



OFFICE OF THE
PREMIER
CAYMAN ISLANDS GOVERNMENT

Cayman, UK to Enhance Sharing of Beneficial Ownership

Information

Press Conference

By Premier Hon. Alden McLaughlin, MBE, JP, MLA

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Good morning and thank you for joining us today.

Before we begin, on behalf of the entire Government and the Progressives I offer condolences to the Leader of the Opposition, the Hon. McKeeva Bush and his family on the passing of his mother Ms Faith after a long illness. The loss of one's mother is certainly profound and something with which many of us, including myself, are regrettably familiar. Our thoughts, prayers and considerations are with Mr. Bush and his family during this very difficult time.

This morning I must also make apologies for Financial Services Minister Hon. Wayne Panton who is out of the country attending the RIMS Conference with the Insurance Managers Association of Cayman.

We are here today to update you regarding the results of discussions concerning beneficial ownership between the Cayman Islands and the United Kingdom. I want to thank the Minister for Financial Services, his Chief Officer and Ministry staff for all the hard work they have committed to this effort. I also wish to thank the UK Government officials and the UK Government for their work and for acknowledging what the Cayman Islands has done regarding beneficial ownership and our consistent cooperation in the fight against serious crime.

Today I am pleased to announce that following months of discussions the Cayman Islands and the United Kingdom have signed an agreement on the enhanced sharing of beneficial ownership information – an agreement that the UK Prime Minister announced minutes ago in the House of Commons.

This agreement adds to the number of commitments that Cayman has made previously, all of which build on our capacity to engage in the

global fight against serious crimes. This agreement is reciprocal and holds the UK to the same standards in cases where our law enforcement officials may need information on companies incorporated in the UK.

This agreement confirms that the Cayman Islands will implement, as we have said for some time, a central platform that will allow designated Cayman Islands officials to directly obtain and provide details of beneficial ownership of companies incorporated in Cayman to the UK, as required by law and treaty. As previously indicated this is not a central registry as beneficial ownership details will remain with the service providers managing them, but rather information will be accessed via a central technical platform. And it certainly will not be available publically or available directly by any UK or non-Cayman Islands agency.

I must tell you that these matters have occupied the Government for some time. It is part of the reason we cannot spend time in the Legislative Assembly this week.

Before I speak to this latest agreement, allow me to give you the background to our ongoing efforts and demonstrate that from the very beginning of this process we have remained clear, consistent, cooperative and committed:

Since 2013 – the year this Government took office – Cayman and the UK have been discussing the form in which the sharing of beneficial ownership information could take between our respective law enforcement and tax authorities. And from the moment the UK's plans for a publicly accessible central register of beneficial ownership was raised during the run-up to the G8 summit in June of that year, we have been absolutely clear that we support the global fight against serious crimes, including tax evasion and corruption.

We have also been very clear and consistent in emphasising that we already have a robust system for sharing beneficial ownership information, which has been in place for more than 15 years – far longer than that of many countries, including many of the G20 economies and that of the UK.

As we have explained previously, Cayman's laws require our corporate service providers to verify the beneficial owners of corporate and legal entities incorporated in the Cayman Islands. And perhaps there is no greater example of our consistency in maintaining the highest standards, cooperation with international partners and commitment to upholding global standards than the decades of engagement with international initiatives against serious crimes, including anti money-laundering and tax evasion, through our multiple mechanisms for exchanges of information on tax and beneficial ownership information.

While they have not received as much media attention in comparison with the cases of criminality, these mechanisms include tax information exchange agreements, the OECD's Common Reporting Standard, the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, the European Union Savings Directive, US FATCA and specifically with the UK, a double tax arrangement and UK FATCA. In all, these mechanisms allow for the sharing of information with more than 90 jurisdictions, including the majority of the G20 countries.

These multiple mechanisms assist other countries with whom we partner in realising the full amount of taxes where they are due. Cayman takes

these steps, which are wholly in support of other jurisdictions' law enforcement and tax regimes, in order to ensure that criminals are not attracted to use our financial services system for illicit means. In other words, we don't just acknowledge that there is a morality element in fighting global crime. We have been acting on it for years, before it became a global rallying cry.

Rather than allowing illegal activity to take place, then, Cayman's record on transparency and global law enforcement cooperation is clear to anyone who is willing to recognise our efforts to collaborate globally with law enforcement and tax authorities in the fight against serious crime.

Speaking now of today's announcement: Cayman's beneficial ownership regime initially was not understood by our colleagues in the United Kingdom, particularly in light of their preference that we adopt a public, central register. While we always remained clear and consistent in our position during the ongoing discussions, and especially during meetings of the Joint Ministerial Council, it was not until there were several visits to Cayman by UK Ministers and Officials – some at our own request – that they appreciated that our regime already did what they are trying to do.

This all came to a head during the Joint Ministerial Council in December 2015, when it was finally acknowledged that beneficial ownership could be held in our respective jurisdictions via central registers or similarly effective systems such as Cayman's proposed Central Platform. This marked a significant development in the discussions. It was during these discussions that we invited a visit by the Foreign Commonwealth Office and the National Crimes Agency to Cayman to meet with technocrats and industry and to obtain a fuller understanding of the business that we do.

We know that our planned enhancements to our beneficial ownership information regime are both appropriate for our jurisdiction and moreover – and please allow me to underscore this, because I don't want it to be overlooked – our enhancements are in line with global standards and the UK's own position. This is why throughout these discussions we have remained consistent in pointing out that there is no need to adopt any other system. I am glad and proud that our perseverance has finally paid off.

Following the visit at our invitation by the Foreign and Commonwealth Office and National Crime Agency in late February, the Ministry of

Financial Services has been negotiating an Exchange of Notes with the UK. This document, along with a Technical Protocol, reaffirms the mutual collaboration between law enforcement and tax authorities in the UK and the Cayman islands; and outlines several operational parameters to this cooperation that will improve the relationship between the relevant authorities.

I acknowledge that these negotiations and indeed the entire process, which began in 2013 has been difficult and complex, but again, it's the outcome that's important: The UK has recognised that our system of enhancements meets their criteria for the sharing of information; meets global standards; and is best for this jurisdiction.

It is somewhat ironic that last week's Panama Papers leak has brought into focus the importance of a global standard in addressing matters of serious crime and tax evasion. Our record shows that Cayman has consistently been cooperative and committed to supporting the implementation of international standards.

Regrettably, despite Cayman's efforts and clear record, there are those who will look to lump us into the same bucket as places that do not do

what we do. Political pressure, combined with influence from some NGOs and the media, continue to wrongly brand Cayman as uncooperative and a part of the problem.

This negative context, however, underscores the significance of today's announcement of a mutually beneficial agreement with the United Kingdom on the enhanced sharing of beneficial ownership information. In his announcement today of this agreement, PM Cameron said that the Cayman Islands, and our fellow Overseas Territories and Crown Dependencies, are now ahead of many other jurisdictions in relation to the sharing of beneficial ownership information among law enforcement and tax authorities.

To emphasise, the Exchange of Notes and Technical Protocol outline our partnership in the global fight against serious crimes. Importantly, they also recognise that Cayman does not have to go the route of creating a central register. It is a fact that the majority of jurisdictions around the world do not have central registers, and some of these jurisdictions have recently been assessed as compliant with international standards.

The global standard will be ever evolving, as it should be. Some things that may have been acceptable in days gone by are no longer so; and as should be anticipated in matters of serious crime, criminals will always seek to keep one step ahead of the game. For our part, the Cayman Islands will continue to be clear, consistent, cooperative and committed in being part of the solution.

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