



# **CAYMAN ISLANDS MUTUAL EVALUATION REPORT**

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# **A BRIEF OVERVIEW OF THE MER IMPLICATIONS FOR CIMA AND INDUSTRY**

**Cayman Islands  
Mutual Evaluation Report  
March 2019**



## MER RESULTS

- **IOs relevant to CIMA:**
- **IO 3** – *Supervisors appropriately supervise, monitor and regulate FIs and DNFBPs for compliance with AML/CFT requirements commensurate with their risks*
- **Primary IOs relevant to Industry:**
- **IO 4** – *FIs and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions*
- **IO 5** – *TCSPs and companies to be sanctioned for failing to maintain up-to-date beneficial ownership information*

# MER RESULTS



## Definitions!

- **FI:** Financial Institutions – any natural or legal person conducting relevant financial business on behalf of another natural or legal person
- **DNFBP:** Designated Non-Financial Business Providers: casinos, real estate agents, dealers in precious metals and stones (DPMS), lawyers, accountants, trust and company services providers (**TCSP**)
- **IO:** Immediate Outcome – assessment of effectiveness, or how effectively a country implements the outcome



## MER RESULTS

- **IO 3 - The assessors identified some deficiencies with respect to the Supervision of FIs and DNFBPs and made recommendations.**
- **The rating for IO 3 was largely influenced by the risk and context of the jurisdiction and was found to be LOW.**
- **IO 3 – Recommended Actions:**
  - CIMA should gather more comprehensive information on excluded persons (client base, geographic exposure, etc.) and conduct more detailed analysis of information to gain a better understanding of the ML/TF risks posed by EPs.....
  - CIMA should attain and deploy additional resources to enhance its AML/CFT supervisory functions.....

# MER RESULTS

- **IO 3 – Recommended Actions Contd..**
- CIMA should implement more comprehensive mechanisms to conduct fit and proper assessments of shareholders and beneficial owners of EPs...
- CIMA should consider levying administrative penalties and imposing other forms of enforcement actions at its disposal, where remedial actions have not been taken within specified time periods
- CIMA should periodically review the extent to which its supervisory actions have a positive impact on the level of AML/CFT compliance among FIs and TCSPs.

## MER RESULTS

- **The assessors identified some weaknesses in the AML/CFT practices of regulated entities and made recommendations and was assessed as LOW.**
- **IO 4 Recommended Actions:**
- All FIs and TCSPs should ensure that their institutional ML/TF risk assessments are adequately documented and updated on a periodic basis. AML/CFT policies and procedures should be updated in accordance with required periodic institutional risk assessments
- EPs, not otherwise licensed by CIMA, should implement appropriate AML/CFT policies, procedures and internal controls including risk-mitigation measures
- FIs and TCSPs should implement adequate ongoing monitoring systems which can specifically identify trends that are synonymous with the misuse of legal persons and arrangements.....

# MER RESULTS

- **IO 5 Recommended Actions**

- Authorities should impose adequate and effective sanctions against TCSPs and companies for their failure to maintain up-to-date beneficial ownership information



# WHAT DOES THIS MEAN FOR CICA MEMBERS?

- **IO 3 Recommended Actions**

- Not much specifically related to Compliance professionals; however there will be:
  - Amendments to SIBL to allow data collection for:
    1. Relevant AML/CFT information
    2. Conduct f&p assessments of relevant persons
- Additional CIMA staff and more resources to supervise
- More ongoing monitoring on FIs and DNFBPs through onsite and offsite monitoring

# WHAT DOES THIS MEAN FOR CICA MEMBERS?

- **IO 4 Recommended Actions**
- Additional CIMA staff, resources primarily deployed to enhance focused onsite and offsite ongoing monitoring of IO 4 compliance
  - Enabling CIMA to collect data and statistics to provide evidence to FATF/CFATF that industry is implementing and showing effectiveness under IOs 4 and 5
  - Also increasing time to take enforcement action where warranted
- Additional CIMA outreach on how to achieve recommended actions

# WHAT DOES THIS MEAN FOR CICA MEMBERS?

- **IO 4 Recommended Actions: Key Deficiencies from 2018 AML/CFT Onsite Inspections**
- Outdated or deficient AML/CFT policies or controls
  - Any policies pre-2017 Regulations are immediately out-of-date
- Inadequate AML/CFT policies and procedures for on-going client and transaction monitoring
- Inadequate performance of client reviews to comply with the Licensee's policies and procedures and/or AMLRs

## WHAT DOES THIS MEAN FOR CICA MEMBERS?

- **IO 4 Recommended Actions: Key Deficiencies from 2018 AML/CFT Onsite Inspections cont'd**
- Licensee's risk-based approach is not appropriate or not appropriately applied for its size, nature and complexity
- Incomplete or inappropriate client risk rating tool



# WHAT DOES THIS MEAN FOR CICA MEMBERS?

- CIMA developing a range of outreach tools, including:
  - Additional formal written guidance
  - Informal media outreach
  - Training and outreach sessions
  - Partnerships with industry organisations

# Questions ?



**THANK YOU!**