

AML Return 2021 - FAQs

4 May 2021

Is the AML Return mandatory?

If you are registered with CARA as a firm or sole practitioner conducting 'relevant financial business', then you must submit an AML Return every year.

Is this the same as the Registration Form?

No. The AML Return is separate from the Registration Form. Once a firm is registered with CARA there is no requirement to renew registration at any stage. The AML Return however must be submitted annually.

Where do I go to complete the AML Return?

Please go to our website to access the application. We request all AML Returns are completed and submitted online.

What is the deadline for submission of the AML Return?

The AML Return must be completed and submitted online on or before Friday 14 May 2021.

How long will it take me to complete the AML Return?

The time taken to complete the Return will be dependent on the nature and extent of the relevant financial business your Firm conducts and the information systems you use. We recommend you begin completing the AML Return as soon as possible. Please note, while it may take some time to complete it in the first year, you will then have a good base from which to complete the Return in future.

Can I save and complete the AML Return in stages?

No, unfortunately, not. The Return must be completed online in one sitting. We recommend printing a copy of the Word version, drafting your answers, and having a copy to hand when you submit your responses online.

What if I do not have the information to answer all the questions?

We expect firms to complete the Return using the best available data and to the best of their knowledge. We accept that it is difficult to provide data you may not have been routinely collecting and aggregating, and we require you to give robust estimates in these cases.

Why are you asking for this level of information and what are you going to do with the data?

As you will appreciate, Cayman is under continued international scrutiny as the jurisdiction is on the FATF 'grey list' at the moment. CARA submitted information to CFATF and was given a clean bill of health, barely a year after its inception. However, we are committed to helping Cayman meet its broader AML commitments. This year, the AML Return also includes questions which seek to elicit data relevant to the Cayman Islands Government 'National Risk Assessment 2021' ("NRA 2021") exercise.

The purpose of the NRA is to identify, assess and understand the ML, TF, and PF risks in the Cayman Islands as an International Financial Center and to make judgements about threats, vulnerabilities, and consequences.

The information will be held securely by CARA in accordance with the Data Protection Law and recognised international standards.

The information provided in the Return will assist CARA in assigning inherent ML/TF/PF risk profiles across our supervised population. The results of any analysis will also inform our risk-based approach to supervision.

Additionally, your responses will enable CARA to determine where firms and sole practitioners would benefit from further guidance and assistance in meeting the requirements of the AMLRs.

Who will you share this information with?

Some of the information will be shared on a strictly anonymised basis with the Heads of Working Groups (HoWGs) in the Cayman Islands Government National Risk Assessment 2021 ("NRA 2021") project. All HoWGs are public sector/ Supervisory Authority staff.

The AMLRs do not refer to or define 'Ultra High Net Worth Individuals' ("UHNWIs") or 'High Net Worth Individuals' ("HNWIs"), so why are firms being asked to collate this information?

We acknowledge HNWIs and UHNWIs are not expressly referred to in the AMLRs, but the term is not new to the AML regime and features for example in 'The International Components of Risk Faced by the Cayman Islands as an International Finance Centre'.

UHNWIs and HNWIs reside across the globe and may pose an increased risk. They can be engaged in illegal business activities or could be placed in a difficult position as result of their connections and relationships, or on the other hand corruptly attempt to exploit such connections (i.e., they are often closely associated with PEPs). They may use offshore accounts and vehicles to evade tax (one of the CI NRA, 2017 national threats). They can also have ties to high-risk jurisdictions and industries, for example construction, extractive, shipping, state owned companies/banks, military contracts etc.

From another perspective, the affluence, and social media exposure of UHNWIs and HNWIs makes them an attractive target for fraudsters. Over 40% are more likely to experience identity theft and are more susceptible to wire, credit card and real estate fraud.

Under Parts III and VI of the AMLRs, firms carrying out RFB should consider all relevant risk factors, in particular where a higher risk of ML or TF is identified, before determining the level of overall risk and appropriate mitigation measures.

CARA recognises firms have not had prior notice of the basic term and definition or that this information would be requested; therefore, on this occasion we ask firms to provide their best estimate and overall figure (as opposed to breaking it down into UHNWI and HNWI).

What if I am a new firm?

Any firm registering with CARA as conducting relevant financial business will be required to complete the AML Return annually. If you require further guidance, please contact info@cara.ky.