



CAYMAN ISLANDS  
GOVERNMENT

## Ministry of Finance Financial Services Secretariat

# Fact Sheet / Background

## The Cayman Islands International Cooperation Regime

The Cayman Islands' approach to the development of the financial services sector recognises that an appropriate regulatory and international cooperation environment is not an impediment to but rather a key driver of, commercial success. With that, we have focused on two main objectives: building a world-class specialisation in institutional business and developing strong international cooperation arrangements to support our international financial services activity.

There are no confidentiality or 'secrecy' provisions that inhibit effective operation of these cooperation arrangements, and all relevant Cayman Islands authorities have comprehensive powers under their governing statutes to obtain and provide information. The following is a summary of these international cooperation arrangements:

### Tax Information Assistance

- The Cayman Islands is on the Organisation for Economic Cooperation and Development (OECD) 'white list' of jurisdictions that substantially implement international tax standards and has 18 bilateral arrangements with the following countries for the provision of tax information: Aruba, Australia, Denmark, Faroe Islands, Finland, France, Germany, Greenland, Iceland, Ireland, the Netherlands, Netherlands Antilles, New Zealand, Norway, Portugal, Sweden, the United States and the United Kingdom.
- The proportion of agreements between the Cayman Islands and OECD, G-8 and G-20 member countries is as follows:
  - The Cayman Islands has agreements with four of the G-8 countries and is awaiting signature on three agreements (Canada, Italy and Japan).
  - The Cayman Islands has agreements with five of the G-20 countries, is awaiting signature on six agreements (Canada, Italy, Japan, Mexico, South Africa, South Korea) and is in negotiations with two additional G-20 countries.
  - The Cayman Islands has agreements with 14 of the 30 OECD member states, is awaiting signature on 5 five agreements (Canada, Italy, Japan, Mexico, South Korea) and is in negotiations with 3 additional OECD member statements.
- The Cayman Islands has been an active participant in the OECD Global Forum on Taxation, having been one of the first non-OECD jurisdictions to adopt (in 2000) the principles of transparency and exchange of information, based on a level playing field.
- The Cayman Islands competent authority for tax cooperation arrangements is the Tax Information Authority, established under the Tax Information Authority Law, 2005. More information on the Authority can be found on [www.tia.gov.ky](http://www.tia.gov.ky).



- The Tax Information Authority also administers bilateral agreements with the 27 EU member states in relation to the automatic reporting of savings income information, in effect since 2005. The Cayman Islands does not operate a withholding tax.
- Amendments to the Tax Information Authority Law were made in December 2008, which provide for a parallel 'unilateral mechanism' for cooperation in tax matters that can be used in addition to bilateral agreements. The mechanism is designed to reflect OECD technical standards for transparency and provision of information
- In March 2009, under the unilateral mechanism, the Cayman Islands extended comprehensive tax information assistance to 12 countries under this amendment: Austria, Belgium, Czech Republic, Germany, Ireland, Luxembourg, the Netherlands, Japan, Slovak Republic, Switzerland, South Africa, the United Kingdom.

## Regulatory Cooperation

- The Cayman Islands Monetary Authority (CIMA) has a statutory obligation to cooperate with overseas regulatory authorities on a worldwide basis under the regime delineated in the Monetary Authority Law, and has extensive powers in that regard.
- While not a pre-requisite for cooperation, CIMA has 15 MoUs and other information-exchange agreements with financial regulators in Argentina, Bermuda, Brazil, Canada, Jersey, Jamaica, Isle of Man, Malta, Panama, the United Kingdom (Financial Services Authority) and the United States (Securities and Exchange Commission and Commodity Futures Trading Commission). CIMA also has an MoU with the Brazil Central Bank and a multi-lateral MOU with eight Caribbean regulators. All the agreements can be viewed in the [Regulatory Framework/International Agreements](#) section of CIMA's website.
- Since 2000, CIMA has handled more than 990 requests for assistance from overseas regulatory authorities.

## Law Enforcement Cooperation

- **Mutual Legal Assistance Treaty with the U.S. (MLAT)** – Since the Mutual Legal Assistance Treaty with the U.S. was signed in 1986, the two governments have cooperated in some 243 requests for assistance under the Treaty, resulting in successful law enforcement actions. Assets seized under such actions have been both shared by the U.S. and the Cayman Islands under an asset-sharing agreement as well as returned to the U.S. for restitution to victims of fraud and other crimes.
- **Misuse of Drugs Law (2000 Revision) (MDL)- Misuse of Drugs (Drug Trafficking Offences) (Designated Countries) Order, 1991**– The MDL and the PCL both provide for the enforcement of external confiscation orders. Under the PCL, foreign countries may be assisted; under the MDL, all the Vienna Convention countries. The PCL also allows the Financial Reporting Authority to onward-disclose suspicious activity reports (SARs) to foreign counterparts in order to report the possible commission of an offence, initiate a criminal investigation respecting the matter disclosed, or assist with any investigation or criminal proceedings.<sup>1</sup>
- **Criminal Justice (International Cooperation) Law (CJICL)** – The CJICL gives domestic effect to the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention) and additionally provides for mutual legal assistance to be given in the context of a broad range of criminal offences. The purposes for which mutual legal assistance is available are also broad, and include:

<sup>1</sup> The FRA has been an Egmont Group member since 2001. The FRA's annual report provides statistical information on SAR activity.



- executing searches and seizures;
- providing information and items of evidence;
- identifying or tracing proceeds, property, instruments or such other things for the purposes of evidence;
- immobilising criminally obtained assets; and
- assisting in proceedings related to forfeiture and restitution.

Assistance is available, including at the investigative stage, to all 146 Vienna Convention countries. The MDL also contains “ship riding” powers. Over the period 2003-2007, more than 150 requests for assistance were handled on behalf of the Cayman Islands’ Central Authority under the CJICL.

- **Terrorism Law** – This Law provides for mutual legal assistance and extradition in relation to terrorism and terrorist financing.<sup>2</sup>
- **Evidence (Proceedings in other Jurisdictions) (Cayman Islands) Order** – The EPOJ enables the Grand Court to provide assistance to a court or tribunal in another jurisdiction in obtaining evidence for criminal and civil proceedings, once such proceedings have been instigated. The Court may, in relation to criminal proceedings, make an order for the examination of witnesses, either orally or in writing, or for the production of documents.
- **Extradition** – There are a number of treaties that allow for extradition between Cayman Islands and a wide range of countries. Extradition is available for any offence that would be regarded as a serious crime carrying punishment of more than one year either in the Cayman Islands or in the requesting State. The European Convention on Extradition has applied to the Cayman Islands since 1996.

## International Cooperation Regime Recognised

- **International Monetary Fund** – A 2009 assessment by the IMF found the Cayman Islands to have a generally sound framework in place for the provision of mutual assistance though domestic law and international treaties and arrangements. In relation to the international cooperation elements of the international standards for banking (Basel), securities (IOSCO) and insurance (IAIS), the assessment reports a high level of compliance. The full IMF assessment can be accessed from [www.imf.org](http://www.imf.org).
- **International Organization of Securities Commissions** – In June 2009, CIMA was formally admitted as an ordinary (i.e., full) member of IOSCO, becoming a party to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation, Cooperation and the Exchange of Information. Admission to IOSCO is a strong validation of CIMA’s ability and willingness to engage other regulators to facilitate cross-border information exchange and assistance. More information can be found on [www.iosco.org](http://www.iosco.org).
- **Caribbean Financial Action Task Force** – A November 2007 third-round AML/CFT evaluation of the Cayman Islands found that the legislative provisions and measures for mutual [legal] assistance are comprehensive and effective (para. 676). The full CFATF evaluation can be accessed from [www.cfatf.org](http://www.cfatf.org).

For more information

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<sup>2</sup> The PCL may also be used in this regard.