Client Update for SIBA Registered Persons

December 2025

1 Cayman Islands Update

1.1 "**Registered persons**" in accordance with the Securities Investment Business Act (as revised) carry out securities investment business in or from the Cayman Islands, including dealing in securities, arranging deals, investment management and providing investment advice.

1.2 The Cayman Islands Monetary Authority (the "**Authority**") recently issued a supervisory circular[1] regarding the key findings from 113 onsite inspections of registered persons conducted between 1 January 2022 to 31 March 2024 and reminds registered persons to ensure their anti-money laundering ("**AML**"), counter terrorist financing ("**CTF**"), counter proliferation financing ("**CPF**") and targeted financial sanctions policies, procedures, systems, and controls are of an appropriate standard, (i.e. in line with Cayman Islands laws). At the time of writing there are around 1300 registered persons in the Cayman Islands. The Authority notes that it will continue to promote its supervisory mandate through both offsite monitoring and onsite inspection processes. This is likely in readiness for the next Financial Action Task Force's review of the Cayman Islands in 2027.

1.3 The laws, regulations, rules and statements of guidance applicable to registered persons include, but are not limited to AML, CTF, CPF, sanctions, corporate governance, internal controls, audit, cyber security, outsourcing, and nature, accessibility and retention of records.

1.4 The Authority noted weaknesses during its inspections of registered persons in the following areas:

(a) customer due diligence and ongoing monitoring documentation;
(b) independent AML/CTF/CPF and sanctions audit function;
(c) sanctions compliance systems and controls;
(d) internal reporting;
(e) employee screening;
(f) counter proliferation financing;
(g) record keeping;
(h) periodic review of procedure manuals; and
(i) group-wide programmes;

1.5 The Authority reminds financial service providers that any breach of a law, regulation or rule or non-compliance with a statement of guidance may result in an enforcement action. This may also include, or be in addition to, the imposition of an administrative fine for any breach of the Anti-Money Laundering Regulations (As Revised).

1.6 If your entity receives notice of an inspection from the Authority (or from one of the audit firms acting on behalf of the Authority), the Authority will likely ask the registered person to produce documentation within a few weeks. The Authority will then interview key personnel and walk through systems, policies, procedures and controls. Any discrepancies will be raised in a discrepancy list which will be discussed with the

[1] Key Findings from Onsite Inspections of Registered Persons

governing body of the registered person. A draft report will be issued with a list of items requiring remediation with a due date. There is an opportunity for the registered person to provide management comments which will then appear in the final report. The registered person must remediate the requirements raised in the final report by the due date.

1.7 We would suggest that registered persons review their compliance with the items mentioned in this update, the Authority's supervisory circular and against findings from their previous independent AML audit.

1.8 From our experience of assisting clients with many inspections of registered persons, we have developed a suite of materials which are designed to meet the Authority's particular expectations in accordance with Cayman requirements as follows:

- Business plan;
- AML, CTF, CPF and sanctions training
- AML, CTF, CPF and sanctions policy
- Sanctions screening procedures
- Corporate governance policy
- Annual board meeting agendas and minutes
- Outsourcing policy
- Record keeping policy
- Whistleblowing policy
- Regulatory registers
- Business risk assessment
- Entity risk assessment
- Client risk assessment
- Eligible introducer form
- Periodic review form
- Whistleblowing policy
- Cyber security framework
- Internal audit framework
- Board/governing body reporting template

Please let us know if you require assistance to prepare for a regulatory inspection and, or if your entity requires all or parts of the suite of materials listed above to assist it to meet regulatory expectations.

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