

EU Removes the Cayman Islands from EU AML List - Considerations for Clients

On 18 January 2024, the European Commission published the Delegated Regulation (EU) 2024/163 (the "Regulation") in the Official Journal of the EU, pursuant to which the Cayman Islands will be removed from its list of 'high-risk third countries' ("EU AML List"), being countries identified by the EU as having strategic deficiencies in their anti-money laundering/counter-terrorist financing ("AML/CFT") regimes. The Regulation will come into force on 7 February 2024, resulting in the official de-listing of the Cayman Islands from the EU AML List on such date.

The EU's decision to remove the Cayman Islands from the EU AML List is consistent with the Financial Action Task Force's recent assessment of the Cayman Islands and the recent removal of the Cayman Islands from the United Kingdom's list of high-risk countries for AML/CFT purposes. The decision is a further welcome recognition of the Cayman Islands as a jurisdiction that has effective AML/CFT regimes in place and is fully committed to implementing international standards. The Cayman Islands has adopted a number of legislative and regulatory enhancements to strengthen its financial service products, providing greater legal clarity and alignment with global standards.

Considerations for Clients

Securitisations

Following de-listing of the Cayman Islands from the EU AML List on 7 February 2024, Article 4 of the EU Securitisation Regulation will no longer prohibit the establishment of securitisation special purposes entities ('SSPEs') in the Cayman Islands; it will be a simple matter of choice as to whether the Cayman Islands or Jersey (or any other jurisdiction not featuring on the EU AML List) is used.

Existing SSPEs

We anticipate that existing SSPEs established in jurisdictions other than the Cayman Islands during the period of the Cayman Islands being listed on the EU AML List may remain in those alternative jurisdictions for some time after de-listing has formally occurred. Indeed, it is not currently anticipated that there will be any legal or regulatory requirement to migrate existing SSPEs to any other jurisdiction following de-listing on 7 February 2024.

If it would be helpful to discuss these developments, their implications with respect to existing SSPEs, migration options, or choice of jurisdiction for the establishment of new SSPEs going forward, please do not hesitate to reach out to your usual Maples contact or our global

CLO team at the following address:
CLOs@maples.com.

Enhanced Due Diligence

We expect the number of entities that are subject to AML/CFT laws and performing enhanced due diligence on customers, clients or beneficial owners that are established in or resident in the Cayman Islands to be significantly reduced.

Further Information

If you would like further information, please reach out to your usual Maples Group contact or any of the following persons.

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