



Cayman Islands AML Requirements

Authors:

Craig Fulton, Partner

Maree Martin, Head Professional Support Lawyer

Further to our updates issued in [October 2017](#) and [February 2018](#), the Cayman Islands has updated and consolidated a number of its laws on the prevention of money laundering (“AML”) and the countering of terrorist financing (“CTF”).

The current Cayman Islands AML/ CTF legislative 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”).

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

The MLRO may be the same person as the AMLCO, so long as the individual is competent and is able to perform both roles efficiently.

It should be noted that an AMLCO must be considered fit and proper to assume the role and is someone who:

- (i) has sufficient skills and experience;
- (ii) reports directly to the Board of Directors (“Board”) or equivalent;
- (iii) has sufficient seniority and authority so that the Board reacts to and acts upon any recommendation made;
- (iv) has regular contact with the Board so that the Board is able to satisfy itself that statutory obligations are being met and that sufficiently robust measures are being taken to protect the FSP against AML/ CTF risks;
- (v) has sufficient resources, including time and, where appropriate, support staff; and
- (vi) has unfettered access to all business lines, support departments and information necessary to appropriately perform the AML/ CTF compliance function.

FSPs may appoint a director or staff member as AMLCO and/ or MLRO or may outsource these functions to a service provider. It is expected that the AMLCO and MLRO should be autonomous in carrying out their functions but they are not prohibited from having an existing relationship with the FSP. It should be noted that the compliance obligations under the AML Regulations cannot be transferred. Accordingly, the FSP will still retain ultimate responsibility for complying with its AML/ CTF obligations.

In the event of the outsourcing of AMLCO/ MLRO functions, the FSP 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.

Natural persons must be designated as AMLCO, MLRO and DMLRO by **30 September 2018**. FSPs that are registering with the Cayman Islands Monetary Authority ("CIMA") as a regulated investment fund as at **1 June 2018** must demonstrate compliance with such requirement by the provision of the requisite information at the time of submission of the registration application via the REEFS portal.

It is expected that after further private sector consultation, CIMA will release FAQs and revised Guidance Notes.

For additional information, please contact your usual Conyers Dill & Pearman representative.

AUTHORS:

CRAIG FULTON

PARTNER

craig.fulton@conyersdill.com

+1 345 814 7372

MAREE MARTIN

HEAD PROFESSIONAL SUPPORT LAWYER

maree.martin@conyersdill.com

+1 345 814 7781

OTHER CONTACTS:

RICHARD FEAR

PARTNER

richard.fear@conyersdill.com

+1 345 814 7759

RUTH HATT

HEAD PROFESSIONAL SUPPORT LAWYER

ruth.hatt@conyersdill.com

+1 345 945 3901

This article is not intended to be a substitute for legal advice or a legal opinion. It deals in broad terms only and is intended to merely provide a brief overview and give general information.

For further information please contact: media@conyersdill.com