



REGULATORY PROCEDURE

Issuing Notices of Decisions Following Refusal
of an Application

October 2026



Table of Contents

List of Acronyms	3
1. Introduction	4
2. Statement of Objectives	4
3. Statutory Authority	4
4. Scope of Application	5
5. Definitions	6
6. Process for Issuing a Notice of Decision	6
7. Circumstances Where Certain Information Supporting the Decision May Not Be Disclosed	7
8. Circumstances in Which a Notice of Decision Will Be Issued Following Refusal of an Application	9
9. Reapplication Following Refusal of an Application	11
10. Effective Date	11
Appendix 1	12



List of Acronyms

AML	Anti-Money Laundering
AMLRs	Anti-Money Laundering Regulations
CFT	Countering the Financing of Terrorism
CPF	Counter-Proliferation Financing
TFS	Targeted Financial Sanctions
CIMA	Cayman Islands Monetary Authority
MAA	Monetary Authority Act (2020 Revision)



Regulatory Procedure On Issuing Notices of Decisions Following Refusal of an Application

1. Introduction

1.1. This document establishes the Cayman Islands Monetary Authority's (the "Authority" or "CIMA") *Regulatory Procedure on Issuing Notices of Decisions Following Refusal of an Application* (the "Procedure"). The Procedure will be applied where any of the following statutory provisions empower the Authority to refuse an application:

- (a) the Monetary Authority Act ("MAA");
- (b) the Anti-Money Laundering Regulations ("AMLRs"); and
- (c) any other relevant legislation issued by the Cayman Islands Government and regulatory instruments issued by the Authority from time to time.

2. Statement of Objectives

2.1. This Procedure sets out the Authority's objectives and process when issuing a notice of decision in circumstances where an application is refused. It aims to ensure that such decisions are lawful, rational, proportionate and procedurally fair and communicated in a manner that is transparent, consistent, and aligned with the Authority's statutory mandate.

3. Statutory Authority

3.1 This Procedure is consistent with the statutory objectives of the Authority as prescribed in Section 6(1)(b) of the MAA, which provides that the principal regulatory functions of the Authority are:

"(i) to regulate and supervise financial services business carried on in or from within the Islands in accordance with this Law and the regulatory laws;

(ii) to monitor compliance with the anti-money laundering regulations; and

(iii) to perform any other regulatory or supervisory duties that may be imposed on the Authority by any other law;"

3.2 Section 6(2) (a) and (b) provide that in performing its functions and managing its affairs, the Authority shall:

"(a) act in the best economic interests of the Islands; [and]

(b) promote and maintain a sound financial system in the Islands."

3.3 Section 6(3) provides that in performing its regulatory functions and its co-operative functions, the Authority shall, in addition to complying with the requirements of subsection (2):

"(a) endeavour to promote and enhance market confidence, consumer protection and the reputation of the Islands as a financial centre;

(b) endeavour to reduce the possibility of financial services business or relevant financial business being used for the purpose of money laundering or other crime;

- (c) *recognise the international character of financial services and markets and the necessity of maintaining the competitive position of the Islands, from the point of view of both consumers and suppliers of financial services, while conforming to internationally applied standards insofar as they are relevant and appropriate to the circumstances of the Islands;*
- (d) *recognise the principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;*
- (e) *recognise the desirability of facilitating innovation in financial services business; and*
- (f) *recognise the need for transparency and fairness on the part of the Authority."*

4. Scope of Application

4.1. This Procedure applies where the Authority makes a decision to refuse to grant a licence, registration, waiver or any other approval in respect of an application submitted under one or more Regulatory Acts, regulations, or any other relevant legislation administered by the Authority, including but not limited to an application for:

- (a) the grant, renewal, amendment, variation, suspension, reinstatement, registration, licensing, authorisation, approval, recognition, waiver, exemption, or issuance of a no objection in respect of any regulated entity, regulated activity, regulated status, or regulated function under a Regulatory Act.
- (b) the appointment, approval or recognition of any individual or entity proposed to act in a regulated or significant capacity or in a controlled function for a licensee or registrant, including but not limited to a director, shareholder, manager, senior officer, controller, beneficial owner, trustee, Anti-Money Laundering Compliance Officer ("AMLCO"), Money Laundering Reporting Officer ("MLRO"), Deputy Money Laundering Reporting Officer ("DMLRO"), Actuary or Auditor (where approval is required).
- (c) changes in ownership, control, beneficial ownership, shareholding, or corporate structure, including applications for the approval of acquisitions, disposals, mergers, transfers, reorganisations, or changes in controllers where the Authority's prior approval or issuance of a no-objection is required.
- (d) approval of business plans, proposed activities, new services, new products, outsourcing arrangements, internal control frameworks, risk management frameworks, governance structures, or Anti-Money Laundering, Countering the Financing of Terrorism, Counter-Proliferation Financing, and Targeted Financial Sanctions ("AML/CFT/CPF/TFS") systems, where such approval is required under a Regulatory Act, Regulation, or any other regulatory instruments issued by the Authority.

- (e) any other approval, authorisation, recognition, or regulatory consent required under a Regulatory Act, Regulation, or any other regulatory instruments issued by the Authority.
- 4.2. This Procedure does not apply to mutual funds, private funds, and registered directors, which are high-volume and administrative in nature and processed under separate administrative protocols. Refusal to grant a registration or licence may be communicated through standard automated or template responses and may not be subject to the issuance of a notice of decision set out in Section 6.
- 4.3. References to any Act or Regulation shall be construed as references to those provisions as amended, modified, re-enacted, or replaced from time to time.

5. Definitions

- 5.1. The following definitions are provided for the purpose of this Regulatory Procedure:
 - 5.1.1 **“Application”** refers to an applicant's request for licences, approvals, waivers, and any form of registration that requires substantive regulatory assessment by the Authority under the relevant Regulatory Acts.
 - 5.1.2 **“Competent Authority”** has the same meaning as defined in the Anti-Money Laundering Regulations.
 - 5.1.3 **“Criminal Conduct”** has the same meaning as defined in the Anti-Money Laundering Regulations.
 - 5.1.4 **“Fresh Application”** means a new application submitted by an applicant after addressing the concerns that gave rise to an earlier decision refusing the application. A fresh application is assessed independently and in accordance with the Authority's standard due process.
 - 5.1.5 **“Regulatory Act”** has the same meaning as defined in the Monetary Authority Act.

6. Process for Issuing a Notice of Decision

- 6.1. The purpose of issuing a Notice of Decision following the Authority's decision to refuse an application is to ensure that the Authority's decision is lawful, rational, proportionate and procedurally fair, and that the applicant is informed of the basis for the decision, except where disclosure of the reasons or other specific information is restricted by law, confidentiality obligations, supervisory considerations or regulatory necessity.
- 6.2. Once the Authority has determined that a notice of decision is to be issued, the notice will:
 - a) be in writing;
 - b) clearly state the decision made by the Authority;

- c) set out the Authority's reasons for the decision, except in circumstances where disclosure is restricted;
- d) specify the effective date on which the decision takes effect;
- e) include a statement that any request for further information regarding the decision will be considered, subject to applicable statutory, confidentiality, legal or other restrictions; and
- f) include any additional information, conditions, or directions the Authority considers appropriate in the circumstances.

6.3. The Authority will send the notice of decision to the applicant and, where applicable, to any one or more of the following persons:

- a) The licensee or proposed licensee;
- b) The registrant or proposed registrant;
- c) The applicant's authorised representative, registered office, agent, or legal counsel; or
- d) any other person the Authority is required to notify under the relevant Regulatory Act, Rule, Regulation, or regulatory measure.

7. Circumstances Where Certain Information Supporting the Decision May Not Be Disclosed

7.1. There may be circumstances in which the Authority is unable to, or determines it is inappropriate to, disclose any or all of the reasons for its decision. Where the Authority considers that material information relied upon in reaching a decision cannot be disclosed, the matter shall be escalated in accordance with the Authority's established governance arrangements.

7.2. Such circumstances arise where disclosure would breach a legal obligation, undermine supervisory or enforcement objectives, compromise confidentiality protections, or otherwise conflict with the Authority's statutory duties and may include, without limitation, the following:

- a) information subject to legal professional privilege, including communications between the Authority and its professional legal advisors;
- b) information that a court of law has ordered not to be disclosed, whether by injunction, sealing order, or other judicial direction;
- c) information that indicates knowledge or suspicion of money laundering, terrorist financing, proliferation financing, targeted financial sanctions breaches or other financial crime, including matters arising under the Proceeds of Crime Act, the AMLRs, or related legislation/regulations;
- d) information received from a regulatory, supervisory, or law enforcement authority, whether domestic or overseas, where disclosure is restricted by law, treaty, memorandum of understanding, or confidentiality undertaking;
- e) information provided to the Authority on a confidential basis, including whistleblower reports, suspicious activities or suspicious transactions, or other protected disclosures;

- f) information the disclosure of which could adversely affect the national interest or national security of the Cayman Islands, including matters relating to international obligations of the Islands, targeted financial sanctions applicable in the Islands, or intelligence sharing arrangements;
- g) circumstances where disclosure would prejudice an ongoing investigation, whether conducted by the Authority or another Competent Authority;
- h) circumstances where disclosure would breach data protection obligations, including those under the Data Protection Act;
- i) circumstances where non-disclosure is required in the public interest, including situations where disclosure could undermine market confidence, consumer protection, and the reputation of the Cayman Islands as a financial centre.
- j) information relating to the Authority's internal supervisory assessments, including risk ratings, internal deliberations, evaluation methodologies, or other supervisory tools that are not disclosed externally;
- k) information the disclosure of which could reveal confidential sources, investigative methods, surveillance techniques, or intelligence-gathering processes used by the Authority or other competent authorities;
- l) information relating to third parties who are not the subject of the application, where disclosure would breach confidentiality obligations or adversely affect those parties;
- m) information that is incomplete, unverified, or under validation, where disclosure could mislead, prejudice supervisory work, or compromise ongoing analysis;
- n) information protected under statutory confidentiality provisions, including those contained in the Monetary Authority Act or any Regulatory Act; and
- o) information the disclosure of which could expose systemic vulnerabilities, including weaknesses in financial institutions, market infrastructure, or regulatory systems.

8. Circumstances in Which a Notice of Decision Will Be Issued Following Refusal of an Application

8.1. Where the Authority decides to refuse an application, it will ordinarily issue a Notice of Decision where one or more of the following circumstances arise:

- a) the applicant does not satisfy one or more mandatory requirements prescribed under the relevant Regulatory Act, including requirements relating to:
 - i. maintaining a required place of business or principal office in the Islands;
 - ii. meeting prescribed minimum net worth or capital requirements; or
 - iii. providing guarantees or other financial backing appropriate to the size, complexity, structure, nature of the business, and risk profile of its operations;
- b) the applicant is unable to demonstrate compliance with the requirements of the relevant Regulatory Act, Regulations, the AMLRs and any conditions, directions, or information requests issued by the Authority from time to time;
- c) the Authority is not satisfied that the applicant, directors, shareholders, managers, senior officers, controllers, beneficial owners, trustees, Anti-Money Laundering Compliance Officers ("AMLCOs"), Money Laundering Reporting Officers ("MLROs"), Deputy Money Laundering Reporting Officers ("DMLROs") are of sound reputation, fit and proper, or otherwise suitable to perform the functions associated with the approval sought;
- d) the applicant cannot demonstrate that it has: governance arrangements and oversight mechanisms appropriate to the nature, scale, and risk profile of the business; personnel with the necessary skills, knowledge and experience; and facilities, books, records, systems and controls that the Authority considers appropriate having regard to the size, complexity, structure, nature of the business and the risk profile of its operations;
- e) the applicant's AML/CFT/CPF/TFS framework or financial crime prevention systems and controls are inadequate, ineffective, or inconsistent with applicable regulatory requirements;
- f) the applicant is unable to demonstrate compliance with the requirements of the relevant Regulatory Act, Regulations, the AMLRs and any conditions, directions, or information requests issued by the Authority from time to time;
- g) the structure of the applicant's group, or the activities of entities within the group, would hinder effective supervision, or could negatively impact financial stability or prejudice the interests of depositors, investors, or clients;

- h) approval would be against the public interest and likely to undermine market confidence, consumer protection and the reputation of the Cayman Islands as a financial centre;
 - i) the applicant cannot demonstrate financial soundness, viability, or the ability to meet ongoing obligations, including liquidity, solvency, or operational resilience requirements;
 - j) the business is unlikely to be carried out properly or soundly, the business model is inconsistent with the licence or registration sought, or the proposed activities involve or facilitate criminal conduct;
 - k) the application contains material inconsistencies, inaccuracies or omissions, or the applicant fails to provide information requested by the Authority or provides information that is false, misleading, incomplete, or otherwise unreliable;
 - l) the applicant's outsourcing arrangements, including reliance on third-party service providers, are inadequate, insufficiently documented, or do not meet regulatory expectations for oversight and risk management;
 - m) the nature or scope of the proposed business is inconsistent with the licence or registration category applied for, or requires a different regulatory authorisation;
 - n) the proposed business name is deceptive or likely to falsely suggest, the patronage of or connection with any person or authority, whether within the Islands or elsewhere, or falsely suggests special status in relation to or derived from the Government or the Crown;
 - o) credible adverse information exists regarding the applicant or any of its controllers, directors, senior officers, managers, promoters, operators, beneficial owners, or connected persons, including information relating to criminal conduct, regulatory breaches, insolvency, sanctions exposure, or other matters that raise supervisory concerns; and
 - p) approval of the application would pose, or be likely to pose, a material reputational risk to the Cayman Islands, including circumstances where the applicant's activities, associations, or past conduct could undermine confidence in the jurisdiction's financial services sector or conflict with international standards.
- 8.2. An applicant may withdraw an application at any time before the Authority issues a notice of decision. Once a notice of decision has been issued, the application is deemed to have been determined and may not be withdrawn.
- 8.3. The Notice of Decision is final, subject only to any statutory or other legal right of reconsideration, appeal, or judicial review available to the applicant.
- 8.4. A Draft Notice of Decision is attached as **Appendix 1**.

9. Reapplication Following Refusal of an Application

- 9.1. An entity or individual whose application has been refused may submit a fresh application to the Authority once the applicant can demonstrate that the circumstances giving rise to the original decision have been materially addressed, remediated, or no longer exist. Examples include, but are not limited to, the removal of the applicant or a relevant person from a sanctions list; remediation of deficiencies previously identified by the Authority; resolution of adverse information concerning the applicant or relevant persons; restructuring of ownership, control, or governance arrangements to address supervisory concerns; enhancement of AML/CFT/PF/TFS systems and controls to meet regulatory expectations; strengthening of financial resources, operational capability, or risk management frameworks; or changes in the applicant's business model or proposed activities that align with the licence or registration sought.
- 9.2. A fresh application will be processed in accordance with the Authority's standard application process and assessed on its own merits. The Authority may request additional information, documentation, or clarification where necessary to complete its assessment.
- 9.3. The submission of a fresh application does not confer any legitimate expectation of approval. The Authority retains full discretion to approve or refuse any application based on the applicant's ability to meet all applicable legal and regulatory requirements and to satisfy the Authority's supervisory expectations at the time of review. Any previous refusal does not, of itself, preclude the Authority from approving a subsequent application where the applicant demonstrates that the relevant deficiencies or concerns have been satisfactorily addressed.

10. Effective Date

- 10.1. This Procedure is effective upon gazettment.



Appendix 1

{Date}

To: [Firm or other person]

Of: [Address]

Dear {Applicant's name}

RE: DECISION NOTICE

TAKE NOTICE: The Cayman Islands Monetary Authority of 205 Elgin Avenue, Pavilion East, Cricket Square, P.O. Box 10052, Grand Cayman KY1-1001, Cayman Islands (the "Authority") has decided to take the following action.

{DECISION}

[Details of decision]

REASONS¹

[Reasons for the Authority's decision to take the decision]

EFFECTIVE DATE OF DECISION

The Authority's decision regarding the above decision is effective [date].

Pavillion East, Cricket Square
P.O. Box 10052 Grand Cayman KY1-1001, Cayman Islands
Tel +1 345 949-7089 www.cima.ky

¹ Any request for further information regarding this Decision Notice will only be considered to the extent permitted by applicable law and shall remain subject to any statutory confidentiality, legal privilege or other applicable restriction on disclosure.



Pavilion East, Cricket Square
PO Box 10052
Grand Cayman KY1-1001
Cayman Islands

Tel: +1 (345) 949-7089
www.cima.ky