



Cayman Islands Monetary Authority Issues Guidance on the Application of the Anti-Money Laundering Regulations to Funds

Authors:

Gene A. DaCosta, Partner

Maree Martin, Head Professional Support Lawyer

By [Notice](#) of 20 July 2018 the Cayman Islands Monetary Authority (“CIMA”) has responded to a number of frequently asked questions by confirming that all funds (regulated and unregulated) that conduct relevant financial business in or from within the Cayman Islands must appoint suitably qualified managerial level natural persons as Anti-Money Laundering Compliance Officer (“AMLCO”), Money Laundering Reporting Officer (“MLRO”) and Deputy Money Laundering Reporting Officer (“DMLRO”) (together the “AML Officers”). The MLRO and DMLRO must be two different natural persons.

Specific Structures

CIMA clarified that segregated portfolio companies should make the AML Officer appointments only at the core fund company level as individual segregated portfolios do not constitute separate funds. For funds structured as a series trust, the AML Officer appointments should also be made at the fund level unless an individual trust of a series trust has been established to operate as a standalone fund in which case it should appoint its own AML Officers. As a general matter, fund offering documents should disclose that AML Officers have been appointed but full biographical details are not required so long as the investors are able to obtain further information about such persons.

“Independence”

It is expected that AML Officers should be independent and have the ability to undertake their duties and responsibilities efficiently and without conflicts of interest. By “independent”, CIMA is referring to independence of decision making as opposed to independence from the fund or its activities.

AML Officers outside the Cayman Islands

AML Officers may be based outside of the Cayman Islands so long as they satisfy the suitability criteria in the [Guidance Notes](#)¹ and are able to comply with all anti-money laundering and countering of terrorist financing obligations, required as a matter of Cayman law. In the event that a MLRO or DMLRO is based outside of the Cayman Islands and is required to file a suspicious activity report (“SAR”) in their own jurisdiction, they should also file a SAR in Cayman with the Financial Reporting Authority.

¹ Sections 2C and 9B of Part II of the *Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands* of 13 December 2017.

Timing for Notification to CIMA

All existing regulated funds must confirm the appointment of their AML Officers with CIMA via CIMA's REEFS portal on or before 30 September 2018. For new funds that are seeking licensing or registration, the requisite information should be filed at the time the licensing or registration application is made. There is currently no CIMA fee applicable to AML Officer appointments. In the case of unregulated funds, whilst the AML Officer appointments must be made by 30 September 2018 there is no requirement to confirm details of the same to CIMA.

Funds in the process of deregistering

Unless a fund has provided CIMA with a formal deregistration/ cancellation application, it must appoint AML Officers and notify CIMA of the same. A fund that is already in LUT or LUL status is not required to appoint AML Officers unless the basis for the deregistration/ cancellation is that it qualifies to continue as a closed ended fund or as a Section 4(4)² fund in which case it would continue to conduct relevant financial business and therefore be required to appoint AML Officers.

AUTHORS:

GENE A. DACOSTA
PARTNER
gene.dacosta@conyersdill.com
+1 345 814 7765

MAREE MARTIN
HEAD PROFESSIONAL SUPPORT LAWYER
CAYMAN ISLANDS
maree.martin@conyersdill.com
+1 345 814 7781

This article is not intended to be a substitute for legal advice or a legal opinion. It deals in broad terms only and is intended to merely provide a brief overview and give general information.

For further information please contact: media@conyersdill.com

² Section 4(4) of the *Mutual Funds Law (2015 Revision)*.