



# the NAVIGATOR

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## CIMA Participates in Cayman Captive Forum



Deputy Managing Director - Operations, Mr. Patrick Bodden, speaking at the Cayman Captive Forum 2013.

CIMA's Deputy Managing Director - Operations, Mr. Patrick Bodden, spoke on the State of the Cayman Islands Insurance Industry at the Cayman Captive Forum 2013. The event was held from 3-5 December 2013, and was attended by approximately 1400 participants. Organised under the auspices of the Insurance Managers Association of Cayman, the forum is believed to be the world's largest captive conference.

The Deputy Managing Director told his audience that the Cayman Islands remains a very popular jurisdiction for captive formation. This he attributed in part to the fact that the country has always benefited significantly from having modern, innovative and practical legislation. "Since the legislative framework of a domicile is a fundamental ingredient for a successful, sophisticated business environment" he said, "this is recognised as being an on-going requirement to Cayman's future growth as a market leader."

**“ ... The global reinsurance markets have reacted positively to Cayman's new Insurance Law, and a number of reinsurance entities are considering establishing a reinsurance presence in the Cayman Islands. During the course of 2014, this trend is expected to develop with greater momentum... ”**

Mr. Bodden added that CIMA is confident that the new Insurance Law and associated regulations will significantly strengthen the already rigorous supervisory framework, and that it will also present new business opportunities and allow for innovation.

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## Cayman Captive Forum (continued from page 1)

He said, "The global reinsurance markets have reacted positively to Cayman's new Insurance Law, and a number of reinsurance entities are considering establishing a reinsurance presence in the Cayman Islands. During the course of 2014, this trend is expected to develop with greater momentum."

CIMA's Deputy Head of Insurance, Mr. Pedro Reis (left), and Chief Actuary, Mr. Alan Morris, also spoke on separate panels during the Cayman Captive Forum.



Staff from CIMA's Insurance Supervision Division manned the Authority's booth in the exhibition hall.

### Facts Box

#### Licence/Registration Numbers

Licences/Registrations in Effect

30 September 2013

31 December 2013

#### Banking and Trust

Banks

221

213

Category A

15

15

Category B

206

198

Nominee Trusts

36

34

Money Services Providers

6

6

## Campbells Fund Focus 2013

CIMA's Deputy Managing Director - Operations, Mr. Patrick Bodden, told participants in the Campbells Fund Focus Conference 2013 that the Cayman Islands continues to be the premier jurisdiction of choice for fund domiciliation, with 11,343 regulated funds under the Authority's supervision as at 30 September 2013.

Mr. Bodden gave the keynote speech and regulatory update at the opening session of the conference on 15 November. The theme of the Cayman Fund Focus 2013 was "Whose Fund: Manager or Investor?" In his address, the Deputy Managing Director said that the answer to the question is clearly "both". He said that both the manager and the investor have a vested interest in ensuring that funds are efficiently and transparently managed.

However, he added that the regulator also has an important role to play in this process. He said, "We continue to work with international standards-setting bodies to ensure compliance with financial services best practice." Mr. Bodden gave the assurance that the Authority remains committed to helping the financial services industry of the Cayman Islands continue to be a leading global player.

Head of the Investments and Securities Division, Mrs. Yolanda McCoy, and Head of the Compliance Division, Mr. R.J. Berry, represented the Authority on a panel entitled "Regulatory Update and Relationship Between Investors and Regulators". The panel was moderated by Mr. Alistair Walters, Managing Partner at Campbells.

Mrs. McCoy shared that CIMA has received more complaints from investors within the last three or so years than previously. Most of the complaints, she said, are about the non-responsiveness of fund managers. Mr. Berry stated that enforcement is a viable way to protect investors, since it is a deterrent to know that CIMA will act. He said that cancellation of registrations is the main enforcement action which the Authority takes.



## Financial Services Minister Meets Board of Directors



**Top:** Financial Services Minister, the Honourable Wayne Panton (4th from right), makes a point as Chairman Mr. George McCarthy (centre) and other members of the Authority's Board of Directors and senior management staff listen attentively.

**Bottom:** Managing Director, Mrs. Cindy Scotland (centre), has the attention of her colleagues around the table. Deputy Managing Director - General Counsel, Mr. Langston Sibblies, Q.C., and Deputy Managing Director - Operations, Mr. Patrick Bodden, are at left.

Minister of Financial Services, Commerce and Environment, the Honourable Wayne Panton, met with the Board of Directors and senior management of the Cayman Islands Monetary Authority during the Board's regularly scheduled November meeting.

This was Mr. Panton's first meeting with the CIMA Board since last May's general elections and the appointment of a new Financial Services Minister.

He was accompanied by Councillor, Mr. Roy McTaggart and Chief Officer in the Financial Services Ministry, Dr. Dax Basdeo.

Discussions related to the current state of the financial services industry and the strategic direction of the Authority.

It was agreed that there was a need for open communication and continuing dialogue in work together in order to maintain the Cayman Islands as a leading international financial services jurisdiction.

The view was also expressed that a strategic plan for the financial services industry as a whole should be developed jointly by the Government, Industry and CIMA.

## CIMA Launches LinkedIn Company Page

CIMA launched its own LinkedIn company page as its inaugural venture into social media in January. The page will not only serve as a way to recruit new employees, but as another forum for CIMA to interact with key stakeholders.

CIMA's company page will allow the organization to keep up with developments in the financial services industry and to share important information with any stakeholder, from employees to the media. Through regular updates on everything from new principles of guidance on regulatory practices to employee recognition, CIMA will get to showcase its personality, productivity and professionalism. Links placed on the page will direct user traffic to the CIMA website, where they can get more detail on the organization.

Chief Human Resources Officer Eric Webster praised the Authority's choice to create the company page. "We have all seen technology advance at a rapid pace over the course of the years and a lot of top companies globally are utilizing electronic tools such as LinkedIn to cut costs and improve effectiveness and efficiency. We won't have to rely solely on our website or the local press to disseminate information, but will now be able to reach a mass amount of persons within a matter of seconds through this e-portal."

### Facts Box

Licences/Registrations in Effect	30 September 2013	31 December 2013
<b>Fiduciary Services</b>		
Trust Companies	140	140
Unrestricted Trusts	51	51
Restricted Trusts	67	67
Nominee Trusts	22	22
Registered Private Trust Companies	87	88
Registered Controlled Subsidiaries of Trust Companies	34	34
Companies Management	92	93
Corporate Services	17	17

## CIMA Collaborates on Fraud Week Seminars

Last November, CIMA, the Royal Cayman Islands Police Service and the Chamber of Commerce joined forces to host high-level fraud prevention seminar during International Fraud Awareness Week on 12 – 14 November in Grand Cayman and on Cayman Brac.



Ms. Claire Lloyd Williams - De LaRue

It was part of the global effort to minimize the impact of fraud by promoting anti-fraud awareness and education for business leaders and employees.

Mr. Will Pineau, CEO, Cayman Islands Chamber of Commerce opened the event, along with Mr. David Baines, Commissioner of Police and CIMA's Deputy Managing Director, Mr. Patrick Bodden. All were of the sentiment that fraud posed a real threat to the local economy, causing monetary loss and reputational damage to the financial services industry.

The multi-agency effort was facilitated by prominent experts. Representatives from De La Rue, printers of the Cayman Islands banknotes, highlighted the security features of the new D Series

banknotes, which incorporate advanced security features against counterfeiting.

The RCIPS highlighted the role of law enforcement during the investigation process and discussed occupational fraud. They also enlisted the US Secret Service to present on the upgraded security features of the US currency, and the new \$100 banknote, which was released in October.

The Chamber of Commerce has partnered with the RCIPS and CIMA to make fraud prevention a priority since 2004 by promoting and supporting fraud prevention activities for employers and their employees.



Mr. Patrick Bodden - CIMA



## Commemorative Coin Won By Canadian

When CIMA participated in the Cayman Captive Forum in December, it offered a 10th Anniversary Heroes Day Coin, courtesy of the Authority's Currency Division, as a prize in the business card draw for visitors to the CIMA booth.

The draw took place on the final day of the conference, and the coin was won by Mr. Mark R McKay, President & CEO of Highcourt Partners, a privately-held professional risk and insurance management company based in Toronto, Canada.

The coin has a monetary value of US \$115.



## Heroes Day Coins Still Available

A limited number of the commemorative 10th Anniversary Heroes Day coins are still available for purchase.

Released by the Authority in January 2013, the coin commemorates the 10th anniversary of the national heritage and cultural celebration in the Cayman Islands.

Culturally-inspired, and designed by Caymanian graphic designer, Kara Coe, the silver coin features celebrated Heroes Day themes including sailors, representing youth, culture and sports; a woman, representing gender equality; catboats, representing the three Islands; and Man-o-wars - all enveloped in thatch rope, another historical symbol. The coat of arms is depicted in gold on the obverse side.

The coins are available from CIMA's Currency Division at the Government Administration Building at 133 Elgin Avenue.

## New Staff Members Join CIMA

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The Authority is continuing its efforts to recruit well-qualified and experienced staff to assist it in carrying out its mandate to regulate and supervise the critical international financial services industry of the Cayman Islands.

CIMA recently welcomed three new employees to senior positions in the Fiduciary and Policy & Development Divisions.



### **Kervin Glidden - Senior Analyst, Fiduciary**

Mr. Glidden's career spans over 40 years in the Cayman Financial Services Industry and has a strong knowledge of Trust and Corporate Management.

As a Senior Analyst Onsite, he will be responsible for conducting and leading on-site inspection processes in the Trust and Corporate industries to ensure compliance with regulatory laws.

Prior to joining CIMA, Mr. Glidden was employed by Standard Chartered Trust (Cayman) Limited as a Senior Trust Officer/Supervisor, managing a diverse portfolio of fiduciary structures.

He holds a Bachelor of Science degree in Banking and Finance, and is a registered Trust & Estate Practitioner.

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### **Belinda Francis - Senior Policy & Development Officer**

Ms. Francis' experience is varied and includes financial services (both private sector and regulatory/compliance experience), marketing and public relations, relationship/account management, research (Qualitative and Quantitative), sales, tourism and event/project management.

She obtained an M.Sc. Tourism Marketing (with merit) from the University of Surrey in Surrey, England (2004) and a Bachelor of Commerce (Finance major) from

Saint Mary's University in Nova Scotia, Canada (1996).

Her new CIMA role includes research and analysis including researching and applying international standards in order to develop or amend the Authority's rules, statements of guidance and statements of principles; monitoring policies, including the development and implementation of surveys and conducting comparative analysis to determine policy amendments and policy development; and Technical Projects/International Cooperation.



### **Nicola Brown - Senior Analyst, Fiduciary**

Ms. Brown's career in banking started with Cayman National Bank from 1989, after graduation from John Gray High School. She then obtained employment in the Insurance Industry from 1996 to 2000 with Britam Insurance, where she received the 1998 Employee of the Year award.

In 2003, Ms. Brown graduated with a Bachelor of Science Degree in International Finance, and obtained employment with one of the leading financial services providers on the

Island - Cito Fund Services (Cayman) between 2000 to 2003. She then joined Butterfield Fulcrum group (Cayman) as Senior Administrator within Investor Services, holding various positions, including Manager of Investor Services.

As a Senior Analyst within the Fiduciary Division, her core responsibilities involve off-site monitoring of an assigned portfolio of licensees, and participation in risk-focused on-site inspection to achieve the first stage supervision of performance, legislative requirements and the goals and objectives of the Division and CIMA.

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## Thanksgiving Celebrations at CIMA

During Thanksgiving celebrations at the end of November 2013, staff of the Authority gave voice to the many things for which they are thankful.

At a special event for staff, Managing Director, Mrs. Cindy Scotland, took the lead in expressing her gratitude for several aspects of her personal and professional life. She also encouraged staff to do the same.

This was followed by the sharing of a Thanksgiving lunch, after which staff had the opportunity

to interact with each other in a more relaxed atmosphere than is the norm during the regular work day.

All in all, there was a lot for which to be thankful.



Above: Managing Director, Mrs. Cindy Scotland (right), addresses the Authority's staff.

Left: Staff share in the specially prepared Thanksgiving lunch.

## The Giving Tree

Every Christmas for the last several years, staff at CIMA have generously donated to a charitable organization, family, or individual, in need of sponsorship.

The event is marked by the hanging of a commemorative ornament, earmarked with the chosen charity, on CIMA's "Giving Tree", followed by donation of the cash or selected items.

Staff in each division of the Authority choose the charity to which they wish to donate.

Last December, the following charities were beneficiaries of the CIMA Giving Tree:

- Feed Our Future
- Cayman Hospice Care
- Anna's Kids
- Lion's Toy Drive
- Pines Retirement Home
- Meals on Wheels
- Positive Intervention Now (PIN)
- Elizabeth Bise Toy Drive
- George Town Hospital Paediatric Ward
- Department of Children & Family Services
- Cayman Islands Crisis Centre



## New Mutual Funds Corporate Governance SOG

A new Statement of Guidance came into effect for the corporate governance of mutual funds regulated by CIMA on 13 January 2014, the date on which it was published in the Cayman Islands Gazette.

This SOG is a result of consultations between the Authority and Industry which began in January 2013. There was a 45-day consultation period with a deadline for feedback on 18 March 2013. Global enhancement of the corporate governance framework was the objective, prompted by international developments recommending or requiring greater probity, transparency and accountability in the financial services industry.

Feedback from the public consultation had shown solid support

from the mutual funds industry for bespoke guidance on corporate governance standards for the industry. So the initial consultation was followed by a sector-specific consultation issued on 16 July 2013 on an SOG for the mutual funds industry.

The Authority anticipates that the new SOG-MF will provide high-level guidance on the corporate governance standards expected from the operators of CIMA-regulated mutual funds, including the primary duties applicable to the directors.

CIMA will continue to develop separately the other proposals from the January consultations.

## Elon University Students Visit CIMA



Earlier this month, CIMA facilitated a regulatory presentation at the Authority's Learning Centre to visiting faculty and MBA and Law students from Elon University in North Carolina, U.S.A.

Elon University has a prestigious business programme and is nationally recognised for its academic excellence, with diversity and global engagement as its core values.

Presentations were facilitated by CIMA's

Banking Supervision, Fiduciary Services, Investments & Securities, and Insurance Supervision Divisions.

These presentations focussed on the current regulatory environment of the financial services industry in the Cayman Islands, highlighting CIMA's regulatory and supervisory roles.

Three faculty members accompanied thirteen students visiting from North Carolina.

## First CIMA Scholarship Winner to Graduate This Year

Shanaz Whittaker, the first recipient of the Thomas Jefferson Memorial Scholarship offered by CIMA, is set to graduate from the University of Tampa, Florida, in May this year.

The Authority initiated the scholarship in 2010 to honour the memory of the late Financial Secretary and Leader of Government Business.

It is to be 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.

Ms. Whittaker is studying for a Bachelor of Science degree in Management.

She has interned at CIMA in various divisions since being awarded the scholarship. So far, she has served in Investments and Securities, Fiduciary, Policy and Development.

Ms. Whittaker hopes to return home after graduation and work full-time with CIMA. She also has plans to complete her graduate studies, and eventually own her own business.



## Scholarship Applications Invited

Applications are being invited for the Authority's Thomas Jefferson Memorial Scholarship. The scholarship will be a maximum of CI\$25,000.00 per annum for a maximum of four (4) years.

The successful applicant must:

- Be accepted into an accredited university programme as a full-time student taking at least (12) credit hours per semester.
- Be Caymanian born /Cayman Status Holder
- Have a minimum of five (5) CXC passes or SAT score of at least 950 for Bachelor's Degree or an overall GPA of 3.0 for a Masters Degree.
- Be willing and able to work with the Authority during school breaks.
- Possess excellent ethics, character and an authentic interest in the Authority.
- Be committed to contributing to the continual advancement of the local Financial Industry.
- Be willing to work as a member of the CIMA team for a term equal to the time of study.

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

## National Risk Assessment Roadmap

(continued from page 8)

At the heart of both the technical compliance and effectiveness assessments lies the national risk assessment. The FATF have emphasized that a sound national risk assessment is the foundation for an effective AML/CTF system. Most important, it is critical for a favourable assessment.

While previous assessments provide ample evidence that the Cayman Islands has had a strong culture of compliance with the international AML/CTF standards, we must be mindful of the profound changes to the new 40 Recommendations. The Cayman Islands is poised to undertake the work necessary to uphold its sound reputation as a leading international financial centre.

The Cayman Islands Government has expressed its commitment to "conduct, and share the findings of, a national assessment of money laundering and terrorist financing risks by 2015, through co-ordinated action by the public and private sectors to assess risks, apply resources and mitigate those risks". Here at CIMA, work is already underway.

Licences/Registrations in Effect	30 September 2013	31 December 2013
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### Insurance

Insurance Companies	782	788
Class A	27	27
Class B	714	719
Class C	39	40
Class D	2	2
Insurance Managers	29	31
Insurance Brokers	42	42
Insurance Agents	61	60

### Investments and Securities

Mutual Funds	11,343	11,379
Registered	8,239	8,235
Master	2,587	2,635
Administered	404	398
Licensed	113	111
Mutual Fund Administrators	123	121
Full	88	88
Restricted	33	31
Exempted	2	2
Securities and Investment		
Business Law (SIBL) Licensees	34	35
Excluded Persons Under SIBL	2,225	2,273

### Currency in Circulation

Total Currency	CI\$88.7m	CI\$ 96.2 m
Notes	CI\$78.8m	CI\$ 86.1 m
Coins	CI\$9.9m	CI\$ 10.1 m

Note: CI\$1.00 = US\$1.20

## LOOK AHEAD

# 2014

## National Risk Assessment: the Roadmap of an AML/CFT Regime



Judiann Myles  
Chief Policy and Development Officer

In February 2012, the Financial Action Task Force (FATF) adopted the revised international standards on combating money laundering and the financing of terrorism and proliferation. Commonly referred to as the "40 Recommendations", the Cayman Islands has accepted these standards as the foundation for its anti-money laundering/combating terrorist financing (AML/CTF) regime.

The new Recommendation 1 sets the tone for the revised standards, by specifying the need for a country to identify the key money laundering, terrorist and proliferation financing threats that face the nation and ensure mechanisms are in place to mitigate these risks.

But what does this really mean? Basically, a country must evaluate and understand the risks that a particular sector or activity pose. The results of this risk assessment will guide countries on the amount of attention and resources that should be allocated to an issue and the counter-measure approach(es) needed to reduce that level of risk. It will also direct financial institutions and designated non-financial

business persons (DNFBPs) on what factors should be considered when refining their own policies and procedures. A national risk assessment will be a major undertaking for any jurisdiction. Here in the Cayman Islands, it will require extensive coordination and cooperation among competent authorities, in order to identify the weaknesses that exist in the economic, legal and institutional environments that could be vulnerable to money laundering.

It is important to note that the scope of this exercise will not be limited to the regulated financial sector; rather it will also include other financial institutions and designated non-financial business persons (DNFBPs) (e.g. real estate agents, dealers in precious metals and dealers in precious stones).

The Caribbean Financial Action Task Force (CFATF) will commence the fourth round of mutual evaluations against the new 40 Recommendations in 2015. The Cayman Islands expects to be assessed in 2017. The approach to the evaluation will primarily be two-fold: 1) a technical compliance assessment that relates to compliance with the new 40 Recommendations, the relevant legal and institutional framework of the country, and the powers and procedures of the competent authorities; and 2) an effectiveness assessment that provides the basis for identifying the extent to which a jurisdiction achieves a defined set of outcomes that are central to a robust AML/CTF system. (continued on page 7)