

# Snapshot: Cayman Islands funds and the role of AML officers

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To comply with applicable regulations in the Cayman Islands, anti-money laundering officers appointed by Cayman funds must understand and act in accordance with their duties and responsibilities.

The Cayman Anti-Money Laundering Regulations (**AMLRs**), which apply to funds carrying on relevant financial business in the jurisdiction, set out certain duties and key requirements for the appointment of anti-money laundering (**AML**) officers. In this snapshot, we address some frequently asked questions in relation to their roles and responsibilities.

## **What key requirements must a fund consider when appointing its AML officers?**

Funds are required to ensure that their AML officers are appropriately appointed and able to perform their day-to-day duties, in accordance with both the AMLRs and the Cayman Islands Monetary Authority (**CIMA**)'s guidance notes on the Prevention and Detection of Money Laundering, Terrorist Financing and Proliferation Financing in the Cayman Islands.

According to CIMA's AML guidance notes, AML officers must be:

1. fit and proper to conduct their role;
2. suitably qualified and experienced;
3. persons at a management level who report directly to the board of directors (or equivalent);
4. natural persons;
5. autonomous, meaning that an AML officer should be, for example, the final decision maker as to whether or not a suspicious activity report (**SAR**) is filed; and
6. able to access all relevant information and material in order to make an assessment as to whether or not a given activity is suspicious.

AML officers must also be well versed in the different types of transactions and activities undertaken by the fund they act for and which may: (i) give rise to opportunities for money laundering, terrorist financing and/or proliferation financing; and/or (ii) involve any (direct or indirect) activity with any designated person or entity that is subject to any applicable sanctions regime.

### **Can an AML officer accept multiple appointments, roles or responsibilities?**

Yes – but AML officers must be able to dedicate sufficient time to do their role effectively and efficiently for any fund with which they accept an appointment. Where an AML officer accepts multiple professional roles, these must not compromise their independence or ability to carry out their responsibilities for each respective fund for which they act.

A fund may appoint its anti-money laundering compliance officer (**AMLCO**) to also act as its money laundering reporting officer (**MLRO**) – or vice versa – so long as that person is competent, fully understands their responsibilities in each respective function, and has sufficient time to do both roles effectively.

### **Can a fund outsource its AML officer functions to a third-party service provider?**

Yes – although where an AML officer function is outsourced by a fund, the fund remains ultimately responsible for its compliance with the AMLRs; and must maintain and implement adequate policies and procedures in relation to any such outsourcing.

Such policies and procedures must reflect the requirements of the AMLRs and CIMA's AML guidance notes. For example, prior to entering into any outsourcing arrangement relating to its AML compliance function, a fund must assess any associated risks, including any relevant country risk(s), and must conduct due diligence on any proposed service provider to ensure that it is fit and proper to perform the outsourced activity.

### **Are AML officers required to undertake any formal training?**

Yes – staff and directors of Cayman Islands financial services providers, including funds, are required to undertake and complete Cayman-specific training on the money laundering, terrorist financing, proliferation financing and targeted financial sanctions risks facing their businesses.

### **How can Ogier assist?**

Ogier's Regulatory Team has extensive experience advising funds and other regulated entities on anti-money laundering matters, including the appointment, duties and responsibilities of AML officers in the Cayman Islands.

Ogier Global's Funds Services helps both funds and their managers meet their legislative and

regulatory requirements and provides bespoke solutions to meet their administrative needs across the full fund lifecycle. To help your team meet their training obligations under the AMLRs, Ogier Global also offers a dedicated [online training service](#).

For further information on this please reach out to the author, or to your usual Ogier contact.

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