



CIMA Regulatory Update: January to June 2024

Supervisory Information Circular

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ACRONYMS

AML	Anti-Money Laundering
AMLDD	Anti-Money Laundering Division
BSD	Banking Supervision Division
BTCA	Banking and Trust Companies Act
CFT	Countering the Financing of Terrorism
CGBS	Caribbean Group of Banking Supervisors
CICA	Captive Insurance Companies Association
CIMA	Cayman Islands Monetary Authority
CMA	Companies Management Act
CSP	Corporate Service Providers
DHOD	Deputy Head of Division
ESG	Environmental, Social and Governance
FAR	Fund Annual Report
FATF	Financial Action Task Force
FinTech	Financial Technology
FSD	Fiduciary Services Division
GN	Guidance Notes
GIFCS	Group of International Financial Centre Supervisors
HOD	Head of Division
IA	Insurance Act
IAIS	International Association of Insurance Supervisors
IMAC	Insurance Managers Association of Cayman
IMF	International Monetary Fund
MD	Managing Director
MER	Mutual Evaluation Report
MFA	Mutual Funds Act
MFSC	The Ministry of Financial Services and Commerce
MSA	Money Services Act
OIU	Onsite Inspection Unit
PDD	Policy and Development Division
PSAs	Private Sector Associations
REEFS	Regulatory Enhanced Electronic Forms Submission
RSOG	Rule and Statement of Guidance
SIB	Securities Investment Business
SIBA	Securities Investment Business Act
SOG	Statement of Guidance
SRTCs	Standard on the Regulation of Trust and Corporate Service Providers
SSD	Securities Supervision Division
TCSP	Trust and Corporate Service Providers
VASP	Virtual Assets Service Provider

Preface

This update reports on legislative and regulatory activities at the Cayman Islands Monetary Authority (the “Authority” or “CIMA”) for the period January to June 2024.

Our Value Proposition

Teamwork - We empower each other to work at our productive best.

Accountability - We hold ourselves and each other accountable for our responsibilities and commitments.

Excellence - We aspire to the highest standards of performance.

Collaboration - We achieve common goals through successful working relationships.

Integrity - We encourage and expect honest and ethical behaviour by our employee.

Respect - We honour the public’s trust by showing respect for those with whom we interact, considering differing points of view and ensuring people are treated the way we would like to be treated.

Publication

We honour the public’s trust by showing respect for those with whom we interact, considering differing points of view and ensuring people are treated the way we would like to be treated.

About Us

Established on 1 January 1997, the Cayman Islands Monetary Authority (CIMA) is the primary regulator responsible for the regulation and supervision of financial services entities operating in and from the Cayman Islands.

We also manage the issue and redemption of the Cayman Islands currency and provide assistance to overseas regulatory authorities, including the execution of memoranda of understanding to assist with consolidated supervision.

Mission:

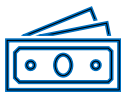
To protect and enhance the integrity of the financial services industry of the Cayman Islands.

Vision:

A thriving, innovative and well-regulated Cayman Islands financial services system and currency that meets applicable international standards and provides value to stakeholders.

What We Do:

Our responsibilities fall under four principal functions:



Monetary - Issue and redeem the Cayman Islands currency and manage the currency reserves.



Regulatory - Regulate and supervise the financial services industry, monitor compliance with money laundering regulations, issue the regulatory handbook on policies and procedures, including rules and statements of principle and guidance.



Cooperative - Assist overseas regulatory authorities, through the memoranda of understanding, with consolidated supervision.



Advisory - Provide advice to the Cayman Islands Government on monetary, regulatory and cooperative matters.

02| Legislative Changes



LEGISLATIVE CHANGES

I. Acts and Regulations that were updated/ amended during the period January to June 2024:

- i. **Virtual Asset (Service Providers) Act (2024 Revision):** Issued on 15 February 2024, this Act consolidates previous versions of the Act.
- ii. **Companies Management Act (2024 Revision):** Published on 1 February 2024, this revision replaced the 2021 revision and includes updates to remove references relating to the beneficial ownership regime for incidental and connected purposes.
- iii. **Money Services Act (2024 Revision):** Published on 8 February 2024, the revision includes updates to remove references relating to the beneficial ownership regime for incidental and connected purposes.
- iv. **The Anti-Money Laundering (Amendment) Regulations, 2024:** The Cayman Islands Government published the Anti-Money Laundering (Amendment) Regulations on 19 April 2024. The regulations aim to improve measures to combat money laundering, terrorist financing, and proliferation financing.

II. The following initiatives were under considerations for review in the first half of 2024:

The Authority continues to identify consolidated supervision as an area which has opportunities for enhancements and greater effectiveness. In the first half of 2024, the following Regulatory Acts were being reviewed to enhance the regulatory/supervisory framework for consolidated supervision within the Cayman Islands:

- a) Insurance Act ("IA");
- b) Banking and Trust Companies Act ("BTCA");
- c) Securities Investment Business Act ("SIBA");
- d) Virtual Asset (Service Providers) Act ("VASP");
- e) Companies Management Act ("CMA");
- f) Money Services Act ("MSA"); and
- g) Mutual Funds Act.

LEGISLATIVE CHANGES

These legislative amendments aim to introduce specific definitions and references uniformly across the aforementioned regulatory Acts, thereby providing greater legal sufficiency and powers relevant to consolidated supervision.



03 | REGULATORY UPDATES

I. The following Regulatory Measures were issued in February and May 2024:

1. GNs (Amendment) – VASP ‘Travel Rule’

CIMA issued the amended GNs in February 2024. This amendment to the GNs included an amendment to Part IX – Section 1 of the GNs: Sector Specific Guidance – VASPs relating to the ‘Travel Rule’. The application of the Financial Action Task Force’s (“FATF’s”) wire transfer requirements in a virtual asset context is known as the “Travel Rule”. FATF’s recommendation 16 prescribes that originating VASPs must obtain, and hold required and accurate originator information and required beneficiary information on virtual asset transfers. The updated GN was published on the Authority’s website on 21 February 2024.

2. Proposed Rule and Statement of Guidance on Recruitment and Selection Standards for Trust and Corporate Service Providers and Company Managers (“RSOG”)

The Authority is proposing changes to a current relevant SOG to update and include new Rules that will address the enforceability issue highlighted by GIFCS in its 2020 Mutual Evaluation Report (“MER”). For historical context, in 2018, the Authority conducted a self-assessment of the Cayman Islands’ trusts and corporate services sector against the GIFCS Standard on the Regulation of Trust and Corporate Service Providers (“SRTCs” or “the Standards”). At that time, the Authority’s framework was considered deficient as no regulatory measures captured recruitment and selection standards and competence requirements for TCSP employees. The Authority is developing a new RSOG on Recruitment and Selection Standards for TCSPs to address this.

The new RSOG will be published via Gazette and on the Authority’s website once approved.

3. Regulatory Policy on Recognition and Approval of an Actuary

An amended Regulatory Policy on Recognition and Approval of an Actuary was issued for consultation. For historical context, in 2007, the Authority issued a Regulatory Policy – Recognition and Approval of an Actuary to reflect current practices in the Insurance Supervision Division and to align with the Insurance Law (2004 Revision). However, since the issuance of the 2007 Policy, various developments have occurred in the local legislation, governing international best practices applicable to the recognition and approval of actuaries, including those issued by the IAIS. Therefore, the Authority considers it necessary to review these developments and update the 2007 Policy to incorporate any appropriate changes.

4. Regulatory Policy: Registration and Licensing of Virtual Asset Service Providers.

A new Regulatory Policy on the Registration and Licensing of Virtual Asset Service Providers ('RPy') was developed. The main objective of the proposed RPy is to facilitate the Authority's receipt of complete applications, whilst improving transparency and efficiency in the registration and licensing process for VASPs. In addition, the proposed RPy is consistent with the Authority's development and issuance of regulatory policies for the licensing of each financial services activity. The new regulatory policy was published in the Cayman Islands extraordinary gazette on 15 May 2024 and posted on the Authority's portal. The Policy is effective upon gazette, except for the licensing component which will become effective only upon commencement of the licensing regime for virtual asset trading platform operators and virtual asset custodians, pursuant to the VASP Act and corresponding VASP Regulations.

5. RSOG Market Conduct for Trust and Corporate Service Providers and Company Managers

The new RSOG was published in the Cayman Islands extraordinary gazette on 22 May 2024 and posted on the Authority's portal. It replaces the existing SOG – Market Conduct for TCSPs. It covers the market conduct of TCSPs in the areas of integrity, fair treatment of clients, client money and assets, conflicts of interest, terms of business, complaints handling and advertising and communication.

II. Rules and Statement of Guidance issued in 2023, effective in 2024:

1. Rule and Statement of Guidance – Reinsurance Arrangement issued in May 2023 now effective since May 2024

The Authority recognises that reinsurance arrangements will vary according to the way the business of the insurer is structured, organised and managed; its business objectives; its size; and the nature, scale and complexity of its operations. The overriding principle, however, is that reinsurance arrangements must be adequate to satisfy the requirements of the Authority and relevant acts and regulations.

III. Removal from the European Union's AML List

As of 7 February 2024, the European Union Commission officially removed the Cayman Islands from its list of high-risk third countries with deficiencies in their AML/CFT (anti-money laundering and countering the financing of terrorism) regimes.

IV. Observations and Changes for REEFS Investment Strategy Selections

To enhance monitoring and improve the reporting accuracy of the regulated Mutual Funds' and Private Funds' (the "Funds") investment strategies, the Authority advises that certain changes were made to the Investment Strategy selections available in the REEFS portal for fund applications and FAR filings. These changes were effective on 15 November 2023.

As the Authority aims for more improved statistical reporting in relation to the underlying investment strategies of the Funds, certain general Investment Strategy categories will be officially removed, and more granular classifications will be added. The naming of some Investment Strategy categories has also been revised for clarity.

Against the backdrop of various global initiatives within the Environmental, Social, and Governance ("ESG") landscape, and the Cayman Islands Government's Climate Change-related initiatives, the Authority recognises that more robust approaches for identifying, measuring, monitoring, and managing material ESG-related risks are paramount. Therefore, in the first instance, it is imperative that the Authority obtain more accurate data on the number of ESG, and/or climate-focused funds in the jurisdiction. The Authority has, however, observed that ESG is seldom selected in fund applications or FAR submissions, despite considerable evidence in the Offering Memorandums that the funds incorporate ESG considerations. The Authority hereby requests that funds where ESG is their core focus should have that selected as the Primary Investment Strategy. For funds that have ESG considerations as non-core, but with material substance, ESG should be selected as the Secondary Investment Strategy.

The changes are as follows:

Removed from the Investments Strategy list

- Private Equity
- Other

Added to the Investments Strategy list

- Absolute Return
- Capital Structure Arbitrage
- Convexity
- Derivatives Trading

REGULATORY UPDATES

Added to the Investments Strategy list (cont'd)

- Energy/Power
- Equity Hedged
- Equity Long Only
- Fund of Private Equity Funds
- Growth Equity/Growth Capital
- Infrastructure
- Leveraged Buyout (LBO)
- Long-Only Absolute Return
- Private Credit
- Quantitative
- Secondaries

Amendments to the Investments Strategy list

- Asset-Backed/Mortgage-Backed Securities
- Crypto/Digital/Virtual Assets-related
- Distressed/Special Situations
- Fixed Income/Debt
- Fixed Income Arbitrage/Debt
- Foreign Exchange/Currency Trading

Fund registrations:

Effective 15 November 2023, all fund registration applications (including both submissions) must use the revised Investment Strategies list.

FAR submissions:

FAR submissions for years ending on or after 31 December 2023 must be completed on the revised Investment Strategy list in FAR submissions.

A large, rusted metal anchor is the central focus, resting on a rocky, sparsely vegetated shore. The background features a turbulent sea with white-capped waves crashing against dark rocks under a bright, clear sky. The anchor's curved flukes and straight shank are clearly visible, showing significant weathering and corrosion.

04| Highlights from our Thematic Reviews – Nature, Accessibility and Retention of Records (“Records Management”) Circular issued February 2024

HIGHLIGHTS FROM OUR THEMATIC REVIEWS: NATURE ACCESSIBILITY AND RETENTION OF RECORDS

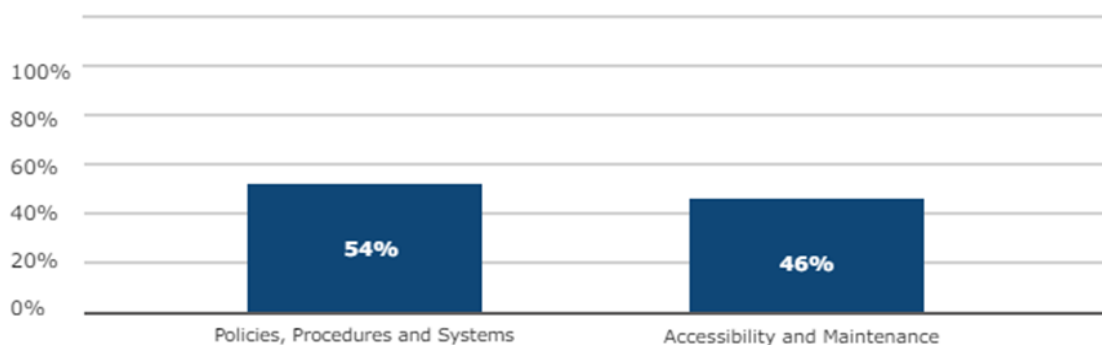
The Authority conducted [Thematic reviews](#) on records management which commenced in 1st Quarter 2023 through 3rd Quarter 2023, and a circular was issued in February 2024.

The objectives of the [Thematic Review](#) were to assess the entities selected for review ("Selected Entities") policies, procedures, governance and oversight mechanisms and internal control systems in relation to Records Management in order to ascertain compliance with the Monetary Authority Act (2020 Revision), the Bank and Trust Companies Act (2021 Revision), the Insurance Act (2010), the Companies Management Act (2021 Revision), The Mutual Funds Act (2021 Revision) the Securities Investment Business Act (2020 Revision) and the SOG - Records Management as well as other applicable legislation and accepted standards of best practice.

Analysis of these areas allowed the Authority to gain a better understanding of the Selected Entities' Records Management framework, including the extraction of data as seen in Figures 1-3 below.

- Policies, procedures and systems account for fifty-four percent (54%) of the findings across the review with Accessibility and Maintenance accounting for forty-six percent (46%).

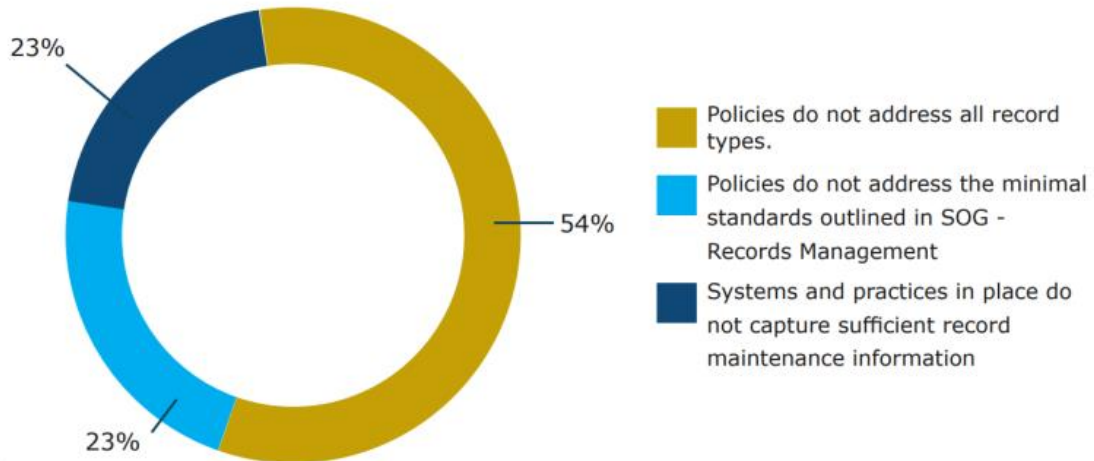
Figure 1: Distribution of Records Management Weaknesses



- Fifty-four percent (54%) of the weaknesses relating to policies, procedures and systems arose mainly due to several Selected Entities' policies not addressing the need to retain and maintain corporate, accounting and institutional records.
- Twenty-three percent (23%) of the weaknesses were related to a few Selected Entities' policies not meeting the minimal standards outlined in the SOG – Records Management.
- A further twenty-three percent (23%) of the weaknesses arose from failure of systems not capturing sufficient records management information for a few Selected Entities.

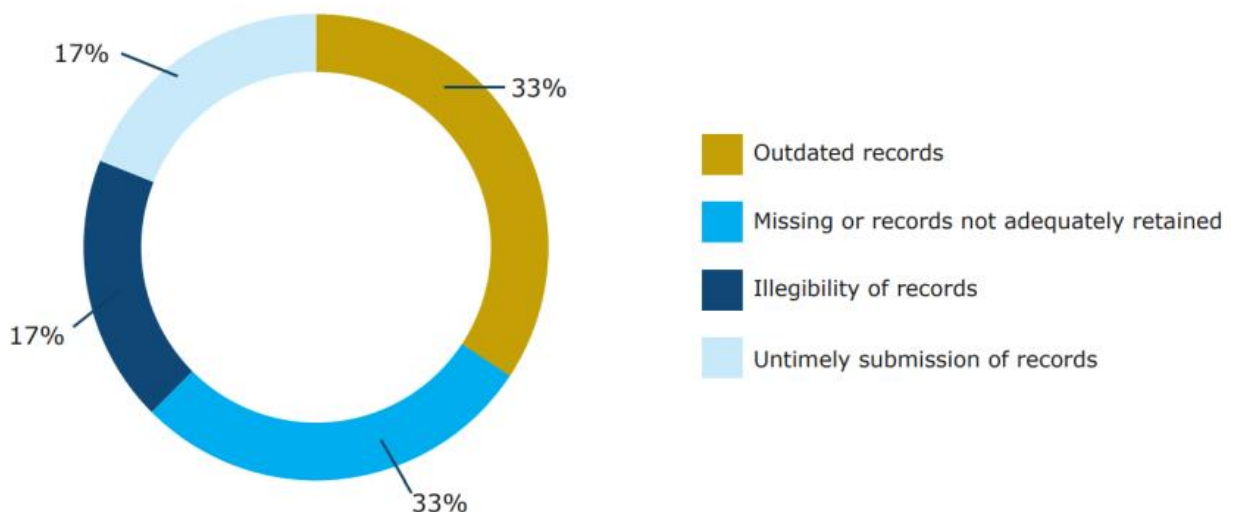
HIGHLIGHTS FROM OUR THEMATIC REVIEWS: NATURE ACCESSIBILITY AND RETENTION OF RECORDS

Figure 2: Areas of Weakness in Policies, Procedures and Systems



- Thirty-three percent (33%) of the weaknesses related to outdated records. Further, thirty-three percent (33%) of weaknesses were in relation to records that were not located/retained by a few Selected Entities. Illegible records accounted for at least seventeen percent (17%) of the weaknesses and another seventeen percent (17%) related to records that were submitted to CIMA past the 1-3 business days turnaround time.

Figure 3: Areas of Weakness in Accessibility and Maintenance



05| Global Financial Stability Report Highlights



GLOBAL FINANCIAL STABILITY REPORT

THE LAST MILE: FINANCIAL VULNERABILITIES AND RISKS

The Global Financial Stability Report (GFSR) assesses the stability of international financial markets as well as developing market financing, alongside identifying key vulnerabilities affecting the global financial system. In general, the report aims to contribute to global financial stability and the steady economic growth of IMF member nations by emphasizing initiatives that may reduce systemic risks.

Global Financial Stability Risks

Expectations that **global disinflation** is entering its “last mile” and monetary policy will be easing have driven up asset prices worldwide since October 2023.

There are several salient risks along the last mile:

- **Growing strains in the commercial real estate sector** and signs of credit deterioration among corporates and in some residential housing markets could be exacerbated by adverse shocks.
- **Stalling disinflation** could surprise investors, leading to a repricing of assets and a resurgence of financial market volatility, which has been low despite considerable economic and geopolitical uncertainty.
- **Cyber risk** is a growing concern for macro-financial stability as the financial sector accounts for nearly one-fifth of all incidents affecting financial firms.

Financial conditions have eased as investors and central banks expect global disinflation to be entering its last mile...



...but risks remain, and medium-term vulnerabilities are building-up



GLOBAL FINANCIAL STABILITY REPORT

Private Credit

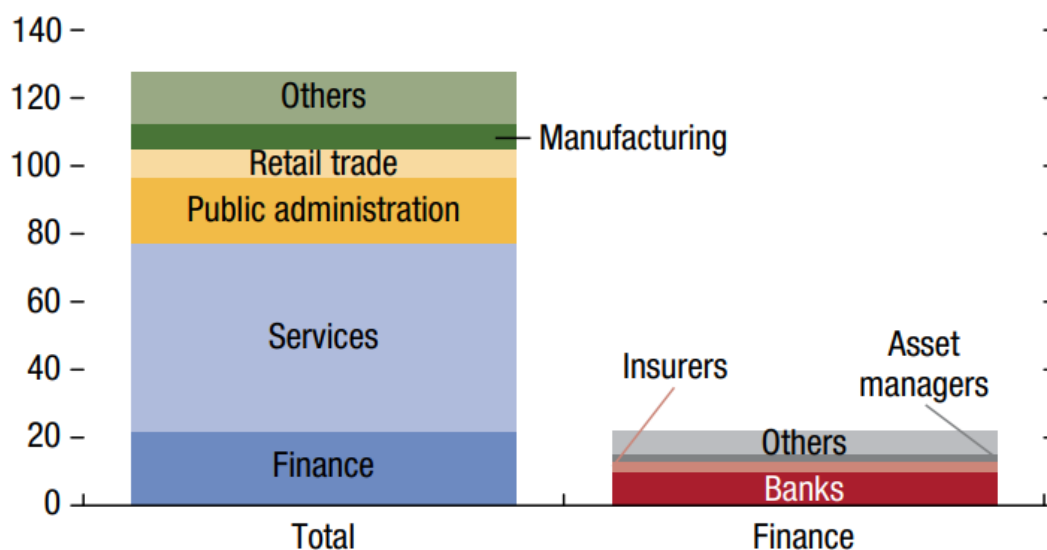
The **rapid growth of private credit**, coupled with increasing competition from banks on large deals and pressure to deploy capital, may **lead to a deterioration in pricing and non-pricing terms**, including lower underwriting standards and weakened covenants, raising the risk of credit losses in the future. If the asset class remains opaque and continues to **grow exponentially** under limited prudential oversight, the vulnerabilities of the private credit industry could become **systemic**.

Policy Recommendations

- Encourage authorities to consider a **more in-depth supervisory** and regulatory approach to private credit funds, their institutional investors, and leverage providers.
- Closely monitor and address both liquidity and conduct risks in funds—especially retail—that may be faced with higher redemption risks. **Implement relevant product design and liquidity management recommendations from the Financial Stability Board and the International Organization of Securities Commissions.**
- **Strengthen cross-sectoral and cross-border regulatory cooperation** and make asset risk assessments more consistent across financial sectors.

Cyber Risk

Figure 4: Number of Global Cyber Incidents, by Sector, 2004-23 (thousands)

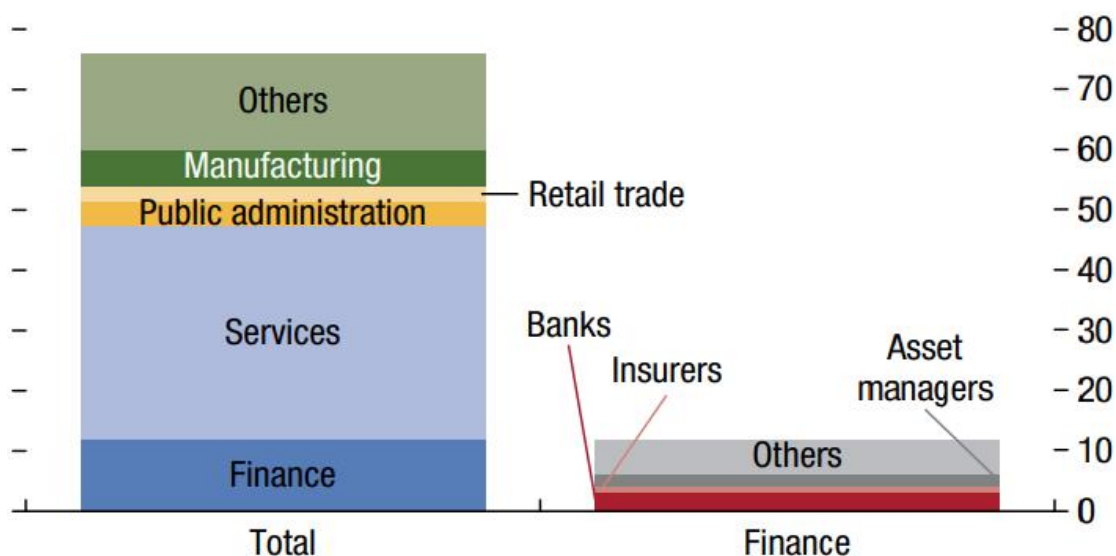


Source: Global Financial Stability Report (2024) - IMF

GLOBAL FINANCIAL STABILITY REPORT

Cyber Risk is a growing concern for macro-financial stability as the number of cyberattacks has almost **doubled since the COVID-19 pandemic**. The financial sector is highly exposed to cyber risks, with nearly one-fifth of all incidents affecting financial firms (Figure 1).

Figure 5: Losses from Global Cyber Incidents, by Sector, 2004-23 (Billions of US dollars)



Source: Global Financial Stability Report (2024) - IMF

Although cyber incidents have thus far not been systemic (Figure 2), severe incidents at major financial institutions could pose an acute threat to macro-financial stability through a loss of confidence, the disruption of critical services, and because of technological and financial interconnectedness.

Policy Recommendations

- Cyber resilience of the financial sector should be strengthened by developing an adequate **national cybersecurity strategy** and appropriate regulatory and supervisory frameworks.
- Supervisors should hold board members responsible for managing the cybersecurity of financial firms and promoting a conducive risk culture, cyber hygiene, and cyber training and awareness. Financial firms should develop and test response and recovery procedures to remain operational in the face of cyber incidents. National authorities should also develop effective response protocols and crisis management frameworks.



06 | Looking ahead: Upcoming Initiatives and Regulatory Plans

UPCOMING INITIATIVES AND REGULATORY PLANS

I. The following initiatives were being progressed in the second Quarter of 2024 and are scheduled for further consideration later this year:

1. Regulatory Policy on Recognition and Approval of an Actuary

This paper recommends the issuance of an amended Regulatory Policy on Recognition and Approval of an Actuary incorporating feedback from the limited consultation which closed on 05 June 2024.

2. Implementation of Basel III Reforms in the Cayman Islands

This paper outlines the current progress in implementing Basel III reforms in the Cayman Islands and provides a high-level summary of the potential impacts of completing the remaining components of these reforms. It also presents a proposed plan for implementing the remaining components, which includes outsourcing certain tasks. The Authority is currently working on the paper.

3. Amended Regulatory Handbook V1 and the Enforcement Manual and Procedures for Issuing Administrative Fines (Consolidated) V2

These Papers are being finalised for further consideration in Q4 2024.

4. Recovery and Resolution Planning incorporating requisite elements of crisis management.

The Authority is currently developing a regulatory/supervisory approach for Recovery and Resolution Planning ("RRP") which will form part of the Authority's holistic Crisis Management framework. This framework proposal will include a phased implementation plan, inclusive of necessary legislative proposals for RRP, including specific components for resolution planning, such as the designation of a Resolution Authority and requisite resolution powers.

5. Regulatory measure for De-registration of VASPs

In June 2024, PDD met with representatives of the VASP & Fintech Innovation Unit who identified key priorities for the division. One such gap discussed was the need for the development of a deregistration regime. The Authority is currently working on the matter.

6. Proposed amendments to the Conduct of Business Regulations to support enhancing the regime for RPs conducting SIB activities.

PDD in collaboration with SSD have prioritised the "policing the perimeter" objective with respect to SIBs under CIMA's oversight, particularly Registered Persons (to whom the conduct of Business Regulations currently does not apply). SSD is currently doing a line-by-line assessment of each provision in the SIB Conduct of Business Regulations and are weighing each one to determine their suitability to different RP's having regard of the nature of SIB that such RP's undertake. A wholesale or full-blown extension would not be the best approach and may not help to garner buy-in from the stakeholders. This Paper is expected to be developed within Q4 2024.

UPCOMING INITIATIVES AND REGULATORY PLANS

I. The following initiatives were being progressed in the second Quarter of 2024 and are scheduled for further consideration later this year (cont'd):

7. Proposed Legislative Amendments to facilitate the implementation of an Internal Whistleblowing Policy and Procedure

The Authority is considering requesting legislative amendments to the MAA to allow CIMA to be a designated authority (according to section 7 (1) of the Whistleblowing Protection Act) for whistleblowing disclosures related to CIMA. If granted, this designation would allow the Authority's Whistleblower Policy and Procedure to be independent of the CIG's implementation framework while ensuring that the protections provided to employees who report under the WPA are maintained. PDD is still conducting the necessary research and assessment to ensure that there is sufficient rationale for this proposal.

II. Monitoring, Reporting and Outreach Programs

8. Ongoing monitoring of VASP Registrants

The VASP Unit will be further enhancing its ongoing monitoring of Registrants, which will include detailed reviews of Registrant high risk areas, prudential meetings, onsite examinations, and thematic reviews.

9. Licensable Directorship Activity

FSD plan to draft a circular for the industry to highlight the need to be licensed to engage in licensable directorship activity.

10. Financial Stability Report ("FSR")

The second Financial Stability Report ("FSR") is in progress and will capture the five-year period ended 31 December 2022. The FSR aims to identify sources of systemic risk and evaluate the resilience and strength of the financial positions of all supervised sectors comprising the Cayman Islands financial system.

11. Annual Banking Statistical Digest for 2023

The Annual Banking Statistical Digest for 2023 is in progress. The digest provides users with valuable insight into distribution of assets and liabilities, positions of licensed banks in comparison to other jurisdictions, as well as a general overview of the stability of the local banking sector.

12. Environmental, Social and Governance ("ESG")

The Authority's ESG efforts continue in part through its Working Group on climate risk and ESG risks initiatives on climate and ESG risks, in addition to contributions to the Network for Greening the Financial System ("NGFS") on its climate risk initiatives.

UPCOMING INITIATIVES AND REGULATORY PLANS

13. AML/CFT supervision and Outreach programs

The Authority will continue to conduct its risk-based AML/CFT supervision and engage through outreach programs with the industry stakeholders' programs to further promote awareness of the regulatory requirements. For instance, a target outreach session has been organised within Quarter 3 of 2024 for the VASP Sector.



INDUSTRY OUTREACH SESSION: VIRTUAL ASSET SERVICE PROVIDERS (VASPs)

Join the Cayman Islands Monetary Authority for an industry regulatory update session for the VASP sector. Discussion topics will include: the VASPs regulatory regime, registration process, ongoing monitoring, the Travel Rule, AML surveys, the interconnectedness with other regulated sectors, and onsite inspections. CIMA encourages the entities providing virtual asset services and their Registered Offices, AML/CFT and other service providers to use this opportunity to stay informed regarding the supervisory insights and the latest regulatory developments impacting VASPs.

DATE
29 July, 2024

TIME (GMT-5)
11:00 AM - 12:30 PM

WEBINAR



ISABEL GUMEYI
Head of Division
VASP & Fintech Innovation
Unit



JESSICA EBANKS
Deputy Head of Division
Securities Supervision
Division



ABUBAKAR NYANZI
Deputy Head of Division
AML/CFT Division



KAYON WHYTE
Chief Analyst
VASP & Fintech Innovation
Unit



SHASTRI SINGH
Chief Analyst
VASP & Fintech Innovation
Unit



JONATHAN EVELYN
Chief Analyst
AML/CFT Division

UPCOMING INITIATIVES AND REGULATORY PLANS

14. 2024 Thematic Review Focus – Corporate Governance

The Authority is currently conducting a thematic review to assess compliance with the Rule on Corporate Governance (Rule Corporate Governance for Regulated Entities). The Thematic Review covers a variety of Licence types across all sectors. Nineteen (19) Licences have been selected, spanning across all sectors as follows:

Sector/ Class	Number of Licences Inspected
Banking - Class B Banks	3
Banking - Class B & Trust	1
Money Service Business	1
Fiduciary - Trust	3
Company Manager	1
Insurance - Class 'A	1
Insurers	1
Insurance Broker	1
Insurance Manager	1
Investments - MFA	4
Securities - Full	3
Total	19

Key Areas of Corporate Governance include:

- Establishment of Objectives and Strategies for the Regulated Entity
- Independence and Objectivity of the Governing Body
- Oversight of Risk Management and Internal Control Systems
- Conflict of interest and Code of Conduct
- Remuneration Policy and Practices
- Reliable and Transparent Financial Reporting
- Transparency and Communications

The Authority intends to issue an Industry-wide circular outlining the thematic review exercise, identified best practices and common deficiencies observed from the review in Q3/Q4 2024.

07| Industry Outreach Initiatives



INDUSTRY OUTREACH INITIATIVES

1. Preparing for CIMA Onsite Inspections

On 2 May 2024, Financial Services Institute in conjunction with members from Grant Thornton, Conyers, as well as members from the Authority's Onsite Inspection Unit and Anti-Money Laundering Division hosted a seminar to members of the financial industry on "Preparing for CIMA Onsite Inspections". The panel included representatives from CIMA namely Razaak Busari (HOD - OIU), Stephanie Azan (DHOD - OIU) and Abubakar Nyanzi (DHOD - AMLD). The panel discussion focused on giving the industry an overview of the Authority's AML/CFT supervisory approach, on-site inspection process and regulatory trends.

2. Global Standards & Rule/ Statement of Guidance Internal Controls and Internal Audit Webcast

On 30 May 2024, the Institute of Internal Auditors hosted a Webcast in which members from OIU and BSD presented on the Rule and Statement of Guidance Internal Controls for Regulated Entities and the Statement of Guidance Internal Audit. The representatives from CIMA Divisions were Razaak Busari (HOD - OIU), Beatrice Matheka (Senior Analyst - OIU) and Mercyline Chemutai (Chief Analyst - BSD).

3. Captive Insurance Companies Association ("CICA") Conference March 10 - 12 2024

Financial services association Cayman Finance, the Insurance Managers Association of Cayman (IMAC) and CIMA jointly attended the CICA annual conference in Scottsdale, Arizona on March 10-12 to promote the Cayman Islands insurance industry. Kara Ebanks (HOD - Insurance Division) was part of the panel on the topic "If it ain't broken, just tweak it- Captive Domicile Update".



(L-R): Head of the Insurance Supervision Division, Kara Ebanks, with other panelists.

4. Cayman International Reinsurance Companies Association ("CIRCA")

Cayman International Reinsurance Companies Association ("CIRCA") Reconnect Conference took place in the Cayman Islands on 19 April 2024. This was the inaugural year of [Re]Connect, the first dedicated reinsurance conference in the Cayman Islands. Kara Ebanks (HOD - Insurance Division) was a panelist on the topic "Emerging Regulatory Topics".



5. Insurance Managers Association of Cayman ("IMAC") Educational session

Kara Ebanks presented on the industry trends and other insurance regulatory updates at the CIMA Fireside Chat - IMAC Educational session on 23 May 2024, at Camana Bay,

6. The regulatory outlook for digital assets

Shastri Singh (Chief Analyst – VASP) presented at GAIM Ops Cayman on 15 April 2024 and the topic was "The regulatory outlook for digital assets". The presentation covered the VASP regulatory regime, collaboration with the Ministry of Financial Services as well as insights from international standard setting bodies' regulations globally and how they might impact Cayman regulations/legislation.

7. The ACAMS Grand Cayman Symposium

Tony Michael (Chief Analyst – AMLD) presented on virtual asset regulation at the ACAMS Grand Cayman Symposium on 23 May 2024. The presentation focused on VASP regulatory regime, the registration process and AML survey.

8. Coffee and Compliance: A Morning of AI, Cybersecurity Insights and Regulatory Trends

On 15 May 2024, the Authority participated in a panel discussion at the seminar organised by Ogier titled, "Coffee and Compliance: A Morning of AI, Cybersecurity Insights and Regulatory Trends". The panel discussion focused on giving the industry an overview of the Authority's AML/CFT supervisory approach, on-site inspection process and regulatory trends.

9. Correspondent banking relationships – May 2024

The Authority and Ministry of Financial Services continue regular engagement with major banks that provide correspondent banking relationships in the jurisdiction. This is also in conjunction with having representatives at various institutions' events such as Cayman Islands Institute of Professional Accountants ("CIIPA") and Cayman Islands Bankers Association ("CIBA").

INDUSTRY OUTREACH INITIATIVES

10. Participation in outreach sessions

In Q1 2024 an Industry Outreach engagement was hosted by the ISD at the Marriott Hotel. This was to address the expectations and challenges that Industry and the Authority commonly experienced with FAR filings (Fund Annual Returns). Gaone Dube, (DHOD – ISD), delivered a comprehensive presentation setting out common areas of friction and delays, along with suggestions as to how Industry can better navigate the processes through more timely and complete filings.

After the presentation, the floor was opened up to Industry questions. Many constructive chats were held between the Authority’s staff and Industry representatives. The feedback received from Industry about the event was positive.

The Authority further participated in multiple outreach sessions including the Annual Strategic Planning Meeting for the Caribbean Group of Banking Supervisors (CGBS), the Global Forum 2nd Round AEOI Peer Review Onsite DITC Meeting, a Joint workshop with the Financial Stability Board-International Monetary Fund on resolution transfer tools, and the Basel Consultative Group’s Task Force on Climate-related Financial Risks.

11. CIMA Sixth Charity 5K Walk & Run

The Cayman Islands Monetary Authority hosted its sixth Charity 5K Walk & Run on 26 May 2024.

All proceeds from the event benefited the development of literacy or numeracy programmes at various Cayman Islands Government primary schools and the Lighthouse School. The goal was to help the Cayman Islands Government primary schools and the Lighthouse School to implement and/or enhance various educational initiatives and learning curriculums for its students.





CIMA REGULATORY UPDATES



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