



ANNUAL REPORT 2019





The Cayman Islands Monetary Authority (“CIMA” or “the Authority”) began operations on 1 January 1997. It was established as a body corporate under the Monetary Authority Law, which was brought into force on that date. In March 2003 the Authority became operationally independent under the Monetary Authority Law (2003 Revision).

The Authority has four principal functions:

Monetary - The issue and redemption of Cayman Islands currency and the management of currency reserves.

Regulatory - The regulation and supervision of financial services, the monitoring of compliance with money laundering regulations, the issuance of a regulatory handbook on policies and procedures and the issuance of rules and statements of principle and guidance.

Cooperative - The provision of assistance to overseas regulatory authorities, including the execution of memoranda of understanding to assist with consolidated supervision.

Advisory - The provision of advice to the Government on monetary, regulatory and cooperative matters.

OUR MISSION

To protect and enhance the reputation of the Cayman Islands as an International Financial Centre by fully utilising a team of highly skilled professionals and current technology, to carry out appropriate, effective and efficient supervision and regulation in accordance with relevant international standards and by maintaining a stable currency, including the prudent management of the currency reserve.

OUR VISION

Committed to continually enhancing the Cayman Islands Monetary Authority’s position as a financial services regulator of EXCELLENCE, consistent with the jurisdiction’s standing as a leading International Financial Centre.

Contents

- 01** Message from Board Chairman
- 03** Statement by Managing Director
- 05** Organisational Chart
- 06** Board of Directors
- 07** Executive Management & Senior Officers

9

ABOUT US

- 9 Nature and Scope of Activities
- 9 Structure
- 11 Governance
- 12 Our People

13

INDUSTRY OVERVIEW

- 13** **BANKING AND RELATED SERVICES**
- 21 Money Services, Cooperatives and Building Societies
- 23** **FIDUCIARY SERVICES**
- 23 Trusts
- 25 Corporate Services
- 27** **INSURANCE**
- 34** **INVESTMENTS**
- 34 Funds and Fund Administrators
- 38** **SECURITIES**
- 38 Securities Investments

40

ORGANISATIONAL DEVELOPMENTS

- 40** **EXECUTION OF MONETARY FUNCTIONS**
- 40 Currency Management
- 43** **EXECUTION OF FINANCIAL STABILITY**
- 45** **EXECUTION OF REGULATORY FUNCTIONS**
- 45 The Regulatory Regime
- 47 Regulatory Developments
- 49 Other Regulatory Developments
- 50 Compliance and Enforcement
- 53** **EXECUTION OF CO-OPERATIVE FUNCTIONS**
- 53 Cross-Border Co-operation
- 53 Local Co-operation

55 **ORGANISATIONAL SUPPORT AND ADMINISTRATION**

- 55 Human Resource Management and Development
- 56 Information Services
- 60 Communication and Public Relations
- 61 Data Protection Law

62

FINANCIAL CONTROL

63

MANAGEMENT DISCUSSION AND ANALYSIS

- 63 Highlights of Achievements
- 65 Risk Management

70

AUDITED FINANCIAL STATEMENTS

106

SCRUTINY BY PARLIAMENT

- 106 Freedom of Information Initiative
- 106 Complaints

107

CROSS GOVERNMENT COMMITMENT AND ADVISORY ACTIVITY

107

FUTURE OBJECTIVES AND OUTLOOK

MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS

Continually delivering on our principal functions and ensuring that the Authority is seen as a reputable and successful regulator of the financial services industry is a top priority for CIMA. During the reporting period, several initiatives were undertaken in this regard, despite fluctuating developments of the global financial industry.

Among these was the completion of the CIMA Board Effectiveness Review in April 2019, which contributed to the obligations of the Board under Section 26(k) of the Public Authorities Law. This review resulted in the formation of a Board Governance Working Group, responsible for the implementation of the recommended requirements. Expanding on this initiative, the Board subsequently approved the use of an online portal in December 2019, which has significantly improved the efficiency and effectiveness of Board meetings.

In late 2019, the Board also granted approval for a risk assessment framework and a risk register to coincide with a similar requirement issued by CIMA to the industry. In conjunction with this, a risk sub-committee of the Board was established including the appointment of an interim Chief Risk Officer to ensure appropriate governance of significant risks and related opportunities. During the year, an Internal Auditor was also hired and joined the Authority in September 2019.

Another important achievement was the development of a three-year Strategic Plan. Following a series of planning workshops with relevant stakeholders, CIMA management team, other executive staff, and members of the Board, a CIMA working group was established to assess proposed initiatives identified for the strategic objectives. The 2020-2023 CIMA Strategic Plan will include updated mission and vision statements, newly identified values, a delivery model, and four main strategic objectives, each of which will be delivered through a set of appropriate, aligned, and attainable initiatives over the next three years.

I wish to commend the management team and staff for their expertise and dedication persistent throughout the entire organisation. On behalf of the Board of Directors, I look forward to working together to deliver on our strategic objectives, and report on areas where progress has been made. As part of the Authority's commitment in increasing the



effectiveness of our regulatory regime, the Board will continue to provide support to the management team and staff of CIMA while ensuring that the Cayman Islands remains a steady and compliant jurisdiction for financial services.

Wayne Panton



BLANK PAGE

STATEMENT BY MANAGING DIRECTOR



For the past two decades, the Cayman Islands has maintained its status as a world leader in financial services. Much of this success is due to its robust regulatory framework and collective efforts in ensuring compliance with international standards.

Industry Update

As the jurisdiction's chief financial services regulator, the Authority is pleased to report that, as of 31 December 2019, the industry continues to excel in various areas.

The Cayman Islands is home to 125 licensed banks and, as of September 2019, was ranked 13th internationally in terms of cross-border assets and 14th in terms of cross-border liabilities according to international banking statistics compiled by the Bank for International Settlements. Although there has been a decline in the number of licensed banks, as such entities continue to adapt their business models and optimise structures to increase revenues and efficiencies, the remaining population

of active banks comprises branches or subsidiaries of well-established international financial institutions with strong balance sheets, capitalisation and sound funding access.

The domestic retail banking sector has also exhibited relative stability, in terms of composition and offered services. Nonetheless, access to the international markets through correspondent banking relationships continues to be a challenge for some of the smaller banks and money service businesses as US correspondent banks continue to de-risk. CIMA, in partnership with other local, regional and international stakeholders, remains actively engaged in dialogue to identify a long-term solution to this issue.

In the past 12 months, we have seen a steady growth in overall assets managed by Cayman-based funds. A comprehensive legal and regulatory framework, along with the availability of skilled and reputable professional services providers, contributes to the jurisdiction's continued success as the premier domicile of choice for funds.

As at 31 December 2019, the total number of regulated funds was 10,857 compared with 10,992 in the previous year. There were ebbs and flows during 2019 but the numbers were higher than expected in the last quarter of the year resulting in an overall strong finish. Though a small decline, we see this as a positive indication of a rebound in the funds sector.

Additionally, the Cayman Islands has been a top international location for the provision of trust services and remains so with 397 companies licensed/registered to provide these services in and from the jurisdiction.

With 764 total insurance licensees, the Cayman Islands remains the world's leading domicile for healthcare captives and the second largest for captives. Since the previous report, 41 new insurer licenses (including Portfolio Insurance Companies) and three insurance intermediary licenses were added to the market.

Collectively, these factors augur well for a positive economic outlook for 2020 and years to come.

Financial Assessment Review Update

Fully delivering on our commitment in addressing the concerns reflected in the Caribbean Financial Action Task Force's ("CFATF") report, CIMA adopted

STATEMENT BY MANAGING DIRECTOR

a number of fundamental changes to enhance the jurisdiction's Anti-Money Laundering/Countering Financing of Terrorism ("AML/CFT") regime and increase the effectiveness of implementing the recommendations of the CFATF report. These included a significant increase in the number of AML/CFT on-site inspections, the establishment of a dedicated AML/CFT Division, development and distribution of various regulatory measures, and the implementation of an enhanced data collection and analysis to increase the Authority's understanding of inherent money laundering and financing of terrorism risks. Throughout the year, CIMA hosted a number of AML/CFT outreach sessions covering various regulated sectors, including the production and distribution of online video presentations to relevant licensees and industry professionals. CIMA also played an integral role in providing sound advice to central government on various legislative matters arising from recommendations in the CFATF report among other regulatory enhancements.

Closing

CIMA remains committed to providing full support to the government to ensure the reputation of these islands as a leading financial services centre, and responsible member of the international financial community, remain unassailable.

Overall, 2019 was filled with multifaceted ground-breaking initiatives that brought about many challenges; however, it was also a year of growth and accomplishments.

Once again, I express sincere thanks and appreciation to the staff and Board of Directors for their undying commitment in helping to build a sustainable platform for new legislation and repositioning CIMA to meet these demands over the past year. Your contributions made thus far reiterate our commitment to enhancing our position as a financial services regulator of excellence. With that, I am confident that CIMA will continue to play an active role in the jurisdiction's efforts in protecting and enhancing the integrity of the financial services industry of the Cayman Islands.

Cindy Scotland

2019 STRATEGIC PLAN MILESTONES COMPLETED

Enhanced Structural/Functional Reforms

- Creation of Financial Stability & Statistics Unit

Optimise Efficiency of Resources

- Development of strategic facilities plan

Implement Human Resources Enhancements

- Update of numerous HR policies
- New risk-based training activities
- Recruitment of learning and development specialist

Enhanced Regulatory Framework

- Development of various Rules and Statements of Guidance to remedy AML/CFT deficiencies
- Enhancements to the regulation of the securities and investment business sector.

AML/CFT Framework Enhancements

- Significant increase in AML/CFT on-site inspections
- Enhancements to data collection and analysis
- Participation in and host of AML outreach sessions

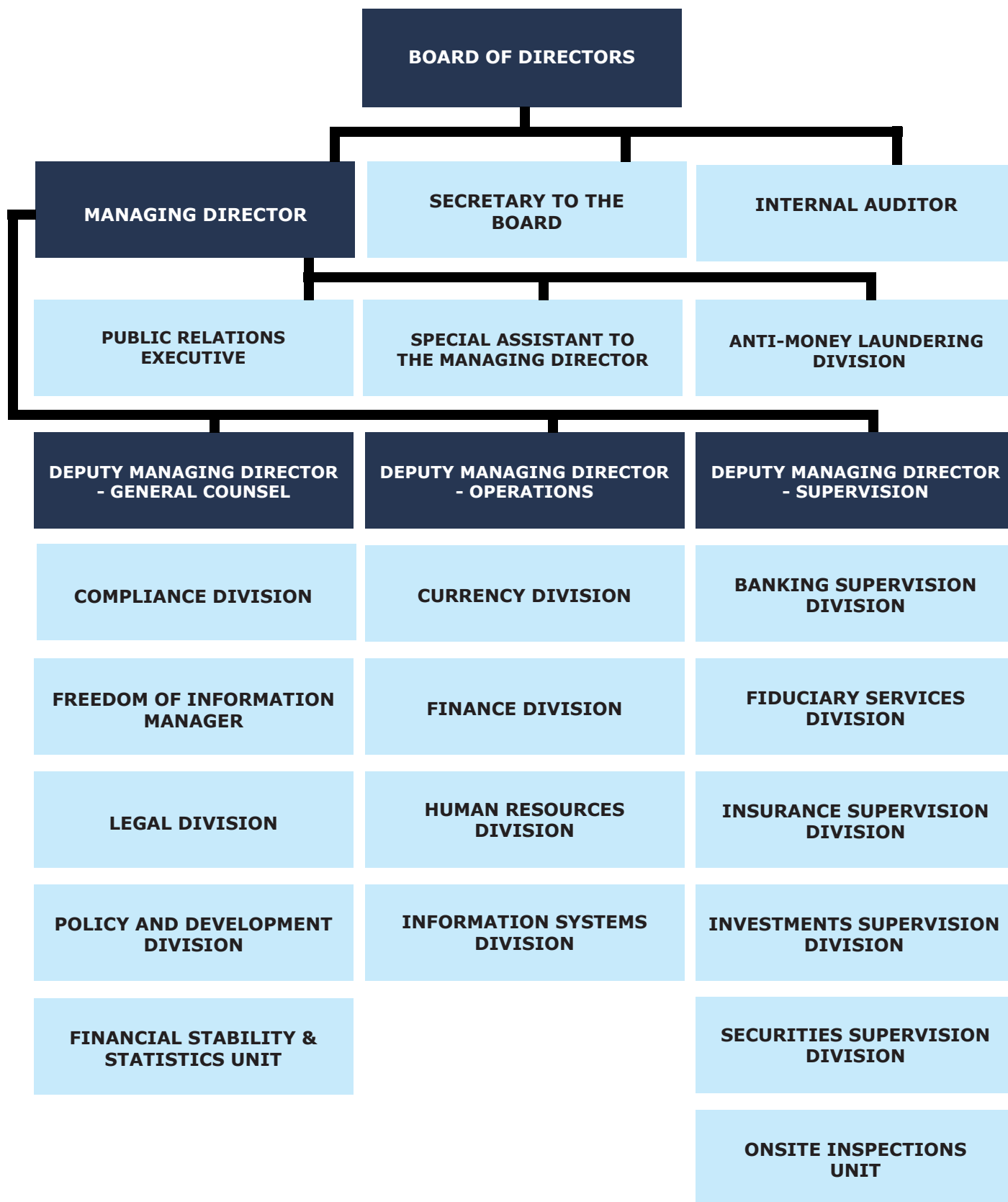
Operational and Technology Enhancements

- REEFS enhancements to carry out more automated functions
- Launch of Escrow payment function of REEFS

Other

- Promotion and enhancement of market confidence, consumer protection and reputation of Cayman Islands
- Explored options for more durable banknote paper
- Advice to Government on legislative initiatives

ORGANISATIONAL CHART



BOARD OF DIRECTORS

As at 31 December 2019, the Board of Directors of the Cayman Islands Monetary Authority were as follows:



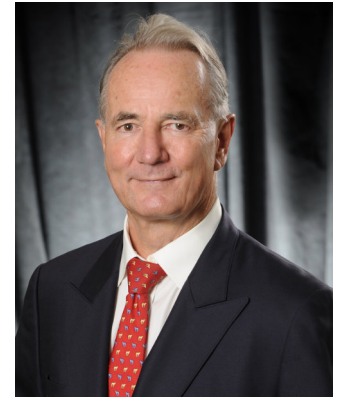
Chairman
Wayne Panton



Deputy Chairman
Garth MacDonald



Managing Director
Cindy Scotland



Director
George (Theo) Bullmore



Director
Pat Teufel



Director
Barry Kroeger



Director
Judith Watler



Director
Patricia Estwick



Director
Henry Smith



Ex-Officio Member
Dr. Dax Basdeo

EXECUTIVE MANAGEMENT & SENIOR OFFICERS

As at 31 December 2019, the Executive Management and Senior Officers were as follows:



Managing Director
Cindy Scotland



**Deputy Managing Director -
General Counsel**
André Mon Désir



**Deputy Managing Director -
Operations**
Patrick Bodden



**Deputy Managing Director -
Supervision**
Anna McLean



**Head,
Investments**
Heather Smith



**Deputy Head,
Investments**
Juliette Maynard



**Deputy Head,
Investments**
Andrew Graham



**Deputy Head,
Securities**
Jessica Ebanks



**Head,
Fiduciary Services**
Rohan Bromfield



**Deputy Head,
Fiduciary Services**
Leticia Frederick



**Head,
Banking**
Gloria Glidden



**Deputy Head,
Banking**
Shakira Cox



**Deputy Head,
Banking**
Bettina Roth



**Head,
Insurance**
Ruwan Jayasekera

EXECUTIVE MANAGEMENT & SENIOR OFFICERS



**Deputy Head,
Insurance**
Suzanne Sadlier



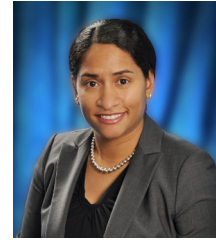
**Reinsurance
Specialist**
Peter Fox



**Deputy Head,
AML Division**
Judiann Myles



**Deputy Head,
AML Division**
Prabhavathi Namburi



**Senior Legal
Counsel**
Angelina Partridge



Legal Counsel,
Helen Speigel



Legal Counsel,
Menelik Miller



Legal Counsel,
Stephanie Adolphus



**Head, On-site
Inspection Unit**
Kenton Tibbetts



**Acting Deputy
Head, On-site
Inspection Unit**
Kara Owens



**Head,
Compliance**
Audrey Roe



**Deputy Head,
Compliance**
Jennifer Hydes



**Head, Policy and
Development**
Rayford Britton



**Head, Financial &
Stability Unit**
Sebastian Goerlich



**Chief Financial
Officer**
Gilda Moxam-Murray



**Deputy Chief
Financial Officer**
Tammy Archer



**Head,
Human Resources**
Deborah Musson



**Deputy Head,
Human Resources**
Tara Abdul-Jabbar



**Head, Information
Systems**
Charles Thompson



**Deputy Head,
Information
Systems**
Scott MacLaren



**Deputy Head
(Development),
Information
Systems**
David Bennett



**Head,
Currency**
Deborah Ebanks



**Special Assistant
to the Managing
Director**
Mitchell Scott



**Public Relations
Executive**
Yvette Cacho



Internal Auditor
Deloris Gordon

ABOUT US

The following content will highlight activities of the Authority during the financial reporting period from 1 January - 31 December 2019.

Nature and Scope of Activities

The Authority is generally responsible for:

- the issue and redemption of currency notes and coins;
- the management of the currency reserve;
- the regulation and supervision of financial services business;
- the monitoring of compliance with the anti-money laundering regulations;
- the provision of assistance to overseas regulatory authorities;
- advising Government on the Authority's monetary, regulatory and cooperative functions;
- advising Government whether the Authority's regulatory functions and cooperative functions are consistent with functions discharged by an overseas regulatory authority;
- advising Government whether the regulatory laws are consistent with the laws and regulations of foreign jurisdictions; and
- representing the interest of the Cayman Islands at international forums and advising Government on recommendations of those organizations.

Structure

The Authority carries out its day-to-day activities through its divisional infrastructure together with the Managing Director's Office. The divisions are listed as follows:

Supervisory

Through the application of a risk based approach the five supervisory divisions aims to promote and maintain a sound financial system. The Supervisory Divisions are engaged in vetting applications for prospective licensees, ensuring ongoing compliance with the regulatory framework and recommending enforcement action where appropriate.

The Divisions engage with international regulators

and standard setting bodies to inform CIMA's supervisory and regulatory processes.

Banking Supervision Division

The Banking Supervision Division regulates the activities of banks, money service business and non-bank deposit taking institutions through an integrated risk based supervisory approach of off-site and on-site supervision and by ensuring compliance with regulatory laws, regulations, rules and statements of guidance and with the anti-money laundering regime of the Cayman Islands.

Fiduciary Services Division

The goal of the Fiduciary Services Division is to promote and maintain a sound financial system by monitoring the activities of licensees through integrated off-site and on-site supervision and by ensuring the enforcement of prudent practices by professionals in the Trust and Corporate Service industries, in accordance with applicable regulatory laws, and regulations.

Insurance Supervision Division

The Insurance Supervision Division actively monitors the activities of domestic and international insurance licensees through an integrated risk based supervisory approach of off-site and on-site supervision and by ensuring compliance with applicable regulatory laws, regulations, rules and statements of guidance and with the anti-money laundering regime of the Cayman Islands.

Investments Supervision Division

The Investments Supervision Division (formerly Investments and Securities Division) regulates and oversees the activities of fund administrators, and funds operating in and from the Cayman Islands, through integrated off-site and on site supervision to promote and maintain a sound financial system by ensuring the enforcement of applicable laws and regulations.

ABOUT US

Structure Cont'd

Securities Supervision Division

The Securities Division is focused on the regulation of activities relating to securities investment business practitioners. The division regulates and oversees the activities of licensees and registrants operating in and from the Cayman Islands, through integrated off-site and on site supervision to promote and maintain a sound financial system by ensuring the enforcement of the applicable regulatory laws and regulations.

On-site Inspection Unit

On-site supervision involves inspections and supervisory visits at licensees' place of operation both in the Cayman Islands and overseas. These inspections can be full-scope, or may be limited to specific areas of the licensee/registrant's operations.

The objectives of the inspection process are to understand the licensee's business activities and operating environment, to detect problems of compliance with the relevant laws and/or regulations, and to gather information on matters identified as requiring policy considerations.

Non-Supervisory

Anti-Money Laundering Division

The Anti-Money Laundering ("AML") Division is responsible for developing and implementing the Authority's anti-money laundering/counter financing of terrorism ("AML/CFT") supervisory and regulatory strategy while ensuring an efficient and effective operation that meets or exceeds international standards.

The strategic purpose of the AML Division is to enhance the role and credibility of the Authority, as the main anti-money laundering supervisor for the financial services industry as well as providing timely feedback to improve industry's AML/CFT compliance thereby reducing the risk exposure of licensees.

Compliance Division

The Compliance Division's primary responsibilities

are investigating serious breaches of the regulatory laws and directing and administering formal enforcement actions taken by the Authority; conducting risk weighted due diligence checks on persons who have applied to act as directors, shareholders, managers, officers and controllers of licensed entities, and administering and responding to non-routine requests for assistance received from overseas regulatory authorities.

Currency Division

The Authority, through its Currency Operations Division, is the sole issuing authority for Cayman Islands currency. The division is responsible for the issue, re-issue, and withdrawal of Cayman Islands circulating currency notes and coins against the United States dollar, dealing with the local retail banks. The division also administers the sale and redemption of numismatic coins to and from local and overseas collectors.

Financial Stability & Statistics Unit

Supporting the Authority's supervisory divisions, the Financial Stability & Statistics Unit was established in April 2019 to assist in the provision of responses, of both a statistical and non-statistical nature on the financial sector, to various international and domestic organisations.

Finance Division

The Finance Division has responsibility for all financial matters relating to budget, annual licence fee collection, payroll, and accounts payable. The division is also responsible for preparation of the Monetary Authority's financial statements and the Purchase & Ownership Agreements between the Cabinet of the Cayman Islands Government and the Authority. The division's objectives are essentially created by the financial requirements of the organisation and its stakeholders and the resources available to it.

Human Resources Division

The Human Resources Division has responsibility for all employee matters relating to recruitment, employee training and development, as well as the

ABOUT US

Structure Cont'd

administration of personnel policies, procedures and practices for the effective functioning and well-being of CIMA's staff. The division's objectives are largely driven by the human resource needs of the organisation and the resources available to the unit to carry out identified strategies.

Information Systems Division

The Information Systems Division is responsible for the maintenance of the Authority's existing information and telecommunications systems, the planning and implementation of new systems and developments relating to these.

Legal Division

The Legal Division provides advice to the Board of Directors, the Managing Director, and all the divisions within the Authority. The division has a central role in all cases involving the provision of formal assistance to overseas regulatory authorities, and provides support on all aspects of the Authority's responsibilities for combatting money laundering and terrorist financing.

The division aims to ensure that the Authority's procedures permit it, at all times, to act within the spirit and to the letter of the regulatory laws, and that all laws are kept under review to ensure that they remain effective.

The division assists with civil litigation and drafting legal documents such as directives, memoranda of understanding, and instructions for amendments to existing legislation, and assists in the review of applications for licensing from financial institutions. Information requests submitted under the Freedom of Information initiative are handled by the Legal Division.

Policy & Development Division

The Policy & Development Division focuses on research in the area of financial sector regulation and supervision. The division has a cross-functional role and provides support mainly to the Monetary Authority's five supervisory divisions: Banking, Insurance, Investments, Securities and Fiduciary,

by providing information; advice on policy issues, and recommendations on required changes to policy and legislation for the financial sector.

The division is responsible for the co-ordination of the development of Rules, Statements of Guidance and Statements of Principle applicable to financial services providers to ensure that they are well regulated in accordance with, where applicable, international standards such as the Basel Core Principles for Banking, the International Organisation of Securities Commissions, and the International Association of Insurance Supervisors.

The division also assists in devising recommendations for change to financial services legislation.

A key aspect is research of international developments and initiatives; analysis of the impact on the local financial services industry; and formulation of appropriate responses for consideration by the Authority.

Governance

The Government of the Cayman Islands wholly owns the Authority. In accordance with the Monetary Authority Law ("the MAL"), the Governor appoints CIMA's Board of Directors, including its Managing Director.

In its relations with the Government, the Authority channels its communications through the Financial Secretary and the Minister of Financial Services and Home Affairs.

Funding

CIMA is a statutory authority under the Public Management and Finance Law. As such, the Legislative Assembly must approve its two-yearly expenditure budget and funding. The Authority is subject to an annual statutory audit. The Government funds the Authority by purchasing specified services as agreed in the Authority's two-yearly purchase agreements with the Government.

ABOUT US

Governance Cont'd

Administration

The Authority's Board of Directors is responsible for the policies and general administration of the affairs and business of the Authority. The Managing Director is responsible for the day-to-day administration of the Authority.

The Authority has set out, in its Regulatory Handbook, the policies and procedures that it follows in performing its regulatory and cooperative functions.

Our People

As part of our ongoing mandate, the Human Resources ("HR") Division continued to increase recruitment efforts to source the right technically sound, calibre staff required for all areas of the Authority with specific focus on the AML, supervisory, technical needs of the organisation. Following the jurisdiction's assessment by the Caribbean Financial Action Task Force ("CFATF"), the Mutual Evaluation Report indicated that it was essential for the Cayman Islands to demonstrate significant improvements in the ability to meet FATF expectations to strengthen its effectiveness especially in the areas of enhanced risk-based approach to supervision of financial services for the Islands and more specifically, in the AML/CFT regime. For CIMA, these objectives also feed into the overall strategic plan.

During the year, 31 new persons were hired to join the organisation, 21 of whom were Caymanians. Of the 31 recruits, 19 were for the regulatory divisions, 7 for technical support in law, compliance, policy and statistics and 5 for other operational areas (Human Resources, Finance, Information Systems and an Internal Auditor). The core members for the newly established AML Division were successfully onboarded before the end of 2019.

Total staff complement as at 31 December 2019 was 214 with the organisation enjoying the benefits of a rich multicultural working environment inclusive of 17 different countries.

Staff by Division	Total
Anti-Money Laundering	6
Banking	25
Internal Audit	1
Compliance	14
Currency	5
Fiduciary Services	11
Finance	8
Human Resources	9
Information Systems	18
Insurance	23
Investments	43
Legal	6
Managing Director's Office	10
Onsite Inspection Unit	13
Policy & Development (includes Financial Stability & Statistics Unit)	15
Securities	7
Total	214

Table 1: Detailed list of total staff complement as at 31 December 2019.

Banking and Related Services

Banking

The Banking Supervision Division (the “BSD”) regulates and supervises all banking entities, trust companies, nominee (trust) companies and trust (controlled subsidiary) companies that have a banking licence, as well as money services businesses operating in and from within the Cayman Islands. Table 3 highlights the licensees supervised by the BSD.

Cooperative societies conducting credit union business, building

societies and development banks are not required to be licensed in the Cayman Islands, but are entities created by statute and supervised by CIMA. As at December 2019, CIMA supervised two cooperative credit unions, one building society and one development bank.

During the reporting period, the BSD had a number of core objectives and achievements, some of which are shown in Table 2 below.

CIMA regulates and supervises entities operating in and from within the Cayman Islands such as banks, bank and trust companies, money service businesses, building societies and credit unions.

Core Objectives	Achievements
Ongoing Supervision	The BSD continues to execute its mandate of appropriate, effective and efficient supervision of its Licensees. The supervision methodology has been enhanced by the adoption of a revised Risk-Based Supervisory Framework. In line with this methodology, the BSD has completed 37 risk-assessments for its licensees, with a project plan in place to complete the remainder of risk assessments in fiscal 2020.
Basel III	<p>As part of the Authority’s Basel III roadmap, the Rules and Guidelines – Liquidity Risk Management were implemented in Q2 2019. As a result, Category ‘A’ retail banks have been reporting Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) since June 2019. Category ‘B’ banks and non-retail Category ‘A’ banks have been reporting Minimum Liquidity Ratio (MLR) since June 2019.</p> <p>In addition, the Rules and Guidelines – Basel III Leverage Ratio were gazetted in March 2019 with an implementation date of 1 December 2019. The reporting template for the Leverage Ratio is currently being automated and is scheduled to be rolled out in Q2 2020.</p>
CFATF MER Response: Cash Flows	As part of the Authority’s action plan in response to the Caribbean Financial Action Task Force (CFATF) Mutual Evaluation Report (MER), the BSD developed a Cash Flow Return (CFR) to expand the data capture and analysis of incoming and outgoing cash flows of the jurisdiction. The BSD rolled out the CFR to all banks retroactively for 2018 and going forward starting Q1 2019.

Table 2: Core objectives and achievements, 2019

Continued on next page

INDUSTRY OVERVIEW

Banking Cont'd

Core Objectives	Achievements
CFATF MER Response: AIR and ARC submissions	To further augment the granularity of AML data for Licensees, the Authority rolled out an annual detailed submission requirement for AML Inherent Risk (AIR) and AML Risk Controls (ARC). This detailed data enabled a comprehensive analysis that informed the Banking Sector Risk Assessment as well as the Supervisory Engagement Plan.
CFATF MER Response: AML Inspections	The BSD has significantly increased its focus on AML/CFT onsite inspections from prior years, resulting in 65 AML inspections being completed during 2019.
CFATF MER Response: Sector Risk Assessments	The Banking Sector Risk Assessment as well as the Money Services Sector Risk Assessment were revised and incorporated into the Combined Sector Risk Assessment that is available on the Authority's website.
Outreach/Training Activities	The BSD has increased its outreach activities to Licensees, with a training session held in September 2019 for Banks, Trusts and Corporate Service Providers on the Risk Based Approach. Training material is posted on the Authority's website to allow Licensees without a physical presence in the Cayman Islands to benefit from the training.
Outreach Activities	The BSD continues to meet with local, regional and international industry groups to monitor the regulatory and economic landscape. Topics that are discussed include correspondent banking relationships, observance of changes and potential impact of those changes on the jurisdiction. Additional discussions are being held on international accounting standards such as IFRS 9 and their implications.

Continued from previous page

Table 2: Core objectives and achievements, 2019

The Sector

The Banks and Trust Companies Law (2018 Revision), as amended, authorises CIMA to issue two main categories of banking licences, namely Category "A" and Category "B".

Category "A" banks are allowed to operate both in the domestic and international markets and provide both retail and non-retail services to residents and non-residents. Traditional commercial retail banking services are provided by six of the Category "A" banks, with the other Category "A" banks providing investment banking services. Category "A" banks also offer principal office/authorised agent services to Category "B" banks that do not have a physical presence in the Cayman Islands.

Category "B" licence permits international banking business with limited domestic activity. The holders of a Category "B" licence are primarily used as financial intermediaries to raise funds in the international market to provide capital for parent entities and for the financing of external/cross-border business on their own account in the international market.

There were 125 banking licences in the jurisdiction at 31 December 2019 (31 December 2018: 133), down from 133 banking licences at 30 June 2019 (30 June 2018: 147). See Table 3. As at 31 December 2019, there were six retail Category "A" banks, three non-retail Category "A" banks and 116 Category "B" banks.

INDUSTRY OVERVIEW

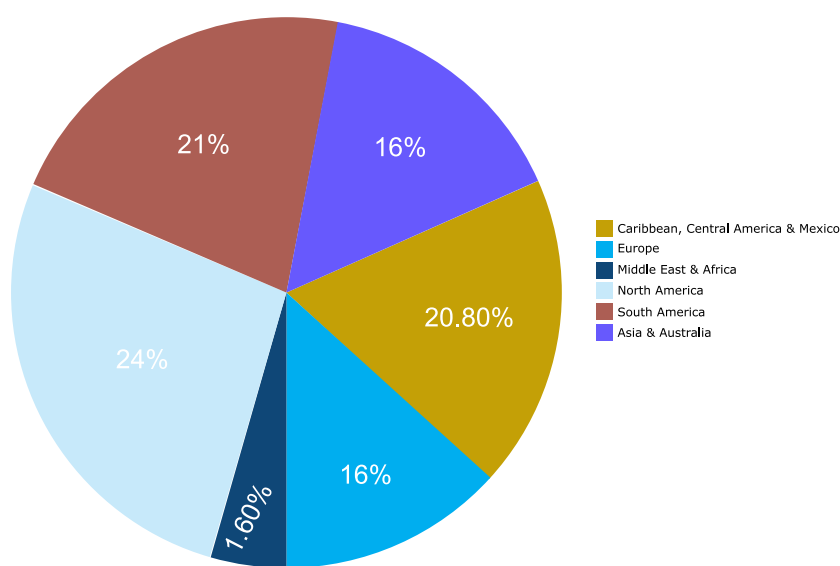
Banking Cont'd

Of the 125 licensees, 77 were branches, primarily from North America, South America, Asia and Australia and Europe, 34 were subsidiaries, and 14 were banks privately owned or affiliated to another bank or a financial institution in their group. The majority of the banks licensed in the Cayman

Islands are branches or subsidiaries of established international financial institutions conducting business in international markets. As shown in Figure 1, the largest concentrations of banks licensed in the Cayman Islands are from North America.

Licensees	Jun-18	Dec-18	Jun-19	Dec-19
Category "A" Bank	11	11	10	9
Category "B" Bank	136	122	123	116
Money Services Business	5	5	5	5
Trust Company	60	54	53	49
Nominee (Trust)	23	21	21	20
Trust (Controlled Subsidiary) (Registered)	6	7	7	7

Table 3: Supervised banking licences, June 2018 - December 2019



Licensing Activity

Global changes in laws and regulations have had an impact on the number of banks licensed in the Cayman Islands. Banks have continued to consolidate and restructure in search of cost efficiencies, and improvements in operational risk management and governance. This has been noted in the steady decline in the number of banks licenced in the Cayman Islands over the last five years (see Figure 2 below). The number of banking licensees supervised in the Cayman Islands decreased by 6% from 133 at December 2018 to 125 at December 2019. Table 3 illustrates the number of banking licences from June 2015 to December 2019.

Figure 1: Region of origin of Cayman-licensed banks, 2019

INDUSTRY OVERVIEW

Banking Cont'd

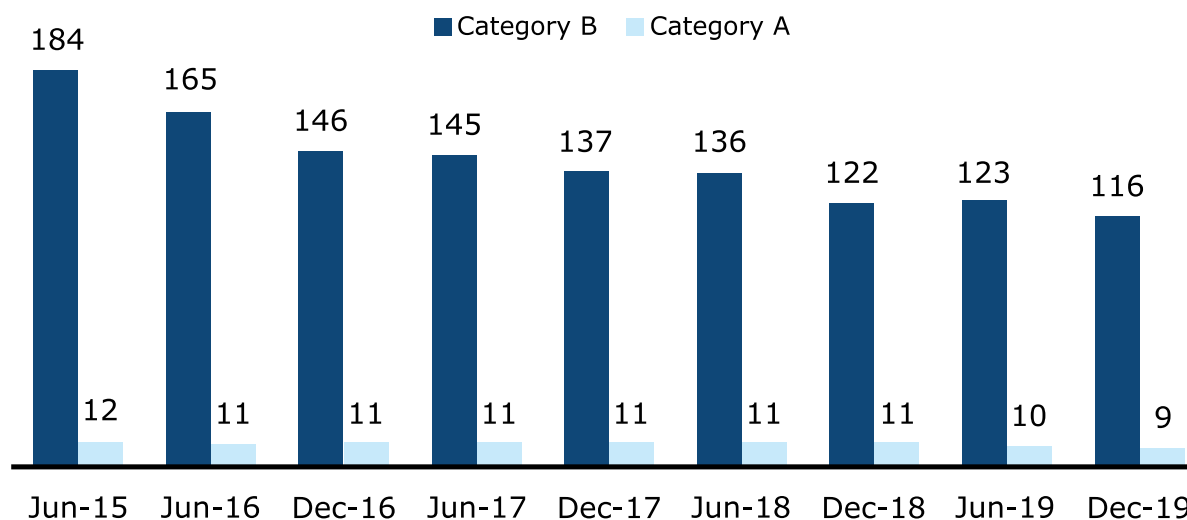


Figure 2: Number of bank licences by category, June 2015 – December 2019

Jurisdictional Comparison

As illustrated in Table 4, the number of banks licensed in most of the listed jurisdictions declined over the past four years.

Jurisdiction	2015	2016	2017	2018	2019	% change 2015-2019
Cayman	179	157	148	133	125	-30%
Bahamas	96	95	85	84	70	-27%
Panama	93	91	88	85	83	-11%
Jersey	32	29	27	26	24	-25%
Luxembourg	143	141	139	136	128	-10%
Switzerland	273	269	257	251	248	-9%
Hong Kong	199	195	191	207	181	-9%
Singapore	158	159	158	159	156	-1%

Table 4: Number of bank licences per selected jurisdictions, 2015 - 2019

INDUSTRY OVERVIEW

Banking Cont'd

Banking Sector – Assets¹ and Liabilities²

Total assets and liabilities (cross-border positions in domestic and foreign currency, domestic positions in foreign currency and domestic positions in local currency) as at 31 December 2019 stood at US\$663

billion and US\$662 billion, respectively. Total assets and total liabilities decreased from US\$672 billion and US\$674 billion, respectively, reported at 31 December 2018 (30 June 2019: US\$681 billion and US\$682 billion, respectively).

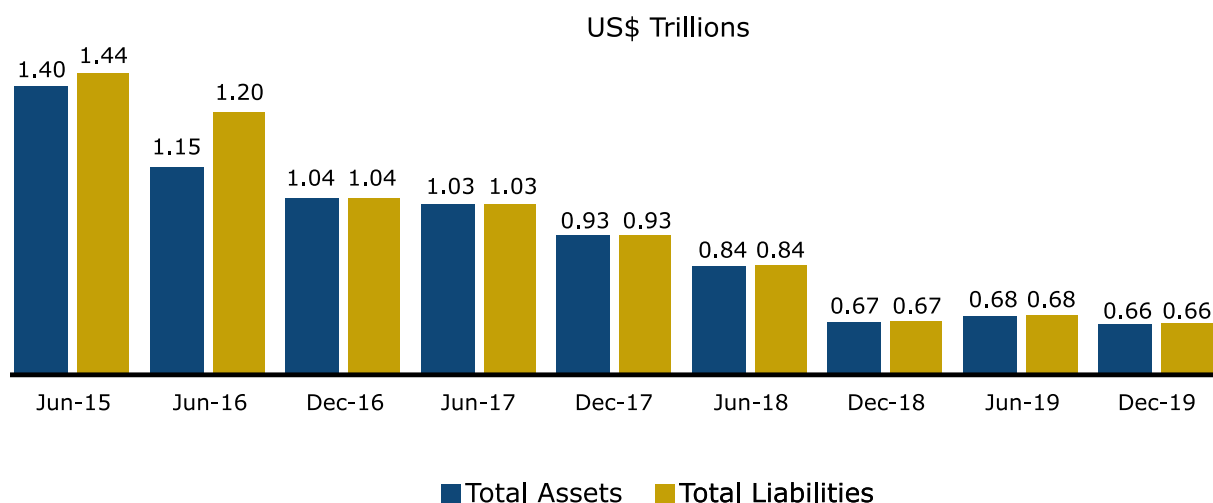


Figure 3: Total Assets and Liabilities of Cayman Islands-licensed banks, June 2015 – December 2019

Of the total assets in the sector at 31 December 2019, cross-border assets and liabilities in domestic and foreign currency of US\$640 billion and US\$610 billion, respectively, were booked internationally with non-residents, which was a decrease from the US\$652 billion and US\$622 billion, respectively, reported at 31 December 2018 (June 2019: US\$659 billion and US\$631 billion, respectively).

As at 31 December 2019, the jurisdiction ranked fourteenth internationally³ in terms of cross-border assets of US\$640 billion, and twelfth internationally³ by cross-border liabilities of US\$610 billion booked by banks licensed in the Cayman Islands.

Figure 4 provides a comparison of the level of cross-border assets and liabilities booked by banks licensed in the Cayman Islands from June 2015 to December 2019.

1 Assets comprise of financial assets only per the Bank for International Settlements (BIS) reporting methodology.

2 Liabilities include Equity Capital per the BIS reporting methodology.

3 Domestic Assets refers to positions booked by Category "A" and "B" banks with entities licensed in the Cayman Islands (and considered legally resident by licence) and resident households.

INDUSTRY OVERVIEW

Banking Cont'd

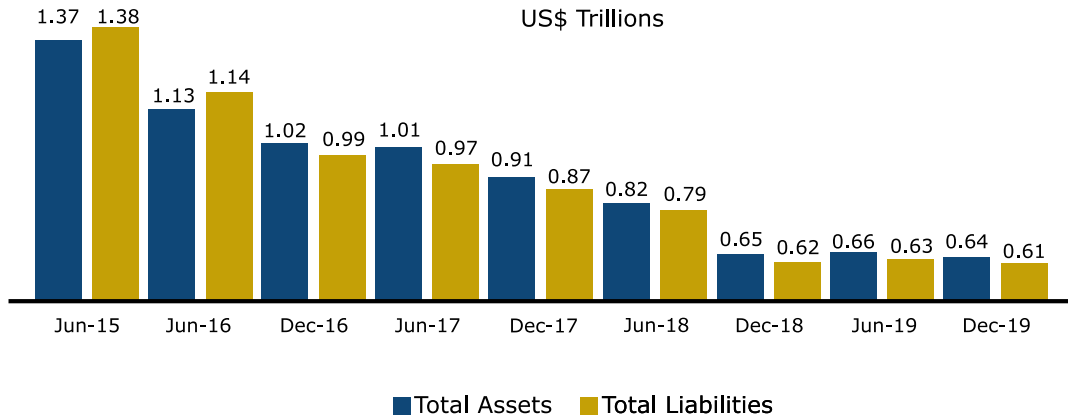


Figure 4: Cross-Border Assets and Liabilities of Cayman Islands-licensed banks, June 2015 – December 2019

Subsequent to the global financial crisis, cross-border assets and liabilities reported by banks licensed in the Cayman Islands have been on a steady decline.

Branches of foreign banking institutions operating in the Cayman Islands reported a significant reduction in intra-bank assets and liabilities with parent entities as a result of international regulatory changes, which have provided an incentive to hold overnight deposits onshore and to meet liquidity requirements. Global restructuring and continued cost cutting efforts are also attributable to the decline.

Domestic Assets and Liabilities in Foreign and Local Currency

Of the total assets in the sector at 31 December 2019, domestic assets and liabilities in foreign currency of US\$20.8 billion and US\$50.1 billion, respectively, were booked locally with other Cayman Islands licensed entities. Domestic assets in foreign currency increased from US\$17.7 billion reported in December 2018 (June 2019: US\$19.8 billion) and foreign liabilities in foreign currency increased from US\$49.3 billion reported in December 2018 (June 2019: US\$48.7billion).

The domestic assets and liabilities in foreign currency positions are largely interbank exposures with Cayman Islands licensed Category “B” banks and other financial intermediaries and intra-bank positions.

Also included in these positions are Category “A” banks’ lending to the resident domestic sector, which largely consists of residential mortgages, commercial private sector lending and loans to other financial intermediaries, namely investment funds. Figure 5 illustrates the assets and liabilities in foreign currencies from June 2015 to December 2019.

Banking Cont'd

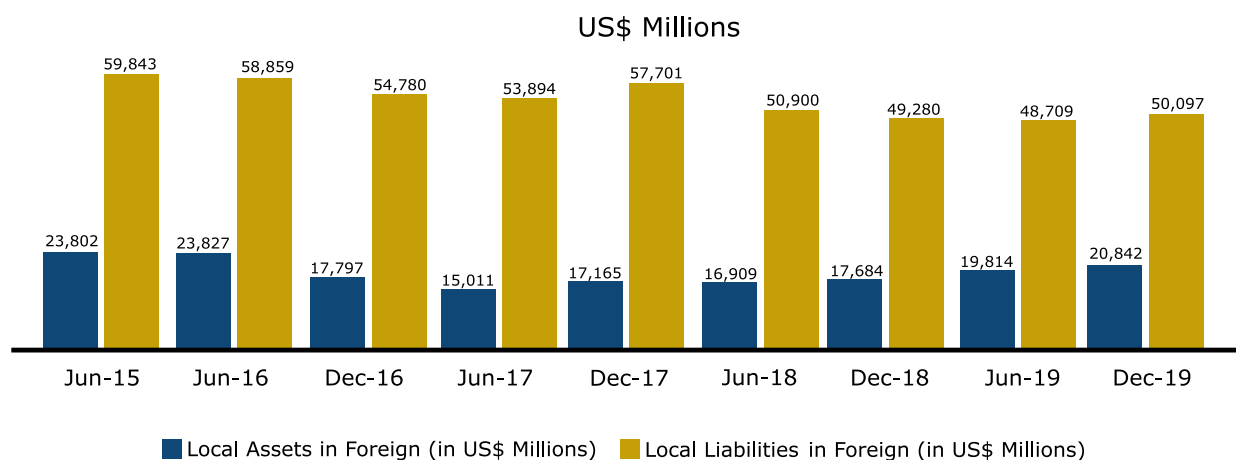


Figure 5: Domestic Assets and Liabilities of Cayman Islands-licensed banks in Foreign Currency, June 2015 – December 2019

Domestic assets and liabilities in local currency of US\$2.3 billion and US\$2.5 billion, respectively, were booked locally as at 31 December 2019. This is fairly consistent with the June 2019 numbers of US\$2.2 billion and US\$2.2 billion, respectively and the December 2018 numbers of US\$2.3 billion and US\$2.1 billion, respectively. The majority of these domestic positions were loans and deposits with domestic households and non-financial private sector corporations.

Domestic Sector – Category “A” Retail Banks

The domestic market continues to be serviced by six retail banks (December 2018: six and June 2018: six), who held assets of US\$15.9 billion as at December 2019 (December 2018: US\$14.7 billion and June 2019: US\$15.0 billion). Of the US\$16.0 billion of assets booked by the retail banks, US\$4.4 billion were positions with residents and US\$11.6 billion were positions with non-residents. As at 31 December 2019, the retail banks reported US\$8.5 billion of deposits from residents and US\$4.3 billion of deposits from non-residents. Credit contraction resulted from the reduction in lending to the commercial households, other financial Corporations and non-financial commercial sector.

The domestic banking sector remained resilient in

the face of the overall decline in total assets and liabilities of the entire banking sector. Banks continue to be funded by retail deposits as a stable source of funding; strongly demonstrating that commercial and retail customers continue to have confidence in the soundness of the domestic banking sector.

Financial Soundness Indicators (FSIs) – Retail Banking Sector

As highlighted in Table 5, the FSIs indicate that the retail banking sector has remained healthy since 2015. The sector has an average capital adequacy ratio (“CAR”) well in excess of the 8% minimum requirement set by the Basel Committee on Banking Supervision and an improvement in the quality of assets as evidenced by the decline in non-performing loans as a per cent of total gross loans.

Capital Adequacy Ratios (CAR)

The CAR for the six retail banks increased from 18.9% at the year ended December 2015 to 28.5% at the year ended December 2019 (December 2018: 25.5%) and has remained comfortably above the minimum CAR requirement of 10% set by CIMA. The sector is maintaining a healthy capital adequacy ratio.

INDUSTRY OVERVIEW

Banking Cont'd

Indicator (%)	2015	2016	2017	2018	2019
Capital Adequacy					
Regulatory Capital to Risk-Weighted Assets	18.9	19.0	22.2	25.5	28.5
Regulatory Capital to Total Assets	10.5	10.8	11.5	12.9	13.6
Asset Quality					
Nonperforming Loans to Total Gross Loans	2.5	2.1	1.8	1.6	1.2
Specific Provisions to Impaired Loans (Coverage Ratio)	33.5	35.1	42.1	48.7	50.8
Earnings and Profitability					
Return on Equity (net income to average capital [equity])	11.2	13.3	13.0	15.3	16.7
Return on Assets (net income to average total assets)	1.3	1.5	1.6	2.0	2.3
Interest margin to gross income	69.7	69.9	70	73.1	74.9
Non-interest expenses to gross income	54.0	50.2	48.7	43.9	42.1
Liquidity					
Liquid assets to total assets (liquid asset ratio)	25.7	24.5	33.5	32.7	32.0

Table 5: Financial Soundness Indicators, 2015 – 2019

Asset Quality

Nonperforming loans (“NPLs”) as a per cent of total gross loans for the retail banking sector decreased from 2.5% at the year ended December 2015 to 1.2% at the year ended December 2019 (December 2018: 1.6%). The overall loan book quality and provisioning levels improved fairly stable with compensating gains and losses across the different banks.

Earnings and Profitability

Retail banks continue to show signs of stable profits. The sector’s Return on Equity (“ROE”) increased significantly from 11.2% for the year ended December 2015 to 16.7% at the year ended December 2019 (December 2018: 15.3%). The Return on Asset (“ROA”) ratio increased from 1.3% for the year ended December 2015 to 2.3% for the year ended December 2019.

Liquidity

The ratio of liquid assets to total assets for retail banks increased from 25.7% at the year ended December 2015 to 32% at December 2019 (December 2018: 32.7%).

Effective 1 June 2019, CIMA implemented a comprehensive Liquidity Risk Management framework for banks, including the minimum standards for funding liquidity, namely the Liquidity Coverage Ratio (“LCR”), Net Stable Funding Ratio (“NSFR”) and Minimum Liquidity Ratio (“MLR”) and all Category “A” retail banks are required to maintain a minimum LCR and NSFR of 100%. All Category “B” banks and Category “A” non-retail banks are required to maintain a minimum MLR of 15%.

INDUSTRY OVERVIEW

Money Services Businesses

CIMA supervises three active money services businesses (“MSB”) that cater primarily to the resident domestic market. The Financial Action Task Force (“FATF”) defines the business of MSBs as “financial services that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network to

which the [MSB] provider belongs.” Remittance outflows from the Cayman Islands to other jurisdictions through these entities for the year ended December 2019 amounted to US\$264.0 million, a 12% increase from US\$234.8 million in December 2018. In comparison, remittance inflows to the Cayman Islands amounted to US\$8.1 million for the year ended December 2019, a small increase from US\$8 million for the year ended December 2018.

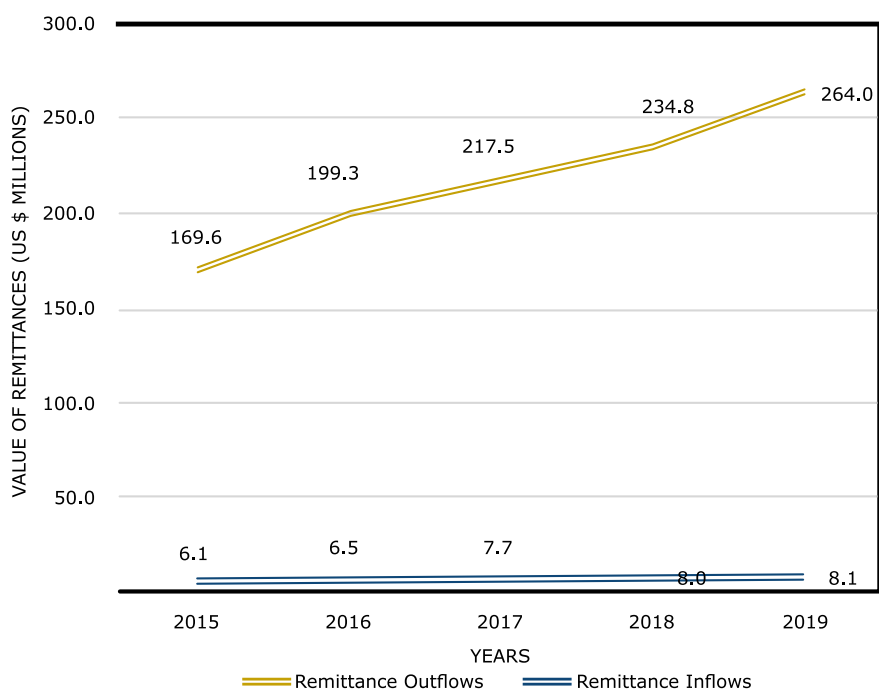


Figure 6: Total remittance outflows and inflows, 2015 – 2019

Figure 6 illustrates the average remittance outflows and inflows from December 2015 to December 2019. Average remittance outflows continued an increasing trend between December 2015 and December 2019. The increase in remittance outflows was driven by demand in the sector. Remittance inflows have increased by 34% over the same period of December 2015 to December 2019.

As noted in Figure 7 below, Jamaica remained the largest recipient of remittances from the Cayman Islands during the year ended December 2019, with 57% (December 2018: 57% and June 2019: 57%) of the US\$264.0 million flowing to Jamaica. The Philippines, Honduras and the United States of America constitute a further 29% of remittance outflows.

INDUSTRY OVERVIEW

Money Services Businesses Cont'd

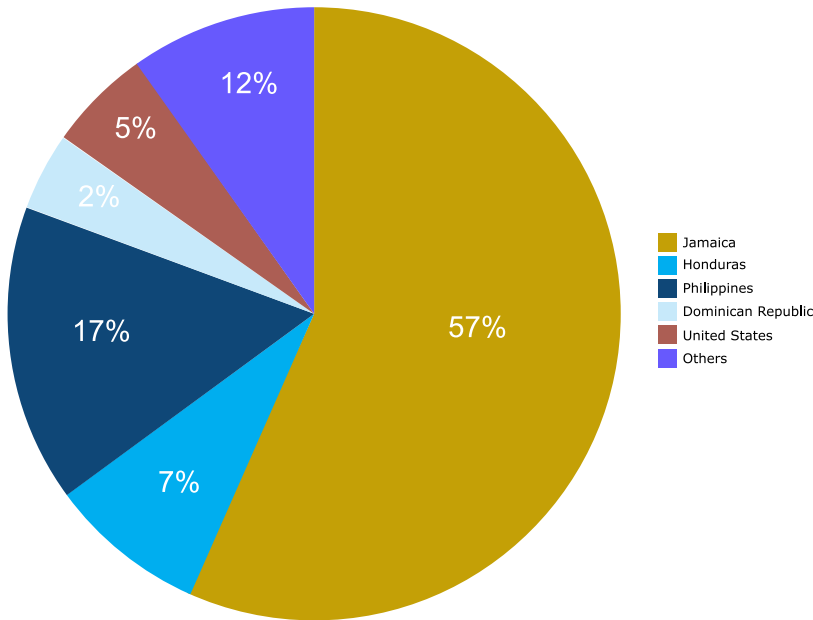


Figure 7: Proportion of total remittance outflows, December 2019

As highlighted in Figure 8 below, the United States of America is the source of half of all remittance inflows into the Cayman Islands, with 47% of all remittance inflows (December 2018: 49% and June

2019: 47%). Jamaica also represents a relatively high percentage of remittance inflows, with 12% of all remittances flowing in from Jamaica.

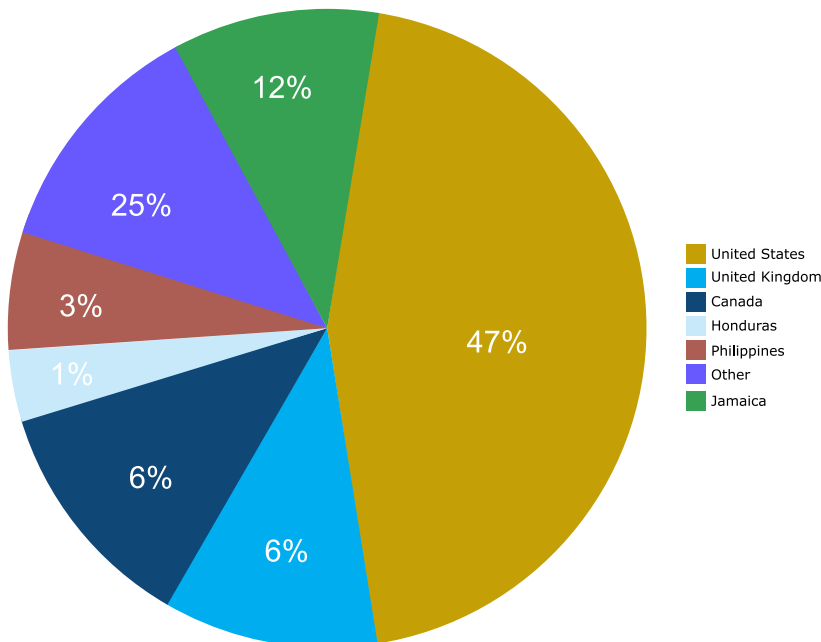


Figure 8: Proportion of total remittance inflows, December 2019

Fiduciary Services

CIMA regulates and supervises trust entities operating in and from within the Cayman Islands such as company managers, corporate service providers and all trust companies not having a banking licence and credit unions.

Trusts

The Sector

Corporate trust business carried out in and from the Cayman Islands is regulated pursuant to the Banks and Trust Companies Law (2018 Revision) ("the BTCL"), and the Private Trust Companies Regulations (2013 Revision) ("the PTCR"). The BTCL defines trust business as "the business of acting as trustee, executor or administrator", and no company is allowed to carry on such business unless it is licensed or registered by CIMA.

CIMA's Fiduciary Services Division has regulatory and supervisory responsibility for authorised trust services companies that do not have a banking licence. Those with a banking licence are regulated and supervised by the Banking Supervision Division.

There are three licence categories and two registration categories for trust business. These are:

Trust – licensee authorised to carry on the business of acting as trustee, executor or administrator;

- Restricted Trust – licensee authorised to undertake trust business only for persons listed in any undertaking accompanying the application for the licence;
- Nominee (Trust) – licensee authorised to act solely as the nominee of a trust licensee, being the wholly-owned subsidiary of that licensee;
- Controlled Subsidiary –

issuing of debt instruments or any other trust business connected with the trust business of its parent that holds a Trust Licence; and

- Private Trust Company – registrant authorised to provide trust services to "connected persons" as defined in Section 2(2) of the PTCR.

Licensed and registered trust services companies in Cayman provide trust services, which include traditional discretionary family trusts, wherein families use the trust structure to manage and structure their wealth and effect succession and estate planning. Some trusts are set up to allow professionals to efficiently manage significant wealth to benefit families, charities, and other persons or causes for several generations.

Assets settled in trust are typically held in an underlying company and the trust (through the trustee) holds the shares in that company. These structures are established to be compliant with the laws, regulations and rules of all applicable jurisdictions whilst affording the client the comfort and the peace of mind that the settled assets are safe and will be managed in accordance with the agreed terms of the trust deed.

Private Trust Companies are companies established for the sole purpose of engaging in trust

INDUSTRY OVERVIEW

Trusts Cont'd

business for assets settled by connected persons meeting very specific criteria (mainly familial relationship). This type of arrangement is often used in planning and managing the wealth of high net worth families.

Trusts and trust companies are also used in capital markets and structured finance arrangements, usually by large institutional clients such as

institutional asset managers, large investment banks and wealth managers etc. These institutions see the benefit of utilising a Cayman Islands structure because the jurisdiction is creditor friendly, has innovative legislation that is beneficial to the efficiency of transactions and Cayman vehicles are well reputed, recognised and respected worldwide.

Authorisation Activity

The Cayman Islands has been a top international location for the provision of trust services and remains so, with 397 companies providing these services in and from the jurisdiction as at 31 December 2019. Figure 9 shows the breakdown of

trust companies by authorisation type and its activity from 2015 – 2019. Overall, the sector remained fairly stable for the past several years.

Prior to the enactment of legislation in 2008 for the registration of private trust companies, the licensed restricted trust company category had been largely used to establish private trust companies. The net decline in restricted trust companies since 2008 is mainly attributable to the increased availability of the registered private trust companies as a service provider option. Following the decrease in the registration and renewal fees from CI\$7,000.00 to CI\$3,500.00, which came in effect for 2020, it is anticipated that this upward movement in private trust registrations will continue.

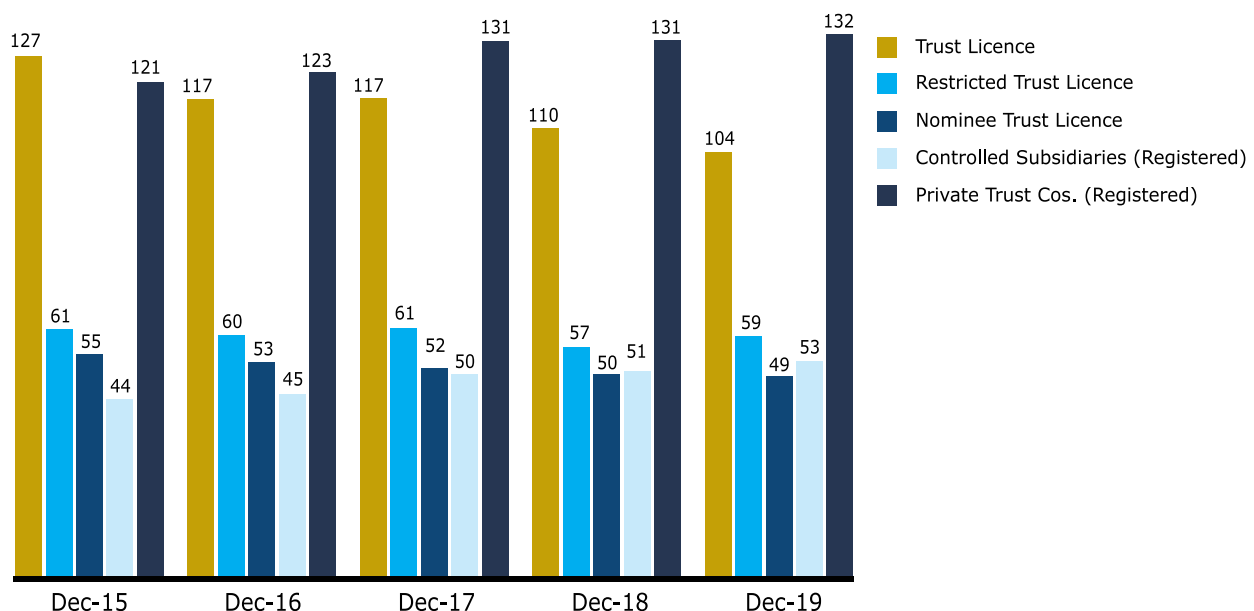


Figure 9: Number of trust companies by licence category, 2015 - 2019

INDUSTRY OVERVIEW

Corporate Services

The Sector

The Cayman Islands holds its own among locations from which corporate/company management services are provided and the sector saw steady growth over the last year.

All providers of corporate services are required to be licensed by CIMA under the following categories: 1) a companies management licence, which allows the holder to provide company management

services as listed in Section 3(1) of the Companies Management Law (2018 Revision) or; 2) a corporate services licence, which allows the holder to provide only the corporate services specified in Section 3(1)(a) through (e) of the Companies Management Law (2018 Revision). Licensed trust companies are also authorised to provide corporate services.

Authorisation Activity

Figure 10 shows that there was no net change from 2018 to 2019, with 140 corporate service companies active as at 31 December 2019.

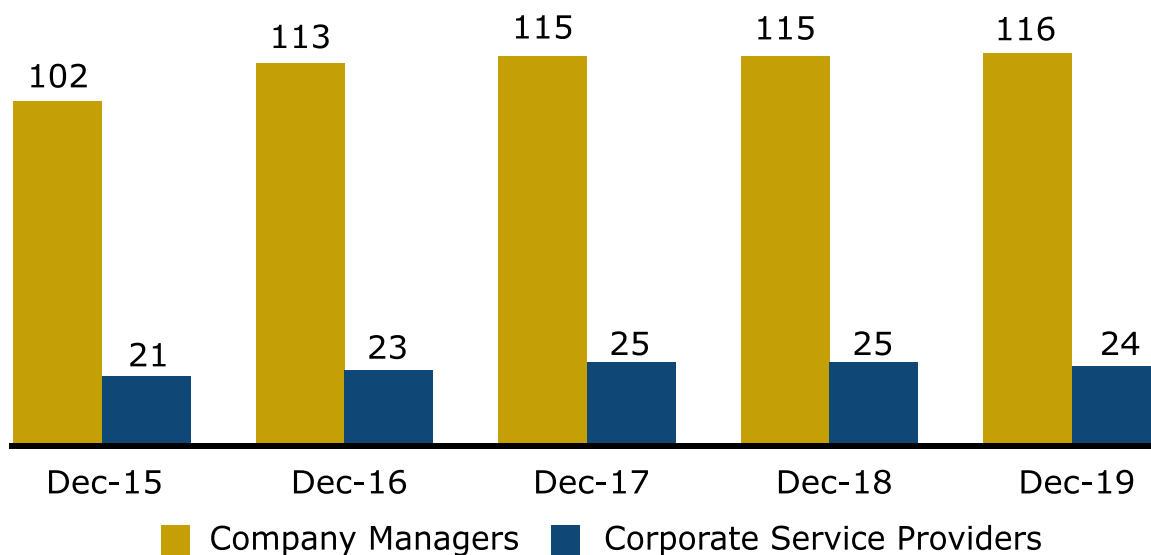


Figure 10: Number of corporate services providers by licence category, 2015 - 2019

INDUSTRY OVERVIEW

Corporate Services Cont'd

For the period of 1 January through 31 December 2019, Table 6 shows there was a decrease in the companies management licences by eight and an increase by nine for a net total of 116 companies management licensees. There was also a decrease in the corporate services licences by one and none issued for a net total of 24. Currently, the total number of active licences for this sector is not indicative of a particular trend.

Authorisation	Active as at 31 Dec 2018	Terminated 1 Jan - 31 Dec 2019	Issued 1 Jan - 31 Dec 2019	Active as at 31 Dec 2019
Computer Manager (Licensed)	115	8	9	116
Corporate Service Provider (Licensed)	25	1	0	24
Total	140	9	9	140

Table 6: Companies management authorisation activity, 2018 - 2019

The Cayman Islands enacted the Directors Registration and Licensing Law, 2014, ("the DRLL") which gives CIMA certain authorisation and supervisory responsibilities in respect of natural and corporate directors of mutual funds and certain entities that are registered under the Securities Investment Business Law. Table 7 shows the number of authorisations recorded in respect of applications made under the DRLL.

Authorisation Type	Active as at 31 Dec 2018	Active as at 31 Dec 2019
Registration - Exemption from licensing - Section 16(1)	112	101
Licence - Professional Director	55	59
Licence - Corporate Director	26	22

Table 7: Companies management authorisation activity, 2018 - 2019

Insurance

CIMA regulates and supervises insurance entities operating in and from within the Cayman Islands such as insurance companies and insurance brokers, managers and agents.

The insurance industry in the Cayman Islands has two distinct sectors: the domestic insurance segment, which provides insurance to Cayman residents and businesses by locally incorporated or branches of foreign insurers, and the international insurance segment, which provides insurance for foreign risks by insurers incorporated in the Cayman Islands. The Authority, through its Insurance Supervision Division, regulates and supervises all insurance entities operating in and from within the Cayman Islands.

The Authority provides four main classes of insurer licences for

(re)insurance companies, namely Class 'A' licence for domestic insurers, Class 'B' licence for international insurers to carry on insurance and/or reinsurance, Class 'C' licence for fully collateralised international insurers, e.g. Insurance Linked Securities ("ILS") and catastrophe bonds, and Class 'D' licence for large open-market reinsurers. Class 'B' licence is subdivided into three subcategories, namely Class 'B(i)', 'B(ii)' and 'B(iii)' depending on the level of related business. CIMA also regulates intermediaries, namely Insurance Managers, Insurance Brokers and Insurance Agents.

The International Insurance Segment

The Cayman Islands insurance industry is dominated by the international segment comprised primarily of international insurers including captive insurance companies and their Insurance Managers. The total number of Cayman-based international insurance companies decreased from 703 at the end of 31 December 2018 to 646 as at 31 December 2019 (see Figure 11).

During the year, the Authority undertook an exercise to reconcile the statistics to more accurately reflect the 'active' number of licensees, hence the drop in the total number of international insurers. However, the year saw the addition of 33 new international insurers, making 2019 the fourth consecutive year to record 33 or more new insurers. Whilst traditional captives including healthcare captives continued to be formed, the jurisdiction saw an increased diversity of new insurance companies in 2019. A significant number of companies were formed as Class 'B(iii)' insurers to allow them to write significant unrelated business. In addition, there were a number of commercial reinsurance company formations in the Cayman

Islands, both as start-ups and re-domestications from other jurisdictions.

Premiums generated US\$18 billion and assets were held at US\$68.9 billion (see Figure 12). With these figures, the segment also claims a major share of the global insurance market positioning the Cayman Islands as the second largest domicile for captive insurance companies.

Insurance

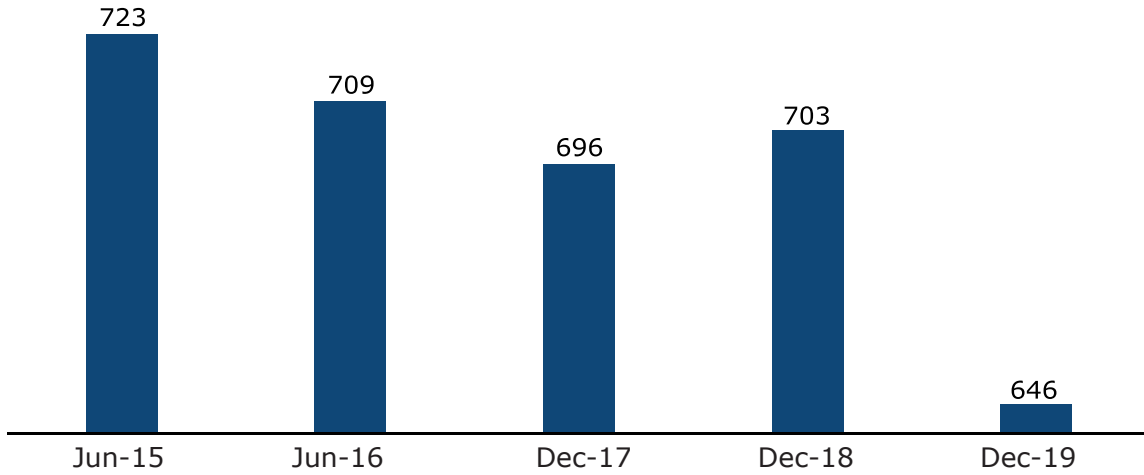


Figure 11: Number of Cayman Islands international (Class B, C, D) insurer licences, 2015 - 2019

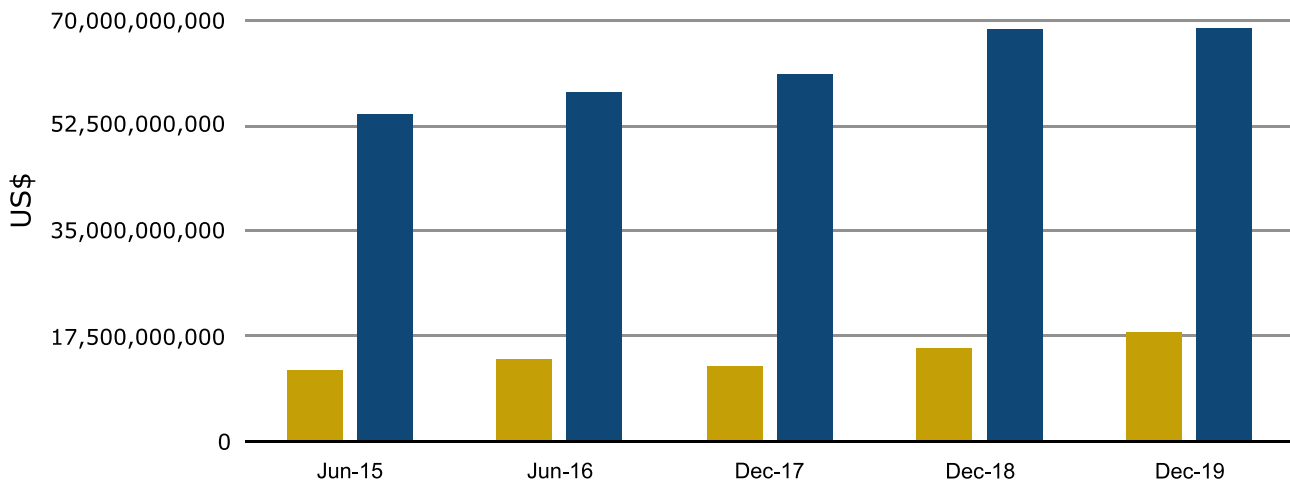


Figure 12: Total Premiums & Assets of Cayman Islands international (Class B, C, D) insurer licensees, 2015 - 2019

Insurance

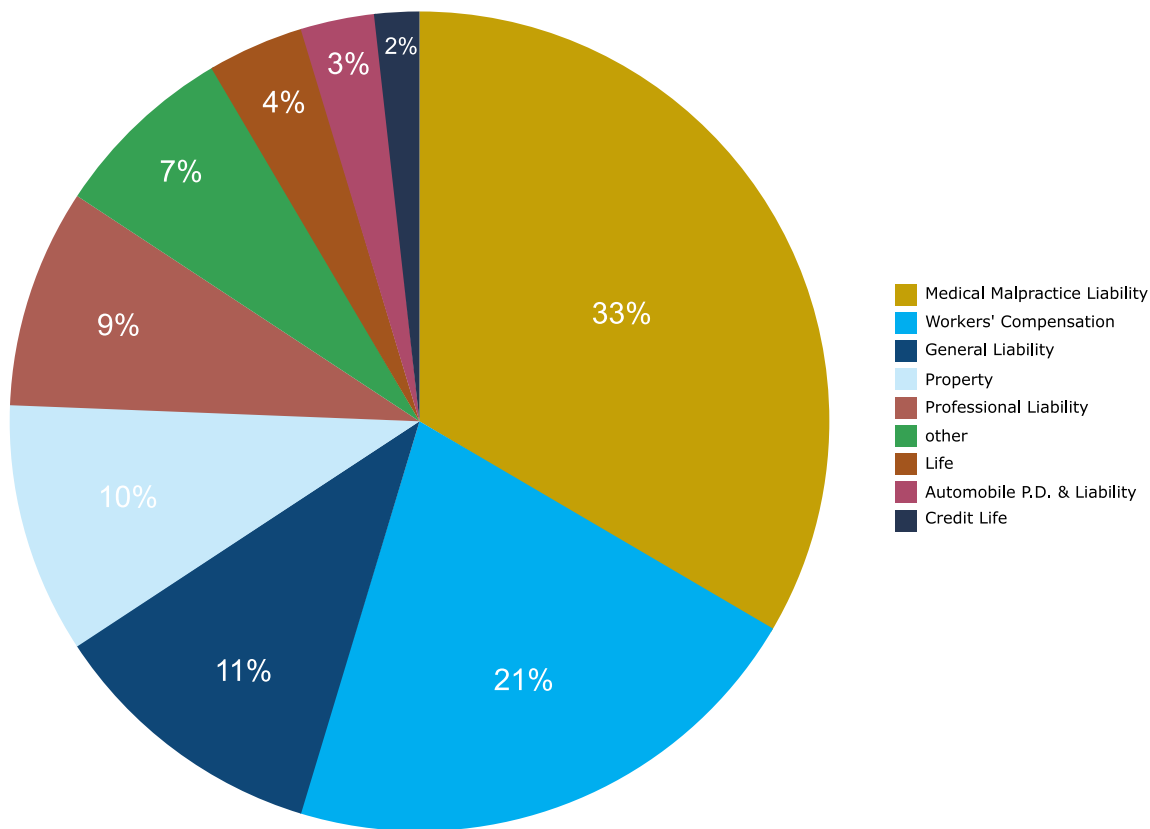


Figure 13: Cayman-domiciled international insurance companies by Primary Class of Business, 2019

With 33% of Cayman’s captives covering medical malpractice risks (see Figure 13), the jurisdiction is the leading domicile for healthcare captives. The risks underwritten by international (re)insurers originate mainly from North America, with the next largest geographical source being the Caribbean and Latin America collectively (see Figure 14).

The international insurance segment in Cayman began in the mid-1970s with the medical malpractice insurance crisis in the United States of America and was later formalised with the introduction of the Insurance Law in 1979. Unable to obtain commercial insurance, healthcare organisations began to form captives in the Cayman Islands to provide for their risk management needs. As a result, Cayman has developed particular expertise in this area.

The Cayman Islands remains the second largest offshore jurisdiction in terms of the number of international insurers including captives, and is the leading jurisdiction for healthcare and group captives.

Insurance

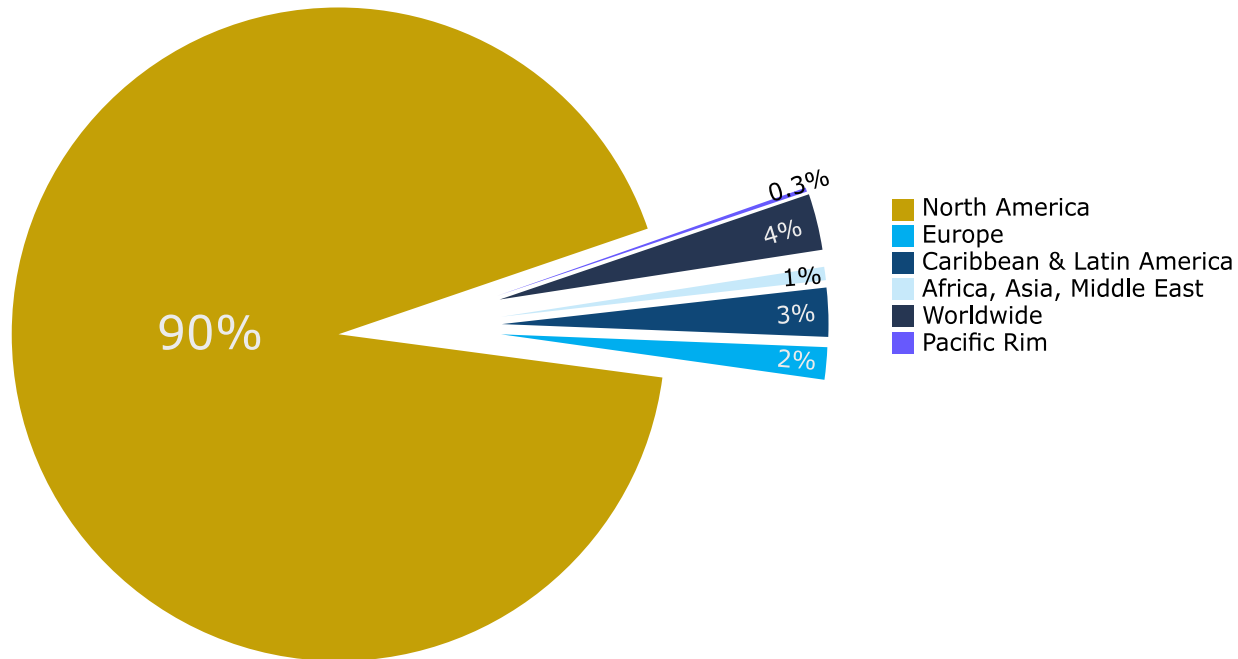


Figure 14: Cayman-domiciled international insurance companies by location of risks covered, 2019

Over the years, corporations have made increasingly extensive use of captives as part of their overall risk management function, reducing the premium they pay for commercial coverage by insuring a portion of their risk through a captive insurance programme. In addition to expanded coverage availability and flexibility, and better risk management, reasons for the formation of captives include cost reduction and stabilisation, improved cash-flow, and access to the reinsurance market.

With the introduction of the Segregated Portfolio Companies (“SPC”) framework, that typically provides insurance coverage for smaller organisations, Cayman became a leading jurisdiction for group captives. As at 31 December 2019, there were 128 SPCs with over 600 segregated portfolios operating within them. More recently, amendments were made to the insurance law to introduce Portfolio Insurance Companies (“PIC”) under the SPC structure. As at 31 December 2019, there were 27 PICs registered in the Cayman Islands.

Insurance

The Domestic Insurance Segment

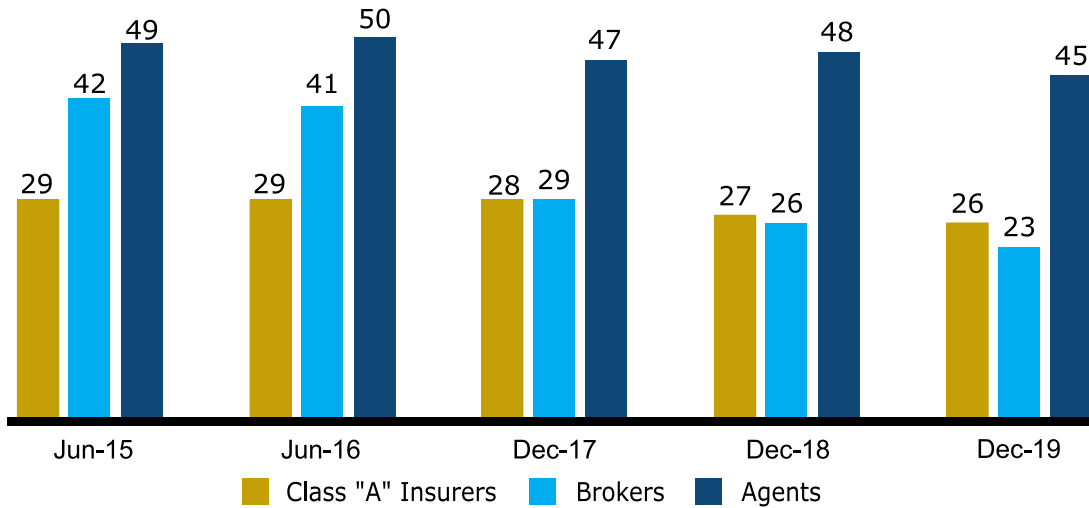


Figure 15: Number of Cayman Islands domestic licences by category, 2015 - 2019

The domestic insurers provide a range of coverage to local policyholders, with health and property insurance being the top two categories; accounting for approximately 70% of the gross premiums written by the sector for the calendar year ended 31 December 2019 of US\$944 million (see Figure 16).

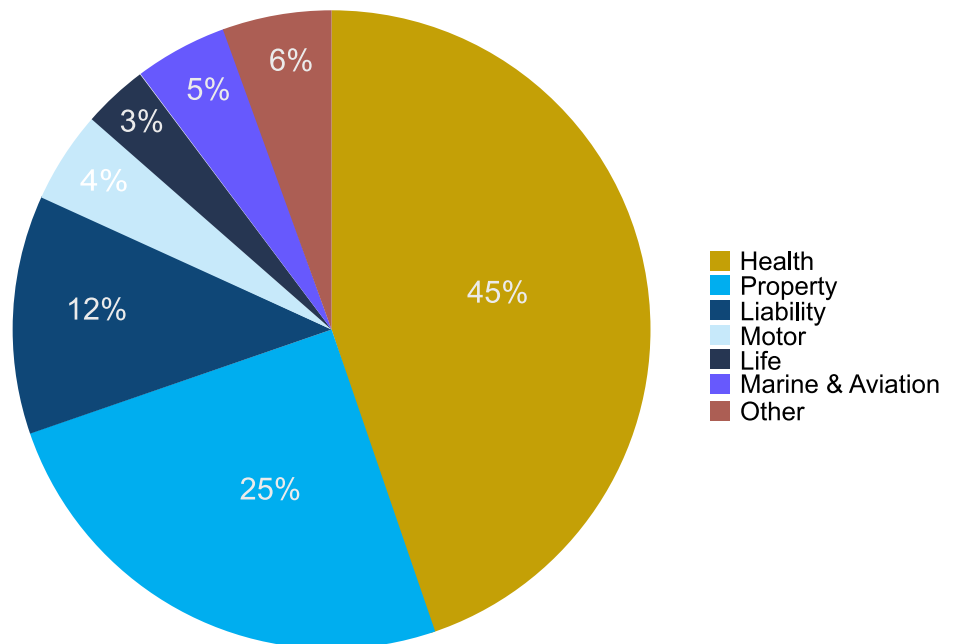


Figure 16: Coverage provided by Class 'A' insurers, measured by Gross Written and Assumed Premiums, 2019

Insurance

Cayman's Insurance Industry Activity

At 31 December 2019, there were 764 licensees under supervision of the Insurance Supervision Division of the Authority. The number of licensees under supervision as at 31 December 2019, and the number of new licences issued and cancelled during the 12-month fiscal year ended 31 December 2019, are given in Table 8 below.

License Type	As at 31 Dec 2018	Cancelled 1 Jan - 31 Dec 2019	Issued 1 Jan - 31 Dec 2019	As at 31 Dec 2019
Class A	27	1	0	24
Class B, C, D	703	90	33	646
Insurance Managers	26	3	1	24
Brokers	26	3	0	23
Agents	46	3	2	45
Total	828	100	36	764

Table 8: Insurance licensing activity 2018 - 2019

The International Insurance Segment Activity

The Cayman Islands continues to remain the second largest offshore jurisdiction in terms of the number of international insurers including captives, behind Bermuda, and the leading jurisdiction for healthcare and group captives. During the reporting period of 1 January – 31 December 2019, 33 new insurance companies were added to the Cayman Islands' international insurance market.

Growing competition among captive insurance domiciles, especially the captive domiciles in the United States and consolidation in the healthcare captive industry in the United States posed challenges to the Cayman Islands' international market in 2019 in terms of the total number of Cayman based insurers. However, the changing landscape continues to present opportunities. As examples, hospitals acquiring physician practices have been considering setting up new captives or expanding existing captives; possibility of physicians and practices teaming up to form large

provider groups and establish captive insurance companies for professional liability and other risks; for those mid-sized companies in the United States who are looking for health care options, captive insurance is one option. Technologies such as digital platforms, smart contracts, artificial intelligence, telematics, drones, and blockchain have already started to transform the insurance industry, including its products and services and their delivery. Technological innovation will demand versatile and efficient insurance vehicles such as captives to provide insurance solutions to them.

Insurance

The Domestic Insurance Segment Activity

The domestic insurance sector provides a number of products such as motor insurance, property insurance, health insurance, liability insurance, marine insurance, term life and credit life insurance, investment-linked products, annuities etc. As depicted in Table 9, total gross written premium and

reinsurance assumed premium generated by the domestic insurance companies as at 31 December 2018 amounted to CI\$748.9 million. As in the past years, general insurance business, which includes health insurance business, led the market with a share of 97%.

	Property	Motor	Liability	Marine & Aviation	Domestic Health	Int'l Health	Other	Life & Annuity	Grand Total
Gross Written Premiums	185,425,129	34,013,033	89,814,577	35,897,397	250,588,362	86,715,324	42,141,583	24,353,589	748,948,993
Reinsurance Ceded	129,552,412	14,275,479	3,323,014	0	33,860,100	0	812,677	3,894,809	185,718,490
Unearned Premium Adjustment	-1,229,813	-173,945	51,168	0	-5,250	0	199,096	0	-1,158,744
Net Earned Premiums:	54,642,904	19,563,608	86,542,731	35,897,397	216,723,012	86,715,324	41,528,002	20,458,780	562,071,759
Commissions Received	23,429,469	4,383,442	529,044	0	2,209,941	0	60,950	0	30,612,845
Total Underwriting Income:	78,072,373	23,947,050	87,071,775	35,897,397	218,932,953	86,715,324	41,588,952	20,458,780	592,684,604
Net Claims/ Benefits Paid	34,121,702	15,935,189	36,802,932	32,938,909	187,611,798	31,809,520	13,286,131	8,688,946	361,195,125
Movement in Claim Reserves	-21,870,413	-4,145,264	7,997,008	-20,521,747	-423,762	913,747	3,752,769	6,046,746	-28,250,917
Acquisition Costs	18,349,777	3,992,050	1,169,168	786,036	15,286,117	201,159	169,733	3,351,792	43,305,833
Other Underwriting Expenses	2,289,062	262,013	2,320,857	0	3,835,776	0	0	1,245,021	9,952,728
Total Underwriting Expenses:	32,890,129	16,043,988	48,289,965	13,203,198	206,309,928	32,924,425	17,208,632	19,332,504	386,202,769
Underwriting Profit/Loss:	45,182,244	7,903,062	38,781,810	22,694,199	12,623,025	53,790,899	24,380,320	1,126,276	206,481,835
Other Income									11,209,199
Other Expenses									41,847,979
Net Income Before Taxes									175,843,054

Table 9: Domestic insurance company statistics by primary class of business as at 31 December 2018 (CI\$ based on audited financial statements)

Investments

Funds and Fund Administrations

CIMA regulates and supervises hedge fund entities operating in and from within the Cayman Islands such as funds and fund administrators.

The Sector

The total number of funds as at 31 December 2019 was 10,857, compared to 10,992 for the same period 2018, a decrease of 1.2%. The Cayman Islands also continues to surpass other fund domiciles in terms of total numbers (see Table

10). The number of funds as at 31 December 2019 includes 7,612 registered funds, 2,886 master funds, 295 administered funds and 64 licensed funds (see Figure 17).

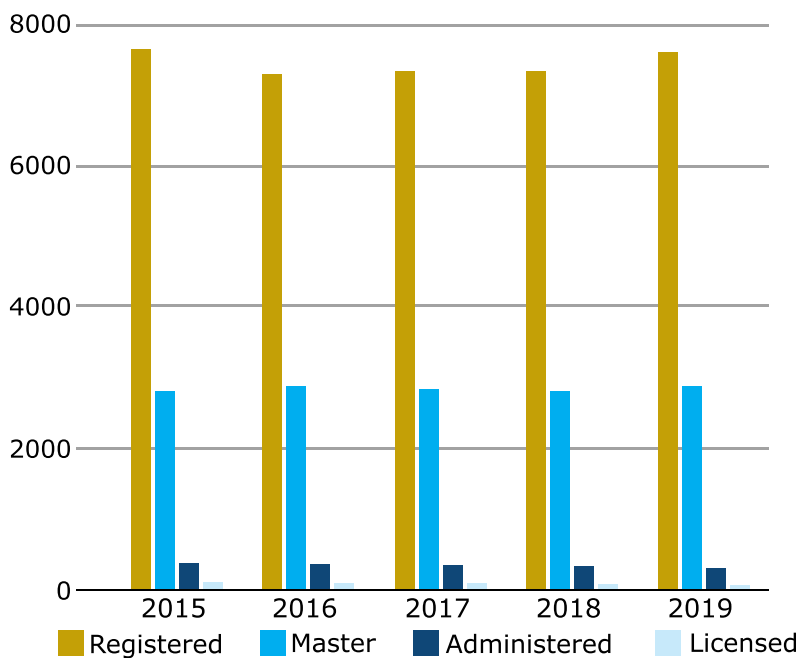


Figure 17: Number of Cayman regulated funds by category, 2015 - 2019

Mutual fund administrators must be authorised by CIMA to carry out mutual fund administration, which is defined as providing any of the following services for a fund: management (including control of the fund's assets), administration, providing a principal office in the Cayman Islands, or providing an operator (i.e. the director, trustee or general partner) to the fund.

A full mutual fund administrator licence allows the holder to provide administration to an unlimited number of funds, whereas a restricted mutual fund administrator licences allows administration of no more than 10 funds. Figure 18 outlines the mutual fund administrators by category, for the period 2015-2019.

Investments

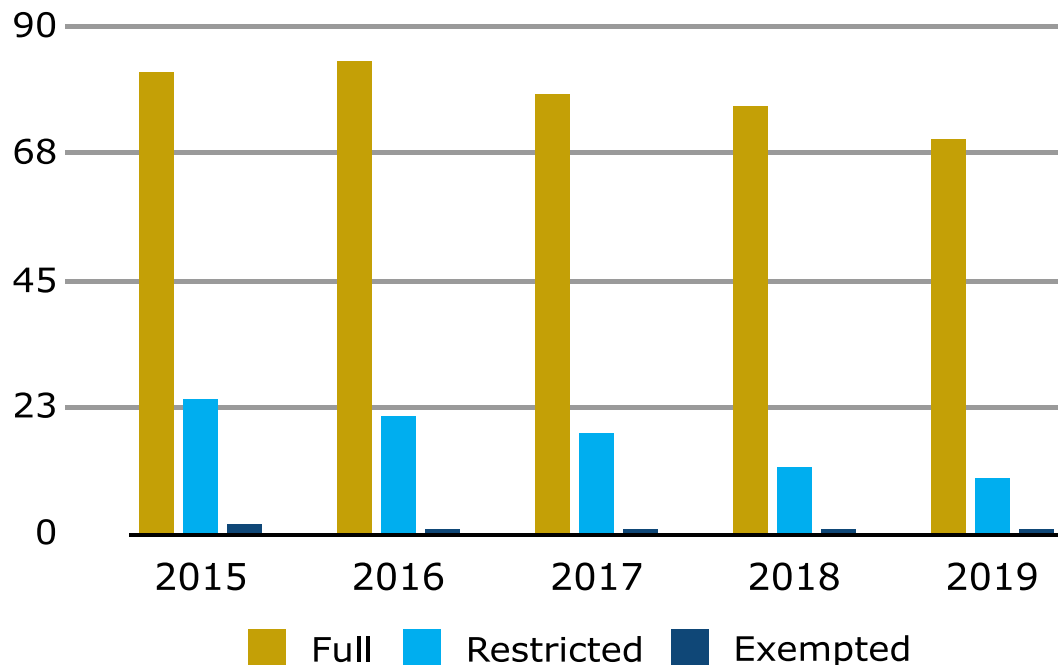


Figure 18: Number of mutual fund administrators by category, 2015 - 2019

The draft 2018 Investments Statistical Digest (“the Digest”) indicates that total gross assets of regulated funds increased by 0.41% from US\$6.9 trillion in 2017 to US\$7.3 trillion in 2018 and ending Net Assets decreased by 3% from US\$4.4.0 trillion in 2017 to US\$3.92 trillion in 2018. It should be noted that of the total number of regulated funds in 2018, 9,372 regulated funds filed a 2018 Fund Annual Return Form (FAR) with the Authority, (2017: 9,323) representing 85% of all investment funds.

The draft Digest further reported that total subscriptions of US\$1.049 trillion were 12% lower than in 2017 and total redemptions of US\$1.079 trillion were 11% lower. Dividends/Distributions of US\$36 billion were paid with Net Loss reported at US\$30 billion. The reason for the decline is that markets sold off sharply in the fourth quarter of 2018, broadly across asset classes, amid growing signs of a slowing global economy and rising

concerns about US-China trade tensions and tightened financial conditions in the fourth quarter of 2018.

The top five investment manager locations, as measured by net assets, are held by managers in Delaware, New York, United Kingdom, California and Hong Kong. As also reported in the draft Digest, the Cayman Islands remained the primary location from which fund administration services (NAV Calculation and registrar and transfer agency (RTA)) were provided for to regulated funds.

According to research conducted in relation to mutual funds, the pace of change in the US mutual fund industry has been rapid, and that has created both challenges and opportunities for firms to adapt quickly to remain relevant. Four key areas have been identified to be key for firms to stay competitive in the fast-changing environment and these are strategic positioning, technology transformation, value for money and battle for

Investments

talent. Despite pressures on profitability, investments in top talent are essential to ensure the ability to transform firms and drive success. The ability to deliver an innovative, technology-enabled, and seamless client experience will continue to create value for both investors and managers. Adoption of integrated platforms that manage all activities - investments, distribution, reporting, operations, and regulatory compliance will make firms competitive and efficient. Successful firms will be those that gain better insights by using artificial intelligence, robotic process automation, data and analytics.

Authorisation Activity

Funds – For the reporting period of 1 January to 31 December 2019, 1,016 regulated entities were authorised and 1,362 regulated entities were terminated. For the previous fiscal year ending 31 December 2018, there were 1,291 authorisations and 850 terminations. The total number of regulated funds as at 31 December 2019 was 10,857 (comprising 7,612 registered funds, 2,886 master funds, 295 administered funds and 64 licensed funds) compared to 10,992 for the same period in 2018 (comprising 7,654 registered funds, 2,946 master funds, 317 administered funds and 75 licensed funds).

Administrators – The number of licensed mutual fund administrators continued to decrease during the reporting period. The Authority did not receive any new mutual fund administrator applications, and 8 licences were cancelled during the reporting period. The Authority continues to process shareholding changes for mutual fund administrators, as the trend continues within the fund administration industry towards consolidation into a few large global players. At 31 December 2019, there were 81 licensed mutual fund administrators (70 Full, 10 Restricted and 1 Exempted), compared to 89 for the fiscal year ending 31 December 2018.

Directors – Since the introduction of the Director Registration and Licensing Law (“the DRLL”), there has been a positive upward trend in the registration and licensing of directors of covered entities. A “covered entity” being a company which is a Registered Person subject to schedule 4 of the Securities Investment Business Law or a regulated mutual fund under the Mutual Funds Law. As of December 2019, there were 12,783 directors, registered or licensed pursuant to the DRLL, compared to 13,708 directors in 2018.

The draft 2018 Investments Statistical Digest (“the Digest”) indicates that total gross assets of regulated funds increased by 0.41% from US\$6.9 trillion in 2017 to US\$7.3 trillion in 2018 and ending Net Assets decreased by 3% from US\$4.4.0 trillion in 2017 to US\$3.92 trillion in 2018. It should be noted that of the total number of regulated funds in 2018, 9,372 regulated funds filed a 2018 Fund Annual Return Form (FAR) with the Authority, (2017: 9,323) representing 85% of all investment funds.

Investments

Jurisdictional Comparisons - Funds

Table 10 shows the number of active funds for calendar years 2012 to 2018 in Cayman and other financial jurisdictions for which figures are available. As the figures demonstrate, the number of Cayman-authorized funds remains consistently in excess of the other jurisdictions.

Jurisdiction	2013	% change ('14 v '13)	2014	% change ('15 v '14)	2015	% change ('15 v '16)	2016	% change ('16 v '17)	2017	% change ('17 v '18)	2018	% change ('18 v '19)	Latest available for 2019*
Bahamas	750	↑10.7%	830	↑6.6%	885	↓2.9%	859	↓8.8%	783	↑2.6%	803	↓3.5%	775
Bermuda	698	↓7.3%	647	↓2.6%	630	↓9.1%	567	↓4.2%	543	↓3.3%	513	↓1.0%	508
BVI	2,238	↓4.3%	2,142	↓4.9%	2,037	↓20.8%	1,614	↓7.3%	1,499	↑0.2%	1,502	↓0.9%	1,489
Ireland ∞	700	↓5.3%	663	↓0.2%	664	↑6.3%	706	↑4.7%	739	↑2.0%	754	↑1.3%	764
Jersey	1,334	↓0.8%	1,323	↓1.9%	1,320	↓9.5%	1,195	↓7.6%	1,104	↓7.6%	1,020	↓7.5%	943
Guernsey	1,088	↓3.7%	1,048	↓3.4%	1,012	↓2.9%	983	↓0.7%	976	↓0.7%	970	↓.9%	961
Cayman	11,379	↓3.2%	11,010	↓0.6%	10,940	↓3.2%	10,586	↓0.3%	10,559	↑4.1%	10,992	↓1.2%	10,857

Table 10: Regulated fund numbers for selected jurisdictions, 2013 - 2019

*Note: the latest available numbers for 2019 are as at the following period: Bahamas - May, Bermuda - Sept, BVI - March, Ireland - Sept, Jersey - June and Guernsey - Sept

Securities

Securities Investments

The Sector

Securities investment business ("SIB") conducted in and from the Cayman Islands includes dealing in securities, arranging deals, investments management and provision of investment advice. The Securities Investment Business Law (2019 Revision) ("the SIBL") provides for the regulation of persons engaged in these activities in or from the Cayman Islands, including market makers, broker-dealers, securities arrangers, securities advisors and securities managers. Such persons must be licensed by the Authority, unless they meet the criteria to be excluded from the licensing requirement, in which case, they are to be registered as Excluded Persons or as Registered Persons.

The Excluded Persons registrations continued to account for the vast majority of SIBL registrations between January to June 2019. However, the SIB

Amendment Law (June 2019), enacted in June 2019 in response to various evolving global standards and initiatives applicable to the jurisdiction, give the Authority supervisory, inspection and enforcement powers to more effectively regulate entities that currently fit within the existing category of SIB Excluded Persons. These registrants are required to apply to the Authority by 15 January 2020 in order to transition to a new category of Registered Person,

which category is applicable to broadly the same group of entities as currently falls under the Excluded Person category.

As at 31 December 2019, eighty-eight (88) new Registered Person applications and three hundred seventy-eight (378) re-registrations as Registered Persons had been received. Entities in these categories conduct SIB exclusively for institutions, high net worth or sophisticated investors.

Authorisation Activity

Licenses - For the reporting period 1 January to 31 December 2019, no licence applications were approved; of the thirteen (13) applications received, six (6) were refused, one (1) was returned, and four (4) were withdrawn. In the same period, two (2) licences were cancelled or revoked, compared to 2018 in which nine licence applications were approved and five licences were cancelled. Existing Licences predominantly relate to Broker-Dealers and/or Market Makers who offer foreign exchange trading and over the counter contracts for differences to retail, institutional and/or professional clients in varied countries. At 31 December 2019, there were 36 SIB licenced holders, compared to 38 for the fiscal year ending 31 December 2018.

Excluded Persons / Registered Persons - As at 31 December 2019, there were 2,198 Excluded Persons, compared to 2,926 at the same date

CIMA is responsible for the regulation of persons carrying on securities investment business, including market makers, broker-dealers, securities arrangers, securities advisors and securities managers, in or from the Cayman Islands.

Securities

Securities Investments Cont'd

in 2018. This represents a 25% decrease in registrations over the past year. There were an additional sixty-three (63) Registered Persons. In order to continue to conduct SIB in 2020, Excluded Persons are required to re-register as Registered Persons; however, the total number of Registered Persons is expected to be approximately 1650 or 25% less than the number of Excluded Persons in 2019. This

appears to be primarily due to the entities not wanting to be captured as a 'relevant entity' under the International Tax Co-operational (Economic Substance) Bill, 2018 which would be applicable to a Registered Person if it acts in the capacity of a discretionary manager of an investment fund.

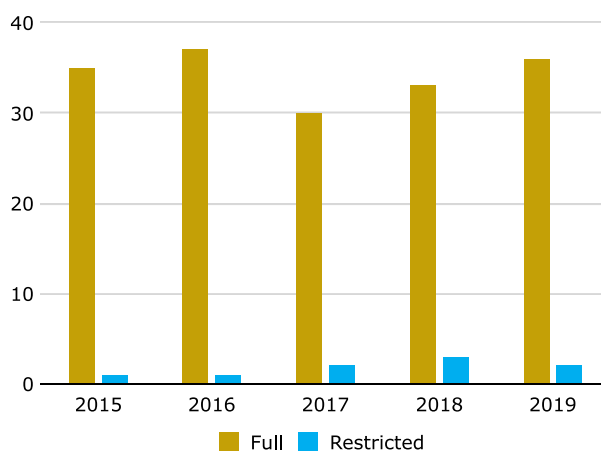


Figure 19: Securities Investment Business Licensees, 2015 - 2019

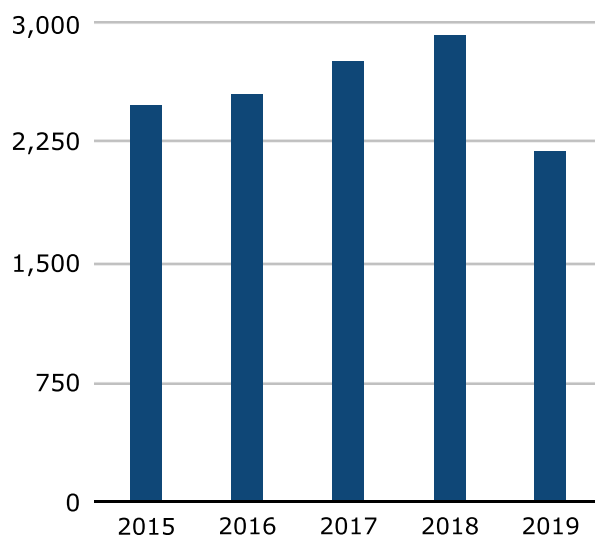


Figure 20: Securities Investment Business Excluded Persons, 2015 - 2019

Execution of Monetary Functions

Currency Management

CIMA, through its Currency Operations Division, is the sole issuing authority for Cayman Islands (CI) currency. The division is responsible for the issue, re-issue, and withdrawal of CI currency notes and coins against the United States (US) dollar, dealing with the local retail banks: Butterfield Bank (Cayman) Limited, Cayman National Bank Ltd., Fidelity Bank (Cayman) Limited, CIBC FirstCaribbean International Bank (Cayman) Limited, RBC Royal Bank (Cayman) Limited, and Scotiabank & Trust (Cayman) Ltd. The division also administers the sale and redemption of numismatic coins to and from local and overseas collectors.

Currency Reserve Management

CI currency is issued on demand only against US currency at the rate of one CI dollar per 1.20 US dollars. It is repurchased on demand with US dollars at the same rate.

The currency in circulation is backed by the currency reserve assets in accordance with Section 32 of the Monetary Authority Law (2018 Revision). As at 31 December 2019, the value of the currency reserve assets was CI\$160.969m (31 December 2018 \$142.368m) representing 114.68% (31

December 2018: 112.45%) of total demand liabilities (i.e. currency in circulation).

Full details on the currency reserve assets, including specifics on the performance of the investments and cash and cash equivalent deposits that comprise the currency reserve assets, can be found within the Annual Financial Statements (page 56 and following).

Issue and Redemption of Currency

At 31 December 2019, currency in circulation (excluding numismatic coins) stood at \$127.5m in notes and \$12.9m in coins, totalling \$140.4m. This represents a 10.9% increase from the 31 December 2018 figure of \$126.6m. Table 11 shows currency in circulation at half year and year-end from 2015 to 2019. Figure 20 shows currency in circulation by month from 2015 to 2019.

Date	2015	2016	2017	2018	2019
30 Jun	94.9	106.9	112.2	117.9	124.1
31 Dec	107.7	115.6	119.5	126.6	140.4

Table 11: Currency in circulation at half year and year-end, 2015 - 2019 (in CI\$m)

Execution of Monetary Functions

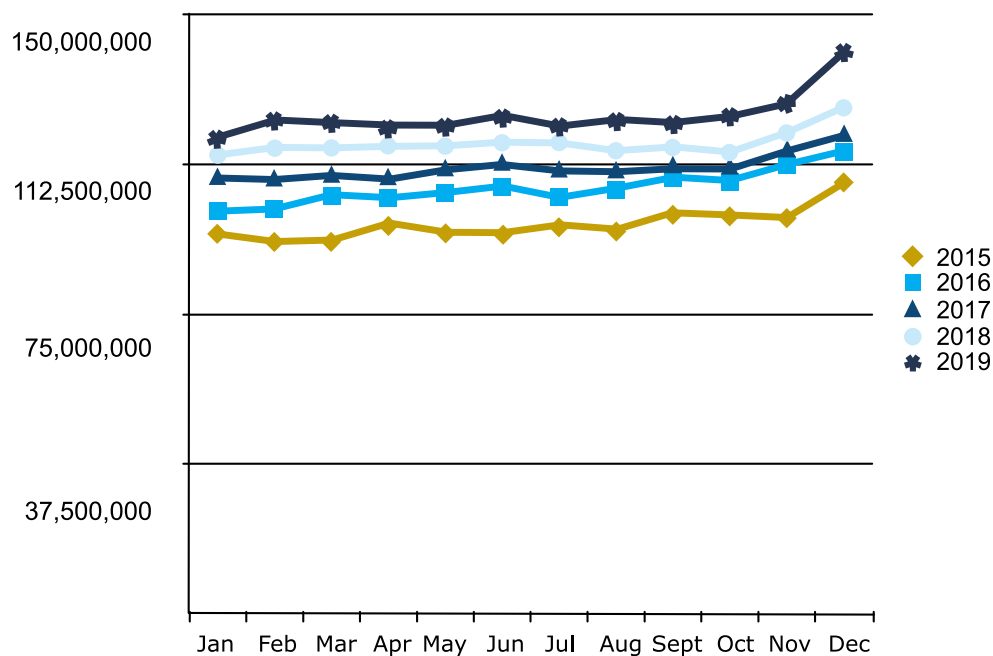


Figure 21: Cayman Islands currency in circulation by month, 2015 - 2019

Counterfeit Detection

No forged banknotes were detected and withdrawn from circulation during 1 January – 31 December 2019, compared to 13 detected and withdrawn in the prior fiscal year of 1 January – 31 December 2018.

Table 12 shows the number of forged banknotes, by denomination, which were withdrawn from circulation between 2015 and 2019.

Numismatic Programmes

The silver commemorative coin for 60th Anniversary of the Cayman Islands Coat of Arms sold out in less than 48 hours, and due to a public outcry Cabinet requested additional coins. As the coin had a limited mintage of 250, Cabinet approved a second version of the coin with a mintage of 350 which was received in February 2019.

The second coin has the Coat of Arms depicted on the obverse side and the 60th Anniversary logo in partial colour with the rope and text "Our Coat of Arms" in gold on the reverse.

During the Celebrate Cayman Constitution Weekend, one of the second version coins was presented to Mr. Arley James (AJ) Miller, the last living Vestryman of the 1959 Assembly, at a special commemorative Town Hall ceremony.

In addition to the commemorative coins, Cabinet requested that CIMA issue a commemorative \$1 banknote for the 60th anniversary of the first written Constitution.

The note is the same colour and design as its existing counterpart, with four differences. The first is that the new notes will bear the 'Celebrate Cayman – 60 Years – Our First Constitution' logo,

ORGANISATIONAL DEVELOPMENTS

Execution of Monetary Functions

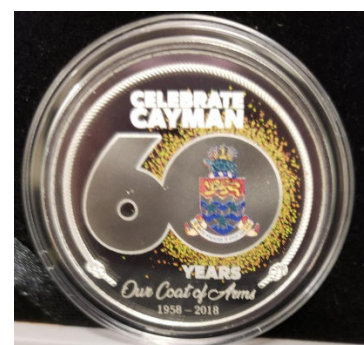
	2015	2016	2017	2018	2019
\$100	3	3	7	4	0
\$50	0	5	0	1	0
\$25	0	0	4	0	0
\$10	0	0	0	8	0
\$5	0	0	0	0	0
\$1	0	0	0	0	0
Total No. of Notes	2	8	11	13	0
Total Dollar Value	\$200	\$550	\$800	\$530	\$0

Table 12: Counterfeit Cayman Islands currency notes recovered, 2015 - 2019

which is located to the left of the Coat of Arms. The second change is the signature of the current Minister of Finance the Hon. Roy McTaggart along with that of CIMA's Managing Director, Mrs. Cindy Scotland has been relocated to the right of the Queen's effigy. The third change is that the magnetic thread running from top to bottom of each note has been replaced with a new security feature, a 4 mm wide RAPID micro-optic security thread of purple colour demonstrating a dynamic wave effect when the note is tilted. The fourth change is a distinctive serial number depicted with "Q/2" - "Q" being the identifier for special occasions such as this.

The Premier will announce the issuance of the commemorative \$1 banknote at the 2020 Heroes Day Celebrations which will honour the Pioneers who contributed to the creation of the first written Constitution of the Cayman Islands along with the women who fought for the right to vote as well as those who stood in the 1959 general election. The banknote was printed by Crane Currency in December 2019 and will go into circulation following the Premier's announcement. CIMA continues to explore significant milestones in our country's

history, which may serve as viable subjects for commemorative coins. Suggestions are welcomed but cautioned that they may not all be taken on board.



Reverse side



Obverse side

Execution of Financial Stability Function

The 2007-2008 Global Financial Crisis and its long-lasting fallout, highlighted for national and international financial regulators the importance of regulation and supervision which targeted simultaneously the stability of individual firms, their national financial systems as well as the global financial system.

CIMA's response to the crisis and the revealed systemic risks of financial institutions' interconnectedness was to recognise the need for a Macro-prudential Unit. An additional contribution was made by the Caribbean Regional Technical Assistance Centre's ("CARTAC") Technical Assistance ("TA") mission in 2017 and related TA report titled "Establishing a Financial Stability Function at CIMA and Developing Financial Health and Stability Indicators for the Investment Funds Industry in the Cayman Islands", which argued explicitly that such a macro-prudential supervision framework, and its continuous monitoring and output, could only be achieved by a standalone unit or division.

Statistical functions related to the Authority's co-operation with international organisations such as the International Monetary Fund, Financial Stability Board and Bank for International Settlements had hitherto been carried out by the Statistics Unit of the Policy & Development Division. A plan to break out the Statistics Unit from the Policy & Development Division — to serve as the cornerstone of a new Financial Stability & Statistics Unit ("the FSSU") — was initiated in 2018. A Head of the unit was recruited and appointed in April 2019.

During the reporting period 1 January – 31 December 2019, the FSSU has been called upon to utilise its existing skillsets in database design and report building to support the supervisory divisions and the newly created Anti-Money Laundering ("AML") Division in reinforcing the Authority's measures and meeting and exceeding the standards set by the Financial Action Task Force and the Caribbean Financial Action Task Force. Customised

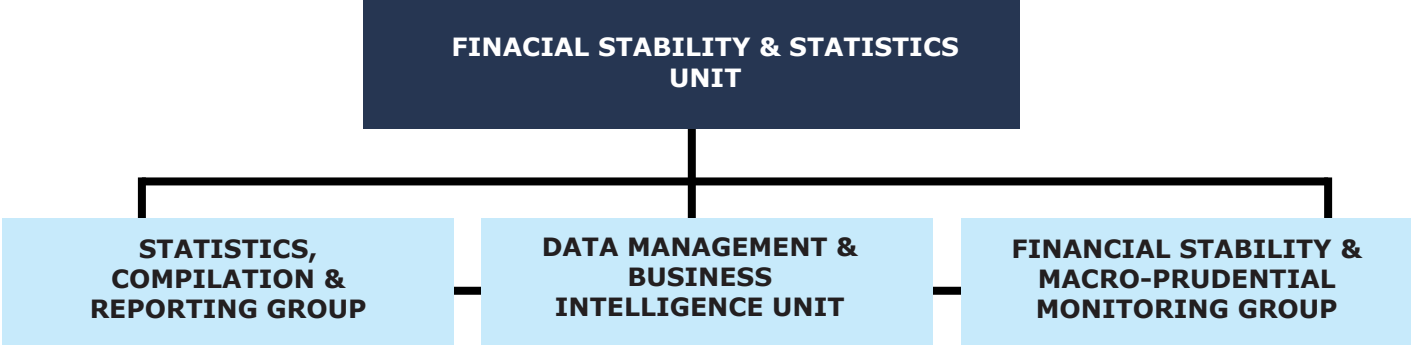
Assessment of Inherent Risk ("the AIR") and Assessment of Risk Controls ("ARC") forms were also created to facilitate a risk-based approach to AML/CFT supervision. From the AIR and ARC databases, the required input files for a software application were used to identify AML/CFT risk.

The FSSU has also contributed to enhancing the Authority's risk-based prudential supervision by aiding in the design, roll-out to licensees, data onboarding and summary reporting of new reporting forms. In co-operation with the Banking Supervision Division, FSSU successfully rolled out the Cash Flow Reporting, Liquidity Coverage Ratio, Minimum Liquidity Ratio and Net Stable funding Ratio forms.

One aspect of the Authority's international co-operation is facilitation of CARTAC TA missions, designed to enhance both the supervisory capabilities of the Authority as well as its technical and financial stability function. In 2019, the FSSU facilitated three such CARTAC training visits to CIMA, which covered areas such as Financial Stability Indicators and Stress Testing of domestic insurers, Stress Testing of domestic banks and external sector statistics. As part of FSSU's support function to the Authority's supervisory divisions, some of its work involves provision of anonymised sample datasets to CARTAC experts, while helping divisions to analyse prudential data and advise on technical approaches to data access and stress testing models.

Looking ahead, and in line with the Authority's international co-operation and input into global financial stability monitoring efforts, three new areas will be formed under the FSSU: a Statistics, Compilation & Reporting Group, a Data Management & Business Intelligence Unit, and a Financial Stability & Macro-prudential Monitoring Group.

Execution of Financial Stability Function



Execution of Regulatory Functions

Regulatory Regime

Framework

The framework for the Authority’s regulation and supervision of financial services is made up of a number of elements. These include the applicable laws and regulations passed by the Government of the Cayman Islands; and Rules, Statements of Principle/Guidance Policies and Procedures issued by the Authority as detailed in the Regulatory Handbook and other manuals.

Regulation and supervision are carried out in accordance with internationally accepted standards where these exist and are appropriate for the jurisdiction. The domestic laws and international standards under which CIMA and the regulated sectors operate as at 31 December 2019 are shown in Table 13.

Sector/ Entity type	Cayman Islands Law	International Standards / Memberships
All	<ul style="list-style-type: none"> • Monetary Authority Law (as amended) and respective regulations • Monetary Authority (Administrative Fines) Regulations (2019) • Proceeds of Crime Law (as amended) • Anti-Money Laundering Regulations (as amended) • Terrorism Law (2018 Revision) • Public Management and Finance Law (as amended) • Companies Law (as amended and respective regulations) • Proliferation Financing (Prohibition) Law (2017 Revision) 	<p>Standards:</p> <ul style="list-style-type: none"> • Financial Action Task Force Forty Recommendations on Money Laundering and Financing of Terrorism & Proliferation <p>Memberships:</p> <ul style="list-style-type: none"> • Caribbean Financial Action Task Force (CFATF) • Regional Consultative Group for the Americas (Financial Stability Board)

Table 13: CIMA’s regulatory framework as at 31 December 2019

Continued on next page

Execution of Regulatory Functions

Sector/ Entity Type	Cayman Islands Law	International Standards / Memberships
Banks, Trusts, Money Services Businesses, Credit Unions, Building Societies, Corporate Services Providers, Company Managers	<ul style="list-style-type: none"> • Banks and Trust Companies Law (as amended) and respective regulations • Private Trust Companies Regulations (as amended) • Money Services Law (as amended) and respective regulations • Cooperative Societies Law (as amended) and respective regulations • Building Societies Law (as amended) • Development Bank Law (2018 Revision) • Companies Management Law (as amended) and respective regulations 	<p>Standards:</p> <ul style="list-style-type: none"> • Basel Core Principles for Effective Banking Supervision⁴ • Trust and Company Service Providers Working Group Statement of Best Practice produced by the Offshore Group of Banking Supervisors⁵ <p>Memberships:</p> <ul style="list-style-type: none"> • Group of International Finance Centre Supervisors (formerly Offshore Group of Banking Supervisors) • Caribbean Group of Banking Supervisors • Association of Supervisors of Banks of the Americas
Insurance companies, managers, brokers, agents	<ul style="list-style-type: none"> • Insurance Law, (as amended) and respective regulations 	<p>Standards:</p> <ul style="list-style-type: none"> • International Association of Insurance Supervisors (IAIS) Core Principles of Insurance Regulation⁶ <p>Memberships:</p> <ul style="list-style-type: none"> • International Association of Insurance Supervisors (IAIS) • Group of International Insurance Centre Supervisors (GIICS) • Caribbean Association of Insurance Regulators (CAIR)

Table 13: CIMA's regulatory framework as at 31 December 2019

Continued on next page

4 As promulgated by the Basel Committee on Banking Supervision.

5 The working group comprised representatives of various offshore financial centres, the FATF, IMF and OECD as well as representatives of four G7 countries. The statement was disseminated to the fiduciary sector via the Society of Trust and Estate Practitioners (STEP) and the Company Managers Association and was accepted locally.

6 Issued by the [International Association of Insurance Supervisors](#). The Cayman Islands is a charter member of this association.

Execution of Regulatory Functions

Sector/Entity Type	Cayman Islands Law	International Standards / Memberships
Mutual funds, Fund Administrators, Securities Investment Businesses (market makers, broker-dealers, securities arrangers, securities advisors and securities managers)	<ul style="list-style-type: none"> • Mutual Funds Law (as amended) and respective regulations • Securities Investment Business Law (as amended) and respective regulations • Directors Registration and Licensing Law, (as amended) and respective regulations 	<p>Standards:</p> <ul style="list-style-type: none"> • International Organization of Securities Commissions (IOSCO) • Offshore Group of Collective Investment Schemes Supervisors (OGCISS) <p>Memberships:</p> <ul style="list-style-type: none"> • Offshore Group of Collective Investment Schemes Supervisors • Caribbean Group of Securities Regulators • IOSCO •

Regulation and Supervision

The Banking Supervision Division, Securities Supervision Division, Fiduciary Services Division, Insurance Supervision Division and Investments Supervision Division (collectively referred to as the supervisory divisions) are responsible for processing and making recommendations on applications for licences and other relevant authorisations for the provision of those financial services falling within their sectors. They are also responsible for the on-going supervision of licensees/registrants and making recommendations for enhancements to the supervisory regime where appropriate.

Supervision of licensees is carried out off-site and on-site. Off-site supervision is continuous, involving the analysis of quarterly prudential returns and annual audited statements, supplemented with prudential meetings. On-site supervision involves limited and full-scope inspections both in the Cayman Islands and overseas. The objectives of the inspection process are to understand the licensee's business activities and operating environment, to detect problems of compliance with the relevant laws and/or regulations, and to gather information on matters identified as requiring policy considerations.

Regulatory Developments

Rules, Guidelines and Policies

The Policy and Development Division is responsible for the continuous development of the financial services regulatory framework within the Cayman Islands in accordance with international standards. Its cross-functional role supports and advises the Authority's senior management, the five supervisory divisions and the Compliance and Legal Divisions.

The division's development and advisory role entails research of international developments and initiatives; analysis of the impact on the local financial services industry; formulation of appropriate options for consideration by the Authority and providing policy advice to the Authority, including recommendations during the industry consultation process. In addition, the division assists in the provision of responses, of both a statistical and non-statistical nature, on the financial sector to various international and domestic organisations.

The regulatory measures issued in 2019 are listed in Table 14. Copies of all regulatory measures issued by the Authority are available on the CIMA website.

Execution of Regulatory Functions

When issued	Type of Standard	Title	Description
Feb 2019	Policy	Licensing Insurance Broker or Agent / Agency	This policy documents the criteria the Authority uses for the licensing of Insurance Brokers, Agencies and Agents pursuant to the Insurance Law (as amended).
Feb 2019	Guidance	Market Conduct – Trust and Corporate Service Providers	This Guidance provides Trust and Corporate Service Providers with guidelines relating to market conduct to ensure the fair treatment and protection of clients engaging in the business of Trust and Company Management.
Feb 2019	Guidance	Succession Planning	This Guidance outlines the Authority's expectation in relation succession planning and provides guidance to licensees on the same.
Feb 2019	Guidance	Recruitment and Selection Standards for Trust and Corporate Service Providers	This Guidance outlines the criteria for Trust and Corporate Service Providers to apply in relation to the recruitment, selection and competence of employees.
Feb 2019	Rule and Guidance	Basel III Leverage Ratio	This Rule and Guidance outlines the Basel III Leverage Ratio requirements which applies to all banks licensed by the Authority. These measures were implemented in December 2019.
Feb 2019	Policy and Procedure	Assessing Fitness and Propriety	<p>The Policy describes the criteria the Authority uses to determine whether persons applying to act in a controlled position are fit and proper.</p> <p>The Procedure documents the method the Authority uses to assess the fitness and propriety of persons who have applied to perform a controlled function.</p>
Feb 2019	Policy	Criteria for Approving Changes in Ownership and Control	The Policy describes the criteria to approve changes in ownership, shareholdings and control for the purposes of the relevant laws.

Table 14: List of all regulatory measures issued and updated by CIMA in 2019.

Continued on next page

Execution of Regulatory Functions

When Issued	Type of Standard	Title	Description
May 2019	Policy	Licensing Class 'C' Insurance Companies	This Policy sets out the criteria the Authority will apply to assess applications for the grant of a Class 'C' Insurance Company Licence in accordance with the Insurance Law (as amended).
Aug 2019	Guidance Notes	Prevention and Detection of Money Laundering Terrorist Financing in the Cayman Islands	Section 14 of the Guidance Notes on the Prevention and Detections of Money Laundering was amended to include a section on Proliferation Financing.
Dec 2019	Rule and Statement of Guidance	Actuarial Valuations	The Rules and Statement of Guidance on Actuarial Valuations are intended to establish minimum requirements in addition to providing guidance to applicable regulated entities on actuarial valuation reports in accordance with the Insurance Law (as amended).

Continued from previous page

Table 14: List of all regulatory measures issued and updated by CIMA in 2019

Other Regulatory Developments

Anti-Money Laundering and Counter Terrorist and Proliferation Financing

As referenced in Table 14, the following amendments were made to the Guidance Notes on the Prevention and Detection of Money Laundering, Terrorist Financing in the Cayman Islands ("the GNs").

1. A new section (Section 14) was inserted in the GNs on Proliferation and Proliferation Financing. This area includes sub-sections on the domestic legislation relating to the proliferation of financing; the difference between proliferation financing and money laundering; the challenges associated with identifying proliferation financing; and obligations of financial service providers when

screening clients for proliferation financing.

2. The Authority also consulted with industry and the Ministry of Finance on proposed amendments to the following sections of the GNs on:
 - Assessing Risk and Applying a Risk Based Approach
 - Ongoing Monitoring
 - Targeted Financial Sanctions
 - Securitization
 - Virtual Asset and Virtual Asset Service Providers

Assessment by the Group of International Finance Centre Supervisors

In 2019, the Authority was assessed by the Group

Execution of Regulatory Functions

Other Regulatory Developments Cont'd

of International Finance Centre Supervisors against the standard on the regulation of Trusts and Corporate Services Providers. The standard sets out expectations for regulators in areas such as licensing, corporate governance, conduct, administration, and financial crime and international sanctions. This is the jurisdiction's first evaluation of compliance to the standard. It is anticipated the Authority will be in receipt of the assessor's report by Q2 2020.

Basel III Implementation

Also highlighted in Table 14 the Authority issued a Rule and Guidance on Basel III Leverage Ratio. The Rule and Guidance outlines the liquidity and leverage ratio requirements for all banks licensed by the Authority. The requirements came into effect in December 2019.

Compliance and Enforcement

As part of its regulatory functions, the Authority conducts due diligence on persons who have applied to act as directors, shareholders, managers, officers and controllers of licensed entities; investigates serious breaches of the regulations, and where necessary, takes enforcement action.

Due Diligence

In carrying out due diligence, the Authority follows its *Regulatory Policy – Assessing Fitness and Propriety and Procedure – Assessing Fitness and Propriety*⁷. The Compliance Division, which is tasked with conducting due diligence on applicants that the regulatory divisions refer to it, received 279 such applications during the reporting period of 1 January to 31 December 2019. A breakdown of the due diligence requests by regulatory division is

reflected in Table 15.

Division	Number of due diligence applications
Banking	84
Fiduciary	110
Insurance	31
Investments	30
Securities	25
Total	279

Table 15: Due diligence applications referred to the Compliance Division during 2019

Enforcement

In the event CIMA has identified a breach or deficiency, CIMA will work with the respective licensee or registrant in an attempt to resolve/rectify the identified regulatory issue(s). However, based on the nature and seriousness of the breach, CIMA will determine whether and what enforcement action is necessary. CIMA draws its enforcement powers, mainly from the Monetary Authority Law (MAL), regulatory laws and Anti-Money Laundering Regulations (AMLRs), which range from:

- Suspending, revoking or cancelling licenses or registrations;
- Imposing conditions;
- Requiring the substitution or removal of a director, officer, general partner, manager, shareholder, or equivalent;
- Appointing controllers;
- Appointing advisors;
- Requiring a regulated entity to obtain an independent AML/CFT audit;

⁷ [The Regulatory Policy: Fitness and Propriety](#) and the [Regulatory Procedure - Fitness and Propriety](#). Also see information on Fitness and Propriety at page 27 of the [Regulatory Handbook](#).

Execution of Regulatory Functions

- Imposing administrative fines; and
- Requiring a regulated entity to take any action specified by CIMA.

Additionally, CIMA also takes other supervisory actions such as issuing warning notices, supervisory letters and making referrals to the Director of Public Prosecutions (DPP) and the Royal Cayman Islands Police Services Financial Crime Investigations Unit (RCIPS FCIU).

CIMA's Enforcement Manual and Enforcement Manual⁸ (Procedure For Administering Administrative Fines Parts I-III⁹) describes the policies, procedures and tools for the exercise of its enforcement powers in the event of non-compliance with the regulatory laws and AMLRs by a regulated entity. The manual includes the steps the Authority will follow in the event of non-compliance by a

regulated entity. The Compliance Division and the Legal Division are responsible for the exercise of enforcement action, under the authorisation of CIMA's Board of Directors.

The Authority initiated 25 formal enforcement actions during 1 January – 31 December 2019, 17 of which were related to AML/CFT and Fitness and Propriety (F&P) infractions. As shown in Table 16 below, the 25 enforcement actions included 8 revocations/cancellations, 1 Controllership, 1 Winding Up-petition, the imposition of requirements/conditions as enforcement actions on 2 licensees, and 5 enforcement actions against directors under the Directors Registration and Licensing Law (DRLL). The other 8 enforcement actions comprise of 5 Administrative Fines Breach Notices and 3 Warning Notices.

Sector	Revocations / Cancellations	Appointment of Controllers	Winding Up Petitions	Cease and Desist /Requirements/ Conditions	Actions Under the DRLL	Admin Fines Breach Notices	Warning Notices	Totals
Banking	0	0	0	0	0	5	0	5
Fiduciary	1	0	0	1	0	0	0	2
Insurance	2	0	0	0	0	0	1	3
Investments	5	0	0	0	5	0	2	12
Securities	0	1	1	1	0	0	0	3
Totals	8	1	1	2	5	5	3	25

Table 16: Status of enforcement actions undertaken

⁸ [The Enforcement Manual](#)

⁹ [The Enforcement Manual \(Procedure for Administering Administrative Fines Parts I-III\)](#)

ORGANISATIONAL DEVELOPMENTS

Execution of Regulatory Functions

Name of Entity	Type of Authorisation Held	Enforcement Action	Effective Date
First Financial Insurance Brokers Ltd.	Insurance Broker	Licence Revoked	30 Jan 2019
ManagementPlus (Cayman) Limited	Company Manager Licence	Licence Revoked	28 Mar 2019
APAM Protected Asset Management Unit Trust	Registered Fund	Registration Cancelled	12 Mar 2019
Maxam Absolute Return Fund Limited	Registered Fund	Registration Cancelled	12 Mar 2019
Aphelion Offshore Fund, Ltd.	Registered Fund	Registration Cancelled	15 May 2019
Oliver-Barret Lindsay	Registered Director	Registration Cancelled	13 Jun 2019
L.A. Capital Management, Ltd.	Registered Fund	Registration Cancelled	18 Jun 2019
OneTRADEx Ltd.	Securities – Full	Controllers Appointed	18 Jul 2019
OneTRADEx Ltd.	Securities – Full	Provisional Liquidation	6 Sep 2019
Roland Frederick Kaehler ¹⁰	Registered Director	Registration Cancelled	28 Oct 2019
Mark R Graham	Registered Director	Registration Cancelled	28 Oct 2019
John David Geraci	Registered Director	Registration Cancelled	28 Oct 2019
Agavero Insurance Limited	Class B Insurer's Licence	Licence Revoked	29 Nov 2019
KTH Capital Limited	Registered Fund	Registration Cancelled	27 Dec 2019

Table 17: Entity list of formal enforcement actions initiated in 2019¹¹

*Note: Not all enforcement actions are published

¹⁰ Director Registration was suspended effective 13 June 2019.

¹¹ See the [Enforcement Notices](#) section of CIMA's website.

Execution of Co-operative Functions

Litigation

A petition was presented to the Grand Court for the Winding up of OneTRADEx Ltd. An order for Provisional Liquidation was granted by the court on 6 September 2019.

Other Compliance-related Matters

Among its duties, the Compliance Division is also tasked with investigating persons or entities that appear to be conducting regulated business without the proper authorisation from CIMA.

Cross-Border Cooperation

The provision of assistance to overseas regulatory authorities is one of CIMA's principal functions. Such international cooperation takes place primarily through the exchange of information, facilitated through Memorandums of Understanding (MOUs), other agreements and through the Authority's active participation in international forums.

Memoranda of Understanding

MOUs and similar agreements establish a common framework for mutual assistance and cooperation between CIMA and other regulatory bodies. These agreements identify the type of supervisory and enforcement information that may be exchanged and the mechanism to exchange the information. In this way, they enhance the existing working relationships between the authorities. Copies of the current MOUs and cooperation agreements are available on the CIMA website.

During the reporting period, CIMA signed one bilateral MOU. This international agreement was concluded on 5 March 2019 with the State of Utah Insurance Department.

Assistance to Overseas Regulatory Authorities

One of the Legal Division's functions is to advise on, and coordinate responses to, requests for

In addition, in keeping with its mandate to protect the jurisdiction from individuals or entities seeking to reap illegal benefit by false association with the Cayman Islands, the Compliance Division continues to update a list of websites which give Cayman addresses for various businesses that are not registered or licensed in the Cayman Islands.

assistance from overseas regulatory authorities (ORAs). The division works closely with the other divisions, particularly Compliance, to ensure that requests are handled in a timely and efficient manner, and that they conform to the requirements of the MAL, the Handbook and relevant procedures.

The Compliance Division assists primarily on those requests where CIMA does not have the information within its files and where external parties must be approached to obtain it. The division assesses the request from the ORA, prepares the direction and serves it on the relevant party. The division then reviews any information provided by the party to assess whether direction was complied with and provides the information to the requesting overseas body. During the 2019 reporting period, CIMA handled a total of 123 requests for assistance from ORAs.

RCIPS Financial Crimes Investigations Unit

The Royal Cayman Islands Police Services (RCIPS) Financial Crimes Investigations Unit (FCIU) was recently created to focus on investigating money laundering and predicate crimes conducted internationally and through companies. The Authority expects that increased dialogue with the FCIU will enhance our regulatory functions.

12 A list of Fraudulent Websites can be viewed in the [Enforcement](#) section of CIMA's website.

Execution of Co-operative Functions

Local Co-operation

Money Laundering Reporting

CIMA's Money Laundering Reporting Officer filed 10 suspicious activity reports with the Financial Reporting Authority (FRA) during the period of 1 January – 31 December 2019. The FRA made 26 onward disclosures during reporting period of t1 January – 31 December 2019 to CIMA, pursuant to the Memorandum of Understanding (MOU) between the FRA and CIMA.

The Division also processed 15 Inter-agency requests from local competent authorities pursuant to the Inter-Agency Multilateral MOU.

Additionally, in 2019, CIMA made referrals to DPP/RCIPS in three instances.

AML/CFT Supervisors

In conjunction with the Department of Commerce and Investment, the Registrar of Non-Profit Organisations, the Cayman Islands Professional Accountants Association, and the Cayman Attorneys Regulatory Authority (a committee of the Cayman Islands Legal Professionals Association), the Authority has formed the Supervisors Forum ("the Forum"). The role of the Forum is to provide a national-level platform for AML/CFT supervisors to discuss common issues relating to regulation, enforcement, risks, trends and other matters. Members of the Forum discuss issues that arise from carrying out their AML/CFT functions, in order to come to a consensus on a national approach to AML/CFT.

Members of the Forum, including the Authority, participated in training on the FATF Recommendations and Immediate Outcomes in June 2019, as well as CFATF training targeted to supervisors on FATF Immediate Outcome 3 in

January 2020. The Forum has developed policies on open-source information sharing and is developing further mechanisms for cooperation.

During the 2019 reporting period, CIMA's Money Laundering Reporting Officer filed 10 suspicious activity reports with the Financial Reporting Authority.

Organisational Support and Administration

Human Resource Management and Development

In addition to the focus on recruitment of technically competent and experienced staff, the twelve months of the fiscal year focused on the strengthening of partnerships with external (local and overseas) parties for the facilitation of training and workshops.

CIMA Internal Presentations

Staff were afforded development opportunities for speaking engagements through internal presentations in various forums to varied audiences both locally and internationally. Staff learned about reinsurance basics, new guidance for initiatives on regulations and anti-money laundering/countering financing of terrorism ("AML/CFT"), key principles of risk-based supervision and the details of CIMA's Risk-Based Supervisory Methodology and Assessment Tools.

CIMA External Presentations

Presentations were made to the students of Kent State University and a local graduating High School Economics class, focused on providing a broad overview of the core functions and operations of CIMA and Cayman's currency, allowing them to consider CIMA as a future place of employment.

During the reporting period, regulatory experts from CIMA contributed to several significant projects, including various external training exercises and events. These include: the Cayman Islands Fund Administrators Association Hedge Fund presentation, the AML/Compliance & Financial Crime Conference, including presentations for working groups such as SIBL Excluded Persons re-registration, Private Funds Bill, and Virtual Asset Service Providers.

Partnerships - Local

Through the long established, strong working relationship with the Cayman Islands CFA Society, CIMA's regulatory staff attended a learning session that focused on core ethics in regulation.

Staff also benefited from various soft skills and technical trainings offered by Innovative Management and Professional Training and the Cayman Islands Chamber of Commerce.

Local audit firm PwC imparted knowledge and experience as it relates to International Financial Reporting Standard 17.

AML Training

During 2019, 54 AML/CFT/CPF training sessions were attended by 145 CIMA staff, primarily from the Anti-Money Laundering Division, supervisory divisions and Onsite Inspection Unit.

CIMA also hosted a five-day Financial Action Task Force Training and Research Institute Standards Training Course in September 2019. The event brought together 50 representatives from CIMA, other domestic AML/CFT agencies as well as the CFATF member countries.

CIMA staff from the Legal Division contributed to various industry outreach sessions on AML/CFT, administrative fines, and the risk-based approach to supervision.

Partnerships – Overseas

CIMA benefits from having a seat on multiple overseas international and regional working groups and bodies including the Caribbean Group of Banking Supervisors, the International Association of Insurance Supervisors, the Financial Stability Board, International Organization of Securities Commissions and the Group of International Financial Centre Supervisors.

FED Training

Staff from the regulatory divisions benefited from attending the Risk-Focused Supervision & Risk Assessment Seminar which was facilitated by representatives of the US Federal Reserve. The week-long intensive seminar covered credit risk

Organisational Support and Administration

Human Resource Management and Development Cont'd

modelling and examination techniques, operational risk assessment and examination techniques, and market and liquidity risk assessment and examination techniques.

Ongoing Development

Staff from the regulatory divisions increased their technical proficiency in the areas of AML and finance management via the Certified Anti-Money Laundering Specialist certifications and individual Chartered Financial Analyst level exams.

Looking forward to 2020, the Authority will focus on recruitment of the right calibre human resources and enhanced learning and development methods for staff.

Information Services

The goal of the Information Systems Division ("the IS Division") is to facilitate CIMA's business practices in a secure and resilient manner, utilising information and communications technology.

Disaster Recovery

Prior to the start of the hurricane season, the IS Division completed tests against the system to ensure business continuity, which proved successful. Each year, the division assembles all requested improvements from the previous year's test and incorporates those that will provide value, resilience and increased efficiencies into its current plan and operations.

Systems Security

Security has become a major item for CIMA including a prime focus for the IS Division.

Significant upgrades have been made in monitoring the various layers of threat prevention and detection that are already in place. The ability to mesh all security logs from servers and security appliances, which provide alerts to possible security threats, has enabled the Authority to react faster to

potential issues.

CIMA continues to be a targeted entity. During the reporting period, there were thousands of attempts of very basic scans against our systems, including spam emails each day and phishing attempts. As the Authority seeks to enhance its filtering, fewer scams reach the intended user.

As it relates to untargeted general phishing emails, CIMA's security systems averages over 50,000 emails per month that are blocked before the users were to receive them.

The division continues to conduct awareness exercises for CIMA staff in the form of simulated phishing emails which are crafted from real-life cases. The results of these exercises show that the all divisions need continual training to enhance its awareness efforts against a variety of threats.

To help facilitate immediate plans, the division introduced online training that is now mandatory for all new employees. The training videos discuss and demonstrate phishing exercises, the dangers of surfing the Internet, company policy regarding use of CIMA computers and more. Similar training is offered to existing staff who fail the random phishing exercises.

Network Team Accomplishments

During 1 January – 31 December 2019 reporting period, the IS Division Network Team accomplished the following tasks:

- Office relocation logistics to architect, configure and implement a completely new network infrastructure to manage and move over 200 servers and related firewalls, switches and routers from Elizabethan Square to Cricket Square requiring new underground fibre cables and wiring closets in multiple buildings and floors to accommodate over 200 staff.

Organisational Support and Administration

Information Services Cont'd

- Migrated infrastructure equipment to all new 10GB backbone network bandwidth with 40GB connectivity between Citrus Grove Disaster Recovery Centre and Cricket Square.
 - Implemented new all flash drive SAN storage technology for improved resiliency.
 - Updated most staff computers (95% complete) to Microsoft Office 365.
 - Configured and implemented additional physical appliances and virtual server security layers of defence to improve cybersecurity posture.
 - Due to a potential age threat, isolated a legacy server from internet facing to be visible only to the internal network. Temporary measures are in place to continue to accept filings from industry and process internally. This was necessary as these types of filings require new processes that are only available in the new release of one of our public facing applications.
 - Instituted a new employee training system called Knowbe4 which essentially sends an email to all new employees where they are automatically enrolled into an online training course for cybersecurity. In 2020 it will be extended to include custom training for all CIMA related products used by staff.
 - Standardised all external certificates to comply with an initiative championed by Google to restrict the use of compromised encryption protocol.
- Enhanced Electronic Forms Submission (REEFS) applications and Change Request transactions, which saves industry users from having to submit a cheque for each item. Total transaction count was 42,015 with total amount collected \$136,041,108 for renewal payment fees. See Table 18 for a total number of transactions for REEFS Escrow payments collected for new applications and registrations.
- Improved Directors portal updates to further streamline director surrenders and terminations.
 - Updated CIMA's registered entity electronic database - MARS to integrate and capture data from Directors Registration and Licensing Law (DRLL) from the director surrenders and terminations.
 - Over 20 new inherent risk forms for REEFS were designed, coded, tested and published using existing in-house resources. See Tables 19 and 20.
 - Identified a new technical writer role to document both network and development needs to continue strengthening the NIST framework.
 - Created a new in-house written help desk application, as the previous one expired and purchase price increased.
 - Implemented a new Secure File Transfer Platform – ShareFile for staff to collaborate with industry participants on large documents exchange.

Development Team Accomplishments

Below is a list of achievements by the IS Division Development Team during 1 January – 31 December 2019:

- Work commenced for the research and integration of a risk assessment software into CIMA's existing systems which will seek to incorporate a platform to view assess risk assessment results via a single pane of glass.
- Implemented an automatic balance draw-down using online Escrow feature for new Regulatory

Directors Registration Portal

As per normal practice, the 2018 Director Registration requirements were published to the portal in early December 2017. An email was also sent to industry advising that they were ready for payment.

ORGANISATIONAL DEVELOPMENTS

Organisational Support and Administration

Information Services Cont'd

Transaction Type	No of Transactions
Mutual Funds	138
Master Funds	62
SIBL Registered Person	13
TOTAL	213

Table 18: Transactions for REEFS Escrow payments collected for new applications and registrations during 2019

Form Code	Form Description	Submitted
AIR-157-01	AML/CFT Inherent Risk - Banking	132
AIR-157-10	AML/CFT Inherent Risk - Fiduciary	233
AIR-157-14	AML/CFT Inherent Risk - Insurance	676
AIR-157-26	AML/CFT Inherent Risk - Investments	63
AIR-157-75	AML/CFT Inherent Risk - Securities	2,190
ARC-158-01	AML/CFT Risk Controls - Banking	132
ARC-158-10	AML/CFT Risk Controls - Fiduciary	229
ARC-158-14	AML/CFT Risk Controls - Insurance	686
ARC-158-26	AML/CFT Risk Controls - Investments	28
ARC-158-75	AML/CFT Risk Controls - Securities	2,187
CFR-044-99	Cash Flows Return	974
RBQ-045-99	Risk Based Approach Questionnaire	1,146

Table 19: REEFS forms developed in-house and submitted by industry during 2019

Continued on next page

ORGANISATIONAL DEVELOPMENTS

Organisational Support and Administration

Information Services Cont'd

Form Code	Form Description	Submitted
APP-101-69	AIFMD Notification – EU Connected Mutual Fund	8
APP-101-70	AIFMD Notification – EU Connected Fund Manager	1
EUF-152-69	Request AIFMD Attestation for EU Connected Mutual Fund	22
EUM-153-70	Request AIFMD Attestation for EU Connected Fund Manager	4
APP-101-75	Application for SIBL Registered Person	197
RRP-160-75	Application to Re-Register under SIBL as a Registered Person	1,471
FD-040-99	Foreclosure Disclosure	45
IND-038-58	Class D Insurer Annual Return	9
INS-047-56	Insurance Survey	286
LCR-042-99	Liquidity Coverage Ratio (LCR)	42
MLR-041-99	Minimum Liquidity Ratio (MLR)	366
NSF-043-99	Net Stable Funding Ratio (NSFR)	42
QPR-048-01	Quarterly Prudential Return	125
TOTAL		11,294

Continued from previous page

Table 19: REEFS forms developed in-house and submitted by industry during 2019

Form Type	Q1 2019	Q2 2019	Q3 2019	Q4 2019	TOTAL
Financial Return	1,789	10,397	7,611	2,711	22,508
New Application/Registration	2,721	556	348	726	4,351
Change Request	1,784	1,943	1,480	1,700	6,907
TOTAL	6,294	12,896	9,439	5,137	33,766

Table 20: REEFS forms submitted by quarter by industry across all regulatory divisions during 2019

Organisational Support and Administration

Communication and Public Relations

The Public Relations Unit (“the PR Unit”) forms part of the Managing Director’s Office. The Unit provides communications support to, and on behalf of, CIMA in order to assist the Authority in executing its functions and enhancing relationships with stakeholders and the public. These efforts are augmented by the activities of CIMA’s management, the Human Resources Division and other divisions, as well as through staff-led initiatives.

Events and Activities

Throughout the year, the PR Unit expended much of its efforts in helping to coordinate various AML/CFT outreach initiatives for various stakeholders and regulated entities, focusing on risk and context. This included organising in-person industry events and training, coordinating CIMA staff participation at similar external events, dissemination of invitations to relevant licensees and stakeholders via social media and mass e-mail, and featured articles for the Authority’s staff and industry newsletters. In recognition of the international nature of CIMA’s stakeholders, the PR Unit facilitated the production of a variety of topical online video presentations (currently available on the CIMA website) with a goal to allow stakeholders to access CIMA’s outreach in the manner most convenient and useful to their business.

PR staff also aided with the planning and execution of the Authority’s third annual Charity Walk/Run and successfully led two additional events hosted by CIMA: 1) Group of International Finance Centre Supervisors Meeting; and 2) Financial Services Student Mixer.

The PR Unit also assisted the Insurance Supervision Division in coordinating CIMA’s participation at the Cayman Captive Forum hosted by the IMAC which included panel discussions, opening remarks at the event, a media television interview, and arrangement of the CIMA informational booth.

External Publications

The PR Unit assisted the Authority’s senior management in producing written articles, information gathering and interviews for publication such as Cayman Captive magazine, Hedge Fund Week Cayman Report, Captive Insight magazine, The Banker Magazine’s IFC Ranking, Cayman Finance magazine, Cayman Fund magazine, Captive Review, The Journal: Global Banking and Financial Policy Review, Captive Insurance Times Domicile Guidebook 2020, and the Business Insurance Rankings and Directory Survey of Captive Domiciles.

CIMA Publications

As part of its ongoing work, the PR Unit continued to produce and disseminate news releases, notices and advisories; supervisory information circulars; the monthly internal newsletter, the CIMA Insider; quarterly issues of CIMA’s external newsletter - The Navigator; the Authority’s Annual Report; and the CIMA Fact Sheet. The PR Unit also collaborated with key senior staff to produce and disseminate the Authority’s newest industry outreach newsletter, the Anchor, which seeks to focus on facts, developments and trends relating to the ever-evolving subjects of anti-money laundering, countering the financing of terrorism/proliferation financing and sanctions.

In addition, the PR Unit collaborated with the Investments Supervision Division on the production of the Investments Statistical Digest 2018, and with the Policy & Development Division on the Banking Statistical Digest 2018.

Direct Public Information and Assistance

The PR Unit regularly responded to local, regional and international media requests. Regular updates were also posted to the Authority’s LinkedIn company page during the period, in addition to frequent updates to the CIMA website.

Organisational Support and Administration

In an effort to widen our audience reach and enhance CIMA's profile, the unit also created a new CIMA Facebook page.

Internal Support

PR staff worked closely with the various divisions to provide communication support in the form of photographic, graphic design and content development for various external conferences and printed/electronic material. The PR Unit also helped to develop formal speeches and presentations for members of CIMA's senior management team.

The PR Unit continued to monitor, collect, and disseminate relevant information, in order to keep staff and Executive Management team abreast of local and international market, regulatory and political developments.

Through its organisational support and communication efforts, the Authority continues to enhance relationships with staff, its licensees, industry stakeholders, international and local media, as well as the general public.

Data Protection Law

The Data Protection Law (2017) ("the DPL") came into effect on 30 September 2019 in the Cayman Islands and introduces a principle-based approach to protecting the personal data and sensitive personal data of data subjects (i.e. living individuals). All data controllers and data processors are obligated to comply to the DPL. However, due to the nature of CIMA's work, exemptions to certain data protection principles and data subject rights apply in some instances.

CIMA will continue to improve systems, processes and policies for compliance to the DPL.

Financial Control

The Finance Division has responsibility for all financial matters relating to budget, fee collection, payroll, and accounts payable, and is responsible for preparation of CIMA's financial statements and the Ownership & Purchase Agreements between the Cabinet of the Government of the Cayman Islands ("the Cabinet") and the Authority. The division's objectives are essentially created by the financial requirements of the Authority and its stakeholders and the resources available to it.

Coercive Revenue Collection

The Authority collected \$102.3m in coercive fees from regulated entities on behalf of the Cayman Islands Government for the year ended 31 December 2019, compared to \$104.5m for the prior period of 1 January - 31 December 2018.

The Authority's Income

The Authority depends on the sale of its outputs to the Cabinet, as one of its main sources of income to meet its obligations. The outputs delivered in the year ended 31 December 2019, for a total of \$18.4m were:

- The Regulation of the Cayman Islands Currency
- The Collection of Fees on behalf of the Cayman Islands Government
- The Regulation of the Financial Services Industry
- Assistance to Overseas Regulatory Authorities
- Policy Advice & Ministerial Services

The Authority's other sources of income are from the Directors Registration and Licensing Fees \$10.5m, CIMA Transactional Fees \$4.3m, Investments \$3.6m, Commission Income \$0.9m and Other Income \$0.3m.

Net Income

The Authority's net income for the year ended 31 December 2019 was \$5.8m (31 December 2018: \$8.4m) of which \$0.8m was allocated to CIMA's Capital Expenditures Reserve, and \$5m to the general revenue of the Cayman Islands Government.

Details of CIMA's financial position for the year ended 31 December 2019 can be seen in the Audited Financial Statements that follow.

The Authority collected \$102.3m in coercive fees from regulated entities on behalf of the Cayman Islands Government for the year ended 31 December 2019, compared to \$104.5m for the prior period of 1 January - 31 December 2018.

Highlights of Achievements

Notable achievements related to the Authority's 2018-20 Strategic Plan include those outlined below.

Enhance efficiency and effectiveness through structural/functional reforms

A key component of these reforms was addressing the need for a Macro-prudential Unit through the creation of the Financial Stability & Statistics Unit ("the FSSU"). As previously mentioned, the FSSU focuses on research in the area of financial stability and macro-prudential supervision and has a cross-functional role. FSSU also assists the Authority's supervisory divisions by providing statistical support with survey designs, forms, databases and business intelligence tools, and through the collection and compilation of survey responses and data sets not collected by supervisory divisions.

Another important structural enhancement for the Authority was the creation of the Anti-Money Laundering Division - a division dedicated to the monitoring and supervision of entities to ensure compliance with AML and CFT requirements. The rationale for establishing a separate supervisory department follows international best practice where it is necessary to have a distinct supervisory strategy to combat ML and TF.

Optimise efficiency of resources by developing (and implementing) a comprehensive medium and long-term facilities plan

In anticipation of future growth, the Authority developed a strategic facilities plan that resulted in a move to its new offices in Cricket Square. This move allows CIMA to better deliver on its principal functions and ensure that we are seen as a reputable and successful regulator of financial services.

Implement Human Resources enhancements

During 2019, the Authority's HR efforts included updating numerous HR policies. Training activities included sessions on the new risk-based methodology, administrative fines and AML/CFT. The process to enhance the Authority's learning and development programme through the recruitment of a learning and development specialist also commenced in 2019 with the successful candidate expected to be onboarded early in 2020.

Implement regulatory framework enhancements

Regulatory framework activities in 2019 included:

- Development of and consultation on a draft Rule and Statement of Guidance on cybersecurity;
- Comprehensive revision of the prior consultation drafts of the Rule and Statement of Guidance on Actuarial Reports;
- Drafting of, and consultation on, sections of the AML Guidance Notes covering securitisation, proliferation financing and targeted financial sanctions;
- Developing a paper on the gaps in the regulatory framework for credit unions and building societies and making proposals to Government for legislative amendments to remedy these deficiencies;
- Development of and consultation on revised AML/CFT Guidance Notes sections on risk assessments, ongoing monitoring, and virtual asset service providers; and
- Reviewing legislative bills to establish a virtual asset service provider supervisory framework.

Implementation of numerous AML/CFT Framework Enhancements

In addition to establishing the AML Division, the Authority's AML/CFT efforts included:

- A significant increase the number of AML/CFT onsite inspections;
- Enhancements to the collection and analysis of data, facilitated in part by recent legislative amendments, to better inform the Authority's understanding of the inherent money laundering and the financing of terrorism risks present in each sector; and
- Participation in and host of AML outreach sessions for a cross section of regulated entities.

Implement operational and technology enhancements

As CIMA continues to improve its operational and technology functions, enhancements were made to the Authority's online submission portal, REEFS. The system was updated to carry out more automated functions, which has brought about noted improvements in the delivery and management of information. Another milestone was the launch of the escrow payment section of the REEFS system for authorised financial services industry users.

MANAGEMENT DISCUSSION AND ANALYSIS

Highlights of Achievements

Other

Initiatives conducted in support of the Authority's 2018-20 Strategic Plan included promoting and enhancing market confidence, consumer protection and the reputation of the Islands as a financial centre to satisfy statutory obligations. This involved numerous activities such as more speaking engagements (locally and overseas), meetings with local financial industry associations, conducting Counterfeit Detection Awareness training in partnership with the RCIPS Financial Crime Unit, visits to other regulators, participation in various standard setting and or influential organisations including the FSB's Regional Consultative Group for the Americas.

As previously mentioned, the Authority also hosted a meeting of the Group of International Financial Centres in November 2019.

Activities relating to the Cayman Islands currency included exploring options for the use of more durable banknote paper such as printing the 60th Anniversary of our First Constitution commemorative banknote using new Endurance Paper.

The Authority also played an important role in advising central Government on matters relating to the proposal, review and refinement of the various legislative initiatives arising from the MER recommendations, the jurisdiction's EU substance obligation, creation of a Regulatory Sandbox for Fintech among other initiatives such as:

- A proposal for the issuance of a new law that will regulate automated payment and settlement systems locally and amendments to The Monetary Authority Law, should the Authority be chosen as the regulatory body for such payment and settlement systems; and
- Collaborating with the Ministry of Financial Services and Home Affairs to monitor and assist where possible with the issue of correspondent banking.

In anticipation of future growth, the Authority developed a strategic facilities plan that resulted in a move to its new offices in Cricket Square. This move allows CIMA to better deliver on its principal functions and ensure that we are seen as a reputable and successful regulator of financial services.

Risk Management

CIMA began the process of implementing a formal risk management framework in 2019. The purpose of this framework was to strengthen CIMA's ability to achieve its mission and strategic objectives.

The framework will be implemented in a number of phases over the next several years. The initial phase to develop a comprehensive risk register, which will itemise significant risks, commenced in Fall 2019.

A Risk Committee of the Board was established to carry out the certain functions on behalf of the Board. The key mandate of the committee is to:

- facilitate the establishment of a robust process for identifying, managing and monitoring critical risks within CIMA;
- oversee the execution of the risk management policies and procedures and ensure that they are continuously improved in keeping with changes in the business environment; and
- oversee the conduct of risk management assessments, review these results and report critical risk matters to the Board.

Risk assessment and risk management fall under the remit of CIMA's Executive Management, where they are responsible for:

- Developing formal risk management policies and procedures;
- Establishing suitable structures and roles to implement approved risk management policies and procedures;
- Ensuring that their assigned business functions are carried out in compliance with the established risk tolerances and risk appetites levels;
- Managing risks including measuring risk exposures and establishing appropriate internal controls to mitigate risks;
- Providing continuous risk management training and development to increase awareness and sensitize staff to the importance of risk management to the delivery of the Authority's mission.

In light of this, a Risk Management Committee was established to oversee the execution of CIMA's risk management framework by bringing together a

cross-disciplinary team to provide a holistic approach to the identification, assessment and mitigation of risks to CIMA's mission and to support Executive Management in promoting risk awareness and sound risk management practices across CIMA.

Following last year's report, Table 21 provides an updated list of risk management initiatives for 2019.

Risk Management

Key Risks Faced By Ministry/Portfolio	Status	Actions To Manage Risk	Financial Value of Risk
Continuing negative impact of the economic downturn	On-going	Regular monitoring of the performance and composition of the Investment Portfolio. Implementing cost savings measures.	Unquantifiable; (Poorer performance on the Investment Portfolio)
Loss and absence of critical staff	On-going	Enhanced and proactive training, succession planning, reward and recognition programmes, regular performance assessments and salary reviews.	Unquantifiable
<p>Limited resources resulting in an inadequate implementation of the appropriate regulatory framework and supervision processes. (In addition to having a strong legal framework, policies and practices; successful regulation of financial services is still heavily reliant on experienced and high calibre human resources in sufficient numbers and an effectual information systems and technology infrastructure.)</p> <p>This in turn places the Islands' reputation at stake from an inability to supervise financial services at the level required of an international regulator.</p>	<p>Some improvement as resources have increased, including particularly in the AML/CFT area.</p> <p>Resources are still insufficient however, and will be further stretched once CIMA assumes (pending) additional supervisory responsibilities.</p>	<p>Continue to work along with Government with respect to legislative framework and budget.</p> <p>Continue regular review of systems and processes and take full advantage of IS technology to achieve highest efficiency.</p> <p>Amend CIMA's organizational structure.</p> <p>Facilitate more focused HR soft skills training for persons.</p> <p>Take full advantage of the online learning portals for all regulatory staff.</p> <p>Establish partnerships with local professionals and firms to conduct subject matter expert training.</p> <p>Outsource tasks/projects where efficient and or necessary.</p>	Unquantifiable

Table 21: An updated list of risk management initiatives undertaken during 2019

Continued on next page

Risk Management

Key Risks Faced By Ministry/Portfolio	Status	Actions To Manage Risk	Financial Value of Risk
Further impairment to the reputation of the Cayman Islands could impact the stability of the Cayman economy including the loss of Government revenues, potential failure of financial institutions in the Cayman Islands, financial losses for consumers and unemployment.	On-going	Maintain recruitment efforts (to expediently fill vacancies and new positions. Continue to develop and implement proposals on enhancement measures to attract and retain highly qualified and experienced persons.	
An inadequate regulatory framework that leads to a threat to the Islands' reputation with significant potential dangers. e.g. insufficient legislation, rules and or policies required to promote and ensure a sound financial system through effective regulation, supervision and risk management of the financial sector) can lead to: <ul style="list-style-type: none"> • Unsafe and unsound practices or activities that pose risks to the financial system; • Failures of financial entities or unfavourable (international or peer) assessments that would impact the stability of the Cayman economy. 	On-going with some improvement as there have been several recent needed new laws or revisions / amendments to legislation and other regulatory measures. However, other legislative and other regulatory proposals are pending	Enhance framework by: Continuing the internal CIMA process in identifying and developing proposals and recommendations or, if within ambit, implementing measures for addressing areas for legislative and other regulatory requirements changes. Continue to work along with Government with respect legislative framework and budget. Retain and build on existing technical expert knowledge and expertise and attract new high calibre staff to ensure proactive oversight and enforcement.	Unquantifiable
Increasing responsibilities with insufficient corresponding enhancement of resources limits CIMA's ability to	On-going (resources have increased but so have regulatory and supervisory obligations)	Continue to work along with Government with respect to legislative framework and budget. Continue regular review of systems and processes and	Unquantifiable

Table 21: An updated list of risk management initiatives undertaken during 2019

Continued on next page

Risk Management

Key Risks Faced By Ministry/Portfolio	Status	Actions To Manage Risk	Financial Value of Risk
carry out effectively and comprehensively the responsibilities of its regulatory functions.		<p>take full advantage of IS technology to achieve highest efficiency.</p> <p>Outsourcing tasks/projects where efficient and or necessary. Defer (relatively) less critical work.</p>	
<p>Failure to achieve and stay current with Industry developments, requirements, and standards (due to inadequate funding and or resources) resulting in:</p> <ul style="list-style-type: none"> • Inability or impaired ability in identifying and analysing risk trends at both the individual financial entity and system wide level. • Negative impact on jurisdiction reputation as a leading IFC. 	On-going (resources have increased but utilised for other regulatory functions or tasks)	<p>Continue involvement in and assessment of new or revised international regulatory standards by:</p> <ul style="list-style-type: none"> • Sending high-level delegations to meetings of IOSCO, IAIS, Basel, GFICS, CGBS, GICIS, ASBA and FSB. • Continuing to develop a cadre of CIMA Personnel with specialised knowledge, skills and experience capable of proactive engagement with standard setters and other regulators. • Amending CIMA's organizational structure to enable a greater focus and efficiency in identifying, analysing and addressing developments. 	Unquantifiable
Continued scrutiny and demands by international and or regional organizations or individual foreign jurisdictions, such as the G20, EU and the United States and misinformed allegations from these and other institutions (e.g. Tax Justice Network) can harm the reputation of the jurisdiction and	On-going	<p>Continue dialogue with, and engagement in the work of, standard-setting bodies and international and regional organisations.</p> <p>Send high-level delegations to meetings of IOSCO, IAIS, Basel, GFICS, CGBS, GICIS, ASBA and FSB.</p> <p>Conduct visits to key jurisdictions</p>	Unquantifiable

Table 21: An updated list of risk management initiatives undertaken during 2019

Continued on next page

Risk Management

Key Risks Faced By Ministry/Portfolio	Status	Actions To Manage Risk	Financial Value of Risk
consequently threaten business activity.			
The global review and advancement of regulatory standards, whether prudentially sound or flawed and overreaching, can negatively impact the islands financial industry e.g. financial stability measures, de-risking and impact on correspondent banking relationships, AIFMD.	On-going	Close oversight of, and dialogue with, (impacted) local industry and interaction with other jurisdictions and international organizations to share experiences and develop solutions.	Unquantifiable
Emerging trends, Market risks and developments can have a potential impact on regulated industries/institutions that in turn could require increased oversight/regulation by CIMA (e.g. technology, information security, cyber-crime, Money Laundering and Terrorist Financing, outsourcing, financial innovation, de-risking by correspondent banks.	On-going	Be better informed of new or developing market trends and financial innovation by, inter-alia, leveraging experienced senior staff and CIMA's membership and participation in standard setting bodies, international and regional and local organisations, regulatory associations, conferences, international and regional regulatory bodies etc. Also, by keeping abreast of developments via media, training, etc.	Unquantifiable
Increased competition from other jurisdictions (potential risk to market confidence & sound financial system).	On-going	Monitor and analyse jurisdictional developments. Develop proposals for enhancing or amending regulatory regime for implementation and or submission to Government for its consideration.	Unquantifiable

Table 21: An updated list of risk management initiatives undertaken during 2019

Continued from previous page



FINANCIAL STATEMENTS
FOR THE FISCAL YEAR-END
31 DECEMBER 2019



CAYMAN ISLANDS MONETARY AUTHORITY

Statement of Responsibility

For Financial Statements

31 December 2019

These financial statements have been prepared by the Cayman Islands Monetary Authority in accordance with the provisions of the *Public Management and Finance Law (2018 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2018 Revision)*.

As Chairman and Managing Director we are responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Cayman Islands Monetary Authority.

As Chairman and Managing Director we are responsible for the preparation of the Cayman Islands Monetary Authority financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance and cash flows of the Cayman Islands Monetary Authority for the financial year ended 31 December 2019.

To the best of our knowledge we represent that these financial statements:

- (a) completely and reliably reflect the financial transactions of Cayman Islands Monetary Authority for the year ended 31 December 2019;
- (b) fairly reflect the financial position as at 31 December 2019 and performance for the financial year ended 31 December 2019;
- (c) comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

Wayne Panton

Chairman

Cayman Islands Monetary Authority

Date: 15 September 2020

Cindy Scotland

Managing Director

Cayman Islands Monetary Authority

Date: 15 September 2020



Phone: (345) - 244-3211
Fax: (345) - 945-7738
AuditorGeneral@oag.gov.ky
www.auditorgeneral.gov.ky

3rd Floor, Anderson Square
64 Shedden Road, George Town
P.O.Box 2583
Grand Cayman, KY1-1103, Cayman Islands

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Cayman Islands Monetary Authority

Opinion

I have audited the financial statements of the Cayman Islands Monetary Authority (the "Authority"), which comprise the statement of financial position as at 31 December 2019 and the statements of comprehensive income, statement of changes in reserves and contributed capital and statement of cash flows for the year ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 35.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2019 and its financial performance and its cash flows for the year ended 31 December 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Authority in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

As outlined in Note 15 to the financial statements, *the Public Authorities Law (2020 Revision), Section 47 - Terms and conditions and remuneration of staff* came into effect at 1 June 2019 and required all Statutory Authorities and Government Companies to comply with its requirements to standardise salaries and benefits. At the date of this report, the process to complete this standardisation has not been completed. My opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of section 60(1)(a) of the Public Management and Finance Law (2018 revision). I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.




Patrick Smith, CPA
Acting Auditor General

15 September 2020
Cayman Islands


CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at 31 December 2019
(in Cayman Islands Dollars)

	Note	31 December 2019 \$000	31 December 2018 \$000
ASSETS			
Currency Reserve Assets			
<i>Current Assets</i>			
Cash and Cash Equivalents	4b	83,572	71,573
Short-Term Investments	4a	4,355	10,763
Interest and Other Receivables		402	572
Stocks	7	3,740	3,471
<i>Non-Current Assets</i>			
Long-Term Investments	4a	68,900	55,989
Total Currency Reserve Assets		<u>160,969</u>	<u>142,368</u>
Operating Assets			
<i>Current Assets</i>			
Cash and Cash Equivalents	4b	8,868	29,274
Short-Term Investments	4a	15,603	-
Accounts Receivable	5a	3,811	3,899
Other Receivables and Prepayments	5c	1,108	512
<i>Non-Current Assets</i>			
Defined Benefit Pension Assets	9a	-	213
Intangible Assets	6	1,415	1,680
Property and Equipment	6	4,289	556
Right-of-use Assets	10	10,023	-
Total Operating Assets		<u>45,116</u>	<u>36,134</u>
TOTAL ASSETS		<u>206,085</u>	<u>178,502</u>
LIABILITIES, RESERVES and CONTRIBUTED CAPITAL			
Liabilities			
<i>Current Liabilities</i>			
Demand Liabilities, Currency in Circulation	8a	140,369	126,609
Other Liabilities and Payables	8b	5,088	4,699
Lease Liability - Premises	10	1,258	-
Due to Cayman Islands Government	8c	5,000	5,000
<i>Non-Current Liabilities</i>			
Lease Liability - Premises	10	8,828	-
Defined Benefit Pension Liability	9b	57	-
Defined Benefit Healthcare Liability	9c	10,102	6,995
Total Liabilities		<u>170,702</u>	<u>143,303</u>
Reserves			
General Reserve		25,582	21,896
Currency Issue Reserve		375	375
Capital Expenditures Reserve		7,098	10,560
Operational Expenditures Reserve		-	40
Total Reserves		<u>33,055</u>	<u>32,871</u>
Contributed Capital		<u>2,328</u>	<u>2,328</u>
TOTAL LIABILITIES, RESERVES and CONTRIBUTED CAPITAL		<u>206,085</u>	<u>178,502</u>

Approved on 15 September 2020



Cindy Scotland
Managing Director
Cayman Islands Monetary Authority



Gilda Moxam-Murray
Chief Financial Officer
Cayman Islands Monetary Authority

The accompanying notes form an integral part of these financial statements.

**CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2019

(in Cayman Islands Dollars)

	31 December Note	2019 \$000	31 December 2018 \$000
INCOME			
Services Provided to The Cayman Islands Government	11a	18,439	16,333
Directors Registration and Licensing Fees		10,535	10,984
CIMA Transactional Fees		4,315	4,510
Investment Income		3,612	2,507
Commission Income		999	926
Numismatic Income		132	-
Realised Gain on Investments		134	-
Other Income		2	19
TOTAL INCOME		38,168	35,279
EXPENSES			
Salaries and Benefits	13	19,670	18,793
Other Operational Expenses	12	3,657	3,597
Professional Fees		1,888	503
Accommodation	14	1,064	1,374
Pension Expenses	9a	1,281	1,479
Depreciation and Amortisation	6	824	815
Utilities		408	400
Training and Conferences		408	552
Official Travel		327	203
Realised Loss on Investments		-	450
Net Loss on Numismatic Items		-	26
Expected Credit Loss IFRS 9		-	7
Depreciation expense - Right-of-use Asset	10	937	-
Interest expense - Lease Liability	10	160	-
TOTAL EXPENSES		30,624	28,199
INCOME FOR THE YEAR before :-		7,544	7,080
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to Profit or Loss in subsequent periods			
Net Gain on Debt Securities at Fair Value		831	404
Expected Credit Loss	4c	3	6
Items that will not be reclassified to Profit or Loss in subsequent periods			
Remeasurement of Defined Benefit Pension Liability	9a	(157)	604
Remeasurement of Defined Benefit Healthcare Liability	9c,13	(2,391)	264
		(1,714)	1,278
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,830	8,358

The accompanying notes form an integral part of these financial statements.

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF CHANGES IN RESERVES AND CONTRIBUTED CAPITAL
For the year ended 31 December 2019
(in Cayman Islands Dollars)

31 December 2019

	General Reserve \$000	Currency Issue Reserve \$000	Capital Expenditures Reserve \$000	Operational Expenditures Reserve \$000	Contributed Capital \$000
BALANCE AT 01 Jan 2019	21,896	375	10,560	40	2,328
Transfers in :					
From Income for the Year	5,000	-	830	-	-
From Capital Expenditures Reserve	4,292	-	-	-	-
From Operational Expenditures Reserve	40	-	-	-	-
Transfers out :					
Contribution Payable to CI GOVT	(5,000)	-	-	-	-
Change in Policy IFRS 15 (Note 5(b))	(646)	-	-	-	-
Provision IFRS 9	-	-	-	-	-
Capital Purchases	-	-	(4,292)	-	-
Operational Expenses	-	-	-	(40)	-
BALANCE AT 31 December	25,582	375	7,098	-	2,328

31 December 2018

	General Reserve \$000	Currency Issue Reserve \$000	Capital Expenditures Reserve \$000	Operational Expenditures Reserve \$000	Contributed Capital \$000
BALANCE AT 01 Jan 2018	21,495	375	7,548	103	2,328
Transfers in :					
From Income for the Year	5,000	-	2,080	-	-
From Other Comprehensive Income for the year	-	-	1,278	-	-
From Capital Expenditures Reserve	346	-	-	-	-
From Operational Expenditures Reserve	63	-	-	-	-
Transfers out :					
Contribution Payable to CI GOVT (Note 8(c))	(5,000)	-	-	-	-
Fixed Assets Purchased	-	-	(346)	-	-
Provision IFRS 9	(8)	-	-	-	-
Operational Expenses	-	-	-	(63)	-
BALANCE AT 31 December	21,896	375	10,560	40	2,328

The accompanying notes form an integral part of these financial statements.

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF CASH FLOWS
For the year ended 31 December 2019
(in Cayman Islands Dollars)

	Notes	31 December 2019 \$000	31 December 2018 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Comprehensive Income for the Year		5,830	8,358
Adjustments for:			
Depreciation and Amortisation	6	824	815
Depreciation - Right-of-use Asset	10	937	-
Interest Expense - Lease Liability	10	160	-
Loss / (Gain) on Defined Pension Benefits	9b	270	(324)
Loss on Defined Health Care Benefits		3,107	475
(Gain) / Loss on Expected Credit Loss		(5)	1
Net Unrealised Gain on Fair Value of Financial Investments		(826)	(404)
Decrease / (Increase) in Interest Receivable - Currency Reserve Assets		175	(312)
(Increase) in Interest Receivable - Operating Assets		(7)	-
Increase in Accounts Receivable		(559)	(1,390)
(Increase) / Decrease in Other Receivables and Prepayments		(588)	625
(Decrease) / Increase in Unearned Income - Directors Registration and Licensing Fees		(356)	367
Decrease in Unearned Income - CIMA Transactional Fees		(63)	(47)
Increase in Other Liabilities and Payables		808	262
Increase in Stocks	7	(269)	(1,105)
Increase in Demand Liabilities	8a	13,760	7,065
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>23,198</u>	<u>14,386</u>
CASH FLOW USED IN INVESTING ACTIVITIES			
Acquisition of Property, Equipment and Intangible Assets	6	(4,292)	(346)
Net Purchase of Financial Investments Currency Reserve Assets		(5,542)	(1,054)
Net (Gain) / Loss on Fair Value of Sales and Maturities of Financial Investments		(134)	450
Net purchase of financial investments Operating Assets	4a	(15,603)	-
NET CASH USED IN INVESTING ACTIVITIES		<u>(25,571)</u>	<u>(950)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES			
Lease Liability Payments	10	(1,034)	-
Dividend Paid to CI Government		(5,000)	-
NET CASH USED IN FINANCING ACTIVITIES		<u>(6,034)</u>	<u>-</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(8,407)	13,436
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR		100,847	87,411
CASH AND CASH EQUIVALENTS, END OF THE YEAR	4b	<u>92,440</u>	<u>100,847</u>

The accompanying notes form an integral part of these financial statements.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. Organisation and Objectives

The Cayman Islands Monetary Authority (the “Authority”) was established under the *Monetary Authority Law, 1996* on 1 January 1997. Under the *Monetary Authority Law (2018 Revision) (the “Law (2018 revision)”*), the primary functions of the Authority are: -

- To issue and redeem Cayman Islands currency notes and coins and to manage the Currency Reserves
- To regulate and supervise the financial services business
- To provide assistance to overseas regulatory authorities, and
- To advise the Cayman Islands Government on regulatory matters.

As at 31 December 2019 the Authority has 214 employees (31 December 2018: 217). The Authority is located in Cricket Square, George Town, Grand Cayman, Cayman Islands.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of Preparation

Statement of compliance

The financial statements of the Authority are prepared in accordance with International Financial Reporting Standards (“IFRS”).

The financial statements have been prepared on the accrual basis under historical cost convention except for defined benefit pension and healthcare liability (Note 9).

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

b) Foreign Currency Translation

Functional and presentation currency

The reporting currency is Cayman Islands dollars. All financial information is rounded to the nearest thousand dollars, except as otherwise indicated.

Transactions and balances

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Assets and liabilities are translated at the exchange rate in effect at the date of the statement of financial position.

c) Use of Estimates and Judgements

The preparation of financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the reporting period and in any future periods that are affected by those revisions.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Significant Accounting Policies (continued)

d) *Financial Instruments*

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Authority's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. All debt instruments are classified as "Hold to collect and sell" and recognised as fair value through OCI. Accounts receivables are measured at the transaction price determined under IFRS 15.

Cash and Cash Equivalents are classified as amortized cost at the adoption date of the standard.

The Authority's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Authority commits to purchase or sell the asset.

Classification and measurement

Financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

All debt instruments are subsequently measured at fair value with gains and losses arising due to change in the fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Significant Accounting Policies (continued)

Financial Instruments (continued)

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Authority has transferred substantially all the risks and rewards of the asset, or (b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Impairment of financial assets

The Authority recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivables, the Authority applies a general approach in calculating ECLs.

For debt instruments at fair value through OCI, the Authority applies the low credit risk simplification. At every reporting date, the Authority evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Authority reassesses the credit rating of the debt instrument. In addition, the Authority considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Authority's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Authority's policy to measure ECLs on such instruments on a 12-month basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities comprise accounts and other payables, accrued expenses and notes and coins in circulation.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Significant Accounting Policies (continued)

Financial Instruments (continued)

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of current and call deposits and fixed deposits maturing within three months from the date of acquisition.

f) Stock of Notes and Coins for/ in Circulation

The stock of unissued currency notes is stated at cost of production. Only the cost of notes issued into circulation is expensed, on a “first in, first out” basis. All associated cost such as shipping, handling and insurance are expensed immediately.

When currency is issued, the face value of the currency is also recognised as a liability within the “Demand Liabilities, Currency in Circulation”

g) Stocks of Numismatic Items

Stocks consist of gold and silver bullion arising from the melt-down of numismatic coins (the gold and silver bullion content of the following categories of numismatic coins: coins for resale, museum items and coins awaiting melt-down). Bullion stocks are stated at year-end market values for gold and silver bullion and unrealised gain/loss are recorded in the statement of comprehensive income.

h) Numismatic Coins in Circulation

The total nominal value of numismatic coins outstanding as at 31 December 2019 is \$14,490k (31 December 2018: \$14,490k). No liability for redeeming numismatic coins is recognised in the financial statements, since the amount of redemption cannot be reasonably estimated, and the probability of material redemption is remote. Redemption costs and sales proceeds are recorded in the statement of comprehensive income as incurred.

i) Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income in the financial period in which they are incurred.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Significant Accounting Policies (continued)

Property and Equipment (continued)

Depreciation is charged to the statement of comprehensive income on the straight-line method to allocate the cost of each asset over their estimated useful lives as follows:-

- | | |
|--------------------------|---|
| • Furniture and Fixtures | 5 years |
| • Motor Vehicle | 5 years |
| • Office Equipment | 5-7 years |
| • Computer Hardware | 3-5 years |
| • Leasehold Improvements | the shorter of the term of the lease and the useful life. |

The assets' useful lives are reviewed and adjusted where appropriate.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of comprehensive income in the period the asset is derecognised.

j) Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance. The Authority's intangible assets comprise externally acquired computer software. Costs associated with maintaining computer software programmes are charged to the statement of comprehensive income in the financial period in which they are incurred.

All of the Authority's intangible assets have a finite life. Amortisation is calculated using the straight-line method to allocate the cost of each asset over their estimated useful lives which is estimated to be three to ten years. Useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

k) Employee Benefits

Pension Plans

The Authority makes pension contributions for its eligible employees to the Public Service Pensions Fund, which is administered by the Public Service Pensions Board. The Fund has both a defined benefit and a defined contribution element. There are a small number of employees who participate in other private plans, which are all defined contribution schemes.

Under defined contribution plans, the Authority pays fixed contributions and has no obligation to pay further contributions if the fund does not have sufficient assets to pay employee benefits relating to employee service in the current and prior periods. The Authority recognises contributions to a defined contribution plan when an employee has rendered services in exchange for those contributions.

A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the statement of financial position date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and the changes in actuarial assumptions are recognised in other comprehensive income.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Significant Accounting Policies (continued)

Employee Benefits - Pension Plans (continued)

Obligations for contributions to defined contribution and defined benefits pension plans are recognised as pension expense in the statement of comprehensive income as incurred.

Other Benefits

Other employee benefits include maternity leave, sick leave, and vacation days. Vacation days accumulate and vest and therefore a liability is accrued each year.

l) Allocation of Profits

Under Section 9 and 10 of the *Law (2018 revision)*, the net profits of the Authority, after provision for all expenditure and reserves, shall be allocated such that the Currency Reserve Assets represent at least 100% of Demand Liabilities and the General Reserve represents at least 15% of Demand Liabilities. Any surplus not allocated in accordance with the above shall be transferred to the General Revenue of the Cayman Islands Government.

m) General Reserve

The Authority maintains a General Reserve in accordance with Section 8 of the *Law (2018 revision)*, to provide additional funding if necessary, for Demand Liabilities and obligations arising from other business of the Authority. In accordance with section 8 of the *Law (2018 revision)* the General Reserve shall represent at least 15% of Demand Liabilities. As at 31 December 2019, the General Reserve was \$25,582k (31 December 2018: \$21,896k) equating to 18.22% (31 December 2018: 17.29%) of Demand Liabilities.

n) Currency Issue Reserve

The Currency Issue Reserve was adjusted as the stock of notes printed prior to 2003 was all issued into circulation. The Currency Issue Reserve as at 31 December 2019 was \$375k (31 December 2018: \$375K).

o) Capital and Operational Expenditures Reserves

Under Section 9 of the *Law (2018 revision)*, the net profits of the Authority for any financial year shall include, but shall not be limited to, the income from the investments of the Authority, and the profit from the sales of investments belonging to the Authority, and shall be determined by the Authority after meeting or providing for all expenditure for that year and making such provisions for contingencies and the establishment of such additional reserves as it may consider desirable. The Capital Expenditures Reserve has been established for the implementation and acquisition of key capital projects. The Operational Expenditures Reserve will fund the operating costs associated with these key projects.

p) Contributed Capital

The authorised capital of the Authority is \$100 million; with The Cayman Islands Government being the sole subscriber. In 1998, the Government made a commitment to increase the Contributed Capital of the Authority to a minimum of \$10 million by yearly transfers of approximately \$0.5 million from Operating Surplus.

In December 2009, Section 7 (5) of the Monetary Authority Law (2008 Revision) was amended by the Monetary Authority (Amendment Law, 2009), to allow Cabinet to vary the amount of paid-up capital held by the Authority, and where the capital is reduced any excess shall be transferred by the Authority to the Government. In June 2010 the Cayman Islands Government withdrew \$8.250 million. Contributed Capital as at 31 December 2019 was \$2.328 million (31 December 2018: \$2.328 million).

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Significant Accounting Policies (continued)

q) Revenue Recognition

The Authority adopted IFRS 15 (Revenue from Contracts with Customers) from 1 January 2018. The new standard was applied using the modified retrospective method, with the cumulative effect recognised in general reserves on 1 January 2018. This core principle is delivered in a five-step model framework which are: (1) Identify the contract with a customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligations in the contract; and (5) Recognise revenue when the Authority satisfies a performance obligation.

The Authority's main source of income is derived from the services it provides to the Government of the Cayman Islands. The Authority's other sources of income are generated from Directors Registration and Licensing Fees (DRL fees), CIMA transactional fees, its investments, bank balances, and other currency transactions.

To be compliant with the Directors Registration and Licensing Law, 2014, and therefore deemed to be fully registered, Directors are required to file an annual registration (prescribed form) and pay the fee by 15 January.

DRL fees received (for current and prior years) are recognised as revenue in the year that the Director has fully registered for those years.

Penalties for late registrations are recognised as revenue in the year in which they are received.

Any DRL or CIMA transactional fees received in advance of the year for which they are earned, are recorded as unearned revenue and subsequently recognised as revenue for the pertinent year.

Commission Income is recognised as earned on redemption of currency in circulation.

Rendering of Services (Services provided to the Cayman Islands Government and CIMA Transactional Fees) are recognised as revenue when the related service is rendered.

Net Loss or Gain on Numismatic Items – bullions stocks are stated at year-end market values. Numismatic coins sales and expenses are accounted for with the revaluation gain/loss.

Investment Income and other sources of income are accrued as earned.

r) IFRS 16 Leases (Effective for annual periods beginning on or after 1 January 2019)

The Authority applied IFRS 16 from 1 January 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in general reserve at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated and is presented as previously reported.

The objective of IFRS 16 is to report information that (i) faithfully represents lease transactions and (ii) provides a basis for users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. To meet the objective, the Authority has recognised assets and liabilities arising from its lease agreements.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Significant Accounting Policies (continued)
IFRS 16 Leases (continued)

On transition to IFRS 16, the Authority elected to use the exemptions under IFRS 16 for its short-term leases with Montpelier Properties and did not recognize any assets and liabilities on those. The Authority had two leases which transitioned to a right-of-use asset at 1 January 2019.

Previously, the Authority classified the lease agreements as an operating lease under IAS 17. On transition, lease liabilities related to leased premises that commenced as of 1 January 2019 were measured at the present value of the remaining lease payments, discounted at the Authority's incremental borrowing rate as at 1 January 2019. The right-of-use asset was recognised at an amount equal to the lease liability.

The impact of transition to IFRS 16 is summarized below:

	1 January 2019
	\$000
Right-of-use asset	527
Lease liability	527

2.1 Changes in Accounting Standards/IFRS

The Authority is not aware of any new standards and interpretations issued that the Authority reasonably expects to have an impact on disclosures, financial position, or performance when applied at a future date.

3. Financial Risk Management

a) Financial instruments at fair value.

The fair value of investments, hold to collect and sell as per Note 2 (d) is classified using a fair value hierarchy that reflects the significance of the inputs disclosed in making the measurements:

Level 1 – quoted prices in active markets

Level 2 – inputs are observable either directly or derived from quoted prices

Level 3 – no observable inputs

The fair value hierarchy requires the use of observable market inputs wherever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Financial Risk Management (continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$000	\$000	\$000	\$000
Financial instruments at fair value as at 31 December 2019				
Investments, Hold to collect and sell	88,858	-	-	88,858
Total financial instruments	<u>88,858</u>	<u>-</u>	<u>-</u>	<u>88,858</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$000	\$000	\$000	\$000
Financial instruments at fair value as at 31 December 2018				
Investments, Hold to collect and sell	66,752	-	-	66,752
Total financial instruments	<u>66,752</u>	<u>-</u>	<u>-</u>	<u>66,752</u>

The Authority is exposed to interest rate risk, credit risk, liquidity risk, and market risk as a result of holding financial instruments. The following is a description of those risks and how the Authority manages its exposure to them.

b) Interest Rate Risk

The Authority is subject to interest rate risk on the cash placed with local and international institutions which attracts interest. The Authority is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and available on demand. The Authority's investments are at fixed interest rates. Volatility in market interest rates not only affect the return on investments, but also the discount rate used to measure funding valuations and pension liabilities. Interest rate risks, in terms of investment returns, are mitigated primarily by investing in fixed income instruments that are relatively easy to divest and the avoidance of derivatives.

No interest payments are charged to customers on late payments on accounts receivable.

c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation (IFRS 7). The Authority manages credit risk by adhering to the Authority's investment guidelines for its Currency Reserves Assets which establishes counterparty concentration limits and minimum standards that each counterparty must attain. The Authority's current, call, and fixed deposits are placed with high credit quality institutions. Credit risk with respect to long and short-term investments, accounts and interest receivable, and other receivables is limited as the Authority only transacts business with counterparties it believes to be reputable and capable of performing their contractual obligations.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Financial Risk Management (continued)

	31 December 2019	31 December 2018
	\$000	\$000
Investments, Hold to collect and sell		
AAA	68,665	58,828
AA	3,562	2,875
A	9,987	5,049
BBB	6,644	-
	<u>88,858</u>	<u>66,752</u>
Cash and cash equivalents		
Cash at bank and in-hand		
AAA	249	214
AA	2,433	4,788
A	750	1,947
BBB	8,425	28,315
	<u>11,857</u>	<u>35,264</u>
Overnight repurchase agreements		
AAA	80,583	65,583
	<u>92,440</u>	<u>100,847</u>

d) *Liquidity risk.*

Liquidity risk is the risk that an entity will have difficulties in meeting its financial obligations (IFRS 7). Liquidity risk is managed on a basis which generally requires the Authority to hold assets of appropriate quantity and quality to meet all its obligations as they fall due. The Authority's investment guidelines for its Currency Reserves Assets are, in order: security, liquidity, and income. Accordingly, the Authority believes that it is not exposed to any significant level of liquidity risk.

e) *Market risk.*

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks (IFRS 7). The ranges of interest rates and maturity dates are presented in Note 4. The carrying amount of call accounts, fixed deposit accounts, interest receivable and other liabilities approximated their fair value due to the short-term maturities of these assets and liabilities. The fair value of investments is presented in Note 4. The fair values of other assets and liabilities are not materially different from the carrying amounts. Readily available markets enable the determination of fair values.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

4. Currency Reserve and Operating Assets

Sections 32(8) of the *Law (2018 revision)* mandates the preservation of Currency Reserve Assets, separately from all other assets of the Authority. These assets are to be used to fund the Authority's currency redemption obligations. (See Note 8.) They shall not be used to satisfy liabilities arising from any other business of the Authority. After all Demand Liabilities are extinguished, any surplus Currency Reserve Assets would form, in part, the assets of the General Reserve. (See Note 2 m.)

Under the *Law (2018 revision)*, sections 32(2) and 32(6) respectively, the Currency Reserve Assets consist of external assets (not less in value than an amount equivalent to ninety percent of Demand Liabilities) and local assets (not to exceed ten percent of Demand Liabilities). Under 32(4) local assets shall be in value not less than the difference, if any, between the amount of its total demand liabilities and the value of external assets.

As at 31 December, the value of Currency Reserve Assets was \$160,969k (31 December 2018: \$142,368k) representing 114.68% (31 December 2018: 112.45%) of total Demand Liabilities. The value of external assets equated to 109.37% (31 December 2018: 107.27%) while the value of local assets as at 31 December 2019 equated to 5.30% (31 December 2018: 5.18%) of Demand Liabilities.

Currency Reserve Assets comprise the following:

a) Investments

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial assets were acquired. The investments are actively traded, classed as 'hold to collect and sell', and meet the principal investment objectives of the Authority - security, liquidity, and income.

The investment portfolio is managed by independent fund managers in accordance with investment guidelines established by the Board of Directors of the Authority, in accordance with the *Law (2018 Revision)*. Management fees are calculated based on the market value of the portfolio and are payable quarterly in arrears. Either party may terminate the agreement with thirty days' notice.

Long-term Investments. U.S. Treasury Notes and U.S. Government Sponsored Enterprise ("GSE") stated at market value, with interest rates ranging from 1.75% to 4.75% and maturity dates between 04 February 2021 and 20 May 2049.

Included in long-term investments are three securities totalling \$6,927k (31 December 2018 - four totalling \$8,571k) with maturity dates over ten years. These securities are of the class for which the average life shall be used in place of maturity, under the investment guidelines.

	31 December 2019	31 December 2018
Range of maturities	\$000	\$000
1-5 years	59,933	47,380
6-10 years	2,040	38
Over 10 years	6,927	8,571
	<u>68,900</u>	<u>55,989</u>

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Currency Reserve and Operating Assets (continued)
Investments (continued)

Short-term Investments – Currency Reserve AAA Corporate Bond maturity date 15 March 2020 and Fixed Deposit maturity date 16 June 2020.

	31 December 2019	31 December 2018
	\$000	\$000
U.S. Treasury Notes	-	9,482
AAA Corporate Bonds	1,794	1,281
Fixed Deposit	2,561	-
Total Short-term Investments	<u>4,355</u>	<u>10,763</u>

Short-term Investments – Operating AAA U.S. Treasury Bills dates 02 January 2020 – 14 May 2020.

	31 December 2019	31 December 2018
	\$000	\$000
U.S. Treasury Bills	11,521	-
Fixed Deposit	4,082	-
Total Short-term Investments	<u>15,603</u>	<u>-</u>

All investments are measured at fair value, designated as such upon initial recognition.

b) Cash and Cash Equivalents

The Authority maintains current, call and fixed term deposits with domestic and foreign banks. Under the *Law (2018 revision)*, domestic deposits (as part of the Currency Reserve Assets) cannot exceed 10% of Demand Liabilities. As at 31 December 2019, domestic deposits were \$4,552k (31 December 2018: \$3,831) representing 3.24% (31 December 2018: 3.03%) of Demand Liabilities.

Interest was earned on domestic call accounts at a rate of 0.01% during the period ended 31 December 2019 (31 December 2018: 0.01%). The domestic fixed deposit earned interest at rates ranging between 1.45% to 2.37% during the period ended 31 December 2019 (31 December 2018: 0.99% to 2.37%).

The Federal Reserve call account balance is non-interest bearing; however, the excess balances are invested daily in a repurchase agreement. Interest is calculated on the average daily balance of the foreign investment call account. During the period ended 31 December 2019 no interest was earned (31 December 2018: \$0).

Overnight repurchase agreements for terms of one business day are acquired through buyback transactions with the US Federal Reserve to earn an overnight interest rate.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Currency Reserve and Operating Assets (continued)

Cash and Cash Equivalents (continued)

	Holding	31 December 2019	31 December 2018
	Currency	\$000	\$000
i) Operating Assets			
Current	KYD	(96)	(117)
Savings	KYD	2,380	2,968
Savings	USD	6,323	10,308
CI Cash on Hand		261	243
Total Current and Call Deposits		8,868	13,402
Fixed Deposits	KYD	-	15,872
Total Cash and Cash Equivalent - Operating Assets		8,868	29,274
ii) Currency Reserve Assets			
Domestic Deposits			
Savings	KYD	1,005	975
Savings	USD	984	348
Foreign Deposits			
Federal Reserve Bank	USD	250	213
Investment Portfolio	USD	750	1,947
Federal Reserve Repurchase Agreement @ 2.45%	USD	80,583	65,583
Total Call Deposits		83,572	69,066
Domestic - Fixed Deposits	USD	-	2,507
Total Cash and Cash Equivalent - Currency Reserve		83,572	71,573
Total Cash and Cash Equivalent		92,440	100,847

c) *Financial Instruments*

The IFRS 9 significant accounting policies applied in the current period are described in Note 2.

Cash and cash equivalents

All classes of cash and cash equivalents as disclosed in Note 4b are classified as amortised cost under IFRS 9 at the adoption date of the standard. The ECLs for cash and cash equivalents balances were insignificant.

Investment securities

Debt instruments under IFRS 9, are classified as hold to collect and sell and measured at FVOCI and amortised cost.

The ECLs for short and long-term investments balances were insignificant.

Receivables

Receivable as disclosed in Note 5 are classified as amortised cost under IFRS 9 at the adoption date of the standard. The ECLs for these receivables were insignificant.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Receivables and Prepayments

a) *Aged profile of Accounts Receivable*

	31 December 2019	31 December 2018
Period Outstanding Days	\$000	\$000
1-30	2,378	1,891
31-60	1,433	1,361
61-90	-	-
>90	-	647
	<u>3,811</u>	<u>3,899</u>

The creation and release of provision for impairment of receivables has been included in Other Operating expenses (Note 12) in the statement of comprehensive income. Receivables are written off where there is no reasonable expectation of recovery. Indicators that there is reasonable expectation of recovery include amongst others, the failure of a debtor to engage in a repayment plan with the Authority, and failure to make contractual payments for a period greater than 120 days past due.

	31 December 2019	31 December 2018
Output Income	3,560	2,722
CIMA Transactional Fees	251	530
Directors Registration and Licensing Fees	-	647
Accounts Receivable, net	<u>3,811</u>	<u>3,899</u>

b) *Change in accounting policy for Directors Registration and Licensing fees*

In 2019 there was a change in accounting policy by which the enforceable rights and obligation between the Authority and the Director is created upon the annual declaration in the prescribed form and payment of the fee as this is the time when it is probable that the Authority will collect the fee. By doing this, the parties to the contract have met the five attributes to constitute the relationship a contract.

DRL fees received (for current and prior years) are recognised as revenue in the year that the Director has fully registered for those years. Therefore, no receivable has been booked for collections subsequent to 2019 year end from directors that were registered after the year end as in previous years. The change to the prior year receivable was corrected through the reserve.

c) *Other Receivables and Prepayments*

	31 December 2019	31 December 2018
Prepayments	694	441
Receivable - Lease Allowance Fit-out	351	-
Other Receivables	18	35
Accrued Interest - Operating Assets	42	35
Employee Advances	3	1
	<u>1,108</u>	<u>512</u>

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

6. Property, Equipment, and Intangibles

	Furniture & Fixtures	Leasehold Improvement	Computer Equipment Hardware	Office Equipment	Motor Vehicle	TOTAL TANGIBLE	Intangible	GRAND TOTAL
Original Cost	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 31/12/2018	975	1,182	2,115	587	23	4,882	5,108	9,990
Additions	683	3,267	292	17	20	4,279	13	4,292
Disposals	(838)	(1,182)	-	(241)	(23)	(2,284)	-	(2,284)
Balance as at 31/12/2019	820	3,267	2,407	363	20	6,877	5,121	11,998
Accumulated Depreciation and Amortisation								
Balance as at 31/12/2018	918	1,124	1,763	498	23	4,326	3,428	7,754
Depreciation and Amortisation for the year	92	169	251	33	1	546	278	824
Relieved on disposals	(838)	(1,182)	-	(241)	(23)	(2,284)	-	(2,284)
Balance as at 31/12/2019	172	111	2,014	290	1	2,588	3,706	6,294
Net Book Value as at 31/12/2019	648	3,156	393	73	19	4,289	1,415	5,704

	Furniture & Fixtures	Leasehold Improvement	Computer Equipment Hardware	Office Equipment	Motor Vehicle	TOTAL TANGIBLE	Intangible	GRAND TOTAL
Original Cost	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 31/12/2017	970	1,182	1,852	568	23	4,595	5,050	9,645
Additions	6	-	263	19	-	288	58	346
Disposals	(1)	-	-	-	-	(1)	-	(1)
Balance as at 31/12/2018	975	1,182	2,115	587	23	4,882	5,108	9,990
Accumulated Depreciation and Amortisation								
Balance as at 30/12/2017	830	968	1,559	458	23	3,818	3,122	6,940
Depreciation and Amortisation for the year	89	156	224	40	-	509	306	815
Relieved on disposals	(1)	-	-	-	-	(1)	-	(1)
Balance as at 30/12/2018	918	1,124	1,763	498	23	4,326	3,428	7,754
Net Book Value as at 31/12/2018	57	58	352	89	-	556	1,680	2,236

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

7. Stocks

	31 December 2019 \$000	31 December 2018 \$000
Bullion from the melt-down of coins	493	427
Coins for resale	269	239
Museum items	84	71
	<u>846</u>	<u>737</u>
Inventory of unissued currency notes and coins	<u>2,894</u>	<u>2,734</u>
Total Stocks	<u><u>3,740</u></u>	<u><u>3,471</u></u>

The amount of inventory recognised as expense during the period amounted to \$564k (2018: \$576k). The Bullion stocks are stated at year-end market values for gold and silver bullion and held with a third party.

8. Liabilities

a) Demand Liabilities

Demand Liabilities represents the face value of currency notes and coins in circulation. These liabilities are fully funded by the Currency Reserve Assets.

Total Demand Liabilities comprise:

	31 December 2019 \$000	31 December 2018 \$000
Currency notes in circulation	127,501	114,372
Currency coins in circulation	12,868	12,237
Total Demand Liabilities	<u><u>140,369</u></u>	<u><u>126,609</u></u>

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Liabilities (continued)

b) *Other Liabilities and Payables*

	31 December	31 December
	2019	2018
	\$000	\$000
Unearned income - Director Registration Fees	3,324	3,680
Unearned income - CIMA Transactional Fees	91	155
Annual leave accrual	263	243
Other accruals	897	191
Accounts payable	400	332
Pension Payables	93	74
Other Payables	20	24
	<u>5,088</u>	<u>4,699</u>

As at 31 December 2019, Other Payables included unsettled investment management and custody fees of \$13k (2018: \$10k).

c) *Net profit allocation*

In 2018 the Board approved to pay over \$5,000k of the net profit to the General Revenue of the Cayman Islands Government in accordance with Section 9 and 10 of the *Law (2018 revision)*. During the year ended 31 December 2019, the net profit allocation of \$5,000k was paid over to the Cayman Islands Government during the year.

In 2019 the Board approved to pay over \$5,000k of the net profit to the General Revenue of the Cayman Islands Government in accordance with Section 9 and 10 of the *Law (2018 revision)*.

9. Post-Employment Benefits

a) *All Pension Plans*

Public Service Pension Plan Pension contributions for eligible employees of the Authority are paid to the Public Service Pensions Fund (the “Fund”), and other private sector pension plans. The Fund is administered by the Public Service Pensions Board (“the Pensions Board”) and is operated as a multi-employer plan. Prior to 1 January 2000, the Fund operated as a defined benefit (“DB”) plan. With effect from 1 January 2000, the Fund had both a DB and a defined contribution (“DC”) part, with participants joining after 1 January 2000 becoming members of the defined contribution element only.

Using the Projected Unit Credit method of measuring costs and obligations, the actuarial assessment for the Authority assessed the minimum normal annual contribution to be 13 % in the ‘Actuarial Valuation as of 01 July 2005 for the purposes of establishing required contribution rates towards the Public Service Pensions Fund’. This rate included a 1% for the cost of all of the benefits that are provided over and above those related to the participant’s total account balance. The Authority pays this 1% for all employees. Under the Public Service Pensions (Contribution Rates) Regulations, 2016, this 1% was changed to 0% for the Defined Benefit plans and to 0.4% for Defined Contribution plans. In the 01 January 2017 actuarial valuation of the Public Service Pensions Plan for funding purposes, the Authority’s prescribed employer contribution rates have been established at 8.6% for DB participants and 6.4% for DC participants. For some employees in the defined benefit plan, the Authority pays both the employer and employee contributions.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Post-Employment Benefits (continued)
All Pension Plans (continued)

The Plans are funded at rates of: -

	31 December <u>2019</u>	31 December <u>2018</u>
Defined Contribution Plans		
Employee	6	6
Employer	6.4	6.4
Defined Benefit Plans		
Employee	6	6
Employer	8.6	8.6

The Actuary to the Pensions Board has valued the Fund as at 31 December 2019. The defined contribution part of the Fund is not subject to actuarial valuation due to the nature of the benefits provided therein.

The total amount recognised as a pension expense for the period ended 31 December 2019 was \$1,438k (31 December 2018: \$875k). The actual amount of pension expense relating to the defined benefits for staff should also include the effect of any changes in the actuarial determined liability. Pension expense is the expense under IAS 19, inclusive of service cost, amortisations and net interest. Current service cost represents the pension cost to the Authority associated with the financial year benefit accruals and is net of any participant contributions.

	31 December <u>2019</u>	31 December <u>2018</u>
	\$000	\$000
Public Service Pension Board Defined Benefit	218	238
Public Service Pension Board Defined Contribution	596	541
Public Service Pension Board Additional cost contribution	60	135
Private Pension Plans	294	285
Defined Benefit Pension cost	113	280
Total Pension Expense All Plans	<u>1,281</u>	<u>1,479</u>
Remeasurement of DB Liability in OCI	157	(604)
Total Pension Expense	<u>1,438</u>	<u>875</u>

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Post-Employment Benefits (continued)

b) *Defined Benefit Pension*

The actuarial position is as follows:

	31 December 2019	31 December 2018	31 December 2017	30 June 2016	30 June 2015
	\$000	\$000	\$000	\$000	\$000
Net Present Value of Funded Obligation	(12,292)	(9,882)	(11,167)	(12,201)	(9,319)
Fair Value of Plan Assets	12,235	10,095	11,056	9,071	8,458
Funded Status	(57)	213	(111)	(3,130)	(861)
Net Asset/(Liability)	(57)	213	(111)	(3,130)	(861)

Components of defined benefit pension cost	31 December 2019	31 December 2018
	\$000	\$000
Current service cost	300	363
Interest expense on DBO	415	391
Interest income on plan assets	(429)	(391)
Defined benefit cost included in P&L	286	363
Remeasurements (recognised in other comprehensive income)		
Effect of changes in demographic assumptions	(47)	(92)
Effect of changes in financial assumptions	2,458	(1,711)
Effect of experience adjustments	(67)	362
(Return) on plan assets (excluding interest income)	(2,187)	837
Total remeasurements included in OCI	157	(604)
Total defined benefit cost recognised in P&L and OCI	443	(241)
Employer Contributions	(173)	(83)
Total net defined benefit cost recognised in P&L and OCI	270	(324)

Reconciliation of defined benefit pension liability	31 December 2019	31 December 2018
	\$000	\$000
Previous year net defined benefit liability	(213)	111
Defined benefit cost included in P&L	286	363
Total remeasurement included in OCI	157	(604)
Employer contributions	(173)	(83)
Net defined benefit (asset)/liability	57	(213)

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Post-Employment Benefits (continued)

Defined Benefit Pension (continued)

	31 December 2019	31 December 2018
Change in defined benefit pension obligation	<u>\$000</u>	<u>\$000</u>
Defined benefit obligation at end of prior year	9,882	11,167
Current service cost	300	363
Interest expense	415	391
Transfers between Other Participating employers	(530)	(435)
Benefit payments from plan asset	(202)	(246)
Plan participant contributions	83	83
Remeasurements:-		
Effect of changes of demographic assumptions	(47)	(92)
Effect of changes of financial assumptions	2,458	(1,711)
Effect of experience adjustments	(67)	362
Defined benefit obligation at end of year	<u>12,292</u>	<u>9,882</u>

	31 December 2019	31 December 2018
Change in fair value of plan assets	<u>\$000</u>	<u>\$000</u>
Fair value of plan assets as at end of prior year	10,095	11,056
Interest income	429	391
Employer contributions	173	83
Plan participant contributions	83	83
Transfers between Other Participating employers	(530)	(435)
Benefit payments from plan assets	(202)	(246)
Remeasurements:-		
Return on assets (excluding interest income)	2,187	(837)
Fair value of plan assets at end of year	<u>12,235</u>	<u>10,095</u>

Composition of Plan Assets

The composition of the total plan assets managed by the PSPB, as at 31 December 2019 and 31 December 2018, was as follows: -

	31 December 2019	31 December 2018
	%	%
Global equity securities	79	79
Debt securities	20	20
Cash	1	1
Total	<u>100</u>	<u>100</u>

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Post-Employment Benefits (continued)

Defined Benefit Pension (continued)

Actuarial Assumptions

The principal actuarial assumptions used to determine benefit obligations at 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
	%	%
Discount Rate	3.50	4.50
Rate of salary increase	2.50	2.50
Rate of price inflation	2.00	2.00
Rate of pension increases	2.00	2.00

The economic assumptions used to determine Net Periodic Benefit Cost for the period ended 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
	%	%
Discount rate	4.55	3.85
Rate of salary increase	2.50	2.50
Rate of price inflation	2.00	2.00
Rate of pension increases	2.00	2.00

Other Assumptions:

- Mortality – Standard U.S. mortality rates
- Retirement Age – attainment of age 57 and at least 10 years of service
- Asset Valuation –Fair (Market) Value

	31 December 2019	31 December 2018
	\$000	\$000
Sensitivity analysis on defined benefit pension obligation		
Discount rate		
Discount rate - 25 basis points	13,027	10,444
Discount rate + 25 basis points	11,610	9,358
Inflation rate		
Inflation rate - 25 basis points	11,710	9,427
Inflation rate + 25 basis points	12,914	10,366
Mortality rates		
Mortality - 10% of current rates	12,605	10,096
Mortality + 10% of current rates	12,008	9,685
Expected cash flows for following year		
Expected employer contributions	118	128
Defined benefit obligation by participant status		
Actives	8,956	7,610
Vested deferreds	3,336	2,272
Total	12,292	9,882

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Post-Employment Benefits (continued)

c) *Defined Benefit Healthcare*

The Authority has established a Post-retirement Healthcare program for some employees/retirees who are/were members of the PSPB Defined Benefits Pension plan. This group included some employees who were transferred to the Authority from core Cayman Island Government (CIG) upon the creation of the Authority. The intention was that the staff members transferred to the Authority will not be worse off after the transfer in terms of the employee benefits they enjoyed as employees of the CIG.

This action (accepting responsibility to provide the same healthcare benefits enjoyed by CIG employees for the transferred employees and other long-serving employees who are members of the PSPB Defined Benefit plan) creates a valid expectation on the part of these employees and therefore results in a constructive obligation on the Authority. Consequently, for these employees, the Authority provides for a post-retirement healthcare obligation plan identical to the CIG (which is in accordance with paragraph 18(2) of Schedule 1 of the Personnel Regulations (2019 Revision)). Under this plan, the premiums for this healthcare coverage would be paid for by the Authority for all eligible employees, together with their spouses (until the end of their lives) and dependent children (until the end of their eligibility as a dependent child). To be eligible, the Authority would have been the employee's principal employer for 10 consecutive years and also retire in service with the Authority.

This coverage falls within the definition of a defined benefit as defined by IFRS and as such represents a future liability of the Authority. The Authority is therefore required to use the actuarial valuation method to determine the present value of its healthcare benefit obligations and the related current service costs for its future (qualified) retirees. IAS 19 requires that the funded or unfunded post-employment benefits to be recognised in the statement of financial position (in the case of net defined liability or asset) and the statement of comprehensive income (for the annual expense).

The Authority obtained the services of Mercer Actuaries of Canada to provide actuarial valuation service. The report of their valuation and the details of the valuation method and assumptions used are presented hereunder in accordance with IAS 19.

The Authority has a present value net defined healthcare benefit obligation of \$10,102k at the end of the financial year 31 December 2019 (31 December 2018: \$6,995k).

	31 December	31 December
	2019	2018
Change in defined benefit healthcare obligation	<u>\$000</u>	<u>\$000</u>
Defined benefit obligation at end of prior year	6,995	6,520
Current service cost	427	501
Interest expense	304	238
Cashflows - Benefits from employer	(15)	-
Remeasurements:-		
Effect of changes of demographic assumptions	1,056	(26)
Effect of changes of financial assumptions	1,782	(1,115)
Effect of experience adjustments	(447)	877
Defined benefit obligation at end of year	<u><u>10,102</u></u>	<u><u>6,995</u></u>

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Post-Employment Benefits (continued)
Defined Benefit Healthcare (continued)

	31 December	31 December
	2019	2018
	\$000	\$000
Components of defined benefit healthcare cost		
Current service cost	427	501
Interest expense on DBO	304	238
Interest income on plan assets	-	-
Defined benefit cost included in P&L	<u>731</u>	<u>739</u>
 Remeasurements (recognised in other comprehensive income)		
Effect of changes in demographic assumptions	1,056	(26)
Effect of changes in financial assumptions	1,782	(1,115)
Effect of experience adjustments	<u>(447)</u>	<u>877</u>
Total remeasurements included in OCI	<u>2,391</u>	<u>(264)</u>
 Total defined benefit cost recognised in P&L and OCI	<u><u>3,122</u></u>	<u><u>475</u></u>
	31 December	31 December
	2019	2018
	\$000	\$000
Reconciliation of defined benefit healthcare liability		
Net defined benefit liability	6,995	6,520
Defined benefit cost included in P&L	731	739
Total remeasurement included in OCI	2,391	(264)
Cash Flows - Employer direct benefit payments	<u>(15)</u>	-
Net defined benefit liability	<u><u>10,102</u></u>	<u><u>6,995</u></u>
Defined benefit obligation total	<u><u>10,102</u></u>	<u><u>6,995</u></u>

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Post-Employment Benefits (continued)
Defined Benefit Healthcare (continued)

Actuarial Assumptions

The principal actuarial assumptions used to determine benefit obligations at 31 December 2019 is as follows:

	31 December 2019 %	31 December 2018 %
Weighted-average assumptions to determine defined benefit obligation		
Discount Rate for defined benefit obligation	3.60	4.55
Healthcare cost trend rates		
Immediate trend rates	5.00	5.00
Ultimate trend rate	5.00	5.00
Weighted-average assumptions to determine defined benefit cost		
Discount Rate for defined benefit cost	4.55	3.85
Net interest cost rate	4.35	3.65
Discount rate for service cost	4.60	3.90
Rate for interest on service cost	4.60	3.85
Healthcare cost trend rates		
Immediate trend rates	5.00	5.00
Ultimate trend rate	5.00	5.00
	31 December 2019 \$000	31 December 2018 \$000
Sensitivity analysis		
Change in defined benefit obligation		
Effective discount rates - 25 basis points	638	427
Effective discount rates + 25 basis points	(592)	(436)
Healthcare cot trend rates - 100 basis points	(2,085)	(1,405)
Healthcare cot trend rates + 100 basis points	2,756	1,845
Mortality assumption + 10%	(451)	(284)
Expected cash flows for following year		
Expected employer contributions	42	15
Expected total benefit payments		
Year 1	42	15
Year 2	52	37
Year 3	68	45
Year 4	82	61
Year 5	108	72
Next 5 years	934	742

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

10. Lease of premises

Accommodation

The Authority has the following:-

- i. Office Accommodation Leases with Cayman Islands Government effective 1 July 2011 on a year-to-year lease at an annual cost of CI\$47k and Common Area Maintenance (“CAMs”) of CI\$205k.
- ii. Office Accommodation Leases with Cricket Square Ltd. effective 1 June 2019 for ten (10) years at a cost per square foot of US\$45 for rent;
- iii. Office Accommodation Leases with Cricket Square Three Ltd. effective 1 September 2019 for ten (10) years at a cost per square foot of US\$40 for rent; and
- iv. Storage Agreement with Rosseau Ltd. At a monthly cost of CI\$6.7k rent and CI\$0.6k CAMs effective 1 June 2019.

Business Continuity Leases

As a part of its Business Continuity Plan the Authority has the following agreements:-

- i. An agreement with the DRC (Cayman Islands) Limited for dedicated seats effective 1 July 2017 for a period of three year at a monthly cost of US\$17k;
- ii. An agreement with the DRC (Cayman Islands) Limited for dedicated suite effective 1 September 2018 for a period of five years at a monthly cost of US\$6.6k; and
- iii. An agreement with the Brac Informatics Centre effective 1 April 2019 at a monthly cost of CI\$6.9k for a five-year period.

These leases have now been transitioned from operating leases under IAS 17 to on-balance sheet leases under IFRS 16 as noted in 2r). The future obligations as of 1 January 2019 have been capitalised as a right-of-use asset and lease payments are now reflected as an amortisation of the asset.

The right-of-use asset and the lease liability are reflected in the financial statements as follows:

Right-of-use asset

	31 December 2019
	\$000
Balance at Commencement date	10,960
Depreciation charge for the year	(937)
Balance at 31 December 2019	10,023

Lease liability

	31 December 2019
	\$000
Balance at Commencement date	10,960
Interest Expense	160
Lease payments	(1,034)
Balance at 31 December 2019	10,086

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Lease of premises (continued)

Lease liabilities at 31 December 2019 are payable as follows:

	Future minimum lease payments (undiscounted) \$000	Interest \$000	Present value of minimum lease payments \$000
Less than one year	1,577	(319)	1,258
Between one and two years	1,315	(276)	1,039
More than two years	8,903	(1,114)	7,789
	11,795	(1,709)	10,086

Amounts recognised in the Statement of Comprehensive Income

	2019
	\$000
Interest on lease liabilities	160
Depreciation of right-of-use asset	937
Expense relating to short-term leases (included in Note 14 Accommodation)	998
Principal elements of Lease Payments	1,033

The total cash outflows for leases in 2019 was \$2,032k.

11. Related Party Transactions

a) Services Provided to the Cayman Islands Government

The Authority acts as the Government's custodian of the Cayman Islands currency as well as collector of license and other fees (these fees do not form a part of the Authority's revenue) and the regulator and supervisor of the financial services business.

One of the Authority's main sources of revenue is from the services provided to the Cayman Islands Government, which is used to cover the Authority's recurrent expenditure. Commencing in the year ended 30 June 2007 the Authority's capital expenditure was funded from the Capital Expenditures Reserve, which was created from an allocation of the surplus for the year ended 30 June 2006; previously capital expenditure was funded by means of a Government grant. At the end of each financial year, the Authority contributes to the Government's net operating surplus after fulfilling Reserve requirements.

b) Directors

The Board of Directors of the Authority is appointed by Cabinet and consisted of the Managing Director ("MD") and nine directors as at 31 December 2019 (seven directors at 31 December 2018). The fees of \$175k (2018: \$149k) relates to payments made to the directors only.

c) Key Management Personnel

For the purposes of IAS 24 disclosure the MD is included in the number and cost of the Senior Management Team. The total number of personnel on the Senior Management Team was 20 in the current period (2018: 18) and salaries & other benefits expensed in 2019 was \$3,357k (2018: \$2,928k).

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Related Party Transactions (continued)

d) Services Provided by Government Entities

The Authority obtained various goods and services from other departments/entities of the Cayman Islands Government, at prevailing market prices on an arm's length basis, in the current period in the amount of \$434k (2018: \$519k).

12. Other Operating Expenses

	31 December 2019	31 December 2018
	\$000	\$000
Other expenses	1,432	1,223
Maintenance and software licences	1,061	945
Currency Stock issues and related expenses	604	597
eMerchant Discounts	248	258
Directors Fees	175	149
Management and Custody Fees	74	67
Business Continuity	63	358
Total	3,657	3,597

13. Salaries and Benefits

	31 December 2019	31 December 2018
	\$000	\$000
Salaries and Allowances	17,148	16,306
Medical Expense	1,806	1,748
DB Healthcare Expense	716	739
	19,670	18,793
Remeasurement of DB Healthcare liability in OCI	2,391	(264)
	22,061	18,529

14. Accommodation

As of 31 December 2019, total accommodation expense including conference room and parking was \$1,064k (2018: \$1,374k).

Under IFRS 16 lessees may elect not to recognise assets and liabilities for leases with a lease term of 12 months or less. Included in the accommodation expense is \$964k for the Authority's month to month agreement with Montpelier Properties Ltd. This agreement was determined to be a short-term lease.

Also included in the accommodation expense is \$34k for Rosseau Ltd. for the remaining months of the storage lease which expired 31 May 2020.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

15. Contingent Liabilities

Section 47 of The Public Authorities Law (the "PAL")

Section 47 of the PAL came into effect on 1 June 2019. The section requires public authorities to use the same salary scale as determined by Cabinet and requires the remuneration of employees of a public authority to be adjusted to reduce any differences between the public authorities' and public service's salary grades.

The Cayman Islands Government's Portfolio of the Civil Services had not completed its evaluation of the Authority's salary grade versus that of the public service. As such, management could not adjust for the impact of section 47 of the PAL in these financial statements. Management is also unable to derive an estimate of the potential impact of the evaluation on its financial statements and as such, no resultant provisions have been made in these financial statements.

16. Subsequent events

a) COVID-19 Pandemic

On 30 January 2020 the World Health Organization declared the 2019 coronavirus disease outbreak ("COVID-19") as a public health emergency of international concern. As part of the sanitary measures that have been adopted to face this situation, they include, among others, the restriction of movement of people and the closing of borders, which is expected to significantly affect economic activity and markets in general.

On 22 March 2020, the Cayman Islands Government closed the air and sea port borders of the Cayman Islands to non-essential travel. The global and local measures put in place to contain the spread of COVID-19 have caused significant disruption to business and economic activity. While the disruption is currently expected to be temporary, the financial effects on the Authority will depend on factors such as (a) the duration and spread of the outbreak, (b) the restrictions and advisories from Government, (c) the effects on the financial markets, and (d) the effects on the economy overall, all which are highly uncertain.

At the date of publication of the financial statements, it is not possible to measure the financial, economic, and operational effects on the Authority as a result of this health crisis at this time.

b) Office Accommodation

In July 2020, the Authority signed a Variation to Lease for additional office accommodation with Cricket Square Ltd.

Between 1 January 2020 and the date of issuance of these financial statements, there have been no other subsequent events that would materially affect these financial statements.

Freedom of Information and Complaints

The Authority plays a central role in the fight against money laundering and terrorism financing. As part of its mandate, CIMA continues to monitor those issues which have an impact, or potential impact, on the jurisdiction. Amongst the measures taken are the enactment of appropriate legislation and internal regulatory reforms. During the 2019 reporting period, several legislative documents were tabled in the Legislative Assembly, most of which related to anti-money laundering and financial terrorism procedures.

For a list of legislative documents implemented during the 2019 period, please see the [Laws and Regulations](#) section of our website.

Freedom of Information Initiative

The Freedom of Information Law ("FOI Law") was originally enacted over a decade ago, with some amendments. Because of the nature of CIMA's work, the FOI Law (in Section 3(1)(c)) specifically excludes the release of records and information protected by Section 50 of the Monetary Authority Law ("the MAL").

In 2019, CIMA received and processed six requests. No requests were granted full access. One request was denied on the basis that CIMA did not hold the requested record, and one on the basis that the information was already available in the public domain. The remaining four requests were excluded from release on the basis that the FOI Law excludes access to records containing information that may not be disclosed under Section 50 of the MAL. All requests were responded to within 30 days.

Complaints

Pursuant to Section 6(2)(f) of the the MAL, CIMA is obliged to recognise the need for transparency and fairness. One aspect is through the process of resolving complaints, which we take seriously while treating complainants with courtesy and sensitivity.

CIMA is concerned with addressing two main types of complaints:

1. Complaints against the Authority - The way in which CIMA carries out its functions under the MAL and other regulatory laws including the conduct of CIMA's management, employees or persons acting on its behalf in the purported exercise of such functions, or the way in which CIMA has acted or omitted to act; and
2. Complaints against licensees - Any issues or discrepancies connected with the operations or management of licensees (or persons operating without a proper licence).

Procedures and steps that CIMA adheres to upon receiving complaints are available on our website at www.cima.ky

As at 31 December 2019, CIMA received a total of 26 complaints, which comprise 19 complaints against licensees and/or registrants and seven complaints against the Authority, majority of which were addressed and resolved or (in one case) withdrawn.

The complaints received against licenses and registrants were across several sectors, namely banking, investments (mutual funds), insurance and securities. The nature of such complaints ranged from lack of or untimely receipt of information from the licensee or registrant, fund redemption issues, disagreement over balances or charges, and dissatisfaction with the ways account and or funds were being handled including possible misconduct or fraud. Of the 19 complaints against licensees, eight matters, most of which were received in the fourth quarter of 2019, remained open pending further information from the complainant or internal CIMA discussion and or decision.

Of the seven complaints filed against the Authority, one remained open having been subject to communications between CIMA and the complainant and further internal CIMA discussions.

Cross Government Commitment and Advisory

The MAL requires CIMA to advise the Government on monetary, regulatory and cooperative matters. This includes providing advice as to whether CIMA's functions are consistent with those discharged by overseas regulators; whether the regulatory laws are consistent with the legislation of other countries and territories; and advising on the recommendations of international organisations.

This Monetary Authority Law also requires CIMA to consult with the local private sector on the proposed issuance or amendment of rules or statements of principle or guidance concerning the conduct of licensees and their officers and employees; statements of guidance concerning the requirements of the money laundering regulations; and rules or statements of principle or guidance to reduce the risk of financial services business being used for money laundering or other criminal purposes.

Through its involvement with overseas regulatory

authorities, participation in local and international forums, and interaction and consultation with local and overseas market participants, CIMA is able to stay abreast of developments relevant to the local financial services sector, and the concerns of the industry, and to advise the Government based on the information gathered. CIMA also carries out its own research and assessment, including cost-benefit analyses of all new regulatory measures it proposes, and makes recommendations to the Government accordingly. Advice to the Government is provided through meetings, participation in various Government groups and through written reports and submissions, including financial sector legislative proposals (draft bills and regulations) and Cabinet papers.

The measures implemented or in development during 2019 are covered in the Regulatory Developments section of this report, beginning on page 50.

Future Objectives and Outlook

To support our mission and to work towards achieving our vision, a number of change agenda goals have been identified to address key areas and activities. Strategic objectives of the Authority that will drive the required changes over the next three to four years are:

1. Strengthen our capacity and capabilities for the successful delivery of our principal functions;
2. Enhance the regulatory response to innovations in business models and technologies;
3. Reform and retool operational structures and supervisory approaches to better implement a risk-based approach; and
4. Develop and implement a renewed framework for effective stakeholder engagement.

Each strategic objective will have several underlying initiatives with some of the important ones being:

- Explore and implement new approaches for the attraction and/or development and retention of competent and experienced staff with a transferable range of skills.

- Explore and implement creative approaches to the use of external resources to better carry out our operations.
- Review /Evaluate the strengths and weaknesses of the existing operational structure and provide recommendations for changes where warranted.
- Review / Evaluate the existing supervisory approaches with respect to ensuring the Authority is performing its functions in the most consistent, efficient and cost-effective manner.
- Enhance the regulatory framework and supervisory practices to, where applicable, meet evolving micro and macro prudential, crime prevention and cooperative standards.

Despite the challenges that the jurisdiction may face, the Authority will continue to deliver on its principal functions and endeavour to ensure that CIMA is seen as a reputable and successful regulator of financial services.

Key Contacts

Anti-Money Laundering

ContactAMLCFT@cima.ky

Banking

ContactBanking@cima.ky

Careers

Jobs_PF@cima.ky

Coins and Notes

ContactCurrency@cima.ky

Cooperative and Building Societies

ContactBanking@cima.ky

Corporate Service Providers

ContactFiduciary@cima.ky

Fees

FeesCorrespondence@cima.ky

Freedom of Information

FOI@cima.ky

Insurance

ContactInsurance@cima.ky

Investments

ContactInvestments@cima.ky

Money Services Business

ContactBanking@cima.ky

Trusts

ContactFiduciary@cima.ky

Securities

ContactSecurities@cima.ky



SIX, Cricket Square
George Town

PO Box 10052
Grand Cayman KY1-1001
Cayman Islands

Tel: 345-949-7089
Website: www.cima.ky