



The Cayman Islands Verified Ownership Regime

August 2019

Verified information available to regulators and law enforcement for over 15 years

World Class Verified Ownership Regime

The Cayman Islands has had a world class verified ownership regime in place for more than 15 years. All companies established in the Cayman Islands must be formed using a licensed and regulated Cayman Islands corporate service provider, and annual maintenance costs for a basic company are in the region of US\$2,000 per annum.

There is no ability for the general public to form Cayman Islands companies online. The information in the Cayman Islands ownership regime is collected and verified by these licensed and regulated Cayman Islands corporate service providers under robust anti-money laundering and know-your-customer laws and regulations. The Cayman Islands does not permit shell companies, bearer shares or anonymous numbered bank accounts.

This closely regulated company formation regime contrasts significantly with the regime in the UK. Companies House in the UK offers online company formation services to the general public with no formation agent involvement for as little as GBP12.00 per company and does not require submission of the anti-money laundering and know-your-customer documentation which has been standard practice in Cayman. In addition, the ownership information on the UK Companies House register is not independently verified for accuracy.

Does Cayman’s verified ownership regime or a self-reporting public register provide a jurisdiction with the **best protection** from criminal and illicit use of the jurisdiction and its financial system?



HONEST PEOPLE

Honest people will follow the law so an ownership register isn’t really targeted at them. However, a verified ownership regime will ensure all information is accurately collected and available to authorities.

Protected by:

Verified ownership regime self-reporting public ownership register



OPPORTUNISTIC PEOPLE

Opportunistic people will likely follow the law but may choose to cut corners if they see an advantage and there are no consequences for doing so. A self-reporting ownership regime enables them to report information inaccurately with little likelihood of consequences, even if the information is public. A verified ownership regime acts as a deterrent because it requires an independent evaluation of the information they provide, which will encourage – and enforce – honest reporting.

Protected by:

Verified ownership regime self-reporting public ownership register



CRIMINALS

Criminals have no intention of following the law. They also have no intention of reporting their illegal activities. So, they will provide false information under a self-reporting ownership regime with very little likelihood that it is discovered, even if the information is public. And if it is discovered, there may be no way to determine who is behind it. A verified ownership regime requires an independent evaluation of the information they provide, which will serve as a greater deterrent to illegal activity and will identify potentially questionable activity if it is attempted.

Protected by:

Verified ownership regime self-reporting public ownership register

*Cayman has had in place for over 15 years AML/KYC/CFT and verified ownership regulations. By law the information is available for legitimate cross-border regulatory, tax and money laundering investigations.

Clearly, **Cayman’s verified ownership regime provides the best protection** from criminal and illicit use of a jurisdiction and its financial system.



RECOGNITION OF CAYMAN'S WORLD CLASS TRANSPARENCY AND COOPERATION FRAMEWORK

For over 15 years, the Cayman Islands has shared ownership information with international regulatory, enforcement and tax authorities in line with international standards and commitments to combat money laundering, tax evasion and terrorist financing. The mechanisms to share this information have progressed from fulfilling requests on an ad hoc basis, to having in place enhanced bilateral agreements, such as the Exchange of Notes [EoN].

The United Kingdom Government noted that “Bermuda, the British Virgin Islands and the Cayman Islands have developed important niche positions in international financial markets. The UK Government strongly believes that Territories which meet financial sector international standards should be free to continue to compete in international markets without discrimination.”
– **[The Overseas Territories – Security, Success and Sustainability, Foreign & Commonwealth Office, June 2012]**

“Under the terms of these [EoN] agreements, UK law enforcement has access to company beneficial ownership information in support of investigations. This information must be made available within 24 hours of a request. Our colleagues at the UK’s National Crime Agency have continually noted the immense value of such information in their investigations.”
– **[FBI Acting Deputy Assistant Director (Criminal Investigative Division), Steven M. D’Antuono, Statement before US Senate Committee on Banking, Housing and Urban Affairs, May 2019]**

*Mr D’Antuono also gave credit to countries like the Cayman Islands that have robust anti-money laundering and counter terrorism financing regulations for their requirements of documentation [and verification] of beneficial owners for “legal persons”. As this information is available to regulators and law enforcement, it allows them to more vigorously be able to identify and mitigate illegal actors and protect financial systems.

“UK Law Enforcement Agencies (LEAs) report that the EoN have been extremely useful in accessing the information needed to support ongoing criminal investigations.” – **[UK Secretary of State for the Home Department Sajid Javid -Ministerial Statement, June 2019]**

It has been noted that the National Crime Agency has indicated that they are satisfied with the operation of and collaboration under the Exchange of Notes, “which is in addition to the other mechanisms for information exchange that have been in existence for years.” – **[Lord (Tariq) Ahmad of Wimbledon, Minister of State for the Overseas Territories, October 2018]**

“We believe that the service provider generally will be the more useful source of beneficial ownership information. As noted by one investigator in a country where both the registry and the service providers maintain beneficial ownership information, ‘When we receive an international request for beneficial ownership information, we always refer them to the service provider’.”
– **[The Puppet Masters: How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It (2011)/ The International Bank for Reconstruction and Development/The World Bank]**

Exchange of Notes [EoN] Enhancements

The Cayman Islands commenced new laws on 1 July 2017 that introduced technology-based system enhancements to its existing information sharing agreements with the UK, improving the speed at which requested information, including beneficial ownership information can be provided to UK law enforcement.

The licensed Cayman Islands corporate service providers are responsible for submission of beneficial ownership registry information to the Cayman Islands Government, and that information forms part of the Cayman Islands’ current enhanced information exchange arrangements with the UK, known as the Exchange of Notes [EoN].

For over 15 years, the Cayman Islands has collected, verified, and made available ownership information to authorities making proper requests through existing information sharing channels between the Cayman Islands Government and the UK Government, US Government, various EU Member States with which Cayman does business, as well as other countries. The EoN assisted in standardising across the Overseas Territories and Crown Dependencies, the type of ownership information to be exchanged and the manner in which the specific information could be obtained by UK authorities. The EoN also served to create better awareness for UK authorities of the availability of ownership information in the OTs and CDs that may be used to assist with their investigations.

NO

**Shell companies
Bearer shares
Anonymous numbered accounts**