



FEBRUARY, 2019

Cayman Islands Monetary Authority Notice – Excluded Persons AML/CFT Obligations and Requirements for AML Audit

On January 25th, 2019, the Cayman Islands Monetary Authority (“CIMA”) published a Notice¹ reminding entities which are registered with CIMA as “excluded persons” pursuant to the Securities Investment Business Law (Revised) (“SIBL”) of their anti-money laundering/countering of terrorist financing (“AML/CFT”) obligations. Entities which are registered with CIMA as excluded persons are conducting securities investment business as defined in the SIBL but are not required to be licensed to carry on that business on the basis that they qualify for an exemption. For certain categories of exemption there is still a requirement that the entity register with CIMA and make an annual return.

However, although entities registered as excluded persons are not fully regulated by CIMA as licence holders, under Section 5(5) of the SIBL, CIMA is able to require an excluded person, at their expense, to supply an audit of their AML/CFT systems and procedures. The audit report should, amongst other issues, assess whether the excluded person has in place, and is implementing, adequate internal controls, risk management procedures, periodic reviews, reporting procedures, record keeping and training functions and that the excluded person’s business is being conducted in a fit and proper manner. The excluded person must have appointed an Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer and the audit report should confirm that these roles are demonstrably separated from the owners of the entity.

¹ https://www.cima.ky/upimages/noticedoc/1548450667NOTICE-AML-CFTOBLIGATIONSANDREQUIREMENTSFOREXCLUDEDPERSONS_1548450667.pdf

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The Notice published by CIMA states that, in relation to those audit reports which were provided by excluded persons during 2018, a number of deficiencies in the adoption and implementation of compliant AML/CFT systems and procedures were identified and that entities registered as excluded persons should take steps to ensure that they are complying with their legal obligations.

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