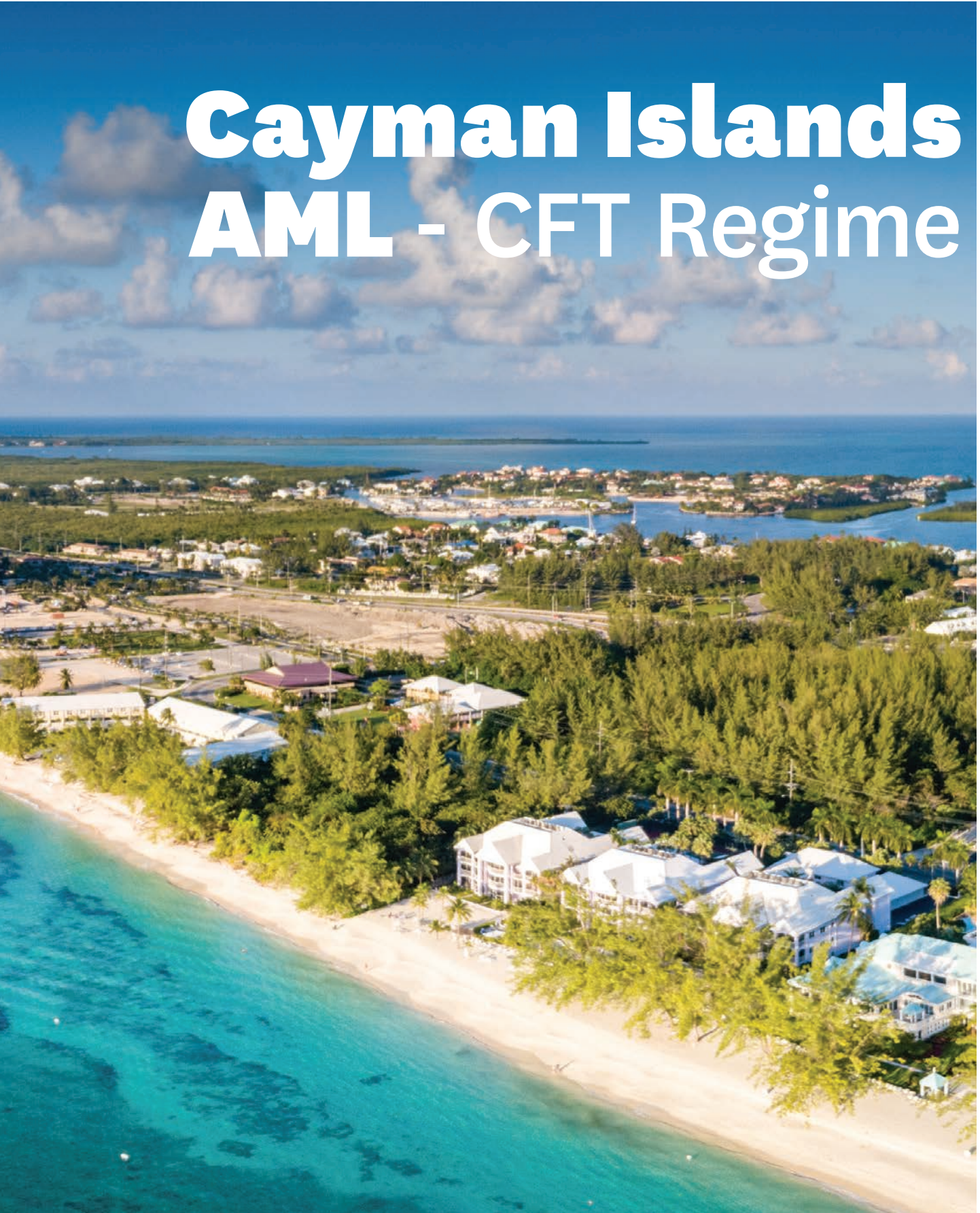


Cayman Islands AML - CFT Regime



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Cayman Islands AML/CTF new regime

The Cayman Islands AML/CTF regime includes, amongst other things, the Proceeds of Crime Law (2018 Revision), the Anti-Money Laundering Regulations (2018 Revision) (“AML Regulations”), and the December 2017 Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands (the “Guidance Notes”).

Mandatory Anti Money Laundering Compliance and Reporting Officers

The updated Guidance Notes have clarified that all financial services providers, which includes fund entities and securities investment business entities must appoint natural persons at managerial level as follows: (a) an Anti-Money Laundering Compliance Officer (“AMLCO”) who would be the point of contact with the regulatory authorities; (b) a Money Laundering Reporting Officer (“MLRO”) to whom suspicious activity reports must be made by staff; and (c) a Deputy MLRO (“DMLRO”) who, in the absence of the MLRO, would discharge the functions of the MLRO.

It is mandatory for the financial service provider to appoint a MLRO and DMLRO. The MLRO and DMLRO are the individuals designated to receive, in strict confidence, internally generated reports on suspicious transactions/activities and, if deemed appropriate, report such externally to Financial Reporting Authority.

Outsourcing the AMLCO/MLRO function

In the event of the outsourcing of AMLCO/MLRO functions, the financial service provider must maintain appropriate policies and procedures and assess associated risks including the country risk if outsourced outside of the Cayman Islands. Where outsourced to a service provider outside the Cayman Islands, if the AML/CTF standards are lower than the

Cayman Islands, the service provider should adopt Cayman Islands’ standards. Even if the service provider is located in a jurisdiction on the AML Steering Group List of Equivalent Jurisdictions it may be advisable to conduct a one-off gap analysis as to equivalence of outcomes: e.g. that the same activities would be identified and reported (including to the Cayman Financial Reporting Authority) whether applying the Cayman AML/CTF legislative regime or the AML/CTF regime of the service provider.

AML Steering Group list-of-equivalent-jurisdictions

- | | |
|------------------------|----------------------------|
| Argentina | Ireland |
| Australia; | Isle of Man |
| Austria | Israel |
| Bahamas | Italy |
| Bahrain | Japan |
| Barbados | Jersey |
| Belgium | Liechtenstein |
| Bermuda | Luxembourg |
| Brazil | Malta |
| British Virgin Islands | Netherland |
| Canada | New Zealand |
| Curacao | Norway |
| Cyprus | People’s Republic of China |
| Denmark | Portugal |
| Finland | Singapore |
| France | Spain |
| Germany | Sweden |
| Gibraltar | Switzerland |
| Greece | United Arab Emirates |
| Guernsey | United Kingdom |
| Hong Kong | United States of America |
| Iceland | |
| India | |

Natural persons must be designated as AMLCO, MLRO and DMLRO by 30 September 2018.



The MLRO and DMLRO should be of sufficient seniority to be able to receive and act accordingly on confidential information about investors and transactions, as well as to receive and disseminate further instructions from relevant authorities. They must also be mature enough to make value judgments on whether a transaction is suspicious enough to be reported.

Financial service providers may designate its AMLCO to act as a MLRO or vice versa as far as the person is competent and has sufficient time to perform both roles efficiently. Where an individual is both an MLRO and AMLCO, that person should understand the roles and responsibilities of each function.

The financial service provider may designate a staff member to be the AMLCO, MLRO or DMLRO or outsource the compliance functions. However, the financial service

provider shall not contract or transfer their compliance obligations under the legislation and Guidance Notes. As such, irrespective of whether the MLRO/DMLRO is an employee or not, the financial service provider is ultimately responsible for complying with applicable AML/CFT obligations.

How DWF Compliance can assist?

We are located in an AML Steering Group equivalent jurisdiction as such we are able to assist Funds Entities, Securities Investment Business Entities and any Financial Service Providers with the following:

- Outsourced AMLCO
- Outsourced MLRO and/or DMLRO
- Develop full AML/CFT Policies and procedures. ■

