in order to continue to improve its standards of financial supervision. These issues are currently being addressed at the appropriate level.

REGULATORY DEVELOPMENTS AND INTERNATIONAL ISSUES

Independence of the Monetary Authority

The independence of regulatory bodies is widely accepted as an important pre-requisite for the effective and efficient supervision of financial institutions. The requirement of independence is also supported by the various supervisory principles for financial activity. The government of the Cayman Islands recognises the importance of this aspect of the regulatory framework. To this end, the Governor-in-Council (EXCO), has given its commitment to the granting of greater regulatory autonomy to the Monetary Authority. In this respect, a Task Force was set up in 1999 by the Honourable Financial Secretary to review the issues related to the increased autonomy of the Monetary Authority.

Cross Border Supervision

As required by the Basel Committee's Minimum Standards for the Supervision of International Banking Groups and their Cross-Border Establishments and Core Principle 24, the Monetary Authority cooperates and shares information with foreign regulators wishing to review matters with institutions on the Islands. As necessary the Monetary Authority consults with other appropriate bodies.

As specified in the Minimum Standards, the opportunity arises at the time of authorisation of a foreign bank to establish an understanding between home and host supervisors as to what information is required by each party and how it can be provided. In some cases, these understandings take the form of a bilateral memorandum of understanding (MOUs) or exchange of letters, which formulate what each party expects from the relationship. Requests for information should set out the information required, the reason for the request and assurances that the information will be kept confidential.

In February 1999, a Memorandum of Understanding (MOU) was signed between Brazil and the Cayman Islands for the sharing of supervisory information. Under the MOU, the Brazilian financial regulator is permitted to carry out on-site examination, accompanied by representatives from the Monetary Authority, of Brazilian banks operating in the Cayman Islands. The Monetary Authority has also received requests to enter into MOU's from Bermuda, Columbia, Costa Rica, Ecuador, Isle of Man, Mexico, Panama, Peru, Portugal, and Venezuela.

During the year the Monetary Authority also successfully conducted an on-site examination of a locally incorporated financial conglomerate with operations in several Latin American countries.

REGULATORY DEVELOPMENTS AND INTERNATIONAL ISSUES

INTERNATIONAL ISSUES

New Capital Adequacy Framework

The limitations of the 1988 Capital Accord have become increasingly apparent, particularly the fact that the regulatory measure of bank risk (risk-weighted assets) can differ substantially from actual bank risk. The Basel Committee on Banking Supervision released, in June 1999, for comments a proposal for a new capital adequacy framework. The new proposal seeks to address limitations of the existing framework. The deadline for comments is March 31, 2000. The Basel Committee is expected to issue a second consultative paper by the end of 2000 or early 2001 with a view to the new Accord being implemented in 2002.

While maintaining minimum capital requirements that are comparable across countries, the framework hopes to provide a more comprehensive approach to addressing actual bank risk. The framework is built on three pillars:

- regulatory capital requirements that expand upon those in the 1988 Accord;
- direct supervisory review of a bank's capital adequacy; and
- the increased use of market discipline to encourage sound risk management practices.

Pillar One: Minimum Capital Requirements

On the first pillar, the Committee's proposal places greater reliance on banks' internal processes to set capital. Alternatively, the new capital adequacy framework proposes a refinement to the existing capital framework based on ratings assigned by external credit rating agencies. It is important to note that capital charges for interest rate risk in the banking book and for operational risk (risks due to systems failures) are being considered by the Basel Committee.

Pillar Two: Supervisory Review

The Committee argues that banks' own capital positions should be consistent with their overall risk profiles. Thus, the internal process by which bank management assesses and sets capital should be subject to supervisory review. Such oversight would encourage supervisory intervention if existing capital levels do not provide sufficient protection against bank default. Furthermore, supervisors should be able to require banks to hold capital beyond the regulatory minimum under certain circumstances.

Pillar Three: Market Discipline

The Committee plans to issue more detailed guidance on the public disclosure of banks' capital requirements and risk exposures. The Committee's guiding principle is that increased transparency regarding banks' actual risks should permit better monitoring by private investors, which in turn should encourage better bank risk management and capital allocation.

REGULATORY DEVELOPMENTS AND INTERNATIONAL ISSUES

Regulation of Financial Services on the Internet

With the expansion of the Internet on a global scale there has been increasing development in the provision of financial services through this new medium. Traditional banking services, insurance products and investments services are increasingly being offered online by financial institutions. With this development, financial regulators are addressing the issue of how the regulatory regime needs to develop further to keep pace with the rapid changes in industry in order to minimise risks to institutions as well as to ensure continued protection of customers.

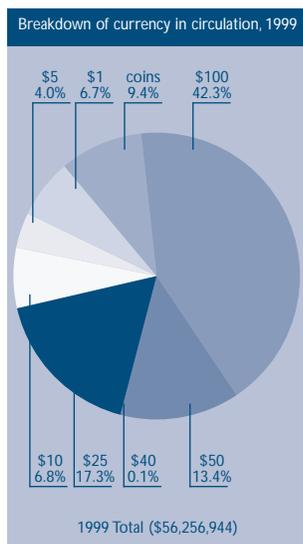
While there are no Cayman Islands-licensed financial service providers currently offering financial services via the Internet, the Monetary Authority has seen an increase in correspondence both from existing licensees and potential new entrants seeking clarity on the regulatory requirements for offering financial services via the Internet.

To this end, the Authority is examining the regulatory implications of Internet financial services. The establishment of regulations in this area is likely to evolve along the lines of international best practices. Our Policy and Research Division is currently in active dialogue with a number of other regulators and international organisations to determine the best way forward. Towards the end of 1999 the Division made contact with the Basel Committee's Working Group on the regulation of Internet banking and is liaising with this group to keep abreast of the international standards that might eventually evolve for financial services providers on the internet.

We are also examining the current definitions of banking, insurance and investments business to determine whether these are adequate to cover new financial products that will emerge in this electronic age.

Currency Operations Activities

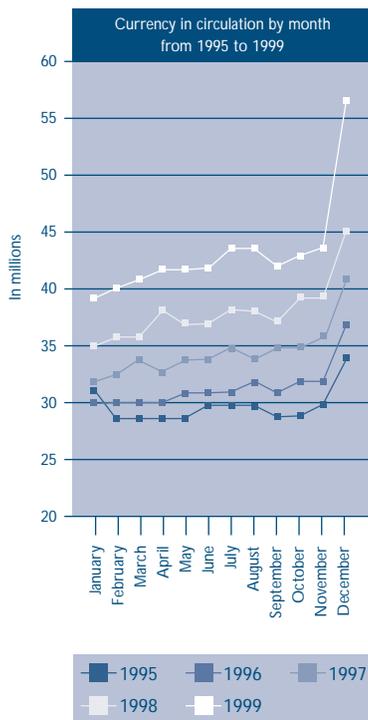
CURRENCY OPERATIONS ACTIVITIES



The Cayman Islands Monetary Authority continues to be the sole issuing authority of Cayman Islands currency. The Authority, through its department Currency Operations, is responsible for the issue, re-issue, and withdrawal of the Cayman Islands currency notes and coins against the US dollar in its dealings with the seven local retail banks. These banks are British American Bank, Barclays Bank PLC., Bank of Butterfield International (Cayman) Ltd., Cayman National Bank, Scotiabank, CIBC Bank & Trust Company (Cayman) Ltd., and the Royal Bank of Canada. The department is also responsible for administering the sale and redemption of numismatic coins to and from local and overseas collectors.

During 1999 the Monetary Authority commissioned the British Royal Mint to design a commemorative numismatic coin to mark the beginning of the new millennium. The reverse side of the \$2 silver coin features a timepiece surrounded by orchid flowers. The design by Christopher N Lawrence F. I. P. G. is elegantly framed by the coin's 12 scalloped edges.

At 31 December 1999, currency in circulation (excluding numismatic issues) stood at CI\$56.3 mn (\$51 mn in notes and \$5.3 mn in circulating coins). This represented a 25.66% increase over 1998. This significant increase was attributed to Year 2000 preparedness programmes. This situation was short-lived as by the end of January 2000 there was a 24% decrease in currency in circulation.



The Authority was prepared for this year-end increase in demand with stock levels at their highest from a recent printing of the new 'C/1' series banknotes and by postponing the destruction of mutilated currency, which was held as contingency stock.

In 1999 a total of \$7.5 mn of mutilated notes withdrawn from circulation were destroyed. This is lower than the five-year average of \$12.8 mn. It is significantly lower than the 1998 total of \$20.6 mn, which was a result of intensified efforts in the department to maintain a high quality of circulating banknotes.

In July 1999, the Monetary Authority issued the \$100 and \$25 versions of the 'C/1' series family of banknotes. These new notes are an upgraded version of the 1996 'B' series, and reflect the change in the issuing Authority, from the C.I. Currency Board to the Cayman Islands Monetary Authority, as well as the change in the law under which the notes are issued, Monetary Authority Law, 1996. Like the lower denominations of the 'C/1' series issued in 1998, these notes have a woven silver metallic security thread, and a turtle water mark highlight that reads 'CIMA'. Additional security features include a schooner hologram on the \$100 banknote and a gold foil turtle on the \$25 banknote. All indications are that the notes are being widely accepted by the public.

Currency Operations would like to extend a special thanks to the Public Works Department of the Cayman Islands Government and to the Royal Cayman Islands Police Service for their invaluable assistance during the year.

Administration

ADMINISTRATION

The main functions of the Administration Division are planning, procurement, development and utilisation of the Authority's human resources. In addition, the division is also responsible for the operational activities of the Authority through planning, directing and monitoring its activities and the implementation of policies, procedures, information systems and functional programmes.

Conferences, Meetings and Seminars

During the year a number of the Authority's staff attended local and overseas conferences, meetings and seminars. The Monetary Authority was represented at over 42 events. The variety of themes on offer this year were indicative of the complex nature of our work and the numerous advances in technology. Subject matter included 'combating anti-money laundering', 'Central Bank systemisation', 'Offshore e-commerce' and 'Managing Regulatory Change in a Changing World'.

The Monetary Authority hosted a two-week seminar in February, which was presented by representatives from the Federal Reserve System. The seminar, entitled 'Bank Analysis, Credit Risk Assessment and Capital Markets Activities Supervision' was attended by junior and middle level analysts from both the Monetary Authority and other Central Banks in the Caribbean and was very successful.

In May, the Monetary Authority co-hosted two conferences simultaneously. Although this is not unheard of, it was rather a unique occasion since the attendees were from different sectors, namely insurance and banking. A large number of representatives from a variety of financial centres attended both the 'XVII Annual Conference of the Caribbean Group of Bank Supervisors' and the 'Annual Meeting of the Offshore Group of Insurance Supervisors'. The combination of these two conferences proved a success. It enabled participants to acquaint themselves with regulators from a different field and provided a forum for the sharing of information.



ADMINISTRATION

Training and Development

The Monetary Authority endeavours to provide its employees with the opportunity to advance their career and progress within the workplace through the provision of study leave and financial assistance, where applicable. Several of our employees commenced educational programmes during the year, including enrolment on Associates Degree programmes and Masters in Business Administration programmes.

The Monetary Authority recognises the importance of acquiring expertise and furthering knowledge in the ever progressive field of supervision and regulation. Throughout the year, several employees undertook training courses with a variety of institutions, including, but not limited to the Federal Reserve Bank of New York, the United States Securities and Exchange Commission and the Ontario Securities Commission.

In October Mr Kevin Solomon of the Banking and Trust On-Site Inspection Division was seconded to the Office of Superintendent of Financial Institutions in Toronto for a period of six weeks. During his secondment he participated in a number of inspections and gained invaluable knowledge through on-the-job training.

Staff Recruitment, Promotions and Other Developments

Mr Paul Byles was recruited as Acting Head of the Policy and Research Division. Mr Byles brings with him 12 years previous experience in the financial sector and is also a candidate for a research PhD focusing on financial sector issues. Mr Clive Thursby has been appointed as the new Head of Insurance. Mr Thursby has over twenty years experience of operations in the offshore insurance market and has been involved in the formation and development of captives (including the regulatory interface entailed) in Guernsey, Luxembourg, the Isle of Man and Dublin. Mr Thursby will begin his post in January 2000.

As at December 31, 1999, the total staff complement was 48. Eleven employees resigned during 1999 and 14 new employees were recruited. The Monetary Authority aims to be competitive in offering a remuneration package that attracts and retains the right mix of staff. In the competitive field of finance, and in particular the dominance of this field in Grand Cayman, we are faced with significant competition from professional services firms in the private sector.

ADMINISTRATION

Developments in Information Technology and Computer Systems

Improvements to BS Form Submissions

A major project that came into full operation during the year was the new 'Electronic BS system'. Once the structure of the Banking division's Balance Sheet submission form was updated and improved by the Policy and Research Division it was the IT Department's responsibility to create a mechanism which would relieve the banking analysts from the task of having to enter manually the 700 plus fields of information on a quarterly basis. This was achieved by distributing these forms on a relatively simple spreadsheet. Once completed, institutions may return their submissions through e-mail, diskette or paper.

To date, 81% of institutions have taken the opportunity to submit their data through diskette or e-mail. This electronic mechanism allows for the Monetary Authority's database system to validate and process the information automatically with very little manual interaction and no possibility of data entry errors. This new system has enabled the banking analysts to spend more time producing detailed financial reports and less time entering data.

A major enhancement to the regulatory information available was the new Directors and Shareholders database. This module has now been fully integrated into the Information System and consolidates information from each of the separate divisions. Much data entry work was required to complete this project.

CIMA Website

During March of this year the IT Division acted as project manager for the Monetary Authority's website. Thanks to the full co-operation of the various divisions, the extensive content was delivered to the Internet development company within the prescribed timescale. All technical aspects of this new site are now completed and the site is due to 'go live' early in 2000.

The site is widely expected to circumvent the barriers of distance and time by providing a 24-hour shop window into the Monetary Authority's regulatory environment. The site will be 'cross-platform' and is designed to be accessible via all browsers. The site will provide answers to frequently asked questions and empower financial institutions to access information while saving the Monetary Authority time and manpower. Statistical information will also be available on the site plus press releases and the Code of Conduct, amongst other things.

Year 2000 Activities Carried Out in-House

With the ever-looming date of 1st January 2000 approaching, it was the primary responsibility of the Information Technology section to apply the numerous software patches to the computer operating systems in use. These renovations were completed by July 1999 giving enough time for these systems to be fully tested in our particular environment.

All critical functions running on non-compliant Oracle databases were connected to the latest Microsoft SQL system. This exercise provided the opportunity to lever in numerous 'value-added' services by converting the user interface from a basic character mode system to a 32-bit graphic interface.

ADMINISTRATION

Financial Report

The annual financial statements of the Authority, as at December 31, 1999 are shown on pages 32 to 44 of this annual report.

Total Assets of \$71.5 mn (1998: \$60.3 mn) include \$69.9 mn (1998: \$59.2 mn) of Currency Reserve assets representing investments and current, call and fixed deposits. Short-term investments are comprised of certificates of deposit and US-issued discount notes maturing within one year. Long-term investments are comprised of US treasury notes and mortgage-backed securities. Investment decisions were made in accordance with our principal investment objectives of security, liquidity and income. Total return of 4.7% (1998: 5.7%) was earned in 1999.

Total liabilities of \$57.6 mn (1998: \$47.9 mn) include \$56.3 mn (1998: \$44.8 mn) of demand liabilities for currency in circulation which are fully secured by the Currency Reserve assets as required by Section 28(7) of the Monetary Authority Law, 1996, as amended.

Total reserves and capital are \$13.9 mn (1998: \$12.4 mn) and the General Reserve is maintained at 15% of demand liabilities as required by Section 6(2) of the Law.

Net income of \$3.3 mn (1998: \$3.5 mn) for the fiscal year was mainly due to sound investment decision-making and implementing effective cost reduction techniques.

The Board approved the transfer of \$0.05 mn (1998: \$0.31 mn) to the Currency Issue Reserve to provide for future currency reprints and \$1.73 mn (1998: \$0.64 mn) was transferred to the General Reserve in accordance with Section 6(1) of the Monetary Authority Law. Approval was also given for the transfer of \$0.25 mn (1998: \$0.75 mn) to the Paid-up Capital account. After these transfers, the Authority was still able to exceed its budgetary target by allocating \$1.2 mn (1998: \$1.8 mn) to the General Revenue of the Cayman Islands Government.

LISTINGS

List of active Banks and Trust Companies as at December 31 1999

Category A:

Aall Trust & Banking Corporation Ltd.
Ansbacher (Cayman) Limited
Banco Portugues do Atlantico
Bank Austria Cayman Islands Ltd.
Bank of America National Trust and Savings Association
Bank of America Trust and Banking Corporation (Cayman) Limited
Bank of Bermuda (Cayman) Limited
Bank of Butterfield International (Cayman) Ltd.
Bank of Nova Scotia Trust Company (Cayman) Limited, (The)
Barclays Bank PLC
Barclays Finance Corporation of the Cayman Islands Limited
Barclays Private Bank & Trust (Cayman) Limited
British American Bank Ltd.
Caledonian Bank & Trust Limited
Cayman National Bank Ltd.
CIBC Bank and Trust Company (Cayman) Limited
Coutts (Cayman) Limited
Deutsche Bank (Cayman) Limited
Dresdner Bank Lateinamerika Aktiengesellschaft
HSBC Financial Services (Cayman) Limited
IBJ Whitehall Bank & Trust Company
Julius Baer Bank and Trust Company Ltd.
MeesPierson (Cayman) Limited
Mercury Bank & Trust Limited
Merrill Lynch Bank and Trust Company (Cayman) Limited
Morval Bank & Trust Cayman Limited
Royal Bank of Canada
Royal Bank of Canada Trust Company (Cayman) Limited
Scotiabank (Cayman Islands) Ltd.
UBS (Cayman Islands) Ltd.

Category B:

ABC Trust Company Ltd.
ABN AMRO Bank (Cayman) Ltd.
ABN Amro Bank N.V.
ABN AMRO Trust Company (Cayman) Limited
Abu Dhabi Commercial Bank
Aegis Trust Limited

Alexandria Bancorp Limited
Allfirst Bank
Alliance Short Duration Mortgage Fund
Allied Irish Banks, PLC
Altajir Bank
Amadeus Trust Company Ltd.
American Express Centurion Bank
American National Bank and Trust Company of Chicago
Amex International Trust (Cayman) Limited
AmSouth Bank of Alabama
Anchor Trust Co. Ltd.
Annapolis Diversified Fund Ltd.
Arab American Bank
Arab Bank PLC
Arab Banking Corporation (B.S.C.)
Arab Commerce Bank Limited
Arabian Express Bank Limited
Arctic Trustee Ltd.
Argentaria, Caja Postal Y Banco Hipotecario, S.A.
Asahi Bank, (The)
Asia Commercial Bank Limited
ATC Trustees (Cayman) Limited
Atlantic Bank of New York
Atlantic European Banking Corporation
Atlantic Security Bank
Atlantico Bank & Trust
Australia and New Zealand Banking Group Limited
B.I. Bank & Trust, Ltd.
B.I. Latin American Fund
B.I.I. Creditanstalt International Bank Ltd.
BAC International Bank
Bahrain Middle East Bank (E.C.)
Banc Internacional of Andorra (Cayman) Ltd.
Banca Commerciale Italiana
Banca Di Roma
Banca Monte dei Paschi di Siena S.p.A.
Banca Promex Sociedad Anonima
Banca Unione Di Credito (Cayman) Ltd.
Banco America do Sul S.A.
Banco Atlantico S.A.
Banco B.I. Creditanstalt S.A.
Banco Bandeirantes Grand Cayman Inc.
Banco Bandeirantes S.A.
Banco Bilbao Vizcaya S.A.
Banco Bilbao Vizcaya-Mexico S.A.
Banco BMC S.A.

Banco BMG S.A.
Banco Boavista InterAtlantico S.A.
Banco Bozano, Simonsen S.A.
Banco BPI, S.A.
Banco Bradesco S.A.
Banco Colpatria Cayman Inc.
Banco Comafi (Cayman) Limited
Banco Comercial dos Acores
Banco Credibanco S.A.
Banco de Credito Nacional S.A.
Banco de Galicia (Cayman) Limited
Banco de Galicia y Buenos Aires S.A.
Banco de la Nacion Argentina
Banco de la Provincia de Buenos Aires
Banco de Sabadell, S.A.
Banco del Atlantico Sociedad Anonima
Banco del Centro Sociedad Anonima
Banco di Napoli S.p.A.
Banco Dibens S.A.
Banco do Brasil S.A.
Banco do Estado de Sao Paulo S.A.
Banco do Estado do Rio de Janeiro S.A.
Banco do Estado do Rio Grande do Sul S.A.
Banco Economico S.A.
Banco Espanol de Credito, S.A.
Banco Finantia International Limited
Banco Frances (Cayman) Limited
Banco General (Overseas), Inc.
Banco Inbursa S.A.
Banco Internacional de Credito, S.A.
Banco Internacional, S.A.
Banco Inverlat, S.A.
Banco Itau S.A.
Banco Latinoamericano de Exportaciones, Limited (BLADEX)
Banco Layan Cayman Ltd.
Banco Mello (Cayman) Ltd.
Banco Mercantil Del Norte S.A.
Banco Mercantil Finasa S.A.
Banco Nacional de Comercio Exterior, SNC
Banco Pinto & Sotto Mayor
Banco Pontual S.A.
Banco Portuges de Investimento, S.A.
Banco Privado Portugues (Cayman) Ltd.
Banco Real S.A.
Banco Republic National Bank of New York (Brasil) S.A.



LISTINGS

Banco Rio de la Plata S.A.	Bank One, Wisconsin	Cambridge Bank & Trust Company Limited
Banco Safra S.A.	BankBoston International	Canadian Imperial Bank of Commerce
Banco Safra (Cayman Islands) Limited	BankBoston Trust Company (Cayman Islands) Limited	Cantrade Trust Company (Cayman) Limited
Banco Santander Brasil S.A.	Bankers Trust (Delaware)	Caribbean Bank of Exports
Banco Santander Central Hispano S.A.	Banpais, Sociedad Anonima	CARIPLO - Cassa Di Risparmio Delle Provincia Lombarde S.p.A.
Banco Santander Mexicano, S.A.	Banque Nationale de Paris	Carolina First Bank
Banco Standard Chartered	Banque Sudameris	Cayman International Trust Company Limited
Banco Totta & Acores	Bayerische Hypo - Und Vereinsbank AG	Cayman National Trust Co. Ltd.
Banco Union Sociedad Anonima	Bayerische Landesbank Girozentrale	Centura Bank
Banco Urquijo Limited	BBV Trust Company (Cayman) Limited	Chartered Trust Services Ltd.
Banco Venezolano de Credito S.A.C.A.	BCN International Bank Ltd.	Chase Manhattan Bank Delaware
Bancolumbia Cayman	BCP Bank & Trust Company (Cayman) Limited	Chase Manhattan Bank USA, National Association
Bancomer, Sociedad Anonima	BCP Finance Bank, Ltd.	Chase Manhattan Trust Cayman Ltd.
Bancrecer S.A.	BCP International Bank Limited	Christiania Bank OG Kreditkasse
Bancredit Cayman Limited	BCT Bank International	CI Investments Ltd.
Bangkok Metropolitan Bank Public Company Limited	BEAL Cayman Limited	CITCO Bank and Trust Company Limited
BANIF-Banco Internacional do Funchal (Cayman) Ltd.	Belmont Non-Traditional Holdings Ltd.	Citco Trustees (Cayman) Limited
Baninter and Trust Company	Bermuda International Finance Limited	Citibank N.A.
Bank Austria Aktiengesellschaft	Bermuda Trust (Cayman) Limited	Citicorp Banking Corporation
Bank Danamon	Bessemer Trust Company (Cayman) Limited	Cititrust (Cayman) Limited
Bank Espirito Santo (International) Limited	BFC Bank (Cayman) Ltd.	Citiventure Private Participations II Limited
Bank Hapoalim (Cayman) Limited	BHD Cayman International Bank	Clariden Bank and Trust (Cayman) Limited
Bank Hapoalim B.M.	BHF-BANK Aktiengesellschaft	Close Bank & Trust (Cayman) Limited
Bank Leumi Le Israel B.M.	Biape International Bank Ltd.	Coastal Cayman Finance Ltd.
Bank Leumi USA	BIE - Bank & Trust Ltd.	Codan Trust Company (Cayman) Limited
Bank of America, National Association	BII International Bank (Cayman) Ltd.	Colville Holdings Limited
Bank of Asia Public Company, Limited, (The)	Blue Seas Trust Company Ltd.	Comerica Bank - Detroit Commercial Bank (Grand Cayman) Ltd.
Bank of Ayudhya Public Company Limited	BMC Bank and Trust Limited	Commercial Bank of New York
Bank of China	BNC - International (Cayman) Ltd.	Commercial Banking Corporation
Bank of India	BNP Private Bank & Trust Cayman Limited	Commerzbank Aktiengesellschaft
Bank of Ireland	BNY Fund Management (Cayman) Limited	Commonwealth Bank of Australia
Bank of New York (Delaware), (The)	Boston Safe Deposit and Trust Company	Compass Trust Co. Ltd.
Bank of New York, (The)	Bozano, Simonsen Banking Limited	Confia S.A.
Bank of New York Trust Company (Cayman) Limited, (The)	BPA-Overseas Bank Ltd.	Continental Investment Bank
Bank of Scotland	BPN - Banco Portugues De Negocios, S.A.	Coral Trust Co., Ltd.
Bank One Dayton, N.A.	Branch Banking and Trust Company	Counsel Trust (Cayman) Limited
Bank One, Arizona, National Association	Branch Banking and Trust Company of South Carolina	Crediop Overseas Bank Limited
Bank One, Colorado, National Association	Branch Banking and Trust Company of Virginia	Credit Agricole Indosuez
Bank One, Columbus, National Association	Braseg Overseas Bank Ltd.	Credit Bank and Trust Company
Bank One, Indiana, National Association	Braslian American Merchant Bank	Credit Commercial de France
Bank One, Kentucky, N.A.	Bridge Trust Co. Ltd.	Credit Communal de Belgique S.A.
Bank One, Louisiana, National Association	Brown Brothers Harriman & Co.	Credit Industriel ET Commercial
Bank One, National Association	Brown Brothers Harriman Trust Company (Cayman) Limited	Credit Lyonnais
Bank One, Texas, National Association	Caixa Economica Montepio Geral	
Bank One, Utah, National Association	Camatruco Ltd.	

LISTINGS

Credit Suisse First Boston	First American National Bank	Indosuez Trust Company (Cayman) Ltd.
Crestar Bank	First Bangkok City Bank Public Company Limited	Industrial Bank of Japan, Limited, (The)
Dafare Limited	First Chicago Trust Company (Cayman) Ltd., (The)	ING Bank N.V.
Dai-ichi Kangyo Bank, Limited, (The)	First Hawaiian Bank	International Bank for Commerce
Dao Heng Bank Limited	First International Bank of Israel Limited, (The)	International Bank of Finance
Darier, Hentsch Bank & Trust Cayman Ltd.	First Overseas Trading Bank	International Discount Trust Limited
Dart Capital Limited	First Pinebank Company, (The)	International Mercantile Bank Limited
DBS Thai Danu Bank Public Company Limited	First Security Bank of Utah, National Association	Intesa Bank Overseas Ltd.
December Trust Company Limited, (The)	First Union Bank and Trust Company (Cayman) Limited	Inverbank S.A.
Decorum, Ltd.	Firststar Bank Milwaukee, National Association	Inverworld Bank Ltd.
Delta Bank and Trust Company, Grand Cayman	Fleet National Bank	Investcorp Nominee Holder Limited
Den Danske Bank Aktieselskab	Fordsar (Cayman) Limited	Israel Discount Bank Limited
Den norske Bank AS	Foreningssparbanken AB (Publ). (Swedbank)	Israel Discount Bank of New York
Deutsche Bank Aktiengesellschaft	Free Lodge Limited	Itau Bank, Ltd.
Deutsche Bank International Limited	FTCI (Cayman) Ltd.	ITOCHU Trust (Cayman) Limited
Deutsche Bank International Trust Co. (Cayman) Limited	Fuji Bank, Limited, (The)	Johnson Bank
Deutsche Genossenschaftsbank	Future Growth Fund	Julius Baer Trust Company (Cayman) Ltd.
Deutsche Girozentrale Overseas Limited	Future Growth Global Fund Ltd.	KBC Bank N.V.
Dextra Bank & Trust Co. Ltd.	Gaea Trust Company Limited	KeyBank National Association
Digital Century Fund, Ltd.	Gefinor Bank Limited	Keystone Trust Company, (The)
Discount Bank (C.I.) Limited	Generale Bank	Kookmin Bank
Discount Bank and Trust Company	Genesis Trust Company Ltd.	Krung Thai Bank Public Company Limited
DLJ Winthrop Trust Company (Cayman) Limited	Givens Hall Bank & Trust Ltd.	Landesbank Hessen-Thuringen Girozentrale
Dresdner Bank Aktiengesellschaft	Global Funds Trust Company	LaSalle National Bank
E.C.B. International Bank	GNB Bank Limited	Latin American Credit Limited
Eagle Merchant Bank of Jamaica Limited	Goldman Sachs (Cayman) Trust, Limited	Law Debenture Trust Corporation (Cayman) Limited, (The)
EastWest Trust Company Ltd.	Greenland Trust Co. Ltd.	Leumi Cayman Finance and Trust Corporation
Energy Bank (Americas), Ltd.	Gulf International Bank B.S.C.	LGT Bank in Liechtenstein (Cayman) Limited
Equitable PCI Bank Cayman Limited	Habib Bank Zurich (International) Ltd.	Li Ka-Shing Castle Trustco Limited
Erste Bank Der Oesterreichischen Sparkassen AG	Hamilton Trust Company Ltd.	Li Ka-Shing Castle Trustcorp Limited
EuroBank Corporation (Under Voluntary Liquidation)	Harbour Trust Co. Ltd., (The)	Li Ka-Shing Castle Trustee Company Limited
Euro-American Capital Corporation Limited	Heritage Trust Company, Ltd.	Li Ka-Shing Castle Trustee Corporation Limited
Eurocredit Bank (Cayman)	Hexagon Trust Company (CI) Limited	Li Ka-Shing Unity Trustco Limited
Euro-Pacific Trust Company	Hibernia National Bank in New Orleans, (The)	Li Ka-Shing Unity Trustcorp Limited
Fairheads International Trust Company (C.I.) Limited	HongKong Chinese Bank Ltd., (The)	Li Ka-Shing Unity Trustee Company Limited
Federal Bank of the Middle East Limited	Hopkins (Cayman) Limited	Li Ka-Shing Unity Trustee Corporation Limited
Ferrier Lullin Cayman Bank & Trust	HSBC Bank Brasil S.A. - Banco Multiplo	Liu Chong Hing Banking Corporation, Cayman
Fiduciary Trust (Cayman) Limited	HSBC Bank Plc	Lloyds TSB Bank & Trust (Cayman) Limited
Fifth Third Bank, (The)	HSBC Bank Plc. George Town Branch	Long-Term Credit Bank of Japan, Limited, (The)
FL Bank and Trust Company Limited	HSBC Guyerzeller Trust Company	M & I Bank Fox Valley
Finansud International Bank & Trust Corporation Limited	HSBC International Trustee Limited	M & I Marshall & Ilsley Bank
Finasa Bank Limited	HSBC Trustee (Cayman) Limited	M&I Bank of Southern Wisconsin
Finibanco, S.A.	Huntington National Bank, (The)	
Firmhold Limited	IBT Trust Company (Cayman) Ltd.	
	Icatu Bank (Cayman), Co.	
	Inchausep Bank Corporation	

LISTINGS

M.A. Bank Limited	Northern Star Trustcompany Limited	Sakura Bank, Limited, (The)
Marcep Overseas Trust Limited	Northern Trust Cayman	Santander Riobank (Grand Cayman)
Mariza Investment	International, Ltd.	Sanwa Bank Limited, (The)
Marmanco Trust Company Limited	Northern Trust Company, (The)	Sanwa International Trust Company
Matheson Trust Company	Norwest Bank Colorado,	(Cayman) Limited
(Cayman) Limited	National Association	Saudi African Bank
Mathilde Trust Company Limited, (The)	Norwest Bank Minnesota, N.A.	SBC Special Transactions Trust
MBNA America Bank, National	Old Kent Bank and Trust Company	Company Limited
Association	Oryx Merchant Bank Limited	Schroder Cayman Bank and Trust
MBT Trustees Ltd.	P.T. Bank Bali	Company Limited
MC International High Return Fund	P.T. Bank Dagang Nasional Indonesia	Scotia Mercantile Bank
Mediobanca International Limited	P.T. Bank Internasional Indonesia TBK	Scudder Floating Rate Fund for Fannie
Mellon Bank N.A.	P.T. Bank Negara Indonesia	Mae Mortgage Securities
Mena Management Limited	(Persero) TBK	Scudder Mortgage Fund
Mercantile Bank National Association	P.T. Bank Niaga	Scudder Trust (Cayman) Ltd.
Merita Pankki OYJ	P.T. Bank Pan Indonesia TBK	Serfin International Bank & Trust
Michigan National Bank of Detroit	Pacific Bank N.A., (The)	Company Limited
Middenbank (Cayman Islands) Ltd.	Pacific Industrial Bank	Settle Limited
Middlefield Trust Company Ltd.	Painewebber Trust Company	Shorman (Cayman) Limited
Minden Trust (Cayman) Limited	(Cayman) Ltd.	Sintese Global Fund
Mitsubishi Trust and Banking	Paribas	Systema Banking Corp. Ltd.
Corporation, (The)	PDG Bank (Cayman) Limited	Skandinaviska Enskilda Banken
MONY Bank & Trust Company of the	Pictet Bank and Trust (Cayman) Ltd.	Smallcap/USA Limited
Americas, Ltd.	Popular Bank & Trust, Ltd.	Smith Barney Private Trust Company
Morgan Stanley Dean Witter Trust	Portuguese World Bank	(Cayman) Limited
Company (Cayman) Ltd.	Produbank	Societe Generale
Morgan Trust Company of the Cayman	Provident Bank, (The)	South and North American
Islands Ltd.	PRS International (Cayman) Limited	Growth Fund, Ltd.
MTB Bank	Prudential-Bache International Trust	Southern Star Bank
MTC Company Limited	Company (Cayman)	SouthTrust Bank of Alabama National
Multi Banking Corporation	PT Bank Mandiri (Persero)	Association
(Overseas) Limited	PT Bank Rakyat Indonesia (Persero)	St. George's Trust Company Limited
Multiplic Bank International	Qatar National Bank S.A.O.	Star Bank, National Association
Nacional Financiera S.N.C.	QSPV Limited	State Street Bank and Trust Company
Nakornthon Bank Public Company	Queensgate Bank & Trust Company Ltd.	State Street Cayman Trust
Limited	Quilmes Bank and Trust (Cayman) Ltd.	Company, Ltd.
Natexis Banque	R & H Trust Co. Ltd., (The)	Strategic Trust Company
National Australia Bank Limited	Rabobank Nederland	Sudamero Trust Company (Cayman) Ltd.
National Bank of Kuwait S.A.K., (The)	Regions Bank	Sul America International Bank
National City Bank of Indiana	Rena Trust Company Limited	(Cayman) Ltd.
National City Bank of Kentucky	Republic Bank Trinidad and Tobago	Sumitomo Bank, Limited, (The)
National City Bank of Michigan/Illinois	(Cayman) Limited	Sumitomo Finance (Asia) Limited
National City Bank, Cleveland	Republic International Bank of	Sumitomo Trust & Banking Co. (U.S.A.)
National Westminster Bank PLC	New York	Sumitomo Trust & Banking
Nations Finance (Cayman) Limited	Republic National Bank of New York	Company Limited
Nazeer International Trust	Republic National Bank of New York	Summit Bank
Company Limited	(Cayman) Limited	Summit Capital Ltd.
NCB (Cayman) Limited	Riddick (Cayman) Limited	Summit Capital Portfolio Ltd.
New Iris Company Limited	Rimmer (Cayman) Limited	Sun Trust Bank, Nashville, National
New Lily Company Limited	ROFIN International Bank and	Association
Nippon Credit Bank, Ltd., (The)	Trust Company	SunTrust Bank, Atlanta
Nomura Premium Fund	Rothschild Trust Cayman Limited	SunTrust Banks Trust Company
Norddeutsche Landesbank Girozentrale	Royal Bank of Scotland PLC, (The)	(Cayman) Ltd.
Norfolk and Hampton Bank	Rurik Trust Company (International)	Surfton (Cayman) Limited
Norinvest Bank	Limited	Svenska Handelsbanken
		Swisspartners Trust Company Limited

LISTINGS

Sydbank A/S	Wachovia Bank, National Association
Taclaim Trust Company	Walbrook International Trust Company Limited
Thai Farmers Bank Public Company Limited	Wells Fargo International Limited
Thai Military Bank Public Company Limited	Wells Fargo Trust Company, Cayman Islands
The Bank of Tokyo-Mitsubishi, Ltd.	West Caribbean Bank
The Dundee Bank	Westdeutsche Landesbank Girozentrale
The Irish Trust Company (Cayman) Ltd.	Western International Trust Company Limited
The Siam City Bank Public Company Limited	Western Oceanic Bank
TIFD VIII Cayman Inc.	Westpac Banking Corporation
Tokai Asia Limited	Whitney National Bank
Tokai Bank, Limited, (The)	Wiese Bank International
Toronto - Dominion Bank, (The)	Wing Hang Bank (Cayman) Ltd.
Towerbank, Ltd.	Wing Hang Bank Trustee Company (Cayman) Limited
Trade and Commerce Bank	Wing Lung Bank Ltd.
Trade Link Bank	World Fund Financial Services
Transatlantic Trust Corporation	Worldwide Commercial Bank Ltd.
Transcorp Bank	Zions First National Bank
TransOcean Bank & Trust, Ltd.	
Transworld Bank and Trust Limited	
Tribank International (Cayman) Limited	
Trident Trust Company (Cayman) Limited	
Triton (Cayman) Limited	
Triumph (Cayman) Limited	
Twenty-First Century Trust Company	
U.S. Bank National Association	
UBS AG	
UBS Trustees (Cayman) Ltd.	
Unibanco - Uniao de Bancos Brasileiros S.A.	
Unibank A/S	
Unicorp Bank & Trust Ltd.	
Unicredito Italiano S.P.A.	
Union Bank of California, National Association	
Union Bank of Hong Kong Limited	
Union Bank of Israel Ltd.	
United Bank for Africa Limited	
United Bank of Kuwait PLC, (The)	
United Mizrahi Bank Ltd.	
United States Trust Company of New York	
United States Trust Company of New York (Grand Cayman) Ltd.	
Universal Compression Finance Co. Ltd.	
Universal Trust Company Ltd.	
Venecredit Bank & Trust, Ltd.	
Victory (Cayman) Limited	
Vontobel Bank & Trust Company Ltd.	

LISTINGS

List of active Insurance Companies

as at December 31 1999

Insurance Companies

Class A Insurance Companies

Aetna Life And Casualty
(Bermuda) Ltd.
American Home Assurance Company
American Life Insurance Company
Blue Cross And Blue Shield of
Delaware, Inc.
British American Insurance Company Ltd.
British Caymanian Insurance
Company Ltd.
Canada Life Assurance Company
Capital Life Insurance Company Limited
Caribbean Home Insurance
Company Limited
Cayman General Insurance
Company Limited
Cigna International Reinsurance
Company Ltd.
Clico (Cayman) Ltd.
Colonial Life Assurance
Company Limited
Dyoll Insurance Company Limited
Global Life Assurance Company Ltd.
Great Southern Life Insurance Company
Insurance Company of The West Indies
Limited, (The)
Island Heritage Insurance
Company, Ltd.
Jackson National Life Insurance
Company
Jamaica Mutual Life Assurance Society
Life of Barbados Limited
Lloyds of London
MONY Life Insurance Company of
The Americas, Ltd.
Motor And General Insurance
Company Limited
N.E.M. (West Indies) Insurance Limited
National Life Assurance Company
of Canada, (The)
Occidental Life Insurance Company
of North Carolina
Reliastar Life Insurance Company
of New York
Royal & Sun Alliance Insurance
(Bahamas) Ltd.
Sirius International Insurance Corp.

Class B Insurance Companies

A.M. Skier Reinsurance Company
Abacus Insurance Limited
ABS Insurance Limited
Accident & General Insurance
Company Ltd.

Actis Assurance Segregated
Portfolio Company
Adamas Limited
Advantage Life & Annuity
Company SPC
Advocate Health Care Insurance
Company
Affinity 500 Insurance Ltd.
Agricultural Risk Insurance
Company Ltd.
Agrinational Ltd.
AIB International Insurance Company
Alembic, Inc.
Allegheny Health Services Providers
Insurance Company
Allied Meat Insurance Company Ltd.
Alpine Indemnity Limited
Alternative Risk Reinsurance
Company Limited
Amcon Reinsurance, Inc.
American Businessowners Assurance Ltd.
American Contractors Reinsurance
Company, Ltd.
American Eagle Insurance Co. Ltd.
American Guaranty And Health Care
Insurance Company
American Health Care
Insurance Company
American Industries Assurance,
Cayman Ltd.
American Osteopathic Insurance Co. Ltd.
American Professional Assurance Ltd.
American Surgeons Insurance Company
American Vehicle Insurance Services
Americana Excess & Reinsurance
Corporation
AMFO Members Insurance Company Ltd.
Andelssikring Insurance Company
Limited
Andrea Denise Christian
Anglo-Dutch Insurance Company
Limited, (The)
APIC Insurance Corporation
Aquitaine Insurance Company
Arbil International Insurance Limited
Arch Reinsurance Company, Ltd.
Archway Insurance, Ltd.
Arrowhead Insurance Company Ltd.
Artisans Insurance Ltd.
Ashmont Insurance Company Limited
Assistance-Re
Astra Insurance Company
ATG Assurance Company Limited
Atlantic And Caribbean Re

Atlantic General Insurance Company
Atlantic Gulf Insurance Company
Atlantic Northern Insurance Company
Automobile Dealers Mutual
Insurance Company
Autonation Cayman Insurance
Company, Ltd.
Avon Insurance Company, Ltd.
AWA Insurance Company
AZ Reinsurance Limited
B.A. Insurance (Cayman) Ltd.
BankAmerica Trust And Banking
Corporation (Cayman)
Bay Primex Insurance Company, Ltd.
BCHS Insurance, Ltd.
Bearacuda Re
Bedford Reinsurance, Ltd.
Benchmark Insurance Company
Benodet Insurance Ltd.
Best Meridian International
Insurance Company
BHS Insurance Company, Ltd.
Biscayne Insurance Company Ltd.
Blair International Insurance
(Cayman) Ltd.
Blodgett Assurance Company Ltd.
Blue Eagle Re
Blue Horse Limited
Bon Secours Assurance Company, Ltd.
Bowling Green Insurance
(Cayman) SPC, Ltd.
Brentwood Indemnity (Cayman) Ltd.
Briarwoods Insurance Company Ltd.
Britannia Guarantee National
Insurance Company
British Insurance Company of Cayman
Bucap Limited
Builders Insurance Company, Ltd.
C.M.M.C. Insurance Co. Ltd.
Caduceus Indemnity Corporation Ltd.
California Livery Insurance Company, Ltd.
Canadian Livestock Insurance
Company Ltd.
Capitol Insurance Company Ltd.
Capre Ltd.
Cardinal Insurance Company
(Cayman) Ltd.
Care Insurance Ltd.
Caresouth Indemnity Ltd.
Caribbean Catastrophe Insurance Ltd.
Caribbean Equity Reinsurance Ltd.
Carondelet Insurance Ltd.
Cascades Insurance Company, Ltd.
Castle Insurance Company Ltd.

LISTINGS

Caterpillar Assurance Co., Ltd.
 Cathedral Insurance Company Limited
 Catmontu Insurance Company Ltd.
 Caydeaux Insurance Company Ltd.
 Caydeaux Life Assurance Company Ltd.
 Cayman Overseas Reinsurance Association
 Cayman Reinsurance Group
 Caymich Insurance Company, Ltd.
 Caypac Insurance Limited
 CCHS Indemnity Co. Ltd.
 CCMIS Reinsurance, Ltd.
 CCSF Reinsurance Ltd.
 Centra Indemnity, Ltd.
 Centra Professional Indemnity, Ltd.
 Centrum Insurance Company Ltd.
 Chandler Insurance Company, Ltd.
 Chaparral Underwriters Ltd.
 Charabanc & General Insurance Company Ltd.
 Charger Insurance Group, (The)
 Chariots of Hire Insurance Company (Cayman)
 CHC Insurance Company, Ltd.
 Chic Re Limited
 CHP Insurance, Ltd.
 Churchill Casualty Ltd.
 CHW Insurance Ltd.
 Clarion Indemnity Ltd.
 CMH Insurance Company, Ltd.
 CNA International Life Company SPC, Ltd.
 Coala Insurance Company Limited
 Colliers Professional Liability Insurance Company, Ltd.
 Columbia Reinsurance Company, Ltd.
 Columbus Insurance Ltd.
 Commonwealth (Cayman) Insurance Company Limited
 Commonwealth Professional Assurance Company, Ltd.
 Community Assurance Company, Ltd.
 Compass Life Assurance Company Ltd.
 Comprehensive Allied Reinsurance Services, Ltd.
 Construction Insurance Company Ltd.
 Continuous Quality Insurance Company, Ltd.
 Contractors Reinsurance Corporation
 Controlled Risk Insurance Company, Ltd.
 Corinthian Assurance Ltd.
 Cornerstone Insurance Company
 Corrugated Insurers Association
 Crescent Casualty Insurance Company

Crestwood Assurance Company, Ltd.
 Crown Life Insurance Company
 Crusader International Insurance Company Ltd.
 CWM Insurance Ltd.
 Cygnet Reinsurance Company
 Dahlia Patricia Webb-Barrett
 Dakotacare Insurance, Ltd.
 Dallas Reinsurance Company, Ltd.
 DCHS Insurance, Ltd.
 Dennison Health Providers Assurance Company, Ltd.
 DFG Insurance Company Ltd.
 Dimensions Assurance, Ltd.
 DMC Insurance Co., Ltd.
 DNH Reinsurance Company Limited
 Durlacher Assurance Co. Ltd.
 Eastbourne Insurance Company Limited
 Eastern Alliance Insurance Company SPC
 Edinburgh Insurance Company
 Electrical Distributors Insurance Company, (The)
 Electronic Insurers Limited
 Elgin Professional Indemnity Ins. Inc.
 Employers Equity Insurance Company
 Epsilon Insurance Company Ltd.
 Equipment Assurance Limited
 Equity International Insurance Company
 Everest Property Insurance Company
 Excellus Reinsurance Company (Cayman) Ltd.
 F & G Overseas Limited
 F. Boodles Insurance Co. Ltd.
 FH Assurance Company
 Financial Assurance Company, Ltd.
 Fire Arms Insurance Registry (Fair) Ltd.
 First American Reinsurance Company (Cayman)
 First Atlantic Reinsurance Ltd.
 First Employers Insurance Company
 First Hospital Insurance Company, Ltd., (The)
 First Initiatives Insurance, Ltd.
 First International Insurance Company Ltd.
 Forbes Re-Insurance Company Limited
 Franciscan Health System Insurance Company Ltd.
 Franklin International Reinsurance Company
 Galena Insurance Corporation
 Gemini Re Ltd.
 Gencay Property Insurance Company Limited
 Gentle Winds Reinsurance Ltd.
 George Town Re. Ltd.

Georgia Health Care Insurance Company
 GHS Insurance Company, Ltd.
 Gincio Assurance Company Limited
 Global Contractors Indemnity Ltd.
 Global Maritime Insurance Limited
 Global Union Casualty Insurance Co.
 Gloucester Insurance Ltd.
 GLP Insurance Company
 Goshawk Security Insurance Limited
 Gramercy Place Insurance Limited
 Grand Reinsurance Ltd.
 Grande Alliance Co. Ltd.
 Grayhill Insurance (Cayman) Ltd.
 Greater Rochester Assurance Company Ltd.
 Greenleaf Insurance Company, Ltd.
 Gulf Insurance Company Ltd.
 H & W Indemnity, Ltd.
 Hanover Insurance Company Ltd.
 Harvest Insurance Company
 Haul Insurance Limited
 Health Care Assurance Company Ltd.
 Health Midwest Insurance Company Ltd.
 Health One Insurance Company, Ltd.
 Health Professionals Insurance Company, Ltd., (The)
 Health Risks Limited
 Health Systems Insurance Ltd.
 Heritage Reinsurance Company Ltd.
 Hexagon Insurance Company, Ltd.
 HF Re (Cayman) Ltd.
 High Mountain Reinsurance, Ltd.
 Hillsdale Insurance Corporation Ltd.
 HN Reinsurance Ltd.
 Hospital Assurance Company Ltd.
 HSBC Insurance SPC Ltd.
 Hudson Indemnity Ltd.
 ICHM Reinsurance Company Limited
 IHC Insurance Co. Inc.
 Illinois Masonic Insurance Co. Ltd.
 IMBI Ltd.
 IMPA Ltd.
 Infinity Insurance Ltd.
 Insignia Management & Finance (Reinsurance) Ltd.
 Insurance Company of Springfield, Inc.
 Insurance Security Company Limited
 Insurco International Ltd.
 Insure America (Cayman) Limited
 Intel Health Services Insurance Co Ltd.
 Intercontinental Casualty Insurance Company
 International Merchant Insurance Ltd.

LISTINGS

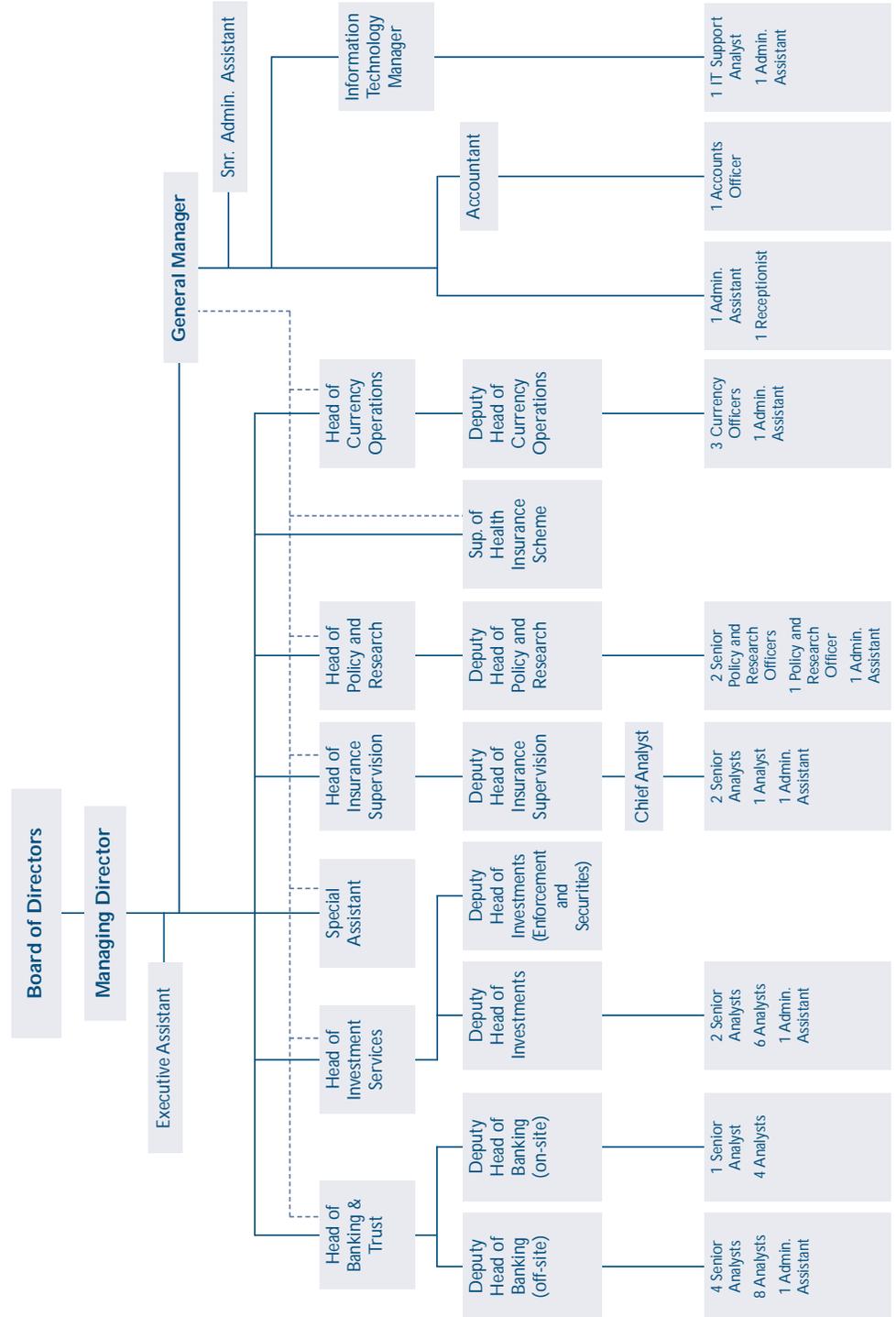
International Reinsurance Company Ltd.	MASB-SEG Reinsurance Limited	Northern California Indemnity Ltd.
Interregional Reinsurance Company Limited, (The)	Materials Insurance Company	Northern Prairie Indemnity Limited
Investor Brokerage Insurance Incorporated	Maturewell Reinsurance Co. (Cayman)	Northern United Reinsurance Ltd.
IPRO Insurance Corporation	Max Insurance Company	Northridge Insurance Company
IPT Physicians Insurance Company (Cayman) Ltd.	MD Insurance Company	Northwest Assurance Company Ltd.
J. Win Insurance Co. Ltd.	Mecacem Insurance Limited	Nova Insurance Company
Jazz Assurance Company	Medical Alliance Insurance Network Ltd.	Ntent Indemnity Company
Jefferson International Reinsurance Company	Medical Indemnity Assurance Company Ltd.	Nuclear Electric (Cayman) Limited
JHG Insurance Co. Ltd.	Medical Insurance Services Ltd.	Oakwood Assurance Company Ltd.
JKI Indemnity SPC	Medicus Insurance Ltd.	OB Physicians Insurance Co.
John L. Hinds, Iii	Medilink Insurance Company, Ltd.	Ocean State Insurance Co., Ltd.
Jojodi Insurance Company of Cayman	Mein Re Ltd.	Old South Security Life Insurance Company
JR Insurance Company	Memorial Professional Assurance Company	Onika Insurance Company Ltd.
Juno Re, Ltd.	Merchant Insurance Company Ltd.	Onlop Insurance Company
J-W Reinsurance Ltd.	Meridian Insurance Company Limited	Onyx RE, Limited
Kathleen Watson	Merlin Insurance Company Limited	Operators Reinsurance Company
KCI Insurance Company Ltd.	Merlin Insurance Company Limited	Oral Surgeons Reimbursement Fund Ltd.
Keystone Indemnity Insurance Company	Mesa Assurance Company Ltd.	Ormaryd Insurance Company, Ltd.
Kings Reinsurance Company Ltd.	MFC Insurance Co.	Overseas Indemnity Company Ltd.
KM Insurance Company Ltd.	MH Insurance Company	Overseas Partners (Cayman) Ltd.
Knight Insurance Company Ltd.	Montgomery Insurance Ltd.	Pacific Coast Reinsurance Ltd.
Kover Limited	Mortgage Insurance Limited	Pacific Re, Ltd.
L. Gilbraith Insurance Company	Mortgage Re, Ltd.	Palms Insurance Company Limited
La Chaîne D'assurance Limited	Mosaic Re II, Ltd.	PanAmerica Casualty and Surety SPC, Ltd.
Labor Ready Assurance Corporation	Mosaic Re, Ltd.	Pan-American Benefits Insurance Company
Lake Shore Insurance Co.	MPN Insurance Company Ltd.	Pan-American International Insurance Corporation
Lancaster Health Alliance Insurance Company Ltd.	MSK Insurance Ltd.	Panther Reinsurance Company, Ltd.
Landis Insurance Company Ltd.	MTRMA Reinsurance Ltd.	Parametric Re, Ltd.
Landrin Insurance Corporation	Naico Indemnity (Cayman) Ltd.	PCS Nitrogen Cayman Limited
Latin American Caribbean Insurance Company Ltd.	Namazu Re, Ltd.	Peer Insurance Corporation
Latitude 19 Insurance Company	Natica Insurance Company, Ltd.	Pegasus Insurance
Leaven Insurance Company, Ltd.	National Association Reinsurance Company	Penn Reinsurance Ltd.
Legacy Insurance Company	National Contractors Insurance Ltd.	Philan Insurance Ltd.
Libris Indemnity Company	National Environmental Insurance Ltd.	Phyllis E. Higgins
Lighthouse Capital Insurance Company	National Health Care Indemnity Corp.	Physicians' & Surgeons' Liability Insurance Company
LMHS Insurance Company Ltd.	National Insurance Alliance Limited	Physicians Assurance Medical Company
Long Beach Insurance Company	National Physicians Insurance Company	Physicians Mutual Indemnity Corporation
Louise Insurance Company Ltd.	National Warranty Insurance Risk Retention Group	Physicians Reimbursement Fund Ltd.
Loyola University of Chicago Insurance Company, Ltd.	New England Medical Center Insurance Company	Pinnacle Reinsurance Company (Cayman)
LTC Insurance Ltd.	New Providence Insurance Company Limited, (The)	PMA Insurance SPC, Cayman
LTCG Reinsurance, Ltd.	Newcap Insurance Company, Limited	PMA International Insurance, Cayman Limited
MAC Casualty Ltd.	Nexus Limited	PMCA Liability Insurance Ltd.
Madison of Virginia Insurance Company Ltd.	Nexus Reinsurance Company	PMSLIC (Cayman) Ltd.
Magalyn V. Ebanks-Simms	Nightingale Insurance, Ltd.	Podia Insurance Limited
Majorem Insurance S.P.C.	NOMC Insurance Company, Ltd.	Podiatry Assurance Company Ltd.
Mariner Offshore Insurance Ltd.	Norden Insurance Ltd.	Potomac Indemnity Company
	Norfolk Insurance Corporation	Premium Risk Insurance Co. SPC.
	North Bay Reinsurance Ltd., SPC	
	Northeastern Reinsurance, Ltd.	

LISTINGS

Prescriptive Insurance Company, Ltd.
 Princeton Cayman Liability, Ltd.,
 Segregated Portfolio Company
 Professional Protective
 Insurance Ltd.
 Professional Underwriters Corporation
 Progress Reinsurance Company Ltd.
 Providers Re
 PSGHS Assurance Company, Ltd.
 Quality Alliance Assurance Company
 (Cayman) Ltd.
 Queensbrook Insurance Limited
 Quest Insurance Co. Ltd.
 R.C.I. Ltd.
 R.P.S.L.M.C. Insurance Company Ltd.
 Raffles Insurance Limited
 RDM Insurance Group Ltd.
 Red River Reinsurance, Ltd.
 Republic Insurance Company
 (Cayman) Ltd.
 Residential Reinsurance Limited
 Rigel Limited
 RISC International Intermediaries, Ltd.
 Risk Mitigation Capital Insurance Ltd.
 Riverview Indemnity Company
 Royal Bank of Canada Reinsurance
 (Cayman) Limited
 RT Insurance Company, Ltd.
 S.A. Insurance Ltd.
 S.O.P. Insurance Ltd.
 Safety National Re.
 Safewrite (Cayman Islands) Limited
 Samaritan Insurance Funding Ltd.
 Sascap Insurance Company Ltd.
 Saxon Insurance Company Limited
 Scott & White Assurance Ltd.
 Scottish Annuity & Life Insurance
 Company (Cayman) Ltd.
 Scottish Annuity Company
 (Cayman) Ltd., (The)
 Sectrs 1999-1 Limited
 Selandia Insurance Company Ltd.
 Selectcare Reinsurance Ltd.
 Semo Assurance, Ltd.
 Sequoia Insurance Corporation
 Servanda Insurance Company
 Signature Insurance Company
 Smacal Reinsurance Company
 (Cayman) Ltd.
 Solemar Insurance Ltd.
 Southeastern U.S. Insurance, Ltd.
 Southwest Professional Indemnity
 Corporation
 Southwest Underwriters, Inc.
 Southwestern Dealers Insurance
 Company
 Spectrum Insurance Company, Ltd.
 Springland International Assurance Co.
 SR Earthquake Fund, Ltd.
 St. Elizabeth Medical Insurance Company
 St. Francis Ltd.
 St. George Reinsurance Ltd.
 St. Ives Insurance Company Ltd.
 Stamford Insurance Company Ltd.
 Standard Fidelity Assurance Co. Ltd.
 Star Insurance Company (Cayman) Ltd.
 Starboard Indemnity, Ltd. (Cayman)
 Starwest Insurance Company, Ltd.
 State Reinsurance Co. Ltd.
 Stella Maris Insurance Company, Limited
 Summit Insurance, Ltd.
 SunAmerica (Cayman) Insurance
 Company, Ltd.
 Sunflower Assurance, Ltd.
 Surginsurance Ltd.
 Swisspartners Insurance
 Company SPC Ltd.
 T.A.C. Insurance Company Limited
 Tailored Risk Assurance Company Ltd.
 TCH Insurance Company, Ltd.
 TCR Insurance Company, Ltd.
 Teal Assurance Company Limited
 Tectonics Insurance Company Ltd.
 Telegraph International
 Insurance Company
 Temporary Services Insurance Ltd.
 Terramar Insurance Company, Ltd.
 Terrapin Insurance Company
 Testudo Re Cayman, Ltd.
 Texas Health Facility Insurance
 Corporation Ltd.
 The Octagon Insurance Group Ltd.
 The Samuels Insurance Group
 The Transit Alliance Insurance Co. Ltd.
 Three Lakes Insurance Company Ltd.
 Tiger International Insurance Limited
 Timberlake Insurance SPC Ltd.
 Tortuga Casualty Company
 TPG Segregated Portfolio
 Company (Cayman)
 Trabaja Reinsurance Company
 Traffic Insurance Ltd.
 Transpacific Excess Group
 Trax Insurance Ltd.
 Tremont International Insurance Ltd.
 Trinity Re 1999, Ltd.
 Trinity Re, Ltd.
 Twickenham Insurance Company
 U.I.B. International Insurance Co. Ltd.
 UMCC Insurance Funding Limited
 Uneon Re Ltd.
 Unified Reinsurance Co. Ltd.
 Union Fidelity Insurance Company
 United Care Insurance Company
 United Continental Corporation Ltd.
 United Insurance Company
 United Physicians Insurance Company Ltd.
 United Security Associates
 Insurance Company
 United SPC
 United States Global Reinsurance Ltd.
 United Trades Insurance Company
 United Trades Insurance Company One
 URSA Company Ltd.
 Ursus Indemnity Corporation
 US Employers Insurance Inc.
 Valcap Insurance Company, Ltd.
 Valence Insurance Co. Ltd.
 Venzke Insurance Company Ltd.
 Vista General Reinsurance Limited
 Viznar Reinsurance Company Limited
 W & I Indemnity Ltd.
 Walnut Assurance Company Ltd.
 Warrander Insurance Company Limited
 Warranty America
 Reinsurance Company
 Water Street Insurance Company Ltd.
 Waterford Insurance Ltd.
 Wellington Security International
 Insurance Company
 West Coast Reinsurance Ltd.
 Western International Insurance
 Company
 Western Liability Insurance Company
 Western Pacific Mutual Insurance Co. Ltd.
 Western Technical Insurance Inc.
 Westin International Insurance
 Company Ltd.
 Westside Insurance Company
 Whatatu Insurance Company
 Whitehall Station Insurance Company Ltd.
 William Penn Insurance Co. Ltd.
 Wisconsin Health Care
 Assurance Limited
 Woodbridge Insurance Company Ltd.
 WSH Insurance Company Ltd.
 YHS Insurance Company, Ltd.
 Zenith Casualty
 Zurs Reinsurance (Cayman) Ltd.

Appendix A

APPENDIX A – Organisational Chart



Appendix B

APPENDIX B – Relevant Legislation

The Monetary Authority Law (1998 Revision)
The Banks and Trust Companies Law (2000 Revision)
The Companies Management Law, 1999
Misuse of Drugs Law (2000 Revision)
The Proceeds of Criminal Conduct Law (1999 Revision)
Confidential Relationship (Preservation) Law (1995 Revision)
The Mutual Legal Assistance (United States of America) Law (1999 Revision)
The Companies Law (2000 Revision)
Insurance Law (1999 Revision)
The Mutual Funds Law (1999 Revision)
The Health Insurance Law (2000 Revision)



Financial Statements

FINANCIAL STATEMENTS



The Cayman Islands Monetary Authority

CERTIFICATE OF THE AUDITOR GENERAL

To the Shareholders and Directors of the Cayman Islands Monetary Authority

In accordance with the provisions of Section 35(2) of the Monetary Authority Law (1998 Revision) and Section 45(1) of the Public Finance and Audit Law (1997 Revision), I have audited the financial statements of the Cayman Islands Monetary Authority for the year ended 31 December 1999 as set out on pages 33 to 44. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cayman Islands Monetary Authority as at 31 December 1999 and the results of its operations and its cash flows for the year then ended, in accordance with International Accounting Standards and comply with the Monetary Authority Law (1998 Revision).

N K Esdaile
Auditor General
24 July 2000

BALANCE SHEET 31 December 1999

In Cayman Islands Dollars

ASSETS	Note	1999	1998
Currency Reserve Assets		\$	\$
Short-term Investments	2b,3	45,511,332	44,141,628
Long-term Investments	2b,3	21,116,509	11,929,002
Current and Call Deposits	4	2,123,991	2,057,001
Fixed Deposits	4	1,145,296	1,090,911
Total Currency Reserve Assets		69,897,128	59,218,542
Other Assets			
Accounts Receivable		715,859	22,545
Other Receivables and Prepayments		24,659	40,116
Interest Receivable, Local Deposits		4,576	4,184
Interest Receivable, Foreign Deposits		147,987	159,428
Stocks	2f,5	238,726	210,673
Fixed Assets	6	491,078	637,008
Total Other Assets		1,622,885	1,073,954
TOTAL ASSETS		\$71,520,013	\$60,292,496
LIABILITIES			
Demand Liabilities, Currency in Circulation	7a	56,256,944	44,754,521
Payable to the CI Government	9b	1,226,656	1,785,966
Other Liabilities and Payables	7b	97,871	1,273,331
Lease Obligation	8	-	115,500
Total Liabilities		57,581,471	47,929,318
RESERVES and CAPITAL			
General Reserve	9a	8,438,542	6,713,178
Currency Issue Reserve	9c	250,000	650,000
Total Reserves		8,688,542	7,363,178
Paid Up Capital	9d	5,250,000	5,000,000
Total Reserves and Capital		13,938,542	12,363,178
TOTAL LIABILITIES, RESERVES and CAPITAL		\$71,520,013	\$60,292,496

Signed on behalf of the Board,
24 July 2000



George McCarthy, OBE, JP

Chairman

Cayman Islands Monetary Authority



Cindy Scotland

General Manager

Cayman Islands Monetary Authority

The notes on pages 36 to 44 are an
integral part of the financial statements

INCOME STATEMENT For the year ended 31 December 1999

In Cayman Islands Dollars

	Note	1999 \$	1998 \$
INCOME			
Government Grants	2d	4,530,307	4,000,000
Investment Income	2b	2,595,103	2,802,421
Commission Income		291,326	270,437
Numismatic Income		21,032	6,366
Other Income		6,473	4,785
Foreign Currency Loss	2c	(752)	(178)
Total Income		7,443,489	7,083,831
EXPENSES			
Salaries and Other Benefits		2,499,848	2,097,589
General and Administrative		546,523	453,606
Lease Rental	8	224,183	223,750
Depreciation	6	269,299	247,912
Official Travel		206,887	125,760
Pension Contributions	10	232,474	201,895
Management and Custody Fees	3	96,999	88,546
Audit and Professional Fees		17,399	22,955
Staff Training and Recruitment		74,442	101,042
Interest Expense	2e,8	7,195	19,398
Directors' Fees		18,000	13,000
Total Operating Expenses		4,193,249	3,595,453
NET INCOME		\$3,250,240	\$3,488,378

The notes on pages 36 to 44 are an
integral part of the financial statements

STATEMENT OF CASH FLOWS For the year ended 31 December 1999

In Cayman Islands Dollars

	1999	1998
	\$	\$
Cash Flows from Operating Activities		
Net Income	3,250,240	3,488,378
Adjustments for Items Not Involving Cash:		
Depreciation	269,299	247,912
Operating Profit Before Working Capital Changes	3,519,539	3,736,290
Interest Receivable	11,049	(156,236)
Accounts Receivable	(693,314)	(12,811)
Other Receivables and Prepayments	15,457	33,755
Other Liabilities and Payables	(1,175,460)	636,552
Stocks	(28,053)	22,668
Cash Generated from Operations	1,649,218	4,260,218
Cash Generated from increase in Demand Liabilities	11,502,423	4,266,003
Cost of Currency Notes Reprint	(448,220)	(359,548)
Net Cash from Operating Activities	12,703,421	8,166,673
Investing Activities		
Net Purchases of Investments	(10,557,211)	(9,121,858)
Acquisition of Fixed Assets	(123,369)	(82,113)
Net Cash Used in Investing Activities	(10,680,580)	(9,203,971)
Financing Activities		
Payment of Finance Lease Obligations	(115,500)	(103,297)
Contribution Paid to CI Government	(1,785,966)	(2,500,000)
Net Cash Used in Financing Activities	(1,901,466)	(2,603,297)
Increase/(Decrease) in Cash and Cash Equivalents	121,375	(3,640,595)
Movement in Cash and Cash Equivalents		
Balance at 1 January	3,147,912	6,788,507
Increase/(Decrease)	121,375	(3,640,595)
Balance at 31 December (Note 4)	\$3,269,287	\$3,147,912

The notes on pages 36 to 44 are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS 31 December 1999

In Cayman Islands Dollars

1 Organisation

The Cayman Islands Monetary Authority (the 'Authority') was established under The Monetary Authority Law, 1996 (the 'Law') on 1 January 1997. Under the Law, the primary objectives of the Authority are (a) to issue and redeem currency notes and coins; (b) to promote and maintain monetary stability; (c) to promote and maintain a sound financial system; and (d) to advise the Cayman Islands Government on banking and monetary matters. Prior to 1 January 1997, The Cayman Islands Currency Board (the 'Board') was responsible for currency management and the Financial Services Supervision Department ('FSSD') was responsible for financial services' regulation in the Cayman Islands. Under the Law, the Board and FSSD were terminated and their assets, liabilities, reserves and responsibilities transferred and vested in the Authority on 1 January 1997.

2 Significant Accounting Policies

- a Basis of Preparation.* The financial statements of the Authority are prepared in accordance with International Accounting Standards and under the historical cost convention. The reporting currency is Cayman Islands Dollars.
- b Investments.* Short-term investments are valued, on a monthly basis, at amortized cost and long-term investments are valued at quoted market value. Unrealized gains or losses are recorded in the income statement.
- c Foreign Currency.* Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.
- d Government Grants.* Income grants are deferred and recognized in the income statement over the grant period.
- e Fixed Assets.* Fixed Assets are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Rental payments under operating leases are charged to the income statement in equal installments over the period of the lease. Interest costs on borrowings to finance leasehold improvements are expensed. Leases where the Authority assumes substantially all the economic benefits and risks of ownership are classified as finance leases. Finance leases are recognized as an asset and liability in the balance sheet at amounts equal to the fair value at the inception of the lease of the leased property or, if lower, the present value of the minimum lease payments. Repairs and maintenance expenses are charged to the income statement when the expenditure occurs.

NOTES TO THE FINANCIAL STATEMENTS 31 December 1999

In Cayman Islands Dollars

f Stocks. Stocks consist of silver bullion arising from the melt-down of numismatic coins and the gold and silver bullion content of the following categories of numismatic coins: coins for resale, museum items and coins awaiting melt-down. Stocks are stated at year-end market values for gold and silver bullion.

g Numismatic Coins. The total nominal value of numismatic coins outstanding at 31 December 1999 is \$14,976,371 (1998: \$15,025,063). No liability for redeeming numismatic coins is recognized in the financial statements, since the amount of redemption cannot be reasonably estimated and the probability of material redemption is remote. Redemption costs and sales proceeds are recorded in the income statement as incurred.

h Cash and Cash Equivalents. For the purposes of the cash flow statement, cash and cash equivalents consist of current and call deposits and fixed deposits maturing within 91 days from the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS 31 December 1999

In Cayman Islands Dollars

3 Investments

The principal investment objectives of the Authority are security, liquidity and income. The investment portfolio is managed by independent fund managers in accordance with investment guidelines established by the Board of Directors. Management fees are calculated based on the market value of the portfolio and are payable quarterly in arrears. Either party may terminate the agreement with 30 days notice.

	31 December 1999	31 December 1998
Summary of Short-Term Investments		
Certificates of Deposits and Bankers Acceptances		
Interest rates range from 5.90 % to 6.14%		
Maturing from 10/1/2000 to 10/3/2000		
	15,344,666	22,474,962
Repurchase Agreement		
Federal Reserve at 2.89% due maturing 3/1/2000		
	30,166,666	21,666,666
Total short-term investments, at amortized cost		
	45,511,332	44,141,628
Market value of short-term investments		
	45,516,086	44,142,332

Long-Term Investments

U.S. Treasury Notes and Mortgage-backed Securities		
Interest rates range from 5.6% to 8.5%		
Effective maturity date ranging from		
11/15/2005 to 12/1/2008, at market value		
	21,116,509	11,929,002

NOTES TO THE FINANCIAL STATEMENTS 31 December 1999

In Cayman Islands Dollars

4 Bank Deposits

The Authority maintains current, call and fixed deposits with domestic and foreign banks. Under the Law, domestic deposits cannot exceed 10% of demand liabilities. At 31 December 1999, domestic deposits represent 4.8% (1998: 4.6%) of demand liabilities.

Domestic Deposits	Currency	1999 CI\$	1998 CI\$
Call deposits	KYD	1,031,286	464,876
Call deposits	USD	566,761	504,387
Call deposits	GBP	5,177	4,257
Current deposits	KYD	(66,067)	(5,267)
Fixed deposits	USD	1,145,296	1,090,911
Cash on hand	KYD	188	205
		\$2,682,641	\$2,059,369

Interest is paid on local call and fixed deposits at rates ranging from 1.75% to 5.6875% (1998: 2.5% to 5.25%) per annum.

Foreign Deposits	Currency	CI\$	CI\$
Investment portfolio, call account	USD	455,756	949,354
Federal Reserve	USD	130,890	139,189
		\$586,646	\$1,088,543

Interest of 4.8% (1998: 4.563%) p.a. is paid on foreign call deposits. Deposits with the Federal Reserve are non-interest bearing; however, excess deposit balances are invested daily in repurchase agreements.

5 Stocks

Currency	1999 CI\$	1998 CI\$
Bullion from the melt-down of coins	160,159	150,249
Coins awaiting melt-down	31,825	21,139
Coins for resale	29,031	21,660
Museum items	17,711	17,625
Total Stocks	\$238,726	\$210,673

NOTES TO THE FINANCIAL STATEMENTS 31 December 1999

In Cayman Islands Dollars

6 Fixed Assets

	Furniture & Fixtures	Leasehold Improvements	Office Equipment	Motor Vehicle	Total
Original Cost					
Balance at 1 January 1999:	222,131	422,915	443,945	24,600	1,113,591
Additions:	66,662		56,707		123,369
Disposals:					
Balance at 31 December 1999:	288,793	422,915	500,652	24,600	1,236,960
Depreciation					
Balance at 1 January 1999:	72,130	134,004	262,658	7,791	476,583
Depreciation expense:	46,474	84,583	133,322	4,920	269,299
Balance at 31 December 1999:	118,604	218,587	395,980	12,711	745,882
Net Book Value					
Cost at 31 December 1999:	288,793	422,915	500,652	24,600	1,236,960
Accumulated depreciation:	(118,604)	(218,587)	(395,980)	(12,711)	(745,882)
Net Book Value at 31 December 1999:	\$170,189	\$204,328	\$104,672	\$11,889	\$491,078
Net Book Value at 31 December 1998:	\$150,001	\$288,911	\$181,287	\$16,809	\$637,008

NOTES TO THE FINANCIAL STATEMENTS 31 December 1999

In Cayman Islands Dollars

7 Liabilities

a Demand Liabilities. Represents the value of circulating currency notes and coins. These liabilities are fully funded by the Currency Reserve assets. Under the Law, the Currency Reserve assets represent external and local assets that: shall only be used to satisfy demand liabilities; shall be segregated from all other assets of the Authority; and shall not be chargeable with any liability arising from any other business of the Authority.

At 31 December 1999, total demand liabilities comprise:

	1999	1998
	\$	\$
i. Currency notes in circulation	50,987,055	39,918,293
ii. Currency coins in circulation	5,269,889	4,836,228
Demand Liabilities, Currency in Circulation	\$56,256,944	\$44,754,521

At 31 December 1999, the value of Currency Reserve assets was \$69,897,128 (1998: \$59,218,542) representing 124% (1998: 132%) of total demand liabilities. After all demand liabilities are extinguished, any surplus Currency Reserve assets would form, in part, the assets of the General Reserve – see Note 9.

b Other liabilities. At 31 December 1999, other liabilities include unsettled investment management and custody fees of \$26,016.

8 Lease Obligation

The Cayman Islands Government leases the premises used by the Authority under a lease agreement dated 15 December 1996. The lease was for an initial period of three years at \$25 per sq. foot, with an option for an additional two years at \$26 per sq. ft, payable monthly in advance. The Authority has taken advantage of this option and has renewed the lease agreement at \$26 per sq. ft. effective December 14, 1999.

During 1999 the Authority reimbursed all costs under this agreement, including the modification costs incurred by the lessor to design the building to the Authority's specifications. These modification costs were repaid over three years ending 31 December 1999 at an interest rate of 11.25% per annum.

NOTES TO THE FINANCIAL STATEMENTS 31 December 1999

In Cayman Islands Dollars

9 Reserves and Capital

a General Reserve. The Authority maintains a General Reserve in accordance with Section 6(1) of the Law. Under the Law, the General Reserve must be maintained at 15% of demand liabilities to provide additional funding, if necessary, for demand liabilities and obligations arising from other business of the Authority. On 16 March 1998, the Legislative Assembly passed the Monetary Authority (Amendment) (Reserves) Law, 1998 to reduce total reserve requirements from 130% to 115% of demand liabilities.

b Reserve Allocation. Under the Law, the net income of the Authority, after provision for all expenditure and reserves, must be allocated such that the Currency Reserve represents at least 100% of demand liabilities and the General Reserve equals 15% of demand liabilities. Any surplus, after complying with these requirements, must be transferred to the General Revenue of the Cayman Islands Government. On April 20 2000, the Board of Directors resolved to transfer \$1,226,656 (1998: \$1,785,966) to the General Revenue of the Cayman Islands Government. The Executive Council of the Cayman Islands Government has committed to increasing the Paid-Up capital of the Authority to a minimum of \$10 mn by the year 2008, by yearly transfers from surplus, after complying with reserve requirements.

c Currency Issue Reserve. A three-year supply of the revised \$50 banknote will be reprinted during 2000. To fund this reprint, an additional amount of \$48,220 (1998: \$312,512) was allocated to the Currency Issue Reserve for the year ended 31 December 1999. The total cost of the reprint will be charged to the Currency Issue Reserve. During the year, a total of \$448,220 (1998: \$359,548) was transferred from the Currency Issue Reserve to fund the 1999 currency reprint.

d Capital. The authorised share capital of the Authority is \$100,000,000. The Cayman Islands Government is the sole shareholder and has contributed Paid-Up Capital of \$5,250,000 as at 31 December 1999 (1998: \$5,000,000).

Reserves and Capital:	Note	General Reserve	Currency Issue Reserve	Paid-Up Capital
Balance at 1 January 1999:		6,713,178	650,000	5,000,000
Transfer in:	9	3,250,240	48,220	250,000
Transfer out:	9	(1,524,876)	(448,220)	
Balance at 31 December 1999		\$8,438,542	\$250,000	\$5,250,000

NOTES TO THE FINANCIAL STATEMENTS 31 December 1999

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10 Pensions

The Authority and its eligible employees pay contributions to the Public Service Pensions Fund (the 'Fund'). The Fund is administered by the Public Service Pensions Board (the 'Pensions Board'). The Fund has both an underlying defined benefit and defined contribution element. Before 31 December 1999 the scheme underlying the Fund is a defined benefit scheme. Participants joining the Fund after 31 December 1999 have their benefits defined by a defined contribution scheme. A separate actuarial valuation has not been carried out in respect of the Authority and its eligible employees, to determine the extent of any unfunded pension liability and the adequacy of contributions paid to the Fund. Contributions are therefore made in accordance with pronouncements from the Pensions Board. An actuarial valuation of the entire Fund was carried out as at 1 January 1999, using the projected unit credit method of measuring costs and obligations. The Fund's past service liability was calculated at \$155,647,000. The assets of the Fund at 31 December 1998 were \$40,281,449, leaving an actuarial deficiency of \$115,365,551. The valuation reported that in order to adequately provide for pension benefits accruing to the Fund's defined benefit participants, the normal cost for the year would be 11.50% of emoluments. In order to amortize the actuarial deficiency over 20 years, the annual cost would be a further 18.92% of salary, taking total annual contributions to 30.42% of salary, assuming age 58 as retirement age. During the current year the Authority and its eligible employees each contributed 6% (1998:6%) of employees' monthly salary. The Authority also contributed an additional 5% of its eligible employees' monthly salary to assist the Fund to finance its past service liability.

Taking into account projected new entrants into the defined contribution segment of the Fund, the actuary estimates the annual funding requirement to be around 22% of total pay of all participants, including future entrants, in order to meet projected liabilities for the next 40 years.

Defined contribution participants would be credited with only a 12% contribution and the balance (10%) would be applied towards amortizing the past service liability.

The main actuarial assumptions used in the 1 January 1999 valuation were: a retirement age of 58 years, inflation rate of 3%, expected rate of return on the Fund's assets of 8%, expected salary and pension increase rates of 5% and 3%, respectively. Other disclosures required by paragraph 120 of IAS 19 cannot be given because a separate actuarial valuation of the Authority and its eligible employees has not yet been completed. The responsibility for the payment of pension benefits to the Authority's eligible employees rests with the Fund and, ultimately with the Cayman Islands Government.

Expatriates employed on overseas or local contracts are not eligible to participate in the schemes underlying the Fund. Such employees receive cash supplements of 12% (1998: 10%) of salary in lieu of pension contributions. The Authority paid \$105,155 (1998: \$76,801) in cash supplements during the year.

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11 Financial Instruments

Credit Risk. Financial assets that potentially subject the Authority to credit risk consist principally of current, call and fixed deposits, long and short-term investments, accounts and interest receivable, and other receivables and prepayments. The Authority's current, call, and fixed deposits are placed with high credit quality institutions. Credit risk with respect to long and short-term investments, accounts and interest receivable, and other receivables and prepayments is limited because the Authority only transacts business with counterparts it believes to be reputable and capable of performing their contractual obligations. Accordingly, the Authority has no significant concentrations of credit risk.

Interest Rate Risk. The Authority's investments and deposits are at fixed interest rates. The ranges of interest rates and maturity dates are presented in Note 3.

Fair Values. The carrying amount of current, call, and fixed deposits, accounts and interest receivable, other receivables and prepayments, demand liabilities, lease obligation, and other liabilities and payables approximated their fair value due to the short-term maturities of these assets and liabilities. The market value of investments is presented in Note 3. The fair values of other assets and liabilities are not materially different from the carrying amounts.