



Cayman Islands
Institute of
Professional
Accountants

Report on Supervision Activities of CIIPA in 2025 pursuant to the AML Regulations



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1. INTRODUCTION

- 1.1 This report is prepared for the Anti-Money Laundering Steering Group (“**AMLSG**”) to satisfy the requirement of 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.
- 1.2 This annual report covers the period 1 January 2025 to 31 December 2025 (the “**period**”) and provides the required information as detailed by regulation 53E.

2. DESIGNATED NON-FINANCIAL BUSINESS AND PROFESSIONS (“**DNFBPs**”)

- 2.1 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.

3. CIIPA AML REGISTRATION

- 3.1 The Cayman Islands Institute of Professional Accountants (“**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.
- 3.2 CIIPA is the designated Supervisory Authority for firms of accountants. The AMLRs define a firm of accountants as follows:
- 3.3 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.
- 3.4 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.

3.5 In the period, three (3) new public practice firms and two (2) firms providing an accountancy service in the course of their business were registered as firms of accountants, DNFBPs by CIIPA. Additionally, two (2) firms providing an accountancy service in the course of their business deregistered during the period.

3.6 The total number of persons registered under the supervision of CIIPA including the proportion of natural and legal persons is as follows¹ :

PUBLIC PRACTICE FIRMS	
Company	19
Limited Liability Partnership	4
Total Number of Entities with Legal Personality	23
General Partnership	21
Limited Partnership	1
Total Number of Entities without Legal Personality	22
Total Public Practice Firm – DNFBPs	45
ACCOUNTANCY SERVICE PROVIDERS	
Company	67
Limited Liability Company	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	45
Accountancy Services Providers	87
Total Number of Registered DNFBPs	132

¹ As required in regulation 53E(a)

4. RELEVANT FINANCIAL BUSINESS

- 4.1 Recommendation 22 (“**R22.**”) of the Financial Action Task Force’s (“**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.
- 4.2 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 the POCA and include the provision of services by accountants which align with the scenarios set out under R22 above.
- 4.3 To date, no formal interpretation with regards to the definition of relevant financial business as it applies to the accounting sector has been provided. CIIPA considers that relevant financial business may 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;
- 4.4 In CIIPA’s view, the activities of Insolvency Practitioners who may be qualified accountants fall under paragraph 19.
- 4.5 In December 2025, CIIPA issued its 2025 AML Return to all the registered firms 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. The return also allows firms to indicate whether or not they are conducting relevant financial business. Per the responses:

Number of DNFBPs conducting relevant financial business	# Firms	% of Total Registered Firm
Year ended 31 December 2025	31	23%
Year ended 31 December 2024	30	22%

4.6 The relevant financial business carried on by those 31 persons under supervision of the Supervisory Authority in 2025 is as follows²:

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	8
Otherwise investing, administering or managing funds or money on behalf of other persons	18
Advice to undertakings on capital structure, industrial strategy and related questions and advice and services related to mergers and the purchase of undertakings.	1

5. RISK PROFILE OF SUPERVISED ENTITIES

5.1 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. In Q4 of 2025, CIIPA implemented the SupTech tool, Strix AML. This process primarily involves utilizing Strix AML to collect entity risk data and assign risk ratings for regulated entities under the CIIPA's supervision. The Strix AML tool was designed to support a Risk-Based Approach (RBA) methodology by facilitating risk identification through scoring algorithms applied to Inherent Risk and Controls models. The Strix scoring module is structured into two separate sections: (1) Inherent Risk and (2) Controls. By using a simplified Analytical Hierarchy Process with a three-layered sum-of-weighted-scores approach, Strix calculates entity-specific Residual Risk scores and ranks. This Residual Risk represents the inherent risk level after considering the strength of an entity's controls and the quality of its risk mitigation. These ratings will assist CIIPA in strategically allocating its resources to higher-risk entities.

The scoring hierarchy is highly granular, consisting of three distinct layers:

- Layer 1: High-level risk categories, including Customer Risk, Products and Services Risk, and Distribution Channel Risk.
- Layer 2: Sub-categories that define the first layer, such as Client Structure, Beneficial Ownership, and Legal Persons and Arrangements within the Customer Risk category.
- Layer 3: Individual questions that are weighted and scored based on importance and set thresholds.

² As required in regulation 53E(b)

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

Risk Rating	# Firms - 2025	# Firms - 2024
High	0	2
Medium-High	5	12
Medium	10	15
Low	16	1
Total	31	30

6. BENEFICIAL OWNERSHIP

6.1 Regulation 55F(1)(a) of the AMLRs require a Supervisory Authority's DNFBP register to contain in respect of each DNFBP –

- (i) 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

6.2 Since the regulation came into force in April 2024, CIIPA has required all entities wishing to register 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 continues to request the required information from all registered firms in respect of their beneficial ownership and control within the 2025 Strix AML Return. The AMLRs require DNFBPs to notify the Supervisory Authority of any change in information submitted under regulation 55F, including information identifying the ownership and control structure no later than thirty days after the date on which the change occurs.

6.3 The Beneficial Ownership Transparency Act, 2023 (“BOTA”) came into effect on 31 July 2024 with entities having to comply with the regime by 1 January 2025. In particular, Section 22(2)(j)(i) of the BOTA permits access to beneficial ownership information by persons or bodies with responsibility for monitoring compliance with the AMLRs. As CIIPA has responsibility for monitoring compliance with AMLRs for firms of accountants, CIIPA may access beneficial ownership information for supervisory purposes.

6.4 In 2025, CIIPA requested information maintained on behalf of four legal persons. In one instance, in accordance with its duty under regulation 17(1) of the Beneficial Ownership Transparency Regulations, 2024 CIIPA provided a notification of discrepancy in the beneficial ownership information.

7. FIT AND PROPER

- 7.1 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 includes beneficial owners.
- 7.2 CIIPA as part of its registration process continues to undertake fit and proper checks on the beneficial owners and connected persons.
- 7.3 In accordance with the AMLRs, persons carrying out relevant financial business are required to designate a person at the managerial level as the Anti-Money Laundering Compliance Officer. They are also required to designate a person employed at the managerial level as the Money Laundering Reporting Officer (“**MLRO**”) and designate a manager or official employed at managerial level as an alternate for the MLRO who shall be referred to as the Deputy Money Laundering Reporting Officer who shall in the absence of the MLRO discharge the functions of the MLRO. These positions are considered connected persons by way of their requiring persons at the managerial level. As part of the AML Return 2025 process, CIIPA verified that each firm of accountants conducting relevant financial business had appointed such persons and that they were fit and proper.

8. AML SUPERVISION

- 8.1 In previous years, CIIPA’s ability to undertake supervisory activities has been severely limited by resources, both human and technological and its lack of adequate funding. In 2025, the Cabinet approved a request from CIIPA for annual funding to support its functions and responsibilities as a Supervisory Authority under the AMLRs by means of a Purchase Agreement. The Purchase Agreement is effective for the calendar years 2026 and 2027. However, a prorated amount was provided at the end of Q4 2025 to allow CIIPA to purchase the AML Strix tool.
- 8.2 During the reporting period, CIIPA did not identify any matters requiring reporting under regulations 53 c) – g) of the AMLRs, including contraventions, inspections, fines, or enforcement actions.
- 8.3 With funding in place, CIIPA has appointed the Institute of Accountants of England and Wales (“**ICAEW**”) to undertake inspections and monitoring visits on its behalf and is scheduling visits for 2026 and early 2027. CIIPA has engaged a consulting firm to provide AML advisory and programme development services. Their work includes a general programme plan covering the next two to three years, which sets out a phased approach to resuming inspections, introducing thematic reviews, and building the evidence base ahead of the 5th Round mutual evaluation. Additionally, CIIPA is planning outreach to firms, to give firms practical tools and advance notice of the areas CIIPA will be focusing on, so that when inspections resume the sector is informed.

9. CIIPA TRAINING AND OUTREACH

- 9.1 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 February, the 2025 AML/CFT update attended by 68 persons;
 - In November, an AMLCO Forum attended by 25 persons; and
 - In November, the 2025 CIIPA Momentum Conference attended by 159 persons.
- 9.2 Additionally, in October 2025, CIIPA alongside the Cayman Islands Legal Practitioners Association (“**CILPA**”) and the Legal Services Supervisory Authority (“**LSSA**”) hosted the International Federation of Accountants (“**IFAC**”) and the International Bar Association (“**IBA**”) Professional Body Anti-Money Laundering 3-day Capacity Building Workshop. The workshop marked the pilot event in a global series of regional AML capacity building initiatives jointly organized by FATF, IFAC, and the IBA. It was designed specifically for the executive leadership of Professional Accountancy Organizations (PAOs) and Bar Associations in the Caribbean region, including Chief Executive Officers, Heads of Regulation, Heads of Education, and equivalent senior staff.
- 9.3 The workshop objectives and overarching goal was to strengthen the AML contributions of professional bodies across the Caribbean by:
- Enhancing the ability to educate and equip members with relevant AML requirements and expectations.
 - Empowering bodies to partner more effectively with key AML stakeholders, including government agencies and financial intelligence units.
 - Supporting professional bodies to undertake or prepare for AML supervisory responsibilities, where applicable.
- 9.4 This unique initiative brought together the accountancy and legal professions in a shared learning environment. Sessions were led by AML experts from the FATF and Caribbean Financial Action Task Force (“**CFATF**”), IBA, IFAC, and their respective expert networks. The workshop offered practical guidance, peer learning, and interactive discussion focused on the roles, responsibilities, and opportunities for professional bodies in strengthening national AML systems.

10. CAPACITY BUILDING AND STAFF TRAINING

- 10.1 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.
- 10.2 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 those authorities maintain high professional standards and should be appropriately skilled.

- 10.3 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.
- 10.4 In July 2025, CIIPA attended the DNFBP training for Supervisory Authorities 5th Round Training being facilitated by the CFATF. The two-day course was the inaugural CFATF training provided to supervisors of DNFBPs, which includes a wide range of sectors, such as casinos, lawyers, notaries and other independent legal practitioners and accountants, real estate agents and dealers in precious metals and stones.
- 10.5 CIIPA was nominated by the AMLSG to attend and was thankful for the opportunity and wishes to express its gratitude once more.



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