



# the NAVIGATOR

July 2018

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# THANK YOU!

The Cayman Islands Monetary Authority would like to thank our event partners, sponsors, volunteers and participants during the CIMA charity Walk/Run held on Sunday, 20 May.

We look forward to your continued support at next year's event on Sunday, 26 May 2019!

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WALKERS

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Luca

Proceeds made will be presented to various local government primary schools in aid of their literacy and numeracy programmes.

## Insurance HOD at International Insurance Forum

Head of Insurance Supervision Division, Mr. Ruwan Jayasekera proudly represented CIMA as a panelist at the National Association of Insurance Commissioners (NAIC) International Insurance Forum 2018 held in Washington DC on 14 May. Under the topic, "The Role of Insurance and Reinsurance in Disaster Risk Management", discussions highlighted the increasing devastation wrought by natural disasters and the responsibilities of insurers, reinsurers, and supervisors in managing risk and protecting policyholders, both before and after disaster strikes.

As we are currently in the midst of the hurricane season, Mr. Jayasekera reminds us that, "Insurance plays a critical role in the financial management of disaster risk, yet practices to managing these risks differ globally and penetration levels vary."

During the session, panelists also discussed the challenges to enhancing the level of financial protection provided by insurance including new risk management strategies and the role of insurance regulators and insurers in raising awareness about the importance of insurance. With lessons learned from past hurricane events, Mr. Jayasekera also referred to Cayman's experience with Hurricane Ivan, including our enhanced national preparedness efforts.



Mr. Ruwan Jayasekera (second from left) at the NAIC forum in Washington, DC.

## Top Promotions at CIMA



Mr. Kenton Tibbetts



Mrs. Jackie Powell Marsden



Mr. Yoshneck Mutomba

The Authority recently announced promotions for three employees, namely Mr. Kenton Tibbetts, Mrs. Jackie Powell Marsden and Mr. Yoshneck Mutomba.

On 30 May, Mr. Tibbetts was promoted from Deputy Head to Head of the Onsite Inspection Unit. Having previously served in various high level roles throughout the financial services industry, including CIMA, Mr. Tibbetts brings more than 20 years of experience to the post.

Mrs. Powell Marsden was promoted from Senior Statistician to Chief Statistician within the Policy and Development (P&D) Division, effective 1 June 2018.

Since joining CIMA in January 2011, Mrs. Powell Marsden has held other senior level positions within the Investments Supervision and P&D Divisions. She also gained a total of 25 years' of experience in the financial services field.

Following a five-year stint as a Senior Statistician, Mr. Mutomba was also promoted to Chief Statistician, effective 1 June 2018. Prior to joining CIMA, he worked as an Assistant Director carrying out statistical research for the Ministry of Education of the Cayman Islands Government. He also served as a professor at University College of the Cayman Islands. For the full news release, visit [www.cima.ky](http://www.cima.ky).

# CIMA Participates in Financial Education Programme



Ms. Tarena Christian educates UCCI students about CIMA's functions within the local financial industry.

Several months ago, the Authority was invited to participate in the Cayman Finance Student Education and Work Experience Programme. Representing the Authority was Chief Analyst of the Fiduciary Services Division, Ms. Tarena Christian.

Held on 2 May 2018 at the University College of the Cayman Islands (UCCI), the session was an opportunity for UCCI students to learn about CIMA's regulatory role within the local financial services industry.

Ms. Christian was also joined by Policy Officer of the Ministry of Financial Services and Home Affairs, Mr. Wilbur Welcome who provided information on the Ministry's role within the industry.

## Presentation at Cayman Prep

The Authority also participated in Math Week at Cayman Prep on 16 May. The purpose of the presentation was to educate kindergarten students about the Cayman Islands currency.

Deputy Head, Mrs. Shan Whittaker and Currency Officer, Ms. Amanda Bodden from the Currency Division spoke about the importance of being able to identify and handle money.

During the sessions, students learned about the security features on each banknote, what to look for when identifying counterfeit notes, and also a brief history on the Cayman Islands Currency including how and when it was established.

By the end of the presentation, students were able to determine that money comes in different shapes, sizes and materials such as metal and paper.

Another good takeaway was that the size doesn't count in certain currencies, it's the denomination and value of the money that matters.



Students getting the opportunity to ask questions.



Students learn about banknote features.

## Facts Box

Licences/Registrations in Effect

31 March 2018

30 June 2018

### Banking and Trust

Banks

149

147

Category A

11

11

Category B

138

136

Nominee Trusts

23

23

Money Services Providers

5

6

## CIMA Officials Attend GEMC Conference in Budapest



Mrs. Anna McLean



Ms. Justine Plenkiewicz

Deputy Managing Director - Supervision, Mrs. Anna McLean and Head of Policy and Development Division, Ms. Justine Plenkiewicz proudly represented the Authority

at the 43rd International Organization of Securities Commissions (IOSCO) Annual Conference.

Held in Budapest, Hungary from 7 – 11 May, the conference attracted over 600 securities regulators and industry professionals from around the world. According to Mrs. McLean, some of the presentation topics highlighted areas such as the regulatory and supervisory approaches for unsuitable products for investors, newest challenges of FinTech and digitalization. Other areas included artificial intelligence and the future of financial services, trends and risks of cryptocurrencies and initial coin offerings. Workshops also provided a forum for participants to interact while gaining a better understanding about some of the related challenges faced by other regulators.

The conference was also seen as an opportunity to discuss activities of the upcoming IOSCO Growth and Emerging Markets Committee (GEMC) Conference and Meetings, which the Authority will proudly host here in Cayman from 19 - 20 September.

## Staff Gain Practical Knowledge at Securities Conference

CIMA's Deputy Head of Securities Supervision Division, Kareem Robinson and Senior Analyst in the Investments Supervision Division, Taj-Djuet Berry recently attended the 14th Annual Caribbean Group of Securities Regulators (CGSR) Meeting and Workshop which was held in Nassau, Bahamas from 23 – 25 May.

In keeping with the theme “Strengthening Risk-Based Supervision and the Framework for Promoting Financial Stability in the Caribbean”, presentations highlighted topics such as risk-based supervision, existing and emerging threats affecting the securities industry as well as goals to enhance the financial stability of the region.

The two-day conference was hosted by The Securities Commission of The Bahamas which is the statutory body responsible for the regulation and oversight of investment funds, securities, the capital markets of The Bahamas.



Participants of this year's Caribbean Group of Securities Regulators Meeting and Workshop. Photo credit: The Securities Commission of The Bahamas



## CIMA Welcomes New Chief Analyst

On 2 May, Mrs. Gaone Dube started as the new Chief Analyst in the Investments Supervision Division.

Mrs. Dube obtained her professional qualifications in Accounting through the Botswana Accountancy College.

Additionally, she is a member of several organisations such as the Association of Accounting Technicians, the Cayman Islands Institute of Professional Accountants and 100 Women in Finance.

She is also a Fellow of the Association of Chartered Certified Accountants.

Mrs. Dube has 15 years of experience in the financial industry. Prior to joining CIMA, she worked with Deloitte (both in the Botswana and Cayman offices), as well as MUFG Alternative Fund Services (Cayman) Limited (previously known as UBS Fund Services (Cayman) Ltd).

In her current role at CIMA, some of her duties include overseeing the registration process of new funds, directors and excluded persons, and identifying complex and serious regulatory or risk management issues of licensees.



## Powers Return to CIMA



The Authority is pleased to announce the return of Mr. Augustin Powers.

Mr. Powers was first employed with CIMA in November 2007 in the Insurance Supervision Division. He left the Authority in November 2016 and took up the position of Deputy Executive Director at the Financial Services Authority, St. Vincent and the Grenadines in February 2017. While there, he provided assistance with the execution of the functions of the FSA and overseeing the offsite and onsite regulation of all licensed entities, amongst other duties.

Upon his recent return to the Authority, he currently holds the

post of Chief Analyst in the Onsite Inspection Unit.

Mr. Powers also holds a Master's degree in Economic Policies and Reform for Development from Universidad Católica Santo Domingo, Dominican Republic and a Bachelor's in Accounting and Finance from Universidad de Camaguey, Cuba.

He is a seasoned financial services regulator with more than 19 years of experience in the field.

## Facts Box

### Licence/Registration Numbers

Licences/Registrations in Effect	31 March 2018	30 June 2018
<b>Fiduciary Services</b>		
<b>Trust Companies</b>	<b>147</b>	<b>147</b>
Unrestricted Trusts	57	57
Restricted Trusts	61	61
Nominee Trusts	29	29
<b>Registered Private Trust Companies</b>	<b>127</b>	<b>130</b>
<b>Registered Controlled Subsidiaries of Trust Companies</b>	<b>42</b>	<b>42</b>
<b>Companies Management</b>	<b>114</b>	<b>115</b>
<b>Corporate Services</b>	<b>25</b>	<b>24</b>

## CIMA Gains New Reinsurance Specialist



With nearly 46 years' experience in the insurance industry, Mr. Peter Fox joined the Authority as a Reinsurance Specialist in the Insurance Supervision Division on 8 June.

Mr. Fox hails from the United Kingdom (UK) where he attended Queen Elizabeth College of London University. While there, he obtained a First Class Honours Bachelor of Science degree in Mathematics and is a fellow of the Institute of Actuaries.

Prior to joining CIMA, he worked with many different firms such as KPMG, Riverstone Management and Aon, all of which were based in

the UK. He was also employed with International General Insurance, also in the UK, as a Group Chief Actuary and Group Risk Officer. In these roles, Mr. Fox was responsible for providing pricing support to underwriters, financial planning through the corporate plan, handling the enhancement of the risk register process, and advising departments on the process for risk identification.

One of his main duties as CIMA's Reinsurance Specialist is to assist with the supervision of inward and outward reinsurance matters amongst new and existing licensees.

## CIMA's Disaster Recovery Exercise

Each year, CIMA's Disaster Recovery and Business Continuity team, led by Information Systems (IS) Division, conducts a variety of tests from Deloitte's Disaster Recovery Centre (DRC) at Citrus Grove.

The main purpose of the exercise is to ensure that CIMA is still able to carry out its duties in the event of a disaster. The location will safely house CIMA staff, and keep critical systems and data secure. According to Deloitte, Citrus Grove is considered "one of the most structurally sound buildings in the region."

This year's DRC exercise took place on Friday, 1 June. Deloitte's DRC team and colleagues from the IS Division were onsite to guide users through the activation process, as well as test systems, and address any questions or issues. The exercise helped to identify any weaknesses in CIMA's Disaster Recovery and Business Continuity plan. It is crucial to ensure that the plan is effective and that it addresses current operational processes and procedures before an actual disaster strikes. The session also served as an opportunity to evaluate CIMA's ability to effectively implement a proper course of action.

The Authority always strives to enhance its disaster recovery operational procedures. Given its robust backup strategy and the architecture of virtual systems, data will never be compromised due to a server crash. Other preventative measures include multiple security layers including antivirus and data loss prevention programs, which block malicious software.

With that said, licensees and stakeholders can rest assured that every precaution is taken to safeguard and protect the integrity of the data that CIMA collects.



The HR team was on-hand to review the DRC procedures.



Staff check the functionality of the email system.



Legal Counsel, Mr. Menelik Miller ensures that the phone system is in order.

## Hurricane Preparedness Training

Considering that 1 June marked the start of the Atlantic Hurricane season, the Authority hosted disaster preparedness training for staff on 7 June. The hour-long session was facilitated by Mr. Simon Boxall of Hazard Management Cayman Islands (HMCI).

Mr. Boxall discussed hurricane development, preparedness tips and four ways in which hurricanes can cause damage. He also addressed concerns about Tsunamis and assured staff that HMCI is in the process of developing a communications plan to keep all residents informed of any impending disasters.

The session was a great opportunity for CIMA staff to learn more about the risks of potential disasters and the role in which HMCI plays in disaster preparedness, response, mitigation and recovery.

For more information on how to be prepared this hurricane season, please visit [www.caymanprepared.ky](http://www.caymanprepared.ky)



Mr. Boxall discuss hurricane preparedness tips.

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## CIMA Scholars Return



Ms. Ashleigh Powell

This Summer, the Authority was pleased to welcome the return of CIMA scholarship recipients, Ms. Ashleigh Powell and Mr. Kessean Mitto.

Ms. Powell is a Cyber Security major at the University of San Antonio where she will complete her final semester this Fall.

This is Ms. Powell's second internship with our Information Systems Division and she says, "CIMA has provided me with the opportunity to gain foundational knowledge prior to taking my classes, which has also helped to make them more understandable."

Reflecting on her most recent academic experience, Ms. Powell shares, "The past school year has been both interesting and challenging as I am now taking my elective courses. Last semester, two of these electives included Digital Forensics and Intrusion Detection, which will be helpful during my working time at CIMA."

Heading into her final semester, Ms. Powell expresses that she is both anxious and excited to complete her degree and return home to re-join the Authority.

For Mr. Mitto, this is his second Summer interning with the Policy & Development Division (Statistics Unit). He is a double major in Mathematics-Actuarial Science & Economics at Illinois State University. Mr. Mitto aspires to become an actuary. He also plans to pursue a PhD in statistics so that he can work as a university professor and statistical consultant.

He says that he enjoys interning at CIMA because "It's a great opportunity to gain experience in the workforce. During my experience at CIMA, I have had the opportunity to work on projects which are related to my field of study. The staff members are also really friendly and welcoming."

Mr. Mitto describes this past school year as challenging yet successful. He is now

taking upper level courses as well as graduate level classes that are teaching him real-world applications in the field of statistics, risk management and actuarial modelling.

As part of CIMA's Thomas Jefferson Memorial Scholarship programme, recipients are required to work at the Authority during their vacation breaks and on completion of their studies for a period of up to four years.

The programme offers an award of CI\$25,000 per year for students pursuing a Bachelor's or Master's Degree in Finance, Accounting, Economics or Business Administration.

For more information, visit the Careers section at [www.cima.ky](http://www.cima.ky)



Mr. Kessean Mitto

## Summer Interns Rejoin CIMA



This Summer, the Authority also welcomed returning interns Ms. Elythia Ebanks, Ms. Aryana Grant, Ms. Keisha Minzett and Mr. Albis Amaya, all of whom were happy to share details about their personal experiences.

Mr. Albis Amaya's return to CIMA on 28 May marked his second Summer internship with the Public Relations Unit in the Managing Director's Office.

Mr. Amaya is currently pursuing an Associate's degree in Business Administration with a minor in Marketing & Communications at Hillsborough Community College, in Tampa, Florida. Upon completion, he plans to continue his education at

the University of Houston to pursue a Bachelor's degree also in Business Administration.

Commenting on his internship experience, Mr. Amaya says, "I love the environment at CIMA. I am forever grateful for the opportunity to work alongside my colleagues and learn something new each day. My experience at CIMA will help to improve my overall communication skills which I can also apply to my studies."

Mr. Amaya completed his internship on 13 July.

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Ms. Aryana Grant returned on 1 June for her third consecutive internship with the Insurance Supervision Division.

She recently graduated from the 'A' level programme at Cayman Prep and High School.

Reflecting on her last year, Ms. Grant shared this: "With all of the pressures of school work and meeting deadlines for scholarships and university applications, this past year was quite challenging."

Nevertheless, she persevered and managed to complete all her tasks.

Starting this Fall semester, Ms. Grant will attend the University of Essex in the United Kingdom to pursue a Bachelor's degree in Actuarial Science.

Excited about another opportunity with the Authority, Ms. Grant is looking forward to learning more about the Actuarial Science field, especially from our new Reinsurance Specialist, Mr. Peter Fox.



Ms. Keisha Minzett started her second consecutive internship with the Public Relations Unit on 25 June.

Ms. Minzett is in her final year at Florida International University (FIU) in Miami, Florida where she is completing a Bachelor's degree in Finance. She also plans to obtain her Certified Public Accountant designation and become a forensic accountant at a reputable firm.

As a senior at FIU, Ms. Minzett expressed that she has recently completed several marketing and public relations courses, which has enabled her to become a creative and analytical thinker. With these new traits, she is

confident that she will be able to apply them to her future professional and academic experiences.

For this year's internship, Ms. Minzett looks forward to gaining more knowledge from her colleagues as well as general information about the financial services industry.

Thus far, she actively contributes to the publication of CIMA's newsletters including other creative administrative projects.

## Summer Interns Rejoin CIMA cont'd

Also returning for her third internship is [Ms. Elythia Ebanks](#). Ms. Ebanks rejoined the Authority on 3 July where she has been working with the Finance Division. During her two previous internships, she worked with the Public Relations Unit in the Managing Director's Office.

Commenting on her continued return to the Authority, she said that, "It is the warm welcome of friendly staff that makes me feel right at home."

Ms. Ebanks added that she is enjoying her new experience in the Finance Division thus far.

Ms. Ebanks is currently pursuing an Associate's degree in Computer Science at the University College of the Cayman Islands. Upon completion of her studies, she would like to establish a career as a data analyst, information systems manager or a web designer.

So far this year, the Authority has opened its doors to nine summer students.



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## Insurance Senior Analyst Undergo Training

As part of the National Association of Insurance Commissioners (NAIC) International Fellowship programme, Senior Analyst of the Insurance Supervision Division, Mrs Risa Cooper-Ebanks recently completed a six-week long training workshop.

The training was held from 9 April to 22 May 2018 in two cities within the United States.

The first week of training was hosted at the NAIC's head office in Kansas City, Missouri and attracted representatives from Guatemala, Cameroon, South Korea, Bermuda, India, Saudi Arabia, Kenya and Taiwan.

During the session, participants learned about the newly implemented risk-based regulation of the U.S. including other related legislation, procedures and forms which are used to correlate the risk-based requirements and regulation of licensees.



Senior Analyst, [Mrs. Risa Cooper-Ebanks](#) (second from right) seen with other NAIC Fellows on the last day of training in Kansas City, Missouri.

The remaining five weeks were spent in Manhattan, New York. These sessions were hosted by the New York State Department of Financial Services ("NY DFS") and included presentations from each bureau: Life, Health, Property & Casualty, Field Examiners, Consumer Affairs Unit and Capital Markets. Other areas included Investment Market Analysis as well as market trends and compromised investments.

Mrs. Cooper-Ebanks was also proud to note that CIMA's procedures and analytical tools are very similar to that of the U.S. and NY DFS.



**National Association of  
Insurance Commissioners**

## Course Presentation on Hedge Funds

On 26 April, 11 students from the University College of the Cayman Islands and Nova Scotia Community College visited CIMA for a general presentation on the hedge funds industry of the Cayman Islands.

Staff from the Investments Supervision Division (ISD) discussed the Mutual Funds laws, registration/licensing requirements, the regulatory environment of the hedge fund industry, including any

related key players. They also gave a brief overview of the latest Mutual Funds statistics.

As usual, the ISD team demonstrated sound knowledge of the industry and provided useful examples where necessary.

Staff presenters were: Mrs. Rebekah Anglin, Ms. Paula Brooke, Mr. Alexis Bodden, Ms. Patriann Monteith, Mr. Taj-Djuet Berry and Ms. Tyana Walton.



Analyst, Mrs. Rebekah Anglin explain CIMA's role in the hedge fund industry.

## CIMA Presents at CIFAA Seminar



Senior Analyst, Mr. Peter Whittaker shared details about the regulatory procedures for funds.

On 20 June, the Cayman Islands Fund Administrators Association (CIFAA) hosted a two-day non-credit course on fund administration in the Cayman Islands.

Held at the Cayman Islands Chamber of Commerce training room, this programme aims to provide an overview of the fund industry in the Cayman Islands including any related regulatory, accounting, and legal aspects. The training is mainly directed at those individuals who are new to the industry as well as those interested in expanding their knowledge about the local hedge fund sector.

Once again, CIMA staff was asked to share their knowledge and expertise with current and upcoming fund administration professionals. Senior Analyst, Mr. Peter Whittaker and Analysts Mr. Justin Rankin and Mr. Andrew

Frederick, from the Investments Supervision Division, were on hand to discuss regulatory compliance. CIMA presenters also gave an overview of the principal functions of the Authority including the Authority's regulatory role in the funds industry. They also provided in depth knowledge about the development of fund administration along with any related legislation or policy requirements. Additionally, presentations highlighted the de-registration or terminations process of mutual funds.

Overall, the seminar was a great success and the Authority looks forward to its continued participation each year.

## Summer Intern Gain Experience

On 8 June, the Authority welcomed Mr. Nicholas Franca as an intern in the Onsite Inspection Unit.

Mr. Franca is currently in Year 10 at the Clifton Hunter High School. He sparked an interest in the financial services industry when he competed in the Saxon Investment Challenge held earlier this year.

The competition is a six-month programme that allows high school students to gain practical insights into investing and running a business. The students are given an imaginary \$100,000 and the team to invest the

most money wins a grand prize of US\$2,500.

Although his internship was only for a short period, Mr. Franca was very grateful for the opportunity. He said that, "Interning at CIMA has allowed me to learn more about the banking and financial industry, including CIMA's role in reducing illegal money laundering activity."

Mr. Franca completed his internship on 27 June.



## Currency HOD Attends Anti-Counterfeit Symposium



Ms. Ebanks reviews training material at the Banknote Educational Symposium.

From 21-27 April, Head of our Currency Division, Ms. Deborah Ebanks represented the Authority at a Banknote Educational Symposium under the topic "Innovative Process & Technology for 21st Century Security" in Lima, Peru.

Hosted by Crane Currency, the symposium included presentations from Central Bank and currency industry experts about the latest trends and experiences in currency counterfeiting including the measures taken to counter them. Attendees also learned about modern banknote design, feature integration, the latest security technologies and experiences with recent banknote issuances.

As part of the conference activities, Ms. Ebanks also participated in various interactive break-out sessions where participants were asked to work in groups to examine samples of fabricated banknotes and discuss their findings.

Overall, the symposium was deemed as an excellent opportunity to network with representatives from Crane Currency including other regional delegates.

Crane Currency is a fully integrated supplier of secure, durable and well-designed banknotes for central banks all over the world. With its heritage in the USA and Sweden for over 200 years, Crane Currency is today, a global company and a trusted partner of more than 50 central banks. As a pioneer in advanced micro-optics technology, Crane Currency also offers an endless series of engaging visual effects on a banknote to increase the level of security and public trust.



Delegates of the 2018 Banknote Educational Symposium in Lima, Peru.

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## New Insurance Analyst

On 3 July, Mrs. Zinnana Ebanks joined the Authority as an Analyst in the Insurance Supervision Division.

She obtained a Bachelor's of Arts Degree in Business Administration from Mercer University in Macon, Georgia, USA and also holds a Certificate in Insurance from the Chartered Insurance Institute.

Mrs. Ebanks has 16 years of experience in Property & Casualty insurance claims. Prior to joining CIMA, she worked for British Caymanian Insurance as an Assistant Claims Manager.

In this capacity, she was primarily responsible for supervising a team while managing the day-to-day claim requirements.

So far in her new role at CIMA, Mrs. Ebanks has been heavily involved with annual reviews, business plan changes and fitness & propriety evaluations.

Mrs. Ebanks expressed that she is most looking forward to meeting new people and learning the regulatory side of the insurance industry.



## Facts Box

### Licence/Registration & Currency Circulation Numbers

Licences/Registrations in Effect	31 March 2018	30 June 2018
<b>Insurance</b>		
<b>Insurance Companies</b>	<b>721</b>	<b>726</b>
Class A	28	28
Class B	665	669
Class C	25	25
Class D	3	4
<b>Insurance Managers</b>	<b>26</b>	<b>26</b>
<b>Insurance Brokers</b>	<b>26</b>	<b>26</b>
<b>Insurance Agents</b>	<b>43</b>	<b>43</b>
<b>Investments and Securities</b>		
<b>Mutual Funds</b>	<b>10,500</b>	<b>10,708</b>
Registered	7,291	7,444
Master	2,810	2,867
Administered	319	319
Licensed	80	78
<b>Mutual Fund Administrators</b>	<b>92</b>	<b>93</b>
Full	77	78
Restricted	14	14
Exempted	1	1
<b>Securities and Investment Business Law (SIBL) Licensees</b>	<b>33</b>	<b>34</b>
<b>Excluded Persons Under SIBL</b>	<b>2,818</b>	<b>2,814</b>
<b>Currency in Circulation</b>		
<b>Total Currency</b>	<b>CI\$ 116.6m</b>	<b>CI\$ 117.9m</b>
Notes	CI\$ 104.7m	CI\$ 105.8m
Coins	CI\$ 11.9m	CI\$ 12.0m

Note: CI\$1.00 = US\$1.20 m = million

## LOOK AHEAD

# 2018

## Preparing for Cryptocurrencies

With the meteoric rise in the price of Bitcoin in 2017, cryptocurrencies have become extremely popular. A 'Virtual currency' or cryptocurrency is a digital representation of value that can be digitally traded and functions as a medium of exchange, a unit of account, and a store of value, but does not have legal tender status in any jurisdiction.

As it stands, there is currently no regulatory framework in the Cayman Islands for the regulation of virtual currencies. With the technology behind cryptocurrencies innovating to fulfil wider uses and connect with wider audiences, many companies, in this field, have indicated an interest in setting up in the Cayman Islands.

For this reason, the Authority commissioned a working group, composed of staff from the Authority, the Ministry of Financial Services, Department of Commerce and Investment and the private sector to consider, analyse and report on the benefits and risks to

the Cayman Islands of digital assets, including cryptocurrencies, that are marketed, traded, sold or otherwise transferred in or from the Cayman Islands; the regulatory risks associated with digital assets; and to make recommendations regarding the minimum standards required in areas such as AML/CFT compliance and market conduct. It was noted that while cryptocurrencies hold great promise to improve many existing processes, such as global payments, remittances, anti-money laundering compliance and logistics, to name a few, cryptocurrencies also pose various risks including AML/CFT, cyber security, fraud and consumer protection.

The Working Group prepared a report for the benefit of the CIMA Board of Directors regarding the best way to mitigate the outlined risks of cryptocurrencies, and activities associated with digital assets in general, while facilitating innovation in the financial services industry. This report has now been submitted to the Ministry.