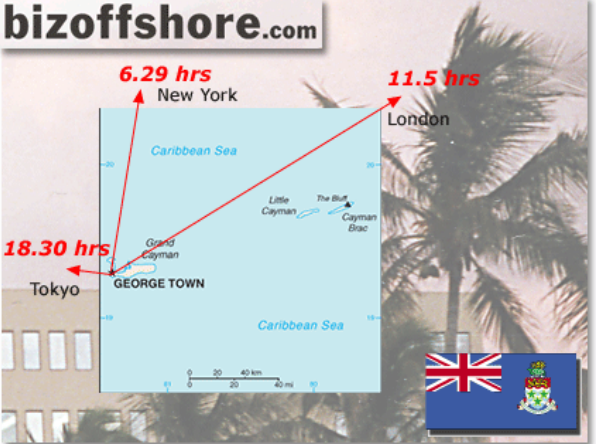



Cayman Islands

<p>Overview</p> <p>The Cayman Islands are one of the few remaining British colonies – now called “Overseas Territories”. Initially focused on offshore banking the islands have developed as the leading offshore domicile for hedge funds and as a player in the reinsurance and captive insurance markets. Despite the demise of "shell" banks and correspondent banking, the Cayman Islands still has 500 banks and over US\$[1] trillion in banking assets.</p>	 <p>bizoffshore.com</p> <p>6.29 hrs New York</p> <p>11.5 hrs London</p> <p>18.30 hrs Tokyo</p> <p>Caribbean Sea</p> <p>Little Cayman</p> <p>The Brac</p> <p>Grand Cayman</p> <p>GEORGE TOWN</p> <p>0 20 40 km / 0 20 40 mi</p> 
<p><u>Current Time</u></p> <p>(World Time Server)</p>	<p>"Motto: He Hath Founded It Upon The Seas"</p>

Online News Sources

- [Cayman Net News](#)

Business Environment

Cayman Islands law allows exempted companies, exempted limited duration companies, exempted limited duration companies, exempted segregated portfolio companies, ordinary non-resident companies, ordinary (local) resident companies, foreign (overseas) companies, and continuations. Certain business activities require licenses even though conducted offshore, regardless of the category of company concerned. These include banking and trust business, insurance, reinsurance and insurance related business, companies' management, and mutual fund business.

In July 2000 the Monetary Authority Law was amended to enlarge the regulatory powers of the Cayman Islands Monetary Authority. The legislation also granted the regulator the power to assist overseas regulators by disclosing information about overseas clients that would help in investigations. The Banks and Trust Companies Law and the Companies Management Law were also amended in order to allow the Cayman's regulator access to information or documentation relating to clients of entities licensed under those laws without having to obtain a court order. The Caymans also issued the Proceed of Criminal Conduct Law (Money Laundering) Regulations 2000 and in April 2001 issued guidance notes on the prevention and detection of money laundering. In 2001 amendments have been made to the bank and trust company law, insurance law and mutual funds

law empowering the monetary authority to conduct fit and proper test of directors, officers and shareholders of institutions licensed to operate within or from within the Cayman Islands. Further amendments to the Banks and Trust Law (2000 Revision) require all class B banks which are not branches or subsidiaries of banks licensed in other jurisdiction to establish a physical presence in the Cayman Islands. These banks will be required to maintain books and records and adequate resources (including staff and facilities) in the jurisdiction.

The Financial Action Task Force listed the Cayman Islands as among 15 jurisdictions deemed to be 'un-cooperative' in taking regulatory action against money laundering in 2000. The jurisdiction was removed from the blacklist in June 2001 after amending its anti-money laundering regime. In 2000 the Cayman Islands made a commitment to the Organisation of Economic Cooperation and Development agreeing to exchange information with overseas authorities in criminal tax matters by 31 December 2003 and in civil tax matters by 31 December 2005.

Taxes

The government imposes no direct taxes, but raises its revenues from duties, license and registration fees, and taxes on visitor arrivals. There are no exchange controls. A private sector consultative committee meets regularly with members of the Legislative Assembly to discuss business concerns. There is no corporation tax, income tax, capital gains tax, inheritance tax, gift tax, wealth tax, or any other tax applicable to a company conducting offshore business. An exempted company is entitled to receive an undertaking from the government that no tax will be imposed on its operations for up to a period of thirty years. A twenty year guarantee is granted by the government in the first instance, but is usually renewable for a further ten years upon expiry.

Stock Exchange

The Cayman Islands Stock Exchange (CSX) was set up in July 1997. The CSX now has about 650 listings with a market capitalisation of about US\$40 billion. The CSX is a fully electronic exchange. The listing rules are tailored to these specialist products, including hedge funds and mutual funds. The CSX also lists derivative warrants, specialist debt instruments as well as plain equity (domestic and international).

Key Contacts

The Cayman Islands Monetary Authority Elizabethan Square PO Box 10052 APO Grand Cayman
Cayman Islands Tel: 345 945-7089 Fax: 345-949-2532 Email: CIMA@cimoney.com.ky
Internet: www.cimoney.com.ky

Registrar of Companies, Ground Floor, Tower Building, Grand Cayman, B.W.I. Tel: (345) 949-7999
Fax: (345) 949-0969

The Cayman Islands Stock Exchange 4th Floor, Elizabethan Square, P.O Box 2408 G.T. Grand Cayman Cayman Islands Tel: (345) 945 6060 Fax: (345) 945 6061 Email: csx@csx.com.ky
Internet: www.csx.com.ky

Key Stats

Country name: Cayman Islands

Population 43,103 (July 2004 est.) of which approx. 80% Caymanians, But expats outnumber working Caymanians.

Capital: George Town

Currency: The Cayman Islands dollar is pegged to the US dollar at US\$1 = CI\$0.8

Legal system: Based on British common law with local changes. Juvenile Court; Summary Court;

Grand Court; and the Cayman Islands Court of Appeal. Final appeals go to the Privy Council in the UK.

Government: The Caymans is a UK overseas territory. The governor, appointed by the British Crown, is the head of government. Cayman has an 18-seat Legislative Assembly with three official members and 15 members elected by popular vote. Executive The Executive Council is made up of the governor who in turn appoints three ex-officio members: the attorney-general, the financial secretary, and the chief secretary. The Legislative Assembly chooses five of its members to sit on the Executive Council. There is no chief minister. The chief secretary is the first official member of the Executive Council, and acts as governor in his absence.

Governor: Bruce Dinwiddy (since 29 May 2002)

Head of government: Chief Secretary W. McKeeva BUSH (since NA December 2001)

Cabinet: Executive Council (three members appointed by the governor, four members elected by the Legislative Assembly)

Elections Held every four years. The last general election was held on 17 November 2004.

Political parties: No national teams (loose groupings of political organizations) were formed for the 2000 elections; United Democratic Party or UDP [leader McKeeva BUSH]; People's Progressive Movement or PPM [leader Kurt TIBBETTS]

Economic overview

The economy is dependent on tourism and international business — mainly the financial services industry (banks and mutual funds). In 2002, the financial services industry recorded healthy growth in key areas. In 2002 registrations of mutual funds increased by 17.5% to 4,285 compared to 3,648 registrations in 2001. The number of insurance licences increased by 10% to 629 in 2002 from 572 in 2001. The total number listed issues at the Cayman Islands Stock Exchange reached 710 in 2002, compared to 418 in 2001. Meanwhile, company registrations, bank licences and stock market capitalisation declined. New company registrations in 2002 amounted to 7,016, a decline of 1,440 compared to the previous year. There were 65,259 companies on the register at the end of 2002, an increase of 1.2% over 2001. The total number of bank and trust licences fell by 37, to 508 in 2002 from 545 licences in 2001. In the tourism sector total visitor arrivals increased by 21% to 1,877,547 in 2002 compared to arrivals in 2001. The increase was due to cruise arrivals, which rose by 29.6% to 1,574,750 in 2002. The number of stay-over visitors declined by 9.4% to 302,797.

Gross Domestic: Product: purchasing power parity - \$1.27 billion (2002 est.) Estimated: 1.7% growth (2002)

GDP - per capita: purchasing power parity - \$35,000 (2002 est.)

Inflation rate (CPI) 2.8% (2002 est.)

Government accounts (2003-2004 budget) Operating expenditure is forecast at C\$303.7 million, with revenues of C\$309.4 million, with 70% of the total coming from duties and fees. Capital expenditure of C\$12 million and other funding add C\$27.4 million to the budget. Of that total C\$10.6 million has been allocated to subsidies for Cayman Airways Ltd. and for the Health Services Authority to cover operating losses during the previous financial year. New borrowing is estimated at C\$8 million, which is less than the level of debt repayments, and results in a C\$1 million net reduction in the overall level of public debt.

Government financial year: 1 July-30 June.

Public holidays (2004) 1 January (New Year's Day); 26 January (National Heroes Day); 25 February (Ash Wednesday), 9 April (Good Friday); 12 April (Easter Monday), 17 May (Discovery Day); 14 June (Queen's Birthday); 5 July (Constitution Day); 15 November (Remembrance Day); 27 December (Christmas observed); 28 December (Boxing Day observed). Time Zone GMT minus 5.

No conversion to daylight saving time in summer.

International organization participation: Caricom (associate), CDB, Interpol (subbureau), IOC, UNESCO (associate), UPU

Restaurant Guides

We recommend: