

CIMA's 1 June AML Survey & Inspections: Insights for SIBA Registered Persons

With the impending release of the Cayman Islands Monetary Authority's ("CIMA") annual anti-money laundering ("AML") survey ("AML Survey") on 1 June 2025, it is important for all entities registered ("SIBA Registered Persons") or licensed in the Cayman Islands under the Securities Investment Business Act (As Revised) ("SIBA") to be aware of their regulatory compliance obligations.

When completing the annual AML Survey, all SIBA Registered Persons should also be mindful of CIMA's areas of focus. Some of these focus areas were set out in CIMA's supervisory information circular issued on 8 May 2025, outlining CIMA's key findings ("Key Findings") from onsite inspections of SIBA Registered Persons ("Inspections").

In this update, we further discuss CIMA's AML Survey and Inspection Key Findings, but first we provide a reminder of the activities and permissions of SIBA Registered Persons.

Regulatory Compliance Obligations

SIBA regulates 'securities investment business' ("SIB") in the Cayman Islands. This includes the activities of securities managers, securities advisors, securities arrangers and broker-dealers.

Entities *licensed* under SIBA to carry out such activities are broadly permitted to carry out retail business. However, certain categories of person (broadly, either entities already licensed by a recognised overseas regulatory authority to

carry out SIB within that jurisdiction, or those conducting SIB either intra-group or for high net worth and/or sophisticated persons) may instead apply for *registration* as SIBA Registered Persons.

While some of the ongoing obligations of SIBA Registered Persons are lighter touch compared with entities licensed under SIBA, SIBA Registered Persons are required to have systems and controls appropriate for the size, complexity, structure, nature of business and risk profile of its operations as a financial services provider.

In particular, we highlight the following areas requiring compliance:

- (a) AML, Countering Terrorism Financing ("CTF"), Countering Proliferation Financing ("CPF") and Targeted Financial Sanctions ("TFS") requirements
- (b) CIMA's Rules and Statements of Guidance on (i) Corporate Governance, (ii) Internal Controls, (iii) Outsourcing, (iv) Cybersecurity and (v) Nature, Accessibility and Retention of Records

Pursuant to these regulatory obligations, SIBA Registered Persons are required to adopt, implement and maintain various written policies and procedures and documented risk assessments and compliance logs.

SIBA Registered Persons also have regulatory obligations to:

- (a) provide Cayman Islands-specific AML/CTF/CPF/TFS training to their directors, senior management, staff and AML officers annually;
- (b) hold an annual board meeting;
- (c) conduct AML/CTF/CPF/TFS audits; and
- (d) conduct Internal Controls audits.

CIMA Annual AML Survey

CIMA monitors SIBA Registered Persons' compliance through its detailed annual AML Survey, in which CIMA elicits information from all SIBA Registered Persons. This is for both CIMA's own information gathering and risk assessment requirements and CIMA's monitoring of SIBA Registered Persons' compliance with the regulatory obligations mentioned above.

CIMA Inspections

CIMA also has an ongoing Inspection programme to ensure regulated entities comply with applicable laws and regulations. From 2020 to March 2024, CIMA inspected nearly 200 SIBA Registered Persons.

CIMA's Inspection process is typically very detailed and spans several months. CIMA will inspect a SIBA Registered Person's records, including the entity's written policies and procedures, documented risk assessments and compliance logs. CIMA will interview and meet the directors, senior management and AML officers of the SIBA Registered Person.

Any breach or deficiency would be included in CIMA's Inspection report, and SIBA Registered Persons would be required to take remedial actions within a prescribed timeframe. CIMA may also take

enforcement action by imposing fines and releasing public notices.

In that context, the Key Findings are instructive as they indicate the potential areas of focus in future Inspections, and accordingly provide SIBA Registered Persons with an opportunity to address them now.

CIMA noted that there was continuing room for improvement in the following areas:

- (a) Customer due diligence ("CDD") and ongoing monitoring documentation
- (b) Independent AML/CTF/CPF/TFS audit function
- (c) Record keeping including declined business log
- (d) Internal reporting of suspicious activity
- (e) Assessing ML/TF/PF/TFS risks and applying a risk-based approach
- (f) Outsourcing policies, procedures and risk assessments in relation to outsourced AML/CTF/CPF/TFS compliance functions
- (g) Board oversight of AML/CTF/CPF/TFS compliance functions
- (h) Employee AML/CTF/CPF/TFS training and awareness programme

In particular, in relation to CDD and risk assessment findings, CIMA noted the following weaknesses (all in relation to documentation):

- (a) Sanctions screening documentation
- (b) Risk assessment documentation
- (c) Missing or inadequate identification and verification documentation
- (d) Periodic review monitoring documentation
- (e) Documentation of basis for applying simplified CDD measures
- (f) Implementation of enhanced CDD measures
- (g) Documentation of source of wealth and/or funds

The Maples Group can help SIBA Registered

Persons meet their compliance requirements.

How the Maples Group Can Help

Our Regulatory & Financial Services Advisory team is recognised as a leading international regulatory practice, holding a Tier 1 ranking in Legal 500 and a Band 1 ranking in Chambers. The team is also the recipient of the "Offshore Regulatory & Compliance" firm award at the 2024 US Hedgeweek Awards and the 2025 European Hedgeweek Awards.

SIBA Compliance Manual Pack, CIMA Annual AML Survey and CIMA Inspections

We have extensive experience in assisting many SIBA Registered Persons with CIMA's annual AML Survey and CIMA's Inspection and remediation processes.

From our experience in CIMA's Inspection and remediation processes, we have also developed and assisted many SIBA Registered Persons with putting in place a SIBA Compliance Manual Pack, containing the requisite written policies and procedures, documented risk assessments and compliance logs for compliance with their regulatory obligations in respect of AML/CTF/CPF/TFS, Corporate Governance, Outsourcing, Records Management and Cybersecurity.

Our SIBA Compliance Manual Pack addresses the items typically included in CIMA's Inspection document request list and in line items in CIMA's annual AML Survey.

It is important to have fully compliant and documented systems and controls prior to receiving CIMA's Inspection notification letter, as policies and procedures adopted after an Inspection begins will not be counted towards CIMA's Inspection of the prior period in question.

AML/CTF/CPF/TFS Training Webcast

Directors, senior management, staff and AML officers of CIMA regulated entities are required to have annual Cayman Islands-specific AML/CTF/CPF/TFS training.

To assist the directors and senior management of SIBA Registered Persons and/or CIMA-regulated Investment Funds, we offer an annual up-to-date online training webcast, which can be completed at each attendee's convenience.

SIBA Registered Persons Annual Board Meeting Agenda and Minutes

CIMA requires SIBA Registered Persons to hold board meeting at least annually. There are certain items which CIMA requires to be covered, and our SIBA Registered Persons Annual Board Meeting Agenda and Minutes can assist SIBA Registered Persons in addressing these requirements.

AML/CTF/CPF/TFS Audits and Internal Controls Audits

We provide advice in relation to AML/CTF/CPF/TFS audits and Internal Controls audits.

Specialist AML/CTF/CPF/TFS Service Provider

For SIBA Registered Persons who would like to outsource their AML/CTF/CPF/TFS compliance functions to an external service provider, our affiliate Maples Compliance Services ("MCS") has a dedicated team of AML/CTF/CPF/TFS specialists. By engaging MCS, a SIBA Registered Person can rely on MCS's AML/CTF/CPF/TFS written policies and procedures and documented risk assessments and compliance logs. MCS can supply AML officers and AML/CTF/CPF/TFS audit services to the SIBA Registered

Persons.

We work closely with the MCS team to assist SIBA Registered Person clients in responding to CIMA's annual AML Survey and throughout CIMA's Inspection and remediation processes.

Further Information

For SIBA Registered Persons who require our assistance and services to ensure compliance with applicable regulatory obligations, to respond to CIMA's annual AML Survey and to be ready for CIMA's Inspections, please contact dedicated members of our Regulatory & Financial Services Advisory and MCS teams.

Regulatory & Financial Services Advisory

Cayman Islands

Chris Capewell

+1 345 814 5666

chris.capewell@maples.com

Patrick Head

+1 345 814 5377

patrick.head@maples.com

Laura Goucke

+1 345 814 5304

laura.goucke@maples.com

Hong Kong

Yunie Wong

+852 9016 0076

yunie.wong@maples.com

Compliance Services

Cayman Islands

Alice Reid

+1 345 814 6150

alice.reid@maples.com

Teresa Solomon

+1 345 814 5712

teresa.solomon@maples.com

May 2025

© MAPLES GROUP

This update is intended to provide only general information for the clients and professional contacts of Maples Group. It does not purport to be comprehensive or to render legal advice.