



# the NAVIGATOR

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## CIMA's Managing Director Presents at ROC 2014



On Friday, 14 March 2014, Mrs. Cindy Scotland, Managing Director of the Cayman Islands Monetary Authority (CIMA), participated in a panel at the Regulation, Operations and Compliance (ROC) Cayman 2014 Symposium. The panel discussed issues relating to the new approaches and practices for global fund marketing and distribution.

The other panellists were Christopher Wells (Head of Proskauer), Brendan Kalb (General Counsel of AQR), Brian Guzman (General Counsel of Indus Capital) and Joseph Deitzer (Executive Director of EY).

The conference was organised by the Regulatory Compliance Association, and ran from Wednesday, 12 March to Friday, 14 March. The array of financial services professionals attending the event included: institutional investors, asset managers, administrators, lawyers, accountants and bankers.

She said, "Currently, there is no licensing or registration requirement imposed under the Mutual Funds Law (2013 Revision) or the Companies Management Law (2003 Revision) on natural persons who act as Directors of CIMA registered entities. In contrast, Directors of CIMA-licensed entities must be approved by CIMA as 'fit and proper' prior to their appointment to a board. The proposal aims to address this inconsistency, by bringing natural persons under the regulatory remit of CIMA."

“ ... Directors of CIMA-licensed entities must be approved by CIMA as 'fit and proper' prior to their appointment to a board. ”

During the panel discussion, Mrs. Scotland indicated that CIMA is currently working on a Director's licensing and registration framework, but emphasised that it is pending consideration and approval from the Cabinet of the Government of the Cayman Islands.

## Nigerian Finance Minister Calls on CIMA



Nigeria's Minister of Finance, Dr. The Hon. Ngozi Okonjo-Iweala, met with senior officials of the Authority on 21 March.

Her delegation included her Technical Assistant, Dr. Olasupo Olusi and her Media Advisor, Ms. Constance Ikokwu. Mr. Roy Bodden, President of the University College of the Cayman Islands, accompanied the Nigerian delegation.

Dr. Okonjo-Iweala was a keynote speaker at the UCCI's anti-corruption conference.

CIMA Chairman, Mr. George McCarthy, gave a brief history of Cayman's involvement in the initial international efforts at financial sector regulation, and explained that while the Cayman Islands is keen to cooperate, and has been cooperating, international regulation should be on a level playing field, in lockstep with jurisdictions in the developed world. He emphasised the Cayman is not interested in attracting illicit funds.

Dr. Okonjo-Iweala said that she was pleased to learn about the jurisdiction first-hand, and advised that the message that Cayman is not interested in illicit funds is one which the Cayman Islands needs to convey consistently in the international arena.

General Counsel, Mr. Langston Sibbles, QC, gave a brief explanation of the financial institutions which are regulated by the Authority, and explained that supervision of these entities is conducted on a risk-based approach.

### Facts Box

Licences/Registrations in Effect

31 December 2013

31 March 2014

#### Banking and Trust

Banks	213	212
Category A	15	15
Category B	198	197
Nominee Trusts	34	29
Money Services Providers	6	6

## CIMA Represented on GAIM Ops 2014 Panel

Legal Counsel, Angelina Partridge, says the Cayman Islands Monetary Authority (CIMA) has no prescription for the number of directorships or relationships directors of mutual funds should hold. She stated that, "We believe in a disclosure regime. Our current plan is to look at capacity, and we will be issuing an industry advisory which is broad enough to be not too prescriptive and narrow enough to be useful. Any industry advisory would be issued after consultation with all interested parties."

Mrs. Partridge was speaking on 7 April at GAIMOps Cayman 2014. She participated in a panel discussion entitled "Corporate Governance & Directorship 2.0: Finding the Balance Between What Investors Want and What Regulators Want".

GAIMOps is an annual conference for senior alternative investing executives in operations and compliance. Now in its ninth year, the 2014 event took place from 7-9 April.

Others on the panel with Mrs. Partridge were Jonathan Morgan, Founding Principal of Sound Fund Advisors, and Daniel Summerfield, Co-Head of Responsible Investment, USS Investment Management Ltd. Michael Pereira, Publisher of the Hedge Fund Law Report, was the moderator.

Dr. Summerfield said that he agrees with CIMA that the approach to fund governance should be principles-based rather than prescriptive. He welcomed the Statement of Guidance (SOG)



Dr. Daniel Summerfield and Mrs. Angelina Partridge.

recently issued by the Authority, saying "I like the direction of travel". However, he views it as a statement of existing practice, and expressed the hope that the next iteration would be more aspirational, with explicit reference to best practice.

In addition, Dr. Summerfield believes that it would need to be more granular in relation to the specific duties of directors. He stated that the SOG should be read in conjunction with the Weaving Judgement. He added that he believes in a self-regulatory approach, and is not looking to CIMA to vet directors, but rather to facilitate the process by putting the infrastructure in place which one needs to make informed decisions. The trajectory which he would like to see for the Authority in relation to fund governance should continue to a directors' database. (continued on page 3)

## Sara Collins Bids Farewell to CIMA Board of Directors



Ms. Collins (back row, 2nd from left) with other members of the Authority's Board of Directors.

Prominent Caymanian Attorney-at-Law, Sara Collins, has come to the end of her service on the Authority's Board of Directors. Her tenure ended on 31 March 2014.

She had served on the CIMA Board of Directors since July 2009. Ms. Collins was also a member of the Board's Policy, Strategy and Legislative sub-committee.

Ms. Collins says, "It has been a privilege to be a member of the Board. Mr. McCarthy is an effective chair and my fellow Board members are talented professionals. I have seen first-hand how committed they are to fulfilling their responsibilities in the best interests of the jurisdiction and I have also been impressed with the senior management team of CIMA."

On behalf of the Authority, Board Chairman, Mr. George McCarthy, expressed appreciation to Ms. Collins for her sterling service over the past five years.

## GAIM Ops 2014 (continued from page 2)

Mrs. Partridge acknowledged that the question of a directors' database had been under intense discussion for the past 6 to 12 months. She said, however, that the current framework doesn't permit publication of private information; the Monetary Authority Law is very clear on this matter. "CIMA is mindful that it is of interest to investors, but the Authority needs to proceed very carefully in this regard to ensure that the interests of investors are balanced

with the interests of the directors", she said.

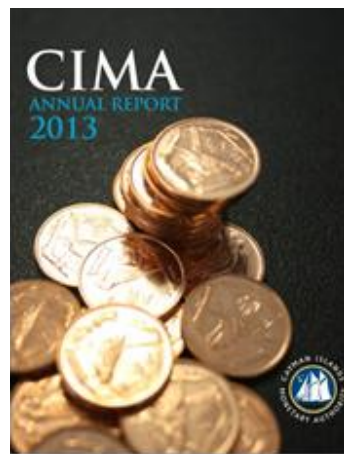
The CIMA Legal Counsel encouraged investors to contact the Authority if they believe that there has been a regulatory breach on the part of a fund manager, and CIMA can respond. She said, "We can investigate, but we can only work with what we're told."

## CIMA's 2013 Annual Report Published

Details of CIMA's operations for the financial year 1 July 2012 through 30 June 2013, and indicators of the financial sector's performance during the same period, are now available in CIMA's 2013 Annual Report, which has been posted to the Authority's website.

The compilation outlines CIMA's activities and accomplishments in carrying out its monetary, regulatory, cooperative and advisory functions, including an overview of the latest industry trends and regulatory developments in the banking, fiduciary services, insurance, and investments and securities sectors.

The report recorded a healthy funds industry during the 2012/13 fiscal year with total funds at 11,209 as of 30 June 2013. Captive insurance licences increased three percent to 750. In the banking sector, while the total number of banking and trust licences declined by 18 to 221, due mainly to consolidations worldwide, the assets and liabilities increased. Total international assets booked through banks in the Cayman Islands stood at \$1.503 trillion at 30 June, and liabilities totalled \$1.487 trillion.



CIMA collected \$101.656 million in fees from regulated entities on behalf of the Government, showing an increase over the \$79.563 million for 2012. Net income for the 2012-13 financial year was \$587,000, up from the previous year's total of \$114,000.

The 2012/13 Annual Report includes the full financial statements for the Authority, detailed information on enforcement actions during the period, international initiatives undertaken, and the latest developments within CIMA's internal operations.

CIMA'S 2012/13 Annual Report can be accessed in the "Publications" section of the CIMA website at [www.cimoney.com.ky](http://www.cimoney.com.ky).

## Facts Box

Licences/Registrations in Effect	31 December 2013	31 March 2014
<b>Fiduciary Services</b>		
Trust Companies	140	141
Unrestricted Trusts	51	49
Restricted Trusts	67	65
Nominee Trusts	22	27
Registered Private Trust Companies	88	88
Registered Controlled Subsidiaries of Trust Companies	34	38
Companies Management	92	90
Corporate Services	17	18

## CIMA Participates In CHHS Careers Fair



CIMA was represented at the inaugural Clifton Hunter High School (CHHS) Careers Fair, on 18 February 2014.

Four members of the Authority's staff were among approximately 100 professionals who manned information booths at the event.

Over 500 students attended the careers fair at the school, seeking to learn more about the careers offered by the 30 private and public organisations represented.

Students from grades 9-11 attended, visiting the numerous



company booths set up in the school hall.

The Authority's representatives used the opportunity to showcase the variety of career options available at CIMA, to respond to questions about their own careers, and to further educate the public on the importance of the financial services industry.

While providing information about the types of jobs available at the Authority, CIMA staff also shared essential information with students regarding the Thomas Jefferson Memorial Scholarship. For more on the scholarship, please see below.

## CIMA Accepting Applications For Thomas Jefferson Memorial Scholarship



The late Thomas Jefferson, OBE

Applications are still being accepted for the Thomas Jefferson Memorial Scholarship. The Authority established the scholarship in honour of the late Financial Secretary and Leader of Government Business.

It is awarded to eligible persons with an interest in pursuing a Bachelor's or Master's Degree in Finance, Accounting, Economics or Business Administration from an accredited institution. The scholarship will be a maximum of CI\$25,000.00 per annum for a maximum of four (4) years.

Application forms, and additional information, may be obtained at: [www.cimoney.com.ky/Careers](http://www.cimoney.com.ky/Careers), or by phone at 949-7089.

Applications, together with all required documents, should be submitted to: Chief Human Resources Officer | Cayman Islands Monetary Authority | P.O. Box 10052 | Grand Cayman KY1-1001, or via email to [Jobs@cimoney.com.ky](mailto:Jobs@cimoney.com.ky).

The deadline for applications is Friday, 30 May 2014.

## Currency Officer Benefits From De La Rue Training

One of CIMA's primary roles is ensure that banknotes in circulation are genuine, guaranteeing that the public can use them with confidence.

To minimize the impact of counterfeit currency, CIMA consistently trains staff in the latest detection techniques at De La Rue, the world's largest integrated commercial banknote producer of over 150 national currencies.

In February, Currency Officer, Amanda Bodden, was among the anti-counterfeiting elite at De La Rue's head office in Basingstoke, Hampshire, in the United Kingdom.

Security Evaluation Executive, Steve McGregor, an expert in the evaluation of security features and a global trainer for De La Rue, facilitated the course.

It covered banknote design, counterfeit analysis, and banknote manufacture, included printing and counterfeiting processes.

Ms. Bodden says, "The experience was truly an eye-opener and made me appreciate the importance of our Currency Division even more. I am grateful for being given this opportunity."



Ms. Bodden with course facilitator, Steve McGregor.

## Senior Staff Changes at CIMA

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The Authority is undertaking some reorganisation in the ranks of its management team, in order to more effectively discharge its responsibilities.



Former Head of the Policy and Development Division, **Mitchell Scott**, is now Special Assistant to the Managing Director. His appointment took effect from 10 February 2014.

Mr. Scott has wide-ranging experience at the Authority. He became an Analyst in the Banking Supervision Department in July 1986 and gained experience and training in this area, until he became responsible for the licensing/ registration and supervision of mutual funds and mutual fund administrators in 1993.

Mr. Scott returned to Banking Supervision at the end of 1995, and was appointed Acting Inspector of Financial Services in October 1996. He held the position of (interim) Managing Director of the Monetary Authority on its establishment in January 1997 before heading up the newly-formed Policy & Research (now Policy & Development) Division in July 1997.

He was appointed Head of the Policy and

Development Division in July 2003 having previously been Head of the Investments & Securities Division and the Special Assistant to the Managing Director, a role to which he has now returned.

In this role, Mr. Scott is responsible for conducting research on specific aspects of financial services regulation and financial industry developments on behalf of the Managing Director and for providing briefings, research and background documents to the Managing Director for meetings, presentations and speaking engagements. Mr. Scott also coordinates logistics for specific meetings/ discussions with local stakeholders and overseas regulators and regional and international organizations and serves as key administrator for the Managing Director on special projects.

A 1986 graduate of Furman University, South Carolina, Mr. Scott has a Bachelor of Business Administration (Accounting) degree and is a Certified Anti-Money Laundering Specialist (CAMS).



**Gloria Glidden**, formerly Deputy Head in the Investments and Securities Division, is now Deputy Head in the Banking Supervision Division. Her appointment to the new post is effective 1 April 2014.

Mrs. Glidden is a Certified Public Accountant. She holds a Bachelor of Business Administration Degree in Accounting from the University of Miami, and qualified as a Certified Public Accountant in 1995. She is a member of the American Institute of Certified Public Accountants, Illinois CPA Society and the Cayman Islands Society of Professional Accountants.

Prior to joining the Authority, Mrs. Glidden was Chief Financial Officer of fund administrator, Admiral Administration Limited. She was also the President and Chief Operating Officer at TeleCayman, and Deputy Director of the Cayman Islands Water Authority. She gained audit experience while working at PricewaterhouseCoopers (previously Price Waterhouse).

In her new role, Mrs. Glidden will assist with the supervision of financial institutions, inclusive of banks, credit unions, money service businesses, trusts and trust-controlled subsidiaries.



**Sharon Braithwaite** was promoted to the position of Deputy Head of the Banking Division effective September 2013. She joined the Monetary Authority in March 2011 in the role of Chief Analyst.

Ms. Braithwaite is responsible for the supervision of financial institutions inclusive of banks, credit unions, money service businesses, trusts and trust-controlled subsidiaries.

Prior to joining the Authority, Ms. Braithwaite worked at the Central Bank of Trinidad and Tobago in the role of Manager within the Financial Institutions Supervision Department, where she was charged with responsibility for the supervision of insurance companies, registered pension plans as well as banks and non-bank institutions.

Ms. Braithwaite also worked in consulting at Premier Consulting & Accounting Services, in the Jamaica Government service at the Revenue Board, and with the credit union movement in Jamaica as the Manager for the Stabilization Unit at the Jamaica Cooperative Credit Union League. Her role in the credit union movement involved the development of policies and credit union guidelines and assuming full responsibility for the supervision programmes for the 50+ member credit unions.

Ms. Braithwaite holds an MBA in Finance from the Manchester Business School, United Kingdom, and a Bachelor of Business Administration in Accounting from the University of Technology, Jamaica.

She is also a Certified Fraud Examiner.

## International Women's Day Celebrations at CIMA

Women at CIMA observed International Women's Day 2014 one day early, since the actual day – March 8 – fell on a Saturday.

On March 7, they got together for lunch and a movie, compliments of the Authority's Wellness Committee.



The film which they watched was the documentary **Killing Us Softly 4**, an update of Jean Kilbourne's influential and award-winning series, which focuses on images of women in advertising in the United States.

This series examines gender stereotypes, the effects of advertising on women's self-image, and the way in which women's bodies are objectified.



Sexualized images of women are being used to sell virtually all kinds of goods, and Ms. Kilbourne argues that they degrade women, encourage abuse, and reinforce the patriarchal, sexist society.

A brief discussion followed the screening, and comparisons were made between these issues in the U.S. and in the local environment.

One attendee later commented, "The movie was very informative and a real eye-opener."

## Managing Director Signs Gender Equality Pledge



**Minister, The Hon. Tara Rivers and Managing Director, Cindy Scotland.**

On 28 February, Managing Director, Mrs. Cindy Scotland, signed the Gender Equality Pledge with the Minister of Education, Employment & Gender Affairs, the Hon. Tara Rivers, publicly highlighting CIMA's commitment to gender equality in the workplace.

CIMA is the first institution in the Cayman Islands to make such a commitment. Last year, the Authority formalised its gender equality efforts with a training session for all staff on the Gender Equality Law, 2011, addressing discrimination in employment, training and recruitment on the basis of sex, marital status, pregnancy or gender.

Mrs. Scotland said, "We are extremely proud to be the first institution to express our active commitment to the gender equality principles. We will continually strive to support, monitor and enforce the principles of the Gender Equality Pledge."

With a workforce that is 65% female, CIMA ensures equitable participation in management opportunities with 15 females, and 16 males, in management roles. The Authority also has family-friendly policies in place such as flexible work schedules, paternity leave for male employees and a Wellness Committee promoting employee health initiatives.

Minister Rivers commended CIMA's efforts. "I am pleased to see that a Government Statutory Authority is taking the lead to be the first organisation to take the Gender Equality Pledge and publicly commit to continuing to take tangible actions that serve to promote gender equality within the organisation."

The Minister of Financial Services, Commerce and Environment, the Hon. Wayne Panton, also congratulated CIMA for signing the Gender Equality Pledge. "Every person has value", he said. "Every person therefore has the responsibility to give respect, as well as the right to receive it. My Ministry joins CIMA in standing against all forms of discrimination; we firmly believe that when all of us recognise and fulfil our responsibilities to value others, we will have a better and stronger Cayman Islands."



## Transparency International Chair Visits

Dr. Huguette Labelle, Chair of Transparency International, paid a courtesy visit to the Authority on 18 March.

She was accompanied on the visit to CIMA by Prof. Trevor Munroe, the first person from the Caribbean to be appointed an individual member of the the global civil society organisation, and Dr. J.D. Moseley-Matchett of the University College of the Cayman Islands.

Dr. Labelle met with CIMA Chairman, Mr. George McCarthy; Deputy Managing Director, Mr. Patrick Bodden; Deputy Managing Director and General Counsel, Mr. Langston Sibblies, QC; and Public Relations Executive, Dr. Sharon Marshall.



(l-r) Mr. Langston Sibblies; Mr. George McCarthy; Mr. Patrick Bodden (partially hidden); Dr. Sharon Marshall; Dr. J.D. Moseley-Matchett (partially hidden); Dr. Huguette Labelle and Prof. Trevor Munroe.

## CIMA Staff Motivated By Spence Finlayson



Mr. Spence Finlayson, "Master Motivator"

Recognising the importance of employee motivation to increase productivity, lower turnover, and improve overall performance, last month CIMA treated all employees to a rousing afternoon with Mr. Spence Finlayson.



Dubbed the "Master Motivator", Mr. Finlayson has been thrilling audiences for over twenty-five years with his dynamic seminars and workshops in the Bahamas and throughout the Caribbean.

A well-known regional and international speaker, Mr. Finlayson was trained at the prestigious Integrity Training Systems Institute in Dallas, Texas, to empower and guide attendees toward goals. Engaging humour, peppered with inspirational quotes, Mr. Finlayson called on CIMA staff to use self-motivation and a positive attitude to embrace their greatness, as opposed to settling for mediocrity.

As well as being a successful businessman, the President and CEO of the Phoenix Institute for Positive Development and Empowerment in the Bahamas, Mr. Finlayson is also a well-known TV and radio personality. He is the creator of several radio programmes and TV shows, including the Dare to Be Great TV show, and is the author of Dare To Be Great: Overcoming Life's Challenges On Your Way To The Top.



After the presentation, some of CIMA's management staff posed with the Master Motivator. (l-r) Dr. Sharon Marshall; Ms. Deborah Ebanks; Mr. Robert Berry; Mr. Spence Finlayson; Mrs. Cindy Scotland; Mr. Charles Thompson; Mrs. Reina Ebanks; and Mrs. Deborah Musson-Blackwood.

Licences/Registrations in Effect	31 December 2013	31 March 2014
<b>Insurance</b>		
Insurance Companies	788	787
Class A	27	27
Class B	719	720
Class C	40	38
Class D	2	2
Insurance Managers	31	31
Insurance Brokers	42	41
Insurance Agents	60	61
<b>Investments and Securities</b>		
Mutual Funds	11,379	11,205
Registered	8,235	8,064
Master	2,635	2,637
Administered	398	394
Licensed	111	110
Mutual Fund Administrators	121	120
Full	88	88
Restricted	31	30
Exempted	2	2
Securities and Investment		
Business Law (SIBL) Licensees	35	37
Excluded Persons Under SIBL	2,273	2,057
<b>Currency in Circulation</b>		
Total Currency	CI\$96.2m	CI\$91.7m
Notes	CI\$86.1m	CI\$81.6m
Coins	CI\$10.1m	CI\$10.1m
Note: CI\$1.00 = US\$1.20		

## LOOK AHEAD

## 2014

## FATCA Implementation Deadlines Loom



On 1 July 2014, the United States Foreign Account Tax Compliance Act (FATCA), is due to go into effect. That's when most of FATCA's disclosure and withholding provisions will be implemented.

FATCA was enacted in 2010 by the U.S. Congress to target U.S. taxpayers using foreign accounts who are non-compliant in their tax reporting obligations. It will establish an automatic information exchange regime between the U.S. Internal Revenue Service (IRS) and global financial institutions.

FATCA will require foreign financial institutions to report information to the IRS about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest.

It is not just the foreign bank accounts of U.S. persons that will be subject to FATCA, but other financial instruments as well. For example, trust companies and mutual funds will be required to comply.

The IRS announced 25 April as the deadline for fund managers to register their offshore funds and offshore master funds with the IRS. They have until 5 May to get their Global Intermediary Identification Numbers. On 2 June, the IRS will publish a list of FATCA-compliant financial institutions. Funds which have not secured their identification numbers by the deadline will not be included on the list.

Foreign financial institutions which breach the FATCA rules will be subject to penalties, regulatory enforcement action and sanctions. These include a 30% tax withholding on income from U.S. sources and withholding on gross proceeds. These penalties will vary, depending on the FATCA regime in which the institutions operate.

The U.S. has negotiated a series of Inter-governmental Agreements (IGAs) to facilitate the compliance process for the partner country's financial institutions. 45 countries now have IGAs with the U.S. government. The Cayman Islands is one of them.