



MEMORANDUM OF UNDERSTANDING

BETWEEN

THE CAYMAN ISLANDS MONETARY AUTHORITY

AND

THE CAYMAN ISLANDS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

ON

THE EXCHANGE OF INFORMATION FOR CO-OPERATION AND CONSULTATION

27 June 2023

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This Memorandum of Understanding (hereinafter "Memorandum") is entered into between the Cayman Islands Monetary Authority (hereinafter "CIMA") and the Cayman Islands Institute of Professional Accountants (hereinafter "CIIPA") together hereinafter referred to as "the Authorities" are both signatories to this Memorandum.

RECITALS

WHEREAS THE SIGNATORIES:

- A. Recognise the need for mutual cooperation and arrangements for the exchange of information between the Authorities in the carrying out of their respective regulatory and supervisory functions under the relevant acts, regulations and policies governing them.
- B. Acknowledge the importance of compliance with all relevant international standards established by international standard setting bodies.
- C. Acknowledge that information pertaining the Anti Money Laundering Supervision may be shared pursuant to the Anti Money Laundering Regulations further facilitated by the Multilateral MOU between the AML Supervisors of the Cayman Islands and thus does not fall within the scope of this bilateral MOU.
- D. Acknowledge that the functions of CIMA are *inter alia* to regulate and supervise the financial services business carried on from or within the Islands in accordance with the Monetary Authority Act and the regulatory acts, as well as to monitor compliance with internationally recognised and applied standards insofar as they are relevant and appropriate to the circumstances of its licensees and regulated entities.
- E. Acknowledge that the functions of CIIPA are *inter alia* to licence accountants engaged in public practice, set professional and ethical standards, register public practice firms, ensure quality in audit and discipline registered accountants, licensed public accountants and firms and in accordance with the Accountants Act (2020 Revision) as amended.
- F. CIMA recognises CIIPA's authority to: (i) licence all accountants engaged in public practice in the Cayman Islands, (ii) conduct investigations into complaints of professional misconduct of its licensed practitioners and impose disciplinary measures when necessary; and (iii) identify failings during Quality Assurance Reviews of Registered Firms and impose conditions or disciplinary measures when necessary.
- G. The Authorities will endeavour to cooperate and assist each other in licensing, reviews and approvals, and consequent investigation or proceedings to the fullest extent possible as permitted by Act.

In furtherance of these functions and to this end, the Authorities have reached the following understanding:

DEFINITIONS

For the purpose of this Memorandum:

"*Approved Audit Firm*" means a CIIPA Registered Public Practice Firm that has received approval to audit regulated institutions from CIMA and is listed as such on CIMA's list of approved auditors;



“*Conditions*” means any measure applied by CIIPA to a Registered Public Practice Firm to either address findings in accordance with the Accountants (Quality Assurance) Regulations (2020 Revision) as amended or to limit the nature or scope of public accounting services it may perform. Conditions may specify the number and type of clients that the Registered Public Practice Firm may service in accordance with the Accountants (Application for Membership) Regulations 2016 as amended;

“*Disciplinary Proceedings*” means any proceedings, tribunal or action brought or referred by CIIPA against any Registered Public Practice Firm or licensee in accordance with the Accountants Act (2020 Revision) as amended and the Accountants (Disciplinary) Regulations 2016 as amended;

“*Acts, Regulations and Policies*” means the provisions of the acts or the regulations and requirements promulgated thereunder.

“*Licensed Practitioner*” means a person licensed under the Accountants Act after satisfaction of criteria including competence, capability, accessibility and commitment.

“*Public Practice*” has the meaning as prescribed in the Accountants Act (2020 Revision) as amended.

“*Registered Public Practice Firm*” means a firm that; (i) employs a director, partner or equivalent person that is licensed under the Accountants Act and (ii) is registered with CIIPA in accordance with the Accountants Act and includes sole practitioners.

“*Disqualification*” includes removal in accordance with the CIMA Auditor Approval Policy

INTENTION

- 2.1 This Memorandum sets forth a statement of intent of the Authorities to establish a framework to facilitate the exchange of information between the Authorities for the purpose of greater oversight and regulation of *public practice* and the harmonious implementation of the statutory obligations of both CIMA and CIIPA.
- 2.2 The Authorities intend to provide one another with assistance under this Memorandum to the full extent permitted by the Acts, Regulations and Policy governing them.
- 2.3 This Memorandum does not create any binding legal obligations upon the Authorities or supersede any acts or any other multilateral or bilateral agreements entered into by any of the Authorities.
- 2.4 The provisions of this Memorandum do not create a right of any person, directly or indirectly, to obtain, suppress or exclude any information, or to challenge the execution of a request for assistance under this Memorandum.
- 2.5 The Authorities will use reasonable efforts to provide each other, as permitted by the Acts, Regulations and Policies, with any information that they discover that relates to the safety, soundness and operation of a CIMA Approved Audit Firm.

SCOPE AND PURPOSE

3.1 The scope of this Memorandum includes:

- (a) The sharing and exchange of information to enable the enforcement of the Laws, Regulations, Policies and professional standards relating to Approved Audit Firm.
- (b) Ensuring that Approved Audit Firms meet the required standards of CIMA and CIIPA through the exchange of information between the respective Authorities, as permitted by the relevant laws and regulations.
- (c) Any other matters agreed upon between the Authorities from time to time that are permitted by the relevant Laws, Regulations and Policy governing the Authorities.

CONSULTATION

4. The Authorities will have regular consultations with each other to improve the operation of the Memorandum of Understanding and resolving any matters that may arise.

CONFIDENTIALITY

- 5.1 All information exchanged by the Authorities will be subjected to strict controls and safeguards to ensure that the information is used only in a manner authorised by this Memorandum of Understanding and the relevant laws and shall be treated in a confidential manner.
- 5.2 Exchanged information will be protected by the same confidentiality as provided for by the Monetary Authority Act and the Accountants (Quality Assurance) Regulations 2020 (Revision) as amended.
- 5.3 The Authorities may not disclose to any third party any information exchange between them without the consent of the Authority that provided the information, except where required or compelled by Act to do so or, on the Order of the Grand Court.
- 5.4 Where an Authority is required or compelled by Act to disclose information provided by the other Authority, or an application has been made to the Grand Court to disclose information, it will, to the extent permissible by law and as far as the circumstances allow, notify the Authority that provided the information and give that Authority a reasonable opportunity to make any objections that it may be entitled by law to make, before the information is disclosed to a third party.
- 5.5 Where it is not permitted or practical to advise the other Authority prior to disclosing information as indicated in paragraph 5.4, the Authority making the disclosure will advise the other Authority as soon as reasonably practical or permitted of the disclosures.

LIMITATIONS AND CONFLICTS OF LAWS

- 6.1 Nothing in this Memorandum compels either of the Authorities to provide information to each other beyond what is already required by the relevant laws. If an Authority decides not to provide information following a request, the Authority receiving the request will advise the requesting

Authority of its decision and as permitted by law, indicate the reason for not providing the information.

6.2 In the event that there is a conflict in the acts, regulations or policies between the Authorities, in respect of the matters in this Memorandum, the Authorities shall revert to their respective principal acts and regulations in accordance with paragraph 6.1 for the resolution of that conflict.

6.3 The Authorities will communicate to each other any changes to their governing acts, regulations or policies that could or will impact on the co-operation of the Authorities under the terms of this Memorandum.

FORM OF CORRESPONDENCE FOR INFORMATION EXCHANGE

7.1 Except where it is impractical to do so, all requests for information from one Authority to the other and all responses and information provided shall be in writing.

7.2 All requests and responses between the Authorities shall be between the Managing Director of CIMA and the CEO of CIIPA unless they otherwise agree, in which case the Authorities will designate in writing the persons who will serve as the contact persons between the Authorities.

7.3 Nothing in paragraph 7.2 above would prevent communication between staff of the CIMA and staff of CIIPA, following a request from either Authority in order to expedite the carrying out of a request by an Authority.

REGISTRATION OR APPROVAL OF FIRMS AND LICENSED PRACTITIONERS

8.1 Immediately after the CIIPA registration or licensing process or as soon as is reasonably practicable, CIIPA in accordance with this Memorandum, will share with CIMA the following information:

- a. The details of all newly licensed practitioners and newly Registered Public Practice Firms, noting any conditions imposed on the services or the types of client that the Registered Public Practice Firm may provide or work with;
- b. All instances where CIIPA has refused to register a Public Practice Firm, given the possibility that the firm may nonetheless seek CIMA approval, and the reasons for that decision;
- c. All instances where CIIPA has imposed or removed any conditions on an Approved Audit Firm and the reasons for that decision;
- d. All instances where CIIPA has become aware of a person or firm carrying on public practice without being licensed or registered;
- e. The updated annual list of all licensed practitioners carrying on public practice, including all relevant details;
- f. The updated annual list of all Registered Public Practice Firms, including all relevant details; and

- g. Any other information CIIPA deems to be relevant.
- 8.2 Immediately after the CIMA approval process or as soon as is reasonably practicable, CIMA will inform CIIPA of any and all relevant changes to their list of Approved Audit Firms, including any removal from that list, any limits on approval imposed by CIMA or any removal of limits.

QUALITY ASSURANCE REVIEWS

- 9.1 The Authorities will share information in relation to the Quality Assurance Reviews in accordance with established policies, internationally recognised and applicable accounting principles and standards.
- 9.2 In relation to the Quality Assurance Review CIIPA will:
- i. Consult with CIMA in respect of the timing of the Quality Assurance Reviews of Approved Audit Firms.
 - ii. Advise CIMA before it starts an investigation of an Approved Audit Firm, as a result of the findings of a Quality Assurance Review.
 - iii. Grant all Approved Audit Firm with approval to provide its Quality Assurance Review Report to CIMA.
- 9.3 In relation to the Quality Assurance Review CIMA will:
- i. Accept CIIPA Quality Assurance Review Reports in satisfaction of the requirement of paragraph 2.4 of the CIMA Auditor Approval Policy recognizing that a Quality Assurance Review conducted by CIIPA according to international standards will require and test the Approved Audit Firm's internal monitoring reviews as previously required by the International Standards of Quality Control 1 and from December 15, 2022, International Quality Management Standards 1 and 2, as may be replaced or amended.
 - ii. Advise CIIPA when it intends to request information relating to CIIPA Quality Assurance Review Reports from Approved Audit Firms.

REMOVAL, LIMITATIONS AND DISCIPLINARY ACTION

10. Where CIIPA resolves to commence disciplinary proceedings in relation to an Approved Audit Firm or CIMA has cause to remove or limit the approval of an Approved Audit Firm, the party taking action shall as soon as practicable and as far as permitted by law notify the other party of the action taken and the reasons and circumstances pursuant to which it was taken.

FINANCIAL CRIME SUPERVISION

- 11.1 The Authorities acknowledge the statutory obligation of all Registered Public Practice Firms to file with the Compliance Division of CIMA an annual certificate of compliance with the Proceeds of Crime Act in accordance with section 29 of the Accountants Act. The certificates

will be in the form as approved by the CIIPA Board of directors. CIMA will provide a list of those Registered Public Practice Firms who have filed the annual certificate to CIIPA.

- 11.2 Where a Registered Public Practice Firm does not provide an annual certificate to CIMA by the deadline date, CIMA will notify CIIPA of this so it may assist in compelling the firm to so provide.

AMENDMENT

12. The Authorities may amend this Memorandum at any time by mutual agreement.

TERMINATION

- 13.2 This Memorandum may be terminated at any time by mutual agreement.
- 13.2 When one Authority is desirous of terminating this Memorandum, it should notify the other Authority of its intention and a termination will take place 30 days after such notification. Any information already provided by the Authority shall be kept confidential after the termination of the Memorandum and subject to the same conditions in paragraph 5.1-5.5 that would be applicable if the Memorandum were in effect.
- 13.3 Notwithstanding anything said above where one Authority discloses or uses information provided by the other Authority in a manner contrary to the provision of this Memorandum and without the consent of the other Authority the Authority may immediately terminate the Memorandum.

EFFECTIVE DATE

This Memorandum of Understanding will be effective from the date of its signing by the Authorities.

Signed this 27th day of June 2023

For and behalf of the
Cayman Islands Monetary Authority

Scotland

Managing Director, CIMA

For and on behalf of the Cayman Islands
Institute of Professional Accountants


CEO, CIIPA