



THE REGULATORY 15/15

Podcast

March 2024

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Content

- Cayman Islands Monetary Authority ("CIMA") Update
- Tax Information Authority ("TIA") Update
- AML Guidance Notes
- Consultations
- Beneficial Ownership Update

Introduction

Introduction to the 15/15

- A 15-minute summary of the latest developments in the regulatory laws of the Cayman Islands released on the 15th day of every month
- A copy of the previous 15/15 released on 15 February can be accessed on our website: [Maples 15/15](#)
- Comments and suggestions to format of the 15/15 are always welcome – please email speakers directly

CIMA Update

CIMA Update

Climate Change Letter / Survey

- 1 February 2024 - CIMA announced it would administer a comprehensive survey focused on climate change and environmental risks
- Deadline for submissions extended from 8 March to 31 March 2024

Thematic Records Management Review Report

- 5 February 2024 - CIMA published the results of its record management thematic review conducted in 2023. The report identified best practices as well as areas of concern in relation to record keeping by regulated entities
- We recommend that all regulated entities review their current policies to ensure compliance with CIMA measures and licensees in particular note the *upcoming effective date of **1 April 2024** for the Rule and SOG – Nature, Accessibility, and Retention of Records for Licensees Conducting the Business of Company Management*

CIMA Update (Cont'd)

CIMA Enforcement

- SIBA Registered Person and licensee inspections ongoing
- Fines for breaches of AML Regulations
- Cancellation of registrations of directors and SIBA Registered Persons where annual fees have not been paid and / or annual filings not made
- Recent focus on failure to file Fund Annual Return (FAR) Forms for umbrella (series) trusts

TIA Update

TIA Update

TIA Enforcement

- Common Reporting Standard ("CRS") compliance
 - Previous enquiries relate to obvious ostensible errors; e.g.
 - Letters issued to Financial Institutions ("FIs") not registered with the DITC
 - FIs failing to make filings
 - We have also seen TIA undertake a desk audit to determine an FI's compliance with the CRS Regulations
 - Desk audits require production of general and specific account information
 - Information is analysed by TIA and follow-up questions are posed as warranted
 - TIA communicates findings and may issue a breach notice

AML Guidance Notes

AML Guidance Notes

- 16 February 2024 – CIMA published updated Guidance Notes on the Prevention and Detection of Money Laundering, Terrorist Financing and Proliferation Financing in the Cayman Islands ("AML Guidance Notes") introducing an amendment to Part IX – Section 1 – Sector Specific Guidance: Virtual Asset Service Providers
- This amendment is aimed at application of the FATF Recommendation 16, otherwise known as the Travel Rule

Consultations

Consultations

- **Virtual Asset Service Providers ("VASPs")**
 - This Ministry of Financial Services & Commerce has launched an industry consultation on proposed changes to the Virtual Asset (Service Providers) Act (As Revised). Changes relate to the licensing of virtual asset trading platforms and custodians and ongoing supervision (Phase 2)
 - Key changes include:
 - Definitions of "operator" and "convertible virtual asset"
 - Requirement for two directors for a VASP
 - FATF recommendations and revisions to audit requirements
 - The consultation is open until 3 April 2024 and may be accessed at <https://github.com/MinistryFinancialServices/Virtual-Asset-Amendment-Consultation>

Consultations (Cont'd)

Trust and Corporate Service Providers ("TCSPs")

- 22 February 2024 - CIMA issued a Private Sector Consultation Paper on its proposed Rule and Statement of Guidance ("SOG") – Recruitment and Selection Standards for TCSPs and Company Managers
- Background - In 2018, CIMA conducted a self-assessment of the Cayman Islands' trusts and corporate services sector against international standards
- The Rule and SOG is aimed addressing areas for improvement that were uncovered by that self-assessment
- Comments on this consultation are due by 25 March 2024
- This follows an earlier consultation in late 2023 on the Rule and SOG – Market Conduct for TCSPs and Company Managers

Beneficial Ownership Update

Beneficial Ownership Update

- The Beneficial Ownership Transparency Act (the "Act") was passed in December 2023 but is not yet in force
- Maples has just released an Update on upcoming changes to the beneficial ownership regime under the new Act
- We are still anticipating consultation on draft Beneficial Ownership Transparency Regulations and Guidance Notes will happen in Q1 2024
- The new Act provides for further regulations on public registers
 - CI Government is progressing to provide access to those members of the public who meet a "legitimate interest test"
 - Government has also stated it will move in line with evolving global standards, best practices and in a proportionate manner
 - Recent developments with the US Corporate Transparency Act

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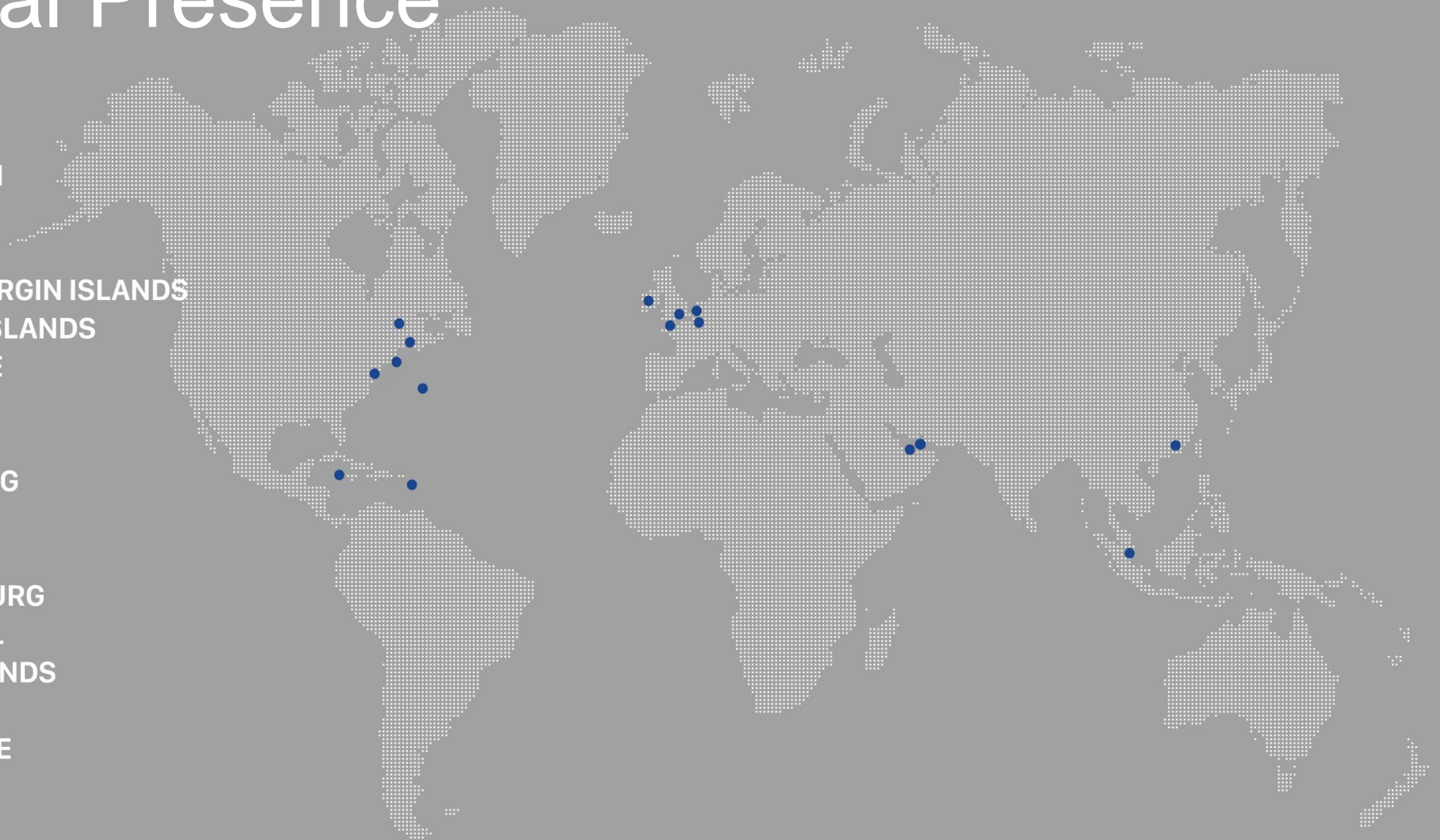
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