

# Is your business compliant?

An introduction to the AML regulations for financial services businesses and Grant Thornton's solutions.

In 2018, the Cayman Islands Monetary Authority (CIMA) introduced a revision to the December 2017 Anti-Money Laundering Regulations and the Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands, meaning that entities conducting relevant financial business (inclusive of those carrying out securities investment business) are tasked with compliance to new relevant AML laws and regulation.

## What does the regulation require?

- The Company's AML/CFT policies and procedures, internal controls/risk management and implementation of the same are adequate;
- The Company and its Directors are carrying on business in a fit and proper manner;
- The Company conducts periodic reviews of its operations against the AML/CFT and current industry best practice;
- The Company maintains a relevant client Risk Matrix and has in place adequate identification procedures around the on-boarding of clients i.e. know your client, client due diligence, customer risk rating, enhanced due diligence standards;
- The Company has adequate internal reporting procedures, including the maintenance of a suspicious activity reporting log;
- The Company has adequate record-keeping procedures and maintenance thereof in accordance with prescribed periods as required under the AMLRs;
- The Company has adequate identification and record keeping policies and procedures relating to wire transfers;
- The Company provides adequate AML training to its management, staff and in particular, the Money Laundering Reporting Officer ("the MLRO");
- In cases where group-wide AML policies are adapted, a gap analysis has been conducted to ensure compliance with the Cayman Islands' AML/CFT framework;
- There is demonstrated separation of the role of the Anti-Money Laundering Compliance Officer and the MLRO from the shareholders of the Company; and
- The Company's marketing material includes false or misleading representations, or omissions that could ultimately mislead investors.

## Failure to comply

With an increase of money laundering and terrorism financing cases globally, CIMA has increased their scrutiny of financial institutions, with increased regulatory demands and elevated expectations of compliance.

A lack of compliance with regulations can have far-reaching consequences such as penalties, enforcement actions and reputational risk.

During the review of the AML/CFT reports received during 2018, CIMA identified common themes and key control deficiencies, including:

- Failure to adequately document & adopt AML/CFT policies and procedures;
- Lack of a client risk matrix, undated risk assessments or inconsistent risk ratings;
- Failure to adequately document client acceptance procedures;
- Lack of evidence to support on-going monitoring, such as data scrubbing and receipt of updated KYC due diligence;
- Inconsistencies when reporting suspicious activities; and
- Lack of evidence to support adequate AML training for staff, the MLRO or Senior Management.

It has therefore, never been more important to ensure your business is fully compliant and adhering to all regulations and requirements.



## How Grant Thornton can help?

With the new legislation now in place, CIMA has requested that companies registered to conduct securities investment business as an Excluded Person to have their AML/CFT systems and procedures audited by suitably qualified entities, for compliance with the AMLRs.

Grant Thornton not only possess a deep understanding of business complexities and the appreciation of operational differences between businesses, but we have significant experience and expertise with CIMA regulation.

The focus of our internal audit will be straight forward and center around the AML/CTF policies and procedures, training programmes and third-party relationships.

Knowing that regulatory transformation is on the top of many board agendas, we have built an efficient, effective & low-cost regulatory compliance solution in order to fulfill your organisation's regulatory obligations and improve its ability to prevent, detect, and respond to compliance violations and misconduct and foster a culture of integrity.

Our Regulatory Compliance solution covers the following:

- Assess the adequacy of internal policies and procedures
- Assess compliance with relevant laws & regulations
- Test overall integrity and effectiveness of the AML/CFT systems and controls
- Real time recommendations & feed back
- Draft Report with observations & findings
- Suggesting Remedial Actions
- Final Report with remediation points addressed (if any)

## What makes us different?

Our people make the biggest difference: they are experienced and passionate.

- The proposed engagement partner for our IA solution is a Cayman Islands' based re/insurance professional. Prior to joining our firm, he spent time as CFO for a start-up life/annuity reinsurance company, head of insurance with a Big-4 firm and corporate risk manager for a well-known public UK life and pensions insurance company.
- The proposed team also includes a subject matter expert that has extensive experience in delivering IA and Regulatory Compliance services.

The value we can bring to you is meaningful in terms of current developments in the regulatory landscape.

- Grant Thornton has previously been asked to advise CIMA on capital & solvency frameworks for the re/insurance industry.
- Additionally, the proposed engagement partner has provided training to CIMA on topics that are also relevant to this proposal.

With over 45 professionals locally we are a Top-5 firm in the Cayman Islands.

- Though we are a Top 5 internationally recognized audit firm with over 53,000 people worldwide, we are less complex than a Big-4 firm.
- We have embarked on a strategic growth plan with a significant focus on becoming the best at providing regulatory and risk consulting services to the Cayman Islands financial services industry

## About Grant Thornton

We are a network of independent professional services firm, made up of 53,000 people in 140 countries. For more than 100 years, we have helped dynamic organisations realise their strategic ambitions. Whether you're looking to finance growth, manage risk and regulation, optimise your operations or realise stakeholder value, we can help you. In addition to the support you'll get from our team locally, you'll also have access to our global expertise. We've got scale, combined with local market understanding. And that means we're everywhere you are, as well as where you want to be. You can learn more about us at [grantthornton.ky](http://grantthornton.ky)