



OCTOBER, 2018

## Cayman Islands Funds Update – Notification of the Appointment of AML Officers

### What is the extension?

On September 24, 2018, the Cayman Islands Monetary Authority (CIMA) published a notice confirming and extending the deadlines for the appointment and notification by funds of their Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer. The position confirmed by CIMA is that all funds registered with or licensed by CIMA are required to have made these appointments by or before September 30, 2018. The extension granted by CIMA relates to the notification required to be filed by these funds confirming such appointments which can now be made on or before 31st December, 2018.

### For non-registered funds?

For funds not registered with CIMA, the deadline for making the appointments is December 31, 2018. Currently, funds not registered with CIMA have no notification requirements.

All fund operators are urged to take immediate action in relation to the appointment of these officer positions in order to secure compliance with their regulatory obligations.

### How does this effect the delegation of these functions?

Performance of these functions is frequently delegated by the fund to another service provider in an equivalent jurisdiction that is regulated for AML purposes. This is especially the case where the fund itself has no individual employees. The AMLCO/MLRO functions can subsequently be delegated so long as suitable natural persons are designated to the roles.



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### What are the other factors to consider?

There is no requirement to file copies of appointment resolutions or agreements with CIMA or to include details of a fund's AML Officers in its Offering Memoranda although for CIMA registered funds a note should be included in the Offering Memorandum that AML Officers have been appointed and indicated where details relating to those offices might be obtained. There is no restriction on the number of appointments which an AML Officer can accept although an individual should consider the number of appointments they are capable of taking on and some may be better resourced for multiple appointments than others. The natural person designated as the AMLCO may also be designated as the MLRO or as the DMLRO. The same individual cannot however act as both MLRO and DMLRO so each fund will need to designate at least two individuals as its AML Officers.

### What other responsibilities will be required?

The AMLCO will be required to have AML oversight of the fund's activities. This goes beyond responsibility for investor related AML issues and compliance requiring a risk analysis of the fund's investment activities. It is expected that a fund will carry out and document a risk assessment of its intended investment activities prior to launch, and it is recommended that this be documented in the fund's launch resolutions. Clear reporting lines should be put in place from each fund delegate to the AML Officers and provision should be made for the AMLCO to receive regular AML related reports from all relevant parties. The AMLCO should also have open access and communication to a fund's board of directors. The MLRO and DMLRO will act as key points of contact for all suspicious activity reports and will be responsible for making suspicious activity reports to the relevant authorities including the Cayman Financial Reporting Authority.

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