

NEWSLETTER

# Regulatory & Risk Advisory Review

CAYMAN ISLANDS | APRIL - JUNE 2026

CONYERS

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**We are pleased to share the second edition of our 2026 Regulatory & Risk Advisory Newsletter, highlighting key regulatory developments and industry updates across the Cayman Islands.**

This edition highlights upcoming Common Reporting Standard and the Foreign Account Tax Compliance Act reporting deadlines, recent fee updates affecting licensing regimes across key sectors, and important legislative and policy progress under the Government’s first-year “Meaningful Momentum” report. We also cover recent developments from the Cayman Islands Monetary Authority, including its thematic review of reinsurance companies and new regulatory policy on auditor approvals, key takeaways from the Financial Action Task Force Ministerial Meeting, and regional anti-money laundering, counter-terrorist financing and counter-proliferation financing initiatives.



## 1. DEPARTMENT OF INTERNATIONAL TAX COOPERATION (DITC)

### 1.1 2026 Reporting Deadlines

These are the CRS and FATCA reporting deadlines in 2026, for the 2025 calendar year.

- CRS\* and FATCA Notification (registration for FIs): 30 April 2026.
- CRS and FATCA reporting (including any reportable accounts and/or CRS Filing Declarations): 31 July 2026.
- CRS Compliance Form: 15 September 2026.

\*Note that for CRS purposes, the following two items of information are not required to be registered by 30 April 2026:

- Appointment of a PPOC in the Islands; and
- The date on which the Cayman FI became an FI.

The Authority has extended the deadline to register these two items of information to 31 January 2027. Refer to the Industry Advisory: Deadline Extension – PPOC Information under the Amended CRS, dated 21 January 2026.

[CRS Jurisdictions Lists and 2026 Reporting Deadlines](#) | [OFFICIAL SITE: Department for International Tax Cooperation](#)

## 2. MINISTRY OF FINANCIAL SERVICES AND COMMERCE (MFSC)

### 2.1 Updated Fees for Accounting Firms, Realtors and Property Developers Holding LCCLs

On 28 April 2026, as part of a broader programme of commerce reform intended to better reflect the current business environment, the MFSC announced updated fees applicable to accounting firms, realtors, property developers and exempt companies, effective immediately pursuant to revenue measures proposed as part of the 2026/27 Budget.

The updated fees apply specifically to the following categories of licence holders:

- accounting firms with trade and business licences ("TBLs");
- real estate and property development businesses with TBLs and local companies control licences ("LCCLs");
- Caymanian property developers; and
- exempt companies with TBLs.

The fee updates were implemented through the Trade and Business Licensing (Amendment of Schedule 1) Regulations (2026) and the Local Companies (Control) (Fees) (Amendment) Regulations, 2026.

Fees for accounting firms have been separated into three new categories: (i) audit firms; (ii) accountancy service providers; and (iii) insolvency firms.

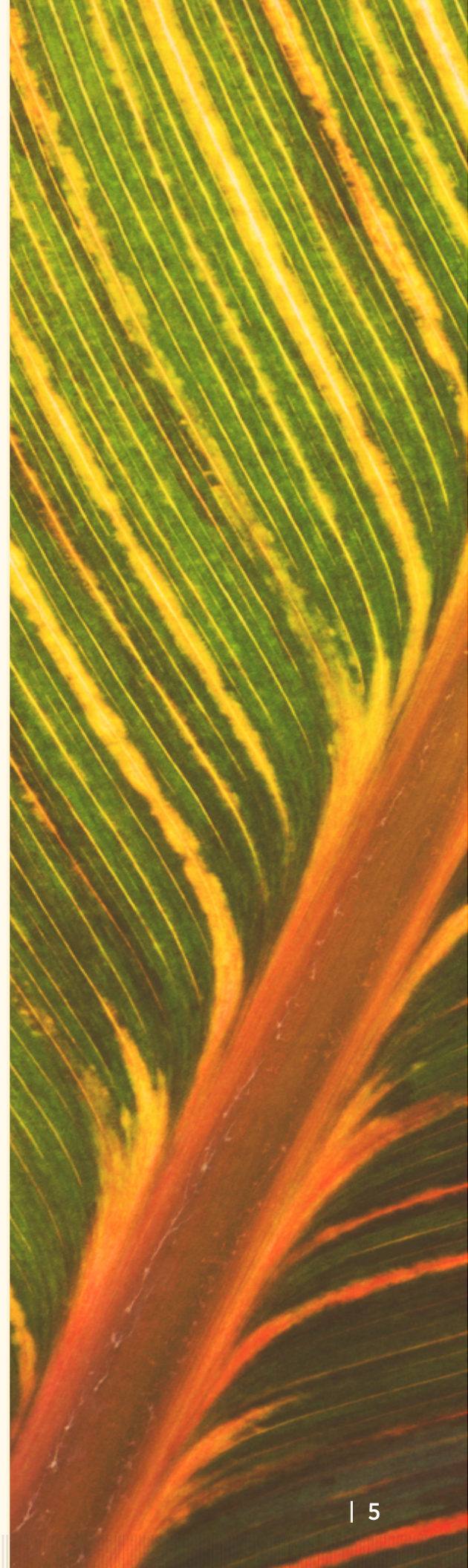
This reclassification introduces a more granular fee structure for the accounting sector.

Prior to implementation, the MFSC undertook stakeholder consultations with the Trade and Business Licensing Board, the Cayman Islands Institute of Professional Accountants, Caymanian developers and realtors, including several micro and small businesses.

The updated fees took effect on 28 April 2026.

Affected entities, in particular accounting firms, real estate businesses and property developers holding TBLs and LCCLs, should review the amended regulations to confirm the applicable fee category and ensure that the correct fees are paid in a timely manner. The introduction of distinct sub-categories for accounting firms means that firms previously operating under a single fee classification should assess which of the new categories audit firms, accountancy service providers or insolvency firms applies to their operations. More broadly, the fee adjustments reflect the continuing trend of regulatory modernisation in the Cayman Islands, consistent with the broader fee restructuring across other regulated sectors that took effect earlier in 2026.

[Updated Fees for Accounting Firms, Realtors and Property Developers Holding LCCLs - GOV.KY - CIG](#)



## **2.2 National Coalition for Caymanians (NCFC) – Meaningful Momentum First Year Anniversary Update**

The Meaningful Momentum report is the NCFC Government's first anniversary progress report, covering the period 7 May 2025 to 20 May 2026. It documents achievements across ten ministries and sets out the Government's priorities for the remaining term, emphasising transparency, accountability and forward momentum.

### **FATF 5th Round Readiness**

The NCFC Government has made material progress in preparing the Cayman Islands for the CFATF 5th Round Mutual Evaluation, with the on-site assessment scheduled to commence in late 2027. The National Risk Assessment (NRA) and the Legal Persons and Arrangements Risk Assessment are now at advanced stages: an initial draft NRA report was circulated to government agencies for feedback in March 2026, technical compliance and effectiveness gap analyses have been completed, and action plans to address identified deficiencies are being finalised. The Office for Strategic Action on Illicit Finance is coordinating this work in collaboration with the International Monetary Fund and incorporating broad stakeholder input across government and the financial services industry. In parallel, the Anti-Corruption Commission is expanding public sector outreach and corruption prevention training in direct preparation for the evaluation. Regulated entities conducting relevant financial business are encouraged to proactively review and enhance their internal policies, procedures and controls to ensure they can demonstrate effectiveness in practice, particularly in relation to entity-level risk assessments, beneficial ownership transparency, and the implementation of targeted financial sanctions, and should anticipate that they may be called upon to participate in the NRA process.

### **Proceeds of Crime Amendment Act**

Parliament's approval of the Proceeds of Crime Amendment Act was a critical step in bolstering the Cayman Islands' Anti-Money Laundering (AML) and Countering Terrorist Financing frameworks against financial crime and corruption. The Act enhances the ability of competent authorities to identify, track and confiscate illicit assets, reinforcing the jurisdiction's standing as a centre of integrity and transparency. Regulated firms should take this development as a prompt to review their internal frameworks governing suspicious property reporting, consent (DAML) procedures and confiscation-related processes, ensuring that reporting playbooks, decision-making frameworks and tipping-off controls reflect the updated legislative provisions. Firms are also reminded that the FRA consent regime, under which a seven-working-day notice period applies following the filing of a suspicious activity report seeking consent to proceed, with deemed consent where no response is received and a 30-day moratorium following refusal. This remains operative and internal procedures should be aligned accordingly pending the issuance of final supporting regulations and detailed guidance.

## **Legal Services Act and the Legal Services Supervisory Authority**

The commencement of the Legal Services Act concludes more than two decades of effort to modernise the regulation of legal practitioners in the Cayman Islands. A regulatory structure has been established that promotes quality, accountability and public confidence in legal services. The Legal Services Supervisory Authority (LSSA), now operational, maintains a register of all legal firms and practitioners which exercises ongoing monitoring and enforcement powers to ensure compliance with AML regulations, and issues guidance applying a risk-based approach to supervision that recognises the differing levels of risk presented by firms based on their services, clients, geography and the strength of their compliance frameworks. The creation of the LSSA represents a significant modernisation of the Cayman Islands' legal regulatory framework, reflecting increasing international expectations; particularly from bodies such as the FATF, that legal professionals act as key gatekeepers in preventing financial crime. Legal practitioners should ensure that their AML/CFT policies, procedures and training are fully aligned with the requirements of the new regime.



## **Establishment of Office for Strategic Action on Illicit Finance**

The Office for Strategic Action on Illicit Finance (OSAIF) was established to enhance national coordination and operational effectiveness in addressing illicit finance across the jurisdiction. OSAIF's mandate encompasses the coordination of CFATF-related assessments, the advancement of the National Risk Assessment and the LPARA, and broader engagement with public and private sector stakeholders to strengthen the Cayman Islands' response to financial crime. For compliance teams within regulated entities, the establishment of OSAIF signals a more centralised and structured approach to cross-agency information-sharing and capacity-building. Entities should be prepared for enhanced coordination between supervisory and law enforcement bodies and should review their own internal escalation and information-sharing protocols to ensure they can respond efficiently to requests from competent authorities operating within this strengthened institutional framework.

## **AI Policy and Digital Transformation**

The NCFC Government has delivered its first AI Policy and is consulting with the private sector on how to prepare the Cayman Islands for a digital future, with a focus on ensuring responsible adoption of artificial intelligence across the Civil Service. A Digital Transformation Strategy Task Force has been established, progressing strategic plans for increased AI adoption, cybersecurity readiness and virtual assets. For regulated entities, these developments signal an emerging regulatory environment in which AI governance, data protection and cyber resilience will feature with increasing prominence. Firms should monitor developments closely, particularly where they are deploying or considering the deployment of AI or machine learning tools in compliance, customer due diligence or transaction monitoring functions. The intersection of AI policy with the existing virtual asset regulatory framework, including CIMA's Rule and Statement of Guidance on Market Conduct for VASPs will be relevant as both regulatory streams mature in the period ahead.

## **Anti-Corruption Commission Activity and Anti-Fraud Policy Rollout**

The Government is advancing a comprehensive update of its Anti-Fraud Policy to strengthen prevention, detection, reporting and response mechanisms across the public sector, with the formal rollout of the revised policy scheduled to commence in the second quarter of 2026. A National Good Governance Campaign, to be implemented in partnership with the Governor, Premier and Leader of the Opposition, further underscores the cross-constitutional commitment to integrity and accountability. Taken together, these measures reinforce the jurisdiction's integrity framework and demonstrate an active enforcement posture; considerations of direct relevance to the upcoming FATF 5th Round Mutual Evaluation, in which the effectiveness of the jurisdiction's anti-corruption and anti-money laundering systems will be tested. Regulated entities should take note of the strengthened enforcement environment and ensure that their own anti-fraud and anti-bribery frameworks are robust and demonstrably effective.

Meaningful Momentum: First Year Anniversary Update also refers to previous Regulatory & Risk Advisory newsletters for context and additional detail.

### 3. FINANCIAL ACTION TASK FORCE (FATF)

#### 3.1 FATF Ministerial Meeting, Washington D.C. (17 April 2026)

The biennial ministerial, held alongside the IMF–World Bank Spring Meetings, produced a new Ministerial Declaration, in which Ministers reaffirmed their steadfast commitment to the FATF as the global standard-setter for preventing and combating money laundering (ML), terrorist financing (TF) and the financing of the proliferation of weapons of mass destruction (ML/TF/PF), with the risk-based approach remaining the cornerstone of the FATF Standards. They called on all jurisdictions to remain vigilant regarding threats arising from the Russian Federation’s war against Ukraine and proliferation financing risks emanating from Iran. They also reiterated their key areas of focus: the delivery of the new round of mutual evaluations; the timely implementation of the revised standards on payment transparency and financial inclusion; a decisive response to fraud and transnational organised crime; and continuing efforts to combat the abuse of legal persons and complex structures. Of note, they called for the rapid and effective implementation of the FATF Standards in the virtual assets sector, committing to hold countries that fail to implement the standards expeditiously to account. They also expressed support for responsible innovation in relation to ML/TF/PF compliance, including artificial intelligence.

As the Cayman Islands prepares to undergo its next mutual evaluation, the focus for those in scope should be on ensuring alignment with the Ministers’ key areas of focus and the overall effectiveness of their AML/CFT/CPF compliance framework.

<https://www.fatf-gafi.org/en/publications/Fatfgeneral/Ministerial-Declaration-2026.html>

### **3.2 Caribbean Financial Action Task Force (CFATF) Assessor Training Hosted in Cayman**

From 27 April to 1 May 2026, the Cayman Islands successfully hosted the Caribbean Financial Action Task Force (CFATF) Assessor Training. The training was attended by multi-agency delegations from across the Caribbean region.

The training focused on the FATF 5th Round Methodology, helping to equip delegates with the technical expertise needed to assess jurisdictions' compliance with international standards on anti-money laundering (AML), counter-terrorist financing (CFT) and counter-proliferation financing (CPF).

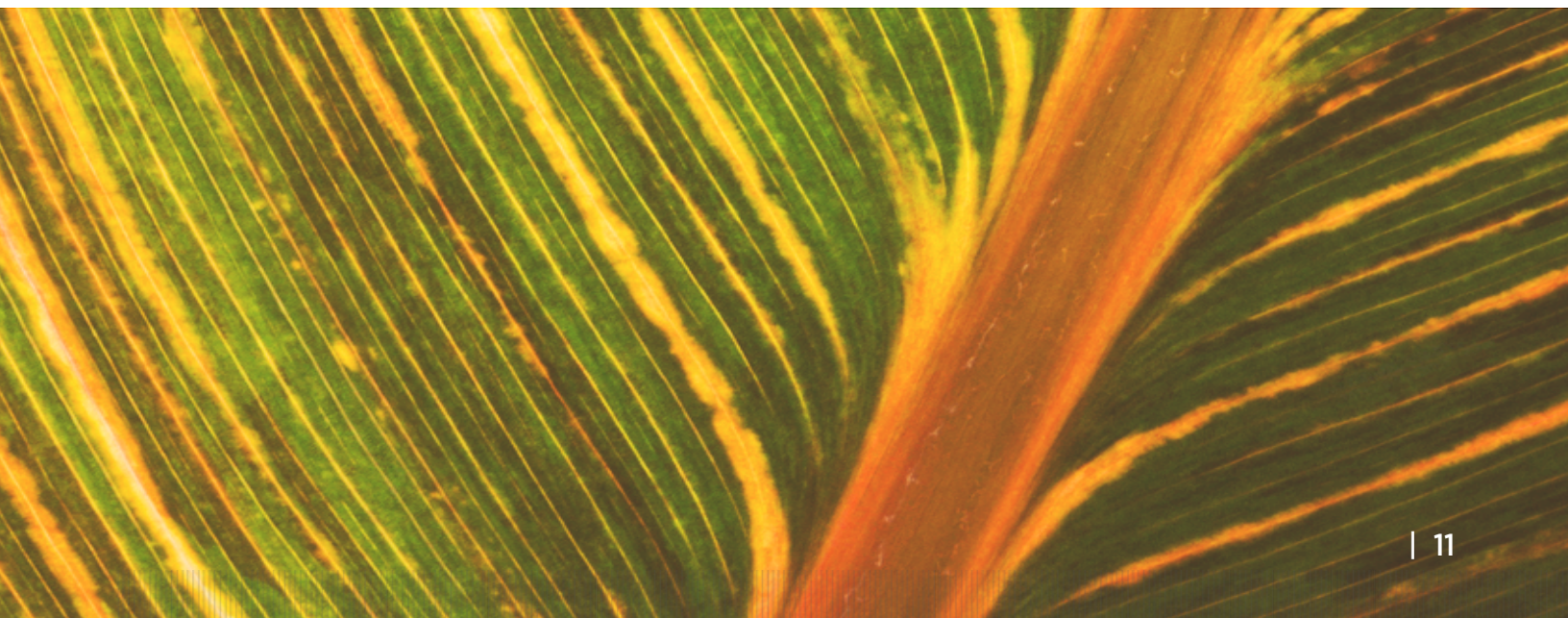
By hosting and facilitating this training, the Cayman Islands reinforces its position as a regional centre of excellence in AML/CFT/CPF compliance.

[TCI Strengthens AML/CFT Capacity Through Participation in CFATF Assessor Training](#)

## **4. CAYMAN ISLANDS MONETARY AUTHORITY (CIMA)**

### **4.1 Thematic Review of Reinsurance Companies (June 2026)**

In June 2026, CIMA published its Thematic Review of Reinsurance Companies, presenting its findings following a supervisory review of selected Class B(iii) and Class D regulated reinsurance entities conducted between mid-2025 and the first quarter of 2026. The review assessed compliance with the Insurance Act, applicable regulations, rules and statements of guidance across four thematic areas: corporate governance, stress testing, cash flow testing, and capital and collateral adequacy management.



Corporate governance deficiencies were the most prevalent, accounting for 68% of all identified weaknesses, with the principal concerns being inadequate sub-committee governance and Board oversight, poor documentation and lack of oversight over outsourced service providers, insufficient segregation of duties, and the lack of effective internal audit functions. Other findings concerned stress testing (14%) and cash flow testing (9%), including a lack of independent or peer review of testing frameworks and outputs. Capital and collateral adequacy management accounted for a further 9%, where the Authority identified omissions of capital and collateral adequacy from internal audit coverage, and unresolved internal audit findings.

Regulated entities and their advisers should use the review as an opportunity to assess whether corporate governance arrangements are robust and properly documented, including sub-committee governance, Board oversight, outsourcing arrangements and segregation of duties, and the effectiveness of the internal audit function. They should also ensure that stress testing is clearly evidenced, related frameworks and outputs are independently reviewed, and capital and collateral adequacy are covered by internal audit, with any findings addressed promptly.

The Authority expects regulated entities to maintain policies, procedures, systems and controls that are appropriate, effective and proportionate to the nature, scale and complexity of their business, in line with evolving risks, business changes and the applicable regulatory environment.


[www.cima.ky/thematic-review-report](http://www.cima.ky/thematic-review-report)

## 4.2 CIMA Regulatory Policy — Approval of an Auditor for a Regulated Entity

CIMA has issued a new Regulatory Policy on the Approval of an Auditor for a Regulated Entity (the "Policy"), which consolidates and sets out the criteria, process and ongoing obligations applicable to firms seeking to act as approved auditors of CIMA-regulated entities.

**Scope** – The Policy applies to all regulated entities that are required under the applicable Regulatory Acts to appoint an auditor approved by CIMA to audit their financial statements. Financial statements must be audited and the audit report issued or signed off by the approved auditor, unless the regulated entity has been granted an exemption from audit by CIMA.

**Key approval criteria** – To obtain and maintain CIMA approval, audit firms must satisfy requirements across the following areas: physical presence in the Cayman Islands (with adequate local resources); registration as a public practice firm with CIIPA; independence and objectivity in line with the IESBA Code of Ethics; competence and capability of engagement partners (including an expectation that they must have a minimum of five years' relevant auditing experience at a management level in the industry sectors or businesses they audit); adequate resources and capacity; quality management systems generally aligned with ISQM1 and ISQM2; ethical standards and conduct; and compliance with Professional Indemnity Insurance requirements under the Accountants Act.



**Reporting obligations** – Approved auditors must notify CIMA of certain matters identified during an audit, including where a regulated entity is or may become unable to meet its obligations, is acting prejudicially to investors or creditors, is operating without adequate accounting records, is operating in a fraudulent or criminal manner, or is otherwise not complying with the relevant Acts, regulations or conditions of its licence.

Approved auditors must also notify CIMA within 21 days of any material change to the information submitted with their application for approval, any material change that may affect the conditions of approval, cessation of business, or other significant matter that could adversely affect their audit of regulated entities.

**Effective date and transitional arrangements** – The Policy will come into effect on 1 January 2027. Regulated entities must comply starting from the first accounting period beginning after that date. Firms already recognised as approved auditors before the effective date will be deemed to have met the approval criteria and will retain their approved status, provided they continue to comply with all ongoing requirements.

[Regulatory Policy on the Approval of an Auditor](#)

## **CONYERS WEBSITE ARTICLES & ALERTS**

The following articles and alerts may be of general interest and can be found at the links below on the Conyers website:

[Reconnect 2026 – Conyers’ Key Takeaways](#)

[Key Takeaways from the IBA 24th Annual International Conference on Private Investment Funds](#)

[Cayman \(Re\)insurer Statistics 2025](#)

[Insurance Financing – Cayman CPs](#)

[Society of Actuaries Report: An Independent Validation of Cayman’s Role in the Global Reinsurance Landscape](#)

[Security over Cayman LP Interests](#)

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## HOW CONYERS CAN HELP

Count on our Regulatory & Risk Advisory team to provide calm, authoritative guidance on all your Cayman Islands regulatory and risk management requirements. We can help you with everything from proactive guidance, insight into regulatory developments and dealing with regulatory bodies to advising on investigations and providing robust representation where litigation arises.

Please contact a member of the team should you wish to connect or to know more about any of the topics covered in this newsletter. To subscribe to our regulatory newsletter and updates, please [click here](#).

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