

## Legal Briefings

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# Cayman Islands Monetary Authority publishes AML/CFT Activity Report for 2022

The Cayman Islands Monetary Authority (“**CIMA**”) has recently published its annual AML/CFT Activity Report for 2022 which can be viewed at the following link: [AML CFT Activity Report 2022 V1 \(cima.ky\)](https://www.cima.ky/AML-CFT-Activity-Report-2022-V1) and there are a few points worth noting. In particular:

- i. CIMA carried out 88 Inspections in 2022 compared to 161 in 2021; only 3 of those inspections resulted in letters of no findings, which means that 85 resulted in findings (i.e. clarifications and/or remediations were required);
- ii. CIMA issued 2 administrative fine penalties totaling CI\$378,670.72 (approx. US\$461,793. 56) relating to breaches of the Anti-Money Laundering Regulations (2023 Revision);
- iii. Securities Investment Businesses remains a key priority for CIMA and appropriate resources should be allocated to cover AML/CFT compliance;
- iv. VASPs are also identified as having medium to high overall inherent risk and are likely to be closely scrutinized by CIMA as they become more widespread – particular attention should be placed on compliance with the ‘Travel Rule’;
- v. risk assessments (risk-based approach) remain important to demonstrate compliance (or lack thereof);
- vi. Client Due Diligence/Know Your Client documents ought to be checked and updated to ensure they are consistent with policies and procedures; and
- vii. documented corporate governance and leaving a paper trail behind any AML/CFT-related decisions being taken by the board is very important.

We have advised and guided clients in both 2022 and 2023 through a number of CIMA inspections resulting in either no findings or in findings but with no administrative fine penalties from CIMA. Should your Cayman Islands company become the subject of an upcoming inspection from CIMA, please do not hesitate to get in touch with us.

### Further Assistance

This publication is not intended to be a substitute for specific legal advice or a legal opinion. If you require further advice relating to the matters discussed in this Briefing, please contact us. We would be delighted to assist.

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## About Loeb Smith Attorneys

Loeb Smith is an offshore corporate law firm, with offices in the British Virgin Islands, the Cayman Islands, and Hong Kong, whose Attorneys have an outstanding record of advising on the Cayman Islands' law aspects and BVI law aspects of international corporate, investment, and finance transactions. Our team delivers high quality Partner-led professional legal services at competitive rates and has an excellent track record of advising investment fund managers, in-house counsels, financial institutions, onshore counsels, banks, companies, and private clients to find successful outcomes and solutions to their day-to-day issues and complex, strategic matters.



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