



Cayman Islands  
Institute of  
Professional  
Accountants

# Report on Supervision Activities of CIIPA in 2024 pursuant to the AML Regulations

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# Introduction

This report is prepared for the Anti-Money Laundering Steering Group (“AMLSG”) to satisfy the requirement at regulation 53D of the Anti-Money Laundering Regulations (2025 Revision) (the “AMLRs”), which states a Supervisory Authority shall submit to the Steering Group an annual report on its activities. This annual report covers the period 1 January 2024 to 31 December 2024 (the “period”) and provides the required information as detailed by regulation 53E.

# Designated non-financial business and professions (“DNFBPs”)

Firms of accountants are designated as DNFBPs in the AMLRs. A person who carries on business as a DNFBP in or from within the Islands is required to register with a Supervisory Authority.

## CIIPA AML Registration

The Cayman Islands Institute of Professional Accountant (“CIIPA”) was established by the Accountants Act to govern and regulate the professional conduct of its members, which includes the responsibility of licensing practitioner members who engage in public practice and registering public practice firms. It is CIIPA’s responsibility to promote and protect the welfare and interest of the accounting profession.

CIIPA is the designated Supervisory Authority for firms of accountants. The AMLRs define a firm of accountants as follows:

In respect of accountants, a body corporate, association, partnership, limited liability partnership or sole practitioner –

- (i) engaging in public practice, as defined in the Accountants Act (2024 Revision); or
- (ii) providing an accountancy service of recording, reviewing, analysing, calculating and reporting on financial information, in the course of business, which includes the following –
  - A. bookkeeping services;
  - B. payroll services;
  - C. accounts preparation; or
  - D. providing tax advisory or tax compliance services.

CIIPA is required to establish and maintain a DNFBP register for all DNFBPs for which it is designated Supervisory Authority. Additionally, the AMLRs require CIIPA to effectively monitor and ensure compliance with the AMLRs for every DNFBP for which it is designated if the DNFBP is conducting relevant financial business.

In the period, one (1) new public practice firm and six (6) firms providing an accountancy service in the course of their business were registered as firms of accountants, DNFBPs by CIIPA. Additionally, one (1) sole practitioner deregistered during the period.

The total number of persons registered under the supervision of CIIPA including the proportion of natural and legal persons is as follows<sup>1</sup>:

#### Public Practice Firms

Company	17
Limited Liability Partnership	3
Total number of entities with Legal Personality	20
General Partnership	21
Limited Partnership	1
Total Number of Entities without Legal Personality	22
Total Public Practice Firm - DNFBPs	42

#### Accountancy Service Providers

Company	67
Limited Liability Partnership	1
Total number of entities with Legal Personality	68
Sole Practitioner (Natural Persons)	19
Total Number of Entities without Legal Personality	19
Total Accountancy Service Providers - DNFBPs	87

Public Practice Firms	42
Accountancy Service Providers	87
Total number of registered DNFBPs	135

<sup>1</sup> As required in regulation 53E(a)

# Relevant Financial Business

Recommendation 22 (“R22.”) of the Financial Action Task Force (“FATF”) 40 recommendations sets out obligations for customer due diligence and record-keeping requirements set out in Recommendations 10, 11, 12, 15 and 17 which apply to DNFBPs in a number of scenarios, including:

- (d) Lawyers, notaries, other independent legal professionals and **accountants** – when they prepare for or carry out transactions for their client concerning the following activities:
- buying and selling of real estate;
  - managing of client money, securities or other assets;
  - management of bank, savings or securities accounts;
  - organisation of contributions for the creation, operation or management of companies;
  - creation, operation or management of legal persons or arrangements, and buying and selling of business entities.

Relevant financial business is defined in the Proceeds of Crime Act (2025 Revision) (“POCA”) and activities falling within the definition are listed in Schedule 6 of that Act and include the provision of services by accountants which align with the scenarios set out under R22. above.

To date no interpretation with regards to the definition of relevant financial business as it applies to the accounting sector has been provided. CIIPA has taken the view that the scope of relevant financial business can also extend to firms of accountants who may be undertaking the following activities listed in Schedule 6 of POCA:

9. advice to undertakings on capital structure, industrial strategy and related questions and advice and services related to mergers and the purchase of undertakings.

19. otherwise investing, administering or managing funds or money on behalf of other persons; and

In CIIPA’s view, the activities of Insolvency Practitioners who may be qualified accountants fall under paragraph 19 of POCA.

In April 2024, the Anti-Money Laundering (Amendment) Regulations, 2024 (the “AML Amendments”) came into force. The AML Amendments introduced regulation 53AA which provides for a Supervisory Authority to require a DNFBP to provide documents, statements or any other information it may reasonably require to determine if the DNFBP is carrying out relevant financial business.

This granted CIIPA the power to request information from all its registered DNFBPs. In the prior year of 2023, CIIPA introduced an AML return to collect a variety of data necessary to determine the risk in firms and the likely effectiveness of their controls in mitigating and managing that risk. However, the 2023 AML return was only sent to and required to be completed by the regulated firms, those conducting relevant financial business. The AML Amendments enabled CIIPA to oblige all its registered firms to complete the 2024 AML Return. In December 2024, CIIPA issued its 2024 AML return to all its registered firms.

Number of DNFBPs conducting relevant financial business	# Firms	% of Total Registered Firms
Year ended 31 December 2024	30	22%
Year ended 31 December 2023	28	21%

The relevant financial business carried on by those 30 per-sons under supervision of the Supervisory Authority in 2024 is as follows<sup>2</sup>:

Relevant Financial Business	Number of Firms engaged in the activity
Accountancy Services provided in the course of business relating to - management of bank, savings or securities accounts	11
Otherwise investing, administering or managing funds or money on behalf of other persons *	20
Advice to undertakings on capital structure, industrial strategy and related questions and advice and services related to mergers and the purchase of undertakings.	3

\* One firm had not commenced operations but is registered with CIIPA in line with the requirement to do so at regulation 55F, where they intend to carry on business as a DNFBP in or from within the Islands.

<sup>2</sup> As required in regulation 53E(b)

# Risk Profile of Supervised Entities

CIIPA adopts a risk-based approach to its supervisory activities. This approach is driven by CIIPA's identification, assessment and recording of the financial crime risks faced by the firms that it oversees. This assessment, or risk response category ("RRC"), is informed by at an overarching level by:

- The Cayman Islands' National Risk Assessment (refreshed on a 4-year rolling basis).
- Annual reports issued by the Financial Reporting Authority ("FRA"), which provide information on its activity throughout the year and importantly information regarding suspicious activity reporting which may be of relevant to CIIPA and its registrants, as well as information on financial crime typologies.
- Guidelines and risk assessments issued by overseas professional accountancy institute
- Material published, or shared with CIIPA, by bodies such as the Anti-Money Laundering Unit, the Ministry of Financial Services and Commerce, the Cayman Islands Monetary Authority, the International Federation of Accountants and the FATF.
- Legal and disciplinary cases published by other institutes, public bodies and AML supervisors in Cayman and overseas.

In generating its RRC, CIIPA also considers entity level risks including:

- the types of services provided by the entity;
- its client base, distribution arrangements and country risk;
- any adverse media related to an entity;
- sector guidance and alerts;
- our own supervisory judgement;
- liaison with industry and other supervisory authorities; and
- any intelligence shared by law enforcement.

The inherent risk position of the entity is then considered considering mitigating measures/factors in place within the entity, its governance arrangements, culture and competence to derive a residual RRC.

The RRC's, which were introduced by CIIPA in 2020, are generated upon a firms application to register and reviewed on at least an annual basis as a result of information submitted to CIIPA by way of the AML return since its introduction in 2023, as well as any other relevant matters identified as a result of onsite and offsite supervisory activity such as the results of the 2022 thematic review of country risk across the sector. Entity RRCs are not static, and changes to circumstances relating to individual entities which may necessitate an adjustment to the entity's RRC can be made as and when required.

The RRC are not subject to calculation using a formal methodology but instead are determined by a Technical Consultant considering the inherent risks arising from a number of risk factors.



As at the end of 2024, entities regulated by CIIPA for AML/CFT/CPF were risk-rated as follows:

Risk Rating	# Firms -2024	# Firms -2023
High	2	2
Medium-High	12	10
Medium	15	15
Low	1	1
Total	30	28

## Beneficial Ownership

The AML Amendments amended regulation 55F(1)(a) to require a Supervisory Authority's DNFBP register to contain in respect of each DNFBP –

(iii) information identifying the ownership and control structure of the DNFBP, including information on the beneficial owners of the DNFBP and all connected persons in relation to the DNFBP

Since the AML Amendments came into force in April 2024, CIIPA has required all entities seeking registration to provide information in respect of their ownership structures including identifying their beneficial owners and controllers who are considered connected persons under the AMLRs. Additionally, CIIPA's requested information from all registered firms in respect of their beneficial ownership and control through the 2024 AML Return.

### Fit and Proper

As the designated Supervisory Authority for accounting firms undertaking relevant financial business, CIIPA is required under regulation 55H to undertake fit and proper tests on persons, or connected persons, carrying on business as a DNFBP, which as a result of the AML Amendment now includes beneficial owners.

In the period, CIIPA amended its registration process to undertake fit and proper checks on the beneficial owners in response to the AML Amendments. Additionally, fit and proper checks are being performed for all beneficial owners and connected persons of registered firms with the details provided in the 2024 AML Return.

## AML Supervision

During the period, CIIPA's ability to undertake supervisory activity has been severely limited by resources, and its lack of funding. As a result, CIIPA has no information to report in the following subparagraphs as required by regulation 53E of the AMLRS:

- c) the number of contraventions of the Regulations by persons under the supervision of the Supervisory Authority which the Supervisory Authority has identified;
- d) the number of inspections of persons under its supervision for the purposes of the Regulations conducted by the Supervisory Authority;
- e) the number and amount of fines imposed by the Supervisory Authority;
- f) the number of times that the Supervisory Authority has exercised its enforcement powers; and
- g) the number of persons under the supervision of the Supervisory Authority who, following the exercise of enforcement powers by the Supervisory Authority, have contravened the requirements imposed by such enforcement measures

### CIIPA Self-Assessment

In September 2024, CIIPA engaged a third-party consultant to provide support with regards to its preparation for the 5th round Mutual Evaluation to be undertaken by Caribbean Financial Action Task Force ("CFATF"), that includes the following elements:

- Assessment of compliance with the relevant FATF Recommendations and suggestions with regards to enhancements.

At the time of writing, CIIPA has received a first draft from its consultants. CIIPA intends to prepare a paper for the AMLSG's consideration, detailing its action plan, needs and funding request.

# CIIPA Training and Outreach

In the period, CIIPA continued to engage in activities to educate persons under its supervision with respect to their responsibilities under the AMLRS as follows:

- In April, the 2024 AML/CFT update attended by 31 persons;
- In June, an AMLCO Forum attended by 26 persons; and
- In October, the 2024 CIIPA Momentum Conference attended by 140 persons.

Additionally, an industry advisory was issued on the impact of the AML Amendments on the accounting profession.

## CIIPA Training<sup>4</sup>

For supervisors to perform their functions effectively and efficiently, they must implement a risk-based approach. Adequate training is required to support an effective AML/CFT risk-based supervisory framework. In developing a step-by-step approach to establishing risk-based supervision, a programme of staff training is a required element.

Recommendation 28 and the interpretive note to recommendation 28 indicate that supervisors or Self-Regulating Bodies such as CIIPA, should have adequate human resources. Countries should have in place processes to ensure that the staff of these authorities maintain high professional standards and should be appropriately skilled.

CIIPA is working to ensure that its staff are adequately trained. A detailed training needs analysis is being undertaken. However, the following needs have been identified:

- The introduction to the FATF Global Standards, Methodology and Procedures available from the FATF @cademy.
- A focused understanding on the requirements and core issues of Immediate Outcome (IO) 4 as they relate to CIIPA and how Effectiveness in implementing IO 4 will be assessed.
- AML/CFT training courses or learning opportunities, along with opportunities to gain insight into the best practice from more established AML/CFT supervisors. This would include access to financial crime training courses or online pre-recorded training material that CIIPA staff can access and the participation in any international or regional training.
- To acquire greater understanding of the Mutual Evaluation Process by attending the CFATF Plenary. Although not relating to the period, CIIPA notes that it has been nominated by the AMLSG to attend DNFBP training tailored for Supervisors being offered by the CFATF. CIIPA is thankful for the opportunity and wishes to express its gratitude once more.

<sup>3</sup> As required in regulation 53E(h); <sup>4</sup> As required in regulation 53E(i)



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