



MINISTRY OF
FINANCIAL SERVICES,
COMMERCE & ENVIRONMENT
CAYMAN ISLANDS GOVERNMENT

Preparation Progress for the 4th Round CFATF Mutual Evaluation

3rd Oct. 2016

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Outline

- ▶ The Mutual Evaluation Process
 - ▶ Criteria for Enhance Follow-up
- ▶ Cayman's Self Assessment
- ▶ Preparation Progress
- ▶ Effectiveness
- ▶ Industry Awareness

Mutual Evaluation Process

- ▶ 4th Round CFATF Mutual Evaluation of the Cayman Islands is tentatively scheduled for the 3rd Quarter of 2017 (two-week onsite visit)
- ▶ Evaluation will entail two components:
 - ▶ Technical Compliance – based on the FATF 40 Recommendations; and
 - ▶ Effectiveness – based on II Immediate Outcomes
- ▶ Onsite Visit
 - ▶ The assessment team typically consists of a Mission Leader from the CFATF, two financial assessors, one legal assessor and one enforcement assessor.
 - ▶ The assessment team speaks with law enforcement, prosecution authorities, regulators, policy makers and private sector to get the a view on how the AML/CFT regime works in practice (how effective).

Criteria for Enhanced follow-up

- I. 8 or more noncompliance or partially compliant (NC/PC) ratings for Technical Compliance; or
- II. NC/PC on any one or more of the core recommendations:
 - ▶ R.3 – Money Laundering Offense
 - ▶ R.5 – Terrorist Financing Offense
 - ▶ R.10 – Customer Due Diligence
 - ▶ R.11 – Record Keeping, and
 - ▶ R.20 – Reporting Suspicious Transactions; or
- III. Low or moderate level (LL/ML) of effectiveness for 7 or more of the II Immediate Outcomes; or
- IV. Low level (LL) of effectiveness for 4 or more of the II Immediate Outcomes.

Cayman's Self Assessment

- ▶ **National Risk Assessment**
 - ▶ Key deficiencies identified:
 - ▶ Non-profit organisations
 - ▶ DNFBP supervision (lawyers, real estate, precious metals)
 - ▶ Beneficial ownership
 - ▶ Terrorist Financing Offences
 - ▶ Customer Due Diligence
 - ▶ Partial compliance on 14 other Recommendations
 - ▶ Follow-up self assessment to be conducted after key deficiencies addressed – March 2017

Preparation Progress

- ▶ **Implementation Committee meeting weekly**
 - ▶ Min FSCE, AMLU, FRA, FCU, DPP, DCI, CIMA, Customs
- ▶ **Inter-Agency Cooperation**
 - ▶ Amendment to the Proceeds of Crime Law to allow for an operational committee
 - ▶ MOUs to be developed
- ▶ **Recruitment & Training**
- ▶ **NRA Report and National AML/CFT Policies**
- ▶ **AML/CFT Website**

Legislation

▶ Wave 1

- ▶ Companies Management Law
- ▶ Customs Law
- ▶ Legal Practitioners Law
- ▶ Monetary Authority Law
- ▶ Non Profit Organisations Bill
- ▶ Police Law
- ▶ Proliferation Financing (Prohibition) Law
- ▶ Terrorism Law
- ▶ Judicature Law
- ▶ Penal Code
- ▶ Criminal Procedures Code

▶ Wave 2

- ▶ Banks and Trust Companies Law
- ▶ Companies Law
- ▶ Securities Investments Business Law
- ▶ Proceeds of Crime Law
- ▶ Regulations
 - ▶ Accountant's Regulations
 - ▶ Customs (Money Declaration and Disclosure) Regulations
 - ▶ Money Services Business Regulations
 - ▶ Monetary Authority Regulations
 - ▶ Police Regulations
 - ▶ Money Laundering Regulations
 - ▶ Private Trust Companies Regulations
 - ▶ Non Profit Organisations Regulations

Effectiveness

- ▶ Focus on reducing the AML/CFT risks (threats and vulnerabilities) identified
- ▶ **Statistics are critical**
 - The onus is on the jurisdiction to prove effectiveness
- ▶ Greater domestic cooperation and coordination
- ▶ Increased resources for AML/CFT supervision and enforcement

Industry Awareness

- ▶ Collaboration with industry associations
- ▶ Consideration for the general public
- ▶ Promote best practice ahead of full implementation of legislative changes



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