



Guidance Notes

Fit and Proper Person Requirements pursuant to the Anti-Money Laundering Regulations (2025 Revision)

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1. Introduction

- 1.1. The Legal Services Supervisory Authority (the “LSSA”) is the designated supervisory authority responsible for the ongoing supervision and monitoring of firms of attorneys-at-law admitted to practice law in the Cayman Islands that conduct relevant financial business (“RFB”), in accordance with the Anti-Money Laundering Regulations (2025 Revision) (“AMLRs”).
- 1.2. Regulation 55H of the AMLRs requires the LSSA to conduct a fit and proper person test to assess the integrity, competence, and suitability of persons carrying on business as a firm of attorneys at law conducting RFB, as well as connected persons in relation to such firms, as defined in the AMLRs (“Connected Persons”). This is to ensure that such persons do not pose a risk to the integrity of the Cayman Islands’ legal sector and financial system.
- 1.3. For the purposes of these Guidance Notes, any firm of attorneys at law conducting RFB is referred to as a “Supervised Firm”. The fit and proper test applies to natural persons only. Accordingly, where a Supervised Firm is operating as a sole practitioner, the sole practitioner would be subject to the fit and proper test in their personal capacity. Where a Supervised Firm is operating as a body corporate or partnership, the Connected Persons of that Supervised Firm would be subject to the fit and proper test. Collectively, we will refer to sole practitioners conducting RFB and Connected Persons of Supervised Firms as “Relevant Persons” throughout these Guidance Notes.
- 1.4. The establishment and maintenance of a fit and proper procedure is a fundamental component of an effective supervisory regime. As such, the application of a fit and proper person assessment is a widely recognised regulatory tool used by supervisory authorities to promote sound and prudent management, enhance governance standards, and support compliance with anti-money laundering/ countering the financing of terrorism/ countering proliferation financing (AML/CFT/CPF) requirements.
- 1.5. The fit and proper person test applies both as an initial requirement at the time of registration and as a continuing obligation thereafter in respect of Relevant Persons. As such, the LSSA must be satisfied at the time of registration and on an ongoing basis, that Relevant Persons are fit and proper. This assessment may be revisited on an ongoing basis, including where new information comes to light or where changes occur that may impact a person’s fitness and propriety.
- 1.6. The assessment undertaken by the LSSA is not limited to the point of registration and takes into account the ongoing conduct, behaviour, and circumstances of Relevant Persons throughout the lifecycle of the Supervised Firm’s registration.

- 1.7. Supervised Firms are required to notify the LSSA in writing of any material changes to the ownership, control, or management of the business, including changes relating to Connected Persons, within thirty (30) days of the occurrence of such change. Notification must be made by using the Change in Connected Persons Form available on the LSSA's website.
- 1.8. While the responsibility for determining whether the fit and proper person test is satisfied rests with the LSSA, Supervised Firms are expected to take reasonable and proactive measures to ensure that the Relevant Persons meet and continue to meet the applicable fit and proper criteria.
- 1.9. The fit and proper person test criteria set out in these Guidance Notes are central to the LSSA's supervisory approach and will be used in assessing F&P compliance by Supervised Firms. These Guidance Notes are intended to provide clarity and transparency regarding the LSSA's expectations and to assist Supervised Firms in meeting their obligations under the AMLRs.

2. Persons to Whom the Fit and Proper Person Test Applies

- 2.1. The fit and proper person test applies to the Relevant Persons associated with each Supervised Firm conducting RFB. Supervised Firms are responsible for ensuring compliance with the fit and proper person requirements under Regulation 55H of the AMLRs in respect of their Relevant Persons.
- 2.2. In accordance with Part 1 of the AMLRs, a Connected Person, in relation to a person carrying out RFB where that person is a body corporate, partnership, or unincorporated body, includes:
 - a) a manager of the body corporate, partnership, or unincorporated body;
 - b) a director, secretary, or senior executive of the body corporate, partnership, or unincorporated body, regardless of job title; or
 - c) the natural person who ultimately owns or controls the body corporate, partnership, or unincorporated body, including—
 - (i) in the case of a legal person (other than a company whose securities are listed on a recognised stock exchange), a natural person who ultimately owns or controls, whether directly or indirectly, ten per cent (10%) or more of the shares or voting rights in the legal person;
 - (ii) in the case of a legal person, a natural person who otherwise exercises ultimate effective control over the management of the legal person; or

- (iii) in the case of a legal arrangement, the trustee or other person who exercises ultimate effective control over the legal arrangement.

3. Key Elements of the Fit and Proper Person Test

3.1. Fundamental Principles

- 3.1.1. In assessing whether a Relevant Person is fit and proper, the LSSA exercises regulatory judgement and discretion, taking into account all relevant facts and circumstances on a case-by-case basis.
- 3.1.2. The fit and proper assessment undertaken by the LSSA pursuant to its obligations under the AMLRs is a distinct regulatory assessment and may differ from any assessment conducted by the Legal Services Council under its obligations pursuant to the Legal Services Act, 2020.
- 3.1.3. In accordance with Regulation 55H of the AMLRs, the LSSA will have regard to the following considerations in respect of a Relevant Person:
 - a) the person's probity, competence and soundness of judgement in fulfilling the responsibilities of their position;
 - b) the diligence with which the person is fulfilling, or is likely to fulfill, their duties; and
 - c) whether the interests of the Supervised Firm are, or are likely to be, in any way threatened by the individual holding the position.
- 3.1.4. In assessing the above criteria, the LSSA may consider whether the Relevant Person has, among other things:
 - a) committed any criminal offence, whether in the Cayman Islands or elsewhere, particularly offences involving financial crime, dishonesty or violence;
 - b) contravened any provision of legislation or regulatory requirements designed to protect the public from financial loss arising from dishonesty, incompetence, or malpractice;
 - c) been subject to bankruptcy, insolvency proceedings, or arrangements with creditors;
 - d) engaged in business practices that appear deceitful, oppressive, improper, or otherwise discreditable; or
 - e) engaged in, or been associated with, conduct that casts doubt on the person's competence, integrity, or soundness of judgement.
- 3.1.5. The relative weight given to each consideration may vary depending on the nature of the role, the level of influence exercised, and the risks posed by the Supervised Firm's activities.

3.1.6. The existence of any of the above matters does not automatically result in a determination that a Relevant Person is not fit and proper. Each matter will be assessed in context, having regard to factors such as materiality, recency, frequency, remediation, and overall risk.

3.2. Documents Required to Conduct Assessment

3.2.1. The LSSA requires Supervised Firms to submit, in respect of their Relevant Persons, the following:

- a) a completed Fitness and Propriety Declaration Form;
- b) a police clearance certificate;
- c) valid government-issued identification; and
- d) current proof of residential address.

3.2.2. All documents and certificates relied upon by the LSSA for the purposes of conducting a fit and proper person assessment must be submitted in English. If the original documents are in a foreign language, they must be professionally translated, and the translator must provide a signed and dated Certificate of Accuracy that includes their name, mailing address, and contact details. Both the original documents and the certified translations must be submitted to the LSSA.

3.3. Fitness and Propriety Declaration Form

3.3.1. All Relevant Persons are required to complete and submit a Fitness and Propriety Declaration Form as part of the registration process and on an ongoing basis, as required by the LSSA.

3.3.2. The Declaration Form is used by the LSSA to assess whether a Relevant Person satisfies the requirements of regulation 55H of the AMLRs, including considerations of honesty, integrity, competence, and financial soundness.

3.3.3. All questions in the Declaration Form must be answered fully, accurately, and truthfully. Where a Relevant Person answers “Yes” to any question, full and complete details must be provided by way of a separate attachment clearly referencing:

- a) the individual’s full name;
- b) the relevant Supervised Firm and position held;
- c) the applicable question number(s); and
- d) particulars relative to the question.

3.3.4. Information provided in support of the Declaration Form must be sufficiently detailed to enable the LSSA to understand the nature, context, and outcome of the matter disclosed. Where applicable, relevant dates, jurisdictions, regulatory bodies, courts, or authorities should be identified, and documentary evidence must be provided upon request by the LSSA.

- 3.3.5. The obligation to provide accurate, complete, and up-to-date information is ongoing. Any material change affecting the accuracy or completeness of a previously submitted Fitness and Propriety Declaration Form must be notified to the LSSA within thirty (30) days of the occurrence of the change.
- 3.3.6. Failure to disclose relevant information, or the provision of false or misleading information, may be treated as a failure to satisfy the fit and proper person test and may result in supervisory or enforcement action.
- 3.3.7. The Fitness and Propriety Declaration Form must be submitted together with all supporting documentation specified in these Guidance Notes.

3.4. **Police Clearance Certificate**

- 3.4.1. It is the responsibility of each Supervised Firm to ensure that appropriate background checks are conducted in respect of its Relevant Persons for the purposes of satisfying the fit and proper person test.
- 3.4.2. Supervised Firms must obtain and submit a police clearance certificate for each Relevant Person, confirming the existence or absence of any criminal record.
- 3.4.3. Police clearance certificates must be issued no more than six (6) months prior to submission to the LSSA and, where submitted in hard copy, must bear an official stamp and signature.
- 3.4.4. Where a Relevant Person has not been ordinarily resident in the Cayman Islands for at least twelve (12) consecutive months immediately preceding the submission of the police clearance certificate, the Relevant Person must obtain a police clearance certificate, or another certificate satisfactory to the LSSA, from the country in which they last resided for a minimum of twelve (12) consecutive months.
- 3.4.5. The existence of a criminal or other adverse record does not necessarily, in and of itself, indicate adverse action. However, failure to make full and complete disclosure may be treated as a failure to satisfy the fit and proper person test.

3.5. **Government Issued Identification**

- 3.5.1. Each Relevant Person must submit a certified colour copy of a valid government-issued photographic identification document.
- 3.5.2. Acceptable forms of identification include, but are not limited to:
 - a) a passport;
 - b) a government-issued driver's licence;
 - c) a national identification card; or

- d) another official government-issued photographic identification document.
- 3.5.3. Copies must be properly certified as true copies of the original documents and true likenesses of the individual.
- 3.5.4. Certification must include:
- a) the certifier's name, signature, and professional capacity;
 - b) the date of certification;
 - c) the certifier's contact number and address; and
 - d) where applicable, an official stamp or seal.
- 3.5.5. A certifier must be a suitable person, such as a lawyer, accountant, director or manager of a regulated entity, a notary public, a member of the judiciary, or a senior civil servant. Such persons are expected to adhere to applicable ethical and/or professional standards and to practise their profession or vocation in a jurisdiction with an effective AML/CFT/CPF regime.
- 3.6. Proof of Address**
- 3.6.1. Each sole practitioner and Connected Person is required to provide evidence of their current residential address for the purposes of the fit and proper person test. Acceptable documents include a recent utility bill, bank or credit card statement, or other official correspondence issued by a government authority or a regulated financial institution.
- 3.6.2. Proof of address documentation should generally be dated within the last three (3) months, be clear and legible, and clearly display the individual's full name and residential address.
- 3.6.3. The LSSA reserves the right to request additional, alternative, or updated documentation where necessary to verify an individual's residential address to its satisfaction.
- 3.7. Requests for Additional Information**
- 3.7.1. Where the LSSA receives a Fitness and Propriety Declaration Form and determines that the form and/or any accompanying information and/or documentation is incomplete, unclear, inconsistent, or not legible, it may require the Supervised Firm to provide such additional information, evidence, clarification, or legible copies of documentation as the LSSA considers necessary.
- 3.7.2. Any additional information or documentation required under paragraph 3.7.1 must be provided within the timeframe specified by the LSSA in its written communication to the Supervised Firm.

- 3.7.3. Where the LSSA specifies a deadline for the provision of additional information, failure to comply with that deadline entitles the LSSA to determine the matter based on the information available at the time.

4. Persons Not Considered Fit and Proper

- 4.1. Where the LSSA determines that a Relevant Person does not satisfy the fit and proper person test, the LSSA will take appropriate supervisory action, which may include the following:
- a) notifying the Supervised Firm of the concerns identified;
 - b) outlining the regulatory and/or AML risks arising from the continued involvement of the individual; and
 - c) providing the Supervised Firm with an opportunity to make representations and, where appropriate, to implement remedial measures.
- 4.2. Depending on the nature and severity of the concerns identified, appropriate remedial measures may include, but are not limited to:
- a) removal of the individual from any role that renders them a Connected Person;
 - b) restructuring the governance, ownership, or control arrangements of the Supervised Firm;
 - c) restricting or segregating the individual from decision-making or activities relating to relevant financial business; or
 - d) implementing other measures that the LSSA considers sufficient to mitigate the identified risks.
- 4.3. The LSSA will assess whether the measures taken by the Supervised Firm have effectively addressed the fitness and propriety concerns, including whether the individual is no longer a Connected Person or whether the risks have otherwise been adequately mitigated.
- 4.4. Where the LSSA is satisfied that the risks have been appropriately mitigated, it will take this into account in determining whether any further supervisory or enforcement action is warranted.
- 4.5. Where the LSSA is not satisfied that the risks have been adequately mitigated, it may escalate the matter and take further supervisory or enforcement action as permitted under the AMLRs.
- 4.6. Pursuant to Regulation 55G of the AMLRs, the LSSA has the power to cancel the registration of a Supervised Firm where a Relevant Person is not considered fit and proper by the LSSA.

5. Ongoing Fit and Proper Assessments by LSSA

- 5.1. The fit and proper person test is a continuing obligation and is not limited to the point of registration. The LSSA may assess, and where appropriate reassess, the fitness and propriety of Relevant Persons at any time during the period in which a Supervised Firm is registered.
- 5.2. Ongoing fit and proper assessments are conducted using a risk-based approach and may take place in a range of circumstances, including but not limited to:
 - a) periodic supervisory reviews and inspections;
 - b) consideration of notifications of material changes submitted by Supervised Firms;
 - c) intelligence or information received from domestic or international authorities; and
 - d) other supervisory or regulatory engagement.
- 5.3. Where a Relevant Person has previously been assessed by the LSSA as fit and proper to perform a role, the LSSA may, having regard to the nature of the role, the level of influence exercised, and the risks posed by the Supervised Firm's activities, adopt a proportionate, risk-based approach and rely on information already held by the LSSA, provided that there is no indication of a material change in the individual's fitness or propriety.
- 5.4. Where the LSSA does not hold sufficient information to satisfy itself that a Relevant Person continues to meet the fit and proper person test, or where information previously obtained is outdated, incomplete, or no longer reliable, the LSSA may require the submission of updated declarations, police clearance certificates, role-specific information, or such other documentation or information as the LSSA considers necessary.
- 5.5. This section does not limit the LSSA's discretion to conduct a full fit and proper person assessment at any time, including where new information comes to light, where supervisory concerns arise, or where the LSSA otherwise considers it appropriate in the discharge of its supervisory functions under the AMLRs.