



the NAVIGATOR

July 2016

Cayman's Financial Services in Focus

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(L-R) Mr. Jude Scott, CEO of Cayman Finance; Minister of Financial Services, the Hon. Wayne Panton; CIMA Managing Director, Mrs. Cindy Scotland; and moderator Mr. Neville Hicks of the CFA Society.

Listeners to "Money Sense", a Radio Cayman programme moderated by the CFA Society's Neville Hicks, got an appreciation of the contribution which Cayman's financial services sector makes to the country's economy.

On 19 May, Mr. Hicks had three guests who are well-versed on the subject – Minister of Financial Services, the Hon. Wayne Panton; CIMA's Managing Director, Mrs. Cindy Scotland; and CEO of Cayman Finance, Jude Scott.

Minister Panton stated that overall, Cayman has done well, but expectations for growth need to be in alignment with the global economic situation. He said CIMA is a very critical part of the equation for credibility, stability and growth in the country's financial services industry. Mr. Panton said too that the depth and breadth of professional services available in the jurisdiction is significant.

Mrs. Scotland said that while CIMA is an operationally independent entity, there is a solid relationship between the Authority and the Government. She also added that there is regularly consultation with industry when new rules and regulations are being contemplated, or major amendments to existing ones.

For Mr. Scott, the major challenge which exists is complacency, coupled with external factors on the international scene. He suggested that the messaging about the true nature and value of Cayman's financial services industry has not been as it could be.

The Authority's Public Outreach Programme Targets Bankers



Mr. Charles Ilako discusses the highlights of the banking industry within the past year.

As CIMA's public outreach programme continues, Head of Banking Supervision Division, Mr. Charles Ilako, gave a brief presentation to the membership of the Cayman Islands Bankers' Association (CIBA) during their annual general meeting. This makes it the second public awareness presentation so far.

The meeting took place on 5 May at the George Town Yacht Club. Addressing the members, Mr. Ilako spoke about the banking market over the past year, and also discussed the key highlights which the Authority anticipates in the coming year.

He explained that at the March quarter end, there were 179 banks licensed by CIMA. Despite the reduction in numbers, he also explained that, "Our local banking sector has, on the whole, remained sound and resilient even as it continues to face a number of exogenous challenges."

Other topics worth mentioning were external factors which impacted licensees, and in turn the Authority. These include the FIFA scandal, the "Panama Papers", exposure to the Greek financial sector, as well as de-risking by correspondent banks or FATCA compliance issues.

Mr. Ilako also described several aspects which the Authority has been keeping a close eye on: money laundering risk, credit risk, corporate governance, compliance and internal audit effectiveness, and how CIMA intends to address them. He also talked about some of CIMA's key priorities such as increasing the effectiveness and overall number of banking on-site inspections including the effectiveness of Boards, as well as implementation of Basel II and Basel III measures.

As a regulator, part of the Authority's responsibility is to educate the public about its role and function, and this platform was an opportunity to do just that. The Authority looks forward to continuing these presentations to other organisations in the coming months.

Facts Box

Licences/Registrations in Effect

31 March 2016

30 June 2016

Banking and Trust

Banks

179

176

Category A

11

11

Category B

168

165

Nominee Trusts

24

24

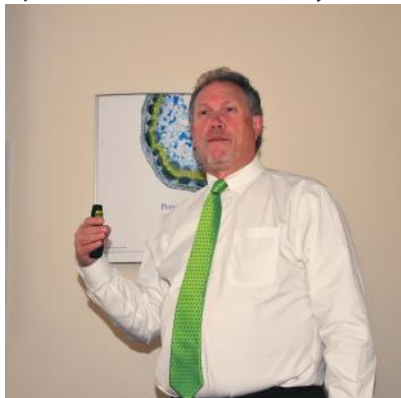
Money Services Providers

6

6

Staff Benefit From AML/Fraud Training at Deloitte

Former Director for Bank Secrecy Act and Anti-Money Laundering Compliance Policy at the US Office of the Comptroller of the Currency, John Wagner, came to the Cayman Islands to give an AML Regulatory Update to staff of the Authority.



Mr. John Wagner

The session on 2 June was organized by Deloitte Cayman. Mr. Wagner is now Managing Director, Deloitte Transitions and Business Analytics, LLC in Washington D.C.

It looked at identifying financial flaws (fraud/red flags); Approaches to documenting AML/Fraud findings; Different approaches to conducting AML audits; Effectively assessing AML/Compliance aspects of entities; and AML/Fraud from a regulatory vs. operational approach.

Other presenters were Jennifer McKinney, Manager, Enterprise Risk Services and Consulting practices, and Nick Kedney, Director, Deloitte Forensic, who runs the Discovery practice for Deloitte in the Cayman Islands and regionally throughout the Caribbean and Bermuda. Topics covered were: The Deloitte Approach to AML Independent Testing, Corporate Governance, and Internet Search Techniques.



CIMA Attends U.S.-Caribbean Public Private Dialogue



Mrs. Anna McLean, Deputy Managing Director - Supervision



Mrs. Gloria Glidden, Deputy Head, Banking Supervision Division

DMD Supervision, Anna McLean, and Deputy Head – Banking Supervision Division, Gloria Glidden, participated in the U.S.-Caribbean Public Private Dialogue on Correspondent Banking hosted by the Bank of Jamaica in Kingston, on 5 April.

Government and banking representatives from the United States and other Caribbean countries also participated.

Jamaica's Finance Minister Hon. Audley Shaw and U.S. Ambassador Luis Moreno opened the event with remarks on the importance of correspondent banking to the region's economies and our common

aim of addressing challenges posed by de-risking.

The meeting was organized around the following themes: Global Trends in Correspondent Banking, Overview of Offshore Financial Centers, Illicit Finance Risks in the Caribbean, Correspondent Banking Expectations and Implementation; and Next Steps.

During the Overview of Offshore Financial Centers, Mrs. Glidden delivered a presentation on the Regulatory Environment and Framework for the Banking Sector of the Cayman Islands.

The Authority Represented at BIS Seminar

Gloria Glidden, Deputy Head, Banking Supervision Division, attended the Financial Stability Institute, Bank for International Settlements Seminar on Financial Stability and Stress Testing in Basel, Switzerland.

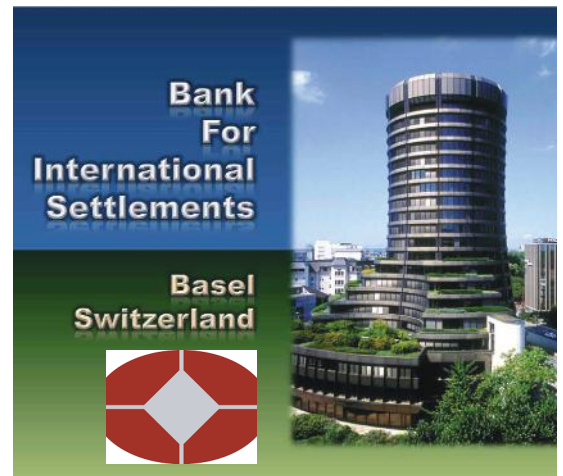
The seminar took place from 31 May through 2 June.

It included presentations on stress testing from Austria, Canada, Germany, Netherlands, Switzerland, the Financial Stability Institute, and the Basel Committee on Banking Supervision.

There were also presentations on the macroprudential framework of Europe and the United Kingdom as well as Europe's financial stability and resolution regimes.

There were about 56 participants from approximately 50 different countries, and about 20 experienced presenters.

"The seminar was intense and provided an opportunity to understand the financial stability frameworks of various jurisdictions in Europe and Canada. It was very interactive and included in-depth case studies," stated Mrs. Glidden.



Senior Staff Benefit From Management Training at UCCI



Members of CIMA's management and senior level staff participated in a management training workshop at the University College of the Cayman Islands (UCCI) in late June.

Entitled, "The Art and Science of Modern Management", it was designed to assist the Authority's management team with enhancing leadership/management skills and motivating and retaining staff through effective engagement.

The session was facilitated by Dr. Robert Weishan, Chair of the UCCI



Business Studies faculty.



The agenda included topics such as: Balancing organizational task accomplishment with long-term relationship development; Managing Talent: key to success in service, information and knowledge based organizations; Identifying Key Talent Requirements; and Managing Talent versus HR Management.

The participants agreed on the following common definitions: Management - involves implementing plans and producing results; Supervision - involves monitoring performance and key processes; Administration - involves supporting the core business functions.

Staff Get Training on IFRS9

Edward Gwekwete, Director in the Financial Risk Management practice of KPMG Cayman Islands, facilitated a training session for staff of the Banking Supervision Division, to provide them with a high-level overview of the impact of IFRS 9, from a regulatory perspective.



This new International Financial Reporting Standard promulgated by the International Accounting Standards Board, will require implementation of accounting changes which have credit risk modelling, loan loss provisioning, financial reporting and regulatory capital implications.

CIMA Hosts Staff Recognition Lunch



Financial Services Minister, the Hon. Wayne Panton, addresses CIMA staff.



Guest speaker, Mr. Roy Bodden, receives a gift from Deputy Head of Human Resources, Ms. Tara Abdul-Jabbar.

Financial institutions will need to make a fundamental shift in the way they classify and measure financial instruments, and model expected credit losses in order to comply with the new IFRS 9 standard.

CIMA staff now have a better appreciation for what to look for in relation to IFRS9 at the institutions which they supervise.



The Authority hosted a Staff Recognition Lunch and Long-Service Awards Ceremony at the Marriott Grand Cayman Beach Resort on 1 July.

At the end of the financial year, the event was held to express appreciation to staff for their hard work and to reward those who have worked with the Authority in the categories of 5-9 years, 10-14 years and 15-plus years.

Managing Director, Mrs. Cindy Scotland, spoke about the Authority's achievements over the years, and reminded the staff that everything which has been accomplished has been achieved through teamwork. Minister of Financial Services, the

Hon. Wayne Panton, also addressed the staff and said, "I value you all as a team; a team that provides an essential service in this jurisdiction." He reminded them that it is Team Cayman, not Team CIMA, Team Ministry or the private sector, but all need to work together to ensure that the financial services industry goes from strength to strength.

President of the University College of the Cayman Islands, Mr. Roy Bodden, was the feature speaker. He said that the Authority had a game plan that included resolute and uncompromising teamwork, adding, "Your organization possesses certain strengths, or else you would have wilted a long time ago."



Deputy Chairman of the CIMA Board of Directors, Mr. Harry Chisholm, presents Managing Director, Mrs. Cindy Scotland, with her long-service award.

Senior Analysts, Banking Supervision Division

Grant McHendry joined the Authority as a Senior Analyst in the Banking Supervision Division on 1 July.

Mr. McHendry has a Master's degree in Econometrics from the University of Pretoria in South Africa, and he is a certified Financial Risk Manager (FRM®) through the Global Association of Risk Professionals.



Cynthia Campbell was promoted to Senior Analyst, effective 1 July.

She obtained a B.A. degree with a major in Economics from the University of Toronto, Canada, in June 2009, and recently completed a Master of Business Administration degree at ICCI.

Mrs. Campbell first joined CIMA as an Analyst in Banking in September 2015.

Senior Analysts, Insurance Supervision Division



On 20 June, Danya Williams and William Greaves started careers as Senior Analysts in the Insurance Supervision Division.

Mrs. Williams has 11 years experience in captive and reinsurance underwriting. She earned an Associate in Captive Insurance designation, and is pursuing the Certified Risk Manager designation.

Mr. Greaves is a fully qualified ACCA - Association of Chartered Certified Accountants.

He also earned an MBA – Financial Management, the Intermediate Financial Modelling Certificate, a Financial Markets Trading Analysis Certificate; a B.Sc. in Accounting; and an A.Sc. in Accounting and Mathematics.



Analysts, Investments and Securities Division



Michael Sanford and Dane Campbell joined the Authority as a Senior Analyst in the Investments and Securities Supervision Division on 5 July.

Mr. Sanford earned an Associate Degree in Business Administration at UCCI, is pursuing a Bachelor of Science in Business Administration with a concentration in Accounting at ICCI.

Mr. Campbell has a Bachelor's degree in Accounting at the University College of the Cayman Islands.

He is studying for a Master's in Accounting with a CPA emphasis at Walden University.

Mr. Campbell was employed with Cayman National Bank, prior to joining the Authority.



Junior Analyst, Information Systems Division Chief Analyst, Banking Supervision Division

Hareem Adderley became a Junior Analyst in the Information Systems Division on 5 July.

He is a graduate of the University of New Brunswick in Fredericton, New Brunswick, Canada, where he obtained a Bachelor's degree in Electrical Engineering. He's also qualified in Network +, CCNA, ACP, MCP.

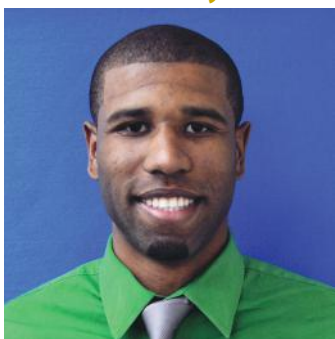


Monique Minzett was promoted from Senior Analyst to Chief Analyst in the Banking Supervision Division.

She earned the Certified Anti-Money Laundering Specialist (CAMS) designation.

Her promotion took effect on 1 July.

Senior Analyst, Onsite Inspection Unit



Jordan McLean has been promoted from Analyst to Senior Analyst in the Onsite Inspection Unit, with effect from 1 June.

His career with the Authority started in the Investments and Securities Division in June 2012, from where he was

seconded to the Onsite Inspection Unit in June 2015.

Mr. McLean has a Bachelor of Arts degree, Finance, and a Bachelor of Science, Business Business Management, from the University of South Florida in St. Petersburg.

Public Relations Officer

Derrick Codlyn began his career with CIMA as Public Relations Officer on 25 July.

He is an experienced marketing and corporate communications professional, with wide experience in the private sector.



CIMA and Ministry Present at Cayman Finance Workshop

As part of the Cayman Finance Student Education & Work Experience Programme in-class workshop series, representatives of CIMA along with staff from the Ministry of Financial Services, Commerce and Environment were invited to participate in a two-day informative session.

The session focused on the role both parties play in the Cayman Islands Financial Services industry. The first presentation took place on 4 May to students at the St. Ignatius High School.

Speakers were Mr. Andre Ebanks, Senior Legislative Policy Advisor from the Ministry of Financial Services, and Mr. Rohan Bromfield, Head of Fiduciary Services Supervision Division at CIMA.

To test the students' knowledge of current developments, there were also several pop quizzes. Some of the topics included the ministers within government, types of entities regulated by CIMA, the function of the Authority, as well as the responsibilities of the Ministry.

The workshop was very educational for the students. It was also useful to those who were interested in pursuing a career in the financial services industry, particularly in asset management.

Ms. Juliette Maynard, Deputy Head of the Investments and Securities Division, also presented to a separate group of students in Mourant Ozannes' boardroom on 5 May.



Mr. Rohan Bromfield explain the functions and responsibilities of CIMA to St. Ignatius High School students.

CIMA Staff Get AML Training



As the financial regulator, one of the main responsibilities for CIMA is to monitor anti-money laundering (AML) systems within the jurisdiction.

On Thursday, 26 May, a number of CIMA staff, mainly analysts from the Banking Supervision Division, the Investments and Securities Division and the Onsite Inspection Unit, attended a half-day workshop on AML Transactions.

Facilitated by KRYS Global, the workshop was broken up into four modules: the roles and function of frontline business staff, the process of risk assessment – how risk assessment

is incorporated into technology or the transaction monitoring system, and finally; steps to report suspicious activity.

Presenters were Director of KRYS Global, Kenneth Kryes, and his colleagues Kasey McDonald and Kevin Crouch.

Some other related topics were monitoring banks' policies and procedures, ensuring that financial institutions meet their obligations, following up with internal audit checks, and suggested lines of questioning when conducting interviews or inspections.

Acting Head of Insurance Confirmed

Ruwan Jayasekera has been promoted to Head of the Insurance Supervision Division, after acting in the position from 14 March.

Mr. Jayasekera has over fifteen years of experience in insurance, in both regulatory and industry roles.

He was promoted to the position of Deputy Head of Insurance on 1 September 2014. He had first joined the Insurance Division at CIMA in April 2007, as a Senior Analyst and was later appointed as a Chief Analyst.

He returned to Sri Lanka in 2011, taking up the position of Assistant General Manager – Business Operations at Allianz Insurance Lanka Ltd. He then returned to CIMA in January 2013.

He holds a Master's degree in Business Administration and a Bachelor's degree in Statistics, both from the University of Colombo, Sri Lanka. He is also a Chartered Insurer, and holds the Associate designation from the Chartered Insurance Institute, United Kingdom.



Disaster Recovery Exercise



The Authority held its annual mock disaster recovery exercise on Friday, 8 July at the Deloitte Disaster Recovery Centre in Citrus Grove.

The purpose of the

exercise was to test the systems used during day-to-day operations. It was also to ensure that the Authority is still able to function in the event that there is an unfortunate disaster, where staff may be required to work outside of CIMA's regular location.

Members of CIMA's disaster management team also tested satellite phones, which will become another important means of communication.

Licences/Registrations in Effect	31 March 2016	30 June 2016
Fiduciary Services		
Trust Companies	150	152
Unrestricted Trusts	57	59
Restricted Trusts	62	62
Nominee Trusts	31	31
Registered Private Trust Companies	116	121
Registered Controlled Subsidiaries of Trust Companies	34	37
Companies Management	105	111
Corporate Services	22	22

Museum Anniversary Book for CIMA

The Cayman Islands Monetary Authority was among recipients of the Cayman Islands National Museum’s special 25th anniversary publication, “Twenty-Five Years: Piece by Piece”.

The presentations were made at the book launch on 18 May, which was also International Museum Day.

The Authority contributed to the museum’s twenty-fifth anniversary celebrations by issuing a commemorative coin in November last year.

This contribution from CIMA was recognized at the book launch, and in the book itself.

(L-R) Deputy Managing Director - Supervision, Mrs. Anna McLean, accepting the book from Chairman of the Museum’s Board, Mr. Alfonso Wright. At right is Museum Director, Dr. Peggy Leshikar-Denton.

Photograph courtesy of the Cayman Islands National Museum.



CIMA Green Team’s Beach Clean-up



The CIMA Green Team organized a clean-up of the roadside from Public Beach to Governor’s Beach on Saturday, 25 June.

Previous clean-ups organized by the Authority’s environmental group were focussed on urban areas in George Town and East End.

While the numbers who turned up for the 6:00 a.m. start were limited, those who came were still able to complete the task

before the sun got too hot.

They left the environment in much better shape than they found it, and were happy to leave cleaner conditions for both locals and visitors to enjoy.

The debris was sorted with recyclables - glass, plastics and aluminium cans - going into separate garbage bags for delivery to the recycling bins at Grand Harbour.

Summer Interns

Each summer, CIMA provides career-development opportunities for young people to gain valuable work experience within various divisions. This year, the Authority has opened its doors to 10 students.

Janielle Scarlett and Dushun Wilson are both assigned to the Information Systems Division. She provides assistance to the Development team, and Dushun is working with the Network and Operations team.

Tamiyah Ebanks has been settling well in the Fiduciary Services Division.

Adrian Mackey is assisting the Insurance Supervision Division.

Andrew and Cline joined the Investments and Securities Division, while Janelle Woods and Elythia Ebanks are working in the Public Relations Unit.

Other interns arriving in August are Mickeal Thomas and Candace Charles. Mickeal will come to us through the Cayman Finance Student Education & Work Experience Programme. He has also been assigned to the Public Relations team, while Candace will



be learning about the operations within the Insurance Supervision Division.

MD Visits Canada for FSB Group Meeting



CIMA's Managing Director, Mrs. Cindy Scotland, was among the list of delegates who attended the semi-annual meeting of the Financial Stability Board's (FSB) Regional Consultative Group (RCG) for the Americas.

The FSB was established to coordinate the work of financial authorities and international standard-setting bodies. The RCG provides a forum for a wider range of countries beyond the FSB membership to discuss the potential vulnerabilities affecting the region.

Hosted by the Bank of Canada in Montréal, the meeting took place from 26 to 27 May.

During the session on 26 May, members discussed regional vulnerabilities and financial stability issues. This was followed by a discussion on the FSB's 2016 work plan and its policy priorities. Other topics included issues related to the depth of local markets, home-host issues, and the need for enhanced cross-border coordination.

On the following day, members from participating jurisdictions engaged in a roundtable discussion where they shared their experiences about the decline in correspondent banking services, including ways to address the issue. Some of the solutions brought forward were further clarifying regulatory expectations, enhancing data collection by banks, strengthening the sharing of information by market participants, and improving risk-management and due-diligence practices at respondent banks.

Managing Director, Mrs. Cindy Scotland

Until then, CIMA will continue to work with our regulatory counterparts and the relevant regional and international oversight bodies to find a reasonable and fair approach to these matters, bearing in mind the need to ensure financial stability and financial inclusion of all relevant and legitimate users of financial services.

CIMA Represented at Stakeholder Dialogue



General Counsel, Mr. André Mon Désir



Sr. Policy and Development Officer,
Mr. Paul McAllister

Over 80 anti-money laundering private and public sector professionals attended the Association of Certified Anti-Money Laundering Specialist (ACAMS) and World Bank's Stakeholder

Dialogue on De-risking. Amongst them were CIMA's Managing Director, Mrs. Cindy Scotland; General Counsel, Mr. André Mon Désir; and Senior Policy and Development Officer, Mr. Paul McAllister. The meeting was recently held from 31 May-1 June at the International Finance Corporation (IFC) Headquarters in Washington, D.C.

The ultimate objective was to identify the root causes of de-risking, and more important, to share experiences and strategies on specific actions to address these pressing issues amongst stakeholders. Some presentations included topics such as the risk of de-risking, law enforcement, mitigation measures, and the change in regulatory action.

The dialogue is an ambitious initiative that brings together public and private sector participants from financial centre jurisdictions where the effects of de-risking are being experienced.

It is also an opportunity to examine what each jurisdiction can do to mitigate the effects of this de-risking phenomenon.

Fast Facts About CIMA

- The Cayman Islands Monetary Authority (CIMA) began operations on 1 January 1997, and will celebrate its 20th anniversary next year.
- CIMA is a statutory authority wholly owned by the Government of the Cayman Islands.
- The Authority was created from the merger of the Financial Services Supervision Department of the Cayman Islands Government and the Cayman Islands Currency Board.
- In March 2003, the Authority became operationally independent under the Monetary Authority Law (2003 Revision)
- The Governor appoints CIMA's Board of Directors, including its Managing Director.
- CIMA has four principal functions: Monetary, Regulatory, Cooperative, and Advisory.

Licences/Registrations in Effect	31 March 2016	30 June 2016
Insurance		
Insurance Companies	742	738
Class A	29	29
Class B	687	683
Class C	25	24
Class D	1	2
Insurance Managers	32	33
Insurance Brokers	41	41
Insurance Agents	50	50
Investments and Securities		
Mutual Funds	10,965	11,019
Registered	7,646	7,661
Master	2,841	2,882
Administered	377	376
Licensed	101	100
Mutual Fund Administrators	107	108
Full	82	84
Restricted	23	23
Exempted	2	1
Securities and Investment		
Business Law (SIBL) Licensees	38	37
Excluded Persons Under SIBL	2,338	2,423
Currency in Circulation		
Total Currency	CI\$104.7m	CI\$106.9m
Notes	CI\$93.7m	CI\$95.7m
Coins	CI\$10.9m	CI\$11.1m
Note: CI\$1.00 = US\$1.20		

LOOK AHEAD

2016

What Does Brexit Mean for Cayman?



particular was: Might this affect the desirability of the Cayman Islands as a financial centre?

Financial Services Minister, the Hon Wayne Panton, is reported to have said that while the result of the referendum has been quite a shock, its implications for Cayman in an economic sense will be more indirect. He said that the biggest concern will be market volatility and whether that has any lasting impact on global economic prospects in the short to medium term.

Chairman of CIMA's Board Directors, Mr. Grant Stein, recently told

The recent developments regarding Britain's departure from the European Union, also created concerns for British Overseas Territories such as the Cayman Islands. One question in

Bloomberg News: "Article 50 of the Lisbon Treaty allows 2 years to negotiate an exit, and the discussions on when and how an exit will occur are still on-going. Only once the terms of an exit and Britain's continuing relationship with the EU are known, will we have a better idea of the effect on the OTs."

To further support this, Cayman Finance released a recent statement outlining its continued plans which involve working closely with clients and countries around the region while ensuring the long-term success and stability of the global financial economy.

Cayman Finance CEO, Mr. Jude Scott, also said that, "Our financial services industry is strong and resilient and has weathered global economic and political change well in the past. Short term we will see some volatility in the financial markets however we will continue to monitor the political and economic situation and plan for the long term to ensure we are well prepared for any implications this decision has over the next few years."

He further added that Cayman is known for its sophisticated and comprehensive legal system when it comes to the financial industry. Therefore the Cayman Islands is in a strong position to face any change.