



ENFORCEMENT POLICY

Version 1.3

JULY 2020

TABLE OF CONTENTS		
Section No.	Section Title	Page No.
1	Statement of Objectives	3
2	Introduction	3
3	Scope of Application	4
4	Definitions	4
5	Approach to Enforcement	6
6	The Compliance Procedure	7
7	Information Gathering and Investigation Powers	9
8	Access to the Records of the Authority and Information Sharing	11
9	Enforcement Actions Tool Kit	12
10	The Warning Notice and Decision Notice Procedure	15
11	The Issue of a Breach Notice	17
12	The Representation Process	19
13	Rectification of a Breach Subject to a Minor Fine	20
14	Assessment of Fines and Penalties	20
15	Issuing the Fine Notice	24
16	Internal Review of Minor Fines	25
17	Appeal Against Discretionary Fines to the Grand Court	26
18	Appeal Hearing	27
19	Enforcement of Fines	28
20	Publications	28
Miscellaneous Provisions		
20	Service	29
21	Notices containing an Inaccuracy	30
22	Inaccuracies within this Policy	30
Appendices		
A1	Appendix One – Information Requirement	32
A2	Appendix Two – Notice to Attend	34
A3	Appendix Three – Prescribed Provisions and Breach Categories	36
A4	Appendix Four – Warning Notice	37
A5	Appendix Five – Decision Notice	39
A6	Appendix Six – Breach Notice (Minor Fine)	41
A7	Appendix Seven – Breach Notice (Discretionary Fine)	43
A8	Appendix Eight – Fine Notice (Minor Fine)	45
A9	Appendix Nine – Fine Notice (Discretionary Fine)	48

1. Statement of Objectives

- 1.1. To describe the policies and procedures for the exercise of the enforcement actions available to the Cayman Attorneys Regulation Authority in the event of non-compliance by its supervised population with the Anti-Money Laundering Regulations, as defined below.

2. Introduction

- 2.1. Pursuant to a Cayman Islands Government Cabinet decision made on 19th February 2019, and in line with the constitutional documents of Cayman Islands' Legal Practitioners Association ("CILPA"), the Government granted CILPA the power to act as a supervisory authority in accordance with section 4(9) of the Cayman Islands Proceeds of Crime Law (2019 Revision) (as amended) and in accordance with section 55B(c) of the Cayman Islands Anti-Money Laundering Regulations (2018 Revision) (as amended) in force at the time.
- 2.2. Section 4(9) of the Proceeds of Crime Law (2018 Revision) states that:
'The Cabinet may assign to the Financial Reporting Authority, a public body or a self-regulatory body the responsibility of monitoring compliance with money laundering regulations made under this law in relation to persons conducting 'relevant financial business' who are not otherwise subject to such monitoring by the Cayman Islands Monetary Authority'
- 2.3. By virtue of this assignment, CILPA has been designated to be the Supervisory Authority by the Cabinet mentioned in regulation 55B(c) of the Anti-Money Laundering Regulations (2020 Revision) (the "Regulations"/ "AMLR"), which gives it supervisory responsibility for 'firms of attorneys-at-law that engage in, or assist, other persons in the planning or execution of relevant financial business, or otherwise act for or on behalf of such persons in relevant financial business.' It is clear from regulation 55E(2) that the supervised population of 'firms' will include body corporates, partnerships, limited liability partnerships, and any person whether natural or legal.
- 2.4. The CILPA council constituted the Cayman Attorneys Regulation Authority ("CARA" or "the Authority") as a sub-committee of CILPA, with its own independent board and governance structure by adopting the CARA Regulations. In accordance with CILPA's constitutional documents and the CARA Regulations, CILPA has delegated to CARA the statutory powers and duties conferred upon it by the Government to supervise and enforce on anti-money laundering, counter-terrorism financing, and counter-proliferation financing compliance matters ("AML").

- 2.5. Pursuant to regulation 55A of the AMLR, all firms of attorneys admitted to practice Cayman Islands law are designated as 'Designated Non-Financial Businesses and Professions' (DNFPBs).
- 2.6. In accordance with the Regulations, the supervised population includes:
 - 2.6.1. a body, corporate, association, partnership or limited liability partnership of attorneys who are admitted to practice law in the Cayman Islands; or
 - 2.6.2. an attorney admitted to practice law in the Cayman Islands who is in independent practice as a sole proprietor or who provides legal services to an employer other than the Government.
- 2.7. In accordance with Regulation 55F of the AMLRs, a firm of attorneys (including sole practitioners) are required to register with CARA as a provider of legal services if they are carrying on, or intend to carry on, business as a DNFPB.
- 2.8. Of those firms registered with the Authority, the Authority is responsible for those firms and sole practitioners that conduct relevant financial business.
- 2.9. The Authority, in its role as the legal sector AML Regulator, is responsible for exercising the enforcement powers granted to it by the Anti-Money Laundering Regulations and any other relevant legal instrument enacted by the Cayman Islands Government from time to time.
- 2.10. This document establishes the procedure the Authority intends to use in undertaking enforcement action against firms of attorneys-at-law for non-compliance with relevant AML legislative and regulatory requirements. In exceptional or novel circumstances, CARA may utilise other appropriate means of executing this function.

3. Scope of Application

- 3.1. This manual applies to all parties implementing and subject to the Authority's regulatory functions.

4. Definitions

- 4.1. For the avoidance of doubt, for the purposes of this Manual, the definitions below are provided:
 - 4.1.1. **Anti-Money Laundering Regulations:** means the Anti-Money Laundering Regulations issued pursuant to the Proceeds of Crime Law, and includes any guidance issued in relation thereto.

- 4.1.2. Authority:** means the Cayman Attorneys Regulation Authority.
- 4.1.3. CARA:** means the Cayman Attorneys Regulation Authority
- 4.1.4. Behaviour:** means any kind of conduct, including action or inaction.
- 4.1.5. Board/ Board of the Authority:** means the CARA Board of Directors.
- 4.1.6. Connected Person:** means a person who is a manager, director, secretary or senior executive, in the case of a DNFBP that is a body corporate, partnership or unincorporated body, regardless of job title, or a natural person who ultimately owns or controls the DNFBP
- 4.1.7. DNFBP:** means Designated Non-Financial Businesses and Professions, of which the legal industry is one. This includes both firms and sole practitioners.
- 4.1.8. Enforcement division:** means the department of the Authority designated to investigate and take action in accordance with the Regulations against Regulated Firms.
- 4.1.9. Financial crime:** means any kind of criminal conduct relating to money or to financial services or markets, including any offence involving: i. fraud or dishonesty; ii. misconduct in, or misuse of information relating to a financial market; or iii. handling the proceeds of crime, and includes money laundering, terrorism financing, or proliferation financing.
- 4.1.10. Money Laundering:** means doing any act which constitutes an offence under sections 19 to 22 of the Terrorism Law or section 144 (10) of the Proceeds of Crime Law or, in the case of an act done otherwise than in the Islands, would constitute such an offence if done in the Islands.
- 4.1.11. Next Working Day:** means the next calendar day, not including weekends or official public holidays in the Cayman Islands.
- 4.1.12. Office Hours:** means between the hours of 8.30am – 5.30pm, Monday to Friday, not including public holidays.
- 4.1.13. Officer:** means in relation to a body corporate, a director, a member of the committee of management, chief executive (however described), manager, secretary, operator or other similar officer of the body, or a person purporting to act in that capacity.
- 4.1.14. ODP:** Office of the Director of Public Prosecutions in the Cayman Islands.

- 4.1.15. Operator:** means a director of a company, a manager or managing member of a limited liability company, a trustee of a trust, or a general partner of a partnership.
- 4.1.16. Party:** means a person, registrant, or other entity subject to the Authority's regulatory functions under the Anti-Money Laundering Regulations.
- 4.1.17. Proliferation:** means the development or production or the facilitation of the development or production, of nuclear, radiological, biological or chemical weapons or systems for their delivery.
- 4.1.18. Registrant:** means a party registered under the regulatory laws.
- 4.1.19. Regulations:** means the Anti-Money Laundering Regulations (2020 Revision).
- 4.1.20. Regulated Firm:** means a legal entity (whether a firm or sole practitioner) conducting Relevant Financial Business within the law of the Cayman Islands.
- 4.1.21. Regulatory Functions:** means the functions of the Authority granted by the Cayman Islands Government whether or not they are further delegated.
- 4.1.22. Regulatory objectives:** means the objectives of the Authority granted by the Anti-Money Laundering Regulations
- 4.1.23. Relevant Financial Business:** includes the provision of legal service relating to the sale, purchase or mortgage of land or interests in land on behalf of clients or customers; management of client money, securities or other assets; management of bank, savings or securities accounts; the creation, operation or management of legal persons or arrangements, and buying and selling of business entities, as defined in the *Proceeds of Crime Law (2019 Revision)*.
- 4.1.24. Stakeholder:** means a client, creditor, or member of, an entity managed or administered by the registrant or other authorities with an interest in the proper execution of the Anti-Money Laundering Regulations.
- 4.1.25. Supervisory division:** means the department of the Authority designated to supervise Regulated Firms.

5. Approach to Enforcement

- 5.1.** The Authority's effective and proportionate use of its powers to enforce the requirements of the Anti-Money Laundering Regulations plays an integral role in the pursuit of its regulatory objectives.

- 5.2. The Authority has a range of regulatory tools available to help it meet its regulatory objectives. There are a number of principles underlying the Authority's approach to the exercise of its enforcement powers:
- 5.2.1. The effectiveness of the regulatory regime depends to a significant extent on the maintenance of an open and co-operative relationship between the Authority and those whom it regulates;
 - 5.2.2. The Authority uses a risk-based supervisory approach and its enforcement actions and procedures are aligned with this approach;
 - 5.2.3. The Authority will seek to exercise its enforcement powers in a manner that is transparent, lawful, rational, proportionate, and consistent with its publicly stated policies and guidelines;
 - 5.2.4. The Authority will pursue enforcement action that is timely and effective in dissuading registrants from future contraventions of the laws and regulations of the Cayman Islands; and
 - 5.2.5. The Authority will exercise its enforcement powers in a manner that is procedurally fair.
- 5.3. For reasons of confidentiality, the Authority is not permitted to disclose any information relating to the affairs of the Authority, any application made to the Authority under the regulatory laws, the affairs of a party, or the affairs of a stakeholder that he has acquired in the course of his duties or in the exercise of the Authority's functions, except in the performance of its duties under the law
- 5.4. The Authority will therefore not normally disclose details of the information received or the findings or requirements made during an investigation. This would include disclosure of any enforcement actions that have not been notified in the Cayman Islands Gazette nor are in the public domain.

6. The Compliance Procedure

- 6.1. The ultimate objective is to ensure that parties comply with all relevant aspects of the Anti-Money Laundering Regulations, using a clear procedure for necessary enforcement action.
- 6.2. Parties must demonstrate a high level of responsibility in ensuring compliance with the AMLRs. Parties that fail to comply run the risk of negatively impacting the interests of stakeholders, financial stability and the wider economy; and harming their own reputation and the reputation of the Cayman Islands as a well-regulated international financial centre.

- 6.3. If a party contravenes the AMLRS this may result in the Authority taking action against the party.
- 6.4. The Authority's Supervisory and Enforcement Divisions, in considering what action to recommend that the Authority take in the event of a concern arising, will take into account, amongst other things, the following:
 - 6.4.1. The impact on stakeholders' interests, third parties and market confidence;
 - 6.4.2. The nature and extent of the contravention;
 - 6.4.3. The extent of the risk posed by the contravention;
 - 6.4.4. The ability and extent to which remedial action will rectify the contravention;
 - 6.4.5. The willingness and ability of the party to cooperate with and assist the Authority with its investigations and in implementing its requirements. This includes how quickly, effectively and completely the party brought the contravention to the attention of the Authority; the degree and timeliness of cooperation in meeting the requests of the Authority for information, documents etc; any remedial actions the party has already taken or intends to take in rectifying the situation; and any action that has been taken to ensure that such a contravention does not arise in the future;
 - 6.4.6. The compliance history of the party. This includes whether the Authority or any other regulator has taken any previous action against the party; whether the party has previously failed to comply with the Anti-Money Laundering Regulations or directions of the Authority; and the general compliance history of the party in terms of any other correspondence considered relevant by the Authority;
 - 6.4.7. The amount of the loss incurred, or any benefit gained as a result of the contravention, if any;
 - 6.4.8. The nature and extent of any crime facilitated, occasioned or otherwise attributable to the contravention, if any;
 - 6.4.9. The nature and extent of civil and/or criminal proceedings that have been or are expected to be commenced against the party or any of its directors/partners/employees and/or shareholders, if any;
 - 6.4.10. The extent to which the directors/partners and employees have acted in a fit and proper manner;

- 6.4.11.** Whether there are a number of issues which, when considered individually may not justify disciplinary action, but which do, when considered collectively, indicate a pattern of unfit and improper behaviour;
- 6.4.12.** Whether any rules or guidance have been issued in respect of the contravention and, if so, the extent to which the party has followed the relevant rules or guidance; and
- 6.4.13.** Action taken by the Authority or other regulatory authorities in previous similar cases.
- 6.5.** The Authority will notify the party of the action that will be taken by the Authority according to the nature of the contravention and upon consideration of the factors listed above in the above section.
- 6.6.** In order to facilitate the investigation, the Head of the Supervisory Division (or Lead Supervisor) shall provide to the Head of the Enforcement Division, where practical, a summary of the pertinent background information of the party and the steps taken by the Division relating to the party and the contravention, including a copy of evidence gathered during the supervisory process.
- 6.7.** The Enforcement Division will investigate and collect any further information that it deems necessary to determine an appropriate action. This may include receipt of internal or external legal advice regarding the sufficiency of the evidence obtained and the appropriateness of the proposed course of action.

7. Information Gathering and Investigation Powers

- 7.1.** The Authority may require a Supervised Firm to provide documents, statements or any other information as the Authority may reasonably require in connection with the exercise of its functions. The Authority will send such a request in writing in and the Supervised Firm who receives the request, must comply within the period of time specified in that notice. A sample Information Requirement is contained at Appendix One.
- 7.2.** By notice in writing, the Authority may require a person carrying out relevant financial business, a connected person, or a person that the Authority reasonably believes to have relevant information to an inquiry, to attend before the Authority to answer such questions or provide such information as the Authority may deem necessary in connection with its inquiry. A sample notice to attend is contained at Appendix Two.
- 7.3.** A person who is served with a notice requiring them to attend before the Authority, must attend before the Authority in accordance with that notice. The Authority will attempt to be as accommodating as possible in relation to the times and dates although flexibility may not always be possible.

- 7.4. Information that is provided to the Authority must be in a legible form and in the English language. If the information is not in a legible format, a copy in a legible format or in a form from which it can readily be produced in visible and legible form should accompany the information. Similarly, if the information is not in the English Language, it should be translated into the English Language before being provided to the Authority with a copy of the original.
- 7.5. If a person who is required to provide information to, or attend before, the Authority contravenes the Regulations by failing to do so, they have committed an offence and are liable for a penalty that is either criminal or administrative.
- 7.6. A person is not required to provide information or documents to, or answer questions from the Authority, unless the notice requiring the information sets out the reasons why the Authority requires the information, and the information, documents or answers are reasonably required by the Authority in the exercise of its responsibilities. Information need not be provided, nor questions answered, if the person would be entitled to refuse on the grounds of legal professional privilege in proceedings in the Grand Court. The exception being that an attorney-at-law may be required to provide the name and address of the attorney's client.
- 7.7. If a Regulated Firm or a person from whom the Authority has requested information or attendance, fails to comply, the Authority can make an application to the Grand Court.
- 7.8. If the Grand Court finds that a failure to comply has occurred, it may make an order;
- 7.8.1. Requiring the person to do the thing that the person failed to do within such a period as may be specified in the order; or
- 7.8.2. Otherwise to take such steps to remedy the consequences of the failure as may be specified by the Court.
- 7.9. A Regulated Firm or a connected person shall on request by the Authority allow an officer, contracted delegate, contracted relied upon service provider or employee of the Authority, to have access at any reasonable time, to any premise being used in connection with the business. The officer, contractor or employee of the Authority shall be allowed to;
- 7.9.1. To enter and inspect the premises;
- 7.9.2. To observe the carrying on of business;
- 7.9.3. To inspect any recorded information found on the premises and to take copies of, or extracts from, any such information; and

- 7.9.4. To ask any person on the premises for an explanation of any recorded information or to state where it may be found.
- 7.10. The Authority can only be refused access only if the information sought is not reasonably required by the Authority in the exercise of its functions under the Regulations.
- 7.11. A Regulated Firm, a connected person, or anyone acting on their behalf, shall not provide any information, make any representation or submit any document to the Authority that they know to be false or materially misleading or that they do not believe to be true, nor shall they recklessly provide such information to the Authority. If a Regulated Firm, connected person or anyone acting on their behalf did so, it would make them liable for an administrative fine, or a referral to the DPP for criminal proceedings to be considered.

8. Access to the Records of the Authority and Information Sharing

- 8.1. The Authority may, on its own volition, or upon request, share or provide any information with another supervisory authority, competent authority or government body that is required for the purpose of;
 - 8.1.1. Assessing money laundering, terrorist financing and proliferation financing risks; or
 - 8.1.2. Discharging any function or exercising any power under the Law
- 8.2. Where a request is made to the Authority for information, the information will be provided in a reasonable time frame from the date of receipt of the request. However, the Authority's own operational needs must be prioritised.
- 8.3. Information that the Authority receives from, or provides to, another supervisory authority, competent authority or government body shall;
 - 8.3.1. Only be used for the purpose which it was shared or provided;
 - 8.3.2. Only be retained for as long as is necessary to carry out the purpose for which it was shared or provided; and
 - 8.3.3. Not be disclosed for any purpose other than the purpose which it was shared or provided, without prior consent of the entity that shared or provided the information.
- 8.4. If the Authority obtains information, and upon consideration of that information, it is of the opinion that the information indicates that any person has or may have been engaged in money laundering, the Authority will report this information to the Financial Reporting Authority as soon as is reasonably practical.

- 8.5. Those appointed as fiduciaries of the court (i.e. receivers, provisional liquidators and official liquidators) may seek access to and collection of copies of the records of the Authority under their mandate to investigate the affairs of the party.
- 8.6. While the Authority will assist controllers and fiduciaries of the court, where possible, it may be appropriate for the Authority to seek legal advice prior to releasing any documentation.

9. Enforcement Actions Toolkit

- 9.1. The referral to the Director of Public Prosecutions (“DPP”) for the prosecution of offences, assessment of fines and cancellation of registration, are regulatory tools that the Authority may employ to help it to achieve its regulatory objectives.
- 9.2. The principal purpose of exercising the Authority’s regulatory tools is to promote high standards of regulatory conduct amongst firms of attorneys in Cayman. This is done by deterring parties who have breached regulatory requirements from committing further contraventions, helping to deter other parties from committing contraventions, and by demonstrating generally to parties the benefits of compliant behaviour.
- 9.3. The Authority attaches considerable importance to two matters:
 - 9.3.1. That those persons or entities carrying on business be properly registered. This is a key step in allowing determination of whether a person is a fit and proper person to be a registrant, and to properly regulate the business once its registration has been approved.
 - 9.3.2. Registrants making timely, truthful and accurate submissions as requested by the Authority of reports and relevant documents. This is because the information that they contain is essential to the Authority’s assessment of whether the registrant is complying with the requirements and standards under the regulatory regime and the Authority’s understanding of the registrant’s business and the risks it faces.
- 9.4. Enforcement action will be taken after consideration has been given as to whether an alternative power meets the Authority’s regulatory objectives.
- 9.5. In determining whether to exercise any of its enforcement powers, the Authority shall take into account the Regulations and any applicable supervisory or regulatory guidance, both domestic and from other credible sources, such as the Caribbean Financial Action Task Force (‘CFATF’) and the Financial Action Task Force (‘FATF’).

- 9.6. In certain cases, the Authority may consider that although a contravention has taken place, it would not be appropriate or beneficial from a regulatory point of view to bring formal enforcement action against the party. This decision will be entirely at the Authority's discretion, reasonably exercised. Such decision would not preclude another relevant authority or government department from taking action.

Fines

- 9.7. The Authority may impose an administrative fine on a Regulated Firm if it contravenes a provision within the Anti-Money Laundering Regulations.
- 9.8. A breach will be categorised as minor, serious or very serious; Within **Schedule 2 of the Regulations (contained at Appendix Three)** each provision of the Regulations (column one) is categorised in this manner (column two).
- 9.9. Further information regarding the Administrative Fines Regime can be found within section 14 below.

Cancellation of Registration

- 9.10. The Authority may cancel the registration of the Regulated Firm if;
- 9.10.1. The Regulated Firm contravenes or fails to comply with a provision of the Regulations;
 - 9.10.2. The person carrying on business as a DNFBP, or a connected person in relation to that DNFBP, is not, in the opinion of the Authority, a fit and proper person; or
 - 9.10.3. The Authority is satisfied that the DNFBP has ceased to carry on business or is a company which the Registrar has struck off the register of companies under s.156(1) of the Companies Law (2018 Revision).
- 9.11. The Authority will cancel the registration of a Regulated Firm if, in the opinion of the Authority, the breach cannot be adequately sanctioned by imposing an administrative fine, or, the contravention or failure to comply is so serious, egregious or frequent as to preclude the Regulated Firm from being permitted to continue relevant financial business in the Cayman Islands.
- 9.12. Where the Authority proposes to cancel the registration of a Registered Firm, it shall give a warning notice to the firm, including the proposed date from which the cancellation is to take effect, the reasons for the Authorities decision, and the right of the Regulated Firm to make representations to the Authority objecting to the cancellation, within a specified period, that is not less than 30 days.

- 9.13. After considering any representations made by the Registered Firm, within one month from the end of the period for representations, the Authority will decide whether the registration of the firm should be cancelled
- 9.14. If the Authority decides to cancel the registration of the Registered Firm, a notice of the decision, together with the reasons for the decision, will be sent to the Registered Firm and to the Chief Justice, along with a recommendation that the Chief Justice suspends, revokes or limits the Registered Firm's licence in order to prevent it from carrying on relevant financial business in the Cayman Islands.

Referral to the Office of the Director of Public Prosecutions

- 9.15. A person who contravenes the provisions contained within the Regulations commits an offence.
- 9.16. If a breach of the Regulations is prosecuted as an offence, the Authority will be precluded from imposing an administrative fine on a Regulated Firm for the same breach.
- 9.17. However, If the Authority has imposed an Administrative Fine that has not been paid within 28 days of the issue of the fine notice, this will not preclude a criminal prosecution for the breach. Payment of the fine within 28 days will constitute a discharge from liability from criminal prosecution and potential conviction for the breach.
- 9.18. A party guilty of an offence is liable upon conviction to a fine, imprisonment or both. The Anti-Money Laundering Regulations specify that the punishment upon summary conviction is a fine of \$500,000, or upon conviction on indictment to an unlimited fine and imprisonment for two years.
- 9.19. When a breach of a prescribed provision in the Regulations has occurred, the Authority may refer the breach to the Director of Public Prosecutions for Criminal Proceedings to be contemplated. If the Authority has decided that criminal proceedings are appropriate for the breach, it will be necessary for the Authority to make a recommendation to the Director of Public Prosecutions to commence proceedings against the party. The Director of Public Prosecutions would thereupon be responsible for prosecuting the offence and seeking a conviction where appropriate.
- 9.20. Where an offence under the Regulations is committed by a body corporate, and is proved to have been committed with the consent or connivance of, or be attributable to any neglect on the part of a director, manager, secretary or other similar officer of the body corporate (or a person who was purporting to act in any such capacity), the person as well as the body corporate commits that offence and will also be liable for criminal proceedings to be instituted and to be punished accordingly.
- 9.21. When a court is determining whether a person has complied with the requirements in the Regulations, it will take into account any relevant supervisory or regulatory guidance

which applies to that person, and the court may take into account any other relevant guidance issued by a body in the Islands that regulates, or is representative of, the profession or business carried on by that person.

- 9.22.** In criminal proceedings against a person for an offence under the Regulations, it will be a defence for a party to show that they took all reasonable steps and exercised all due diligence to avoid committing the offence.

10. The Warning and Decision Notice Procedure

The Warning Notice

- 10.1.** When the Authority is contemplating regulatory action, it will issue a Warning Notice to the Regulated Firm concerned. This is to alert the Regulated Firm to the fact the Authority believes them to be in breach of the Regulations and that the Authority intends to take regulatory action.
- 10.2.** The purpose of issuing a Warning Notice is to give reasonable opportunity to the Regulated Firms and Connected Persons who may be affected by the enforcement decisions of the Authority to make representation to the Authority prior to those decisions being finalised. The Warning Notice will indicate that the recipient may make representations to the Authority by a specified date
- 10.3.** Once the Authority has determined that a Warning Notice is to be issued, such notice will:
- 10.3.1.** Be in writing;
 - 10.3.2.** State the action that the Authority proposes to take; and
 - 10.3.3.** Document the Authority's reason for the proposed action.
- 10.4.** The Warning Notice will contain a statement that the affected party may make written representations to the Authority. The notice will specify a reasonable period of time no less than 30 days from receiving the Warning Notice, within which the person whom it is served on may make representations. The Warning Notice will also detail a contact and address at the Authority to whom representations must be made.
- 10.5.** The Authority may expand or amend the scope of its action; and/or shorten the Warning Notice period in accordance with the Regulations, at its discretion.
- 10.6.** A sample Warning Notice is attached as Appendix Four.
- 10.7.** There may be exceptional circumstances in which the Authority is unable to disclose full reasons for the proposed decision. Such situations would include:

- 10.7.1. Information between the Authority and its professional legal advisor;
 - 10.7.2. Information which a court has directed is not to be disclosed;
 - 10.7.3. Information indicating knowledge or suspicion that a person is engaged in money laundering or terrorist financing activity;
 - 10.7.4. Information received from a regulatory or law enforcement authority;
 - 10.7.5. Information received on a confidential basis;
 - 10.7.6. Where the disclosure of information could adversely affect the national interest, including the financial stability or national security, of the Cayman Islands; or,
 - 10.7.7. Where it is not in the public interest to disclose.
- 10.8. In these exceptional circumstances, the decision not to fully disclose reasons must be approved by the Board.

Issuing a Decision Notice

- 10.9. The Authority will make the decision whether to issue a Decision Notice within one month of the representation period ending.
- 10.10. If the Authority does not receive any representations from the Regulated Firm during the representation period, the Authority will confirm the action proposed in the Warning Notice by issuing a Decision Notice.
- 10.11. Similarly, if the Authority has received representations during the representation period but upon consideration of the representations the Authority concludes that it is still not satisfied, the Authority will confirm the action proposed in the Warning Notice by issuing a Decision Notice.
- 10.12. A sample Decision Notice can be found at Appendix Five.
- 10.13. Once the Authority has determined that a Decision Notice is to be issued, such notice will:
- 10.13.1. Be in writing;
 - 10.13.2. State the decision taken by the Authority;
 - 10.13.3. State the Authority's reasons to take the action to which the Decision Notice relates; and

- 10.13.4.** State the effective date of the Authority's decision.
- 10.14.** There may be exceptional circumstances in which the Authority is unable to disclose full reasons for the decision. Such situations would include:
- 10.14.1.** Information between the Authority and its professional legal advisor;
 - 10.14.2.** Information which a court has directed is not to be disclosed;
 - 10.14.3.** Information indicating knowledge or suspicion that a person is engaged in money laundering or terrorist financing activity;
 - 10.14.4.** Information received from a regulatory or law enforcement authority;
 - 10.14.5.** Information received on a confidential basis;
 - 10.14.6.** Where the disclosure of information could adversely affect the national interest, including the national security, of the Cayman Islands; or,
 - 10.14.7.** Where it is not in the public interest to disclose.
- 10.15.** In these exceptional circumstances, the decision not to fully disclose the reasons must be approved by the Board.
- 10.16.** The Authority will send a Decision Notice to the relevant parties.
- 10.17.** The Decision Notice is final, subject to any statutory right to apply for reconsideration or appeal.

11. Issuing a Breach Notice

- 11.1.** When the Authority is contemplating an Administrative Fine for a breach of the Regulations, it will issue a Breach Notice to the Regulated Firm concerned. This is to alert the Regulated Firm to the fact the Authority believes them to be in breach of the Regulations and to warn the Regulated Firm that the Authority intends to take regulatory action against them.
- 11.2.** The purpose of issuing a Breach Notice is to give reasonable opportunity to the Regulated Firms who will be affected by the enforcement decisions of the Authority, to make representation to the Authority prior to those decisions being finalised. The Breach Notice will indicate that the recipient may make representations to the Authority by a specified date.

- 11.3.** Once the Authority has determined that a Breach Notice is to be issued, such notice will state the following:
- 11.3.1.** The party's name;
 - 11.3.2.** That the Authority proposes to impose a fine on the party for a specified breach that the Authority believes the party committed;
 - 11.3.3.** The prescribed provision for which the fine is proposed to be imposed;
 - 11.3.4.** The nature of the specified breach;
 - 11.3.5.** A summary of the facts and circumstances that the Authority believes constituted the breach;
 - 11.3.6.** Whether the Authority plans to impose a minor fine or a discretionary fine for the specified breach, and the amount of the proposed fine;
 - 11.3.7.** That for a discretionary fine the party may give the Authority a reply within the reply period, which shall end no less than thirty days after the giving of a breach notice; and
 - 11.3.8.** That for a minor fine, the party shall rectify the breach and submit to the Authority a rectification notice, indicating that the breach has been rectified within 30 days of the notice.
- 11.4.** There may be exceptional circumstances in which the Authority is unable to disclose full reasons for the proposed decision. Such situations would include:
- 11.4.1.** Information between the Authority and its professional legal advisor;
 - 11.4.2.** Information which a court has directed is not to be disclosed;
 - 11.4.3.** Information indicating knowledge or suspicion that a person is engaged in money laundering or terrorist financing activity;
 - 11.4.4.** Information received from a regulatory or law enforcement authority;
 - 11.4.5.** Information received on a confidential basis;
 - 11.4.6.** Where the disclosure of information could adversely affect the national interest, including the financial stability or national security, of the Cayman Islands; or,
 - 11.4.7.** Where it is not in the public interest to disclose.

- 11.5. In these exceptional circumstances, the decision not to fully disclose reasons will be approved by the Board.
- 11.6. A sample breach notice for a minor fine can be found at Appendix Six and a sample breach notice for a discretionary fine can be found at Appendix Seven.

12. The Representation Process

- 12.1. In deciding on the length of the representation period for Breach Notices, the Authority will have regard to the circumstances of each case, including the complexity of the issues/details surrounding the contravention, the nature of the proposed action and its likely effect on the person concerned. The Authority will also have particular regard to the risk to stakeholders, the legal system and the linked financial system, and to its regulatory objectives of avoiding delay in imposing the proposed action.
- 12.2. After receiving the Breach Notice, if the party concerned believes that the stated period for making representations is inadequate, then he/she may within a period stipulated by the Authority in accordance with the regulatory laws, request the Authority in writing for more time. Requests for an extension of time will be considered by the Authority, which in turn will promptly notify the recipient of the notice whether the request for an extension of time has been accepted.
- 12.3. The Authority has a duty to consider the representations received within the time frame specified for the reply within the Breach Notice for a discretionary fine. If an extension was sought and granted by the Authority, representations received during the extension period will be considered.
- 12.4. For a discretionary fine, upon receiving and considering written representations received in relation to a Breach Notice, the Authority will have two options available to it the Authority shall:
 - 12.4.1. reconsider whether it still holds the belief stated in the breach notice, in light of all the matters raised in the reply concerning that belief.
 - 12.4.2. shall consider the matters raised in the reply to the extent that the matters raised are relevant to the Authority exercising its fine discretions.
- 12.5. If the Authority is of the view that it should take the action presented in the Breach Notice or some other action warranted, it will issue a Fine Notice (detailed at section 15).
- 12.6. If the Authority decides not to take any action, it will notify all relevant parties of its decision not to proceed within fifteen days after the end of the reply period.

- 12.7. If the Authority receives no response or representations within the period specified in the Breach Notice, the Authority may regard as undisputed the allegations or matters detailed and issue a Fine Notice.

13. Rectification of a Breach Subject to a Minor Fine

- 13.1. If the Authority has given a Breach Notice to a Regulated Firm in relation to a minor fine, the Regulated Firm shall rectify the breach specified in the notice within thirty days of receipt of the notice and submit to the Authority a Rectification Notice indicating that the breach has been rectified.
- 13.2. Once the thirty-day period has ended and a rectification notice has been given, the Authority shall consider, in light of the matters raised in the rectification notice, whether the specified breach has been rectified to the Authorities satisfaction.
- 13.3. If the Authority is satisfied that the breach has been rectified, the Authority will not issue a fine notice in respect of the breach and will notify the party notice of its decision within fifteen days from the end of the reply period.
- 13.4. If the Authority is not satisfied that the breach was rectified within the thirty-day period, the Authority shall impose a fine in accordance with the regulations.

14. Assessment of Fines and Penalties

- 14.1. A breach will be categorised as minor, serious or very serious, as per the Regulations. Categorisation of the breaches by each provision is outlined in **Schedule 2 of the Regulations**, contained within **Appendix Three** of this document.
- 14.2. The Authority cannot impose an administrative fine after the expiration of six months for a breach prescribed as minor, or two years for a breach prescribed as serious or very serious, from the date it became aware of the breach.
- 14.3. The Authority will be deemed to have become aware of the contravention when it first received information from which the contravention could be reasonably inferred.
- 14.4. If the Authority has imposed an Administrative Fine which has not been paid within 28 days from the issue of the fine notice, this will not preclude a referral to the DPP for a criminal prosecution regarding the breach to be considered.
- 14.5. The fine amounts within the legislation, and quoted below, are Cayman Island Dollars.

- 14.6.** The decision in relation to the imposition of a minor fine, continuing minor fine or a discretionary fine shall be made on the balance of probabilities.

Minor Breach

- 14.7.** For a breach that is classified as a minor, the fine is the sum of \$5,000 exactly.
- 14.8.** The Authority may impose one or more continuing fines of \$5,000 each, in addition to the initial fine at intervals it decides, until the earliest of the breach stopping or being remedied, payment of the initial fine and continuing fines imposed for the breach, or the total amount of the initial and continuing fine reaches \$20,000.

Serious Breach

- 14.9.** For a Serious breach of the regulations, the fine prescribed is one of \$50,000 for an individual or \$100,000 for a body corporate.

Very Serious Breach

- 14.10.** For a very serious breach of the regulations, the fine prescribed is one of \$100,000 for an individual or \$250,000 for a body corporate.

Procedure to Impose a Minor or Discretionary Fine

- 14.11.** For breaches that are categorized as serious, or very serious, the Authority has the discretion to decide whether to impose a fine and the amount of the fine, taking into consideration the criteria contained in (**'discretionary fine'**)
- 14.12.** The Authority may only impose a minor or discretionary fine by taking the following steps;
- 14.12.1.** Giving the party a Breach Notice;
 - 14.12.2.** Complying with the Regulations; and
 - 14.12.3.** Issuing the party with a Fine Notice.
- 14.13.** When the Authority decides to impose a discretionary fine and the party entered into a discount agreement for the breach, and the fine is no more that the amount agreed under the agreement, a fine notice may be given without first serving a breach notice.

- 14.14. When the Authority decides to impose a discretionary fine with no agreement between the parties, the amount of the discretionary fine shall be no more than the amount stated within the Breach Notice.
- 14.15. The Authority can only impose a continuing minor fine by giving the party a fine notice and if the relevant minor fine is not stayed.
- 14.16. Where the Authority imposes a fine, it may decide that the fine is payable immediately on the giving of a fine notice or within a particular period stated in the fine notice.

Assessment of Financial Penalty

- 14.17. When deciding on the appropriate amount of the Administrative Penalty, the Authority will apply the following principles, in the following order of importance, which will prevail over any other relevant factors;
 - 14.17.1. **The disgorgement principle** (This means the principle applied to ensure that Regulated Firms which carry out relevant financial business and connected persons do not gain (including avoiding losses) from breaching prescribed provisions and such gains are disgorged);
 - 14.17.2. **The disciplinary principle** (This means the principle applied to punish intentional, reckless or negligent breaches of prescribed provisions); and
 - 14.17.3. **The deterrence principle** (This means the principle applied to deter Regulated Firms and connected persons from breaching the provisions in the Regulations).
- 14.18. Although the principles of disgorgement, discipline and deterrence take precedence, the Authority can consider other factors to reduce the administrative fine. It is the Authority's decision how much relative weight is given to any relevant factor considered and what factors it considers to be relevant to making the decision regarding the Administrative penalty. The Authority will consider all other relevant factors including, but not limited to;
 - 14.18.1. The nature and seriousness of the breach;
 - 14.18.2. The degree of the party's inadvertence, intent or negligence in committing the breach;
 - 14.18.3. Where the breach is a continuing one, its duration;
 - 14.18.4. The measure or precautions the party took to prevent the breach;

- 14.18.5.** The measures or precautions that a reasonable person in the party's position, acting prudently and exercising due diligence, would have taken to prevent the breach;
 - 14.18.6.** Whether the breach was due to;
 - 14.18.6.1.** Reasonable reliance on information given to the party; or
 - 14.18.6.2.** A cause beyond the party's control, including for example, someone else's act or default or an accident;
 - 14.18.7.** The degree of difficulty in detecting the breach;
 - 14.18.8.** Evidence of intent by the party to conceal the breach or mislead the Supervisory Authority;
 - 14.18.9.** The party's conduct after becoming aware of the breach, including;
 - 14.18.9.1.** Whether and how quickly the party brought the breach to the attention of the Authority; and
 - 14.18.9.2.** The Party's efforts to remedy the breach or prevent its re-occurrence.
 - 14.18.10.** Any financial or other damage or loss or other harm done or caused by the breach, including, for example, to the performance of the functions of the Authority or to other third parties.
 - 14.18.11.** Whether, before or after the breach, there was a change to the party's business or affairs that affects or may affect the consequences of the breach for the party, including for example, the party's ability to pay a fine;
 - 14.18.12.** Where the Authority (or any other authority) has previously imposed a fine on the party for a similar breach, the amount of that fine; and
 - 14.18.13.** The party's history of compliance within the Regulations and similar laws in other jurisdictions in the five years before the breach, in those jurisdictions which the Authority is aware or made aware by the party (This applies even if no punishment was imposed or no other action relating to the breach under those laws in other jurisdictions).
- 14.19.** In deciding the amount of a fine when exercising its fine discretion, the Authority may also have regard to the circumstances of any mitigation that may exist in relation to the Regulated Firm, their resources and ability to pay, and any financial hardship that may occur as a result of an administrative fine that is imposed.

- 14.20.** The Authority will also have regard to the potential for adverse financial consequences on third parties of imposing a fine in the amount proposed, and any circumstances that aggravates, or may tend to aggravate, the breach or its effect.

Power to Discount Administrative Penalty

- 14.21.** The Authority will firstly work out the ‘usual fine.’ This will represent the amount of the fine the Authority would have imposed before any discount agreement is considered, and after considering any relevant criteria.
- 14.22.** The Authority may negotiate with a party to attempt to reach a discount agreement with the party, whether or not it has given a breach notice.
- 14.23.** The Authority will not discount any component of the usual fine that represents the application of the disgorgement principle, whether or not negotiations have taken place.
- 14.24.** The Authority may discount the usual fine to reflect the discount agreement and the stage in the fine process at which the agreement was reached.

15. Issuing the Fine Notice

- 15.1.** If following the issue of a Breach Notice, and the consideration of any representations and relevant factors, the Authority decides to issue a Fine Notice, the notice shall be dated and state the following;
- 15.1.1.** The Party’s name;
 - 15.1.2.** That the Authority has imposed a specified fine on the party;
 - 15.1.3.** The amount of the fine; and
 - 15.1.4.** The date the fine shall be paid.
- 15.2. Where the specified fine is a minor fine, the Fine Notice shall also state;**
- 15.2.1.** The prescribed provision for which the fine is imposed;
 - 15.2.2.** A description of the breach; and

15.2.3. That the Party may, within thirty days after receiving the Fine Notice, apply to the Authority for an internal review of the decision to impose the fine.

15.3. Where the specified fine is a minor fine continuing, the Fine Notice shall also state;

15.3.1. The date of the Fine Notice given for the relevant minor fine;

15.3.2. If a Rectification Notice was given within thirty days of the issue of a Breach Notice for the relevant minor fine, the reasons why the Authority is not satisfied that the breach was rectified within thirty days of the issue of the Breach Notice; and

15.3.3. That the party may, within thirty days after receiving the Fine Notice, apply to the Authority to review the decision to impose the fine.

15.4. Where the specified fine is a discretionary fine, the Fine Notice shall also state;

15.4.1. The prescribed provision for which the fine is imposed;

15.4.2. A description of the breach;

15.4.3. The reasons for the way in which the fine discretions were exercised; and

15.4.4. That the party may, within thirty days after receiving the Fine Notice, apply to the Grand Court for leave to appeal against the decision to impose the fine, the amount of the fine, or both.

15.5. A sample Fine Notice for a minor fine can be found at Appendix Eight and for a discretionary fine at Appendix Nine.

16. Internal Review of Minor Fines

16.1. A party who has received a fine notice for a minor fine, or continuing minor fine, may apply to the Authority for a review of the original decision.

16.2. An internal review will be carried out by a designated independent person.

16.3. An application for review must be made within thirty days of receipt of the fine notice and shall contain;

16.3.1. The name of the applicant;

16.3.2. The physical address of the applicant;

- 16.3.3.** The email address of the applicant;
- 16.4.** The notice must also contain the following in relation to the particulars of the application;
 - 16.4.1.** The prescribed provision set out in the fine notice;
 - 16.4.2.** The grounds on which the applicant relies for the review; and
 - 16.4.3.** The facts and circumstances on which the applicant relies for the review.
- 16.5.** An application for review does not stay the operation of the original decision made by the Authority.
- 16.6.** The person within the Authority who made the original decision may make written representations to the designated person within the Authority regarding the application for review of the original decision, but they will not otherwise participate in any discussion, decision, debate or vote of the designated independent person concerning the review.
- 16.7.** Within twenty days of receiving an application for review, the designated person within the Authority, will reconsider the original decision and decide whether to affirm or set aside the original decision. The designated person will give the applicant the notice of its decision within ten days of their review.
- 16.8.** If the initial decision is set aside, the original decision is deemed to have never been made.
- 16.9.** If the initial decision is affirmed, the notice of the decision on the application for review shall state the reasons for that decision and that the party may apply to the Grand Court for judicial review of that decision.

17. Appeal Against Discretionary Fines to the Grand Court

- 17.1.** A person who has received a Fine Notice for a discretionary fine may apply to the Grand Court within thirty-days of receiving the Fine Notice for leave to appeal against the original decision.
- 17.2.** The Grand Court may only grant leave to appeal upon such application where the party has grounds for seeking judicial review of the decision, or the decision was made with a lack of proportionality or was not rational.
- 17.3.** If a party entered into a discount agreement for the breach and the fine is no more than the amount agreed to in the discount agreement, a party may not apply for leave to appeal the original decision.

- 17.4. The Grand Court Rules 1995 and the Court’s practice directions regarding Judicial Review apply to an appeal, with necessary changes, as if the appeal were an application for judicial review. The Grand Court’s rules regarding alternative dispute resolution do not apply to the appeal.
- 17.5. The Authority may apply to the Grand Court for an order that the appellant provide sufficient security for costs, and a stay of the appeal until the security is provided.
- 17.6. The application to the Grand Court for leave to appeal against the Authority’s decision does not in itself stay the operation of the original decision. The Appellant can make an application to the Grand Court for an order that the fine imposed by the original decision be stayed to secure the effectiveness of the appeal.
- 17.7. If a stay is ordered by the Grand Court, it can be granted on any conditions that the Court deems appropriate, operates for a period fixed by the Court, and may be amended or revoked by the Grand Court. Any stay granted by the Grand Court shall not extend past the point the Court determines the appeal.

18. Appeal Hearing

- 18.1. The Grand Court may only determine the appeal on the evidence that the Authority had when exercising its fine discretions.
- 18.2. After hearing the appeal, the Grand Court can;
 - 18.2.1. Affirm, set-aside or vary the original decision; or
 - 18.2.2. Set aside the original decision and remit the matter to the Authority for it to reconsider subject to such directions as the Court sees fit.
- 18.3. If the Grand Court affirms the original decision or varies it in a way that a fine is still imposed, the Grand Court’s decision is deemed to have been the original decision.
- 18.4. The Grand Court may, at the Authorities request, give judgment against the appellant for all or any part of the fine that continues to be owing, including interest on the unpaid part. The Authority may make this request during the Appeal when the decision is handed down, or at any time after by tendering a certificate to the court about the amount still owing.
- 18.5. If the Grand Court sets aside the original decision made by the Authority and does not remit the matter to the Authority for reconsideration, both the fine and interest are deemed to have never been owing. Similarly, any continuing minor fine imposed for the breach is deemed also to have been set aside and never owed.

19. Enforcement of Fines

- 19.1.** Where a fine is not paid by the date stated in the Fine Notice, and the Grand Court has not stayed the fine awaiting appeal nor set aside the fine on appeal, the fine becomes a debt owing to the Crown.
- 19.2.** Where a fine was varied on appeal by the Grand Court, the varied fine becomes a debt owing to the Crown if the fine is not paid by the date stated in the order of the Grand Court.
- 19.3.** Interest accrues at a rate of 5% annually while all or part of a fine continues to be owing, starting on the day immediately after the fine becomes a debt to the Crown and ending on the day the fine and interest is paid in full.
- 19.4.** The interest accrues daily and as compound interest.
- 19.5.** Interest accrues even while the fine is stayed.
- 19.6.** Payments relating to the fine will be applied to the interest first. If more than one fine has been imposed on the same party, the payments for the fines are to be applied in the order in which the fines and interest became owing.
- 19.7.** The Crown may recover the fine and interest as a debt owed in civil proceedings. The Crown cannot take action to recover the fine in civil proceedings whilst a fine is stayed. Proceedings to recover the debt do not prevent interest continuing to accrue on the total owing or where the party is a body corporate, the Crown enforcing the fine by serving a winding up notice for the debt.

20. Publications

- 20.1.** CARA considers the enforcement of the regulations to be a matter of substantial public importance. On that basis, full details of administrative fines imposed will normally be published (not applicable to Breach Notices) by the Authority, including;
 - 20.1.1.** The name of the firm;
 - 20.1.2.** The name of any principals at the firm who were involved in the breach;
 - 20.1.3.** The provision(s) breached;
 - 20.1.4.** The date of each individual breach;

- 20.1.5.** The amount of the fine imposed;
 - 20.1.6.** A summary of the facts outlining the circumstances of the breach; and
 - 20.1.7.** Any further relevant information.
- 20.2.** In exceptional circumstances, such as where there is a risk to national security, another critical ongoing investigation or the Island’s financial stability, the decision whether or not to fully disclose the details of the administrative fine will be made by the Head of Enforcement and approved by the Board.
- 20.3.** In addition, both Warning Notices and Decision Notices will be published on our website. This is because if a Warning Notice is issued, then the Authority believes the firm should be removed from the register which would prevent them from legally undertaking relevant financial business. It is important that the public are aware of this decision to prevent potential harm to the firm’s clients in the period before a Decision Notice is issued.

Miscellaneous Provisions

21. Service

- 21.1.** The Authority may give a party notice for any purpose electronically under the Regulations by sending it to;
- 21.1.1.** The email address that the party last provided to the Authority;
 - 21.1.2.** In the case of a corporate body, the last email address provided to the Authority or the email address of any of its directors, members or registered office provider (i.e. the person who provides or maintains the party’s registered office as required by law);
 - 21.1.3.** In the case of a partnership, the email address last provided to the Authority, or the email address of any of its partners (except a limited partner), or its registered office provider.
- 21.2.** If a notice is served by email, it is deemed to be immediately received if sent during office hours, or the next working day if sent out of office hours.

- 21.3.** If a notice is served by post, it is deemed to have been served at the time at which the letter would be delivered in the ordinary course of the postal service (in accordance with s.53 of The Interpretations Law 1995).

22. Notices Containing an Inaccuracy

- 22.1.** The Authority will do all it can to ensure that there are no inaccuracies within its notices.
- 22.2.** However, if the Authority's Breach Notice or Fine Notice contains an inaccuracy, the notice will only be invalidated if a party establishes that the inaccuracy was material and that due to the inaccuracy, the party was misled.
- 22.3.** Subject to the limitation period, a material inaccuracy in a notice can be rectified by the service of a new notice, if it would be fair to do so.

23. Inaccuracies within this Policy

- 23.1.** The Authority will do all it can to ensure that there are no inaccuracies within this Enforcement Policy.
- 23.2.** However, if any inaccuracies have occurred within this document in relation to the law, this will not be a defence to a Regulated Firm/Individual; a Regulated Firm/Individual is responsible for ensuring it is aware of the laws of the Cayman Islands.

APPENDICES

APPENDIX ONE

To: [Regulated Firm/Name] (“party”)
Of: [Address]
Sent by email to: [email]
Date Notice Sent: [DD MM YYYY]
CARA Reference: [URN]

INFORMATION REQUIREMENT

Issued pursuant to regulations 55B(c), 55D, and 53A(1) of the Anti-Money Laundering Regulations (2020 Revision)

TAKE NOTICE: The Cayman Attorneys Regulation Authority 2nd floor, Century Yard, Cricket Square, P.O. Box 12236, Grand Cayman, KY1-1010, Cayman Islands (the “Authority”) requires you to provide the following:

DISCLOSURE:

Requires the disclosure of the following within 28 days:

[Details of disclosure required]

REASONS:

[Reasons why the Authority requires the information and why the Authority reasonably believes the information is reasonably required]

PLEASE NOTE THAT FAILURE TO COMPLY WITH THE ABOVE MAY MEAN THAT YOU HAVE BREACHED THE ANTI-MONEY LAUNDERING REGULATIONS (2020 REVISION) WHICH WILL RENDER YOU LIABLE FOR A FINACIAL ADMINISTRATIVE PENALTY OR A CRIMINAL CONVICTION FOR WHICH A FINE AND/OR IMPRISONMENT FOR UP TO TWO YEARS CAN BE IMPOSED.

Jodie Woodward
Head of Enforcement
Cayman Attorneys Regulation Authority

Signed on behalf of the Authority

APPENDIX TWO

To: [Regulated Firm/Name] (“party”)
Of: [Address]
Sent by email to: [email]
Date Notice Sent: [DD MM YYYY]
CARA Reference: [URN]

NOTICE TO ATTEND

Issued pursuant to regulations 55B(c), 55D, and 53A(3) of the Anti-Money Laundering Regulations (2020 Revision)

TAKE NOTICE: The Cayman Attorneys Regulation Authority 2nd floor, Century Yard, Cricket Square, P.O. Box 12236, Grand Cayman, KY1-1010, Cayman Islands (the “Authority”) requires your attendance.

ATTENDANCE:

The Authority requires your attendance at [place] on the [date] at [time] to answer questions the Authority has in relation to an ongoing investigation.

You are also required to produce the following documents on the above date;

[Details of disclosure]

REASONS:

[Reasons why the Authority requires the information and why the Authority reasonably believes the information is reasonably required]

PLEASE NOTE THAT FAILURE TO COMPLY WITH THE ABOVE MAY MEAN THAT YOU HAVE BREACHED THE ANTI-MONEY LAUNDERING REGULATIONS (2020 REVISION) WHICH WILL RENDER YOU LIABLE FOR A FINACIAL ADMINISTRATIVE PENALTY OR A CRIMINAL CONVICTION FOR WHICH A FINE AND/OR IMPRISONMENT FOR UP TO TWO YEARS CAN BE IMPOSED.

Jodie Woodward
Head of Enforcement
Cayman Attorneys Regulation Authority

Signed on behalf of the Authority

APPENDIX THREE

SCHEDULE 2

(regulation 55R)

PRESCRIBED PROVISIONS AND BREACH CATEGORIES

Column 1 Prescribed provision	Column 2 Category of breach
5(a), (c), (d) or (e)	Serious
5(b)	Very serious
10	Very serious
36	Serious
37	Serious
39	Serious
40(1) to (5)	Serious
40(6)	Very serious
42	Serious
43	Serious
44	Serious
47(3) to (5)	Serious
48	Very serious
50 and 51	Very serious
52 and 53	Serious
53A	Very Serious
55F	Serious
55M	Very Serious
55O	Very Serious
57	Same as for the body corporate

APPENDIX FOUR

To: [Regulated Firm/Name] (“party”)
Of: [Address]
Sent by email to: [email]
Date Notice Sent: [DD MM YYYY]
CARA Reference: [URN/ENF NUMBER]

WARNING NOTICE

Issued pursuant to regulations 55B(c), 55D, 55G and 55I of the Anti-Money Laundering Regulations (2020 Revision)

TAKE NOTICE: The Cayman Attorneys Regulation Authority 2nd floor, Century Yard, Cricket Square, P.O. Box 12236, Grand Cayman, KY1-1010, Cayman Islands (the “Authority”) proposes to take the following action:

ACTIONS:

[Details of proposed action]

REASONS

[Reasons for proposed action]

NOTICE OF REPRESENTATION

You may make written representations to the Authority. If you wish to make such representations you must do so within [xx days] of receiving this Warning Notice, or such longer period as requested of, and approved by the Authority. Where an extension to this time is

required, a request for extension must be submitted within [xx days] of receiving the Notice. Written representations should be made to the Head of Enforcement at the above address.

Please contact [contact name and details] at the Authority for more information.

Jodie Woodward

Head of Enforcement
Cayman Attorneys Regulation Authority

Signed on behalf of the Authority

APPENDIX FIVE

To: [Regulated Firm/Name] (“party”)
Of: [Address]
Sent by email to: [email]
Date Notice Sent: [DD MM YYYY]
CARA Reference: [URN/ENF NUMBER]

DECISION NOTICE

Issued pursuant to regulations 55B(c), 55D, 55G and 55J of the Anti-Money Laundering Regulations (2020 Revision)

TAKE NOTICE: The Cayman Attorneys Regulation Authority 2nd floor, Century Yard, Cricket Square, P.O. Box 12236, Grand Cayman, KY1-1010, Cayman Islands (the “Authority”) has decided to take the following action:

ACTIONS:

[Details of action]

REASONS:

[Reasons for the Authority’s decision to take the action]

EFFECTIVE DATE OF DECISION:

The Authority’s decision regarding the above action is effective [date].

Jodie Woodward
Head of Enforcement
Cayman Attorneys Regulation Authority

Signed on behalf of the Authority

APPENDIX SIX

To: [Regulated Firm/Name] (“party”)
Of: [Address]
Sent by email to: [email]
Date Notice Sent: [DD MM YYYY]
CARA Reference: [URN]

BREACH NOTICE

FOR THE PROPOSED MINOR FINE

Issued pursuant to regulations 55B(c), 55D and 55ZC of the Anti-Money Laundering Regulations (2020 Revision)

TAKE NOTICE: The Cayman Attorneys Regulation Authority 2nd floor, Century Yard, Cricket Square, P.O. Box 12236, Grand Cayman, KY1-1010, Cayman Islands (the “Authority”) believes that you are in breach of Regulation[(s) [xx]] of the Anti-Money Laundering Regulations (2020 Revision).

THE INTENDED FINE

The Authority intends to impose on the party a [cumulative] minor fine in the sum of CI\$ [amount in numbers].

[if cumulative

- a) [insert provision] – CI\$ [amount of proposed fine]
- b) [insert provision] – CI\$ [amount of proposed fine]
- c) [insert provision] – CI\$ [amount of proposed fine]]

THE FACTS AND CIRCUMSTANCES

[Facts and circumstances/Reasons for proposed action]

[if cumulative

a) [insert provision]

[Facts and circumstances/Reasons for proposed action]

b) [insert provision]

[Facts and circumstances/Reasons for proposed action]

c) [insert provision] – CI\$ [amount of proposed fine]

[Facts and circumstances/Reasons for proposed action]]

The Authority views this evidence as the party [describe breach]; therefore the Authority believes the party is in breach of [insert provisions].

RECTIFICATION PERIOD

You should rectify the breach and submit to the Authority a rectification notice, indicating that the breach has been rectified within 30 days of this notice

Please contact [contact name and details] at the Authority for more information.

Jodie Woodward
Head of Enforcement
Cayman Attorneys Regulation Authority
Signed on behalf of the Authority

APPENDIX SEVEN

To: [Regulated Firm/Name] (“party”)
Of: [Address]
Sent by email to: [email]
Date Notice Sent: [DD MM YYYY]
CARA Reference: [URN]

BREACH NOTICE

FOR THE PROPOSED DISCRETIONARY FINE

Issued pursuant to regulations 55B(c), 55D and 55ZC of the Anti-Money Laundering Regulations (2020 Revision)

TAKE NOTICE: The Cayman Attorneys Regulation Authority 2nd floor, Century Yard, Cricket Square, P.O. Box 12236, Grand Cayman, KY1-1010, Cayman Islands (the “Authority”) believes that you are in breach of Regulation[(s) [xx]] of the Anti-Money Laundering Regulations (2020 Revision).

THE INTENDED FINE

The Authority intends to impose on the party a [cumulative] discretionary fine in the sum of CI\$ [amount in numbers].

[if cumulative

- d) [insert provision] – CI\$ [amount of proposed fine]
- e) [insert provision] – CI\$ [amount of proposed fine]
- f) [insert provision] – CI\$ [amount of proposed fine]]

THE FACTS AND CIRCUMSTANCES

[Facts and circumstances/Reasons for proposed action]

[if cumulative

d) [insert provision]

[Facts and circumstances/Reasons for proposed action]

e) [insert provision]

[Facts and circumstances/Reasons for proposed action]

f) [insert provision] – CI\$ [amount of proposed fine]

[Facts and circumstances/Reasons for proposed action]]

The Authority views this evidence as the party [describe breach]; therefore the Authority believes the party is in breach of [insert provisions].

RESPONSE PERIOD

You may make written representations to the Authority regarding the intended action.

If you wish to make such representations you must do so within [xx days] of receiving this Breach Notice, or such longer period as requested of, and approved by the Authority. Where an extension to this time is required, a request for extension must be submitted within [xx days] of receiving the Notice. Representations received by the Authority after the response period (including any extension granted by the Authority) will not be considered.

Written representations must be made to the aforementioned address or by email to [insert email].

Please contact [contact name and details] at the Authority for more information.

Jodie Woodward
Head of Enforcement
Cayman Attorneys Regulation Authority
Signed on behalf of the Authority

APPENDIX EIGHT

To: [Regulated Firm/Name] (“party”)
Of: [Address]
Sent by email to: [email]
Date Notice Sent: [DD MM YYYY]
CARA Reference: [URN]

FINE NOTICE
(MINOR FINE)

Issued pursuant to regulations 55B(c), 55D, 55ZF and 55R of the Anti-Money Laundering Regulations (2020 Revision)

TAKE NOTICE: The Cayman Attorneys Regulation Authority 2nd floor, Century Yard, Cricket Square, P.O. Box 12236, Grand Cayman, KY1-1010, Cayman Islands (the “Authority”) has found that you are in breach of Regulation[(s) [xx]] of the Anti-Money Laundering Regulations (2020 Revision) and has decided to take the following action:

THE FINE

The Authority requires the party to pay a [cumulative] minor fine in the sum of CI\$ [amount in numbers].

[if cumulative

- g) [insert provision] – CI\$ [amount of fine]
- h) [insert provision] – CI\$ [amount of fine]
- i) [insert provision] – CI\$ [amount of fine]]

The party is required to pay the above fine[s] to the Authority no later than [insert date].

THE BREACHED PROVISIONS

The Authority has imposed the discretionary fine as a result of the Authority's findings that the party has breached the following provision[s]:

- a) [insert provision] – CI\$ [amount of fine]
- b) [insert provision] – CI\$ [amount of fine]

THE AUTHORITY'S REASONS

[Description of the breach]

[Facts and circumstances/Reasons for the action]

[*If a Rectification Notice was given:* the reasons why the Authority is not satisfied the breach was rectified within thirty-days of the issue of the Breach Notice]

[if cumulative

- g) [insert provision]

[Facts and circumstances/Reasons for the action]

[*If a Rectification Notice was given:* the reasons why the Authority is not satisfied the breach was rectified within thirty-days of the issue of the Breach Notice] [insert provision]

- h) [insert provision]

[Facts and circumstances/Reasons for the action]

[*If a Rectification Notice was given:* the reasons why the Authority is not satisfied the breach was rectified within thirty-days of the issue of the Breach Notice] [insert provision]]

APPEAL

The party can apply to the Authority within thirty-days of receiving this Fine Notice for an internal review of the decision to impose the above fine. The review will be carried out by a designated independent person who has had no part in the Authority's decision making to impose the above penalty.

To request an internal review, please contact [details].

OUTSTANDING FINES

The party must pay this fine no later than [insert date].

Any unpaid fine becomes a debt owing to the Government of the Cayman Islands on the day the fine is required to be paid.

Fines that are unpaid after that day will accrue interest at a rate of 5% per annum, starting on the day immediately after the fine becomes a debt to the Government of the Cayman Islands and ending on the day the fine is paid in full, both days inclusive. Interest accrues daily and as compound interest.

The Government of the Cayman Islands may enforce this fine and interest on it against the party as a debt.

PAYMENT METHOD

The Authority will attach the relevant payment method to this notice.

Jodie Woodward
Head of Enforcement
Cayman Attorneys Regulation Authority

Signed on behalf of the Authority

APPENDIX NINE

To: [Regulated Firm/Name] (“party”)
Of: [Address]
Sent by email to: [email]
Date Notice Sent: [DD MM YYYY]
CARA Reference: [URN/ENF NUMBER]

FINE NOTICE

FOR A DISCRETIONARY FINE

Issued pursuant to regulations 55B(c), 55D and 55R of the Anti-Money Laundering Regulations
(2020 Revision)

TAKE NOTICE: The Cayman Attorneys Regulation Authority 2nd floor, Century Yard, Cricket Square, P.O. Box 12236, Grand Cayman, KY1-1010, Cayman Islands (the “Authority”) has found that you are in breach of Regulation[(s) [xx]] of the Anti-Money Laundering Regulations (2020 Revision) and has decided to take the following action:

THE FINE

The Authority requires the party to pay a [cumulative] discretionary fine in the sum of CI\$ [amount in numbers].

[if cumulative

- j) [insert provision] – CI\$ [amount of fine]
- k) [insert provision] – CI\$ [amount of fine]
- l) [insert provision] – CI\$ [amount of fine]]

The party is required to pay the above fine[s] to the Authority no later than [insert date].

THE BREACHED PROVISIONS

The Authority has imposed the discretionary fine as a result of the Authority's findings that the party has breached the following provision[s]:

- c) [insert provision] – CI\$ [amount of fine]
- d) [insert provision] – CI\$ [amount of fine]

THE AUTHORITY'S REASONS

[Description of the breach]

[Facts and circumstances/Reasons for the action]

[How the Authority's fine discretions were exercised and why, including the reasons why the Authority continues to hold the belief stated in the Breach Notice if a reply was given]

[if cumulative

- i) [insert provision]

[Facts and circumstances/Reasons for the action]

[How the Authority's fine discretions were exercised and why, including the reasons why the Authority continues to hold the belief stated in the Breach Notice if a reply was given]

- j) [insert provision]

[Facts and circumstances/Reasons for the action]

[How the Authority's fine discretions were exercised and why, including the reasons why the Authority continues to hold the belief stated in the Breach Notice if a reply was given]

APPEAL

The party can apply to the Grand Court within thirty-days of receiving this Fine Notice for leave to appeal against the decision to impose the fine, the amount of the fine or both.

OUTSTANDING FINES

The party must pay this fine no later than [insert date].

Any unpaid fine becomes a debt owing to the Government of the Cayman Islands on the day the fine is required to be paid.

Fines that are unpaid after that day will accrue interest at a rate of 5% per annum, starting on the day immediately after the fine becomes a debt to the Government of the Cayman Islands and ending on the day the fine is paid in full, both days inclusive. Interest accrues daily and as compound interest.

The Government of the Cayman Islands may enforce this fine and interest on it against the party as a debt.

PAYMENT METHOD

The Authority will attach the relevant payment method to this notice.

Jodie Woodward
Head of Enforcement
Cayman Attorneys Regulation Authority
Signed on behalf of the Authority