



## **GIFCS REPORT OF THE BRITISH VIRGIN ISLANDS AGAINST COMPLIANCE WITH ITS STANDARD ON THE REGULATION OF TCSP'S IN THE REGION**



The British Virgin Islands Financial Services Commission (the "BVIFSC") was assessed by the Group of International Finance Centre Supervisors ("GIFCS") on 11 – 14 November 2019 against its Standard on the Regulation of Trust and Corporate Service Providers (the "Standard").

The British Virgin Islands ("BVI") is the third jurisdiction to be assessed under the Standard which is a benchmark for establishing regulatory frameworks and supervisory practices for the robust oversight of trust and corporate service providers. The BVIFSC and a select group from within the financial services industry participated in the peer review and on-site visit. As a member of GIFCS and part of a global community of financial services regulators, the BVIFSC values participating in developing and reviewing regulatory and supervisory standards.

Jennifer Potter, the Acting Managing Director noted that the BVIFSC is committed to the continued development of the financial services sector in the BVI, which has proven to be resilient and a preferred jurisdiction for Trust and Corporate Service Providers. The BVI received the top two available ratings in 70% of the areas assessed. Ms. Potter commended the efforts of the BVIFSC team who were instrumental in facilitating the self-assessment and on-site visit under the leadership of Mr. Kenneth Baker, Deputy Managing Director for Regulation at the BVIFSC.

In considering the report, Ms. Potter further commented that the BVIFSC is already engaged in diligently addressing areas for improvement identified in the report and thanked the team of assessors for their professional conduct of the assessment which led to the report.

She stated: "I am encouraged by the work that the team and wider BVIFSC has already undertaken to improve the implementation of the Standard and I am confident that the BVI will continue to be regarded as a well-regulated international finance centre. "

A copy of the [Report](#) together with a [Press Release](#) are available for viewing on the BVIFSC's website.



## BVI FSC WEBSITE NOW FEATURES AML/CFT SECTION

The Virgin Islands remains committed to the global fight against Money Laundering, Terrorist Financing and Proliferation Financing. The BVI Financial Services Commission (the “Commission”) has created a dedicated AML/CFT space on our [website](#). The webpage provides information and guidance on all matters concerning the combatting of money laundering and the financing of terrorism.

Some of the new features and content that can be found on the AML/CFT webpage include:

AML/ CFT legislation

BVI Financial Services Commission’s AML/CFT Policy and Strategy

AML/CFT guidance published by the Commission and the Financial Action Task Force ([FATF](#)) Information from the Caribbean Financial Action Task Force ([CFATF](#))

Risk Assessment reports

A Frequently Asked Questions (FAQs) section is also available and expanded periodically. To submit your questions for inclusion, email [aml@bvifsc.vg](mailto:aml@bvifsc.vg)

# **VIRGIN ISLANDS FINANCIAL SERVICES SECTOR MONEY LAUNDERING RISK ASSESSMENT 2020**



The Commission is pleased to announce the publication of the Virgin Islands Financial Services Sector Money Laundering Risk Assessment 2020. Assessments like these better equip the Commission, the financial services industry we regulate, and the Territory at large to mitigate the risks of BVI businesses being used to facilitate money laundering and the laundering of other proceeds-generating crimes.

This sectoral risk assessment builds on the findings of the Territory's initial National Risk Assessment ("NRA") completed in 2016. The Assessment further identifies and analyses the Virgin Islands' current money laundering ("ML") risks within the Banking, Financing, Money Services, Insurance, Investment, Insolvency and Trust and Company Services Provider sectors. Understanding these risks is key in the Territory's ongoing effort to ensure we can effectively promote and secure legitimate business activity while deterring persons from using BVI entities for ML/TF purposes.

The assessment focuses on the impact specific ML threats and vulnerabilities have on the overall risks for each financial services sector regulated by the Commission. It also provides recommendations as to how to reduce the effects of that impact.

Periodic risk assessments like this one are necessary to meet the Financial Action Task Force's requirement for us to identify, assess and understand the ML risks we face.

It is critical that we continue to demonstrate that we understand our ML risks and can take action to mitigate those risks accordingly. The Commission remains committed to enhancing our capabilities for fighting financial crime and has already taken steps to address the issues identified within the report.

We intend to discuss the findings of the report with our stakeholders through a series of outreach programmes beginning in January 2021. This outreach will be aimed at ensuring each sector is aware of their specific risks. We encourage licensed entities to use the information in this report when carrying out their own risk assessments to help identify their ML risks.

The [full report](#) is available on the Commission's website.



## **2019 COMPLIANCE INSPECTION UNIT FINDINGS**

In 2019, the Compliance Inspection Unit of the Commission carried out 14 inspections to review licensees' operations to determine their level of compliance with, amongst other things, current AML/CFT legislation, the applicable Regulatory Code provisions and relevant best practices. The inspections findings are used in conjunction with the Commission's Risk Assessment Framework to evaluate licensee's specific risk levels and to gather information which can be used to ascertain the level of compliance in the industry as a whole. Further, our additional goal is to provide information on failings which all licensees can take into consideration when reviewing their own internal controls and institutional risk assessments, including that for AML/CFT purposes.

The Commission was generally satisfied with the level of compliance observed in the operations of the licensees that were subject to inspection. There were some areas of concern which required the Commission to recommend courses of corrective action. Compliance breaches were discovered in relation to the following areas:

### **Establishment of adequate Internal Controls (including policies and procedures)**

- the absence of policies or the need to update policies
- Inadequate records to confirm Board level consideration of Policies and Procedures, primarily the inability of Board to demonstrate through its Board Minutes adequate discussions on approved controls, policies and procedures

### **Record keeping**

- Inconsistent records and record keeping including outdated documentation

### **Risk Assessments**

- Failure to conduct or to record risk assessments of clients
- Failure to update risk assessments
- Inappropriate risk assessments for Politically Exposed Persons

### **Training**

- Absence of specific AML/CFT training for both senior persons and staff at all levels

### **Customer Due diligence (CDD)**

- Inappropriate mechanisms in place for ensuring CDD information remains up to date
- Insufficient enhanced customer due diligence for high-risk customers and Politically Exposed Persons

The Commission remains committed to encouraging full compliance with all AML/CFT legislation and to assisting licensees with achieving and maintaining full compliance with regulatory obligations. The Commission will continue to provide data and analysis of the findings of compliance inspections and other desk based supervisory findings to assist licensees with understanding risk and increasing their level of compliance. Once the inspection cycle for 2020 is complete those findings will be reported as well.



## AML STRATEGIC ACTION PLAN

In February 2020, the Commission published its AML/CFT Policy and Strategy 2020-2022. This comprehensive AML/CFT policy framework is aimed at strengthening the Commission's approach for preventing and combatting money laundering, terrorist financing and proliferation financing ("PF").

The Commission has finalised its Strategic Action Plan ("the Action Plan") which outlines how we will address each of the key strategic areas outlined in the AML/CFT Policy by delivering on the objectives identified.

The Commission will monitor its progress in achieving the identified objectives provide annual updates to reflect this progress.

In developing this Action Plan the Commission has taken another step in its unwavering commitment to the global fight against money laundering, terrorist financing and proliferation financing. The overall objective is to enhance the Commission's, and by extension the entire jurisdiction's, ability to effectively mitigate against ML , TF and PF.

The [Action Plan](#) is available on the Commission's website.



## **INVESTMENT BUSINESS DIVISION UPDATES**

Fees for the Extensions/ Exemptions for the Submission of Financial Statements to the Investment Business Division of the Financial Services Commission are located on our website. See page 18 of the [Fund Financials Guidelines](#).

## **FOR YOUR CALENDAR**

The Investment Business Division is reminding all entities that were granted an extension of time to file 2019 Financial Statements (Private, Professional and Public mutual funds; Private Investment Funds; Licensees (i.e. Investment Business Licence Holders) and Approved Managers) that the extended deadline for submitting 2019 Financial Statements is 31 December, 2020.

Entities which fail to submit 2019 Financial Statements may be subject to a penalty.