

2022



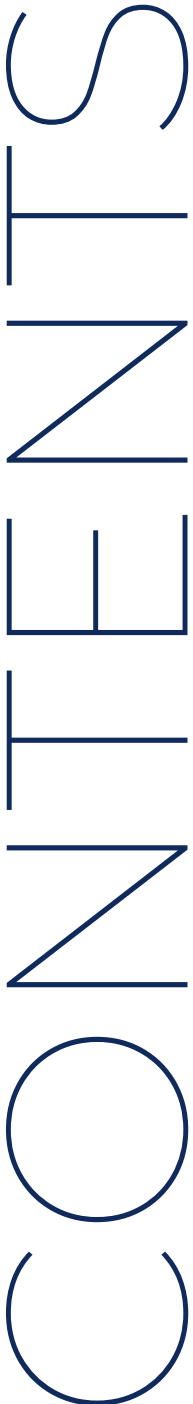
ANNUAL REPORT

PORTFOLIO OF LEGAL AFFAIRS



Cayman Islands Government

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MESSAGE FROM THE HONOURABLE ATTORNEY GENERAL



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I offer sincere thanks to my entire team within the Portfolio of Legal Affairs and, in particular, to the Solicitor General/Chief Officer for another year of hard work, commitment and dedication.

I am delighted to present the Annual Report for the Portfolio of Legal Affairs for the fiscal year ended 31 December 2022.

Although the year 2022 proved to be a challenging one, it was nonetheless rewarding as a result of the decrease in the numbers of COVID-19 cases and the country's gradual regaining of some normality.

The report highlights the work undertaken by the Portfolio during 2022 and some of its notable achievements, and it demonstrates how the Portfolio continues to play its part by assisting the Government to achieve its strategic broad outcomes through the delivery of Cabinet policy actions and legislative changes.

The report also reflects the continuous demands on the Portfolio in which it prevails in maintaining the mission of its services.

In addition to the decline in the numbers of COVID-19 cases, and the related legislation which was passed in 2022, the Legislative Drafting Department prepared and published a series of primary and secondary legislation that was also achieved. The enactment of the Identification Register Act, 2022 and the Cayman Islands Identification Card Act, 2022, in particular, was the culmination of a significant effort as it established for the first time the Cayman Islands Identification Register, a project which will now provide vital details to enhance the services for the daily operations of the jurisdiction.

The Solicitor General and her team are to be commended for their continued efficient and effective duties in the provision of legal advice and representation (including conduct of a number of significant matters) on behalf of the Attorney General to the Government. Additionally, the demands upon the SGO team for their consultative expertise continued throughout 2022.

The Anti-Money Laundering Unit (“AMLU”) published a full version of the National Risk Assessment in March 2022. This included a virtual outreach to industry associations; a National AML/CFT/CFP Strategy for 2022-2025, as well as an Action Plan for 2022.

As part of the Financial Action Task Force’s (“FATF’s”) International Cooperation Review Group process, the Cayman Islands was deemed to have “Largely Addressed” the action item pertaining to sanctions for not filing adequate, accurate and up-to-date beneficial ownership information in its Americas Joint Group progress report, which was presented at the October FATF Plenary. This left one action item outstanding, pertaining to advancing money laundering prosecutions into convictions and demonstrating progress on complex money laundering cases that include foreign predicate offences.

The Cayman Islands hosted the 55th Caribbean Financial Action Task Force (“CFATF”) Plenary and Working Group Meetings in November 2022. This was the first in-person CFATF Plenary since November 2019, which attracted over 170 delegates from overseas and around 130 local delegates. The planning and execution of the event was coordinated locally by the AMLU with support from various Government entities. In addition, two 4th Round mutual evalua-

tion reports were also adopted by Plenary – the Bolivarian Republic of Venezuela and Suriname.

It also saw my assuming the Chairmanship of the CFATF on behalf of the Cayman Islands, for the second time and the third time for the jurisdiction.

In addition to the Portfolio's constructive ability to deliver timely, effective and efficient legal services to our clients, special recognition is again due to the Law Revision Commission for its emphasis being placed on the regular training sessions provided regarding the legislation website.

The Law Reform Commission has always been committed to making progress and, with that being said, submitted three Final Reports in 2022:

- The Penal Code: Is it Compatible with the Bill of Rights?;
- Usury: The Common Law and Statutory Position in the Cayman Islands; and
- Appeals Tribunals.

The reports made considerable recommendations for reform of the law of the Cayman Islands based on specific procedures, and each was accompanied by supporting draft legislation. The reports have also enhanced the Government's ability to make well-informed decisions on significant areas of improvement.

The Truman Bodden Law School, following adjustments occasioned by the COVID-19 pandemic in 2022, reverted to in-person teaching for all students, local and international. In accordance with the policies which remained in place at the University of Liverpool, all LL.B studies continued to be assessed online, which certainly replicated the exemplary services offered by TBLS to ensure students achieved their full potential.

The Financial Reporting Authority ("FRA") received 1,586 cases during 2022, a 55% increase in the number of cases received compared to 2021 (1,025). The FRA completed the analysis of 1,150 cases and closed 1,000 cases during the period, resulting in 239 disclosures to local law enforcement agencies or competent authorities and 374 disclosures to overseas financial intelligence units. Of the 1,000 cases closed, 547 were included in a disclosure.

The FRA also played an integral role in the implementation of the unprecedented sanctions imposed by the UK against Russia in response to its invasion of the Ukraine, including the Director chairing a multi-agency task force.

I offer sincere thanks to my entire team within the Portfolio of Legal Affairs and, in particular, to the Solicitor General/Chief Officer for another year of hard work, commitment and dedication.

Finally, I wish to extend congratulations to Ms. Marilyn Brandt on her new appointment as a Deputy Solicitor General. Ms. Brandt has been employed with the Government for over 15 years and has responsibility for, among other things, the Articles of Clerkship Programme.

Honourable Samuel Bulgin KC, JP
Attorney General
Portfolio of Legal Affairs
August 2023

MESSAGE FROM THE SOLICITOR GENERAL



“

I acknowledge and thank every single member of the Portfolio who contributed to the achievements set out in this Report, particularly for their professionalism and unwavering commitment to go the extra mile when needed, in the pursuit of excellence and ultimately, to make the lives of those we serve better.

I am pleased to share the 2022 Annual Report of the Portfolio of Legal Affairs.

The Portfolio of Legal Affairs (POLA) recorded another year of high achievement in 2022. As will be seen from the individual reports of each of POLA's seven departments, POLA's work over the reporting year played a pivotal role in the pursuit and delivery of Government's 10 broad policy outcomes as established in 2021.

The Solicitor General's Office/Attorney General's Chambers (SGO/AGC) provided legal advice to Government entities and public bodies on a vast range of issues which, in a number of instances, related to important initiatives such as the national energy policy, disaster preparedness, national e-ID, cybersecurity and the enforcement of the UK's sanctions regime against Russia. In conjunction with the Office of the Deputy Governor and the

Procurement Office, officers also assisted in the development of standardized contracts for Government. On the litigation side, 2022 saw a marked increase in the number of matters arising under the Children Act; our officers played an indispensable role in protecting some of the most vulnerable in our community in these matters.

On the legislative front, the Legislative Drafting Department continued to draft legislation to give effect to Government's policy needs as informed by, or in response to, developments within the jurisdiction such as the influx of migrants. The Law Reform Commission, in addition to its recommendations for modernization of various statutes, prepared draft legislation for contempt of court and plea bargaining, both of which were enacted into law in 2022. The Law Revision Commission continued to build on its previous efforts to enhance the accessibility of legislation throughout the Islands.

In the realm of financial intelligence, Russian sanctions featured prominently through 2022, adding to a steady increase in the number of suspicious activity reports recorded over the year. Officers' efforts - in partnership with other agencies - to meet the international standards for anti-money laundering and the countering of terrorist and proliferation financing yielded favourable results for the jurisdiction.

Some of the 2022 highlights for law students of the Truman Bodden Law School (TBLS) included participation in the annual American Caribbean Law Initiative moot held in Trinidad and Tobago and a visit from two Privy Councillors for the "Ask a Justice" session during the historic visit of the Judicial Committee of the Privy Council to the Islands in November.

The ability of the Portfolio to deliver its services depends heavily on its personnel resources. We welcomed new members to the POLA family over 2022 in key positions and recognized growth and development with internal promotions including one to the post of Deputy Solicitor General. It is clear, however, that given the increasing demands on staff across the Portfolio, the recruitment of additional resources is not simply desirable but critical, both in terms of performance and facilitating that much-needed work/life balance.

The breaking down of silos and working together to deliver moments of magic are oft repeated refrains within the civil service. And as I reflect on 2022, the Portfolio's many responses to these calls to action are clear and diverse, from the delivery of legal training to client entities to build their knowledge and capability; working with partner agencies in Operation Hektor, the task force constituted to support the UK's imposition of Russian sanctions (which notably, was referenced in the Hansard for the debate of the House of Lords on the Overseas Territories in May 2023); the establishment of the Cayman Islands Legal Assistance Clinic, a collaboration between the TBLS, Department of Legal Aid (Judicial Administration) and the Cayman Islands Legal Practitioners Association; the willingness of staff of the various Departments in delivering presentations to first year TBLS students, sharing their knowledge and experience; the hosting of the 55th Caribbean Financial Action Task Force Plenary and Working Group Meetings, with sound support from other government and public sector agencies to give a true Caymankind welcome to the visiting delegates and showcase the hospitality of the Islands; and lastly, the coming together of Portfolio staff in extra-curricular activities including giving back to the community and those in need.

I acknowledge and thank every single member of the Portfolio who contributed to the achievements set out in this Report, particularly for their professionalism and unwavering commitment to go the extra mile when needed, in the pursuit of excellence and ultimately, to make the lives of those we serve better. I also extend a special thanks to the Honourable Attorney General for his support over the past year.

Reshma Sharma KC
Solicitor General/Chief Officer
Portfolio of Legal Affairs
August 2023

THE LEGISLATIVE DRAFTING DEPARTMENT

“

The Legislative Drafting Department (“the Drafting Department”) is headed by the First Legislative Counsel, Ms. Cheryl Neblett Cert. Hon, and consists of six other Legislative Counsel who, like the First Legislative Counsel, are all qualified attorneys-at-law with a wealth of legislative drafting experience. An Administrative Assistant provides administrative support for the Drafting Department.

The other legal staff of the Legislative Drafting Department are –

- Ms. Maureen Benjamin – Senior Legislative Counsel;
- Ms. Dharlene Smith – Senior Legislative Counsel;
- Mr. Ryan Awai – Legislative Counsel;
- Ms. Kimberley Superville – Legislative Counsel;
- Ms. Bethea Christian – Legislative Counsel; and
- Ms. Kate Murray – Legislative Counsel.

Ms. Murray joined the Department in November 2022.



SCOPE OF WORK

The work of the Drafting Department is concentrated in three main categories –

- Drafting primary legislation (Bills);
- Drafting subordinate legislation (Regulations, Orders, Directions, Rules etc.); and
- Providing legal advice to Cabinet and Ministries on proposals for legislation and statutory interpretation.

The primary legislation passed by the Parliament each year is but a part of the quantum of legislation prepared during that year by the Drafting Department. The Drafting Department produces a large amount of primary legislation which eventually may not be needed by Cabinet, and subordinate legislation, most of which is made only by the Cabinet.

In 2022, as in previous years, the Drafting Department was faced with an extremely heavy workload. The workload was so heavy, especially in light of a shortage of staff, that the former First Legislative Counsel Mrs. Myrtle Brandt was contracted to work in 2022 and she provided stellar work to the Legislative Drafting Department. Mrs. Brandt's contract ended on December 31st 2022.

The legislation which attracted the most public discussion and which were drafted and thereafter enacted or made in 2022 were the Anti-Corruption (Amendment) Act, 2022, the Traffic (Amendment) Act, 2022, the Cayman Islands Identification Card Act, 2022, the Identification Register Act, 2022, the Music and Dancing (Control) (Amendment) Act, 2022, the Parliament (Management) (Amendment) Act, 2022, the Financial Assistance Bill.

NATIONAL MARITIME STRATEGY

The Drafting Department was an integral part of the National Maritime Strategy between 2019 and 2022 and finalised the drafting of the Merchant Shipping Bill which is due to be considered by the Parliament this year.

LEGISLATIVE DRAFTING MANUAL

The Legislative Drafting Department uses an internal drafting manual to guide the drafting of legislation. The manual was last revised in 2012 and it was decided to review the same in 2022 to ensure that the drafters are drafting in conformity with modern drafting principles. This project was undertaken with the assistance of the Director and Senior Legislative Counsel of the Law Reform Commission. In guiding our deliberations, we considered the Commonwealth Drafting Manual, the Caricom Drafting Manual and Thornton on Legislative Drafting. The manual will be finalised in 2023 and submitted to the Attorney General.

STANDING ORDERS OF THE PARLIAMENT

In January 2022 the First Legislative Counsel was asked by the Clerk of Parliament to re-draft the Standing Orders of the Parliament. The first draft was finalised in March 2022 and is now being discussed by the Standing Orders Working Group of the Parliament.

TRAINING

Every year, at the beginning of the year, courses are sourced and sent to all of the staff of the Drafting Department. All staff are encouraged to take up the courses or to find courses for themselves in order to assist with their professional development. Staff undertake courses at a range of institutions including the Civil Service College, the Chamber of Commerce, ACAMS and the Online College of the UK. The Drafting Department also accesses legal webinars and courses from organisations such as the International Bar Association, UK Public Administration International, the Law Association of Trinidad, the International Centre for Parliamentary Studies and the OECS Bar Association, among others.

In 2022, as in each year for the past few years, the Drafting Department assisted the Parliament with the Youth Parliament by providing a presentation to the students on how a Bill becomes an Act.

Legislative Counsel again gave a presentation in 2022 entitled *“A day in the life of a legislative drafter”* to students and lecturers at the Truman Bodden Law School. Also, the Drafting Department had in 2021 asked the Policy Coordination Unit to include the Drafting Department in its agenda each year in order that the Drafting Department can instruct new policy makers on how policy becomes legislation. Further thereto a presentation entitled *“The role of the policy practitioner in the legislative process”* was given at a policy workshop on November 7th, 2022 by Senior Legislative Counsel D. Smith.

In addition, the Drafting Department has delivered once again to many public officers and to the Portfolio its manuals entitled *“The Role of the Legislative Drafter”* and *“How a Bill becomes an Act”*.

CURRENT WORK

The following is a list of work in which the staff of the Drafting Department actively engaged in 2022 to date.

- Accountants (Amendment) Act, 2022
- Accountants (Amendment) Act, 2022 (Commencement) Order, 2022
- Accountants (Application for Membership) (Amendment) Regulations, 2022
- Accountants (Disciplinary) (Amendment) Regulations, 2022
- Accountants (Quality Assurance) (Amendment) Regulations, 2022
- Agriculture Bill, 2022
- Agriculture Regulations, 2022
- Animals Bill, 2022
- Anti-Corruption (Amendment) Act, 2022
- Anti-Corruption (Amendment) Act, 2022 (Commencement) Order, 2022
- Anti-Money Laundering (Amendment) (No. 2) Regulations, 2020 (Commencement of regulation 8) Order, 2022
- Anti-Money Laundering (Amendment) Regulations, 2022
- Anti-Money Laundering (Class A and Class B Bank Threshold Reporting) Regulations, 2022
- Banks and Trust Companies (Amendment) Bill, 2022
- Beneficial Ownership Transparency Bill, 2022
- Beneficial Ownership Transparency Regulations, 2022
- Cayman Islands Identification Card Act, 2022
- Cayman Islands National Attractions Authority Bill, 2022
- Children (Amendment) Bill, 2022
- Children (Secure Accommodation) (Amendment) Regulations, 2022

- Churches Incorporation (Amendment) Bill, 2022
- Companies (Administrative Fines) Rules, 2022
- Companies (Amendment of required particulars) Regulations, 2022
- Companies (Amendment of section 254) Regulations, 2022
- Companies (Amendment) Act, 2021 (Commencement) Order, 2022
- Companies (Amendment) Bill, 2022
- Companies Management (Amendment) (No. 2) Bill, 2022
- Companies Management (Amendment) Bill, 2022
- Companies Winding Up (Amendment) Rules, 2022
- Companies Winding Up (Amendment) Rules, 2022 (Commencement) Order, 2022
- Control and Management of Covid-19 (Amendment) (No. 2) Regulations, 2022
- Control and Management of Covid-19 (Amendment) Regulations, 2022
- Control and Management of Covid-19 (No. 2) Regulations, 2022
- Control and Management of Covid-19 (No. 3) Regulations, 2022
- Control and Management of Covid-19 Regulations, 2022
- Control of Covid-19 (Travel) (Amendment) (No. 2) Regulations, 2022
- Control of Covid-19 (Travel) (Amendment) (No. 3) Regulations, 2022
- Control of Covid-19 (Travel) (No. 2) Regulations, 2022
- Control of Covid-19 (Travel) Regulations, 2022
- Court of Appeal (Amendment) Act, 2022
- Court of Appeal (Amendment) Act, 2022 (Commencement) Order, 2022
- Criminal Justice (International Cooperation) (Amendment of Schedule 1) Order, 2022
- Criminal Justice (Offenders Assisting Investigations and Prosecutions) Act, 2022 (Commencement) Order, 2022
- Criminal Procedure (Amendment) Bill

- Customs (Bonded Warehouses) (Amendment) Regulations, 2022
- Customs and Border Control (Amendment) Act, 2022
- Customs Tariff (Amendment of Schedule 1) Order, 2022
- Customs Tariff Bill, 2022
- Data Protection (Amendment) Bill, 2022
- Defence (Administrative Action) Governor's Orders, 2022
- Defence (General Matters) Governor's Orders
- Delegation of the Governor's Powers (Cayman Islands Coast Guard) Regulations, 2022
- Directors Registration and Licensing (Amendment) Bill, 2022
- Elections (Applications Under Section 29A) Rules, 2022
- Evidence (Amendment) Bill
- Exempted Limited Partnership (Amendment) Regulations, 2022
- Family Property Rights of Spouses Bill-updated Bill
- Financial Assistance (Appeals) Regulations, 2022
- Financial Assistance Act, 2022
- Financial Assistance Regulations, 2022
- Firearms (Amendment) Bill, 2022 (Two of these Bills were drafted)
- Foundation Companies (Amendment) Bill, 2022
- Gambling (Amendment) Bill, 2022
- Grand Court (Amendment) Bill
- Health Practice (Designated Health Care Facilities) (Cayman Islands Urgent Care, Ltd.) Order, 2022
- Identification Register Act, 2022
- Immigration (Amendment) Regulations
- Immigration (Transition) (Amendment) (No. 2) Bill, 2022
- Immigration (Transition) (Amendment) Bill
- Immigration (Transition) (Temporary Work Permits and Business Visitors' Permits) (Amendment) Regulations, 2022

- Immigration (Transition) Amendment Act, 2022
- Immigration (Work Permit) Directions, 2022
- Information and Communications Technology Authority (Interception of Telecommunications) (Amendment) Regulations, 2022
- Insurance (Amendment) (No. 2) Bill, 2022
- Insurance (Amendment) (No. 3) Bill, 2022
- Insurance (Amendment) Act, 2022
- International Tax Co-operation (Economic Substance) (Amendment of Schedule Regulations, 2022
- International Tax Co-operation (Economic Substance) (Amendment) Bill, 2022
- Investigatory Powers Bill
- Land Survey (Amendment) Regulations
- Land Surveyors (Amendment) Bill
- Legal Services Act, 2020 (Commencement) Order, 2022
- Limited Liability Companies (Administrative Fines) Rules, 2022
- Limited Liability Companies (Amendment of section 80) Regulations, 2022
- Limited Liability Companies (Amendment) Act, 2022
- Limited Liability Partnership (Amendment of section 61) Regulations, 2022
- Maintenance Bill-updated Bill
- Maritime Shipping Bill, 2022
- Mental Health (Amendment) Act, 2022
- Mental Health (Amendment) Act, 2022 (Commencement) Order, 2022
- Mental Health (Amendment) Regulations, 2022
- Mental Health Commission (Amendment) Act, 2022
- Merchant Shipping (Domestic Commercial Vessels) Regulations
- Misuse of Drugs (Amendment) Bill, 2022
- Monetary Authority (Administrative Fines) (Amendment) Regulations, 2022
- Monetary Authority (Amendment) Bill, 2022
- Money Services (Amendment) Bill, 2022

- Music and Dancing (Control) (Amendment) Act, 2022
- Mutual Funds (Amendment) Bill, 2022
- National Conservation (Alien Species) Regulations, 2022
- National Conservation (Protected Areas) Order, 2022
- National Conservation (Waiver of Fees) Regulations, 2022
- National Pensions (Amendment) Act, 2016 (Commencement) Order, 2022
- National Pensions (Amendment) Act, 2020 (Extension of Pension Holiday) Order, 2022
- National Pensions (Amendment) Act, 2020 (Extension of Pension Holiday) (No. 2) Order, 2022
- National Pensions (Maximum Pensionable Earnings) Order, 2022
- National Roads Authority (Amendment) Act, 2022
- National Roads Authority (Amendment) Bill
- Notice under regulation 19 of the Control of Covid-19 (Travel) (No. 2) Regulations, 2022
- Parliament (Management) (Amendment) Act, 2022
- Parliament (Management) (Amendment) Act, 2022 (Commencement) Order, 2022
- Parliament (Management) (Remuneration of Constituency Assistants) Regulations, 2022
- Personnel (Amendment) Regulations
- Pesticides Control Bill, 2022
- Pesticides Control Regulations, 2022
- Police (Complaints By the Public) (Amendment) Bill, 2022
- Police (Information and Assistance to International Law Enforcement Agencies) (Amendment) Regulations, 2022
- Proceeds of Crime (Amendment of Schedule 1) Order, 2022.
- Proceeds of Crime (Amendment) Bill, 2022
- Procurement (Amendment) Act, 2022
- Public Health Bill, 2022
- Public Holidays (No. 2) Order, 2022
- Public Holidays Order, 2022

- Public Lands (Amendment) Regulations, 2022
- Public Recorder (Amendment) Act, 2022
- Publication of Notice re Russia (Sanctions) (Overseas Territories) (Amendment) Order, 2022
- Publication of Notice re Russia (Sanctions) (Overseas Territories) (Amendment)(No. 2) Order, 2022
- Publication of Notice re Russia (Sanctions) (Overseas Territories) (Amendment)(No. 3) Order, 2022
- Referendum Bill – decriminalization of cannabis and legalization of gambling by a national lottery
- Regiment (Pay Scales) Order
- Registered Land (Amendment) (No. 2) Bill
- Registered Land (Amendment) Bill, 2022
- Review of Children’s Cases (Amendment) Regulations, 2022
- Securities Investment Business (Amendment) Bill, 2022
- Stamp Duty (Amendment) Bill
- Standards in Public Life (Amendment) Bill, 2022
- Standards in Public Life (Amendment) Regulations, 2022
- Standing Orders
- Strata Titles Registration (Amendment) Bill
- Summary Jurisdiction (Amendment) Act, 2022
- Sunday Trading (Amendment of Schedule) Order, 2022
- Surveillance Devices Bill- worked with SLC Smith
- Tax Information Authority (Mandatory Disclosure) Regulations, 2022
- Tourism Bill
- Tourism Regulations
- Tourist Accommodation (Taxation) Bill, 2022
- Traffic (Amendment) (No. 2) Bill, 2022
- Traffic (Amendment) Act, 2022
- Traffic (Amendment) Bill
- Trusts (Amendment) Bill, 2022
- Utility Regulation and Competition (Amendment) Act, 2022

- Veterinary Bill, 2022
- Veterinary Regulations, 2022
- Virtual Asset (Service Providers) (Amendment) Bill, 2022
- Virtual Assets (Service Providers) (Amendment) Regulations, 2022
- Water Sector Regulation (Administrative Penalties) Regulations, 2022
- Water Sector Regulation (Amendment) Bill, 2022
- Water Sector Regulation (Licences and Fees) Regulations, 2022.

Other projects on which the Department worked in 2022 were as follows:

- Concluding the Fixed Penalty Notice Project which was an audit of all of the primary and secondary legislation on the statute book in order to provide a fixed penalty notice scheme;
- Advising on the drafting of multiple pieces of fixed penalty notice legislation; and
- Continuing the evaluation and testing of the iLAWS workflow system to ensure the template is fit for purpose.

THE LAW REFORM COMMISSION



“The functions of the Cayman Islands Law Reform Commission (“the Commission”) under section 7 of the Law Reform Commission Act (2019 Revision) are to study and keep under constant review the statutory and other laws comprising the law of the Cayman Islands with a view to its systematic development and reform including, in particular, —

- the modification of any branch of the law as far as that is practicable;
- the elimination of anomalies in the law, the repeal of obsolete and unnecessary enactments and the simplification and modernisation of the law;
- the development of new areas in the law with the aim of making them more responsive to the changing needs of the Cayman Islands society;
- the adoption of new or more effective methods for the administration of the law and the dispensation of justice; and
- the codification of the unwritten laws of the Cayman Islands.

THE COMPOSITION OF THE LAW REFORM COMMISSION

The Commission is composed of six Commissioners, a Director and a Senior Legislative Counsel, who are all senior attorneys-at-law. The Commission is also supported by a Paralegal Officer and an Administrative Secretary.

The Law Reform Commissioners are:

- Mr. Hector Robinson, K.C., Chairman, Partner at Mourant;
- Hon. Mr. Justice Alexander Henderson, K.C., (retd.) Senior Counsel at Dentons;
- Mr. Abraham Thoppil, Attorney-at-Law, former Partner at Maples;
- Mr. Vaughan Carter, Attorney-at-Law, Managing Partner at Savannah Law;
- Ms. Reshma Sharma, K.C., Solicitor General; and
- Mr. Simon Davis, Director of Public Prosecutions.

The Legal and Administrative Staff of the Commission are:

- Mr. José Griffith, Attorney-at-Law – Director;
- Ms. Catriona Steele, Attorney-at-Law – Senior Legislative Counsel;
- Ms. Felicia Connor – Paralegal Officer; and
- Ms. Milicia Bodden – Administrative Secretary.

During the 2022 reporting period, the Commission continued its review of a range of legal areas, all of which impact the administration of justice in the Cayman Islands.

FINAL REPORT

Penal Code

On 4th October, 2022, the Commission submitted for the consideration of the Honourable Attorney General its Final Report titled **“The Penal Code: Is it Compatible with the Bill of Rights?”**. The Final Report contains recommendations to amend those provisions in the Penal Code (2019 Revision) that are incompatible with the Bill of Rights, Freedoms and Responsibilities contained in Part I to Schedule 2 of the Cayman Islands Constitution Order, 2009.

The examination into this issue was based on a referral by the Honourable Attorney General in 2017 requesting that the Commission review the Penal Code to assess its compatibility with the Bill of Rights. The initial research findings of the Commission resulted in the formulation, for public consultation, of a Discussion Paper. Stakeholders were invited to respond to the issues and a range of questions posed in the Discussion Paper. The consultation period commenced on 29th December, 2021 and concluded on 15th March, 2022.

The Final Report recommends amending, and in some cases replacing, provisions of the Penal Code relating to the age of criminal responsibility, compulsion by spouse, insulting the modesty of a woman, unnatural offences and indecent assault to remove issues of incompatibility between the Bill of Rights and the Penal Code. The Final Report was supported by the proposed Penal Code (Amendment) Bill, 2022.

Usury

On 4th October, 2022, the Commission submitted for the consideration of the Honourable Attorney General its Final Report titled “**Usury: The Common Law and Statutory Position in the Cayman Islands?**”. The Final Report contains recommendations which seek to clarify whether any prohibition against usury exists in the Cayman Islands, whether at common law, in statute, or both. The Report was supported by the proposed Usury (Common Law Abrogation) Bill, 2022.

The examination into this issue came against the background of questions being raised by legal practitioners querying whether there are any usury laws in the Cayman Islands. The Commission traced the common law and statute law, presenting its findings in a Discussion Paper. Stakeholders were invited to respond to the issues and a range of questions posed in the Discussion Paper. The consultation period commenced on 29th December, 2021 and concluded on 15th March, 2022.

The Final Report recommends the enactment of the Usury (Common Law Abrogation) Bill, 2022, which would abrogate any common law rule in relation to usury to provide legislative certainty.

Appeals Tribunals

On 18th November, 2022, the Commission submitted for the consideration of the Honourable Attorney General its Final Report titled “**Appeals Tribunals**”. The Final Report contains recommendations which seek to respond to issues that relate to the structure, quality, accessibility and efficiency of appeals tribunals in the Cayman Islands.

The examination into this issue was based on a referral by the Honourable Attorney General, aimed at determining whether a centralised appeals tribunal should be established in substitution for the current arrangements for separate appeals tribunals for planning, immigration, labour and other administrative matters. The Commission conducted a comprehensive review of the operation of tribunals in the Cayman Islands with a view to determining whether reform is necessary and, if so, the shape that reform should take. The options for reform were outlined in a Discussion Paper. Stakeholders were invited to respond to the options and a range of questions posed in the Discussion Paper. The consultation period commenced on 6th January, 2022 and concluded on 15th March, 2022.

The Final Report recommends establishing a centralised Administrative Appeals Tribunal to replace the majority of existing appeals tribunals. The Final Report was supported by the proposed Administrative Appeals Tribunal Bill, 2022.

CURRENT PROJECTS/RESEARCH AREAS

Adverse Possession

The Commission has formulated a draft Discussion Paper on reform of the law relating to adverse possession for stakeholder consultation in 2023. Adverse possession (colloquially known as “squatters’ rights”) is the doctrine under which a person who is not the legal owner of land may acquire title to it following a period of continuous possession of the land.

The draft Discussion Paper examines the historical origins and purpose of adverse possession, and considers whether it should be retained in its current form, modified by legislation or abolished entirely. The arguments for and against retaining adverse possession in some forms are examined, in addition to recent reforms in other jurisdictions.

Penal Code – Abortion

In its 2021 Discussion Paper, **“The Penal Code: Is it Compatible with the Bill of Rights?”**, the Commission examined the provisions of the Penal Code relating to abortion. As was anticipated by the Commission, the issue of abortion and, in particular, the question of whether bespoke legislation should be introduced to provide for safe access to termination of pregnancy or whether the Penal Code should be amended to expand the grounds for legal abortion, solicited numerous comments during the consultation period.

The Commission determined that the issue of abortion should be treated as a separate reform project to allow further consideration of all the complexities involved. This will result in a dedicated Discussion Paper on the issue of abortion.

Other Projects

The other current projects forming part of the Commission’s work during 2022 that will continue into 2023 are as follows:

- review of the Settled Land Act (1998 Revision);
- consumer protection;
- reform of the Defamation Act (1995 Revision);
- severance of joint tenancies;
- reform of the Succession Act (2021 Revision);
- cremation;
- jury trial;
- menstrual leave; and
- the common law forfeiture rule.

LEGISLATIVE DRAFTING SERVICES PROVIDED BY THE COMMISSION

In addition to drafting legislation that supports Commission recommendations, the staff of the Commission are required to work collaboratively with the Legislative Drafting Department when requested by the Attorney General, the Solicitor General or the First Legislative Counsel. As such, during the period, the Commission assisted in drafting the following legislation:

- Plant Protection Bill, 2022;
- Pharmacy Bill, 2022;
- Sexual Harassment Bill, 2022;
- Contempt of Court Bill, 2022;
- Criminal Justice (Offenders Assisting Investigations and Prosecutions) Bill, 2022;
- Education (Amendment) Bill, 2022;
- Penal Code (Amendment) Bill, 2022; and
- Anti-Bullying (Schools) Regulations, 2022

ARTICLED CLERKS IN THE COMMISSION

The Commission was delighted to continue its participation in the Portfolio of Legal Affairs Articled Clerkship training programme in 2022.

The aim of Articled Clerkship training within the Commission is to expose the Articled Clerks to the several facets of the law reform process that lead to law reform being accountable, participatory and responsive. The training involves a journey from policy to legislation with the necessary stops in between.

Accordingly, the Articled Clerkship training focused on policy formulation, research and consultation methods, legislative drafting, final reports, Cabinet Papers, speaking notes, minute taking, proof reading and editing, presentation, and Commission procedures and systems.



THE LAW REVISION COMMISSION

“The Law Revision Commission operates under the authority of the Law Revision Act (2020 Revision). The overarching aim of law revision is to present statute-based law in effect in the Cayman Islands in its clearest form and thereby to facilitate the administration of justice, access to justice, law enforcement, legal education, research, law reform, and the efficient use of the law.

It is generally accepted that access to legislation and the legislative process affords citizens with an opportunity to effectively monitor and engage in an informed dialogue regarding governmental decision-making. Specifically, access to legislation allows citizens to hold their government to account and in this context, the Law Revision Commission has a pivotal role.

The Law Revision Commissioner is also the senior legal policy advisor to the Hon. Attorney General on domestic and international matters.

STRUCTURE

The Law Revision Commission is headed by the Law Revision Commissioner, Dr. Camille Stoll-Davey who is assisted by the Legislative Editor, Ms. Karen Wade.

ACTIVITIES OF THE LAW REVISION COMMISSION

The activities of the Law Revision Commission include the following:

- Ensuring that the statute-book of several thousand pieces of legislation of the Cayman Islands is regularly revised, and that an up-to-date status of the legislation of the Cayman Islands is produced annually and made accessible to the public;
- The Law Revision Commission introduced, and maintains, the legislation history on all revised legislation. The legislation history provides the stakeholder with an overview of all legislation, including the commencement date and the relevant gazette publication, that has been consolidated and revised into that particular revision.
- Preparing and publishing an annual consolidated index of laws of the Cayman Islands, which includes a compendium of related laws in order to ensure easy accessibility of and reference to the laws;
- Managing the database of the revised laws by continuously updating the consolidated index as new laws are made and brought into effect;
- The Law Revision Commission was instrumental in introducing the iLAWS software which has streamlined the pathway from policy to legislation and by so doing provided the user with legislation that is accessible with more white space, and readily searchable in a user-friendly manner. The introduction of the Cayman Islands crest on each page of all legislation provides a heightened degree of security and imprimatur of legitimacy. The iLAWS software also provides a ready link between the Parliament and the Portfolio which in turn streamlines the edits generated at the Committee stage of the legislative process.

- Continuously reviewing and analysing decisions of superior courts, particularly in the area of human rights, in order to ascertain their effect on legislation and making proposals for review of the affected laws.

ACHIEVEMENTS OF THE LAW REVISION COMMISSION

The Law Revision Commission celebrated the following achievements in the 2022 reporting period:

- The continued refinement of the point-in-time searchable database and online portal to all Cayman Islands legislation via Legislation.gov.ky;
- The provision of numerous training sessions, within the Cayman Islands, on navigating the legislation.gov.ky website and the statute law revision process;
- The presentation to the international forum of the Commonwealth Association of Legislative Counsel (CALC) on the Cayman Islands legislative framework;
- The revision of the laws of the Cayman Islands (2022 Revision), including the Grand Court Rules which had not been revised for more than thirty years and comprised of almost 1,000 pages of legislation;
- The introduction of gender-neutral language in all revised legislation;
- The revision of the Consolidated Index of the Laws of the Cayman Islands as at 31st January 2022; and
- The continued refinement of the Legislation edition of the Official Gazette and maintenance of an operational manual establishing work-flow processes as well as robust systems of document management and version control of legislation.

ONGOING PROJECTS OF THE LAW REVISION COMMISSION

The following are Law Revision Commission projects which are ongoing:

- The further development and expansion of the Commission's online presence;
- Compilation and analysis of materials relating to the reception of law in the Cayman Islands;
- The continuous refinement of legislative software to facilitate the revision process; and
- The continued research of legislation and benchmark cases to further refine the point-in-time searchable database for access to laws of the Cayman Islands.

The Law Revision Commissioner continues to provide legal and policy advice to the Hon. Attorney General on a number of domestic and international matters.

CONTACTING THE LAW REVISION COMMISSION

The Law Revision Commission welcomes comments from the legal profession on any errors, omissions or inconsistencies observed in the law of the Cayman Islands.

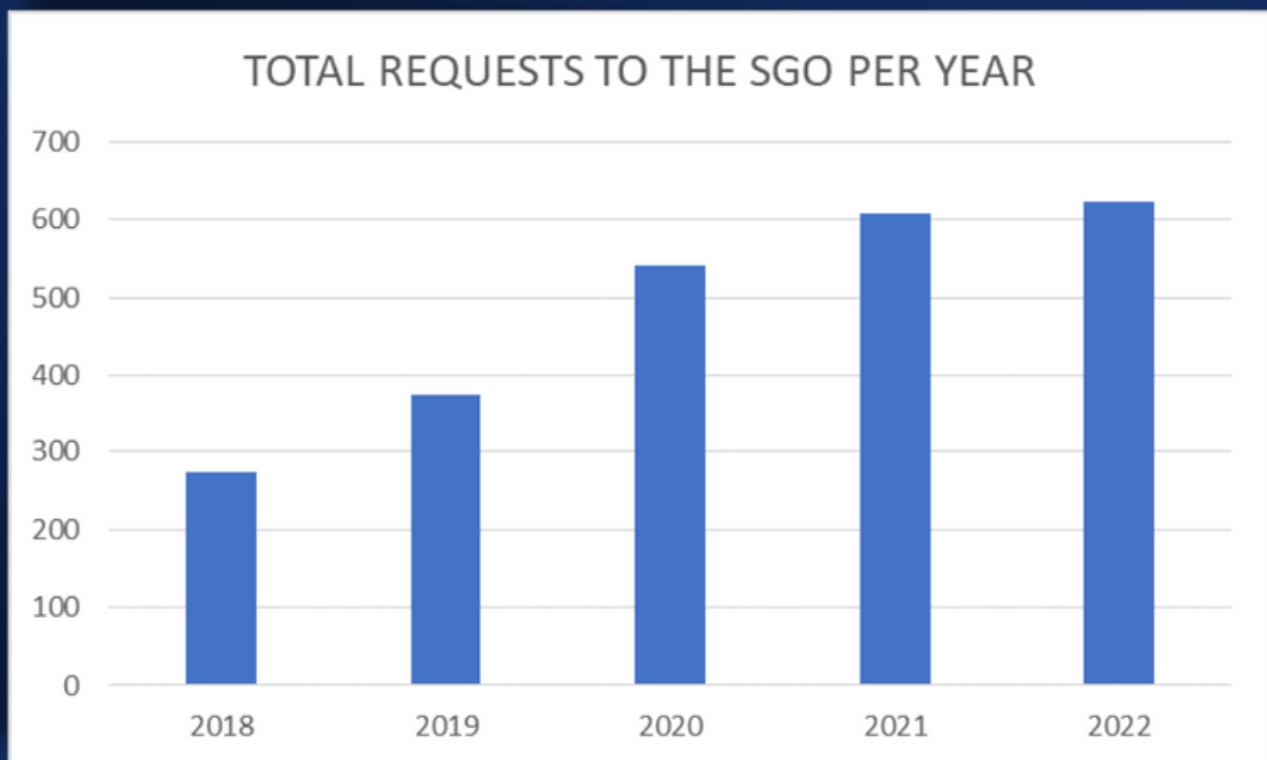


THE SOLICITOR GENERAL'S OFFICE

“The Solicitor General’s Office (“the SGO”) provides civil legal advice and representation to Ministries, Portfolios, Government Departments, statutory boards and authorities.

In 2022, the SGO was comprised of a Crown Counsel II, four Crown Counsel, two Senior Crown Counsel, three Deputy Solicitors General and the Solicitor General. The core legal team was supported by two administrative staff.

The SGO provided legal advice and representation in response to approximately 623 requests from various Government and public entities. This figure continues the upward trend in the number of requests for advice and representation received by the SGO over at least the last five years. These statistics do not reflect matters falling within the remit of other departments in respect of which members of the SGO team might be called upon to provide input or other requests for legal support made on an *ad hoc* basis. Accordingly, the scope of legal work delivered by the SGO team is greater than the figures might suggest.



Over 2022, the requests for legal assistance continued to encompass a wide range of subject matter and areas of law including public health, immigration, human rights, constitutional law, children and family matters, employment, data protection, pensions, registered land and contracts.

In June 2022, the Deputy Governor, in collaboration with the Attorney General's Chambers, issued a Governance and Management Circular 2 of 2022 setting out the circumstances in which legal advice should be sought in relation to contracts. Approximately 145 of the requests for advice related to the review or drafting of contracts, agreements or memoranda of understanding; this represents a further increase from the number of requests for contract advice received in 2020 and 2021. A number of contracts related to IT services, capital projects and the procurement of services.

The SGO provided legal representation to Government and other public entities in approximately 88 new litigation matters in 2022. This reflected almost twice as many new litigation matters as in 2021. In addition, the SGO continued to represent entities in a number of ongoing litigation matters. Litigation was conducted before statutory tribunals such as the Planning Appeals Tribunal and Refugee Protection Appeals Tribunal, and all tiers of the Courts of the Islands – the Summary Court (with respect to matters arising under the Children Act), Grand Court, Court of Appeal and the Privy Council.

Notable litigation in 2022 included the following:

- Appeals before both the Court of Appeal and Privy Council in relation to the transfer of prisoners to the United Kingdom pursuant to the UK Colonial Prisoners Transfer Act 1884 and the possible use of “closed material procedures” in the proceedings; and
- A challenge to the compatibility of the permanent residence points system in relation to certain rights under the Bill of Rights in the Cayman Islands Constitution Order 2009.

At the tribunal level, the SGO was involved in an increasing number of appeals to the Refugee Protection Appeals Tribunal where applications for asylum from Cuban migrants had been refused. The work in this area will no doubt continue to increase in 2023.

Crown Counsel continued to provide their usual support to various statutory boards/entities including the Adoption Board, Conditional Release Board, and the Medical and Dental Council. Crown Counsel also continue to serve as members of various statutory bodies such as the Health Practice Commission, Child Safeguarding Board and Expungement Board.

The scope of the SGO’s work also expanded as a result of matters arising under the Russia (Sanctions) (Overseas Territories) Order, 2020 which extended to the Cayman Islands the United Kingdom’s sanctions regime. Certain members of the SGO team worked closely with the Financial Reporting Authority and Governor’s Office in relation to various licence applications, the preparation of General Licences and advising on a range of issues arising under the Order. Work in this emerging area is expected to increase steadily in 2023.

Having regard to an increase in the number of matters arising under the Children Act (2012 Revision), some of which were more contentious in nature, the SGO delivered training to government entities on the operation of the Act generally and topics such as marriages of convenience and recordkeeping best practices to minimise the risk of successful legal challenges.

Throughout the year, the SGO team undertook a range of legal training (largely remotely) including an Administrative Law Intensive (New Zealand Law Society, Continuing Legal Education); child safeguarding training (39 Essex Chambers) and evidential techniques (in collaboration with the Director of Public Prosecutions). The SGO team also continued its informal internal training and development through presentations from staff on litigation, current judgments and legal issues relevant to the work of the SGO, as well as presentations from across the entire Portfolio under the Chambers Engagement Morning initiative.

In the non-legal arena, a senior member of the SGO attained the Institute of Leadership and Management Level 7 certification and attended a workshop on Countering the Financing of Proliferation held by the Royal United Services Institute (RUSI). Senior members attended the various leadership events hosted by the Civil Service. Other staff continued to take full advantage of a diverse range of courses available to the Civil Service via LinkedIn Learning.

THE ANTI-MONEY LAUNDERING UNIT

“The Anti-Money Laundering Unit (“the AMLU”) is the secretariat for the Anti-Money Laundering Steering Group (“the AMLSG”), which is policy-making body for the Cayman Islands with respect to anti-money laundering (AML) and combating the financing of terrorism (CFT), as provided for under section 5(2) of the Proceeds of Crime Act (2020 Revision) (“the POCA”).

The Head of the AMLU is also the chair of the Inter-Agency Coordination Committee (“the IACC”), which is a committee appointed by the AMLSG and is responsible under section 5(3B) of the POCA for:

- implementing the policies of the AMLSG;
- facilitating coordination and cooperation among statutory authorities, departments of government or agencies tasked with regulation of AML/CFT, and counter proliferation financing (CFP); and
- assessing the risks to the Cayman Islands related to money laundering, terrorism financing, and proliferation financing (ML/TF/PF).

KEY DEVELOPMENT IN 2022

Publication of the National Risk Assessment (“NRA”) and Outreach

The AMLU published a full version of the National Risk Assessment (“the NRA”) 2021 on 22nd March 2022. This was following the second NRA exercise for the jurisdiction as the first NRA was conducted in 2014/2015 and summary results were published in November 2017, while targeted risk assessments were conducted in February 2020. The NRA 2021 was preceded by a virtual outreach to industry associations on 18th March 2022. A National AML/CFT/CFP Strategy for 2022-2025 was also published, as well as an Action Plan for 2022.

The Financial Action Task Force (“FATF”) and Caribbean Financial Action Task Force (“CFATF”)

Following the adoption of the Mutual Evaluation Report in November 2018, the Cayman Islands was placed in an “Observation Period” by the FATF to be monitored by the Americas Joint Group (“the JG”) of the International Cooperation Review Group (“the ICRG”) in February 2019. The jurisdiction completed 60 of 63 Action Items during the Observation Period, which ended in February 2020, leaving three Action Items to be reported on to the JG.

During 2022, the AMLU coordinated the jurisdiction’s progress reports as well as meetings with the JG. In February 2022, the jurisdiction had “Largely Addressed” the action item related to administrative penalties by the Cayman Islands Monetary Authority (CIMA). The second action item related to sanctions for not filing adequate, accurate and up-to-date beneficial ownership information.

This was noted as “Largely Addressed” in October 2022, leaving one action item outstanding: investigation and prosecution of money laundering in line with the risk profile of the jurisdiction as an international financial centre.

As a result of its 3rd Enhanced Follow-Up Report, published by the CFATF in October 2021, the Cayman had achieved technical compliance ratings of “Compliant” or “Largely Compliant” for all 40 FATF Recommendations. This diminished the need to advance the legislative agenda for the purpose of technical compliance re-rating for the current 4th Round of mutual evaluations. However, efforts were commenced in 2022 for legislative amendments to the Proceeds of Crime Act (“the POCA”) and the Anti-Money Laundering Regulations (“the AMLRs”) in light of changing FATF standards and in preparation for the 5th Round of mutual evaluations that will commence in 2026.

Response to FATF and CFATF Surveys and Questionnaires

In March of 2022, the AMLU coordinated the jurisdiction’s response to an FATF survey on the “Travel Rule” for virtual assets and virtual asset service providers (VAs/VASPs). As was indicated in that survey, the Cayman Islands brought the Travel Rule into effect on 1st July 2022. In April of 2022 the Unit submitted a completed CFATF matrix on Technical Assistance & Training Needs on behalf of the jurisdiction. Responses to a CFATF Risk, Trends, and Methods Working Group (CRTMG) survey on VASPs were also coordinated by the Unit in July of 2022.

Hosting of the CFATF Plenary

The Cayman Islands hosted the 55th CFATF Plenary and Working Group Meetings during 27th November to 1st December 2022 at the KimptonSeafire Resort & Spa. This was the first in-person CFATF Plenary since November 2019, which attracted over 170 delegates from overseas and around 130 delegates locally. The planning and execution of the event were coordinated locally by the AMLU with support from the Protocol Office within Cabinet, the Customs and Border Control (“the CBC”) Service, and the Royal Cayman Islands Police Service (“the RCIPS”). Social events during that week were generously sponsored by the Governor’s Office, the Office of the Premier, and the Ministry of Financial Services & Commerce (MFSC). Two 4th Round mutual evaluation reports were adopted by Plenary: The Bolivarian Republic of Venezuela and Suriname. The Honourable Attorney General, Samuel Bulgin, KC, JP, was elected as Chairman of the CFATF for the 2022/2023 period.



THE FINANCIAL REPORTING AUTHORITY

“

A primary role of the Financial Reporting Authority (FRA) is to receive, analyse, request and disseminate disclosures of financial information, concerning the proceeds of criminal conduct, suspected proceeds of criminal conduct, money laundering, suspected money laundering, or the financing of terrorism which is derived from any criminal offence committed in these islands.

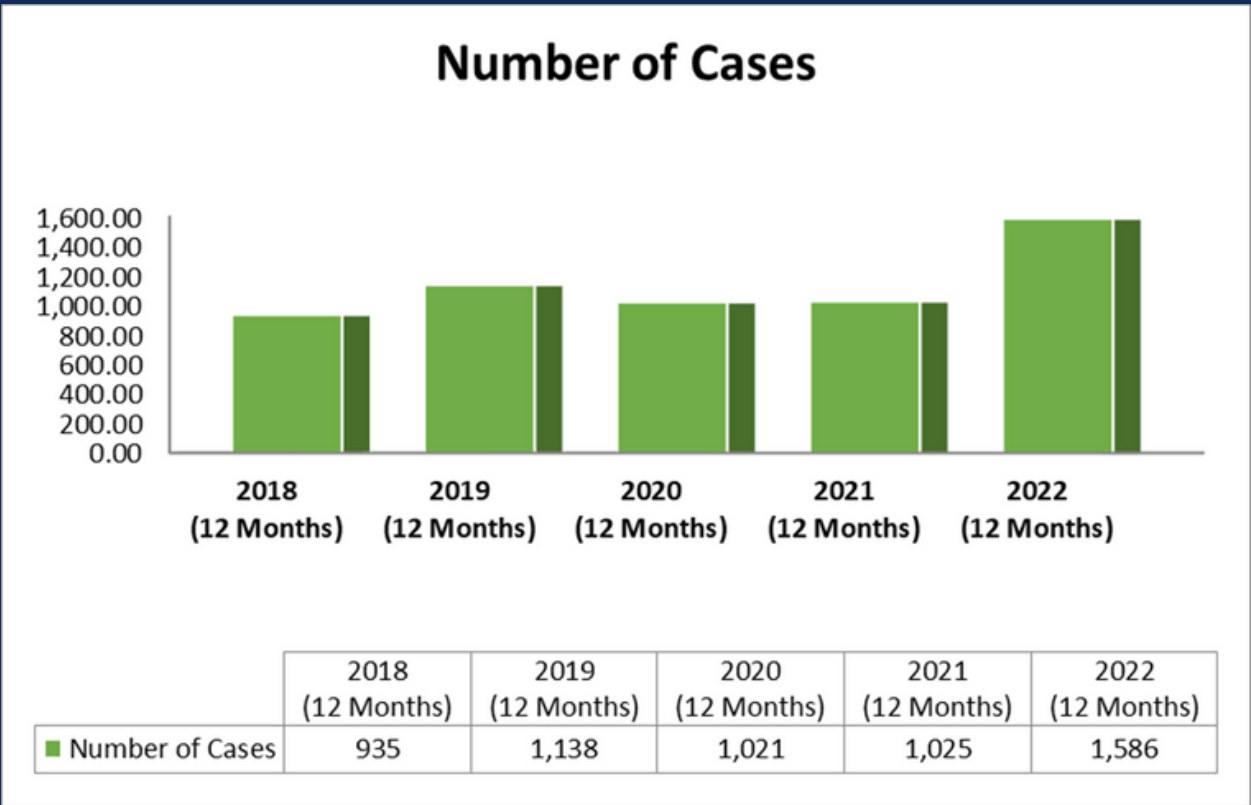
The FRA is also responsible for ensuring the implementation of targeted financial sanctions with respect to terrorism, terrorism financing, proliferation, proliferation financing, and other restrictive measures related to anti-money laundering (AML) and combatting the financing of terrorism (CFT) and proliferation (CFP) from and within the Cayman Islands. The Sanctions Coordinator plays a critical role in the implementation and enforcement of these targeted financial sanctions and other restrictive measures, and in developing and enhancing the jurisdiction's AML/CFT regime, while ensuring ongoing compliance with international standards and best practices.

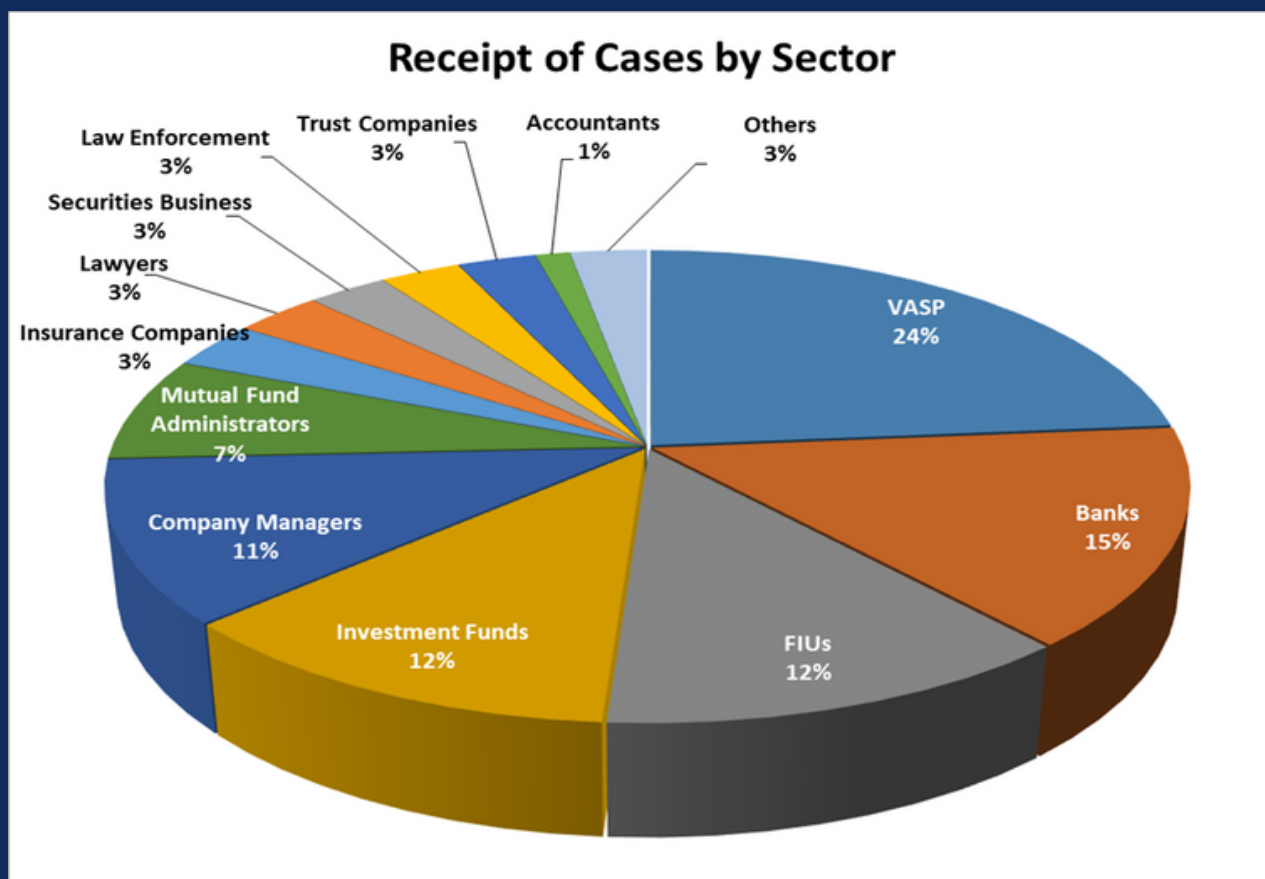
The following is a synopsis of the activities for the 12 month period January 1, 2022 to December 31, 2022 (the Reporting Period).

RECEIPT OF SUSPICIOUS ACTIVITY REPORTS

The FRA received 1,586 cases during the Reporting Period, comprising 1,365 Suspicious Activity Reports (SARs) from 368 Reporting Entities; 152 Requests for Information and 45 Voluntary Disclosures from 52 overseas Financial Intelligence Units (OFIUs); and 24 Requests for Information from Local Law Enforcement Agencies (LEAs) and a Competent Authority. This reporting period saw a 55% increase in the number of cases received compared to the same period in 2021 (1,586 vs 1,025).

For the first time banks were not the largest source of cases; Virtual Asset Service Providers (VASPs) were the largest source (374 cases: 24%), then Banks (239 cases: 15%), followed by OFIUs (197 cases: 12%), Investment Funds (190 cases: 12%), Company Managers / Corporate Services providers (177 cases: 11%), Mutual Fund Administrators (113 cases: 7%), Insurance Companies (51 cases: 3%), Lawyers (49 cases: 3%) and Securities Businesses (45 cases: 3%).





For the 1,586 cases received in 2022, 2,570 reasons for suspicion were recorded^[1]. The five most common reasons for cases received were: (i) Suspicious Activity (925 occasions: 36%); (ii) Fraud (585 occasions: 23%); (iii) Sanctions Matters (265 occasions: 10%); (iv) Politically Exposed Persons (160 occasions: 6%); and (v) Money Laundering (151 occasions: 6%).

In an effort to provide a more detailed breakdown of what types of activities were deemed suspicious by SAR filers, the FRA has broken down the 925 occasions of 'Suspicious Activity' by the following sub-categories:

- Unusual conditions or circumstances: 542 occasions
- Inadequate and / or inconsistent information: 191 occasions
- Activities that appear to lack economic purpose: 81 occasions
- Inconsistent with client profile: 76 occasions
- Transactions that appear to be structured to avoid reporting thresholds: 19 occasions
- High volume transactions: 16 occasions

^[1] Multiple reasons for suspicion can be recorded for each.

ANALYSIS OF CASES

The FRA completed the analysis of 1,150 cases during the Reporting period, comprising: 1,068 of the 1,586 new cases received during the Reporting Period, 59 of the cases carried over from 2021, 7 of the cases carried forward from 2020, 4 of the cases carried forward from 2019, 6 of the cases carried forward from 2018, 4 of the cases carried forward from 2017, 1 of the cases carried forward from 2016/17 and 1 of the cases carried forward from 2015/16.

CLOSURE AND DISSEMINATION OF CASES

The FRA closed 1,000 cases during the Reporting Period, comprising: 896 of the 1,586 new cases received during the Reporting Period, 70 of the cases carried forward from 2021, 12 of the cases carried forward from 2020, 7 of the cases carried forward from 2019, 5 of the cases carried forward from 2018, 8 of the cases carried forward from 2017, 1 cases carried forward from 2016/17 and 1 case carried forward from 2015/16. Of the 1,000 cases closed, 547 were included in a disclosure^[2], 253 were filed as intelligence, 37 were deemed to require no further immediate action, 140^[3] were replies to requests from OFIUs and 23 were replies to requests from LEAs and CA.

FINANCIAL SANCTIONS

During the Reporting Period the FRA published 193 (2021: 98) Financial Sanctions Notices on its website. The FRA subscribes to the Email Alert provided by the Office of Financial Sanctions Implementation ("OFSI) within UK HM Treasury, advising of any changes to United Nations, European Union and UK financial sanctions in effect. The FRA forwards these notices automatically to local law enforcement agencies and competent authorities, converts it to a Cayman Notice and publishes the Cayman Financial Sanctions Notice on its website. The average turn-around time for converting these notices, distributing them via e-mail and posting them to the FRA's website is between 1-3 hours

[2] Total number of cases included in a disclosure to local law enforcement agencies, the competent authorities and overseas financial intelligence units.

[3] 17 of these cases were also disclosed to LEAs / CA.

RUSSIA SANCTIONS

The Russian invasion of Ukraine on 24 February 2022 led to an unprecedented number of sanctions being imposed by the United Kingdom (and other countries) on Russia in terms of size, scale and complexity. As a result, it was a very challenging year for sanctions implementation in the Cayman Islands due to significantly increased demands on the FRA.

Since February 2022, there have been 17 amendments with 1 revocation, covering various measures to the UK's Russia (Sanctions) (EU Exit) Regulations. Of these, 14 amendments have been extended to the Cayman Islands in 2022: amendment 1 was extended automatically with amendments 2-8 and 11-16 reflected in the 4 amendments to Russia (Sanctions) (Overseas Territories) Order.

OFSI published an unprecedented number of new designations under the Russia sanctions regime, with over 1,400 new listings since the invasion of Ukraine. The FRA published all of these without delay, and sent emails to over 1,200 subscribers, detailing the changes to the Consolidated List. In addition, the nature and volume of the FRA's engagement with industry stakeholders, other competent authorities, external UK Partners (primarily the Foreign, Commonwealth & Development Office, OFSI, Department for Transport), increased to meet the new challenges posed by the Russia Sanctions regime. The Director and the Sanctions Coordinator participated in five domestic outreach sessions.

As part of their reporting obligations, relevant Firms have an obligation to report as soon as practicable to the FRA (delegated by the Governor), information concerning funds or economic resources belonging to, owned, held or controlled by a designated person. Since 1 March 2022, a total of 1,030 Compliance Reporting Forms (CRFs) were received by the FRA related to the Russia Sanctions regime. A total of approximately USD\$ 8.8 billion and EUR€298.6 million held by or on behalf of persons designated under the Russia Sanctions regime were reported as being frozen. In addition, the FRA received 144 suspicious activity reports (SARs) related to Russia sanctions, which have been cross-referenced with the CRFs.

The FRA has also seen a significant increase in licence applications and queries received under the Russia Sanction regime. Twenty two (22) formal applications have been received, the majority of which applied under the extraordinary situation and prior obligations licensing grounds.

The Cayman Islands has adopted a robust and comprehensive response to the imposition of the new Russia sanctions measures. Of note, in March 2022 a joint Task Force on Russia, comprising representatives from eleven Ministries/Offices/Portfolios/Agencies, was formed to coordinate, identify, and implement policy amendments to implement the Russia Sanctions regime. The primary purpose of the Task Force is to provide centralised discussions and decisions around policy and communications arising from the ongoing sanctions. The Task Force met numerous times during 2022, meeting weekly initially and then every two weeks later in the year.

One feature of the ongoing engagement with industry stakeholders was regarding the issuance of a General Licence, which allows multiple parties to undertake specified activities without applicants needing to submit a specific licence request to the FRA. His Excellency the Governor, Mr. Martyn Roper, with the consent of the UK Secretary of State, issued the following General Licences during 2022, which were posted along with the publication notice on the FRA's website and disseminated to subscribers:

- On October 4 2022: General Licence GL/2022/0001 allows a Relevant Investment Fund or Fund Manager to redeem, withdraw or otherwise deal with an Investment Interest and make payments for basic needs, routine holding and maintenance and legal fees from frozen accounts.
- On December 20 2022: General Licence GL/2022/0002 implements the Oil Price Cap which came into force on 15 December 2022. This measure will deprive Russia of access to excess oil revenues by constraining its ability to sell at global market prices, while still enabling Russian oil to flow to the third countries that need it.

RECEIPT OF THRESHOLD REPORTS FROM MONEY SERVICE BUSINESSES AND BANKS

On 1 March 2022, the Anti-Money Laundering (Class A and Class B Bank Threshold Reporting) Regulations, 2022 was approved by Cabinet. The Regulations required that a monthly report of threshold transactions carried out by a bank or a nil report in case a bank does not carry out a threshold transfer within the reporting period be submitted to the Financial Reporting Authority.

For the 10 month period ended 31 December 2022, the combined value of bank threshold transfers was approximately US\$2.35 trillion for outgoing transfers (71,377 transactions) and US\$1.11 trillion for incoming transfers (30,301 transactions)

This is the second year that money services businesses have been submitting threshold transactions on a quarterly basis to the Financial Reporting Authority. The combined value of MSB threshold transactions for the Reporting Period was approximately US\$24.9 million for outgoing remittances (20,531 transactions) and US\$448,000 for incoming remittances (189 transactions).

This additional information is assessed when analysing cases, and has helped amplify the analysis for a handful of cases. The information received from threshold reporting will also be used in future strategic analysis projects where relevant.

OTHER KEY INITIATIVES

Information Technology

During the Reporting Period, the FRA continued to spend time and effort registering users from reporting entities and familiarising them with using the AMLive Reporting Portal in order to electronically submit their reports. The FRA provided a number of one-on-one demonstrations with users as well as provided immediate feedback on reports being submitted. There are currently 386 registered users from 198 Reporting Entities; 1,025 SARs (75%) were filed using AMLive.

In April 2022, the FRA introduced improvements to the AMLive Reporting Portal in order to receive bank threshold reports and nil reports from Class A and Class B banks.

The FRA made minor revisions to its disclosure templates and improvements to I2 charts that are provided to recipients of financial intelligence. The I2 charts not only enhance financial analysis but also visually show linkages and relationships, resulting in a better appreciation of the information contained in the disclosures. The FRA has also been utilising the real-time case management and performance metrics capabilities of iBase to enhance the management of cases and improve the timeliness of analysis and disclosures.

OUTREACH EVENTS / TRAINING / REPRESENTING THE FRA

Outreach: Staff of the FRA engaged in the following Outreach events covering one or more of the following topics: functions of the FRA, SAR statistics, SAR reporting obligations, and obligations regarding targeted financial sanctions related to terrorist financing and proliferation financing:

- Four (4) presentations at international and domestic industry association events
- Two (2) presentations at private sector organised events and to private entities
- Two (2) 1-on-1 meetings with Money Laundering Reporting Officers (MLROs)
- Eight (8) meetings with MLROs to demonstrate AMLive Reporting Portal functionalities.

Training: Staff of the FRA attended numerous training events during the Reporting Period, including:

- FATF Introductory online course on the 40 Recommended Actions and Immediate Outcomes (12 staff completed this online course)
- OFSI Sanctions Forum (1 staff attended)
- ACAMS Anti-Financial Crime/CFT Symposium – Grand Cayman 2022 (4 staff attended)
- Prosecuting Legal Persons and Civil Recovery Work Shop (3 staff attended)

- Staff completed a number of online training provided by the Egmont Group and the Egmont Center for FIU Excellence and Leadership (ECOFEL) and attended other seminars presented by several training providers on a variety of topics, including:
 - o Introduction to Virtual Assets and Virtual Asset Analysis
 - o Corporate Vehicles and Financial Products
 - o Professional Money Laundering
 - o Ransomware
 - o Cyber Security Awareness

Representing the FRA: Staff members represented the FRA at the following events:

- Egmont Group Head of FIUs, Working Group and Regional Group Meetings – 6 staff attended various virtual working group meetings and 1 staff attended face-to-face meetings at the Plenary in Riga, Latvia.
- 54th and 55th CFATF Plenary and Working Group Meetings - 6 staff attended various virtual working group meetings for the 54th Plenary and 16 staff attended various face-to-face working group meetings for the 55th Plenary hosted by the Cayman Islands.
- Nine (9) meetings with Competent Authorities and Self-Regulatory Bodies.

PLG 21	Financial Intelligence Services		
DESCRIPTION Provision of financial intelligence services to the Attorney General including: • Receipt of Suspicious Activity Reports (SARs) under the Proceeds of Crime Act (POCA); • Processing requests for information (RFIs) from overseas Financial Intelligence Units (OFIUs); • Processing RFIs from local Law Enforcement Agencies (LLEAs) and Competent Authorities (CAs); • Appropriately disseminate financial intelligence in a timely manner pursuant to the requirements of POCA; • Conduct Industry Outreach events and issue typologies to combat money laundering, terrorist financing and proliferation financing; • Produce periodic statistical reports and an Annual Report relating to financial intelligence services for the Anti-Money Laundering Steering Group (AMLSG); and • Represent the Cayman Islands in the Egmont Group, CFATF and other international forums.			

MEASURES	2022 (12 Months)		
	Budget	Actual	Variance
QUANTITY			
• Total number of cases (SARs, requests from OFIUs and requests from LLEAs and CAs):			
1. SARs	835-866	1,365	530 - 499
2. RFIs from OFIUs	96-120	152	56 - 32
3. Disclosures from OFIUs	22-36	45	23 - 9
4. RFIs from LLEAs and CAs	48-72	24	(24 - 56)
Total	1,001 - 1,094	1,586	585 - 492
• Total number of cases analysed	950 - 1,370	1,150	
• Total number of cases closed	878 - 1,208	1,000	
• Number of Industry Outreach events	28-44	16	(12 - 28)
• Produce Annual Report pursuant to Section 11(b) of POCA	1	1	-
• Produce Strategic Analysis Report(s) pursuant to Section 4 (1A) (b) of POCA	1-2	-	(1 - 2)
• Number of days spent on representation activities	67-87	64	(3 - 23)
QUANTITY			
• Perform the FRA's functions in compliance with the requirements of POCA, including:			
1. Maintaining the confidentiality of information submitted to the FRA, pursuant to Section 10 of POCA	100%	100%	-
2. Ensuring that all disclosures made by the FRA comply with Section 138 of POCA.	100%	100%	-
3. Collect and compile statistical information relating to disclosures made to the FRA under POCA and the onward disclosures of the information made by the FRA (Section 4(2)(f) of POCA	100%	100%	-
• Performing high-quality analysis as prescribed by its operating procedures in order to generate high-quality financial intelligence that is useful to LLEAs, CAs and OFIUs	100%	100%	-
• Produce high quality responses for CFATF Mutual Evaluation process	100%	100%	
• Continuation of high-quality solutions implemented to address CFATF Recommended Actions	100%	100%	-
TIMELINESS			
• Cases to Director for initial review within 2 days of receipt by the FRA	95 - 100%	94%	(1 - 6%)
• Cases acknowledged within four days of receipt	90 - 100%	98%	
• Priority 1 cases closed within 35 days of receipt	60 - 75%	53%	(17 - 33%)
• Priority 2 cases closed within 60 days of receipt	50 - 70%	13%	(37 - 57%)
• Priority 3 cases closed within 80 days of receipt	50 - 60%	17%	(33 - 43%)
• Priority 4 cases closed within 90 days of receipt	50 - 60%	10%	(40 - 50%)
• Annual Report produced on or before the 31 st March as per Section 11(b) of POCA	100%	100%	-
• Strategic Analysis Report produced by specified date	100%	0%	(100%)
• Meet deadlines set for CFATF Mutual Evaluation process	80-100%	100%	-



THE TRUMAN BODDEN LAW SCHOOL

“The Truman Bodden Law School (“the Law School”) exists pursuant to section 20 of the Legal Practitioners Act (2022 Revision), which provides for the establishment of a local system of legal education.

The Law School has been in operation since 1982, and is an internationally recognised institution, affiliated to the University of Liverpool in the United Kingdom, which validates and awards the undergraduate Bachelor of Laws degree (“the LLB”) and the postgraduate degree and diploma in International Finance (Law and Regulation) (“the LLM”). The Law School is also affiliated with Oxford Brookes University in the United Kingdom which validates and awards the postgraduate Diploma in Legal Practice, following successful completion of the Professional Practice Course (“the PPC”). Thereafter, following the completion of 18 months Articles of Clerkship, trainees will be called to the Cayman Islands Bar as an Attorney-at-Law of the Cayman Islands.

OUR MISSION

The aim of the Law School, in partnership with Liverpool and Oxford Brookes universities in the provision of its undergraduate and postgraduate programmes, is to provide students with a standard of tertiary level legal education equivalent to that prevailing in the United Kingdom and at other recognized providers of legal education across the common law world. In doing so, the Law School aims to provide an environment for its students that encourages and enables them to achieve their full potential in the pursuit of knowledge and academic excellence.

The Law School seeks to promote awareness of the legal, ethical, and moral issues relevant in the development of legal rules and in the practise of law.

The courses offered by the Law School are intended to be of benefit not only to those students who wish to enter the legal profession, but also to those having a variety of other professional career aspirations.

As ever, the last academic year has been a busy one for Law School staff and they continue to engage fully with teaching, learning and assessing the students, as well as undertaking research and offering a range of extracurricular activities.

THE 2021/22 ACADEMIC YEAR

In September 2021, 105 students enrolled onto programmes offered at the Law School, representing growth of approximately 7% over the previous academic year. Particularly pleasing were increased numbers of PPC students, which increased over those enrolling in recent years with 14 new students enrolling on the course. 82% of all students were either Caymanian, married to a Caymanian or Permanent Residents.

A record number of 35 students graduated from all programmes in July 2022. Of the LLB cohort, six were admitted to the degree with First Class Honours or with Honours at Class II, Division I. From the record breaking nineteen students to graduate from the Professional Practice Course, eight achieved Distinctions. These results continue to reflect excellence in teaching and student achievement, with all results externally moderated by the UK partner institutions of TBLS and all awards those of the partner institutions

MAY 2022: THE CAYMAN ISLANDS LEGAL ASSISTANCE CLINIC LAUNCHES

May 2022 witnessed the much-anticipated opening of The Cayman Islands Legal Assistance Clinic ('the Clinic'). The Clinic represents a cooperative initiative between the Department of Legal Aid ("Legal Aid"), the Cayman Islands Legal Practitioners Association ("CILPA") and the Truman Bodden Law School under the direction of the Hon. Chief Justice. From the TBLS side, the preparations for the Clinic were spearheaded by Andrew Perkins, who is one of the advisors to the Clinic.



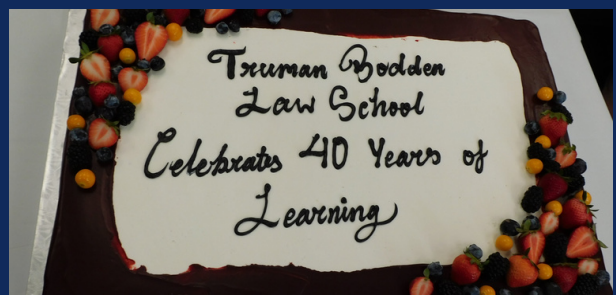
The mandate of the clinic is to provide greater access to justice for eligible members of the community through the provision of pro bono legal advice and assistance as a complement to the provision of legal services by the local bar and the formal legal aid system. Students at the Truman Bodden Law School have the unique opportunity to take part in hands-on legal work for the benefit of the wider community.

The Clinic operates as a "legal advice" only clinic. This means the student will not be required to provide representation to the client before any court, tribunal or board. The Clinic offers free legal advice to members of the public via students under the supervision of qualified attorneys and staff (the "student advisor/attorney team"). Legal advice is offered to members of the community in a number of areas of law ranging from civil, criminal, family, landlord-tenant, employment, immigration and human rights. While students will at all times be supervised by a qualified attorney in their work in the clinic, the primary responsibility for providing legal advice to the client will be that of the student.

"The establishment of the Cayman Islands Legal Assistance Clinic will provide for greater access to justice through the provision of high quality no cost legal advice to members of our community as a result of the generous donation of time and expertise of students from the TBLS and local qualified attorneys." - Former Chief Justice Sir Anthony Smellie KC.

TBLS CELEBRATES ITS 40TH ANNIVERSARY

On September 27th 2022, TBLS celebrated its 40th anniversary and marked the occasion at the law school one week late (postponed due to the Island's close brush with TS Ian) with a cake cutting ceremony. In attendance were the Hon Attorney General, The Acting Solicitor General, The Hon. Truman Bodden, staff and a number of current students.



UK SUPREME COURT AND JUDICIAL COMMITTEE JUSTICES VISIT TBLS

During 2022, the Law School was honoured to host visits to the law school by eminent existing and former senior UK judges, including in March, Lord Mance and Lady Arden (formerly members of the Supreme Court) and in November, Lords Briggs and Kichen (members of the Judicial Committee of the Privy Council and Supreme Court). TBLS students were extremely fortunate during both visits to have the opportunity to meet with the Justices in small group settings and pose questions to them. TBLS staff also had the opportunity to meet with the Justices.

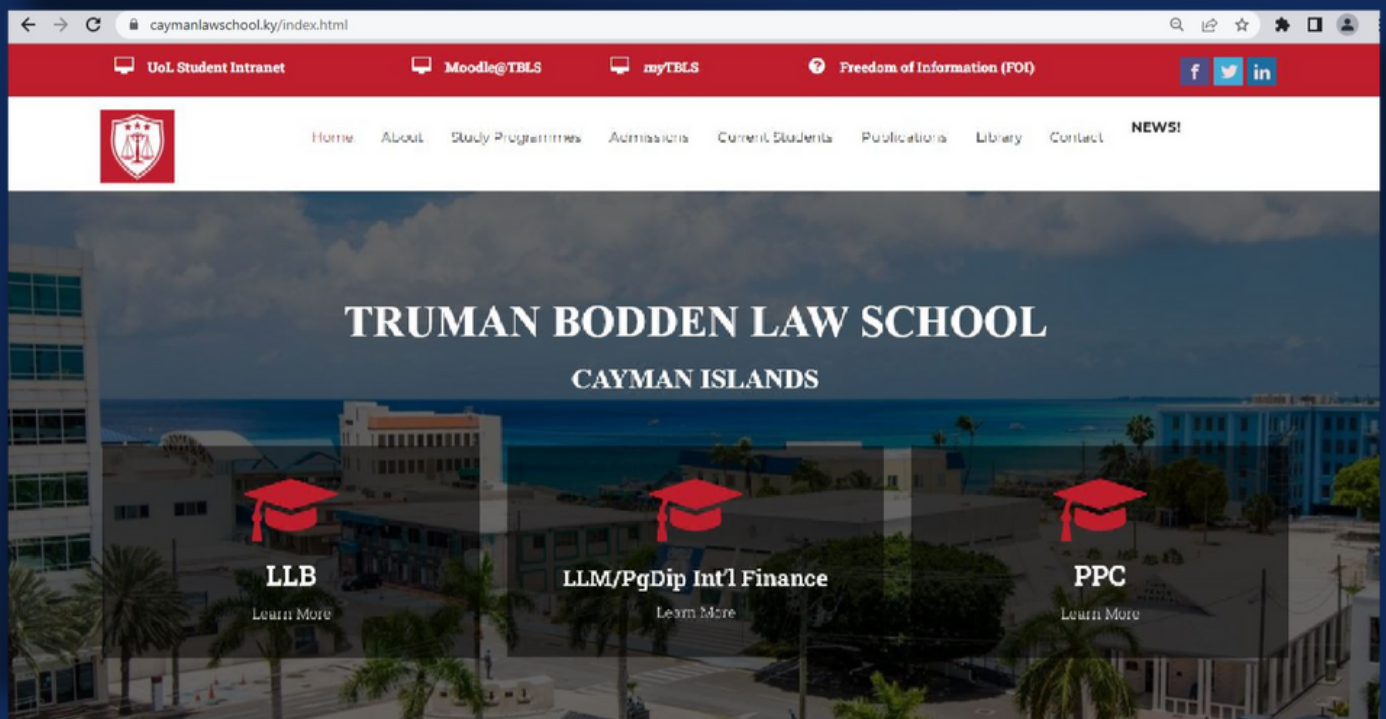


TBLS STUDENTS TAKE PART IN THE CARIBBEAN LAW CLINIC IN TRINIDAD

In November 2022, for the first time in over two years, students of TBLS participated in the Caribbean Law Clinic which was hosted by Hugh Wooding Law School in Port of Spain, Trinidad. Participants included students from six law schools drawn from the Caribbean and Florida. The TBLS student participants performed well and received special mention from the Clinic judges. During the Clinic, the students were fortunate to have the opportunity of visiting the Caribbean Court of Justice in Port of Spain.

TBLS FACILITIES

During 2022, TBLS sought to further enhance its facilities by upgrading various furnishings and replacing lecture room projectors with wide screen television monitors, providing students with a more comfortable and contemporary environment in which to study. All University of Liverpool registered TBLS students (and TBLS academic staff) continue to benefit from state-of-the-art learning and legal research platforms, provided as a consequence of the law school's partnership with the University. The Law School's website continues to go from strength to strength and now includes an online portal through which new applicants must now apply.



LAW SCHOOL RESEARCH ACTIVITIES

While teaching students is our primary responsibility at the Law School, the importance of staff continuing to be research active is recognised to ensure they remain at the forefront of legal developments in their areas of specialism. Colleagues continue to publish in a wide range of peer-reviewed and highly respected academic journals, as well as present at conferences on subjects such as property law, banking law, crypto currency, environmental law, anti-money laundering provisions and public procurement.

HUMAN RESOURCES MANAGEMENT DEPARTMENT

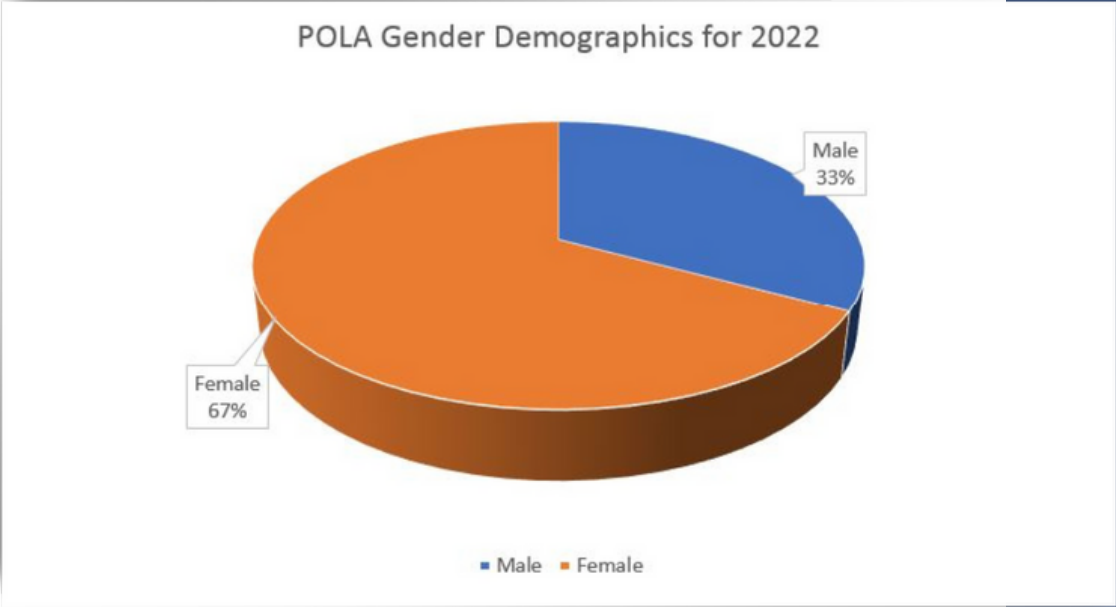
“*The competent and motivated civil servants who are employed within the 7 separate Entities of the Portfolio of Legal Affairs have once again risen to the numerous challenges that 2022 brought to the surface. The professional and support staff both worked long and hard in fulfilling the demands of internal and external clients who were in need of the specialized services that only POLA can provide within the Cayman Islands Government.*”

2022 did not slow down in the least for the Human Resources Department of the Portfolio of Legal Affairs. The Portfolio numbered 65 full time employees at the close of the fiscal year, with a total of 15 new recruits joining the different teams throughout 2022, with 11 staff departures and 10 internal promotions or transfers.

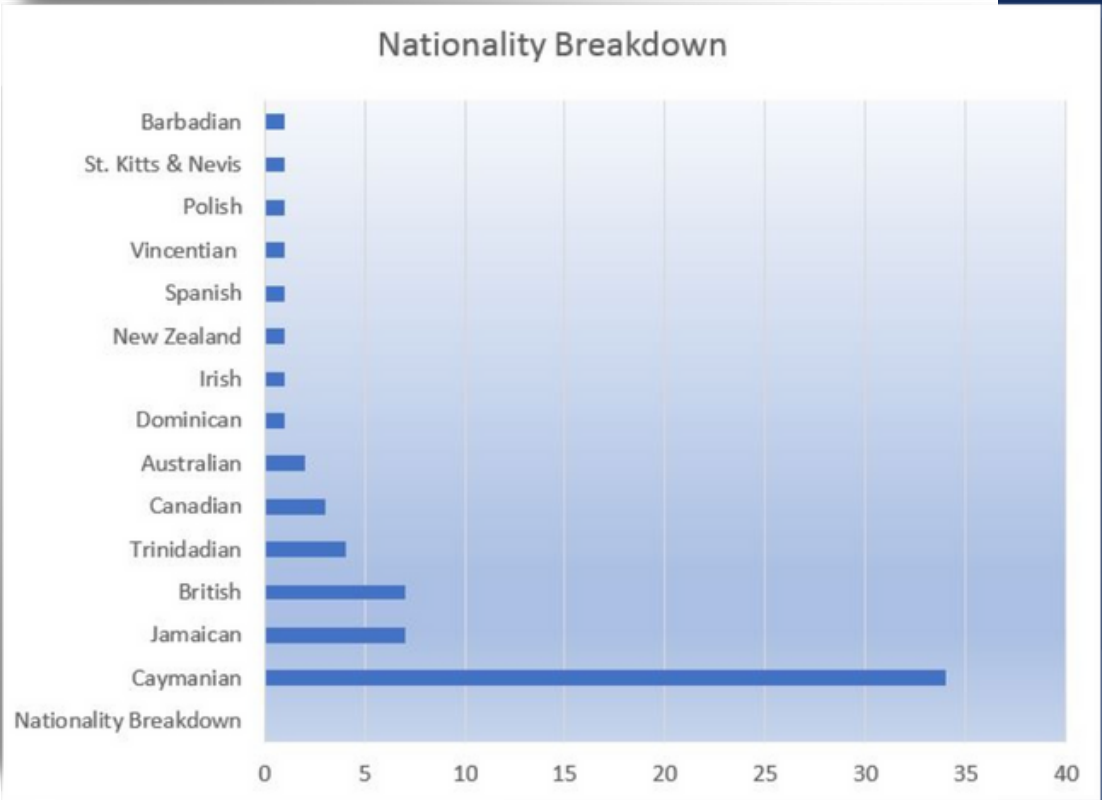
We were successful in recruiting three new Financial Analysts with the Financial Reporting Authority; a new Legislative Counsel joined the Legislative Drafting Department; a Crown Counsel (Civil) joined the Solicitor General’s Office along with two new Articled Clerks are being hosted and two Summer Interns were hosted by POLA in 2022 respectively; new faculty members and Administrative support staff were also hired with the Truman Bodden Law School and a new Administrative Manager joined the work in support of the Anti-Money Laundering Unit.

A breakdown of some of the demographics for the Portfolio of Legal Affairs at the end of the fiscal year is as follows:-

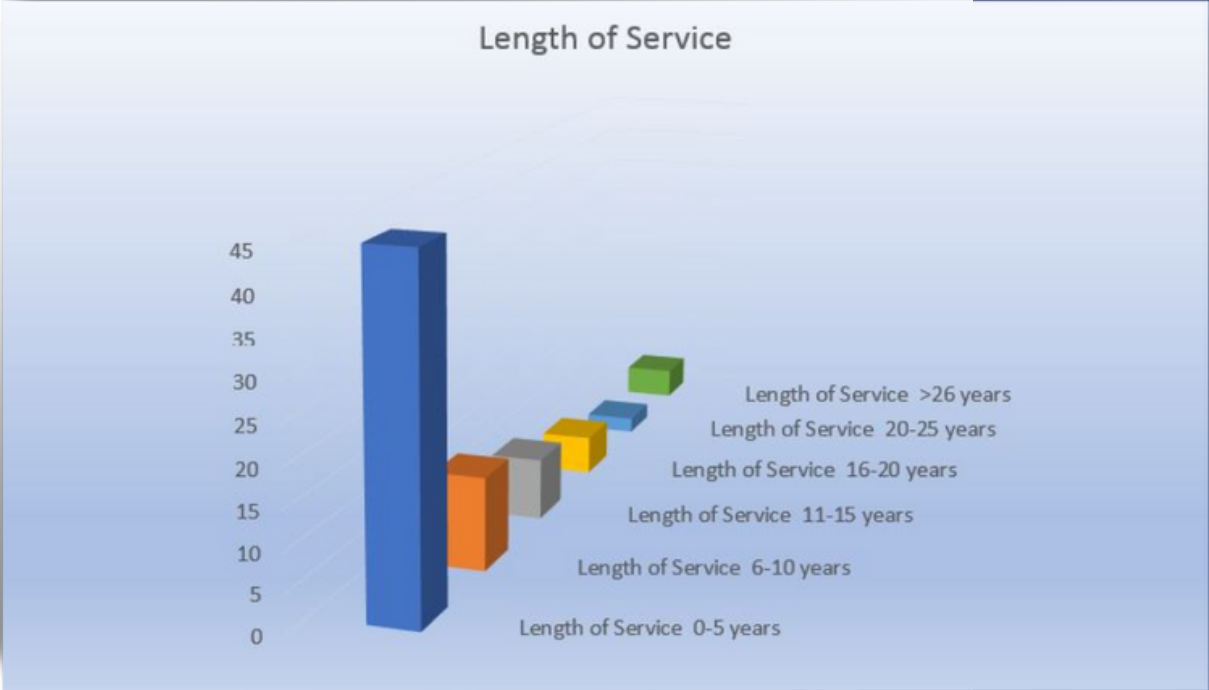
GENDER (31ST DECEMBER 2022)



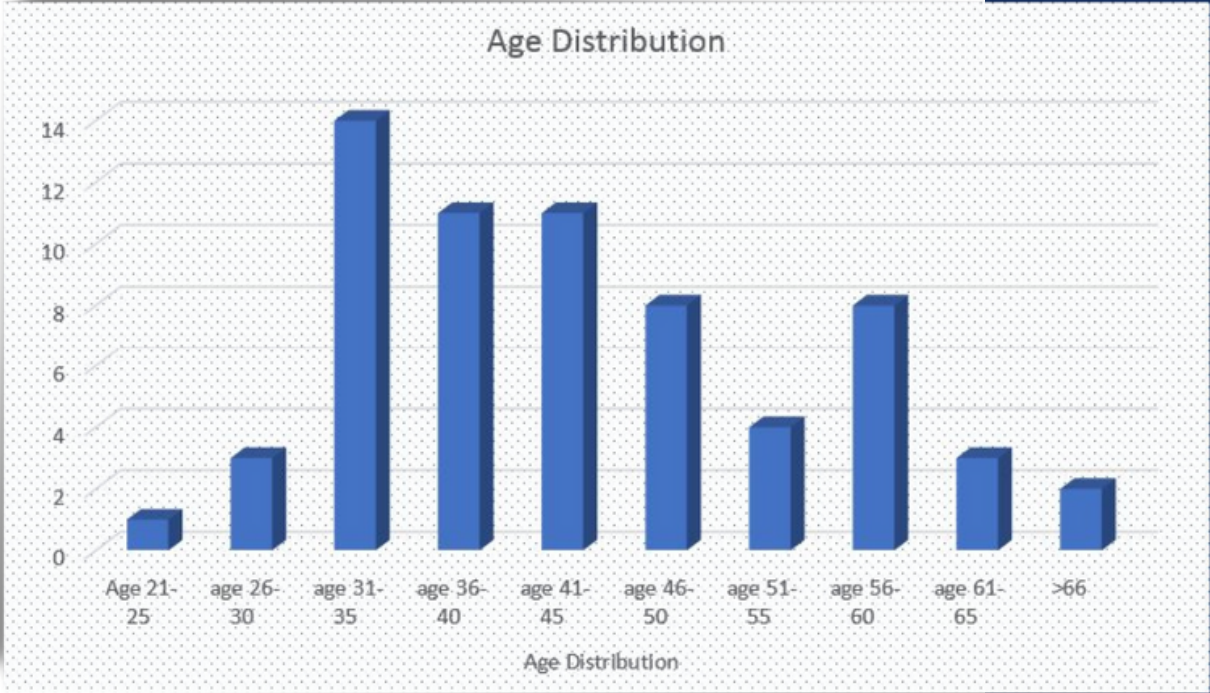
NATIONALITY BREAKDOWN (31ST DECEMBER 2022)



EMPLOYEE SERVICE LENGTH (31ST DECEMBER 2022)



AGE DISTRIBUTION (31ST DECEMBER 2022)



SALARY GRADE DISTRIBUTION (31ST DECEMBER 2022)



STAFF TRAINING

The Portfolio is a competitive and learning organisation and as such, members of the Portfolio embraced the LinkedIn Learning Challenges that were held amongst the entire civil service in the 2022. There were several continued instances of stellar enthusiasm for this new high-tech learning and development platform in a friendly rewarding atmosphere with recognition for those who excelled in this arena.

Ongoing financial and study leave support was also provided on an individual basis for several members of the staff of the Portfolio of Legal Affairs. This included study leave for a Caymanian Human Resources Officer pursuing her Master’s degree in Human Resources Management, as well as a Caymanian Records Officer pursuing her undergraduate degree locally.

The Caymanian paralegal who completed her Professional Practice Certificate with the Truman Bodden Law School and Oxford-Brooks University in 2022 was selected as one of the Articled Clerks currently being hosted by the Portfolio of Legal Affairs, providing the essential practical legal training required for her future call to the Caymanian Bar, while a former Caymanian Articled Clerk of the Portfolio, who concluded her secondment in 2022 was called to the Caymanian Bar and was subsequently promoted to the post of Crown Counsel II during 2022.

The Portfolio also hired in 2022 and is currently hosting another Caymanian Articled Clerk providing a rotation of legal experience through different entities to complement her formal legal education. The Portfolio of Legal Affairs also provided financial support for professional memberships, such as with the Chartered Institute of Library and Information Professionals, the Society of Human Resources Managers and the Cayman Islands Society of Human Resources Professionals to name a few. The Portfolio further supported the continuing professional education requirements for team members with professional qualifications (i.e. ACCA, SHRM- SCP and SPHR), while other members of staff pursued their undergraduate and post-graduate degrees with several successes celebrated during the past year.

There were two Caymanian transfers into and promotions within the Anti-Money Laundering Unit, as well as two Caymanian administrative staff transfers into the Truman Bodden Law School in 2022, providing career growth opportunities as well as cross training within the Portfolio in a continued effort to break down silos of the existing Departments. The Chambers Engagement Mornings gatherings on the last Thursday of each month in 2022 provided further opportunity for integration of the Portfolio team members, with presentations from the Attorney General, the Commissioner of Law Revision, Crown Counsel (Civil), Senior Legislative Counsel, the Deputy Solicitor General, Senior Law Lecturer the Director of the Anti-Money Laundering Unit and the Director of the Financial Reporting Authority all sharing their expertise on topics of general and mutual broad interest within the Portfolio.



ARTICLES OF CLERKSHIP

“To meet the requirements of the Legal Practitioners Act (2022 Revision) for admission to practise as an attorney-at-law in the Cayman Islands, Caymanians who have passed the Qualifying Examination and have been awarded the Diploma in Legal Practice must demonstrate that they have completed a term of articles for a period of eighteen months.

Articled clerks with the Portfolio undertake a stimulating and instructive professional training programme to permit them to acquire a high degree of versatility, in-depth knowledge in a different facet of the law and invaluable practical experience in adequately managing litigation files. They are mentored and supervised by a qualified attorney-at-law, with periodic performance evaluations to assess their progress.

The rotation within the Portfolio entails the Solicitor General's Office, Legislative Drafting Department and Law Reform Commission. Articled clerks are also afforded the opportunity to undertake seats with the Office of the Director of Public Prosecutions and the Department of Lands and Survey to ensure that they gained necessary practical experience in a myriad of areas. The Portfolio would also facilitate a seat with a private sector law firm if requested by an articled clerk.

The Solicitor General's Office provided a dynamic work environment by allowing articulated clerks to develop legal insight, improve their research skills in a myriad of areas and cultivate their ability to draft detailed, thorough and often complex legal advice. During their seat with the Solicitor General's Office the articulated clerks were exposed to legal issues related to the administration, interpretation and enforcement of laws pertaining to the Government's operations. They were provided with the opportunity to draft and review various documents, including procurement contracts, sales agreements, affidavits, skeleton arguments and legal advice. Attending and observing meetings with clients and external counsel was vital to ensuring that the articulated clerks acquired the ability to analyse legal issues from all relevant angles and develop complex legal reasons. The training programme ensure that articulated clerks developed essential strategies and arguments in preparation for presentation in Grand Court, Summary Court and tribunal proceedings.

The articulated clerk programme of the Legislative drafting Department is modelled on the drafting programme which most of the legislative drafters undertook at post graduate level. Among other matters, the following are included in the programme -

- learning how to use a legal template;
- drafting of short regulations or Orders;
- law revision;
- drafting of Memoranda of Objects and Reasons;
- proof reading;
- writing legal opinions;
- carrying out research for legislative precedents;
- writing short discussion papers;
- providing synopses of several Chapters of the "bible of drafting" i.e. Legislative Drafting by Thornton;
- accompanying Counsel to meetings with client Ministries and at the Parliament; and
- writing of short papers on the Bill of Rights and related cases.

The articulated clerks were exposed to a wide variety of legislation in their projects including the Coast Guard Act, the Defence Act and Regiment Orders, the Surveillance Devices Bill, the Proceeds of Crime Act, the Anti-Corruption Act, financial services legislation, family law legislation, the Merchant Shipping Act, the Maritime III Code Conventions and related maritime conventions, to name just a few.

The aim of articulated clerkship training within the Law Reform Commission is to expose the articulated clerks to the several facets of the law reform process that lead to law reform being accountable, participatory and responsive. The training involves a journey from policy to legislation with the necessary stops in between.

Accordingly, the articulated clerkship training focused on policy formulation, research and consultation methods, legislative drafting, final reports, Cabinet Papers, speaking notes, minute taking, proof reading and editing, presentation, and Commission procedures and systems.

At the Office of the Director of Public Prosecutions, articulated clerks were provided with the opportunity to develop their professional abilities, legal skills and understand the analytical approach required when prosecuting. Articulated clerks were provided with the opportunity to assist counsel in advising the investigating officer on the best course of action, reviewing criminal case files to determine whether there is sufficient evidence to convict, drafting charges for the Summary Court, preparing indictments for the Grand Court and attended case conferences with witnesses and lead officers. This approach provided articulated clerks with the unique opportunity to work on files of great legal complexity, while being required to deliver a product that met the high standards of the judiciary. Attending court hearings such as plea and directions hearings, bail applications, sentencing hearings and criminal trials before the Summary and Grand Court taught articulated clerks the importance of developing appropriate legal reflexes and excellent professional rigour.

In addition, the articulated clerks were exposed to matters relating to international cooperation including how to process requests from other jurisdictions for mutual legal assistance under applicable statutes such as the Criminal Justice (International Cooperation) Act (2021 Revision).



CONTACT DETAILS

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Information Manager: Claire Allen

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CONTACT DETAILS

Financial Reporting Authority

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Law Reform Commission

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E: CILawReform@gov.ky



APPENDIX A - FINANCIAL STATEMENTS



GOVERNMENT OF THE CAYMAN ISLANDS

Portfolio of Legal Affairs

FINANCIAL STATEMENTS 31 December 2022

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Statement of Changes in Net Assets/Equity	7
Statement of Cash Flows	8
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Attorney General's Chambers



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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Portfolio of Legal Affairs in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

As Solicitor General I am responsible for establishing, and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorized by Act, and properly record the financial transactions of the Portfolio of Legal Affairs.

As Solicitor General and Chief Financial Officer, we are responsible for the preparation of the Portfolio of Legal Affairs' financial statements, representation and judgments made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows for the year ended 31 December 2022.

To the best of our knowledge, we represent that these financial statements:

- (a) Completely and reliably reflect the financial transactions of the Portfolio of Legal Affairs for the year ended 31 December 2022;
- (b) fairly reflect the financial position as at 31 December 2022 and performance for the year ended 31 December 2022;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements which are carried out by its agent. The Office of the Auditor General and its agent have been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

Solicitor General
Date: 30 April 2023

Chief Financial Officer
Date: 30 April 2023

AUDITOR GENERAL'S REPORT

To the Solicitor General and the Members of Parliament

Opinion

I have audited the financial statements of the Portfolio of Legal Affairs (the "Portfolio"), which comprise the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of changes in net assets/equity and statement of cash flows for the year ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 9 to 28.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Portfolio as at 31 December 2022 and its financial performance and its cash flows for the year ended 31 December 2022 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Portfolio in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. In rendering my audit opinion on the financial statements of the Portfolio, I have relied on the work carried out on my behalf by a public accounting firm that performed its work in accordance with International Standards on Auditing.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Portfolio's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Portfolio or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Portfolio's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

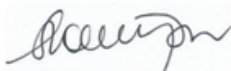
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR GENERAL'S REPORT (continued)

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Portfolio's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Portfolio to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear
Auditor General

30 April 2023
Cayman Islands

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(Expressed in Cayman Islands Dollars)

Prior Year Actual		Note	Current Year Actual	Approved Budget	Variance (Budget vs Actual)
CI\$000			CI\$000	CI\$000	CI\$000
	Current Assets				
4,701	Cash and cash equivalents	2	1,425	1,421	(4)
1,698	Receivables from exchange transactions	3,17,18	965	932	(33)
6	Other receivables	3	10	7	(3)
79	Prepayments	17	89	110	21
6,484	Total Current Assets		2,489	2,470	(19)
	Non-Current Assets				
612	Property and equipment	4,17	529	638	109
168	Intangible assets	5,17	120	127	7
780	Total Non-Current Assets		649	765	116
7,264	Total Assets		3,138	3,235	97
	Current Liabilities				
24	Trade payables	6,17	13	18	5
110	Accruals and other liabilities	6,17,18	102	185	83
25	Unearned revenue	7	36	20	(16)
248	Employee entitlements	8, 17	269	175	(94)
4,171	Surplus payable	9	-	-	-
4,578	Total Current Liabilities		420	398	(22)
4,578	Total Liabilities		420	398	(22)
2,686	Net Assets		2,718	2,837	119
	Net Equity				
2,686	Contributed capital	17	2,718	2,837	119
-	Accumulated surplus		-	-	-
2,686	Total Equity		2,718	2,837	119

The accounting policies and notes on pages 9-28 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL PERFORMANCE
AS AT 31 DECEMBER 2022
(Expressed in Cayman Islands Dollars)

Prior Year Actual CI\$000		Note	Current Year Actual CI\$000	Approved Budget CI\$000	Variance (Budget vs Actual) CI\$000
Revenue					
9,032	Sales of outputs to Cabinet	11,17,18,20	7,600	9,207	1,607
100	Sale of outputs to other Government Agencies	11,17,18,20	100	-	(100)
733	Sale of outputs to others	11,17,20	746	514	(232)
9,865	Total Revenue		8,446	9,721	1,275
Expenses					
6,399	Personnel costs	12,17,20	6,654	7,722	1,068
1,146	Supplies and consumables	13,17	1,367	1,194	(173)
202	Depreciation and Amortization	4,5,17	202	243	41
1	Bad debt expense	3	7	5	(2)
-	Debts written off		5	6	1
284	Litigation costs	14,17	208	550	342
(1)	(Gain)/loss on foreign exchange transactions		3	1	(2)
8,031	Total Expenses		8,446	9,721	1,275
1,834	Surplus for the year		-	-	-

The accounting policies and notes on pages 9-28 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Cayman Islands Dollars)

	Contributed Capital CI\$000	Accumulated Surpluses CI\$000	Total Net Assets/Equity CI\$000	Approved Budget CI\$000	Variance (Budget vs. Actual) CI\$000
Balance at 1 January 2021	2,647	-	2,647	2,515	(132)
Equity investment from Cabinet	39	-	39	208	169
Surplus for the period 2021	-	1,834	1,834	-	(1,834)
Surplus repayable for the year 2021	-	(1,834)	(1,834)	-	1,834
Balance at 31 December 2021	2,686	-	2,686	2,723	37
Balance at 1 January 2022	2,686	-	2,686	2,690	4
Equity investment from Cabinet	32	-	32	147	115
Surplus for the period 2022	-	-	-	-	-
Surplus repayable for the year 2022	-	-	-	-	-
Balance at 31 December 2022	2,718	-	2,718	2,837	119

There is a difference in the budget roll forward, as the 2022 budget document was updated to be more in line with actuals.

The accounting policies and notes on pages 9-28 form part of these financial statements

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Cayman Islands Dollars)

Prior Year Actual			Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI \$'000	Note		CI \$'000	CI \$'000	CI \$'000
		Cash flows managed on behalf of Cabinet			
		Operating Activities			
		Cash received			
732		Sale of goods and services - third party	734	500	(234)
106		Sale of goods and services to other government agencies	96	-	(96)
8,552		Sales to Cabinet	8,333	9,193	860
-		Other receipts	-	14	14
		Cash used			
(6,400)		Personnel costs	(6,633)	(7,722)	(1,089)
(1,380)		Supplies and consumables	(1,596)	(1,758)	(162)
1,610	15	Net cash flows from operating activities	934	227	(707)
		Investing activities			
		Cash used			
(182)	4	Purchase of property and equipment	(62)	(217)	(155)
-	5	Purchase of intangible assets	(9)	-	9
(182)		Net cash flow used by investing activities	(71)	(217)	(146)
		Financing activities			
		Cash received			
39		Equity injections from Cabinet	32	147	115
		Cash used			
-	9	Repayment of surplus	(4,171)	-	4,171
39		Net cash flows from (used by) financing activities	(4,139)	147	4,286
1,467		Net increase in cash and cash equivalents held	(3,276)	157	3,433
3,234		Cash and cash equivalents at beginning of year	4,701	1,264	(3,437)
4,701		Cash and cash equivalents at the end of the year	1,425	1,421	(4)

The accounting policies and notes on pages 9-28 form part of these financial statements.

**PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Description and principal activities

The Portfolio of Legal Affairs (the “Entity”) is a Government-owned entity as defined by section 2 of *the Public Management and Finance Act (2020 Revision)* and is domiciled in the Cayman Islands.

The Entity provides a wide range of legal services including legal advice and representation in litigation to the Government, its affiliated entities and some statutory authorities. It is responsible for the provision of other legal services such as legislative drafting, law reform and law revision. It provides financial intelligence services and support to Government and other stakeholders in anti-money laundering initiatives via the Financial Reporting Authority and the Anti-Money Laundering Unit. Legal education and training are provided by the Truman Bodden Law School. The Entity is headed by the Hon. Attorney General. Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Cabinet as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the year ended 31 December 2022.

The principal address of the Entity is located on the 4th Floor of the Government Administration Building, 133 Elgin Avenue, George Town, Grand Cayman. As of 31 December 2022, the Entity had 65 employees (2021: 62).

Note 1: Significant accounting policies

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (“IPSAS”) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board are used.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2022 have not been early adopted by the Entity.

Certain new accounting standards have been published that are not mandatory for the 31 December 2022 reporting period and have not been early adopted by the Entity. The Entity’s assessment of the impact of these new standards is set out below.

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 41 establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. It is anticipated that IPSAS 41 will not have a significant impact on the Entity’s financial statements. This will be assessed completely closer to the effective date of adoption.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Significant accounting policies (continued)

IPSAS 42, Social Benefits was issued in December 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognized and how they are measured. It is anticipated that IPSAS 42 will not have an impact on the Entity's financial statements. This will be assessed completely closer to the effective date of adoption.

IPSAS 43, Leases was issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 43 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The impact on the Entity's financial statements will be assessed closer to the effective date of adoption.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There have been no significant changes to the accounting policies during the year ended 31 December 2022.

(a) Basis of preparation

These financial statements have been prepared on a going concern basis. The financial statements are presented in Cayman Islands dollars and the measurement base applied to these financial statements is the historical cost basis.

(b) Reporting Period

The current reporting period is for the year ended 31 December 2022.

(c) Budget amounts

The 2022 budget amounts were prepared using the accrual basis of accounting and the accounting policies have been consistently applied with the actual financial statement presentation. The 2022 budget was presented in the 2022-2023 Budget Statement of the Government of the Cayman Islands and approved by the Parliament on 08 December 2021.

Section 9(5) of the Public Management and Finance Act (2020 Revision) states "except to the extent otherwise provided by a law, an appropriation lapses at the end of the budget period to which the law by which the appropriation is granted relates." The budget period is defined as a period of appropriation covering two financial years. The 2022-2023 Budget Statement covers the two financial years commencing 1 January 2022 to 31 December 2023.

During the budget period funds can be utilized between the two financial years. The 2022-2023 appropriations will lapse at the end of the budget period ended 31 December 2023.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Significant accounting policies (continued)

(d) Judgments and estimates

The preparation of financial statements in accordance with IPSAS requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The account balances that require judgement are receivables from exchange transactions and property and equipment. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period that is affected by those revisions.

(e) Revenue

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is deferred as a liability until it is earned.

The Entity derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognised at the agreed value of services as set out in the published budget statements.

(f) Expenses

Expenses are recognised when incurred on the accrual basis of accounting. In addition, an expense is recognised for the consumption of the estimated fair value of contributed goods and services received, when an estimate can realistically be made.

(g) Operating leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under the operating leases are recognised as expenses on a straight-line basis over the lease term.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months at the date of acquisition.

(i) Prepayments

The portion of amounts paid for goods and services in advance of receiving goods and services has been recognised as a prepayment.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Significant accounting policies (continued)

(j) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation. Items of property and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognised initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Depreciation is expensed on a straight-line basis at rates stipulated below to allocate the cost or valuation of an item of property and equipment, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

<u>Asset type</u>	<u>Estimated useful life</u>
• Computer hardware and software	3 – 10 years
• Office equipment and furniture	3 – 10 years
• Motor vehicles	3 – 10 years
• Other equipment	5 – 10 years
• Leasehold improvements	over the term of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year end. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use in service.

Disposals

Gains and losses on disposals of property and equipment are determined by comparing the sale proceeds with the carrying amount of the asset on disposal. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

(k) Employee benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid. Pension contributions for employees of the Entity are paid to the Public Service Pension Fund (the "Fund") and administered by the Public Service Pensions Board. Contributions of 12% on basic salary (employer 6% and employee 6%) are made to the Fund by the Entity. Contributions of 12% on acting and duty allowances (employer 6% and employee 6%) are made to the Fund by the Entity.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Significant accounting policies (continued)

(l) Financial instruments

The Entity is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, receivables from exchange transactions, other receivables, trade payables, accruals and other liabilities, employee entitlements and surplus payable, all of which are recognised in the Statement of Financial Position.

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset or exchange financial instruments under conditions that are potentially favorable.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

Recognition

The Entity recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the Statement of Financial Performance.

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at amortized cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments. Financial liabilities are subsequently measured at amortized cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

De-recognition

A financial asset is derecognized when the Entity realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, cancelled, or has expired.

(m) Provisions and contingencies

Provisions are recognised when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognised but are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but are disclosed in the financial statements when an inflow of economic benefits is probable.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEARENDED 31 DECEMBER 2022

Note 1: Significant accounting policies (continued)

(n) Foreign currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the statement of financial performance.

At the end of the reporting year the following exchange rates are to be used to translate foreign currency balances:

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate at year-end date.
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and
- Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

(o) Revenue from non-exchange transactions

The Entity receives various services from other Government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to accommodation in the central government building, computer repairs and software maintenance by the Computer Services Department and human resources management by the Portfolio of the Civil Service. Refer to note 10 for further disclosures on non-exchange transactions.

(p) Impairment

An asset is impaired when its carrying amount exceeds its recoverable amount. If there is any indication of impairment present, the Entity is required to make a formal estimate of recoverable amount.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 2: Cash and cash equivalents

Prior Year Actual	Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI\$'000		CI\$'000	CI\$'000	CI\$'000
4,468	Operational Current Account - KYD	1,220	1,198	(22)
8	Payroll Current Account - KYD	2	16	14
225	Operational Current Account - USD	203	207	4
4,701	Cash and cash equivalents	1,425	1,421	(4)

Note 3: Receivables from exchange transactions and other receivables

At year end all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for the Entity and review of specific debtors. Expected losses have been determined based on an analysis of the Entity's losses in previous periods.

Prior Year Actual	Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI \$'000		CI \$'000	CI\$'000	CI\$'000
1,505	Sale of outputs to Cabinet	790	767	(23)
21	Outputs to other government agencies	78	-	(78)
228	Sale of goods and services	160	218	58
(56)	Provision for doubtful debts	(63)	(53)	10
1,698	Net Receivables from Exchange Transactions	965	932	(33)

As at 31 December 2022 and 2021, the ageing analysis of receivables under exchange transactions is as follows:

Prior Year Actual	Receivables from exchange transactions	Current Year (Gross)	Approved Budget	Variance (Budget vs. Actual)
CI \$'000		CI \$'000	CI\$'000	CI\$'000
821	Current	889	932	43
15	Past due 31-60 days	34	-	(34)
831	Past due 61-90 days	44	-	(44)
31	Past due 90 and above	(2)	-	2
1,698	Total Receivables from Exchange Transactions	965	932	(33)

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 3: Receivables from exchange transactions and other receivables (continued)

As of 31 December 2022, receivables from exchange transactions are all due within one year (2021: all due within one year) from the Statement of financial position date.

As at 31 December 2022 and 2021, other receivables are composed of:

Prior Year Actual	Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI\$'000		CI\$'000	CI\$'000	CI\$'000
2	Advances	6	4	(2)
4	Other	4	3	(1)
6	Total Other Receivables			
-	Less: provision for doubtful debts	-	-	-
6	Net Total Other Receivables	10	7	(3)

Changes in the provision for doubtful debts, in total for receivables from exchange transactions and other receivables, during the year ended 31 December 2022 and 2021 are as follows:

Movements in the provision of doubtful debts are as follows:

Prior Year Actual	Description	Current Year Actual
CI \$'000		CI \$'000
57	Balance at 1 January 2022	56
1	Additional provisions made during the year	7
(2)	Receivables written off during the year	-
56	Provision for Doubtful Debts	63

Note 4: Property and equipment

Cost of Property and equipment

	Furniture and Fittings CI\$000	Computer Hardware CI\$000	Office Equipment CI\$000	Other assets CI\$000	Motor Vehicles CI\$000	Work in Progress CI\$000	Total Property and Equipment CI\$000
Balance as at 31 December 2020	11	69	36	1,063	114	-	1,293
Additions	7	10	9	153	-	3	182
Disposals	-	(3)	(12)	-	-	-	(15)
Balance as at 31 December 2021	18	76	33	1,216	114	3	1,460

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 4: Property and equipment (continued)

Cost of Property and equipment (continued)

	Furniture and Fittings CI\$000	Computer Hardware CI\$000	Office Equipment CI\$000	Other assets CI\$000	Motor Vehicles CI\$000	Work in Progress CI\$000	Total Property and Equipment CI\$000
Balance as at 31 December 2021	18	76	33	1,216	114	3	1,460
Additions	-	20	-	42	-	-	62
Disposals	-	-	(1)	-	-	-	(1)
Transfers	-	-	-	3	-	(3)	-
Balance as at 31 December 2022	18	96	32	1,261	114	-	1,521
<u>Accumulated Depreciation</u>	Furniture and Fittings CI\$000	Computer Hardware CI\$000	Office Equipment CI\$000	Other assets CI\$000	Motor Vehicles CI\$000	Work in Progress CI\$000	Total Property and Equipment CI\$000
Balance as at 31 December 2020	7	30	27	609	45	-	718
Disposals	-	(3)	(12)	-	-	-	(15)
Depreciation Expense	1	15	3	105	21	-	145
Balance as at 31 December 2021	8	42	18	714	66	-	848
Balance as at 31 December 2021	8	42	18	714	66	-	848
Disposals	-	-	(1)	-	-	-	(1)
Depreciation Expense	2	17	3	103	20	-	145
Balance as at 31 December 2022	10	59	20	817	86	-	992
Net Book value 31 December 2021	10	34	15	502	48	3	612
Net Book value 31 December 2022	8	37	12	444	28	-	529

As of 31 December 2022, other fixed assets are composed of:

Prior Year Actual CI\$000	Description	Cost CI\$000	Accumulated depreciation CI\$000	Carrying value CI\$000
485	Library books	1,177	754	423
11	Lease improvements	63	55	8
5	Security System	11	7	4
1	Other	10	1	9
502	Total other fixed assets	1,261	817	444

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 5: Intangible assets

Cost of Intangible Assets

	Computer Software CI\$000	Work in Progress CI\$000	Total Intangible Assets CI\$000
Balance as at 31 December 2020	271	-	271
Disposal	(2)	-	(2)
Balance as at 31 December 2021	269	-	269

	Computer Software CI\$000	Work in Progress CI\$000	Total Intangible Assets CI\$000
Balance as at 31 December 2021	269	-	269
Additions	7	2	9
Balance as at 31 December 2022	276	2	278

Accumulated Depreciation

	Computer Software CI\$000	Work in Progress CI\$000	Total Intangible Assets CI\$000
Balance as at 31 December 2020	46	-	46
Eliminate on Disposal	(2)	-	(2)
Amortization Expense	57	-	57
Balance as at 31 December 2021	101	-	101

Balance as at 31 December 2021	101	-	101
Eliminate on Disposal	-	-	-
Amortization Expense	57	-	57
Balance as at 31 December 2022	158	-	158

Net Book value 31 December 2021	168	-	168
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Net Book value 31 December 2022	118	2	120
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PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 6: Trade Payables, accruals and other liabilities

Prior Year Actual	Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI\$'000		CI\$'000	CI\$'000	CI\$'000
24	Trade payables	13	18	5
97	Accrued expenses	86	182	96
10	Creditors other government agencies	13	-	(13)
3	Other	3	3	-
134	Total Trade Payables, accruals and other liabilities	115	203	88

Payables and accruals under exchange transactions and other liabilities are non-interest bearing and are normally settled on 30-day terms.

Note 7: Unearned revenue

In the latter part of 2022, the Law School collected fees for courses which will be held in 2023. These amounted to \$36 thousand (2021: \$25 thousand).

Note 8: Employee entitlements

Prior Year Actual	Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI\$'000		CI\$'000	CI\$'000	CI\$'000
	<i>Employee entitlements are represented by:</i>			
248	Annual leave	269	175	(94)
248	Total employee entitlements	269	175	(94)

The leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.

Note 9: Surplus payable

Under the *Public Management and Finance Act (2020 Revision)* section 39 (3) (f), the Entity may “retain such part of its net operating surplus as is determined by the Minister of Finance”. As at 31 December 2022 the Entity has no recorded surplus payable (2021: \$4,171 thousand). This is as a result of a repayment of accumulated surplus in the amount of \$4,171 thousand (2021: Nil); which was repaid during the 2022 financial year.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 10: Revenue from non-exchange transactions

During the year ended 31 December 2022, the Entity received services in-kind in the form of accommodation in the central government building as well as computer repairs and software maintenance by the Computer Services Department and human resources management by the Portfolio of the Civil Service. The fair value of these services cannot be determined and therefore were not recognised as revenues and expenses in these financial statements.

Note 11: Revenue

Prior Year Actual	Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI\$'000		CI\$'000	CI\$'000	CI\$'000
9,032	Sale of outputs to Cabinet	7,600	9,207	1,607
722	Law School Fees	720	500	(220)
100	Sale of outputs to other government agencies	100	-	(100)
11	Other	26	14	(12)
9,865	Total Revenue	8,446	9,721	1,275

Note 12: Personnel costs

Prior Year Actual	Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI\$'000		CI\$'000	CI\$'000	CI\$'000
5,338	Salaries, wages and allowances	5,424	6,153	729
733	Health care	855	1,138	283
294	Pension	303	371	68
(1)	Leave	52	12	(40)
35	Other Personnel related costs	20	48	28
6,399	Total Personnel Cost	6,654	7,722	1,068

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 13: Supplies and consumables

Prior Year Actual	Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI\$'000		CI\$'000	CI\$'000	CI\$'000
41	Supplies and Materials	56	68	12
481	Purchase of services	636	362	(274)
78	Utilities	103	103	-
-	Travel and Subsistence	39	62	23
12	Recruitment & Training	18	69	51
366	Lease of property and equipment	375	370	(5)
112	Reference materials	94	102	8
39	Audit and inspection fees	36	42	6
15	Repairs and maintenance	10	16	6
2	Other	-	-	-
1,146	Total Supplies & Consumables	1,367	1,194	(173)

Note 14: Litigation costs

The Attorney General's Chambers provides litigation and legal advisory services to the Government and its Ministries and Portfolios. During the year ended 31 December 2022, the use of legal services from outside of the Government was authorized by the Attorney General's Chambers to augment the delivery of its litigation and legal advisory services. The costs for these external legal services were \$208 thousand (2021: \$284 thousand).

Note 15: Reconciliation of net cash flows from operating activities to surplus

Prior Year Actual	Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
1,834	Surplus for the year	-	-	-
	Non-cash movements			
202	Depreciation and amortization expense	202	243	41
1	Bad debt expense	-	-	-
-	Debts written off	-	-	-
(1)	(Gain)/loss on foreign exchange transactions	-	-	-
	Changes in current assets and liabilities:			
(480)	(Increase)/decrease in receivables from exchange transactions	733	(15)	(748)
54	Decrease/(increase) in other receivables and prepayments	(14)	(1)	13
(5)	Decrease in trade payables, accruals and other liabilities	(19)	-	19
6	Increase in unearned revenue	11	-	(11)
(1)	(Decrease)/increase in employee entitlements	21	-	(21)
1,610	Net cash flows from operating activities	934	227	(707)

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 16: Commitments

Prior Year Actual CI\$000	Type	One year or less CI\$000	One to five Years CI\$000	Over five Years CI\$000
	Operating Commitments			
850	Non-cancellable accommodation leases	343	172	-
850	Total Operating Commitments	343	172	-

The Entity has one medium-to long-term lease for the term of 5 years for the property occupied by the Truman Bodden Law School at 11 Dr. Roy's Drive, in George Town. The lease expires on 30 June 2024. The amounts disclosed above as future commitments are based on the current rental rates.

Note 17: Explanation of major variances against budget

Explanations for major variances for the Entity's performance against the budget are as follows:

Statement of Financial Position

Receivables from exchange transactions

Receivables from exchange transactions are higher than budget by \$33 thousand, this difference was mainly due to a higher than anticipated level of cabinet funding for December 2022 by \$23 thousand, as well as a higher than expected receivable from other government agencies at year-end. The Attorney General's Chambers hosted the Caribbean Financial Action Task Force Plenary which was held at the Kimpton Seafire Resort & Spa on 26 November, to the 1 December 2022. The timing of the Plenary resulted in the increased level of cabinet funding for December 2022. Additionally, there were several cost sharing arrangements in place with other government agencies for which the entity is to be reimbursed, which resulted in higher than anticipated receivables at year-end.

Prepayments

Prepayments are lower than budget by \$21 thousands due to less purchases of online library resources and less expenditure on software licensing fees.

Property and equipment

Property and equipment is lower than budget by \$109 thousand due to less purchases taking place during the 2022 financial year than anticipated. In particular office fit-out costs of \$23 thousand, a vehicle purchase of \$30 thousand, and purchase of furniture and fitting for \$50 thousand did not materialize in the 2022 financial year.

Intangible assets

Intangible assets are lower than budget by \$7 thousand due to the delayed completion of the new Financial Reporting Authority website which is still in development and scheduled to be completed in the 2023 financial year.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 17: Explanation of major variances against budget (continued)

Statement of Financial Position (continued)

Trade payables

Trade payables are higher than budget by \$5 thousand due primarily to a higher number of invoices not being paid before year-end, which will be carried over and settled in the next financial year.

Accruals and Other Liabilities

Accruals and other liabilities are lower than budget by \$83 thousand partly due to there being less litigation costs outstanding at the year-end than previously anticipated.

Employee entitlements

Employee entitlements are higher than budget by \$94 thousand as a result of staff taking less annual leave than anticipated.

Contributed Capital

Contributed capital is lower than budget by \$119 thousand primary due to unutilized capital funding of \$115 thousand, which will carry forward to the 2023 financial year.

Statement of Financial Performance

Revenue

Revenue is lower than budget by \$1,275 thousand due to the combined effect of an increases in Law School revenue of \$220 thousand, an increase in revenue from sale of outputs to other government agencies of \$100 thousand, an increase in revenue from sale of outputs to third parties of \$12 thousand, and Cabinet funding for the 2022 financial year being \$1,607 thousand less than budget; which was a result of savings realized in personnel costs and litigation costs.

Personnel costs

Actual personnel costs are lower than budget by \$1,068 thousand for several reasons, such as vacancies arising from unanticipated staff departures during the year and posts being filled later than anticipated due to challenges in identifying suitable candidates for appointments - in some instances where no successful candidate was identified in a recruitment exercise, a new process had to be commenced with the post being re-advertised. Throughout the year, the Portfolio encountered challenges in filling certain posts (particularly in the legal and compliance sectors) due to the high demand on the labor market for such posts and the uncompetitive salaries offered by CIG in these areas. In other instances, certain posts such as those for Articled Clerks, were filled late within the financial year – this was dependent on the post-holders' successful completion of their studies and other commitments before they were able to commence their legal training with the Portfolio.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 17: Explanation of major variances against budget (continued)

Statement of Financial Performance (continued)

Supplies and consumables

Supplies and consumables are higher than budget by \$173 thousand which was a result of the Attorney General's Chambers hosting the Caribbean Financial Action Task Force Plenary, held at the Kimpton Seafire Resort & Spa on 26 November, to the 1 December 2022. Expenses in relation to the plenary totaled \$310 thousand for the 2022 financial year, which was not budgeted for.

Depreciation

Depreciation is under budget by \$41 thousand mainly due to assets being placed in service later in the year than planned; and \$115 thousand of appropriated capital funding which was not used as of year-end.

Litigation costs

Litigation costs are budgeted as contingencies for the defense of the Government in litigation as well as the provision of legal advice to Government, and vary from year to year depending on the number and complexity of cases. This expense was \$342 thousand lower than budget, due to the variable nature of matters.

Statement of Changes in Net Assets/Equity

Equity Investment

Within a multi-year budget period funds can be utilized between the two financial years. During the 2022 financial year \$32 thousand of the appropriated \$147 thousand was used to fund capital purchases. The remaining \$115 thousand will be carried forward to be used in the 2023 financial year.

Note 18: Related party and key management personnel disclosures

Key management personnel

Key management personnel are also considered to be related parties. For the year ended 31 December 2022, there are 10 (2021: nine) full-time and one part-time equivalent personnel considered at the senior management level. The total remuneration includes regular salary, allowances, pension contributions and health insurance contributions. Total remuneration for the members of senior management for the year ended 31 December 2022 was \$1,716 thousand (2021: \$1,444 thousand).

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 18: Related party and key management personnel disclosures (continued)

Related party disclosure

The Entity is a wholly-owned entity of the Government from which it derives a major source of its revenue. The Entity transacts with other government entities on a regular basis. These transactions were provided free of cost during the year ended 31 December 2022. They were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

31 December 2021 Actual	Statement of Financial Position	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
1,526	Receivables from exchange transactions	868	767	(101)
4,171	Surplus payable	-	-	-
-	Surplus paid during the year	4,171	-	(4,171)
1	Trade payables	-	-	-
10	Accruals and other liabilities	13	-	(13)
	Statement of Financial Performance			
9,032	Sale of goods and services	7,600	9,207	1,607
100	Sale of outputs to other government agencies	100	-	(100)

Note 19: Financial instrument risks

The Entity is exposed to a variety of financial risks including credit risk, exchange risk and liquidity risk. The Entity's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up-to-date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations (2021 Revision) as amended.

Credit risks

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Entity. Financial assets which potentially expose the Entity to credit risk comprise cash and cash equivalents and receivables from exchange transactions and other receivables.

The Entity is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers to be financially secure and well-managed. The Entity is also exposed to a significant concentration of credit risk in relation to receivables from exchange transactions, significant portions of which are due from other government entities.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 19: Financial instrument risks (continued)

Credit risks (continued)

No credit limits have been established. As at December 31 2022, a provision of \$63 thousand (2021: \$56 thousand) has been recognised on receivables from exchange transactions which have been outstanding for more than one year, and where a risk of collectability has been identified.

The carrying amount of financial assets recorded in the financial statements represents the Entity's maximum exposure to credit risk. No collateral is required from debtors.

Liquidity risk

Liquidity risk is the risk that the Entity is unable to meet its payment obligations associated with its financial liabilities when they are due.

The ability of the Entity to meet its debts and obligation is dependent upon its ability to collect the debts outstanding to the Entity on a timely basis. In the event of being unable to collect its outstanding debts, it is expected that the Government would temporarily fund any shortfalls the Entity would have with its own cash flows. As at 31 December 2022, all of the financial liabilities with the exception of surplus payable were due within three months of the year end date (2021: three months).

Exchange rate risk

The Entity does not have significant exposure to currency exchange rate risk as the Cayman Islands dollar is pegged to the United States Dollar.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 20: Segment reporting

For the year ended 31 December 2022:

	Legal Drafting & Review & Modernization of Acts CI\$000	Litigation & Legal Advice CI\$000	Ministerial Advice to the Attorney General CI\$000	Financial Intelligence Services CI\$000	Law School CI\$000	Total CI\$000
Revenue						
Sale of outputs to Cabinet	1,302	1,999	1,459	1,752	1,088	7,600
Sale of outputs to other Government agencies	-	100	-	-	-	100
Sale of outputs to others	-	-	24	-	722	746
Total Revenue	1,302	2,099	1,483	1,752	1,810	8,446
Expenses						
Personnel costs	1,184	1,668	995	1,587	1,220	6,654
Other expenses	118	431	488	165	590	1,792
Total Expenses	1,302	2,099	1,483	1,752	1,810	8,446
Surplus for the year	-	-	-	-	-	-

For the year ended 31 December 2021:

	Legal Drafting & Review & Modernization of Acts CI\$000	Litigation and Legal Advice CI\$000	Ministerial Advice to the Attorney General CI\$000	Financial Intelligence Services CI\$000	Law School CI\$000	Total CI\$000
Revenue						
Sale of outputs to Cabinet	1,333	2,238	2,222	1,832	1,407	9,032
Sale of outputs to other Government agencies	-	100	-	-	-	100
Sale of outputs to others	-	3	6	-	724	733
Total Revenue	1,333	2,341	2,228	1,832	2,131	9,865
Expenses						
Personnel costs	1,051	1,702	1,033	1,501	1,112	6,399
Other expenses	36	533	395	137	531	1,632
Total Expenses	1,087	2,235	1,428	1,638	1,643	8,031
Surplus for the year	246	106	800	194	488	1,834

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 20: Segment reporting (continued)

The Entity does not maintain a separate monitoring of total assets, total liabilities and capital cost for each segment. The Entity segment report is prepared on the basis of five major department activities:

1. Legislative drafting and the review and modernization of Acts: This includes the drafting of legislation and regulations for the Government and the study and review of legislation of the Cayman Islands with a view to its systematic development and reform.
2. Litigation and legal advice: The provision of legal advice and representation to Government Ministries, departments and statutory entities on civil matters and the provision of international legal assistance.
3. Advice/secretarial support to the Attorney General: This includes advice and support provided by the Anti-Money Laundering Unit as well as law revision and related policy advice on matters relating to legislation.
4. Financial intelligence services: This includes receipt of financial intelligence (suspicious activity reports (SARs)) under the Proceeds of Crime Act, the Misuse of Drugs Act, and Terrorism Act and facilitating requests for financial intelligence from overseas counterparts.
5. Legal education: The Truman Bodden Law School ("Law School") falls under the remit of the Entity. The Law School offers the Bachelor of Laws (LL.B (Honours)) degree program, part time and full time, the Professional Practice Course (PPC), the postgraduate Diploma (Pg.Dip) and the Master of Laws (LLM) in International Finance (on a full and part-time basis). The Law School is affiliated with the University of Liverpool and Oxford Brookes University in the UK. There are 91 students registered in total as at 31 December 2022 (31 December 2021: 108).

Note 21: Subsequent events

In preparing these financial statements management has evaluated and disclosed all material subsequent events up to 30 April 2023 which is the date that the financial statements were available to be issued.

APPENDIX B - APPROPRIATION STATEMENT

APPROPRIATION STATEMENT

Portfolio of Legal Affairs

As at 31 December 2022

Appropriation	Actual DEC-22	Full Year Budget DEC-22	Variance DEC-22
LGA 1- Provision of Legal Advice and Representation	1,999,098	2,510,176	511,078
LGA 3- Law Teaching and Publications	1,087,449	1,455,870	368,421
LGA 4- Drafting of Legislation and Regulations	898,398	910,831	12,433
LGA 5- Policy Advice to the Attorney General	1,459,399	1,842,059	382,660
LGA 6 - Financial Intelligence Services	1,751,615	2,036,906	285,291
LGA 7 - Review and Modernization of Laws	403,789	451,486	47,697
NGS 89 - Cayman Islands Legal Practitioners Association Ltd.	1,212,000	1,212,000	0
OE 6 - Contribution to Caribbean Financial Action Task Force	53,324	70,000	16,676
EI 34 - Portfolio of Legal Affairs	32,449	147,000	114,551