



Press Release

For immediate release

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Cayman Amendment Paves Way for AIFMD Compliance

George Town, Grand Cayman – To facilitate the marketing of Cayman hedge funds in the European Union, the Cayman Islands Government has passed an amendment that allows the jurisdiction's regulator to enter into memoranda of understanding with its EU counterparts, using a model MoU developed by the European Securities Markets Authority (ESMA).

The Monetary Authority (Amendment) Law, 2013, is in response to the EU's Alternative Investment Fund Managers Directive (AIFMD). The directive requires certain conditions to be met before non-EU countries can market alternative investment funds – such as hedge funds – in the EU.

Government passed the amendment on Friday, 15 March. AIFMD is set to become fully effective this July.

'Without the amendment to the law, about 26% of Cayman's funds would have been blocked from being marketed in the EU', explained the Minister for Financial Services, the Hon. Rolston Anglin.

Members of the EU will use the ESMA model when entering into MoUs with 'third-country' jurisdictions – meaning any jurisdiction that is not an EU Member State, including countries such as the US, Canada, Brazil, and Hong Kong.

Cayman's financial services regulator, the Cayman Islands Monetary Authority (CIMA), has been in discussion with ESMA since early 2012 on the model MoU requirements. The amendment will allow CIMA to use the ESMA model when entering into any additional cooperation agreements with EU securities regulators.

Minister Anglin said with the amendment, Cayman now complies with the three AIFMD conditions that are of particular relevance to the jurisdiction.



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He noted that the condition of compliance with Financial Action Task Force standards, and of Cayman having agreements in place with EU Member States for the exchange of information for tax purposes, had been met previously.

Minister Anglin confirmed that in addition to those agreements that have been signed, Cayman's negotiations with other EU Member States for the exchange of information for tax purposes are now underway.

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