



Statement of Guidance

Licensing – Company Managers/Corporate Services Providers

1. Statement of Objectives

In order to ensure that the Cayman Islands retains its reputation as a leading and well regulated international financial centre it is imperative that all entities required to be licensed under the regulatory laws are licensed in accordance with a firm and clearly defined licensing criteria. The Authority recognises that high standards of licensing are the necessary foundation for effective regulation and supervision. Therefore there is a need for rigorous criteria to be applied when processing all applications for licenses.

2. Fit and Proper Direction and Management

2.1. It is a requirement of applicants to show that they are controlled and managed by persons that are fit and proper. In determining whether a person is fit and proper all relevant circumstances will be considered and will include that persons possess:

- a) Honesty, integrity and reputation;
- b) Competence and Capability
- c) Financial Soundness

2.2. Applicants should refer to the Statement of Guidance on Fitness and Propriety for further details on the criteria used by the Authority when determining whether persons are fit and proper.

3. Ownership and control

The business of all company managers/corporate service providers should be conducted by at least two individuals. A minimum of two executive directors is required for applicants who are companies. On a case-by-case basis the Authority



may require that more than two directors be appointed. Corporate directorship are not permitted by the Authority. Any change in directors, or senior officers must be approved by the Authority.

4. Financial resources

- 4.1. The importance of the capital strength of financial services providers is assessed in terms of both capital adequacy and availability of operational capital.
- 4.2. Every company manager/corporate service provider shall commence operations with a minimum level of net worth as prescribed by the Companies Management Law. Where appropriate the Authority may require capital higher than the minimum level.
- 4.3. The Authority must be satisfied that the institution presently has, and will continue to have, financial resources (whether actual or contingent) that are adequate for the nature and scale of the business.

5. Professional indemnity Insurance

Licenses are required to obtain a level of professional indemnity insurance in accordance with the law.

6. Internal Systems and Controls

All company managers/corporate service providers must have in place compliance and procedural manuals and internal controls to ensure effective management and compliance with the law.

7. Record Keeping

Management information should be both timely and accurate and supported by full and accessible records. Such records should be accessible by the Authority. Approval is required by the Authority to locate records overseas. Applicants should



refer to the Authority's Statement of Guidance on the Nature, Accessibility and Retention of Records.

8. Know Your Customer Policy

All licence holders must comply with the Money Laundering Regulations, 2000.

9. Compliance with industry standards

All licensees are expected to be in compliance with their respective industry standards, where such standards exist. This will assist in ensuring that business is carried out in conformance with the professional standards normally expected of a licensee in that particular sector.

10. Track Record and Viability

10.1. Business plan

10.1.1A detailed business plan covering the first two years of projected business activity is required. The information should identify assumptions and qualify accordingly. Any substantive changes therein must be notified to the Authority.

10.1.2The business plan should contain details of the reasons for the business to establish an operation in the Islands, the short and long-term objectives and how these will be achieved. The applicant must be able to demonstrate that it has adequate resources, in terms of manpower, systems and expertise, to meet its objectives. If the entity is a branch or subsidiary, the Authority will require written verification from the parent of its commitment to the subsidiary.

10.2. Company managers/corporate service providers are required to include in their application:



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- A detailed statement setting out its proposed initial assets; expected liabilities and expected income;
 - Details of the procedures for maintaining custody of bearer shares, and
 - A letter of consent from a local auditor approved by the Authority.

10.3. Financial statements

10.3.1 All licensees are required to have their accounts audited annually by an auditor approved by the Authority.

10.3.2 The application should contain the financial statements of the applicant for the preceding two years where applicable.