

Cayman Islands Update: AML Amendment Regulations 2024

The Cayman Islands Anti-Money Laundering Regulations (the "AMLRs") were amended on 19 April 2024 when the Anti-Money Laundering (Amendment) Regulations, 2024 came into force.

Tidy-Ups

The bulk of the changes were to make it clear that compliance requirements apply not only in the context of anti-money laundering ("AML"), but also in application of counter-terrorist and proliferation financing measures.

Although the customer due diligence threshold for one-off transactions had previously been reduced to CI\$10,000 (in line with international standards) certain obsolete references to the historic threshold of CI\$15,000 were corrected.

Furthermore, provisions were clarified in relation to the information requirements for batch files of virtual assets.

Risk Assessment Updates

The pre-existing requirements to maintain appropriate mechanisms to provide one's risk assessment to the relevant regulatory authorities on request and requiring risk assessments to be kept updated have been reworded. In practice we have seen the Cayman Islands Monetary Authority ("CIMA") requesting sight of risk-assessments as being a key part of inspections.

It is also specified that risk mitigation controls are consistent with national requirements and regulator guidance.

Although the AMLRs previously referred to the need for enhanced due diligence where higher risks are identified, this has been expanded in the context of higher proliferation financing risks to include specific requirements for sanctions screening.

Application of Administrative Fines to Directors and Officers

Although the primary legislation giving CIMA the power to levy administrative fines distinguished between fines for corporates and fines for natural persons, it was not previously clear how fines for breaches of the AMLRs technically could be levied against individuals. This has now been corrected, such that offences committed by an entity with the consent, connivance or neglect of a director, manager, secretary can now lead to fines against such persons.

Expanded Requirements for Designated Non-financial Business and Profession

Certain non-financial services businesses are subject to the AMLRs. The requirements for such a designated non-financial business and profession ("DNFBP") have been updated to expand the information required to be provided on registration with their relevant supervisory authority, such as the identity of their AML Officers and beneficial owners. There is also a new obligation for a DNFBP to notify their supervisory authority of any change in their AML risk assessment.

Further Assistance

If you would like any assistance with the obligations of a Cayman Islands entity subject to the AMLRs, please reach out to one of the contacts listed below, or your usual Maples Group contact.

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