



June 30, 2020

President, Alternative Investment Management Association (Cayman)
Chief Executive Officer, Cayman Finance
President, Cayman Islands Association of Insurance and Financial Advisors
President, Cayman Islands Bankers Association
President, Cayman Islands Company Managers Association
President, Cayman Islands Directors Association
President, Cayman Islands Fund Administrators Association
Chief Executive Officer, Cayman Islands Institute of Professional Accountants
President, Cayman Islands Insurance Association
President, Cayman Islands Legal Practitioners Association
President, Chartered Financial Analysts (CFA) Society of the Cayman Islands
President, Cayman Islands Compliance Association
President, Insurance Managers Association of Cayman
President, Society of Trust and Estate Practitioners (Cayman Islands)
President, Blockchain Association of the Cayman Islands Ltd.

Dear Sirs,

**Re: Rules on Segregation of Assets for Private Funds and Mutual Funds (the "Rules")
- ("Rehypothecation and "Sub Custodial Arrangements")**

We refer to the matter at caption and submit the following for your information and guidance.

In light of the recent concerns raised about the nature and scope of certain provisions of the Rules, the Authority hereby wishes to confirm and advise industry participants that the Rules were **not** intended to disallow rehypothecation or sub custodial arrangements.

The Authority is therefore, seeking to make the necessary amendment to the Rules so as to clarify this position within the Rules themselves.

In the interim, please therefore, be guided accordingly.

Sincerely,

A handwritten signature in cursive script that reads "Scotland".

Cindy Scotland
Managing Director