



DECEMBER, 2018

Cayman Islands – AML GUIDANCE NOTES, UPDATE

Amendments have been published to the Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands, December 2017 version. The draft of the amendments was originally circulated to industry participants in the Cayman Islands in June, 2018 and has now been issued by the Cayman Islands Monetary Authority largely unaltered from the draft. The principal purpose of the amendments is to clarify a number of uncertainties arising from the Anti-Money Laundering Regulations (2018 Revision) and also the requirements around appointing natural persons to the offices of Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer.

The amendments clarify the distinction between the concept of permitted *delegation* by a service provider versus that of *reliance*, the former being where the delegate implements the relevant policies and procedures of the *service provider* and the latter being where the person being relied upon implements its *own* policies and procedures. The amendments further clarify the duties of the service provider in each scenario. Delegation is treated in Section 10 (C. Outsourcing) of the Guidance Notes; Reliance is treated in Section 2 (C. Compliance Function).

In each case service providers considering delegating to, or placing reliance upon, third parties should note the risk assessment and procedural requirements around either delegating to, or placing reliance upon, persons located in jurisdictions outside the Cayman Islands.

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