



Cayman Islands
Cayman Registered Agent and
Corporate Secretarial Services
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LEGAL UPDATE

New Administrative Fines for breach of Regulatory Laws

As previously reported, the Monetary Authority Law gives CIMA the power to impose administrative fines under the Monetary Authority (Administrative Fines) Regulations (2019 Revision) as amended for breaches committed by persons (entities and individuals), under the following laws (and associated regulations and rules):

- a. Anti-Money Laundering Regulations (2020 Revision) (as amended)
- b. Banks and Trust Companies Law (2020 Revision) (as amended)
- c. Companies Management Law (2018 Revision) (as amended)
- d. Directors Registration and Licensing Law, 2014 (as amended)
- e. Insurance Law, 2010 (as amended)
- f. Money Services Law (2020 Revision)
- g. Mutual Funds Law (2020 Revision) (as amended)
- h. Private Funds Law, 2020 (as amended)
- i. Securities Investment Business Law (2020 Revision) (as amended).

Breaches fall into three (3) categories: (1) "minor", (2) "serious" or (3) "very serious". The process involves the issuance of a breach notice to a relevant party followed by a thirty (30) days opportunity to reply to the breach notice and to rectify a 'minor' breach to CIMA's satisfaction. If CIMA is not satisfied that a minor breach has been rectified, it is required to impose a fine. For "serious" or "very serious" breaches, CIMA has the discretion whether to impose a fine, and in what amount, up to the cap for the relevant category.

Category of breach	Cayman Dollars	US Dollars
Minor	CI\$5,000	US\$6,100
Serious (individual)	CI\$50,000	US\$61,000



Serious (corporate)	CI\$100,000	US\$122,000
Very Serious (individual)	CI\$100,000	US\$122,000
Very Serious (corporate)	CI\$1,000,000	US\$1,220,000

As shown in the table above, there is a sliding scale of fines from CI\$5,000 for minor breaches to CI\$100,000 for individuals and CI\$1 million for entities for very serious breaches. Fines for ongoing minor breaches can be applied at intervals on a continuing basis, up to a CI\$20,000 (US\$24,400) cap.

CIMA will have six (6) months from becoming aware of a minor breach, or having received information from which the fact of the breach can be reasonably inferred, to impose a fine. There is a two (2) year time limit in respect of the imposition of fines for serious or very serious breaches.

Accordingly, in addition to considering voluntary liquidations during the rest of 2020, it is important that all entities regulated under the above listed laws become aware of and comply with all filing deadlines for the rest of 2020 going into 2021, ongoing notification obligations and maintain appropriate systems and controls in accordance with applicable regulatory laws and CIMA guidance issued from time to time.

This publication is intended to merely provide a brief overview and general guidance only and is not intended to be a substitute for specific legal advice or a legal opinion. For more specific advice on the above matters, please contact us at enquiries@hcs offshore.com





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