

CAYMAN ISLANDS



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**A BILL FOR A LAW TO AMEND THE MONETARY AUTHORITY LAW
(2011 REVISION) TO FURTHER PROTECT THE INTEREST OF
INVESTORS; TO MAKE FURTHER PROVISION IN RESPECT OF THE
EXCHANGE OF INFORMATION; AND FOR INCIDENTAL AND
CONNECTED PURPOSES**

THE MONETARY AUTHORITY (AMENDMENT) BILL, 2013

MEMORANDUM OF OBJECTS AND REASONS

This Bill amends the Monetary Authority Law (2011 Revision) to strengthen the provisions relating to consultation co-operation and the exchange of information.

Clause 1 provides the short title of the legislation.

Clause 2 amends section 2 of the principal Law to define the term “cross border supervision” for the purposes of the legislation.

Clause 3 amends section 50 of the principal Law to empower the Monetary Authority, if satisfied that a request for assistance from an overseas regulatory authority should be granted -

- (a) to apply to the Grand Court for an order to protect the interest of investors, depositors, policy holders or beneficiaries of trusts; and
- (b) to permit the overseas regulatory authority to carry out an on-site inspection in relation to an entity in the Islands that is subject to its supervision.

Clauses 4 and 5 of the Bill respectively amend sections 51 and 52 of the principal Law to replace the references to “consolidated supervision” with references to “cross border supervision”.

THE MONETARY AUTHORITY (AMENDMENT) BILL, 2013

ARRANGEMENT OF CLAUSES

1. Short title
2. Amendment of section 2 of the Monetary Authority Law (2011 Revision) - definitions
3. Amendment of section 50 - confidentiality
4. Amendment of section 51 - memoranda of understanding
5. Amendment of section 52 - disclosure to regulators

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ENACTED by the Legislature of the Cayman Islands.

1. This Law may be cited as the Monetary Authority (Amendment) Law, 2013. Short title

2. The Monetary Authority Law (2011 Revision), in this Law referred to as the “principal Law”, is amended in section 2 by inserting, after the definition of the words “credit union”, the following definition - Amendment of section 2
of the Monetary
Authority Law (2011
Revision) - definitions

“ “cross border supervision” means supervision in relation to an entity located in the Islands but which is regulated by an overseas regulatory authority in another territory or country;”.

3. The principal Law is amended in section 50 as follows - Amendment of section
50 - confidentiality
 - (a) in subsection (3) -
 - (i) by deleting the word “and” appearing at the end of paragraph (b);
 - (ii) by deleting the full stop appearing at the end of paragraph (c)(iii) and substituting a semi colon; and

(iii) by inserting after paragraph (c) the following paragraphs -

“(d) may, in accordance with rules of court, apply to a Judge of the Grand Court in Chambers for an order to protect the interest of investors, depositors, policy holders or beneficiaries of trusts, including an order -

- (i) to freeze relevant assets or accounts;
- (ii) to suspend the issue, repurchase or redemption of units or shares of regulated funds; or
- (iii) to authorize any other action in accordance with any request made to the Authority by the overseas regulatory authority pursuant to, and in accordance with, the terms of a memorandum of understanding entered into between the Authority and the overseas regulatory authority; and

(e) may permit the overseas regulatory authority to carry out, in relation to an entity in the Islands that is subject to its supervision or regulation, an on-site inspection or visit in a manner agreed in writing by the Authority and the overseas regulatory authority.”; and

(b) by inserting after subsection (3) the following subsection -

“(3A) Upon application made to the Grand Court pursuant to subsection (3)(d), the Court shall make such orders as it considers appropriate in the circumstances.”.

Amendment of section
51 - memoranda of
understanding

4. The principal Law is amended in section 51(1) by deleting the words “consolidated supervision” and substituting the words “cross border supervision”.

Amendment of section
52 - disclosure to
regulators

5. The principal Law is amended in section 52 by deleting the words “consolidated supervision” and substituting the words “cross border supervision”.

Passed by the Legislative Assembly the _____ day of _____, 2013.

Speaker.

Clerk of the Legislative Assembly.