



Independent AML Officers

INTRODUCTION

Cayman Islands investment entities are required to comply with Cayman Islands Anti-Money Laundering Regulations (2020 Revision) ("AML Regulations"). An investment entity must designate a natural person, at managerial level, to act as its Anti-Money Laundering Compliance Officer ("AMLCO"), Money Laundering Reporting Officer ("MLRO") and Deputy Money Laundering Reporting Officer ("DMLRO") (collectively the "AML Officers").

The appointment of the AML Officers will enable a Cayman Islands investment entity and its Board of Directors ("Board") to implement and oversee an Anti-Money Laundering ("AML") and Countering the Financing of Terrorism ("CFT") programme ensuring compliance with applicable AML/CFT Legislation, Regulations, Guidance and the day-to-day operation of the entity's AML/CFT policies, controls, and procedures.

AML/CFT PROGRAMME OBLIGATIONS

All Cayman Islands investment entities have a legal obligation to detect and prevent financial crime and demonstrate that they have implemented a robust and compliant AML and CFT programme that is approved and governed by its Board, which is ultimately responsible for complying with the applicable AML/CFT obligations.

The Cayman Islands Monetary Authority ("CIMA") regularly conducts AML/CFT themed inspections which may form the basis for future regulatory or enforcement actions where breaches are identified. As of 2020, Cayman Law and Regulations gave CIMA the authority to impose administrative fines for non-compliance.

INDOS FINANCIAL AML OFFICER SERVICE

INDOS Financial, a JTC Group company, has qualified and experienced professionals who have extensive knowledge and understanding of the Cayman Islands AML Regulations and are here to help. The INDOS AML services team is dedicated to delivering a robust AML Officer service, which will meet the AML Officer appointment obligations.

Our AML services provide independent oversight to ensure that the Cayman Islands investment entity's AML programme is compliant with the Regulations. Our services will identify any deficiencies or areas that could be enhanced to correspond with the evolution of AML obligations in the Cayman Islands.

Unlike many AML Officer services, INDOS works independently of the fund administrator that conducts the AML processes for a fund, thereby enhancing the overall governance of the fund.

INDOS also offers international fund and incorporation services, as well as a wide variety of professional services to clients around the world through JTC's Cayman Islands office.

ABOUT INDOS FINANCIAL

INDOS is a leading provider of independent oversight and assurance services to the funds industry and is authorised and regulated by the Financial Conduct Authority.

We currently provide AML Services to a wide range of different fund strategies and managers, with over \$10bn of underlying assets.

ADVANTAGES OF USING INDOS FINANCIAL

- Performance of an annual AML audit to compare administrator AML processes and policies to CIMA legislative, regulatory, and guidance requirements
- Review of management company AML processes and policies
- Annual, on-site administrator reviews, including AML/Client due diligence (CDD) file sampling and independent client screening
- Bespoke quarterly Board reporting and commentary provided by the AMLCO
- Monthly oversight of administrator AML/CDD reporting
- Annual compliance training provided to fund Directors
- AML Policy provided to aid set up and compliance of fund entities
- Annual review of AML Policy provided to ensure continued compliance and AML evolution
- The ability to track and compare AML practices across multiple Fund administrators, identifying areas of risk or weakness
- A documented audit trail of the procedures undertaken
- Dedicated service contacts available to the manager/Board of Directors/administrator

EXAMPLE ISSUES IDENTIFIED BY INDOS FINANCIAL

- Politically Exposed Persons (PEPs) not identified by the fund administrator
- Insufficient AML/CDD being undertaken on an identified PEP
- Insufficient investor AML/CDD for "High Risk" investors
- Investor due diligence certifications not completed to standard
- Failed Eligible Introducer/AML Assurance Letter testing by administrators
- Breaches of administrator policies and processes regarding AML/CDD collation
- Illegible CDD documents held on client records

CLIENT TESTIMONIALS

"The fund decided to appoint INDOS Financial as its Cayman Islands AML service provider in 2018. We have been impressed by the depth and quality of the work undertaken by the INDOS AML team. The independent service has enhanced the fund's governance model and added notable value to both the manager and the fund board."

(COO, Emerging Markets Hedge Fund)

"We have found INDOS' approach to the Cayman AML requirements to be very proactive and detailed which has most definitely vindicated our decision to engage them in this new space. Their dialogue with CIMA, regime gap analysis as well as their process to review the policies and procedures of our fund AML service provider has been detailed and thorough and, overall, allowed us to generate a stronger and more robust AMLR framework."

(CFO, Global Macro Hedge Fund)

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Information on JTC Group, including regulatory notices, can be found at: JTCGroup.com