

Fund Finance Friday



Cayman De-Listings Update – Close But No (Grey List) Cigar!

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Observers of the FATF and EU's many lists will be aware that Cayman currently sits on the FATF "Grey List" in respect of increased monitoring for AML and, as a direct result of this, the EU "Black List" for AML purposes (which mimics any FATF greylisting).

While neither of these lists has any material relevance in the fund finance world, it's never nice to be included on one due to the connotations that they carry. The listings are particularly unfair to Cayman – a jurisdiction that serves almost entirely institutional-level investors and has been making tireless and constant efforts over the past decade to meet all international requests. So it had been hoped that Cayman would be removed from the FATF Grey List in October 2022 and the EU AML list thereafter.

While it has been acknowledged by all parties that Cayman has now met 62 of the 63 recommendations of FATF in this regard, Cayman was not removed from the FATF Grey List at October's FATF meeting, and so will not be in a position to be removed from the corresponding EU AML list for now either. The main reason for this appears to be that FATF would like to see more progress on AML prosecutions in Cayman.

The current indications are that it will take some time for Cayman to meet this final hurdle (mid-2023 at the earliest) but, for now, Cayman remains on both lists, and we continue to watch this space.