Client Memorandum

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ATTORNEYS-AT-LAW

AML Desk-Based Reviews for Cayman Islands Investment Funds

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Introduction of AML desk-based reviews

In October 2026, as part of CIMA's risk-based supervisory approach, CIMA announced the introduction of AML desk-based reviews for lower risk entities. AML desk-based reviews will cover entities in all regulated sectors, including CIMA regulated investment funds. Onsite inspections will continue to be used where entities are assessed as higher risk.

Nature of the AML desk-based review

Desk-based reviews will be conducted by CIMA remotely rather than on-site. The introduction of desk-based reviews is intended to expand CIMA's supervisory reach and align the intensity of CIMA's review with the risk profile of the relevant entity.

CIMA will send a notification to an entity which is selected for a desk-based review. The entity will be required to provide specified documentation, through CIMA's designated secure process, typically within 5 business days.

Initially, CIMA's desk-based reviews will focus on the AML risk assessment for the relevant entity, as well as the independent AML internal audit reports. The AML risk assessment forms the basis of the entity's risk-based approach, including with respect to the frequency of internal AML audits. The Cayman Islands Anti-Money Laundering Regulations prescribe a number of risk areas which the AML risk assessment must address, including: (i) customers/investors; (ii) countries/geographic areas in which customers/investors reside or operate; (iii) products, services and transactions; and (iv) delivery channels[1]. AML risk assessments should be reviewed to ensure they are comprehensive and are supported by a documented methodology.

Where deficiencies are identified as part of the AML desk-based review CIMA will require remediation and, where appropriate, CIMA may take further supervisory or enforcement action (particularly in circumstances where there are repeat findings).

Next Steps

CIMA regulated entities, including investment funds, must be able to demonstrate both the implementation and effectiveness of their AML policies and procedures and so should ensure:

1. Comprehensive AML risk assessments are in place at the fund level (it is not sufficient to have a risk assessment at the manager/advisor level alone);
2. The AML compliance programme is up to date, appropriate to the entity's risk profile, and compliant with the latest CIMA rules;
3. Governance arrangements clearly establish accountability and oversight by governing bodies and senior management;
4. AML internal audit arrangements are clearly documented (including with respect to scope, frequency and independence); and
5. Documentation is readily accessible within 5 business days.

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[1] Regulation 8(1) of the Cayman Islands *Anti-Money Laundering Regulations (2025 Revision)*

Your regular TTA attorney contact is ready to assist you with any questions you may have or with further advice concerning CIMA's AML desk-based reviews.

This client memorandum is intended to provide only general information for the clients and professional contacts of Travers Thorp Alberga. It does not purport to be comprehensive or to render legal advice. Please do not hesitate to contact Travers Thorp Alberga at any time if you have any specific questions or would like more detail on any of the points made in this memorandum.