Cayman Islands Institute of Professional Accountants

AML GUIDANCE

August 2026
Issue #2

AML Supervision

FOR Designated Non-Financial Businesses or Professions (DNFBPs)

IN THISISSUE

Welcome to CIIPA's AML Guidance Newsletter

This is the second edition of CIIPA’s AML Guidance Newsletter, published as part of our AML Supervision Programme for DNFBPs. Our first issue looked at the Business Risk Assessment (BRA) — the foundation of your firm’s AML framework. This issue turns to what you build on that foundation: training your people, governing your framework, and being able to demonstrate, with evidence, that both are working.

If you are registered with CIIPA and conducting relevant financial business — which includes insolvency and liquidation appointments — you are subject to the Anti-Money Laundering Regulations (2025 Revision) (the AMLRs). This newsletter is designed to help you understand what that means in practice, what CIIPA expects, and how you can demonstrate that your firm is meeting its obligations.

What you will find in this issue

This issue focuses on training, governance and demonstrating effectiveness — the practical work of preparing for an onsite inspection. We look at what the AMLRs require you to train your staff on, the records you must keep, and most importantly how you can show that your training actually works. We set out what good governance looks like and give you a practical checklist for getting inspection-ready, from your business risk assessment update through to case-file spot checks.

Onsite Monitoring Visits — What to Expect

CIIPA's AML supervision programme includes onsite inspection visits conducted by the Institute of Chartered Accountants in England and Wales (ICAEW) on CIIPA's behalf. ICAEW has extensive Cayman experience in conducting the Quality Assurance Review System (QARS) and in AML supervisory compliance in the UK and brings specialist knowledge of insolvency practice to this role.

How the first round of visits will work

The first round of onsite visits will commence in November 2026, and the last newsletter set out the general process.

Focus Topic: Training, Governance and Demonstrating Effectiveness

The prior guidance stated the importance of Business Risk Assessment it is the foundation of a firm's AML framework. The BRA sets out the risks the firms faces and this should form the basis of your training and governance. If training and governance are working well this shows an effective risk-based approach that is working. These two pillars of AML compliance are among the areas where inspections find the widest gap between what a firm's policies say and what its staff actually do. This issue explains what the AMLRs require, what records you need to keep, and will give you the questions reviewers return to again and again and how you can demonstrate that your training and governance are genuinely effective.

The legal requirement

Regulation 5 of the AMLRs (2025 Revision) requires firms carrying out relevant financial business to take appropriate measures to make employees aware of the enactments relating to money laundering, terrorist financing and proliferation financing and targeted financial sanctions, and to provide those employees with training in how to recognise and treat transactions and other activities by or on behalf of, any person who is, or appears to be engaged in ML, TF or PF, or whose assets are subject to targeted financial sanctions applicable in the Islands.

Regulation 3 and 33 respectively require the appointment of an Anti-Money Laundering Compliance Officer (AMLCO) and a Money Laundering Reporting Officer (MLRO) at the managerial level, who must maintain their own professional knowledge. Training and governance are not optional extras, they are standalone legal obligations, and their adequacy will be tested at inspection.

What earlier inspections have found — and what it means for you

CIIPA's monitoring rounds consistently identified training, governance and written controls among the most common areas for improvement. In the first round (2019), the AML Supervision Themes and Findings detail key themes for firms such as some firms had training in place, but for many it was not specific to the firm's own risks and controls, and some had not refreshed it since major changes to the legislation. Written policies, controls and procedures (PCPs) often existed but were generic, out of date, or did not reflect what staff actually did. By the second and third rounds (2020), the AML Supervision Themes across fourteen firms inspected the main issues were governance, training and policies and procedures. The lesson for the forthcoming visits is direct: these are exactly the areas that will be tested, and they are areas where firms have historically struggled.

What has changed – and why it matters for training

The AMLRs (2025 Revision) have been updated. Recent changes have sharpened expectations around proliferation financing, beneficial ownership identification and the fit-and-proper assessment of beneficial owners and have confirmed CIIPA's power to require information from firms at any time.

One of the most common historic findings was training delivered against a superseded version of the regulations. The message for this issue is simple: your training, your PCPs and your BRA must all reflect the 2025 Revision as it now stands, and you should be able to show when each was last reviewed against it.

Recurring theme	What CIIPA's inspections found	What it means for the forthcoming visits
Training	Most firms trained staff, but for many the training was generic and not tailored to the firm's own risks and controls, and some had not refreshed it after changes to the legislation.	Expect the reviewer to test whether your training reflects your BRA and the 2025 Revision, and whether staff can actually apply it.
Written controls (PCPs)	Policies and procedures often existed but were not tailored, not kept up to date, or did not reflect what staff actually did.	Your PCPs must match practice and be current; the reviewer will compare what your policies say with what your files show and if there is evidence of the controls.
Governance	Governance and oversight featured among the most common findings across firms inspected	Be ready to show senior-management ownership, approval of the BRA and PCPs, and regular management information
Risk-based approach	Some firms documented their risks but did not translate them into controls, applying standard controls to all clients regardless of risk.	Show that the risks in your BRA actually drive your controls, CDD and training.
Screening	Firms screened clients but often not transactions or third parties, and screening was at times inconsistent, unrecorded or mistimed	Screening must be consistent, recorded, and applied to the right parties at the right time. Evidence of consideration of risks is key in terms of retained evidence and considerations.

The training requirement — what the AMLRs expect

The obligation in Regulation 5 has two main purposes: awareness of the law, and practical training in recognising and handling suspicious activity. In practice this means every member of staff whose work touches relevant financial business, not only your case teams, but anyone who onboards clients, handles funds, or prepares distributions, must understand the legal framework, your firm's own policies, controls and procedures (PCPs), and what to do when something does not look right. A generic, off-the-shelf module completed once and never revisited is unlikely to be effective to satisfy this regulatory requirement. As CIIPA's earlier inspections found, training that is not specific to a firm's own risks and controls was among the most common shortcomings.

What your AML training must cover

- The law: the Proceeds of Crime Act (2025 Revision), the AMLRs (2025 Revision), and the offences of money laundering, terrorist financing and proliferation financing
- Your firm's PCPs: what your own policies, controls and procedures require staff to do, and where to find them
- Risk recognition: the specific ML, TF, PF and sanctions red flags that arise in insolvency and liquidation work — asset dissipation, false creditor claims, opaque beneficial ownership, third-party purchasers, and sanctioned parties
- Internal reporting: how to raise a concern, to whom (the MLRO), how quickly, and how to record it
- Tipping-off: the prohibition on tipping-off and the practical dos and don'ts
- Sanctions obligations: your screening expectations and what to do on a potential match
- Consequences: the administrative fines and professional consequences of getting it wrong.

Records — what you must keep and be able to produce

For inspection purposes, training needs to be documented to show it happened. The reviewer will ask to see the details of your staff training and will expect to see not just that sessions took place, but who attended, what was covered, and how the firm satisfied itself that the training met the needs of each role. Build your records so they can be produced quickly and tell a complete story.

Evidence of effective training compliance will include:

- A written training plan or policy setting out who is trained, on what, and how often
- Dates of each session and a record of attendance, with follow-up for anyone who missed it
- The content and materials delivered, and who delivered them (internal or external)
- Role-specific modules, showing how training was targeted to different functions
- Evidence of competency — any test results, quiz scores, scenario responses or assessment outcomes
- Records that your AMLCO and MLRO have maintained their professional knowledge (CPD, courses, updates)
- Confirmation that new joiners were trained before undertaking any relevant financial business
- Records of remedial or refresher training given after control checks, an error, a near miss, or an inspection finding.

Demonstrating effectiveness — showing training works, not just that it happened

An attendance register proves training has been delivered. It does not prove effectiveness. The question the reviewers will ask is: how do you know your training worked? Can your staff actually explain risks and recognise the risks in the matters they handle, and do they know what to do about them? Demonstrating effectiveness is key.

Choosing subjects, frequency and targeting different functions

Your training should be driven by your BRA. The risks you identified there, typically pre-appointment conduct, complex beneficial ownership, PEP connections, cross-border and sanctions exposure, false creditor claims, and asset realisations are the subjects your training must cover. Frequency should be risk-based too: at least annually for all relevant staff, on induction for new joiners, whenever your PCPs or the BRA change, and promptly after any finding or error that reveals a gap. Different functions need different depth. A partner approving a distribution, a case manager running day-to-day CDD, and an administrator processing payments each face different risks and need training pitched to what they actually do.

CIIPA's expectation

CIIPA does not expect training to be a solely a box-ticking exercise. We expect firms to measure whether it has landed. Effectiveness can be evidenced in several ways: short assessments or scenario tests after each session; discussion of live or recent case examples in team meetings; tracking whether staff actually raise internal reports and escalate concerns; monitoring the quality of those reports; recording near-misses and lessons learned; and, critically, feeding what you find back into your PCPs and your next round of training.

Role	Focus of training	Frequency
Senior management / principals	Accountability for the AML framework, approving the BRA and PCPs, the firm's risk appetite, and reviewing management information	On appointment, then at least annually
AMLCO	The full framework, regulatory developments, oversight and monitoring, and reporting to senior management — with deeper technical knowledge	Ongoing CPD; refreshed at least annually
MLRO	Recognising and evaluating suspicious activity, SAR decision-making, the reporting route, tipping-off, and record-keeping	Ongoing CPD; refreshed at least annually
Insolvency case managers & staff	The BRA risks in live casework, SDD, CDD and EDD, sanctions screening, red-flag recognition, and how and to whom to escalate	On induction, then at least annually and on change
Support & administrative staff	Awareness of ML, TF and PF, the PCPs relevant to their role, and how to raise a concern	On induction, then at least annually
New joiners	Core AML awareness and the firm's PCPs before undertaking any relevant financial business	Before starting relevant work

The test of effective role-based training is simple: can each member of staff explain, in their own words, why they do what they do, the likely risks they might see in the work in front of them, and who they report a concern to and how? If they can, then your training is working.

Governance — what good looks like

Governance is how your firm's senior management owns, directs and oversees the AML framework. Following on from your business risk assessment, the risks are known; governance is how you show that those risks are actually being managed and that your regulatory obligations are being met. Good governance is visible and leaves a trail of the decisions taken, controls monitored, issues escalated and actions taken.

Management information good governance should produce

- The number of internal reports and SARs made, and the MLRO's decision on each
- Sanctions and PEP screening activity — hits identified and how they were resolved
- Training completion and effectiveness measures across the firm
- The results of case-file reviews and spot checks
- The status of actions arising from prior inspection or monitoring findings
- Any changes to the firm's risk profile and the BRA

What good governance looks like

A well-governed firm can show: an AMLCO and MLRO appointed in writing with appropriate seniority, skills and authority (Regulations 3 and 33); an BRA and a set of PCPs approved by senior management and kept current; a compliance monitoring programme that tests whether controls are actually operating; regular management information reported to the partners or board; documented decisions with a clear audit trail; defined escalation routes; and enough resource and independence for the compliance function to do its job. Governance is not a document — it is the evidence that your framework is being run, not just written.

Training and governance cycle

Just as the BRA is not a standalone document, neither training nor governance stands on its own. They are the links that turn a risk assessment into a working framework and back again. The BRA identifies your risks; your PCPs set the controls; training equips your people to apply them; governance oversees and evidences the whole; and monitoring, spot checks and the errors you find all feed back into the BRA, the PCPs and the next round of training.

The BRA identifies risk

understood from your BRA and your casework

▶ PCPs set the controls that manage it
▶ Training equips staff to apply the controls
▶ Staff can explain the risks and how to report them
▶ Governance oversees and evidences the framework
▶ Monitoring and spot checks test effectiveness
▶ Findings and errors feed back into the BRA, PCPs and training

What your firm should do now

Action for your firm

1. Map training to your BRA: list the risks in your BRA and check your training programme covers each one. Close any gaps.
2. Build or refresh your training records: make sure you can produce a plan, attendance, content and role-specific detail on request.
3. Add a measure of effectiveness: introduce a short assessment or scenario test and start tracking whether staff are raising and escalating concerns.
4. Tailor training by function: confirm that senior management, your AMLCO and MLRO, case teams and support staff each receive training pitched to their role.
5. Test your governance: check that senior management approves the BRA and PCPs, receives regular AML management information, and that decisions and actions are documented.
6. Close out prior findings and spot-check files: confirm every previous finding is actioned and sample your case files against your PCPs.
7. Be ready for the pre-inspection request: alongside your BRA, have your training records, PCP version history, monitoring results and governance minutes readily available.

Contact CIIPA

If you have questions about your firm's AML obligations or about the inspection programme, please contact CIIPA's regulatory team. We will also be publishing further guidance documents and running AMLCO Forum sessions over the coming year — details will be circulated to all registered firms.

This newsletter is for guidance purposes and does not constitute legal advice. Firms should take independent legal advice where appropriate. The AMLRs (2025 Revision) and the Proceeds of Crime Act (2025 Revision) are the authoritative legal texts.