

ADVISORY | INDUSTRY INFORMATION

# Update on the Removal of the Cayman Islands from the FATF's List of Jurisdictions Under Increased Monitoring

Following the conclusion of the most recent plenary of the Financial Action Task Force ("FATF") on 23 June 2023, the [FATF has announced](#) that it has made the initial determination that the Cayman Islands has substantively completed the one remaining item on its action plan. Accordingly, the Cayman Islands is eligible to be removed from the FATF's list of "jurisdictions under increased monitoring" (the "FATF Monitoring List"), subject to successful completion of an onsite visit by the FATF, which is part of the FATF's standard process for removal from the FATF Monitoring List.

In its announcement of the outcomes from the plenary, the FATF recognises that the Cayman Islands has made the following key reforms (1) applying sanctions that are effective, proportionate and dissuasive, and taking administrative penalties and enforcement actions against obliged entities to ensure that breaches are remediated effectively and in a timely manner; (2) imposing adequate and effective sanctions in cases where relevant parties (including legal persons) do not file accurate, adequate and up to date beneficial ownership information; and (3) demonstrating that they are prosecuting all types of money laundering in line with the jurisdictions' risk profile and that such prosecutions are resulting in the application of dissuasive, effective, and proportionate sanctions.

## Timing

[The Cayman Islands' Government has confirmed](#) that the onsite FATF visit is tentatively scheduled for late August or September, during which the FATF assessors will visit the Cayman Islands to meet in person with local stakeholders to assess the operation of the Cayman Islands' action plan in practice, and its sustainability.

An onsite visit report will then be presented at the next FATF plenary to be held in October 2023 at which the final decision as to whether to remove the Cayman Islands from the FATF Monitoring List will be announced.

## Progress towards removal from the EU AML List

Once Cayman is removed from the FATF Monitoring List, removal from the EU Commission's list of "high-risk third countries" (the "EU AML List") should follow in due course, the [EU having confirmed to the Cayman Islands' Government in May 2022](#) that that it does not require further measures, beyond those included in the FATF's action plan, for removing the Cayman Islands from the EU AML List. The EU Commission is mandated by its own Anti-Money Laundering Directive to adopt and update its list regularly in order to take into account information from international organisations and standard setters in the field of AML/CFT, such as the FATF\*.

Removal of the Cayman Islands from the EU AML list is noteworthy, particularly for CLO and other securitisation vehicles incorporated in the Cayman Islands, as it will take Cayman Islands' issuers outside of the ambit of Article 4 of the EU Securitisation Regulation which states that securitisation special purpose entities "shall not be established" in a non-EU jurisdiction which is on the EU AML List by an EU financial institution.

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## Further information

For further information please speak with your usual contact or contact:

\*The EU AML List was most recently updated on 17 May 2023 following conclusion of the February 2023 FATF plenary and on 20 December 2022 following the conclusion of the October 2022 FATF plenary.

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