

Statement by the Premier, the Hon. Alden McLaughlin

**On the UK Financial Conduct Authority's 'High Risk
Countries' List**

Wednesday, 10 September 2014 | Cayman Islands

Legislative Assembly

Madam Speaker, Members of this Honourable House are well aware of the unwarranted inclusion of the Cayman Islands on the UK Financial Conduct Authority's 'High Risk Countries' list, which the FCA posted on its website on 18 July.

Today I am pleased to officially inform Members that this list has been removed from the FCA's website and that the FCA does not plan to publish such a list in the future. Furthermore, at the insistence of our Minister for Financial Services, the FCA will fully review the methodology that resulted in Cayman's listing.

Madam Speaker, I commend the appropriately diplomatic but forthright approach demonstrated by the Minister in his communication with the FCA, which commenced prior to the list's publication. As the Minister noted in his letter to the FCA, the inclusion of the Cayman Islands was arbitrary and indeed incorrect. The Cayman Islands not only adheres to international AML-CFT standards, but we are also at the forefront of setting standards, so again I commend the Minister and his staff for an exceptional result. I also wish to recognise the diplomacy of the Managing Director of the Cayman Islands Monetary Authority who also wrote to the FCA. Both the Minister and the MD benefitted from advice given to them by the Attorney General and the General Counsel for CIMA as well as officials in the Ministry of Financial Services, the Anti-Money Laundering Unit and the Financial Reporting Authority.

I believe that the approach taken has been instrumental in the outcomes of this matter; and that it has set the stage for the continuing and we trust, productive, conversations on a peer-to-peer basis between CIMA and the FCA, which is the regulator

of the UK's financial services industry. The dialogue needs to continue, Madam Speaker, because while the FCA has committed to reviewing its methodology, we still do not know more about the approach that led to the 18 July list, and we do not know the intended methodology for future compilations if any.

CIMA's vital role, therefore, is to provide information to FCA officials to ensure that going forward; they are accurately informed about Cayman's regime. This would include providing them with third-party assessments and data that, while publicly available, apparently did not factor into the research that was conducted in the compilation of the FCA's 18 July list.

Madam Speaker, while the FCA's list is not a 'black list' – which comes with a raft of negative connotations – the FCA's list nevertheless could raise questions regarding Cayman's reputation and this subsequently could affect our business.

It is therefore necessary to safeguard against potential misinformation, if you will, by making sure that the FCA is

aware of evidence such as Cayman's ratings in the OECD's 2013 Global Forum on Transparency and Exchange of Information for Tax Purposes rankings; and our practices regarding the collection of KYC information on legal structures.

Finally Madam Speaker, the Minister of Financial Services and I had secured appointments with the Treasury Minister and the Minister for Overseas Territories to address this issue and had proposed to travel to London this coming weekend. However, in the present circumstances we do not think that meetings with the Ministers at this time are strictly necessary. We shall continue to carefully monitor this situation to ensure that the interests of the Cayman Islands are fully protected and defended.

Thank you, Madam Speaker.

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