

ADVISORY | INDUSTRY INFORMATION

Removal of the Cayman Islands from the EU AML List and UK AML List

Following the removal of the Cayman Islands from the Financial Action Task Force's list of jurisdictions under increased monitoring in October 2023, on 7 February 2024 the Cayman Islands will also be removed from the EU list of third-country jurisdictions which have strategic deficiencies in their anti-money laundering / countering financing of terrorism ("AML/CFT") regimes (the "EU AML List").

This follows the adoption by the European Commission on 12 December 2023 of the Commission Delegated Regulation (EU) 2024/163 amending Delegated Regulation (EU) 2016/1675 as regards the deletion of the Cayman Islands and Jordan from the table in point 1 of the Annex (the "Regulation"), which enters into force on 7 February 2024.

The Regulation states that the Cayman Islands has strengthened the effectiveness of its AML/CFT regime and addressed technical deficiencies to meet the commitments in its action plan on the strategic deficiencies identified by the Financial Action Task Force. The European Commission has concluded that the Cayman Islands no longer has strategic deficiencies in its AML/CFT regime.

In addition, the Cayman Islands was removed from the UK list of high-risk countries for anti-money laundering and counter terrorist financing purposes (the "UK AML List") with effect from 5 December 2023, pursuant to the Money Laundering and Terrorist Financing (High-Risk Countries) (Amendment) (No. 2) Regulations 2023.

The removal of the Cayman Islands from the EU AML List and the UK AML List are significant milestones in, and evidence of, the Cayman Islands' commitment to AML/CFT. It also means that relevant financial institutions subject to the UK AML/CFT regime or the EU AML/CFT regime will no longer need to apply enhanced customer due diligence measures to business relationships and transactions involving the Cayman Islands.

Furthermore, on the removal of the Cayman Islands from the EU AML List, EU financial institutions will no longer be prohibited, pursuant to Article 4 of the EU Securitisation Regulation, from establishing new securitisation special purpose entities in the Cayman Islands.

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Further information

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