



MINISTRY OF
FINANCIAL SERVICES,
COMMERCE & ENVIRONMENT
CAYMAN ISLANDS GOVERNMENT

Government Administration Building
133 Elgin Avenue, Box 126
Grand Cayman KY1-9000
CAYMAN ISLANDS
www.caymanfinance.gov.ky

6 May 2016

The Rt Hon George Osborne MP
Chancellor of the Exchequer
London, United Kingdom

Dear Chancellor,

Initiative for the Automatic Exchange of Beneficial Ownership Information

The Cayman Islands has been closely following the evolving discussion on beneficial ownership information and we note the leadership position, in both commentary and action, that the UK has taken on the subject of a new global initiative.

Clearly, transparency is necessary in the provision of this information for the prevention and detection of tax evasion, money laundering, illicit finance and other serious crime; and we again underscore our commitment to this principle, as documented by the range of instruments and protocols that already are in effect in our jurisdiction.

These include tax information exchange agreements with 36 jurisdictions; the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which allows tax information exchange with more than 90 countries; automatic data exchange as part of the European Union Savings Directive; and legislation relating to US FATCA, UK FATCA and the OECD's Common Reporting Standard.

Further to these steps, however, Cayman supports actions to improve the transparency of beneficial ownership information, including greater collaboration between tax and law enforcement authorities. In this respect, we hope jurisdictions that have yet to endorse such actions will agree to similar mechanisms, such as that recently agreed between Cayman and the UK, to respond to priority requests.

Cayman also advocates the development of a new global standard for the wider exchange of beneficial ownership information under the FATF standards, which would see exchanges conducted between tax authorities and law enforcement agencies in participating jurisdictions on a reciprocal basis. This would make it easier for relevant authorities to track down the complex cross-border trails that tax evaders, organised crime and terrorists use to carry out their activities.

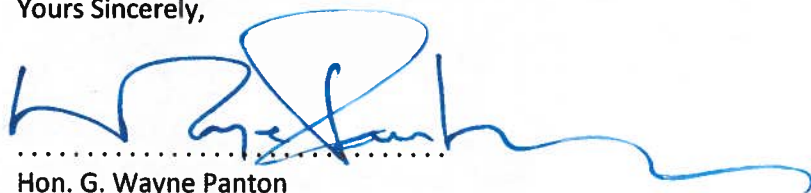
On this basis, Cayman is prepared to join the initiative for the automatic exchange of beneficial ownership information, in order to help advance the development of a new standard. Once this standard is agreed and adopted by all Overseas Territories, Crown Dependencies, G20 and OECD Member States, we will participate in its global implementation. Given its importance we ask the UK to assist Cayman in our request to be actively involved in the standard's development; and in anticipation

of that endorsement we note that along with reciprocity, the standard must ensure the full confidentiality and security of the data exchanged, and be subject to appropriate legal gateways.

We make this commitment to the initiative while recognising its iterative nature, and we reserve our position on the interlinking of registers until the discussion on this point becomes clearer. However, we are happy to support work on the modalities of such exchanges, as set out in the statement.

Lastly, broad consensus continues to strongly indicate that in order for global mechanisms to be effective, having a level playing field is vitally important. Cayman has been in the vanguard for the implementation of global standards for several years, but the risk now exists that the lack of global application of these standards will see illicit activities flow to jurisdictions that are not in compliance. As such, we look forward to other jurisdictions making similar commitments to the initiative.

Yours Sincerely,



.....
Hon. G. Wayne Panton
Minister for Financial Services, Commerce and Environment

cc: Hon. James Duddridge, MP, Minister for Africa, the Overseas Territories and the Caribbean