

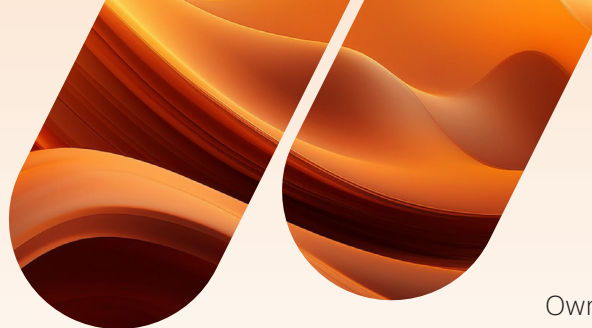


Cayman Islands

Compliance and
regulatory updates

Q3 2026

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The Cayman Islands Monetary Authority's ("CIMA") AML Rule and Sanctions Rule are now in force

- Further to our Q2 update, CIMA's Rule on Effective Compliance Programme for the Prevention and Detection of Money Laundering, Terrorist Financing, and Proliferation Financing (the "AML Rule") and Rule on Compliance with Financial Sanctions and Targeted Financial Sanctions (the "Sanctions Rule") were gazetted on July 20, 2026, and came into force on September 18, 2026. Both rules have the force of law and apply to all CIMA-registered or licensed financial service providers, including registered mutual and private funds, Securities Investment Business Act ("SIBA") registrants and licensees, trust companies, corporate service providers, insurers, banks, and virtual asset service providers ("VASPs").
- The rules move key obligations from CIMA's guidance notes into enforceable requirements. Breaches may result in administrative fines or other regulatory action.

Key new or expanded requirements

- **Independent AML audit** – a periodic, risk-based independent audit of the countering the financing of terrorism ("CFT"), and counter proliferation financing ("CPF") compliance programme, performed by persons independent of the AML compliance officer ("AMLCO"), money laundering reporting officer ("MLRO"), and deputy money laundering reporting officer ("DMLRO") function. The audit report must be filed with CIMA and remediation documented. Internal audit may be used for up to two consecutive cycles, after which an external provider is required.
- **Governance framework** – the governing body must approve a documented framework of roles, responsibilities, and accountability and receive annual AMLCO reporting.
- **AML officers** – AMLCO, MLRO, and DMLRO must be natural persons at management level meeting independence and suitability criteria. The AMLCO may not be a member of the governing body.
- **Risk assessment and simplified due diligence ("SDD")** – inherent and residual risk ratings must be documented and consider the Cayman Islands National Risk Assessment. The basis for SDD must be documented and periodically reassessed.
- **Training** – AML training at least annually for governing body members and AML officers, under a documented training plan.
- **Sanctions** – mandatory re-screening after sanctions list updates; screening of connected persons (including where SDD applies); freezing without delay; reporting to the Financial Reporting Authority ("FRA") using the compliance reporting form; and restrictions on rating sanctioned countries as "low" geographic risk.
- **Required actions:** complete a gap analysis; obtain board approval of the updated compliance programme and sanctions procedures; re-confirm AML officer appointments; adopt an independent AML audit programme; and add an "Independent AML Audit Review" item to board agendas. AML/CFT Business Risk Assessment should be readily available within 5 days once requested by the regulator for review.

CIMA's updated AML Rule and Sanctions Rule FAQs

- On September 24, 2026, CIMA updated its FAQs in response to industry queries following commencement of the rules. The FAQs are guidance and do not create new obligations.

Key clarifications

- Firms are not required to conduct a new AML audit solely because the rules have come into force. Audit timing remains risk-based and aligned with the entity's audit programme.
- Clearer expectations on audit scope, independence, frequency, and reporting, with examples of how audit cycles may vary by risk profile.

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- Responsibility remains with the regulated entity even where AML functions are outsourced.
- Findings identified in an AML audit do not invalidate the audit. Remediation is seen as part of a healthy compliance process.
- Boards should document the rationale for the audit frequency selected for each entity.
Find link to updated FAQs here

CIMA AML return requirement for restricted and private trust companies

- On September 7, 2026, CIMA confirmed that restricted trust companies (“RTCs”) and private trust companies (“PTCs”) must now complete and submit AML returns as part of its risk-based supervision of the fiduciary sector.
- The initial AML return will be issued through CIMA's Strix software on November 1, 2026, reporting information as of December 31, 2025. Completed returns must be submitted by December 31, 2026.
- RTCs and PTCs will then join the Trust and Corporate Service Provider (“TCSP”) AML return cycle, with returns issued on June 1 each year unless CIMA advises otherwise.
- Entities should confirm that contact details held by CIMA (registered office, directors, AMLCO, and MLRO) are accurate before the distribution date.
Please follow link to learn more

CRS reporting – DITC portal closure and transition to XML Schema v3.0

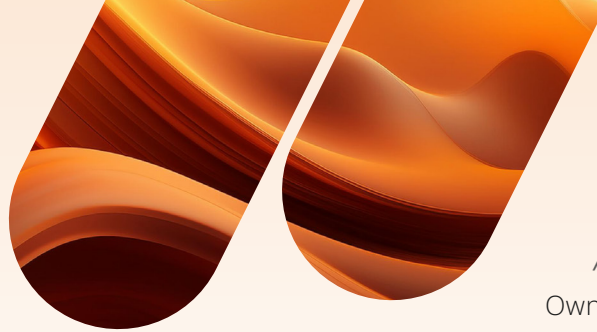
- The 2025 common reporting standard (“CRS”) returns were due on July 31, 2026, and the CRS compliance form on September 15, 2026. The Department for International Tax Cooperation (“DITC”) portal closed for CRS XML submissions and filing declarations in early August 2026 and is expected to reopen in early 2027. This is not an extension of the filing deadline.
- When the portal reopens, all new filings, corrections, and deletions must use CRS XML Schema v3.0. The DITC will no longer provide an XML generator tool.
- The deadline for the 2026 CRS return and CRS compliance form moves to June 30, 2027.
- Updated individual and entity self-certification forms apply from January 1, 2026.
- Errors in 2025 filings cannot be corrected until the portal reopens. Financial institutions should keep a log of required corrections and confirm XML v3.0 capability.
Please follow link to learn more

Updated list of approved stock exchanges

- CIMA has published an updated list of approved stock exchanges in August 2026.
- The newly approved exchanges are:
 - Bahamas International Securities Exchange
 - Baku Stock Exchange
 - Pakistan Stock Exchange Ltd

Please follow link for list of approved stock exchanges

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Economic substance – No DITC email reminders

- The DITC no longer sends courtesy reminder emails ahead of economic substance (“ES”) deadlines. Reminders appear only on the DITC portal messaging banner.
- Entities and their service providers should track ES notification and ES return deadlines internally. Late or non-filing may result in penalties under the International Tax Cooperation (Economic Substance) Act.

Please follow link to learn more

CIMA warning notice – Non-compliant directors

- On August 31, 2026, CIMA issued a public warning notice to registered directors who are in breach of section 6(2) of the Directors Registration and Licensing Act for failing to maintain their registration (submitting prescribed information and paying the annual fee by January 15).
- CIMA proposes to cancel each listed director’s registration. Directors may make written representations within 45 days of the notice (by approximately October 15, 2026).
- Lack of communication with CIMA may be considered when assessing the director’s fitness and propriety for existing and future roles.
- Fund boards and directorship teams should check all client directors against the list attached to the notice.

Please follow link to learn more

CIMA public notice – BitMart not regulated by CIMA

- On August 6, 2026, CIMA confirmed that BitMart, BitMart Exchange, GBM Global Inc., Bachi.Tech Ltd, Bachi.Tech Corporation and related GBM entities are not, and have never been, registered, licensed, or authorised to conduct virtual asset service business in or from the Cayman Islands.
- Any person carrying on virtual asset services in or from the Cayman Islands must be registered or licensed under the VASP Act. Firms should verify claimed regulatory status using CIMA’s entity search during onboarding.

Please follow link to learn more

General registry annual fee increases – Effective January 1, 2027

- Cabinet made regulations, published in the Legislation Gazette on August 14, 2026, increasing annual fees for companies, limited liability companies and exempted limited partnerships from January 1, 2027. Most fees increase by US\$122 (CI\$100).
- New fees:
 - Exempted company (registered capital up to US\$51,220 (CI\$42,000)) – US\$1,250 (CI\$1,025)
 - Limited liability company – US\$1,463 (CI\$1,200)
 - Exempted limited partnership (regulated/registered fund) – US\$1,707 (CI\$1,400)
 - Foreign company – US\$2,134 (CI\$1,750)
- The general registry also published a revised fee schedule for CAP online business users in September 2026.

Please follow link to learn more

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The Caribbean Financial Action Task Force (“CFATF”) mutual evaluation – assessment phase commenced

- The Premier and Minister for Financial Services informed Parliament that the Cayman Islands formally entered the assessment phase of the CFATF 5th round mutual evaluation in early September 2026. The on-site visit is scheduled for December 6–17, 2027.
- The national risk assessment (“NRA”) was carried out between August 2025 and July 2026. Under the new AML Rule, risk assessments must consider the NRA, so entities should update their business risk assessments once the findings are published.
- The evaluation will focus on the effectiveness of controls, so entities should be able to evidence that their AML/CFT/CPF and sanctions controls work in practice.

Upcoming reporting deadlines

October 15, 2026 (approx.) – Deadline for written representations on CIMA’s warning notice to noncompliant directors.

November 1, 2026 – CIMA issues the initial AML return to Restricted and Private Trust Companies.

December 31, 2026 – AML return submission deadline for Restricted and Private Trust Companies.

December 31, 2026 – Economic substance returns due to the DITC for relevant entities carrying out relevant activity.

January 1, 2027 – General registry annual fee increases take effect.

January 1, 2027 – CIMA regulatory policy on approval of auditors takes effect.

January 15, 2027 – CIMA annual fees and Directors Registration and Licensing Act annual filings and fees.

January 31, 2027 – Economic substance notifications, annual returns, and general registry annual fees.

January 31, 2027 – CRS deadline for appointment of Cayman-based principal point of contact and registration of the date the Cayman financial institution became a financial institution.

Early 2027 – DITC portal expected to reopen for CRS XML submissions (XML v3.0 only).

June 30, 2027 – Reporting deadline for 2026 calendar-year CRS returns and CRS compliance form.

Recommended fund termination deadlines

November 1, 2026 – Strike-off application to be submitted to avoid the next year’s fees.

December 31, 2026 – The fund is required to submit documentation to CIMA in advance to have deregistration approved by December 31 to avoid 2027 annual fees.



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