



MINISTRY OF
FINANCIAL SERVICES,
COMMERCE & ENVIRONMENT
CAYMAN ISLANDS GOVERNMENT

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Government Details Its Response to FCA's 'High Risk' List

Before the UK's Financial Conduct Authority (FCA) published its list of 'high risk countries' on 18 July, the Cayman Islands Government had written to authority officials to officially request a justification of the FCA's methodology, or an immediate correction.

Government sent the letter to the FCA on 8 July, after it learned days earlier that this list existed with Cayman on it and that it was to be released following an FOI request, said Minister of Financial Services Wayne Panton.

'Government is astounded that the UK would put Cayman on the list, as both Cayman and the UK have been rated equally in the OECD's 2013 Global Forum on Transparency and Exchange of Information for Tax Purposes rankings', he said, noting that Cayman also ranked higher than most of the G8 countries.

'Furthermore, there are areas in which Cayman has been ahead of the UK for more than a decade – for example, collection of KYC information on legal structures', the Minister said.

He added that Government questions the FCA's motive for including Cayman on the list, particularly in light of consistent third-party acknowledgements of the robustness of Cayman's regime.

'It defies logic and the facts', he said. 'However, regardless of the FCA's motive, Government must deal with this matter in a responsible manner. Matters of diplomacy are often difficult to conduct in the public sphere. While Government wants to be in the position of airing important matters, such

as this one, to the public at an early stage, we do have to assess whether, on balance, the interests of our country is better served by attempting to resolve such matters quietly’.

Minister Panton said that although the list is not a 'black list', it does have reputational implications.

‘We take this matter seriously. Having recently received the FCA's disingenuous response, rest assured that Government is considering all options available to us, including judicial review which will seek to reverse the FCA's decision to include Cayman on the list’.

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Attachments:

1. Government’s 8 July 2014 letter to the FCA
2. The FCA’s 12 August response to Government