

ANNUAL REPORT

2024



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Our Mission

To develop and protect the Virgin Islands' financial services industry through innovation, vigilance, competence, and efficiency while cultivating a compliant and stable financial services environment and facilitating economic development.

Our Vision

To lead and deliver with innovation and excellence in financial services regulation and company registration.



Protecting

the interests of the general public and market participants by fostering a stable financial services environment.



Ensuring

that the financial services industry complies with domestic and internationally accepted regulatory standards and best business practices.



Enhancing

and protecting the reputation of the Territory by combating the misuse of BVI legal persons and legal arrangements.

Vigilance
Integrity
Accountability

Our Core Values



Vigilance



Integrity



Accountability



Transparency



Innovation



Teamwork



Our Aims



To be fully aware of international standards and their application to the BVI and issue guidelines to the industry as necessary.



To ensure that all entities we authorise and supervise are operating in compliance with BVI legislation, regulation and international standards of best practice.



To ensure that all entities we authorise and supervise meet “fit and proper” criteria at the licensing stage and on an ongoing basis.



To conduct ongoing review of financial services legislation and make recommendations for changes, where applicable.



To ensure that the FSC operates effectively and efficiently.



To identify and deter abuses and breaches of legislation.



To raise public awareness of the BVI financial services industry and develop and implement a system of continuing education for industry practitioners.



To ensure that the Registry of Corporate Affairs provide world class services to ensure the international competitiveness of the BVI.



THE LIGHTHOUSE

It is symbolic of our commitment to preserving the safety and soundness of the BVI's financial services system so as to maintain the confidence of clients doing business in and from within the BVI.

Just as a lighthouse provides terrestrial traveler of today with the same sense of hope and reassurance that it provided mariners years ago, the Commission remains steadfast in its dedication to upholding standards befitting of a premier international finance centre.

CABINET

BOARD OF COMMISSIONERS

Board Secretary
Annet Mactavious



Kenneth Baker
Managing Director/CEO



Brodrick Penn
Deputy Managing Director
Operations



Glenford Malone
Deputy Managing Director
Regulation

Operations

Deputy Director
Kamika Forbes

Information Technology
Deputy Director
Michael George

Myrna Herbert
Director
Registry of Corporate Affairs

Deputy Director
Lydia George

Deputy Registrar Strategic Initiatives
Alicia Penn
(Effective: 18th November 2024)

Authorisation and Supervision

Director
Leon Wheatley
Ag. Deputy Director Prudential Supervision
Deca Penn
Deputy Director Authorisation
Trevecca Hodge
Deputy Director Specialised Supervision
Kishelle Blaize-Cameron

AML Unit

Deputy Director
Alva McCall

Compliance Inspection Unit

Deputy Director
Tashel Martin-Jackson

Enforcement Division





Cherno Jallow, KC
 Director
**Policy Development
 and External
 Relations Division**

Deputy Director
 Rhonda Hodge-Smith

Deputy Director
 Allene Gumbs

FSC (HK) Ltd.
Asia Representative
 Shane Baptiste



Annet Mactavious
 Director
**Human Resources
 Division**

Deputy Director
Staffing & Benefits
 Solika Carey

Deputy Director
Training & Development
 Trecia Dawson



Sheldon Scatliffe
 Director
Finance Division

Deputy Director
 Sharifa Maloney-Smith



Dian Fahie DeCastro
 Director
Legal Division

Deputy Director
 Vacant

Deputy Director
**Governance Risk
 and Compliance**
 Tanya Dawson



Simone Martin
 Director
Special Projects



Burton Chalwell Jr.
 Director
Internal Audit



Board of Commissioners



Robin F. Gaul
Chairman
(Retired 30 June 2024)



Gerard Farara KC
Chairman
(Chairman effective 1 August 2024)



Kharid T. Fraser
Deputy Chairman



Paul O.S. Carty
(Resigned effective 7 October 2024)



Johanna M. Boyd
Commissioner



William C. Gilmore
Commissioner



Ramnarine Mungroo
Commissioner



Patlian Johnson
Commissioner
(Commissioner effective 1 August 2024)



Kenneth B. Baker
Ex Officio

Chairman's Statement



Gerard Farara KC

Chairman

Throughout 2024, the Commission maintained robust and effective oversight, guided by its core values of vigilance, leadership, integrity, and accountability. By advancing several key initiatives, it reaffirmed its commitment to delivering strong, responsive regulation across the sectors.

In addition to executing its core functions, significant activities which consumed the work of the Commission's regulatory and operational teams during 2024, included the Commission's ongoing efforts to implement recommendations from the 2023 CFATF Mutual Evaluation Report and establishment of a new beneficial ownership framework, including legislative development and the operationalisation of the regime within the Commission's Registry of Corporate Affairs.

The territorial significance of these efforts mandated that the Commission revise and reprioritise its workplan to execute these initiatives while postponing certain key capital driven activities. Notwithstanding this shift, the Commission delivered on its commitment to enhance its regulatory framework and supervisory practices, grow its human resources, increase stakeholder engagement, enhanced its use of technology and development of innovative systems and improve its internal governance and compliance functions.

In 2024, the Commission reported a marginal increase in revenues of 0.9% over 2023, while expenditures were within budget evidencing prudent and disciplined spending, as well as effective revenue management.

The mix of growth and stabilisation reported by the Registry of Corporate Affairs in 2024 underscores the BVI's resilience and appeal to persons willing to conduct legitimate international business.

As we look ahead to 2025, the Commission remains committed to regulatory excellence, global compliance and innovation led service. Its strategic focus is aligned across divisions to uphold the Territory's reputation as a respected international financial centre. The Commission is expected to deliver on further reforms to key legislative regimes, progress compliance inspections and buttress enforcement activities aligned with its enforcement philosophy and in response to evolving global standards and sectoral risk.

The Commission's efforts reflect the belief that integrated, cross functional collaboration is key: reforms, risk-analysis, inspections, enforcement and stakeholder outreach work in tandem to assist the Commission in realising its strategic objectives. With this unified approach, the Commission remains well positioned to meet the demands of a complex and dynamic global financial services-environment, protect the integrity of our jurisdiction, and deliver excellent service to all stakeholders

The 2025 priorities as set out in the Commission's Strategic Work Plan has an appropriate focus on the advancement of digitalisation, service-efficiency, as well as fostering and solidifying international regulatory partnerships to strengthen the Commission's competitive advantage.

Managing Director's Statement



Kenneth Baker

Managing Director/ CEO

Building on the commitment to stability and resilience expressed in last year's annual report, the Commission approached 2024 with steady focus on realising the strategic objectives set out in its Work Plan.

During the year we advanced the beneficial ownership regime through policy, legislative and operational work, including the creation of a dedicated unit within the Registry of Corporate Affairs, upgrades to the VIRRGIN system to enable electronic filings, and sustained stakeholder engagement to support orderly implementation, actions that align our framework with evolving transparency expectations and provide a more resilient foundation for compliance and supervision.

The Commission committed to the implementation of the recommendations following the 2023 CFATF 4th Round Mutual Evaluation. This commitment demanded a copious amount of resources, time and effort by the Commission's teams. In 2024 the Commission submitted five progress updates and facilitated coordination of the implementation initiatives across both public and private sectors.

The Commission's supervisory efforts focused on enhanced risk assessments, AML supervision, compliance inspections and effective and proportionate enforcement actions. These efforts resulted in updating risk ratings of all licensees, identification of emerging risks, a 150% increase in compliance inspections, and

implementation of enforcement actions aligned with stricter adherence to the Commission's Enforcement Philosophy.

Our teams at the Commission also progressed key data and innovation initiatives. We strengthened our data capabilities and deepened our use of data, coordinating a two-phase analytics initiative that consolidated fiduciary returns across multiple sectors and delivered interactive dashboards and process improvements to enhance regulatory oversight and inform risk-based supervision. We also developed and deployed several new transactions within our VIRRGIN flagship system to facilitate filings in compliance with new corporate requirements.

Central to the Commission's strategic objectives were reforms that we made to our corporate regulatory framework and expansion of the functions at the Registry of Corporate Affairs to include the development and establishment of a specialised unit to collect and maintain registers of Beneficial Ownership to ensure the Territory's continued compliance with international standards.

In 2024, Our Registry of Corporate Affairs reported a 15.75% increase in incorporations which is a strong affirmation of the BVI as a leading corporate domicile.

The Commission was pleased to host three major international events that brought peers and partners to the Territory, namely the Caribbean Group of Banking Supervisors Annual Conference, the Financial Stability Board Regional Consultative Group for the Americas, and the Group of International Finance Centre Supervisors meetings, with planning and execution led by our Operations and Managing Director's teams and participation that underscored our role in the regional and global supervisory community.

Our internal operations supported this programme of work, from business services and facilities to creative and information technology functions, enabling a significant increase in hosted events and maintaining the Commission's focus on efficiency, service and organisational readiness.

The Commission sustained strong engagement with industry practitioners through active collaboration, including face-to-face and virtual Meet the Regulator forums, consultations, guidance, and targeted publications. In December 2024, we hosted our first hybrid Meet the Regulator Forum, introducing the new Beneficial Ownership Regime and offering practical guidance on filing transactions within the VIRRGIN platform—an event that drew hundreds of participants. Our partnership with the private sector remains vital to our success, and I extend sincere thanks for their continued trust and support.

I extend heartfelt gratitude to the staff, management, and Board of Commissioners of the FSC for their unwavering commitment, dedication, and tireless efforts in advancing the Commission's objectives. Our people are the cornerstone of the organisation—an indispensable resource that empowers the Commission to fulfill its mandate and contribute meaningfully to the economic development of our Territory.

Building on the momentum of 2023, we have kept our emphasis on people, systems and partnerships, aligning structure and capacity to deliver consistent supervision and enforcement while supporting the delivery of reforms and maintaining service to industry and the public.

Looking ahead, we will consolidate the gains made through the beneficial ownership programme, continue strengthening data and analytics, and progress the next phase of digital platforms that support filings and risk monitoring, while maintaining our outward posture through measured participation in regional and international fora.

Our priorities for 2025 are clear, keep the Commission steady through consistent supervision, embed recent reforms, and continue investing in capabilities that make our regime both credible and practical, so that the Commission remains, in the language we used last year, a reliable beacon for the Territory's financial services.

2024 Highlights

Beneficial Ownership

- Development and implementation of new Beneficial Ownership Framework
- Establishment of Beneficial Ownership Unit at ROCA enforcement (in force 2025).

Virtual Assets Service Providers

68

VASP Applications
(end-2024)

27

Onboarding/
Compliance Meetings

10

Approvals

4

Refusals

Published Documents:

- Travel Rule Guidance
- MoU with FINTRAC



Enforcement

\$388,400

Total Penalties/Fines



71%

of total value are
AML Related

31 Enforcement
Actions

17 Penalties, 10 Warnings,
2 Directives

Legislative Highlights

- **BVI Business companies (Amendment) Act, 2024 Amendment Act**
 - New corporate reporting
- **Beneficial Ownership Secure Search System (Amendment) Act, 2024**
 - Enhanced AML/CFT measures (in force 2025)
- **BVI Business Companies and Limited Partnerships (Beneficial Ownership) Regulations, 2024**
- **Anti-Money Laundering (Amendment) Regulations, 2024**
- **Anti-Money Laundering and Terrorist Financing (Amendment) Code of Practice, 2024**

AMLU

- MER published Feb 2024; Action Plan developed, with 5 updates provided to National Coordination Unit to address Commission related issues
- AML/CFT returns rose to **1,206** (automation introduced for penalty issuance; **\$44,800** in late-filing penalties, **44%** collected).
- Expanded sanctions management; guidance and outreach published; staff training.

Compliance

- **40** inspections completed (150% increase vs prior years), focused on TCSP & Investment Business.
- Positive trends in CDD/verification and third-party testing; gaps in ECDD, ongoing monitoring and institutional risk assessments.
- Sector reports and targeted outreach delivered.

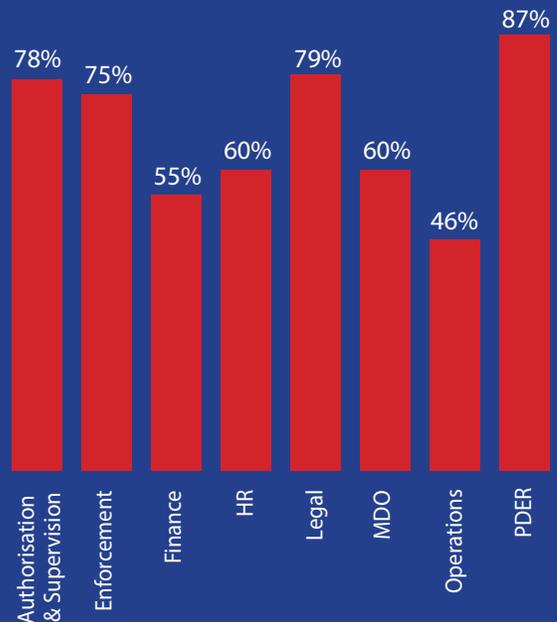
MONEY MATTERS BVI

- **Financial Literacy & Awareness Campaigns** (Piggy Bank Pageant, Global Money Week, World Investor Week, Money Mondays)
- **Competitions & Broadcasts** (AFLIP Competition & Live Stream)
- **Health & Wellness Events** (Men's Health Private Session & Fair)
- **Community & Personal Growth Sessions** (Women's Ministry, New Cohort Session, Youth / Literacy Outreach)
- **Financial & Legal Planning Forums** (Wills & Estate Planning Forum & Live Stream, Promo Video for Day of Banks)
- **26 School Engagements**

Training & Development

- **120 training events**

Participation by Teams:



Key Appointments and Confirmations

Tashel Jackson-Martin

Deputy Director, Compliance Inspection

Appointed with effective from 2nd January 2024

Deca Penn

Ag. Deputy Director, Prudential Supervision

Appointed with effective from 1st May 2024

Dian D. Fahie

Director, Legal

confirmed with effective from 1st July 2024

Alicia Penn

Deputy Registrar, Strategic Initiatives

Appointed with effective from 18th November 2024



REGISTRY OF CORPORATE AFFAIRS



The Registry of Corporate Affairs (“Registry” or “ROCA”) is the primary authority responsible for the incorporation, registration, and maintenance of corporate entities within the British Virgin Islands. The Registry oversees the incorporation and registration of BVI Business Companies, Limited Partnerships, Trade Marks, and the re-registration of UK/EU Patents. Additionally, it manages post-incorporation and post-registration transactions, ensuring adherence to established legal and regulatory frameworks.

ROCA plays a critical role in maintaining the accuracy, integrity, and accessibility of corporate records. The Registry is committed to providing efficient, transparent, and technology-driven services to corporate service providers and businesses operating within the jurisdiction. With an emphasis on digital transformation and corporate compliance, the Registry continues to enhance its operational capabilities, ensuring alignment with global best practices in corporate governance.

As a key facilitator of corporate activity and economic growth, the Registry remains focused on improving customer service efficiency, streamlining corporate filings, and adapting to evolving international regulatory standards.

The year 2024 has been a transformative period for ROCA, marked by resilience, innovation, and a renewed focus on efficiency. The performance of the Registry in 2024 indicates a further strengthening of the jurisdiction’s reputation as a premier hub for business and investment. The Commission’s commitments to transparency, digital transformation, and service excellence has been evident across all key Registry services.

During 2024 there was a notable growth over 2023 in corporate registrations, signalling renewed investor confidence in the British Virgin Islands’ corporate framework. Corporate transparency remained a strategic priority, exemplified by the establishment of the Beneficial Ownership Unit, which reinforces compliance with international standards and further strengthens the jurisdiction’s reputation as a well-regulated financial centre. In addition, amendments to the BVI Business Companies (BVIBC) Act introduced enhanced reporting obligations, thereby

advancing the integrity, accountability, and resilience of the corporate regulatory regime.

Client Services Unit also underwent a restructuring, including strengthening its management structure leading to improved service delivery, faster response times, and enhanced client engagement.

Statistical Overview

The Registry’s corporate business activities from 2021 to 2024 experienced notable fluctuations across key transactions, including new incorporations, annual fee renewals, director registrations, and corporate dissolutions. The data reveals patterns of growth and decline, highlighting an evolving economic and regulatory landscape.

Table 1 - Corporate Registration Trends (2021 – 2024)

| Transactions | 2021 | 2022 | 2023 | 2024 | %Change (2023-2024) |
|--|---------|---------|---------|---------|---------------------|
| New Incorporations | 35,615 | 29,015 | 23,485 | 27,185 | +15.75% |
| Annual Fee Renewals | 329,219 | 333,270 | 328,293 | 321,522 | -2.06% |
| Continuations into BVI | 569 | 343 | 200 | 177 | -11.50% |
| Continuations out of BVI | 723 | 572 | 737 | 553 | -24.97% |
| Director Registrations | 36,177 | 29,015 | 24,031 | 27,272 | +13.49% |
| Limited Partnership Registrations | 636 | 371 | 287 | 320 | +11.50% |
| International Searches | 28,484 | 26,615 | 38,531 | 38,161 | -0.96 |
| Local Searches | 45,665 | 39,175 | 36,249 | 36,950 | +1.93% |
| Premium Service Transaction | 379 | 312 | 242 | 279 | +15.29% |
| Voluntary Liquidation | 9,438 | 8,721 | 5,543 | 5,817 | +4.964% |
| Dissolutions | 9,438 | 8,721 | 5,543 | 5,817 | +4.94% |
| Request for Certificate of Good standing | 44,820 | 39,020 | 36,711 | 36,158 | -1.51% |
| Members Registrations | 415 | 419 | 357 | 377 | +5.60 |

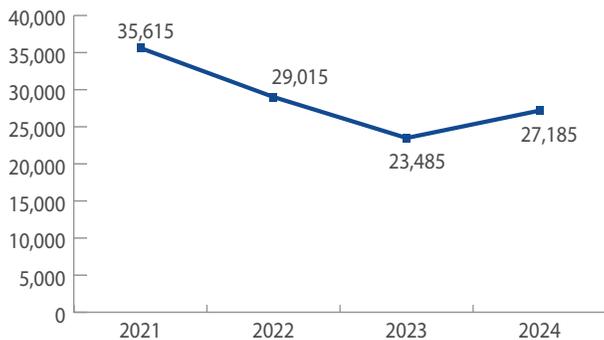
Analysis of ROCA's Corporate Business Activities (2021-2024)

New Incorporations

New incorporations in the BVI saw a significant rise in 2024, reaching 27,185, reflecting a 15.75% increase from the previous year's 23,485. This growth follows a period of decline, as incorporations were higher in 2022 (29,015) and much stronger in 2021 (35,615). The increase in 2024 indicates a potential rebound in business formations, suggesting renewed investor interest in the jurisdiction.

This growth can be ascribed to several factors, including heightened global business engagement, and the strengthened reputation of the BVI as a corporate destination. However, while the rebound is promising, the numbers still remain lower than pre-2023 levels, indicating that full recovery is yet to be achieved. The Commission remains mindful of the possible negative impact of external factors, such as economic conditions and changes in regulations, on new business incorporations.

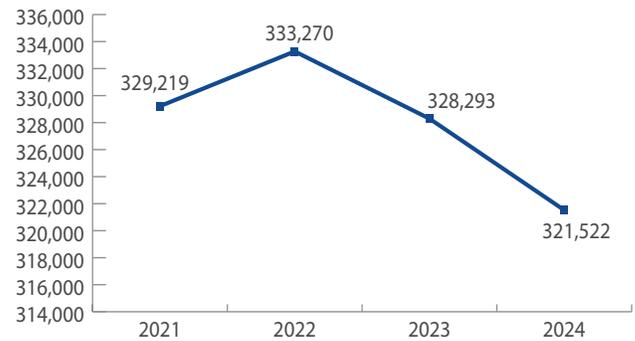
Chart 1 - New Incorporations



Annual Fee Renewals

Annual fee renewals decreased slightly by 2.06%, from 328,293 in 2023 to 321,522 in 2024. This decline suggests a marginal drop in the number of active companies choosing to maintain their registration in the BVI. While the change is not substantial, it is indicative of transactions encompassing cessation of business, continuations out of jurisdiction, or restructuring. Alternative perspectives include external pressures such as global economic instability, increased compliance costs, or shifts in corporate strategies. Despite the decline, the numbers remain relatively high, demonstrating the BVI's continued appeal as a jurisdiction for businesses seeking offshore registration.

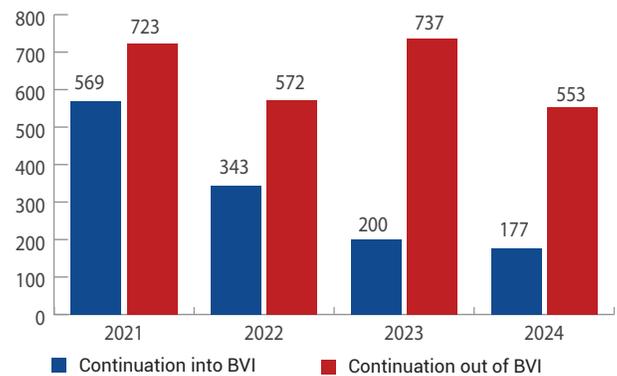
Chart 2 – Annual Fee Renewals



Continuations into and out of the BVI

Companies continuing into the BVI declined by 11.50%, dropping from 200 in 2023 to 177 in 2024. At the same time, companies leaving the BVI saw a more significant reduction of 24.97%, decreasing from 737 to 553. The sharp decline in companies exiting the jurisdiction suggests that firms are finding the BVI an attractive and stable place to conduct business. It may also indicate that recent regulatory adjustments or economic factors have encouraged companies to remain in the BVI rather than relocate to other jurisdictions.

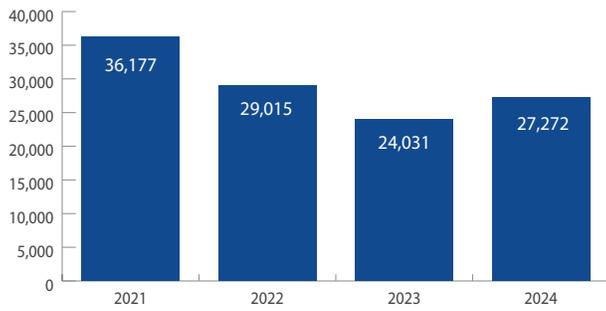
Chart 3 - Continuations into and out of BVI – YoY changes



Director Registrations

Director registrations experienced a strong increase of 13.49%, rising from 24,031 in 2023 to 27,272 in 2024. This increase is in line with the growth in new incorporations, suggesting an overall expansion in corporate activity. The rise in directorships was also influenced by the inherent increase in the number of active business entities in the BVI. The growth in director registrations is a positive sign that corporate governance remains robust within the jurisdiction.

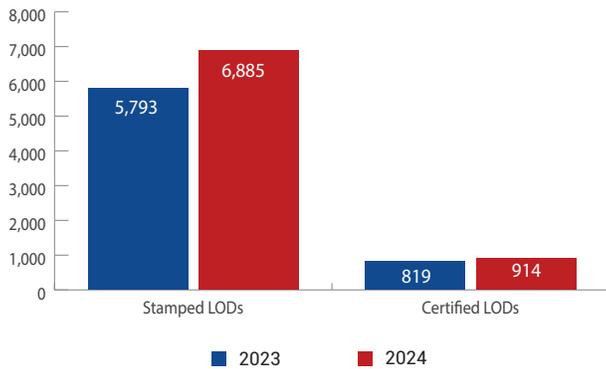
Chart 4 – Registration of Register of Directors



The Registry regularly receives requests for stamped or certified lists of directors (LOD). Below is a representation of the requests received by the Registry, along with a comparative analysis of the data collected for the years 2023 and 2024.

The demand for both stamped and certified lists of directors grew significantly by 18.85% and 11.60% respectively, underscoring the continued reliance on these records for compliance and business operations.

Chart 5 – LODs Requested 2023 Vs. 2024

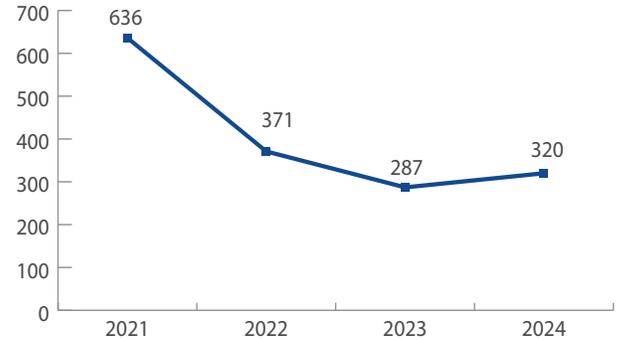


The marked increase in the requests for LODs signifies a growing awareness and adherence to corporate governance principles. The higher growth rate of stamped and certified LODs indicates that entities may be pursuing additional authentication for official uses, including legal proceedings, financial transactions, or regulatory submissions. This trend reinforces the requirement of maintaining accurate and verifiable director records in business operations.

Limited Partnership Registrations

Limited partnership registrations increased by 11.50%, growing from 287 in 2023 to 320 in 2024. This upward trend signals a sustained interest in the BVI as a hub for limited partnerships, which are often used for investment and wealth management purposes. The continued growth in this area suggests that the BVI remains an attractive destination for financial structuring and investment vehicles.

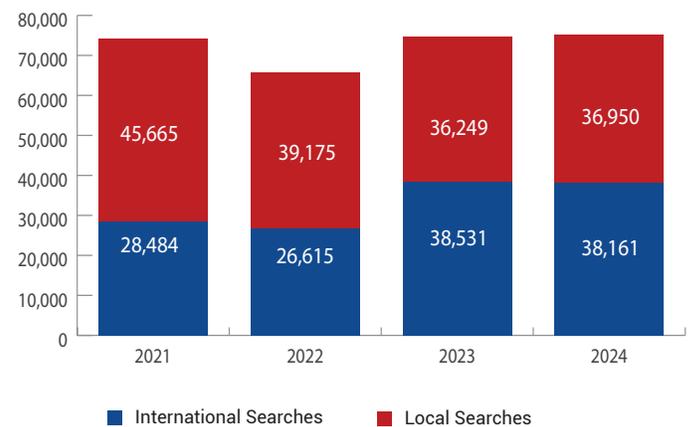
Chart 6 – Limited Partnership Registrations



International and Local Searches

International searches saw a minor decline of 0.96%, from 38,531 in 2023 to 38,161 in 2024, indicating a relatively stable but slightly reduced interest in BVI-registered entities from foreign stakeholders. In contrast, local searches increased by 1.93%, from 36,249 to 36,950. The rise in local searches suggests growing domestic interest in company-related information, possibly reflecting increased transparency measures or heightened regulatory compliance. The contrasting trends between international and local searches highlight the evolving dynamics of corporate interest in the BVI.

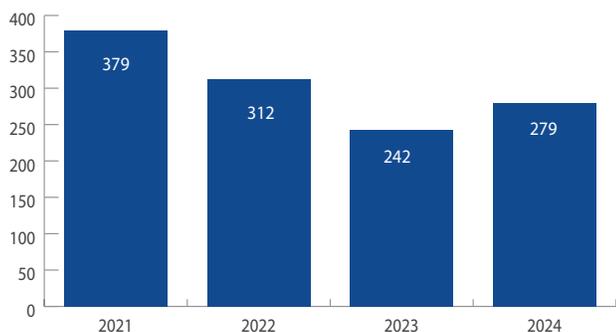
Chart 7 – International and Local Searches



Premium Service Transactions

Premium service transactions increased by 15.29%, rising from 242 in 2023 to 279 in 2024. This surge suggests a higher demand for expedited or specialised corporate services, due to businesses seeking faster processing times for registrations, renewals, or other Registry services. The increase could also reflect an overall trend of businesses requiring more customized or high-priority services, indicating a willingness to invest in premium offerings.

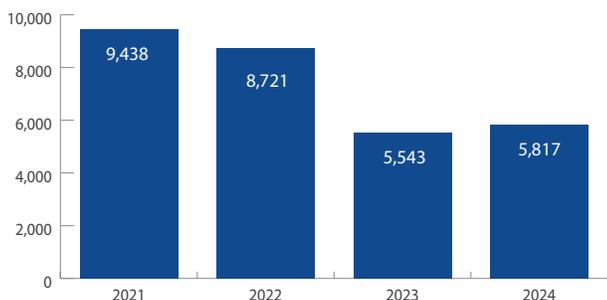
Chart 8 – Premium Service Transaction YoY



Voluntary Liquidations

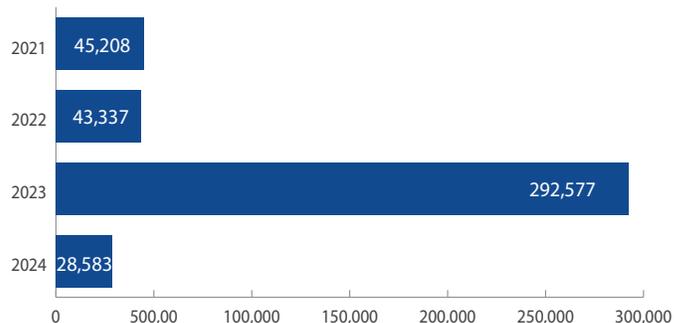
In 2024, there were 5,817 voluntary liquidations, reflecting a slight increase compared to 5,543 in 2023. While these figures indicate relative stability over the past two years, they remain significantly lower than previous years, with 8,721 liquidations recorded in 2022 and 9,438 in 2021.

Chart 9 – Voluntary Liquidation YoY



Company Dissolution

Chart 10 – Dissolutions YoY



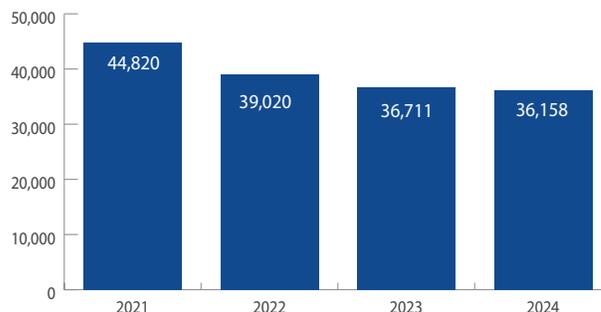
In 2024, a total of 28,583 companies were dissolved, a significant decrease from the 292,577 dissolutions recorded in 2023. The sharp rise in 2023 was primarily due to amendments to the BVI Business Companies (BVIBC) Act, which came into force on 1 January 2023. The amendment stipulated that struck-off companies would be dissolved immediately upon the publication of the striking-off notice in the Gazette, replacing the previous rule that required a seven-year waiting period for dissolution. Additionally, all existing struck-off companies that were not restored by June 30, 2023, were automatically dissolved, leading to the exceptionally high dissolution figure for that year.

By contrast, dissolutions in 2022 and 2021 stood at 43,337 and 45,208, respectively. The 2024 figures suggest a return to more typical dissolution patterns following the regulatory-driven spike in 2023. The Registry continues to monitor the impact of these legislative changes on corporate activity within the jurisdiction.

Requests for Certificates of Good Standing

Requests for Certificates of Good Standing declined slightly by 1.51%, from 36,711 in 2023 to 36,158 in 2024. The minor decrease indicates a relatively stable level of corporate compliance, with only a slight reduction in companies seeking verification of their status.

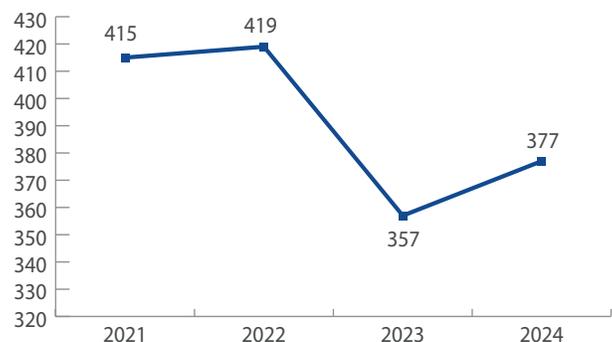
Chart 11 – Certificates of Good Standing Stats



Register of Members Registrations

Member registrations increased by 5.60%, from 357 in 2023 to 377 in 2024. This growth suggests an increasing number of corporate structures requiring formal membership registrations, likely due to evolving business models, investment agreements, or corporate governance frameworks. The increase in member registrations aligns with broader business expansion trends observed in new incorporations and director registrations.

Chart 12 – Registers of Members Stats



Client Services

The Client Services Unit serves as the primary frontline support for all users of the VIRRGIN platform, managing a high volume of stakeholder interactions and facilitating the smooth processing of corporate transactions. On average, the Unit handles more than 7,000 queries annually relating to filings submitted through the system.

In 2024, the appointment of a Client Services Manager strengthened the Unit’s operational capacity and enhanced the efficiency of query resolution and client engagement. During the year, the team addressed 6,584 written queries received through its email management system, successfully resolving 6,477 of these within established service standards.

Table 2 - Client Services – VIRRGIN Support Metrics (2022-2024)

| Year | 2022 | 2023 | 2024 |
|---------------------|--------|---------|--------|
| Tickets Received | 7,962 | 7,594 | 6,584 |
| Tickets Resolved | 7,773 | 7,633 | 6,477 |
| Percentage Resolved | 97.63% | 100.51% | 98.37% |

Despite handling a demanding workload and the onset of regulatory changes, the unit maintained a strong client satisfaction rating of 84.5%, demonstrating consistent performance, when compared to the previous year.

Legislative, Regulatory & Compliance Developments impacting Registry Operations

The year 2024 marked a period of significant regulatory progress for the BVI, as the jurisdiction advanced major legislative and institutional reforms to meet evolving global compliance standards. These initiatives strengthened corporate transparency, reinforced anti-money laundering (AML) and counter-terrorist financing (CFT) measures, and modernised the Territory’s regulatory operations.

Beneficial Ownership and Corporate Transparency

During 2024 the Commission introduced changes to the Territory’s BO regime through amendment to the BVI Business Companies Act and supporting legislation including the BVI Business Companies and Limited Partnership (Beneficial Ownership) Regulations 2025, the BVI Business Companies Regulations and related Fee Orders – completed the framework for electronic filing of Beneficial Ownership information. These reforms expanded reporting obligations, enhanced verification procedures, and aligned the BVI with international expectations for transparency and accountability. Together, these measures provided the foundation for a modernised, technology-driven reporting environment.

Throughout the year, preparatory work focused on system design, pilot testing, and engagement with registered agents to ensure readiness for full implementation. In Q4 2024, the Commission established the Beneficial Ownership Unit (BO Unit) within ROCA to lead the operational rollout of the new regime. The Unit’s early priorities included supporting system integration into the VIRRGIN platform, coordinating technical development, and preparing for phased implementation of electronic filings.

Policy and Stakeholder Engagement

Recognising that effective regulation requires collaboration and understanding, the Commission maintained an active programme of stakeholder engagement throughout 2024. Consultation sessions with corporate service providers, legal practitioners, and industry associations provided valuable feedback on new reporting obligations, system functionality, and legislative clarity.

The year concluded with the “Meet the Regulator Forum” on 12 December 2024, dedicated exclusively to the implementation of the BO regime. The hybrid event drew over 500 participants. Presentations detailed the legislative framework, filing procedures through VIRRGIN, and data-security protocols. Participants raised questions on deadlines, fees, ownership thresholds, and system functions, which the Commission addressed comprehensively, confirming that a set of FAQs would be published to clarify outstanding matters.

In parallel, the Registry began developing a structured training and liaison programme to equip industry participants with practical guidance on electronic submissions and compliance expectations—further strengthening cooperation between regulators and the private sector.

By the close of 2024, BVI had achieved tangible progress toward a more transparent, technology-driven, and risk-based regulatory environment. The introduction of enhanced legislative frameworks, the establishment of the BO Unit in Q4, and continued expansion of digital-filing capabilities have positioned the Territory to meet forthcoming international assessments with confidence.



OFFICE OF REGISTRAR OF TRADE MARKS, PATENTS AND COPYRIGHT



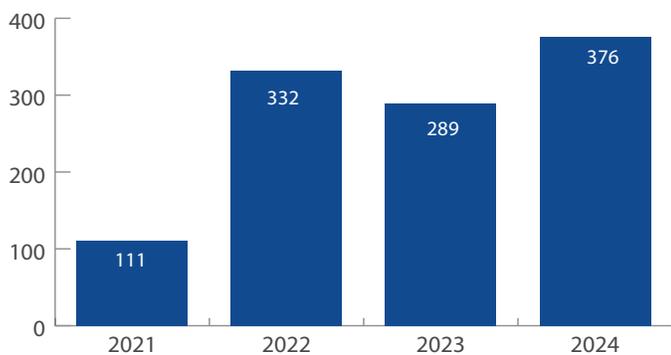
The Office of the Registrar of Trade Marks, Patents and Copyright functions as a unit within ROCA at the Commission and has the sole responsibility for the registration of registrable intellectual property in the Virgin Islands. The activities recorded by the Trade Marks, Patents and Copyright Unit in 2024 demonstrate the growing importance of intellectual property protections within the jurisdiction.


New Applications
313


Certificates of Trade Marks Issued
376

Chart 13 below provides number of Trade Marks Registrations from 2021 to 2024.

Chart 13 – Trade Mark Registrations 2021 - 2024



Trade Mark Registrations by Quarter

Table 3 - Frequent Trade Mark Registration Class 2024

| Quarter | Registration Class | Frequency |
|---------|--|-----------|
| Q1 | Class 12: Vehicles; apparatus for locomotion by land, air, or water. | 24 |
| Q2 | Class 9: Downloadable computer software for use in electronically trading | 30 |
| Q3 | Class 9: Downloadable computer software for use in electronically trading | 22 |
| Q4 | Class 9: Downloadable computer software for use in electronically trading | 26 |

In terms of frequency, the majority of trade mark registrations were recorded in Class 9, encompassing software-related applications. This trend aligns with global developments in digital transformation, artificial intelligence, and cybersecurity. While overall filings fluctuated across the year, registrations peaked in Quarter 2 (30 registrations) before declining in Quarter 3 (22 registrations), reflecting potential influences such as product release cycles, regulatory updates, or market-driven demand. The sustained prominence of Class 9 filings underscores continued investment in software innovation and the broader digital economy.

As regards the Trade Marks registration data for 2024, it highlights a strong focus on technology and software industries, with a notable presence in the automotive sector. The quarterly fluctuations suggest evolving trends in intellectual property filings, shaped by industry cycles and shifting market conditions.

As businesses continue to prioritise digital transformation, Trade Mark filings will remain a crucial indicator of economic and technological advancements.



AUTHORISATION AND SUPERVISION



The Commission's Authorisation and Supervision Division ("Division") is responsible for regulating and supervising all financial services in and from within the territory. The Division was restructured in 2022 to transition from a sector-based approach to a risk-based functional management approach. This change aimed to enhance oversight, streamline processes, and improve responsiveness to industry developments.

The Division's main objective is to uphold the integrity of the BVI as a well-regulated international finance centre and safeguard its economic interests by ensuring that all financial institutions comply with BVI legislation and international standards.

Regulatory Oversight

The Division's oversight extends to a wide range of financial sectors, namely:

- Banking
- Financing, and Money Services
- Insurance
- Investment
- Trust and Corporate Services Providers
- Virtual Asset Service Providers (VASPs)
- Insolvency Services

Core Units of the Division

The Division is composed of four (4) key units that work together to fulfill its mandate:

1. Authorisation Unit

This is the centralised unit for all authorisation and cessation activities. Its primary functions include:

- Processing all pre-licensing and post-licensing applications
- Ensuring that applicants and existing regulated entities meet the requirements to conduct financial services business.

2. Prudential Supervision Unit

This Unit focuses on implementing the Commission's risk-based approach to monitor and supervise entities whose risks have been identified and assessed as presenting an overall lower level of inherent/potential risks. Its responsibilities include:

- Reviewing and processing all post-licensing filings from these entities
- Conducting desk-based reviews to assess risks and ensure legislative compliance

3. Specialised Supervision Unit

The Unit focuses on monitoring and supervising entities whose risks have been identified and assessed as presenting the highest level of risk or systemic importance. Its responsibilities include:

- Proactive and enhanced supervision
- Ongoing risk assessments and risk scoring
- Regular engagement through face-to-face meetings, regular dialogue and annual review meetings
- Assisting with onsite examinations

4. Market Conduct Supervision Unit

This Unit's primary objective is to promote a fair and transparent market where consumers are treated fairly. Its responsibilities include:

- Receiving and investigating complaints
- Face-to-face meeting with entities against which the complaints are made



RISK MANAGEMENT



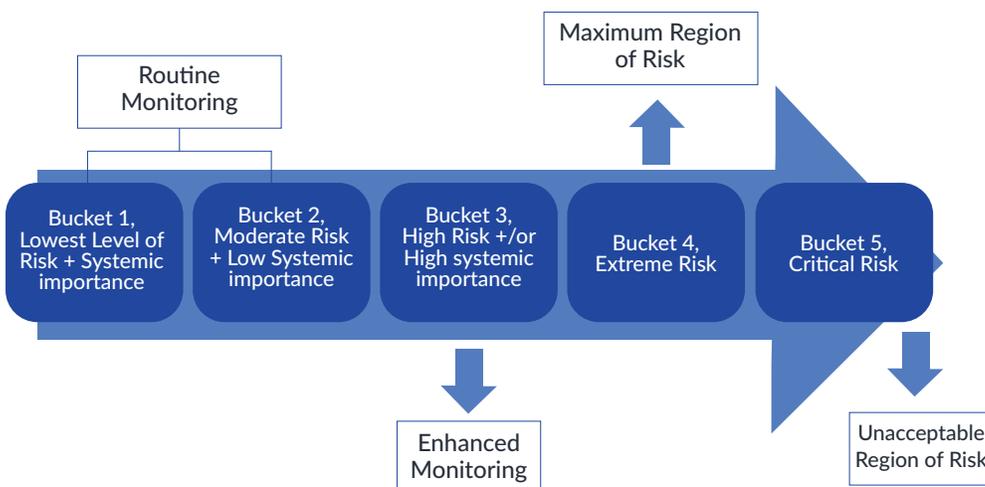
In 2024, the Commission continued to implement its Risk Based Framework for the early identification and mitigation of prudential and ML/TF/PF risk. During 2024 the Commission also made change to its framework based on recommendation emanating from the VI's Mutual Evaluation Report. These adjustment allowed the Commission to more accurately identify and prioritise risk areas on a macro/micro-prudential level (i.e. high risk sectors and risk identified in individual licensees) and AML/CFT/CPF risk. Ultimately, this stratification of risk allows the Commission to apply enhanced/ intrusive supervision where it is most appropriate and utilise its resource while mitigating risk.

Any licensee identified as having High Prudential Risk or High ML/TF/PF Risk is placed into Priority Bucket 3 or higher and a licensee's risk profile will therefore direct the intensity of supervisory oversight. Likewise, entities that are considered systematically important are treated as higher risk entities and would fall into buckets 3 and above. Further, licensee risk profiles are ongoing and subject to change as individual or macro-prudential and/or ML/TF/PF risk increases or decreases.

Risk Appetite

The Commission's risk appetite refers to the level of risk the Commission is prepared to accept. Detailed below are possible bucket placements ranging from buckets 1 (lowest level of risk and systemic importance) to bucket 5 (unacceptable levels of risk) as well as general approaches to supervision based on these placements.

Chart 14 - Commission's risk appetite





BANKING BUSINESS

Sector Overview

Seven (7) banks operate within the territory. Each bank plays a critical role in meeting the financial needs of individuals, businesses, and government institutions. Their efforts to innovate and adapt to new challenges is crucial in sustaining economic growth within the territory. Each bank collectively contributes to economic development by facilitating capital flow for businesses and entrepreneurs, supporting job creation within the financial sector, and promoting financial literacy and inclusion through targeted programs.

The seven banks comprise:



Banking services primarily include:

- **Retail Banking:** checking and savings accounts, personal loans and mortgage;
- **Corporate Banking:** business loans, credit facilities, cash management solutions and line of credit; and
- **Digital Banking:** enhancing customer convenience with online and mobile banking platforms

Prudential Risk

The Authorisation and Supervision Division provides regulatory oversight for all banks, ensuring their compliance with relevant legislation. Its supervisory models employ micro-prudential (individual institution safety) and macro-prudential (systemic stability) assessments, which are underpinned by early warning systems and risk models.

Chart 15 below provides the results of the ongoing prudential risk assessments and highlights changes in the risk distribution of banks under surveillance during 2024. Whilst market surveillance is ongoing, prudential risk assessments for Banks are updated at least quarterly. Together, ongoing supervisory efforts, market surveillance risk assessments and on and offsite reviews provide insights into the financial sector’s compliance levels, financial soundness, market vulnerabilities, controls and emerging risk.

Chart 15 - Risk Distribution of Banks, Q1 & Q4 2024

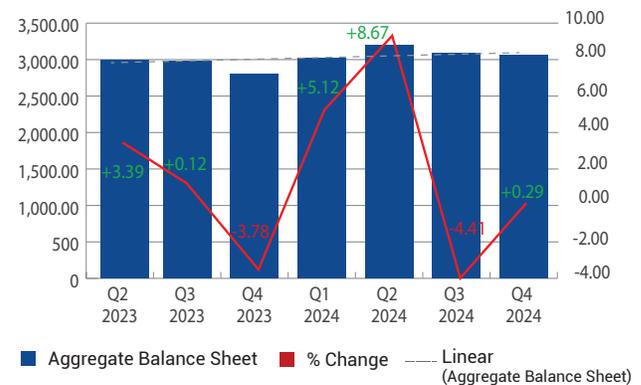
| | Bucket 1 | Bucket 2 | Bucket 3 | Bucket 4 | Bucket 5 |
|----------------------------------|----------|----------|----------|----------|----------|
| Risk Distribution Q1 2024 | | | 4 | 3 | |
| Risk Distribution Q4 2024 | | | 4 | 2 | 1 |

Financial Stability Indicators & Outlook

Assets

The total assets held by the Banking sector in the jurisdiction at the end of 2024 was \$3,279,097,000. This represents a 9.5% increase when compared to assets held in 2023. Further, the 2024 growth rate of 9.5% was significantly higher than 2023 (4.57) and 2022 (2.16%) growth rates.

Chart 16 – Aggregate Balance Sheet



Like previous years Loans and Advances continue to make up a significant portion of Banking assets accounting for 51.8% of all assets held in 2024. However, growth in the aggregate loan portfolio has slowed and is likely associated with current high-interest rate environment.

Chart 17 – Asset Composition

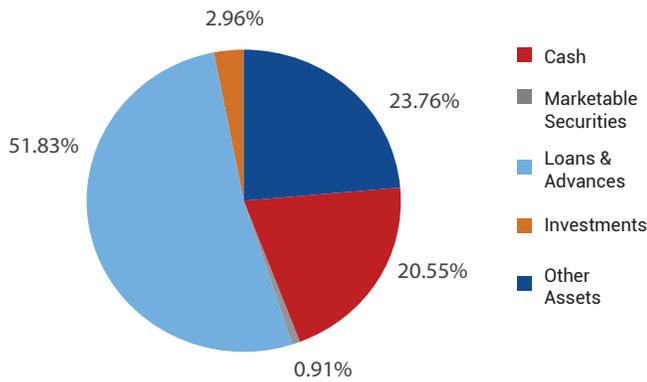
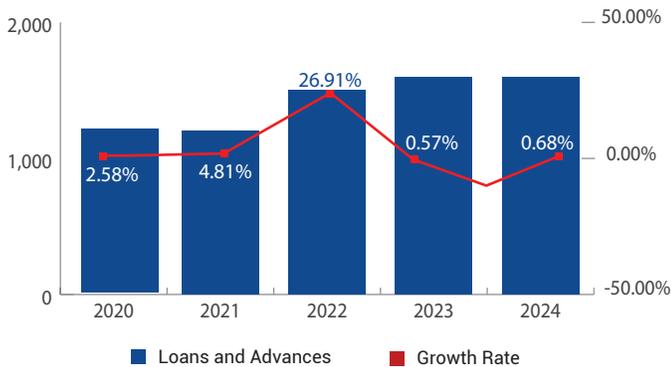


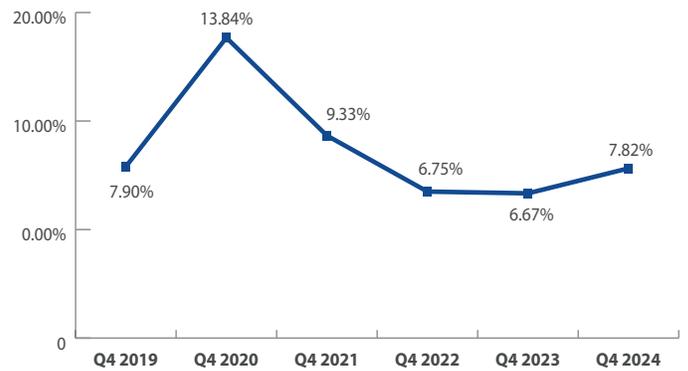
Chart 18 – Loans and Advances



Asset Quality

In aggregate, the macro prudential credit risk in the banking system increased. Aggregate non-performing loans (NPLs) in the jurisdiction is currently at 7.82 percent, representing a 20% increase when compared to Q4 2023. The total volume of NPLs at the end of 2024 stood at \$132.9 million.

Chart 19 – Non-Performing Loans to Total Loans



Onsite and onsite consistent activities performed in 2024 revealed pockets of risk emanating from individual bank’s credit risk exposure, including some banks inability to appropriately identify and record impaired assets. Further, pockets of risk were also observed in portfolios associated with sectors sensitive to cyclical and structural volatility such as the tourism industry and residential and commercial real estate slowing economic activity.

Offsite and on-site reviews further identified shortcomings in banks processes related to loan origination stratification, determining appropriate borrowing capacity and risk modelling, impacting classification and early identification of expected credit losses, identification of forbearance needs and ultimately, unlikely-to-pay exposures.

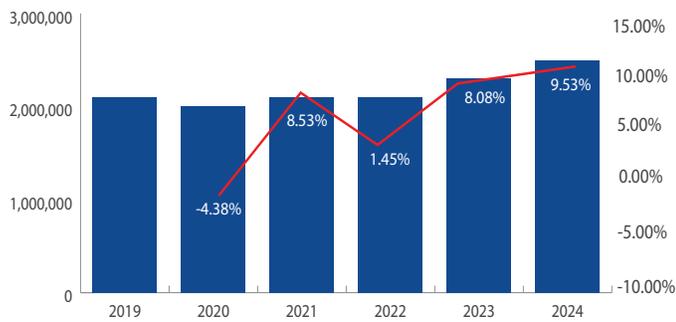
Following these supervisory engagements, a range of supervisory measures, aimed at improving provisioning and coverage ratios related to NPLs (including legacy NPLs), were communicated to relevant banks in 2024 to ensure remediation in a timely manner.

Supervisory activities performed in 2024 indicate that banks have made progress in mitigating the risks related to vulnerable portfolios and asset classes. The Commission’s 2025/2026 priorities for this sector will therefore include thematic reviews on banks’ asset quality, credit administration and risk management frameworks.

Liabilities

Aggregate deposits continued with upward momentum for the 5th year in a row. Total deposits of \$2.3 billion at the end of 2023 increased to \$2.5 billion moving the jurisdiction’s savings rate from 8.08% to 9.53%.

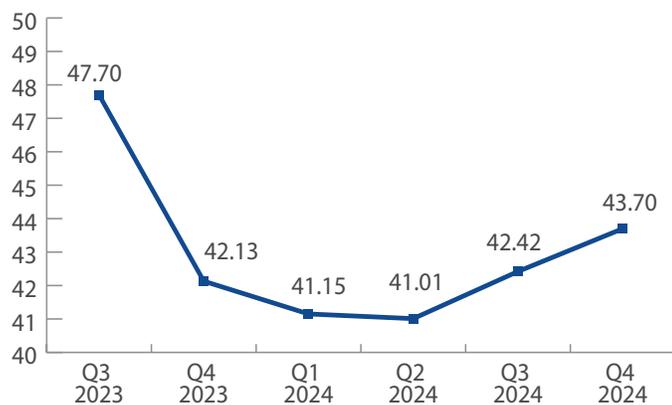
Chart 20 – Aggregate Deposits



Capital

Supervisory benchmarking exercises revealed that most BVI commercial banks remained highly capitalized over the 12% Tier I capital regulatory requirement. The Division noted a slight increase 3.01 % in the Average Tier I Capital to Risk Weighted Asset Ratio. Specifically, Tier 1 Capital increased from 43.13% in Q4, 2023 to 43.70% in Q4 2024. Chart 21 Tier 1 Capital to Adjusted Risk Weighted Capital Whilst in aggregate Risk weighted capital in the jurisdiction is high, the Commission notes that aggregate amounts are largely impacted by very high risk weighted capital balances in individual banks, resulting in a positive skewing of aggregate amounts. Further, the Commission’s prudential monitoring activities also identified pockets of risk emanating from individual banks where inadequate assignment of risk weight exposures related to the credit risk portfolio impacted their risk-weighted assets.

Chart 21 – Tier 1 Capital to Adjusted Risk Weighted Capital



Whilst in aggregate Risk weighted capital in the jurisdiction is high, the Commission notes that aggregate amounts are largely impacted by very high risk weighted capital balances in individual banks, resulting in a positive skewing of aggregate amounts. Further, the Commission’s prudential monitoring activities also identified pockets of risk emanating

from individual banks where inadequate assignment of risk weight exposures related to the credit risk portfolio led to underestimation of risk-weighted assets and, as a result, underestimation of minimum risk weighted capital needs.

Market Conduct Activities

Table 4 – Banking Complaints

| Banking Complaint Handled by MSCU | | | |
|-----------------------------------|------------------------------------|---------------------|------------------------------------|
| 2023 | | 2024 | |
| Complaints Received | In Progress as of 31 December 2023 | Complaints Received | In Progress as of 31 December 2024 |
| 3 | 0 | 7 | 3 |

The Market Conduct complaints in the Banking sector have been relatively low since the introduction of the function.

The increase in banking sector complaints in 2024 reflects challenges within the sector, particularly regarding cyber fraud, which is an emerging risk for both licensees and consumers.

As technology advances, there will be a growing sophistication of cyber threats that must be mitigated.

The complaints included issues such as, but not limited to hacked accounts, unfair closure of accounts, unauthorized wire transfers, unclear terms of agreements, unauthorized credit card transactions, and recurring customer service matters.

The insights gained from these complaints will inform the development of tailored supervision metrics aimed at enhancing consumer protection while allowing banks to be innovative.



FINANCING & MONEY SERVICES



Sector Profile

The Financing and Money Services sector operates under the Financing and Money Services Act (Revised 2020).

Currently, there are two (2) Money Services Businesses (MSBs) and four (4) Financing Businesses licensed in the Virgin Islands, with two new Financing Businesses, licensed in 2024.

Risk Environment - Money Services

Risk assessments at Q1 2024 identified one entity as Medium High and one entity was rated Medium-Low. At the end of the year, at Q4 2024, both entities were placed in Bucket 3 (Medium-High).

Money Flows

Between Q1 2024 and Q4 2024, approximately 156,088 transactions valued at \$46,994,098 were sent to foreign countries, and approximately 15,913 transactions to BVI valued at \$6,983,327 were received from foreign countries.

Chart 22 - Outgoing Transfers Q1-Q4 2024

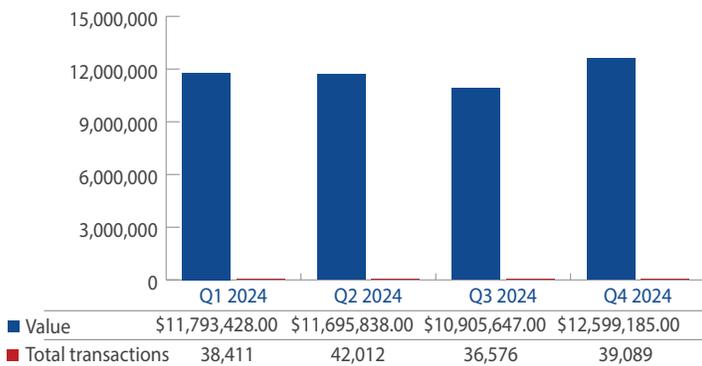
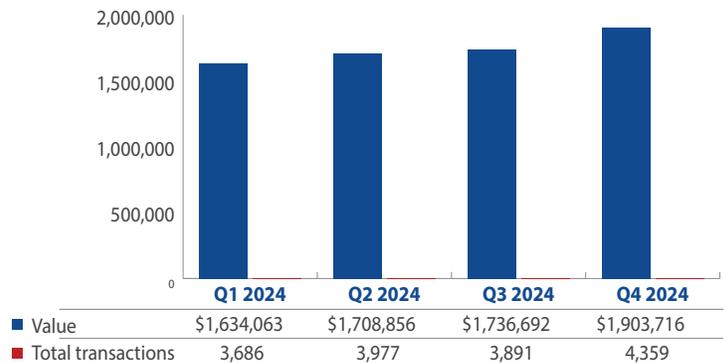


Chart 23 - Incoming Transfers Q1-Q4 2024



Tables 5 - Top Five Countries for Outgoing Remittances

| Outgoing Remittances | | | |
|-----------------------------|------------|-----------------------------|-----------|
| Outgoing Remittances | 2023 | Outgoing Remittances | 2024 |
| Jamaica | 10,283,649 | Jamaica | 9,919,592 |
| Dominican Republic | 7,878,886 | Dominican Republic | 6,208,124 |
| St.Vincent & the Grenadines | 6,159,796 | St.Vincent & the Grenadines | 5,706,469 |
| United States of America | 5,001,916 | United States of America | 4,476,424 |
| Guyana | 4,041,789 | Guyana | 3,482,641 |

Tables 6 - Top Five Countries for Incoming Remittances

| Incoming Remittances | | | |
|------------------------------|-----------|------------------------------|-----------|
| Incoming Remittances | 2023 | Incoming Remittances | 2024 |
| United States of America | 4,116,373 | United States of America | 3,816,117 |
| United Kingdom | 524,492 | United Kingdom | 541,546 |
| United States Virgin Islands | 427,389 | United States Virgin Islands | 264,121 |
| Canada | 240,398 | Canada | 234,245 |
| Dominican Republic | 195,141 | St. Kitts and Nevis | 179,769 |

AML Supervision - Money Services

Table 7

| Risk | Inherent Risk ³ | Impact of Mitigating Factors | Residual Risk |
|---------------------|----------------------------|------------------------------|---------------|
| Money Laundering | ML | | ML |
| Terrorist Financing | ML ⁴ | | L |

Risk Environment- Financing

The Commission continues to monitor pockets of risk associated with the prudential operations of financing entities. These institutions, like Banks, are often impacted by cyclical changes to the economy that may lead to market stress, ultimately impacting overall financial soundness of the entity. Further, the Commission has noted an increase in the use of these type of institutions, which the Commission notes help to fill gaps in the market for those consumers that may not be able to access traditional bank services. In this regard, the Commission has prioritised consumer safety and soundness frameworks for this market. Further supervisory priorities for the next few years will focus on predatory lending, appropriate capital requirements and fair lending practices.

Table 8 – Annual Loan Data

| Annual Loan Data | |
|---|--|
| Total loan transactions reported annually | Total value of loans reported annually |
| 968 | \$7,342,049.42 |

AML/CFT Supervision - Financing Business

Whilst risk assessments of this sector has identified low vulnerabilities to financial crime risk, identified AML/CFT vulnerabilities for the sector include identified risk pools related to appropriate risk assessment and customer due diligence (CDD).

Table 9

| Risk | Inherent Risk ⁵ | Impact of Mitigating Factors | Residual Risk |
|---------------------|----------------------------|------------------------------|---------------|
| Money Laundering | L | | L |
| Terrorist Financing | L | | L |



INSOLVENCY SERVICES

Sector Overview

The BVI's Insolvency regime is governed by the Insolvency Act, 2003, as amended, and supplementary insolvency legislation. Additionally, the BVI Business Companies Act, 2004, outlines the framework for voluntary liquidations of solvent companies.

Types of insolvency and restructuring procedures include:

- Liquidation (Voluntary and Insolvent);
- Creditors' Arrangements;
- Schemes of Arrangements; and
- Provisional Liquidation.

Authorisation Activities

Applications and post-licensing activities during 2024 are shown in Table 10 and Table 11.

Table 10 - Applications and Post Licensing Transactions for Insolvency Services during 2024

| | 2023 | 2024 |
|---|-----------|-----------|
| Applications Received | 2 | 4 |
| Applications Approved | 2 | 3 |
| New Licence Issued (Full Licence) | 2 | 3 |
| Revocation of Licences | 0 | 4 |
| Applications being Processed | 2 | 1 |
| Total Insolvency Practitioner Licences | 29 | 28 |

Table 11 - Overseas Joint Appointments by Jurisdiction

| Jurisdiction | 2023 No. of Cases | % 2023 | 2024 No. of Cases | % 2024 |
|----------------|-------------------|-------------|-------------------|-------------|
| Hong Kong | 31 | 54% | 45 | 56% |
| Cayman Islands | 11 | 19% | 11 | 14% |
| United Kingdom | 10 | 18% | 9 | 11% |
| Bermuda | 2 | 4% | 2 | 3% |
| Singapore | 2 | 4% | 12 | 15% |
| Cyprus | 1 | 1% | 0 | 0% |
| China | 0 | 0% | 1 | 1% |
| Total | 57 | 100% | 80 | 100% |

INSURANCE BUSINESS

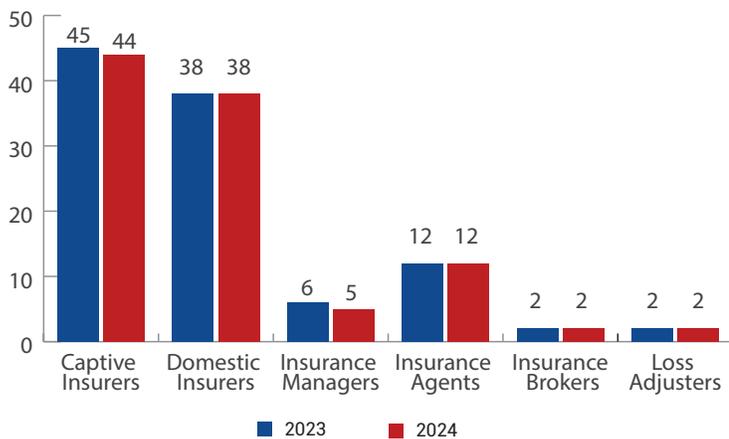
Sector Overview

The BVI's primary Insurance market comprises of two (2) distinct segments: domestic insurers serving local policyholders and captive insurers, which are typically subsidiaries formed by parent companies to self-insure their own risks. The secondary market comprises insurance managers, insurance intermediaries (insurance agents or brokers), and loss adjusters who provide insurance services on behalf of domestic insurers and captive insurers.

Authorisation Activities

2024 ended with a total of 103 active insurance entities, as shown in chart 23 below. The number of BVI captive companies when compared to previous years and regional competitors indicates a challenging environment for this segment in the BVI. This contrasts sharply with the stability seen in the domestic companies.

Chart 24 - Insurance entities between 2023 and 2024



Supervisory Activities

Financial Insights (Captive Insurers)

Table 12 below summarises Captive insurers Business Written in 2023 and 2024. Gross Written Premiums show revenue trends. Total Assets provide insights into the financial backing and solvency of the captive segment.

Table 12 - Comparison of Captive Insurers Business Written

| | 2023 | 2024 |
|------------------------------|------------------------|------------------------|
| Gross Direct Written Premium | \$78,425,428 | \$75,404,920 |
| Total Assets | \$1,427,065,766 | \$1,510,902,604 |

Financial Insights (Domestic Insurers)

Table 13 reflects domestic business only (premiums collected from BVI residents) regarding property & casualty business. It highlights where growth or contraction occurred.

Table 13 - Property and Casualty - Domestic Insurance Companies Total Gross Written Premiums based on five (5) major lines of insurance business

| Insurance Class | 2023 | 2024 |
|---------------------|----------------------|----------------------|
| Motor | \$10,809,294 | \$11,760,247 |
| Property | \$57,802,546 | \$74,080,025 |
| Liability | \$23,512,335 | \$20,660,926 |
| Accident and Health | \$ 32,136,183 | \$32,164,179 |
| Marine and Aviation | \$15,575,403 | \$19,699,280 |
| Total | \$107,699,578 | \$126,200,478 |

The claims amount for a single year reflects both the frequency (number of claims) and severity (average cost per claim). Table 14 summarises the total gross claims paid for 2023 and 2024 showing the absolute and percentage change for each year.

Table 14 - Total Gross Claims Paid: Year-over-Year Analysis (2023 vs. 2024)

| Insurance Class | 2023 Claims Paid | 2024 Claims Paid | Absolute Change | % Change (YoY) | Trend |
|---------------------|------------------|------------------|-----------------|----------------|----------------------|
| Motor | \$4,600,580 | \$3,826,204 | (\$774,376) | -16.83% | Decrease |
| Property | \$10,704,951 | \$6,723,390 | (\$3,981,561) | -37.19% | Significant Decrease |
| Liability | \$1,956,307 | \$2,897,265 | \$940,958 | 48.09% | Significant Increase |
| Accident and Health | \$8,845,671 | \$7,462,761 | (\$1,382,910) | -15.63% | Decrease |
| Marine and Aviation | \$1,494,086 | \$1,865,158 | \$371,072 | 24.84% | Increase |

Chart 25



Table 15 - Number of Policies, Aggregate Sums Insured and Aggregate Sums Reinsured for the major Classes of Insurance Business in 2023 and 2024.

| Insurance Class | Year | No. of Policies | Aggregate Sums Insured | Aggregate Sums Reinsured |
|---------------------|------|-----------------|------------------------|--------------------------|
| Motor | 2023 | 14,962 | \$173,299,375 | \$106,350,156 |
| | 2024 | 15,072 | \$191,770,390 | \$118,559,614 |
| Property | 2023 | 3,107 | \$4,282,518,843 | \$3,883,050,588 |
| | 2024 | 3,149 | \$4,986,373,150 | \$4,292,669,319 |
| Liability | 2023 | 628 | \$958,129,879 | \$741,531,614 |
| | 2024 | 949 | \$1,161,630,009 | \$951,514,243 |
| Marine and Aviation | 2023 | 607 | \$191,087,559 | \$117,717,213 |
| | 2024 | 562 | \$1,701,692,289 | \$1,634,117,891 |

Note: Accident and Health is not represented in Table 15 as this class of business is not measured by a single event exposure compared to the other classes of business presented.

Insurance Class Analysis:

Motor Insurance: The number of motor policies slightly increased by 110 from 14,962 in 2023 to 15,072 in 2024. This was accompanied by a rise in the aggregate sums insured and reinsured, suggesting a growing market for motor vehicle coverage.

Property Insurance: The number of policies increased slightly by 42 to 3,149 in 2024 from 3,107 in 2023. The aggregate sums insured substantially increased from \$4.28 billion to \$4.98 billion, while aggregate sums reinsured also grew from \$3.88 billion to \$4.29 billion.

Liability Insurance: The number of liability policies grew from 628 in 2023 to 949 in 2024, indicating increased demand for this type of coverage. The aggregate sums insured also saw a considerable increase from \$958 million to \$1.16 billion. The aggregate sums reinsured saw a moderate increase from \$741.5 million to \$951.5 million.

Marine and Aviation Insurance: The number of policies decreased from 607 in 2023 to 562 in 2024. Despite this, the aggregate sums insured and reinsured significantly increased from \$191.1 million and \$117.7 million respectively in 2023 to \$1.7 billion and \$1.63 billion in 2024.

Key Trends identified in 2024:

Growth in Policies:

Motor, Property, and Liability Insurance saw significant growth in the number of policies, indicating increased demand and market expansion.

Liability Insurance experienced the highest growth rate, reflecting heightened awareness for the need to obtain protection for various forms of liability insurance (e.g. professional indemnity, public liability, directors and officers liability).

Increase in Aggregate Sums Insured:

The increase in aggregate sums insured across all classes was primarily driven by factors that include,

1) Inflation: In respect to property, motor and marine and aviation, this has led to higher repair/replacement costs in building materials, labor, auto parts which in turn increases the “sum insured” to ensure the policyholders are adequately covered for the replacement cost of their assets in the event of a loss. In respect to liability, this has led to higher legal cost of defending and settling liability claims

2) Increased Asset Values: Due to market appreciation, the underlying value of insured assets (homes, commercial properties, vehicles, vessels) has risen. Property owners are expected to increase their coverage limits to avoid being underinsured.

Domestic Business Trusts and Regulatory Deposits

A specified foreign insurer must establish a domestic business trust or a regulatory deposit with the Commission (a) for \$250,000 or (b) in an amount equal to the total of its domestic liabilities. A domestic insurer who is issued a category A licence is required to lodge a regulatory deposit to be held by the Commission (a) in the amount of \$250,000 or (b) in an amount that is equal to the total of its domestic liabilities.

As of 31 December 2024, there were nine (9) foreign insurers with established domestic business trust totaling \$20,836,678.06 and four (4) domestic insurers with regulatory deposits lodged with the Commission totaling \$930,000, Table 16 represents the total amount of funds maintained in domestic business trusts and regulatory deposits in 2023 and 2024.

Table 16 - Total Amount of funds maintained in Domestic Business Trusts and Regulatory Deposits in 2023 and 2024

| Year | Total Amount of Domestic Business Trusts held by Trustees on behalf of nine (9) foreign insurers | Total Amount of Regulatory Deposits lodged with the Commission on behalf of four (4) domestic insurers |
|------|--|--|
| 2023 | \$20,232,226.28 | \$930,000 |
| 2024 | \$20,836,678.06 | \$930,000 |

INVESTMENT BUSINESS

Sector Overview

The regulation and supervision of this sector covers Investment Business licensees, approved investment managers, authorised representatives, private investment funds and mutual funds (private, professional, public, foreign, incubator, and approved funds). It also includes six (6) general categories:

- Investment fund vehicles;
- Asset and investment managers and advisers;
- Brokers/Dealers;
- Asset and investment administrators;
- Custodians; and
- Investment Exchanges.

Table 17 below shows the number of entities by type that operate in this sector in 2024.

Table 17- Licensees/Funds by Type

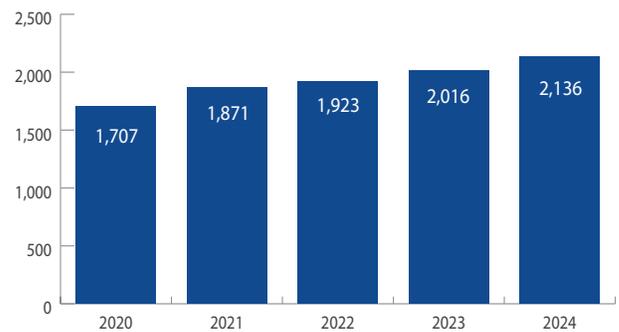
| Licencees/ Fund by Type | 2023 | 2024 | % Change YoY |
|--|--------------|--------------|---------------|
| Investment Business Licensees | 132 | 132 | 0.0% |
| Approved Investment Managers | 822 | 1,047 | 27.37% |
| Authorised Representatives (SIBA) | 55 | 57 | 3.64% |
| Private Fund | 290 | 279 | -3.79% |
| Professional Fund | 848 | 853 | 0.59% |
| Private Investment Fund | 366 | 397 | 8.47% |
| Foreign Fund | 1 | 1 | 0.00% |
| Public Funds | 21 | 19 | -9.52% |
| Incubator Funds | 162 | 167 | 3.09% |
| Approved Funds | 328 | 386 | 17.68% |
| Segregated Portfolio Companies (Regulated) | 148 | 156 | 5.41% |
| Totals | 3,174 | 3,495 | 10.11% |

Authorisation Activities

Funds Sector

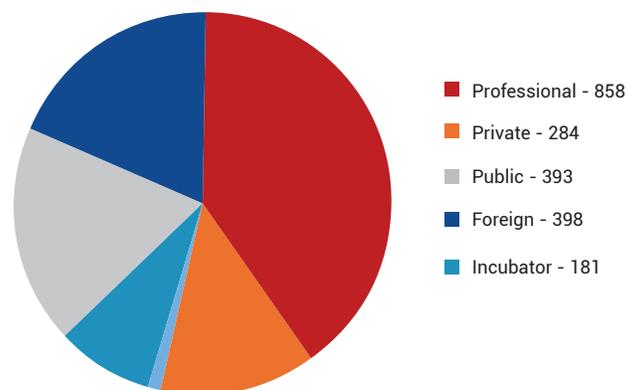
The Funds industry in the BVI continues to experience steady growth as shown below in chart 26.

Chart 26 - Number of authorised BVI Funds for the years 2020 - 2024



At the end of 2024, professional funds remained the favored fund type, representing the highest portion of the total funds, as per the breakdown shown in chart 27 below.

Chart 27 - Breakdown of funds by type in 2024

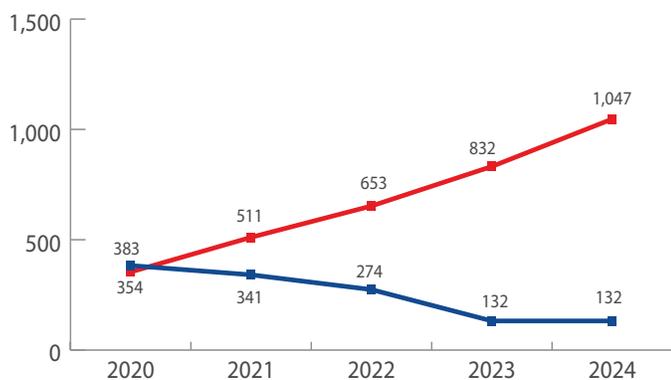


Investment Business Licensees

At the end of 2024, the number of licensees stood at 132. Whilst there has been no change in the number of Investment Business licensees compared to 2023, the market appears to favour light touch regulation which include, having simpler and less onerous reporting obligations and being granted certain exemptions.

Further, the Commission continues to note that an inverse relationship continues to exist between Approved Investment Managers and investment licensees. At the end of 2024, the number of Approved Investment Managers totalled 1047 licensed entities, with a 2024 growth rate of 21%. This trend is expected to remain consistent as the sector has shown a strong preference for lighter-touch products, such as approved investment managers, chart 27 below compared the number of Approved Investment Managers and Investment Business Licensees over 2020 to 2024.

Chart 28 - Comparison between the number of Approved Investment Managers and Investment Business licensees



Supervisory Activities

Risk Assessment

Prudential risk in the investment sector relates to a firm's financial stability and operational soundness. By implementing its Risk-Based Supervision Framework, the Commission regulates the sector to ensure licensed entities have adequate capital and sound internal controls. It continues to actively monitor activities undertaken, with a strong focus on ensuring they all have sound governance, adequate capital, and effective risk management systems.

Regarding risk assessments of investment business licensees (132), the majority (approximately 83%) are in the medium-low and low-risk categories. There are two high-risk entities and two critical-risk entities, with the remaining in the medium-high category.

Post-Inspection Activities

In 2024, seven (7) thematic on-site compliance inspections were carried out by the Compliance Inspection Unit ("CIU") on entities within the sector. Upon completion of the CIU's process identified areas requiring corrective actions are referred to the Division to conduct monitoring of entities progress in addressing the corrective actions. One (1) entity was released from Compliance Inspection Monitoring and reporting obligations.

Notifiable Events

Section 72 and Schedule 3 of the Regulatory Code, 2009, and other relevant legislation set out requirements for notifying the Commission in writing of certain events. With respect to the sector, notifications include resignations of directors/senior officers, amendments to Memorandum & Articles of Association and Offering Memorandum, cessation to act as investment manager and changes in ownership structure of approved investment managers. Table 18 below compares the total number of notifications filed in 2023 and 2024.

Table 18 - Notifications received in 2023 and 2024

| Entity Type | 2023 | 2024 |
|----------------------------------|------------|------------|
| Approved Fund | 47 | 62 |
| Approved Investment Managers | 205 | 279 |
| Authorised Representative (SIBA) | 5 | 14 |
| Authorised Representative (VASP) | 0 | 1 |
| Incubator Fund | 15 | 18 |
| Foreign Fund | 1 | 0 |
| Investment Business Licensee | 25 | 52 |
| Private Fund | 91 | 68 |
| Private Investment Fund | 46 | 53 |
| Professional Fund | 316 | 256 |
| Public Fund | 5 | 2 |
| Total | 756 | 805 |

Market Conduct Activities

Investment complaints were reduced by seventeen (17) in 2024 compared to 2023 as shown in Table 12.36 below. This was expected as a significant number of investment complaints in 2023 were due to legislative changes internationally that impacted how payments were processed and led to complaints regarding withdrawal processing times.

Table 19 – Comparison of investment complaints filed between 2023 and 2024

| Investment Business Complaints Handled by MCU | | | |
|---|------------------------------------|---------------------|------------------------------------|
| 2023 | | 2024 | |
| Complaints Received | In Progress as of 31 December 2024 | Complaints Received | In Progress as of 31 December 2023 |
| 45 | 3 | 28 | 1 |

In 2024, investment complaints included but were not limited to unfair trading results, withdrawal of funds, complaint policy disputes, unauthorized deductions and trading platform errors.

The investment sector is expected to generate the most complaints due to the high volume of transactions within the investment sector. As trade and travel are becoming more accessible to people globally, it comes with a greater demand for foreign currency. This demand produces a greater market for Forex Trading through online platforms; so, it is expected that the trend of the investment sector having the highest volume of complaints will be maintained in the future due to an increasing client base.

Stakeholders within the sector should remain vigilant as there will be an increasing need for more detailed transaction monitoring mechanisms to safeguard against emerging risks and maintain investor confidence.

AML/CFT Supervision

Risk Considerations

The BVI’s national risk assessments, including the national Money Laundering (ML), Terrorist Financing (TF), and Proliferation Financing (PF) Risk Assessments identified key vulnerabilities:

- **Money Laundering Risk:** The assessment highlights that the risk associated with the investment sector being misused for money laundering is medium-high. This risk stems from their inherent characteristics: complexity, anonymity, and use of intermediaries.
- **Terrorist Financing Risk:** While the domestic risk of terrorist financing is low, the TF risk assessment concluded that the movement of terrorist funds through BVI entities remains a medium-high risk. This risk stems similarly to ML risk factors from using complex multi-jurisdictional structures that can be exploited to conceal the origin and destination of funds.

- **Proliferation Financing Risk:** The investment sector’s vulnerability to PF arises from the possibility of the misuse of investment vehicles to hide assets and conduct transactions that support the proliferation of weapons of mass destruction, often by using complex corporate structures to bypass sanctions.

Key Takeaways

Key takeaways from the ML/TF/PF risk assessments as well as onsite and offsite supervisory reviews:

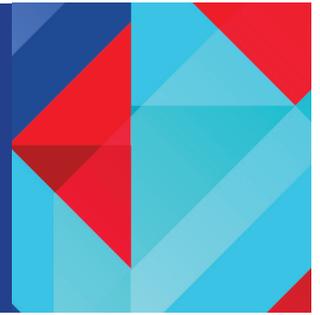
- **Third Party Introducer:** Investment businesses often rely on professional introducers and other intermediaries, which can limit their ability to conduct adequate customer due diligence (CDD) and understand the risks associated with their clients.
- **Asset Management:** The act of managing and moving large sums of money, even if it’s for legitimate purposes, presents an opportunity for criminals to integrate illicit funds into the legal financial system

In response to these identified risks, the Commission, in alignment with the BVI’s regulatory framework and national strategy to combat ML/TF/PF risks, continues to emphasise and implement its risk-based approach to supervision, which includes requiring investment businesses to:

- conduct their own institutional risk assessments and implement robust AML frameworks;
- perform adequate customer due diligence (CDD);
- perform enhanced due diligence on high-risk entities; and
- ensure they clearly understand the beneficial ownership to prevent the misuse of BVI’s investment vehicles.



TRUST AND CORPORATE SERVICES PROVIDERS



Sector Overview

The Banks and Trust Companies Act, 1990 and the Company Management Act provide the legal framework for the licensing and regulation of company management and trust and corporate services providers.

Key Highlights 2024

Among the Commission's core supervisory activities conducted in 2024 were the following:

| Top Core Supervisory Activities | | |
|---------------------------------|----------------------------|--|
| 30 | 3 | 1 |
| Desk-based reviews | TCSPs Supervisory Colleges | Outreach meetings with entities (virtual/face to face) |

The Commission conducted 30 desk-based reviews of its licensees which assessed licensee's compliance with Sanctions Obligations, Customer Due Diligence, Institutional Risk Assessments and Suspicious Activity Reporting.

The Commission also participated in 3 Supervisory Colleges with regional/international regulators aimed at harmonizing regulatory oversight of licensees ensuring that there is shared understanding of risks and supervisory approaches across the group.

In addition, outreach meetings were undertaken by the Commission to directly engage with TCSPs to better understand the business activities, improve compliance levels and foster relationships

The Commission hosted the Group of International Financial Center Supervisors (GIFCS) Plenary Meeting in the British Virgin Islands from 12-14 November 2024. Some key topics discussed at the meeting included:

- implementation of Basel III;
- financial regulation and asset recovery issues; and
- TCSP supervisory challenges

The number of Licensees authorised and supervised by the Commission remained stable in 2024.

Table 20 below provides a comparative breakdown of the number of entities by licence type.

Table 20 - Entities by licence type

| Licence Type | 2023 | 2024 |
|---------------------------|------------|------------|
| Class I Trust | 53 | 53 |
| Class II Trust | 27 | 25 |
| Class III | 31 | 32 |
| Restricted Class II Trust | 47 | 46 |
| Restricted Class III | 110 | 112 |
| Company Management | 19 | 19 |
| Total | 287 | 287 |

Authorisation Activities

Activities include applications for licensing, approval for appointments of directors and senior officers/voluntary liquidation and liquidator, exemptions from the requirement to prepare and submit audited financial statements, extension of time to submit audited financial statements, changes in ownership/shareholdings/undertaking/entities name/principal office/authorised agent, registered office and cancellation of licences/certificates.

In 2024, ten (10) new licensing applications were received, comprising four (4) Class III, four (4) Restricted Class III, and two (2) Company Management applications. The applications were subsequently approved. New licensing applications and corresponding approvals increased by one (1) between 2023 and 2024 (see Table 21).

Table 21 - Approvals of New Licensing Applications for 2023 and 2024

| | 2023 | 2024 |
|---------------------------|----------|-----------|
| Class I Trust | 0 | 0 |
| Class II Trust | 0 | 0 |
| Class III | 4 | 4 |
| Restricted Class II Trust | 0 | 0 |
| Restricted Class III | 3 | 4 |
| Company Management | 2 | 2 |
| Total | 9 | 10 |

Post-licensing activity fluctuates yearly, with the highest volume changes remaining consistent for Authorised Agent, Ownership /Shareholdings, and Undertaking transactions. Table 22 below provides a comparative breakdown of post-licensing approvals and transactions in 2023 and 2024.

Table 22 - Total Approvals of Post-Licensing Transactions for 2023 and 2024

| Total Approvals of Post-Licensing Transactions | 2023 Total Approved | 2024 Total Approved |
|---|---------------------|---------------------|
| Cancellation of License | 6 | 2 |
| Voluntary Liquidation and Liquidator | 2 | 3 |
| Change in Authorised Agent* | 62 | 20 |
| Sub Agent – Representative Office ** | 0 | 0 |
| Change in Ownership/Shareholdings* | 76 | 29 |
| Change in Principal Office | 13 | 6 |
| Change in Undertaking | 34 | 28 |
| Operate a Subsidiary | 3 | 0 |
| Change of Auditor | 4 | 7 |
| Internal Audit Function | 0 | 0 |
| Change of Name | 11 | 1 |
| Exemption from the requirement to submit Audited Financial Statements | 3 | 4 |
| Extension to submit Audited Financial Statements | 20 | 25 |
| Merger | 8 | 0 |
| Variation of Professional Indemnity | 2 | 10 |
| Exemption from Appointing a Compliance Officer | 2 | 8 |
| Compliance Manual Review/Approval | 1 | 31 |
| Total | 247 | 174 |

Post Licensing Activities

Table 23 below compares the required number of submissions of financial statements (audited and unaudited), prudential returns, and compliance officer reports for the 2023 and 2024 financial years.

Table 23 - Submission of Audited Financial Statements, Prudential Returns & Compliance Officer Reports for the 2023 and 2024 financial years (FY)

| | 2023 # of Submissions | 2024 # of Submissions |
|----------------------------|-----------------------|-----------------------|
| Financial Statements | 163 | 168 |
| Prudential Returns | 276 | 280 |
| Compliance Officer Reports | 225 | 236 |

Post-Inspection Activities

In 2024, twenty (20) thematic On-site compliance inspections were carried out by the Compliance Inspection Unit (“CIU”) on entities within the sector. Upon completion of the CIU’s process identified areas requiring corrective actions are referred to the Division to conduct monitoring of entities’ progress in addressing the corrective actions. Eight (8) entities that satisfactorily addressed their required corrective actions were released from monitoring and reporting obligations. A breakdown by licensee category is as follows: Class I Trust (4); Class II Trust (1); Class III (2) and Company Management (1).

Notifiable Events

Section 72 and Schedule 3 of the Regulatory Code, 2009, and other relevant legislation set out requirements for notifying the Commission in writing of certain events. Regarding the sector, notifications include resignations of directors/senior officers, changes of address of principal office, and changes of directors’ residential address. Table 24 compares the total number of notifications filed in 2023 and 2024.

Table 24 - Notifications filed during 2024 reporting year

| Notifications | 2023 | 2024 |
|-----------------------------------|----------|-----------|
| Fiduciary Services | | |
| Class I Trust Licence | 2 | 8 |
| Class II Trust Licence | 2 | 8 |
| Class III Licence | 2 | 13 |
| Company Management Licence | 1 | 0 |
| Restricted Class II Trust Licence | 2 | 5 |
| Restricted Class III Licence | - | 6 |
| Total | 9 | 36 |

Supervisory Activities

Risk Assessments

In keeping with the Commission’s risk-based supervisory approach, all entities within the sector undergo an ongoing assessment to identify the risks they may pose to the Commission and the BVI. Risk factors include financial stability, operational soundness and corporate governance framework and practices. The information to undertake this assessment is obtained from sources, including financial statements, prudential returns, compliance officer reports, complaints received, and regulatory notices received. Based on the risk evaluation results, entities are prioritised and placed into buckets to allow the Commission to utilize appropriate resources to manage the identified risks effectively. Table 25 provides a breakdown of the bucket placement of entities by licence type.

Table 25 – Breakdown of Bucket placement of entities as of the end of Q4 2024

| Licence Type | Bucket 1 | Bucket 2 | Bucket 3 | Bucket 4 | Bucket 5 | Q4 Totals |
|----------------------------|------------|------------|-----------|----------|----------|------------|
| Class I Trust | 12 | 36 | 3 | 2 | 0 | 53 |
| Class II Trusts | 4 | 15 | 6 | 0 | 0 | 25 |
| Class III Trust | 12 | 13 | 7 | 0 | 0 | 32 |
| Restricted Class II Trust | 28 | 11 | 7 | 0 | 0 | 46 |
| Restricted Class III | 51 | 35 | 26 | 0 | 0 | 112 |
| Company Management Licence | 9 | 8 | 2 | 0 | 0 | 19 |
| Total | 116 | 118 | 51 | 2 | 0 | 287 |

In 2024, the Commission continued to monitor pockets of risk emanating from individual licensees as well as the sector. Notable emerging issues in the TCSP sector include:

Market Convergence - The Commission notes that there continues to be convergence in the sector, which includes the systemically important TCSPs. Following the integration of major players in the market in recent years, market concentration monitoring has been added to the supervisory strategies of the entities and the sector, given the market concentration risk that derives from the common ownership of the systemically important Licensees.

Technology Risk - Supervisory reviews and ongoing engagement have revealed that many TCSPs have identified digital integration as a short to medium-term priority to improve process efficiency and stay competitive. Therefore, these entities must retain commensurate and appropriate controls to support digital resilience by mitigating potential risks stemming from new business practices and technologies. This includes allocating the necessary resources (both capital and human) to facilitate relevant training, integration processes and data integrity assurance.

Outsourcing Risk - The Commission continues to focus on the mitigation of evolving risk related to outsourcing arrangement by TCSPs. Steps have been taken to ensure that TCSPs are appropriately identify and mitigating outsourcing risk. Some of the risk found during the Commission’s supervisory engagements relate to:

- board awareness and control;
- appropriate contractual arrangements for outsourcing (evidenced by sound service level agreements even where the arrangement is intragroup); and
- exit strategies for outsourcing arrangements, especially where that entity occupies a significant market share. This should include details of provisions in place to reduce the risk of service disruption if outsourcing arrangements is unexpectedly compromised.

AML/CFT Risk Assessments

The BVI has undertaken several national Money Laundering, Terrorist Financing, and Proliferation Financing Risk Assessments of Legal Persons and Legal Arrangements (LPLA Risk Assessment) and its Terrorist Financing Risk Assessment (TFRA) to understand and mitigate these threats, aligning with international standards. These assessments have highlighted specific vulnerabilities:

- **Money Laundering Risk:** The TCSP sector’s primary vulnerability is its potential misuse for money laundering. The LPLA Risk Assessment found the residual risk of this misuse to be “Medium High” for most BVI legal entities.
- **Terrorist Financing Risk:** While the overall domestic risk of terrorist financing is low, the TFRA concluded that the movement of terrorist funds through BVI entities remains a medium-high risk.
- **Proliferation Financing Risk:** TCSPs are vulnerable to being used to create opaque structures to finance the acquisition of materials for weapons of mass destruction, often in violation of international sanctions.

Key takeaways from the ML/TF/PF risk assessments, as well as onsite and offsite supervisory reviews greatly influenced 2024 supervisory priorities which included:

- **Transaction Monitoring** - increased scrutiny on transaction monitoring to ensure systems in place to identify transactions that have exposure or nexus to high-risk persons and/or jurisdictions, given an entity’s nature, size, complexity and risk exposure.
- **Third Party Introducer**- The Commission has noted pockets of risk within the sector that relate to the use of third-party introducer business. Specifically, the Commission has identified instances where institutional risk assessments do not appropriately consider the extent of residual risk associated with introducer arrangements.
- **Lack of appropriate levels of automation** – The Commission continues to be concerned with inadequate use of technology integrated within processes to achieve timely transaction and financial crime screening. The Commission expects licensees’ data management systems to be appropriate for the size of the licensee’s operations therefore allowing for timely and ongoing related party screenings.

Findings of Desk-Based Reviews:

- **Sanctions Obligations** - Ten (10) TCSPs were reviewed. Five (50%) were rated compliant, two (20%) rated largely compliant and three (30%) rated partially compliant with the deficiency related to timing of sanction screening.
- **CDD** - Ten (10) TCSPs were reviewed. All were rated compliant.
- **IRA** - Thirty (30) TCSPs were reviewed. Twenty-nine (29) or 97% undertook an IRA. Eleven (11) or 37% were rated compliant, ten (10) or 30% rated largely compliant, eight (8) or 27% were rated partially compliant and one (1) or 3% was rated non-compliant (failed to undertake IRA), with the deficiency related to documentation of inherent risks, identifying mitigating factors and absence of clear scoring scale for risks.
- **SARs** – Ten (10) TCSPs were reviewed. Seven (70%) were rated compliant and three (30%) were rated largely compliant with only minor deficiencies.

Desk-Based Reviews

Further, during 2024, the Commission undertook a series of desk-based reviews proportionate and targeted to risks identified in national risk assessments and ongoing supervisory monitoring. The reviews were focused on determining the adequacy of the licensees SARs processes, CDD, Sanctions obligations and institutional risk assessments. They included an assessment of the implementation of policies and controls to mitigate against the identified risk as well as an element of testing. Table 26 outlines the themes and compliance outcomes of the desk-based reviews.

Table 26 - Themes and compliance outcomes of the desk-based reviews

| Theme | Sample Size | Sector Compliance Rating | | | |
|---|-------------|--------------------------|----|----|----|
| | | C | LC | PC | NC |
| Compliance with Sanctions Obligations, including targeted financial sanctions (TFS) | 10 | 5 | 2 | 3 | 0 |
| Compliance with Customer Due Diligence (CDD) | 10 | 10 | - | - | - |
| Compliance with Institutional Risk Assessments (IRA) | 30 | 11 | 10 | 8 | 1 |
| Compliance with Suspicious Activity Reporting (SAR) Obligations | 10 | 7 | 3 | 0 | 0 |



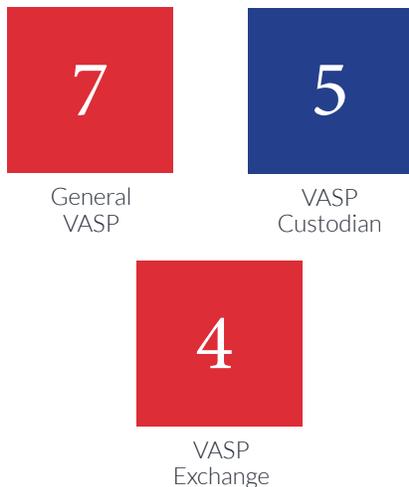
VIRTUAL ASSETS SERVICES PROVIDERS



Authorisations

Since the introduction of VASP legislation in Dec 2022 this sector continues to show strong potential for growth.

At the end of 2024, the Commission received applications for VASPs to be licensed as Exchanges, Custodians and/ or General VASPs from 68 Applicants. Following initial reviews, the Commission issued registration to 8 entities, (16 sub categories) to offer Virtual Assets Services in or from within the Territory. The distribution of authorised categories, at the end of 2024, is as follows.



During 2024, the Commission’s work related to VASPs focused primarily on 3 objectives:

- Continuous implementation of its Onboarding regime and the application gatekeeping provisions proportionate to identified risk;
- Development of a right sized regulatory framework that balances the Commission’s core functions of risk management, consumer protection and industry development; and
- Strengthening cross-border relationships to ensure appropriate levels of international coordination and cooperation in supervising this innately transnational sector.

Prudential Risk Environment

Virtual Asset Service Providers face a unique set of prudential risks that require enhanced global oversight and regulatory compliance. Generally, risk monitoring extends to ML/TF/ PF vulnerabilities as well as cybersecurity threats, and operational risks tied to emerging technologies. In response to the elevated risk, the Commission has issued a suit of guidance documents as a compliment to its regulatory framework, in an effort to address these vulnerabilities. In any event, ongoing assessments of early applicants and registrants in this space has noted persistent exposure of BVI VASPs to particular strata of risk.

- **Contagion Risk:** BVI VASPs often form part of much larger VASP ecosystems and have a co-dependent relationships which spans multi-jurisdictions. Critical services such as technological infrastructure, human resources, customer base inter alia, are often maintained at group levels. Further, VASPs often rely on other exchanges, custodians, and liquidity providers and therefore any failure or distress within this ecosystem can trigger cascading effects across others due to the shared resources or asset holding.
- **Liquidity and Market Risk:** Germain to this sector is the extreme volatility in asset valuation and liquidity. Virtual assets often experience sharp price swings, which can impair a VASP’s ability to meet withdrawal demands or settle trades promptly. Further, within the initial pool of applicants, the Commission has noted concerns where particular BVI VASPs may lack deep liquidity, given private issuance or because they are listed on niche exchanges. Ultimately, this has lead to the Commission prioritizing monitoring of risks related to price slippage and delays in execution.
- **Custodial Constraints and Counterparty Risk:** The Commission has noted pools of risk stemming from use of counterparties in vasp, including custodians. Specifically, during the reporting year, the Commission, prioritised consideration of VASPs institutional risk assessments as a part of its onboarding model and ongoing supervisory framework. Pockets of risk related to inadequate counterparty risk assessments and appropriate controls were noted and helped to inform gatekeeping considerations as well as additional supervisory work, including onsite and deskbased reviews.

AML/CFT SUPERVISION

The most recent jurisdictional risk assessment for VASPs have identified VASPs as having high residual risk of vulnerabilities for money laundering abuse. This considers the extent of the current control environment as well as nature of inherent risk that are germane to the operations of this space. Throughout the year, the Territory remained committed and vigilant in its efforts to manage and mitigate the risk of money laundering, terrorist financing and proliferation financing across all sectors, and especially within higher vulnerabilities sectors such as VASP sector, as guided by our risk-based approach to supervision framework.

Enhanced ML/TF/PF monitoring of this sector during 2024 included, inter alia;

- **Geographical risk:** The Commission continues to monitor the geographical reach of VASPs operating in/ from within the jurisdiction. The Commission notes that many BVI structures in this sector are used to service ‘rest of world clients’. Given current geopolitical concerns, global reach of market participants and the transnational structure, VASPs must be able to demonstrate that its systems are appropriately scaled to identify actors it ought not to engage, at the onset of a transaction or business relationship as well as the entire life cycle, in all jurisdictions it operates. Where geographical risk for ML/PF/TF is higher, risk response and controls must be commensurate.
- **Beneficial Ownership Risk:** As with all structures, the Commission continues to enforce requirements related to beneficial ownership requirements in an effort to prevent end user opacity. Whilst this sector is characterized by high numbers of anonymous or pseudonymous transactions, the Commission has seen high compliance rates and appropriate controls within BVI VASPs. Where applicants are not able to demonstrate that they are able or willing to comply, refusals have been issued. Demonstrating compliance with beneficial ownership legislation will continue to be a focus for VASPs in future years and will be a central theme for onsite and thematic reviews.
- **Transaction Monitoring:** demonstrating compliance with transaction monitoring requirements remained a high priority for vaspas being onboarded in 2024. Pockets of risk were identified in particular VASPs.

2024 Key Highlights for the VASP sector include:

- Publication of the Travel Rule Guidance which further bolstered, clarified and strengthened the travel rule requirements set out in the Anti Money Laundering Code of Practice (“AML Code”);
- Development, implementation and continuous outreach of the VASP Supervisory Framework, outlining the Commission’s supervisory expectations and approach to VASP;
- Collaborative efforts between the Commission, FIA, RVIPF and FCU to: identify AML/CFT risk related to VASP within the Territory and engage with stakeholders and applicants to convey regulatory and supervisory expectations;
- Implementation of an MoU with the Canadian Financial Transaction and Reports Analysis Centre (“FINTRAC”) to strengths information sharing cross boarder; and
- 27 compliance and onboarding meetings which covered a range of topics including but not limited to an overview of its systems and internal processes, policy revisions, submission of outstanding documents, identification on suspicious activity and AML controls.

ANTI-MONEY LAUNDERING UNIT

The Anti-Money Laundering Unit develops and enhances AML/CFT/CPF-related policies and contributes to revising strategies and legislation in line with evolving regulatory standards. The AMLU, collaborates with supervisory divisions for consistent and effective AML/CFT/CPF oversight, while leading the development and delivery of specialized training programs.

The AMLU also collects, analyses, and maintains regulatory data to support risk-based supervision and deepen the Commission’s understanding of ML/TF/CPF threats across the Territory. The team’s external engagement also includes representing the Commission on a national level on all AML/CFT/ CPF matters and acting as a liaison with international bodies, particularly with matters related to CFATF and FATF.

The AMLU is the Commission’s primary representative focused on its AML/ CFT/ CPF objectives and works to build and sustain collaborative ties with local, regional and international regulators and agencies.

AMLU Activities in 2024

National Action Plan

The Virgin Islands’ Fourth Round Mutual Evaluation Report (MER) was approved in November 2023 and published in February 2024. To address the 64 Recommended Actions (RAs) identified in the report, the AMLU drafted a National Action Plan (NAP), approved by the National AML/CFT Coordinating Council (NAMLCC) in February 2024. It also developed the Commission’s Action Plan to address the identified actions in the NAP. Throughout the year, the AMLU submitted five update reports to the National Coordination Unit and facilitated coordination efforts across government and private sectors.

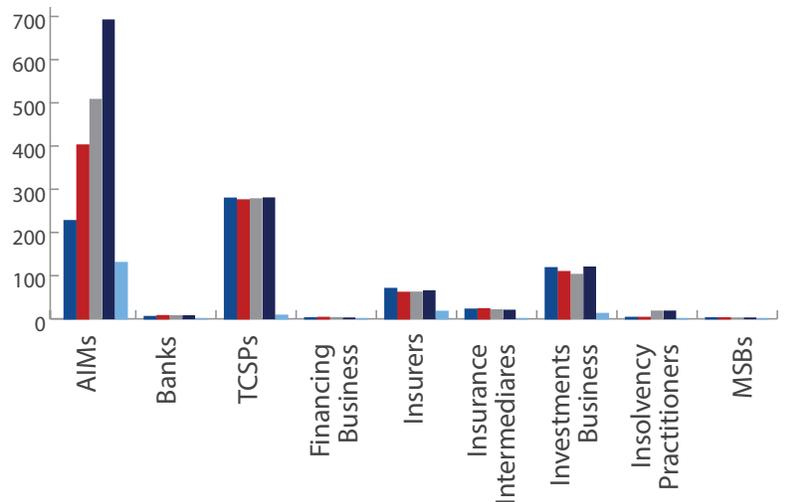
National AML/CFT/CPF Policy & Strategy

The Virgin Islands’ AML policy and strategy were updated by the AMLU and approved by NAMLCC in June 2024 in keeping with FATF standards. The Policy and Strategy focus on six key areas: prevention, detection, investigation and sanction, regulation, articulation, and cooperation. The objectives identified have been developed to close the gaps in the Territory’s AML/CFT/CPF regime identified in the MER.

AML/CFT Returns

The number of filings increased from 706 in 2021 to 1,206 in 2024. Investment Managers saw a 36% rise in filings, and Investment Business licensees increased filings by 16.5%. Automation was introduced for penalty issuance, reducing manual processing. Late filing penalties totalled \$44,800 in 2024, with 44% collected by year-end.

Chart 29 – AML Returns by Sector for Filing Periods 2020-2023



Data Management

One of the AMLU’s objectives is to streamline the collection of regulatory data. In 2024, the team completed the revision of internal data templates used by the Regulatory Divisions and Units as well as the Legal Division. These templates are used to collect and maintain data on licence and senior officer applications, inspections, enforcement actions, outreach and international cooperation requests. A shared space was created for real-time updates and improved accessibility for persons involved in the data capture which led to greater operational efficiency. This data is critical to ensuring accurate reporting of progress made in addressing the RAs in the MER.

Sanctions Management

The AMLU ensured timely publication of Orders-in-Council, sanctions notices, and designation listings within 8 hours of receipt from the UN or UK's Financial Sanctions Implementation Office. The AMLU also worked closely with IT and Enforcement teams to verify listings against regulatory databases to determine any matches that would signal the presence of a designated person connected with a BVI entity.

Training

AMLU staff participated in various training programs covering leadership, emotional intelligence, FATF standards, VASP regulation, and professional writing. Team members attended international forums, including the ACAMS Conference 2024 in Florida, USA, a sanctions tabletop exercise facilitated by the United Kingdom's FCDO Sanctions Directorate and the annual OTs Sanctions Forum in the UK.

AML/CFT Outreach

In 2024, the AMLU team continued the expansion and updating of content under the dedicated AML page on the Commission's website, including legislative updates, FATF Public Statements and AML-related articles.

Guidance

Near the end of 2024, the AMLU assisted in the drafting of the following Guidance documents geared towards aiding licensees in better understanding their AML/CFT obligations:

- Mitigating Risks with Introduced Business Relationships
- Guidance on the VASP Travel Rule
- Effective Enhanced CDD Measures
- Institutional Risk Assessments
- Beneficial Ownership Obligations Under the AML Regulations and AML Code of Practice
- An Effective Approach to Ongoing Monitoring

Implementation of Recommended Actions from MER

Addressing the gaps identified in the MER in relation to the Commission's regulatory framework was the primary focus of the work carried out by the AMLU in 2024 with a view to strengthening the Commission's AML/CFT/CPF framework and enhancing compliance with the FATF standards.

AMLU 2025 Strategic Goals

- Enhance the Commission's understanding of the ML/TF/PF risks associated with regulated sectors and the Territory through active identification, analysis and monitoring of such risks;
- Improve effectiveness of the Commission as the AML/CFT/CPF Supervisor through the development of a Strategic Action Plan and monitoring of the identified action items and tasks to achieve the objectives identified in the Commission's AML/CFT/CPF Policy and Strategy;
- Monitor the implementation of items assigned to the Commission under any potential Action Plan issued by the Financial Action Task Force emanating from the Territory's Fourth Round Mutual Evaluation and ensure timely reporting;
- Continue to work closely with supervisory divisions to achieve a coordinated, robust, and consistent approach to AML/CFT/CPF supervision of regulated entities and enhance compliance levels within the financial services sector;
- Improve Commission employees' competencies in AML/CTF/CPF through exposure to appropriate training and enhanced awareness of emerging ML, TF and PF risks;
- Improve AML/CFT/CPF data management by enhancing the collection and analysis of regulatory AML data;
- Improve efficiency in the management of the Commission's Sanctions obligations;
- Increase internal/external collaboration and cooperation to enhance stakeholder engagement through effective management of AML Secretariat;
- Improve regulatory reporting by facilitating the timely submissions of annual AML Returns; and
- Increase market compliance by improving the effectiveness of the Commission's external AML/CFT/CPF outreach programmes to enhance industry understanding of the ML, TF and PF risks associated with the products and services they offer.



REGULATORY COMPLIANCE



The Compliance Inspection Unit (“CIU”) conducts inspections on entities licenced by “the Commission”. It assesses these entities against the legislation under which they are licenced along with other prudential standards and industry best practice.

The onsite inspection process is the Commission’s verification mechanism for overseeing licensed entities. Individual inspection findings are aggregated into cumulative reports, aiding the Commission in assessing risk levels, industrywide trends, and recurring issues. Year on year comparisons further enable the Commission to determine whether compliance and industry practices are improving, deteriorating, or remaining static.

The Unit’s work was guided by the strategic priorities set out in the jurisdictional Action Plan following the Mutual Evaluation in March 2023, which outlined necessary actions and outcomes for relevant authorities. For the Commission, especially the CIU, this meant enhancing supervision of higher risk entities and increasing both deskbased and onsite inspections of those sectors.

To execute its strategic priorities, the Unit carried out several key tasks:

- Drafted an inspection plan targeting higher risk sectors and entities, to set quantifiable inspection goals;
- Streamlined internal processes to speed up inspections and facilitate an increase in the volume of inspections; and
- Increased staffing levels and boosted staff development and training.

The CIU, considering sectoral risks and risks presented within entities, carved out an inspection plan, increasing the number of inspections for the 2024 inspection year, across all higher risk sectors.

The CIU’s Approved 2024 Inspection Plan challenged the team to complete 50 inspections across higher risk sectors such as the TCSPs and Investment Business during the year.

2024 Inspection Planning

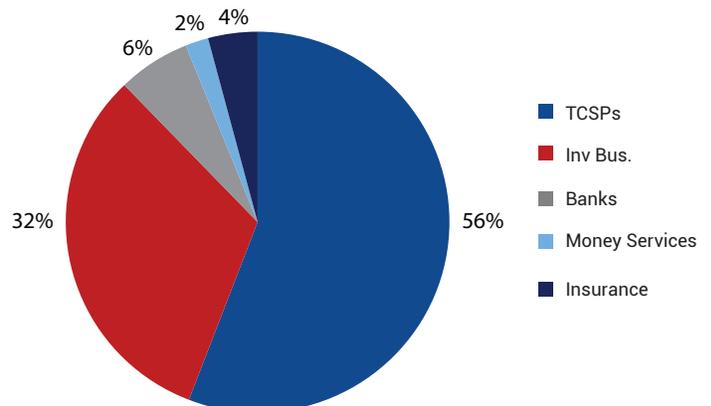
The CIU inspection plan highlighted key AML/CFT/CPF areas for assessment, considering the threats and vulnerabilities of various sectors and products. Such areas of assessment included:

- Third Party Relationships;
- Customer Due Diligence;
- Enhanced Customer Due Diligence;
- Sanctions Handling; and
- Risk Assessment (Institutional and Customer) and Suspicious Reporting.

The assessment areas were also tailored and expanded for those entities with identified enhanced risks. The inspection plan resulted in a significant increase in the number of inspections conducted, with 50 inspections proposed. This represents an increase (on average) of 150% when compared to previous years. The inspection plan also illustrated strides towards a risk-based approach, focusing on higher risk sectors/entities and delving deeper into the assessments of such higher risk entities.

Under the Inspection Plan the Team was challenged to complete fifty inspections during 2024. A sectoral breakdown of the inspections is depicted in chart 30:

Chart 30 - Proposed Inspections by Sector



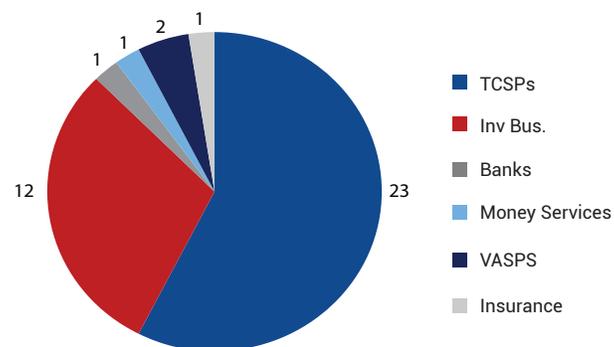
2024 Inspection Plans

The Unit successfully completed the inspections of forty (40) licensees with the remaining ten (10) in various stages of the process. Thirty-nine of the forty inspections were thematic or focused in nature, whilst one inspection was full-scoped. The full-scoped inspection covered both prudential, governance and AML aspects and was conducted on a banking entity.

The thematic inspections focused primarily on the TCSP and Investment Business sectors, noting the higher ML/TF/PF risks and vulnerabilities presented within such sectors. The inspections conducted in the previous year [2023] focused solely on assessing the risks relating to TCSPs, and as such the 2024 inspections program represents an inclusion and consideration of the elevated risks presented within the Investments Business sector.

A sectoral breakdown of the inspections conducted within the 2024 inspection program is outlined in Chart 30. Chart 31 illustrates that 58% of the inspections conducted focused on the TCSP sector, whilst 30% of the inspections conducted were focused on the Investment Business Sector. The CIU intends to continuously increase the proportion of investment business inspections conducted within each annual inspection cycle, recognising the relevant risks.

Chart 31 - 2024 Inspections Conducted

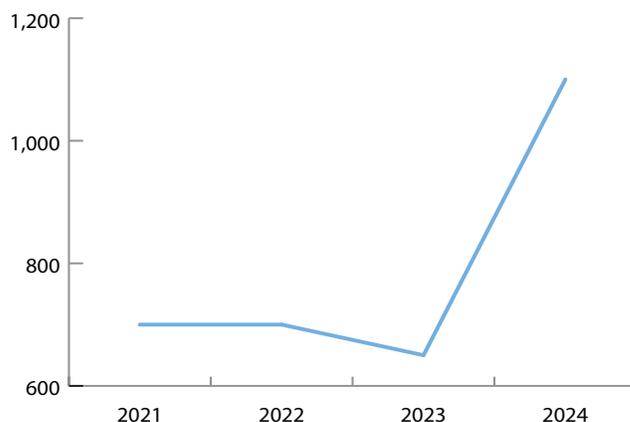


The 40 licensees identified for inspection collectively provided services to approximately 211,291 active customers. The investment business represented 64% of the customer population and were notably significant in size and nature of their operations. The TCSP sector represented 29% of the customer population base 8.

The CIU's review of the 40 licensees, included sample testing of customer files, 41% of which were focused on Investment Business customers, whereas 39% of the files sampled were focused on customers within the TCSP sector 9.

The overall proportion of files sampled within 2024 represents a demonstrable increase compared to previous years, as illustrated by Chart 32.

Chart 32 - Historical view of sample files



Inspection Findings

The findings for the inspections revealed an increase in compliance in the areas relating to Customer Due Diligence (CDD), Verification and Third-Party Relationships. Specific findings in each area are as follows:

Customer Due Diligence – More than 80% of Licensees were largely compliant in their ability to conduct Customer Due Diligence. Compliance was illustrated in the establishment and implementation of clear risk-based due diligence procedures and the collection of key CDD information surrounding source of funds/wealth and the nature of activities of the customer.

Third-Party Relationships - Licensees were largely able to provide evidence of testing of a significant portion, or all of the third-party introducers. Outcomes of testing reviewed by the Inspection Team illustrated a high level of compliance, with on average, 75% of licensees evidencing only minor shortcomings. Overall, the testing conducted evidenced the receipt of complete and appropriate due diligence and beneficial ownership information from the third party, within the requisite time-period. Additionally, more than 90% of the third parties reviewed by the inspection team were suitably regulated entities, with established policies and procedures for AML/CFT compliance.

Verification of Legal Persons and Arrangements – There was a notable increase in the level of compliance in findings as it relates to verification of legal persons and arrangements. Specifically, where previous compliance levels had only 33% of licensees on average demonstrating compliance, the 2024 inspection cycle evidenced more than 66% of licensees demonstrating compliance through their ability to identify and verify beneficial owners (inclusive of controllers) of legal persons and arrangements. Furthermore, it was apparent that

where there were nominee or other similar arrangements, Licensees were able to tailor their verification processes. Licensees were able to suitably identify the beneficial owners.

The issued sector reports elaborated on the established practices that were evidenced which led to a higher rate of compliance, to allow for adoption and implementation by industry practitioners.

The 2024 round of inspections revealed that there were deficiencies in relation to enhanced customer due diligence, ongoing monitoring and institutional risk assessments across all sectors. The challenges identified are outlined in the table below:

Table 27 - Identified Regulatory Compliance Shortcomings from 2024 Compliance Inspections

| Compliance Shortcomings | |
|--|---|
| Enhanced Customer Due Diligence | Licensees displayed shortcomings in implementing effective measures to reduce and mitigate the risks relative to high-risk customers. |
| Ongoing Monitoring | The Licensees inspected demonstrated strengths in the conduct of risk reviews. Shortcomings were however identified relating to ongoing screening to identify designated persons. Furthermore, there were shortcomings in licensees' measures to appropriately identify trigger events and conduct appropriate actions. |
| Institutional Risk Assessments | Whilst more than 80% of Licensees established institutional risk assessments, shortcomings were identified in the consideration of relevant categories, such as the customer, delivery channel or product. |

Post-inspection Feedback Form

Despite a low response rate of approximately 40%, the CIU's 2024 post-inspection feedback was overwhelmingly favorable, indicating high licensee satisfaction with the process. Key takeaways show that respondents found the scheduling, duration, and pacing of inspections to be appropriate and minimally disruptive. Furthermore, there was strong agreement that the Inspection Reports were disseminated promptly, were clear and concise, and accurately reflected the circumstances, with all respondents agreeing the outlined corrective actions would positively enhance their compliance framework. The primary area of concern

was the timeframes provided for licensees to respond to the Draft Report and to implement mandated corrective actions; to address this, the Unit plans to devise a new methodology that will extend response and remediation timelines based on the gravity of the findings.

External Stakeholder Engagement

Working in alignment with the FSC Action Plan and FSC AML/CFT Policy and Strategy to increase sectoral compliance and address AML/CFT deficiencies, the Unit participated in various stakeholder engagements. Such stakeholder engagements allowed for the communication of key compliance practices for adoption, trends affecting compliance and recommendations for consideration.

The 2024 stakeholder engagement took various forms, inclusive of verbal presentations delivered with the use of illustrative data, along with published written reports.

Presentations

The CIU participated and delivered six (6) presentations on key topics to a wide array of sector and industry practitioners. Three (3) of the six (6) presentations were in collaboration with the Ministry of Financial Services and centred around key topics relating to ML/TF/PF assessment areas:

- The conduct of Institutional Risk Assessments (Key considerations, case studies and recommendations);
- Beneficial Ownership (Conducting verification to identify Beneficial Owners across Legal Persons and Legal Arrangements); and
- 2024 Inspection Findings (Positive Trends, Case Studies and Recommendations for Improvement).

Additionally, the CIU collaborated with private sector entities, to deliver presentations on the following topics:

- Establishing AML/CFT controls to lead to effective outcomes;
- Ongoing Monitoring and its impact on Suspicious Activity Reporting; and
- Inspection findings and the impact on proposed inspections.

External Stakeholder Reports Disseminated

The CIU prepared and disseminated three reports to the industry. The first report detailed the focus areas for the 2024 Inspection Year, outlining the methodology and key objectives for each assessment. All reports utilised illustrative graphs, case studies, and provided recommendations to assist industry practitioners with improvement.

The Reports focused on:

- the risks associated with TCSPs reliance on Third Parties;
- findings across both the TCSP and Investment Business sectors regarding CDD, Ongoing CDD, and Verification; and
- Key Inspection Findings.

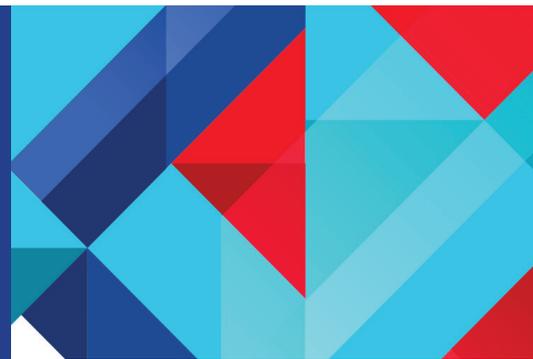
International Participation

During 2024, CIU participated in several training opportunities. Training sessions included the following:

- **ASBA & The Board of Governors of the Federal Reserve System** -This course focused on providing participants with practical examination techniques to evaluate enterprise-risk management and analyse the financial strength of a consolidated organisation; and
- **Institute for Securities Market Growth and Development (Securities Exchange Commission)** - This session provided an overview of securities regulation, market surveillance, risk-based supervision and an effective examinations program.



REGULATORY ENFORCEMENT



Enforcement Activities in 2024

Enforcement activity saw a marked increase in 2024, driven by a rise in matters referred internally from various Commission divisions and units. Concurrently, external disclosures from the Financial Investigation Agency (FIA) doubled compared to 2023. Furthermore, the final two quarters of the year saw an influx of requests for assistance received from the Royal Virgin Islands Police Financial Crime Unit (RVIP FCU).

Penalty Volume and Focus

Adhering to the BVI Financial Services Commission Enforcement Philosophy, the total quantum of penalties issued against licensees increased significantly, registering a 55.6% rise over the previous year. Of note, penalties specifically relating to contraventions of Anti-Money Laundering (AML) legislation saw an even sharper increase of 71%.

Sanctions

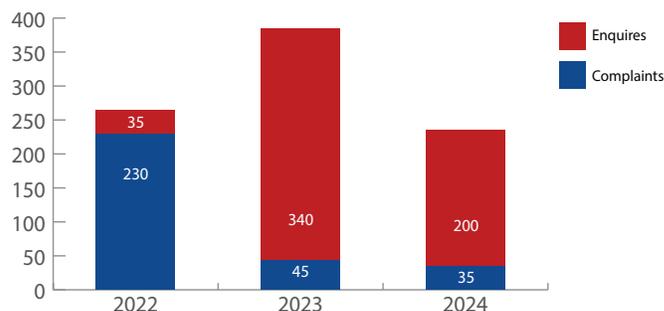
During 2024, the Enforcement Unit’s mandate was expanded to incorporate additional responsibilities in relation to the Commission’s sanctions obligations, consistent with the revised Internal Sanctions Handling Procedures. Enforcement is now responsible for adhering to the Commission’s policy of “flagging” companies or partnerships that are owned, controlled, or connected to sanctioned persons or entities, particularly in instances where the sanctioned person holds less than 50% of the voting rights or the right to remove a majority of the board of directors. Furthermore, the Unit undertakes verification measures to determine the accuracy of its intelligence sources and confirm the identity of relevant persons.

Enforcement Enquiries and Efficiency

Enforcement receives a large number of due diligence requests predominantly from the Authorisation Unit as part of necessary application assessments. Enforcement also receives external inquiries from potential investors seeking to verify the legitimacy of an entity before entering a business relationship.

Of the 191 enquiries processed in 2024, 84.74% (167) were internal Commission requests. While internal searches rarely reveal issues requiring further investigation enforcement action, the 12.6% (24) of external enquiries proved invaluable, leading to the identification of 23 entities fraudulently claiming to be registered or licensed within the jurisdiction.

Chart 33 - Complaints & Enquiries 2022-2024



Complaints

Alerts Issued

The Commission’s primary action concerning entities that make questionable claims of being registered or regulated in the Territory is the issuance of a public alert on its website. This serves to caution the public against false information and underscores the obligation to verify claims before entering into a business arrangement.

In 2024, Enforcement received 85 complaints, the majority of which (71) related to accusations of fraudulent trading. Other complaints included Virtual Asset Service Providers (9), regarding unauthorised business (3), and one each for sanction non-compliance and money-laundering accusations.

Of the 85 complaints received 26 were directed at BVI business companies, of which one referred to a regulated entity.

Complaints



In response to complaints submitted and enquiries which prompted investigations, Enforcement in utilising its delegated authority issued 23 alerts in 2024 which represents a 33.3% decline compared to the number of alerts issued in 2023. In several instances, one entity or person is subject of multiple complaints, which results in fewer published alerts than complaints and enquiries.

Alerts Issued

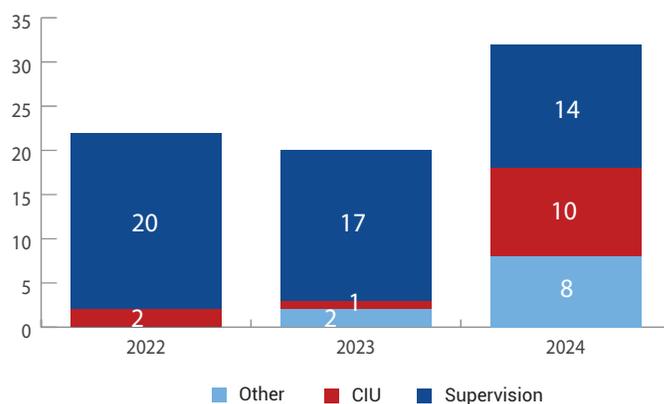
In 2024, twenty (20) of the twenty-three (23) alerts issued were in response to persons circulating an inauthentic licence to support a claim of being regulated by the Commission. In an effort to reduce any further harm to the public or reputational damage to the jurisdiction and where a website is utilised by the entity, the Commission engages the webhost to have the fictitious site removed, following the requisite investigation.

Referrals

Internally, the majority of referrals originate from the Compliance Inspection, Supervision and Authorisation Units after the identification and assessment of breach of financial services legislation.

In 2024, thirty-two (32) referrals were made to Enforcement in comparison to twenty (20) made in 2023 and twenty-two (22) in 2022, representing a 60% and 52.4% increase, respectively. These 32 cases were submitted in reference to 53 entities comprising 18 regulated entities, 32 non-regulated Business Companies and three (3) persons (classified as “other”).

Chart 34 - A breakdown of the internal referrals received by Enforcement from 2022 - 2024 is represented in the graph below.



During the reporting year, twenty-four matters of regulatory and AML-related breaches involving twenty-seven entities were referred to Enforcement for investigation. Onsite inspection accounts for ten (10) of the investigations as a result of the deficiencies and shortcomings identified by the Compliance Inspection Team. The remaining fourteen (14) regulatory breaches stem from the conduct of unauthorised business, changes in directors and senior officers, and the transfer of shares without prior approval. The table below provides a breakdown of the types of regulatory breached referred to Enforcement between 2022 – 2024.

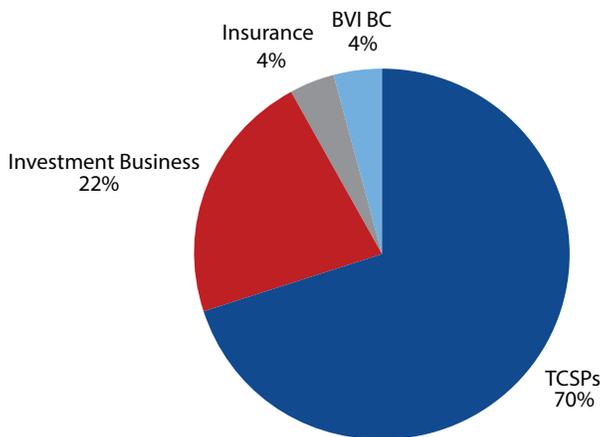
Table 28 – Types of Regulatory Breaches referred to the Enforcement Unit (2022 - 2024)

| | 2022 | 2023 | 2024 |
|---|-----------|-----------|-----------|
| Failure to seek the Commission prior written approval | 6 | 4 | 7 |
| Acting in detriment of client | 0 | 0 | 1 |
| Carrying on unauthorised business | 7 | 4 | 3 |
| Failure to file AFS | 1 | 2 | 1 |
| Failure to have at least two directors | 1 | 0 | 1 |
| Falsifying of documents | 0 | 1 | 1 |
| Revocation of licence | 1 | 1 | 0 |
| Failure to notify the Commission | 3 | 3 | 0 |
| Compliance officer or failure to file CO Report | 1 | 0 | 0 |
| Failure to pay fees | 0 | 1 | 0 |
| Failure to appoint an Insurance Manager | 0 | 1 | 0 |
| Total | 20 | 17 | 14 |

Four (4) of the twenty-four (24) regulatory and AML-related breaches were concluded within the reporting year. Enforcement continues to progress with the remaining twenty (20) matters through the enforcement process.

Regulatory and AML breaches referred to Enforcement continue to primarily emanate from the TCSP and investment business sector, accounting for 70% and 22% of the referrals in 2024, respectively. The pie chart below provides a sectoral representation of regulatory and AML-related breaches referred to Enforcement in 2024.

Chart 35 - Total Entities under Investigation for AML and Regulatory Breaches by Sector



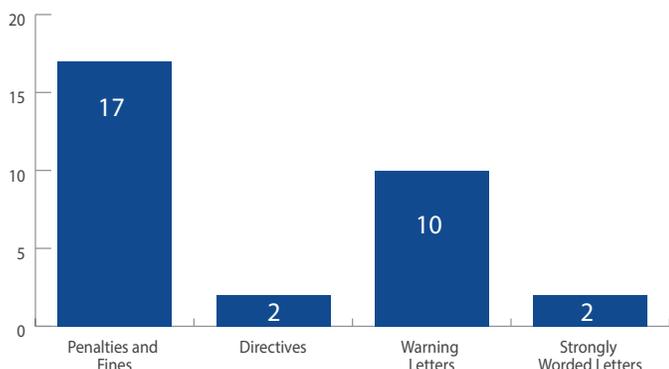
Additionally, eleven (11) ongoing investigations initiated between 2021 and 2023 were also concluded in 2024.

Enforcement Actions

In accordance with the new enforcement priorities as outlined in the Commission’s adopted Enforcement Philosophy, there was an increase in the number and value of penalties and fines, as well as the issuance of warning letters, considering mitigating and aggravating factors.

At the end of 2024, thirty-one (31) actions were taken in relation to breaches of relevant sections of the legislation against entities, representing a 63% increase from the nineteen (19) actions reported in 2023. The actions taken in 2024 consist of:

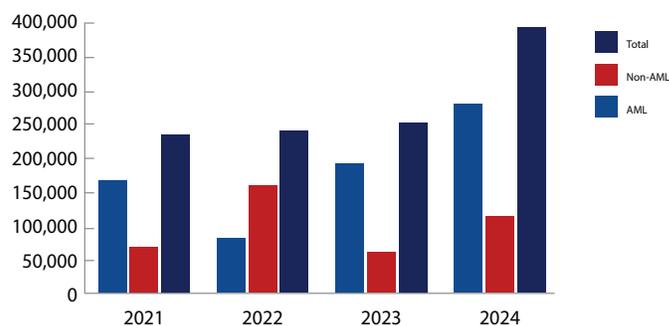
Chart 36 - Enforcement Actions taken in 2024



Penalties and Fines

Over the past four (4) years, the use of penalties and fines has been the most widely used enforcement action, with an average of about 14 penalties and fines imposed each year. Since the integration of the Enforcement Philosophy, there has also been an increase in the values of penalties imposed for AML and non-AML breaches from 2021 to 2024. The total value of penalties and fines imposed in 2024 was \$388,400, representing a 55.6% increase from 2023 (\$249,500). The penalties and fines imposed in 2024 in relation to AML failings accounted for 71% (\$276,500) of the total value of penalties and fines. The graph below illustrates the value of the monetary penalties and fines imposed over the past four (4) years.

Chart 37 - Value of Monetary Penalties and Fines [2021-2024]



AML/CFT Breaches

Enforcement actions were taken against three (3) TCSPs for AML-related breaches as follows:

Licensee A – a holder of a Class II Trust licence to carry out trust business, was inspected in 2022 covering 21 areas. A total of \$57,500 in administrative penalties, two (2) warning letters and (2) strongly worded letters were imposed against the Licensee for the deficiencies and shortcomings identified during the onsite inspection as follows:

- \$50,000 – Failure of its ECDD requirements
- \$7,500 – Failure to review and keep up-to-date CDD

Warning Letters

- Internal Audit Function; and
- Record Keeping.

Strongly Worded Letter

- Duty to carry out Risk Assessment; and
- Requirement of Customer Due Diligence

Licensee B – a holder of a Class I Trust Licence was also inspected in 2022. A total of \$219,000 in administrative penalties and five (5) warning letters were imposed against the Licensee for the deficiencies and shortcomings identified during the onsite inspection as follows:

\$100,000 – Failure in ECDD requirements

\$55,000 – Failure to review and keep up-to-date CDD

\$60,000 – Failure to test Third Party Relationships

Warning letters

- Internal Audit Function;
- Reliance on Third Parties;
- Verification of Individuals;
- Verification of Legal Persons; and
- Record Keeping.

Licensee C – a holder of a Class III Trust Licence to conduct management business was inspected in 2023. The Enforcement Committee agreed to the following enforcement action during the reporting period:

- warning letter – Failure to maintain or provide a record of testing third-party business relationships.

Publication of Enforcement Actions

During the reporting period, the Enforcement Committee agreed to the publication of enforcement actions taken against two (2) TCSPs in accordance with the criteria as outlined in the Policy Regarding the Publication of Enforcement Actions for their AML/CFT breaches.

Collaboration and Partnerships

The Commission continues to foster relationships with domestic law enforcement agencies such as the FIA and the RVIP FCU. In 2024, the Commission received twenty-four (24) requests for information, nine (9) from the RVIP FCA and fifteen (15) from FIA.

FIA Information Request

The Commission received fourteen (14) disclosures from FIA in 2024, representing a 50% increase from the seven referrals in 2023. A synopsis of the types of referrals is as follows:

- Connections with sanctioned individuals;
- Alleged funds from fraudulent activities;
- Alleged breach of Economic substance by 2 SIBA Licensees;
- Registered Agent’s potential regulatory and compliance failure;
- Potential use of a BVI legal arrangement to circumvent sanctions restrictions and/or obscure assets and beneficial ownership; and
- Allegations that a BVI BC operating a VASP used to breach sanctions and engage in terrorist financing.

RVIP FCU Information Request

During the third and fourth quarters of 2024, the Commission began to receive an influx of requests for information from the RVIP FCU to assist with their investigations into alleged sanction breaches, potential terrorist financing connections, and general assistance in understanding the different types of incorporated entities. The nine (9) referrals requested information on business activities; directorship, beneficial owners, and copies of corporate documents for a total of thirty-eight (38) entities.

At the end of 2024, Enforcement provided four (4) complete responses on an average of 45 days to RVIP FCU’s request for information. Enforcement will continue to collaborate with and provide assistance and feedback to RVIP FCU in efforts to combat predicated offences of ML, FT, and PF, and any other offences.



SANCTIONS IMPLEMENTATION



The Commission's primary responsibility in relation to the administration of sanctions is to ensure that regulated entities, as well as other relevant entities, maintain adequate and effective policies and procedures for compliance with sanctions. The Commission, through its desk-based and onsite review programs, takes steps to verify and ensure that relevant entities have in place adequate systems and internal controls to facilitate sanction screening, monitoring, and reporting. Also vital to the effectiveness of the administration of sanctions is the obligation to ensure that employees are adequately trained in relation to their sanction obligations.

The Enforcement Division continues to be guided by the Commission's established Internal Sanctions Handling Procedures, which outline the practical procedures and processes to be followed by the Commission's divisions and units in implementing sanctions.

Flagging of Companies

The Commission implemented a process of placing alerts ("flagging") on BVI BCs/partnerships suspected of being owned and/or controlled or connected to any designated persons or entities. The flagging process enables the Commission to monitor transactions filed with the Registry of Corporate Affairs for companies sanctioned or connected to sanctioned individuals or entities, and to conduct relevant investigations and fulfill its reporting obligations to the respective authorities.

The request to flag companies originates from the Commission's conduct of screening the consolidated sanction lists against its records of directors in VIRRGIN, intelligence from International and domestic authorities, the Commission's work on policing the perimeter, and disclosures from Licensees or others. In 2024, a total of twenty-six (26) companies were flagged in VIRRGIN, representing a 70% reduction compared to 2023 (88). All of the flagging requests were identified through the Commission's screening of the information maintained in the Registers of Directors in VIRRGIN.

The reduction in the number of companies being flagged can be attributed to the decline in the designation of individuals and entities by the UK and the UN. The OFSI Annual Reviews for the respective reporting years stated that 800 persons were added to the consolidated list for that reporting year, an 18.9% reduction from the 987 new designations for the 2021-2022 reporting year.

For the 2023-2024 reporting period, the number of new designations decreased by 29.5% to 564. This can be further attributed to the changes in the geopolitical environment.

Investigation

The extent of Enforcement's investigative measures relative to sanctions in 2024 was to verify the identity of the suspected designated person. Enforcement utilised the Commission's powers under section 32 of the Financial Services Commission Act, 2001, to demand the production of documents and information from registered agents of the Companies suspected to be controlled and/or owned by a designated person or entity. A total of sixteen (16) notices were issued to the registered agents. In all instances, the notices requested documents on the directors, shareholders, beneficial owners, and business activities, which were provided. The assessment of the information, along with the conduct of open-source investigations, led to the unflagging of ten (10) companies, given that the persons connected to the BVI BCs did not match the designated person on the sanctioned lists. Enforcement's investigation relative to the verification of identity, confirmed matches of six (6) companies being owned and/or controlled or connected to designated persons.

At the end of 2024, a total of 575 companies were flagged in VIRRGIN for potentially being owned and/or controlled by designated persons and or entities.

Reporting Obligations

There were two (2) disseminations, one to the Governor's Office, which was also shared with FIA, relative to the Commission's implementation of sanctions. The purpose of the disclosure was to provide general information regarding the following:

- Total Number of BVI BCs flagged for their connections to designated persons and entities;
- Provide a summary of the types of transactions filed by the registered agents of the flagged companies;
- General information on the regulatory standing of the flagged companies (i.e. how many are active, struck off, dissolved); and
- The risk associated with the dissolution of BVI BCs that are connected to sanctioned individuals and entities.



LEGISLATIVE DEVELOPMENT



The Policy Research and Development Unit (“PRDU”) is responsible for researching and monitoring developments within the global financial services industry and developing and enhancing financial services policy and legislation to ensure compliance with international standards relating to the operation of the Territory’s financial services sector.

The PRDU has primary responsibility for the Commission’s statutory function (pursuant to section 4 of the Financial Services Commission Act, Revised Edition 2020) to make recommendations to Cabinet on suitable amendments or revisions to financial services legislation in developing the Territory’s financial services industry. In line with this responsibility, the PRDU develops draft legislation for consideration and approval by the Commission’s Board of Commissioners, the Government’s Cabinet and the House of Assembly, as necessary.

In 2024, the PRDU’s work included developing new, and enhancing existing, legislation, primarily aimed at addressing recommendations contained in the CFATF’s February 2024 Fourth Round Mutual Evaluation on the Virgin Islands and enhancing the jurisdiction’s financial services legislation to ensure compliance with international anti-money laundering and counter terrorist financing standards of the Financial Action Task Force.

The PRDU is also responsible for maintaining and collating statistics from the Divisions and Units within the Commission, which are used by the PRDU to produce the Commission’s quarterly statistical bulletins and provide statistical information in response to requests made by competent authorities and regional and international standard-setting bodies.

Outlined are the new and amended legislation that were issued, passed and/or enacted throughout 2024.

New Legislation

| Legislation | Relevant Dates | Key Objectives |
|---|--|---|
| BVI Business Companies and Limited Partnerships (Beneficial Ownership) Regulations, 2024 | Made by Cabinet: 4 th December, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Provides detailed information on beneficial ownership under the BVI Business Companies and Limited Partnership regimes, including obligations concerning beneficial owners, legal entities and registered agents. |

Amended Legislation

| Legislation | Relevant Dates | Key Objectives |
|---|--|---|
| BVI Business Companies (Amendment) Act, 2024 | Passed: 4 th September, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Requires companies to file registers of members with the Registrar of Corporate Affairs (the “Registrar”) Requires companies to file with the Registrar information on nominee shareholders and their nominators, where applicable Requires companies to collect, keep and maintain, and file with the Registrar, adequate, accurate and up to date information on beneficial owners Requires companies to file information on FSC licensees providing director services, where applicable Reduces period in which a company’s first directors must be appointed Increases conditions that companies must satisfy before continuing out of the Virgin Islands Requires foreign companies to provide lists of members and information on registered office in country of incorporation when applying for registration Requires companies to cooperate with the Registrar, competent authorities and law enforcement agencies in the lawful discharge of their duties Provides the Commission with the power to require companies to prepare and submit returns on any matter concerning their business and affairs |

| Legislation | Relevant Dates | Key Objectives |
|---|--|--|
| BVI Business Companies (Amendment) (No. 2) Act, 2024 | Passed: 29 th October, 2024 In Force (Deemed): 1 st September, 2024 | <ul style="list-style-type: none"> Allows the Commission to extend the initial period within which a company is required to file its financial return |

| Legislation | Relevant Dates | Key Objectives |
|--|---|--|
| Limited Partnership (Amendment) Act, 2024 | Passed: 16 th September, 2024 In Force: Certain provisions came into force on 10 th December 2024 and the remaining provisions came into force on 2 nd January 2025 | <ul style="list-style-type: none"> Inserts provisions that automatically dissolve limited partnerships once they have been struck off the Register of Limited Partnerships Establishes a legal framework for limited partnerships to file financial returns with their registered agents Requires limited partnerships to file registers of general partners and registers of limited partners with the Registrar Requires limited partnerships to collect, keep and maintain, and file with the Registrar, adequate, accurate and up to date information on beneficial owners Increases conditions that limited partnerships must satisfy before continuing out of the Virgin Islands Requires limited partnerships to cooperate with the Registrar, competent authorities and law enforcement agencies in the lawful discharge of their duties Provides the Commission with the power to require limited partnerships to prepare and submit returns on any matter concerning their business and affairs |

| Legislation | Relevant Dates | Key Objectives |
|--|--|--|
| Insurance (Amendment) Act, 2024 | Passed: 5 th September, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Requires a foreign insurer to seek Commission's approval before effecting any change in its significant or controlling interest and to notify the Commission of any other change in interest holding |

| Legislation | Relevant Dates | Key Objectives |
|---|--|---|
| Insolvency (Amendment) Act, 2024 | Passed: 5 th September, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Expands the circumstances under which the Commission may apply to the High Court to appoint a liquidator over a company |

| Legislation | Relevant Dates | Key Objectives |
|--------------------------------------|--|--|
| Trustee (Amendment) Act, 2024 | Passed: 4 th September, 2024 In Force: 10 th December, 2025 | <ul style="list-style-type: none"> Requires all trustees (including professional trustees that are not subject to supervision by the Commission) to collect and keep adequate, accurate and up to date beneficial ownership information and to update that information within 30 days of becoming aware of any changes Requires all trustees to take reasonable steps to verify the identities of beneficial owners and their beneficial ownership information to ensure that they are adequate, accurate and up to date Requires all trustees to cooperate with competent authorities and law enforcement agencies |

| Legislation | Relevant Dates | Key Objectives |
|--|--|---|
| Banks and Trust Companies (Amendment) Act, 2024 | Passed: 4 th September, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Expands the definition of "trust business" in section 2(1) of the Banks and Trust Companies Act, Revised Edition 2020 Imposes requirement for applicants for a banking licence to make a written undertaking to provide to the Commission copies of deposit insurance policies issued under the Virgin Islands Deposit Insurance Act within 6 months of the issue of any banking licence |

| Legislation | Relevant Dates | Key Objectives |
|--|--|--|
| Proliferation Financing (Prohibition) (Amendment) Act, 2024 | Passed: 4 th September, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Makes prohibitions in sections 15(1) and 16(1) of the Proliferation Financing (Prohibition) Act, 2021 strict liability offences Removes financial threshold of \$10,000 for compulsory reporting of financial transactions involving a designated country person or entity, making it a requirement to report any transaction involving any amount Empowers the Financial Investigation Agency ("FIA") to issue guidelines with respect to proliferation financing matters |

| Legislation | Relevant Dates | Key Objectives |
|---|---|--|
| Financial Investigation Agency (Amendment) Act, 2024 | Passed: 29 th October, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Empowers FIA to make disclosures to foreign financial investigation agencies to report the commission or possible commission of a crime, to initiate criminal investigation into a matter and to assist with, or facilitate, an investigation or any criminal proceeding Prohibits persons from carrying on the business of Designated Non-Financial Businesses and Professionals (“DNFBPs”) without first being registered by the FIA Empowers FIA to require DNFBPs to obtain the FIA’s approval to effect any change in directors or senior officers or in relation to persons holding a significant interest or controlling interest in DNFBPs Requires the FIA to use all relevant sources of information or data to identify the types and features of NPOs that may be at risk of being used for terrorist financing |

| Legislation | Relevant Dates | Key Objectives |
|--|--|---|
| Limited Partnership (Amendment) Regulations, 2024 | Made by Cabinet: 4 th December, 2024 In Force: 10 th December, 2024 | <ul style="list-style-type: none"> Imposes a requirement that voluntary liquidators must be resident in the Virgin Islands Outlines the eligibility criteria to be appointed to act as a voluntary liquidator Requires a voluntary liquidator to maintain relevant records during the course of liquidating a limited partnership and provide such records to the limited partnership’s registered agent after liquidation Introduces requirements for limited partnerships to file registers of general partners, registers of limited partners and beneficial ownership information as additional conditions for receiving certificates of good standing Introduces expiration dates for certificates of good standing |

| Legislation | Relevant Dates | Key Objectives |
|--|---|--|
| Financial Services Commission (Amendment) Act, 2024 | Passed: 16 th September, 2024 In Force: 19 th February, 2025 | <ul style="list-style-type: none"> Formally stipulates that the Commission is required to adopt a risk-based approach in carrying out its supervisory responsibility of licensees Enables the Commission to take decisions in exceptional circumstances Permits the indirect exchange of information with foreign non-counterparts Broadens the compliance inspection mandate of the Commission Requires all licensees and other persons caught under financial services legislation to cooperate with the Commission |

| Legislation | Relevant Dates | Key Objectives |
|---|---|--|
| Securities and Investment Business (Amendment of Schedule 1) Order, 2024 | Made by Cabinet: 5 th September, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Expands the list of investments to include “contracts to exchange one currency for another |

| Legislation | Relevant Dates | Key Objectives |
|--|--|---|
| Anti-money Laundering (Amendment) Regulations, 2024 | Made by Cabinet: 6 th September, 2024 In Force: 15 th October, 2024 | <ul style="list-style-type: none"> Require licensees to apply for approval from the Commission prior to appointing a money laundering reporting officers (similar provisions also included to require DNFBPs and specified NPOs to seek prior approval from the FIA before appointing money laundering reporting officers) |

| Legislation | Relevant Dates | Key Objectives |
|---|--|--|
| BVI Business Companies (Amendment) Regulations, 2024 | Made by Cabinet: 4 th December, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Introduces requirements for BVIBCs to file registers of members and beneficial ownership information as additional conditions for receiving certificates of good standing Introduces expiration dates for certificates of good standing Introduces penalties for contraventions of specific provisions of the BVI Business Companies Act, Revised Edition 2020 |

| Legislation | Relevant Dates | Key Objectives |
|---|--|--|
| Anti-money Laundering and Terrorist Financing (Amendment) Code of Practice, 2024 | Issued: 10 th September, 2024 In Force: 15 th October, 2024 | <ul style="list-style-type: none"> Requires an entity or professional to notify the Commission (in writing) if a money laundering reporting officer ceases to hold office and to take necessary steps to ensure the appointment of a replacement money laundering reporting officer, who must be approved by the Commission Provides that, where an entity has three or less employees, the director (or equivalent position holder) or other senior officer within the entity may be approved as money laundering reporting officer Provides that, in the case of a professional, the professional may be approved as money laundering reporting officer |

| Legislation | Relevant Dates | Key Objectives |
|--|--|--|
| Financial Services (Miscellaneous Exemptions) (Amendment) Regulations, 2024 | Made by Cabinet: 4 th December, 2024 In Force (Deemed): 15 th October, 2024 | <ul style="list-style-type: none"> Exempts specified licensees from the requirement to apply to the Commission for approval prior to appointing money laundering reporting officers, however exempt licensees must notify the Commission within 14 days of the appointment of money laundering reporting officers |

| Legislation | Relevant Dates | Key Objectives |
|--|--|---|
| Financial Services (Limited Partnership Fees) (Amendment) Regulations, 2024 | Made by Cabinet: 4 th December, 2024 In Force: 10 th December, 2024 | <ul style="list-style-type: none"> Amends transaction fees to align with new requirements introduced under the Limited Partnership (Amendment) Act, 2024 Introduces fixed penalties for late filings Introduces penalties for contraventions of specific provisions of the Limited Partnership Act, Revised Edition 2020 |

| Legislation | Relevant Dates | Key Objectives |
|--|---|--|
| Financial Services (Limited Partnership Fees) (Amendment) (No. 2) Regulations, 2024 | Made by Cabinet: 24 th December, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Stipulates that existing limited partnerships will not be charged for filing (with the Registrar) registers of general partners, registers of limited partners and/or beneficial ownership information during the prescribed transitional period |

| Legislation | Relevant Dates | Key Objectives |
|--|--|--|
| Financial Services (Prudential and Statistical Returns) (Amendment) Order, 2024 | Issued: 19 th December, 2024 In Force (Deemed): 1 st December, 2024 | <ul style="list-style-type: none"> Requires persons registered as virtual assets service providers ("VASPs") to complete the annual AML/CFT returns included in Schedule 9 of the Financial Services (Prudential and Statistical Returns) Order, Revised Edition 2020 |

| Legislation | Relevant Dates | Key Objectives |
|---|---|---|
| BVI Business Companies (Amendment of Schedule 1) Order, 2024 | Made by Cabinet: 4 th December, 2024 In Force (Deemed): 2 nd January, 2025 | <ul style="list-style-type: none"> Amends transaction fees to align with new requirements introduced under the BVI Business Companies (Amendment) Act, 2024 Replaces fees associated with section 233 of the BVI Business Companies Act, Revised Edition 2020 Introduces a fee for the inspection of all documents retained by the Registrar in respect of any company |

| Legislation | Relevant Dates | Key Objectives |
|---|--|---|
| BVI Business Companies (Amendment of Schedule 1) Order, 2024 | Made by Cabinet: 4 th December, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Amends transaction fees to align with new requirements introduced under the BVI Business Companies (Amendment) Act, 2024 Replaces fees associated with section 233 of the BVI Business Companies Act, Revised Edition 2020 Introduces a fee for the inspection of all documents retained by the Registrar in respect of any company |

| Legislation | Relevant Dates | Key Objectives |
|---|---|--|
| BVI Business Companies (Amendment of Schedule 1) (No. 2) Order, 2024 | Made by Cabinet: 24 th December, 2024 In Force: 2 nd January, 2025 | <ul style="list-style-type: none"> Stipulates that existing companies will not be charged for filing (with the Registrar) registers of members, additional director information and/or beneficial ownership information (as required) during the prescribed transitional period |

The PRDU also drafted the below amendment legislation that were traversing through the legislative process for approvals and enactments as at the end of 2024:

| Legislation | Key Objectives |
|--|---|
| Financial Services (Exceptional Circumstances) (Amendment) Bill | <ul style="list-style-type: none"> Repeals sections that have been subsumed in the Financial Services Commission Act, Revised Edition 2020 (via the Financial Services Commission (Amendment) Act, 2024) |

| Legislation | Key Objectives |
|--|--|
| Anti-money Laundering (Amendment) (No. 2) Regulations | <ul style="list-style-type: none"> Prescribes fees are payable for seeking Commission/FIA approval prior to appointing money laundering reporting officers, as the case may be (fees are set out in Financial Services (Fees) Regulations, Revised Edition 2020 (for Commission approval) and Schedule 2 of the Anti-money Laundering Regulations, Revised Edition 2020 (for FIA approval)) |

| Legislation | Key Objectives |
|--|---|
| Financial Services (Fees) (Amendment) Regulations | <ul style="list-style-type: none"> Amends regulatory fee schedule to include application and approval fees for appointing money laundering reporting officers Introduces special fees where an application is made for the same person to be appointed as a money laundering reporting officer and compliance officer in the same application Increases application and approval fees for appointment of directors and senior officers under the Banks and Trust Companies Act, Revised Edition 2020 |



POLICY DEVELOPMENT AND EXTERNAL RELATIONS



The Policy Development and External Relations Division (“PDERD”) comprises the Policy, Research and Development Unit and the External Relations Unit (“ERU”).

ERU is responsible for the communication function of the Commission, which encompasses sharing information with regulated entities and other key stakeholders and handling all media relations on behalf of the Commission. The ERU also has responsibility for monitoring media focused on BVI business companies (including licensees), and general opinions regarding the Commission and its products and services, and the Commission’s financial literacy function.

In addition to promoting and advancing legislative development the PRDU also completed the following activities in 2024.

| Area | Description |
|--|---|
| Development of Guidelines and Forms | The PRDU developed guidelines and forms to assist licensees in complying with regulatory obligations and to facilitate application and notification processes required under legislation. |
| Collaboration | The PRDU developed guidelines and forms to assist licensees in complying with regulatory obligations and to facilitate application and notification processes required under legislation. |
| Forms Being Amended | Application form for Approval of Directors, Compliance Officers, MLROs, and Senior Officers- Application for a Licence or Certificate as a Financial Services Business Provider. |
| Expected Completion | Revisions to the above forms are expected to be completed in 2025. |
| Survey and Statistics | Maintained statistical data on regulatory and corporate registry activities; produced quarterly bulletins published on the Commission’s website. |
| External Reporting | Provided statistical information to the Group of International Financial Centres (GIFCS). |

External Relations Unit (“ERU”)

Corporate Communications

The ERU is responsible for keeping external stakeholders informed of developments within the Commission and other matters affecting the financial services industry. The ERU is also responsible for the Commission’s internal communications. The ERU works closely with other Divisions and Units within the Commission and external partners to develop and produce various mediums to execute these functions.

In 2024, the ERU facilitated 180+ publications to the FSC website, in the form of public statements, industry circulars, press releases, surveys, guidance, newsletters and Commission reports. The ERU also provided photographic, videographic, journalistic and editorial support to the Commission. This included producing and publishing three videos focusing on the VI Money Laundering Risk Assessment and the 2024 Mutual Evaluation Report on the Virgin Islands’ compliance with the Financial Action Task Force’s AML/CFT/CPF standards.

Outreach

The ERU also manages and supports Commission outreach events, including the Meet the Regulator Forum. Such events facilitate direct engagement and enhance relationships with the Commission and the financial services industry. In 2024, the ERU managed two Meet The Regulator Forums (“MTRs”). One MTR featured the role of the Commission and the financial services industry in implementing the recommended actions from the Virgin Islands’ Fourth Round Mutual Evaluation Report. The other MTR focused on providing important information about new beneficial ownership obligations that will affect BVI business companies and limited partnerships beginning early 2025. The latter MTR was a hybrid event which allowed for both virtual and in-person attendance. This provided flexibility and facilitated increased attendance for various stakeholders.

Media Monitoring

The ERU activated its media monitoring function, which includes identifying where BVI entities and the jurisdiction are named in the media in relation to financial services business. In 2024, the ERU onboarded an analyst and the necessary software required to carry out the function. This has resulted in the production of reports of findings on BVI business companies featured in the media and other intelligence for FSC executives and other key personnel. The ERU has also supported the work of the Compliance Inspection Unit by assisting with intelligence gathering for various compliance inspections of licensees.

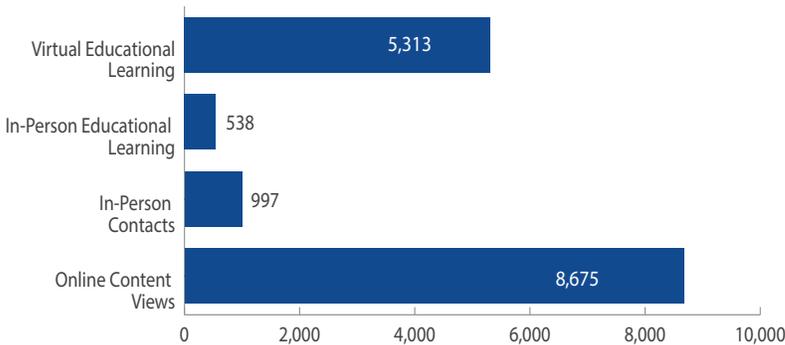


MONEY MATTERS BVI

The External Relations Unit continues to deliver the Commission’s financial literacy programme, Money Matters BVI (MMBVI). The programme provides clear, independent guidance to help residents make informed decisions for both short and long-term goals. On 1 May 2024, Ms. Derecia Thomas was appointed Financial Literacy Coordinator, strengthening capacity and continuity for delivery.

In 2023, MMBVI prioritised school-centred outreach and community forums. The team visited 21 schools and delivered flagship activities including the Adolescent Financial Literacy Perspectives Forum, the FSC Economic Empowerment Club Lunch & Learn, a Wills and Estate Planning session, Global Money Week tours, presentations to the Rotary Club of the BVI and the Government Facilities Department, the Trade Marks Registry feature/Buy BVI Trade Expo, and the Piggy Bank Pageant.

Chart 38: Money Matters BVI Statistics



In 2024, MMBVI maintained those pillars and widened its reach through a blended approach. The programme engaged more than 9,600 people overall, including over 5,800 participants through in-person or virtual learning, and recorded 8,675 views of online educational content. Audience interest remained primarily local—about 80 percent from the Virgin Islands—while overseas engagement continued to grow, led by the United States (about 15 percent) and the United Kingdom (about 3 percent), with additional viewership from Guyana and Saint Kitts & Nevis.

Key activities in 2024 included:

- International Women’s Day Breakfast Forum, “Art of the Side Hustle: Stories from Women Who Use Side Hustles to Gain Financial Flexibility”;
- a Wills and Estate Planning Forum;
- Global Money Week tours of financial institutions;
- Targeted presentations to the Rotary Club of the BVI and the Government Facilities Department (retreat); and
- the 2024 Piggy Bank Pageant.

Taken together, these initiatives reinforce everyday money-management skills, prudent planning, and financial confidence for youth and adults. MMBVI will continue to deepen partnerships with schools, employers and civic groups, and to expand targeted content that supports budgeting, saving, responsible credit use and intergenerational wealth planning.



BVI FSC (HK) LIMITED



The BVI FSC (HK) Limited 'BVI FSC HK' Office represents the Commission in the Asia-Pacific region. Though its presence, the Commission is best placed to achieve greater efficiency in the delivery of its services and engagements. The office is strategically situated to service and strengthen key business relationships while providing liaison service to industry practitioners based in Asia.

The objectives of the BVI FSC HK are to:

- Ensuring that the BVI plays its part in the fight against cross-border, white – collar crime, while safeguarding the privacy and confidentiality of legitimate business transactions;
- Ensuring industry compliance with the highest international regulatory standards and best business practices; and
- Protecting the interests of the general public and market participants.

2024 Highlights - Outreach & Engagements

The BVI FSC HK Limited aims to collaborate with the Asian public and private sector stakeholders to foster the continuous development of an Asian financial services environment that will remain competitive and attractive for legitimate business.

In 2024, the BVI FSC HK held several key engagements a summary of those events follow:

Meet the Regulator Forum – Hong Kong

Held on 20 May 2024 at Conrad Hong Kong, the Forum brought together over 80 stakeholders. The Commission presented on upcoming legislative amendments, including the BVI Business Companies Act and the Financial Returns Order. The Minister for Financial Services also addressed attendees, reaffirming the BVI’s commitment to the region.

Engagement with the Hong Kong Monetary Authority (HKMA)

The Commission met with the HKMA to strengthen regulatory cooperation. Discussions focused on oversight of virtual assets, fraud prevention, and addressing emerging financial sector risks.

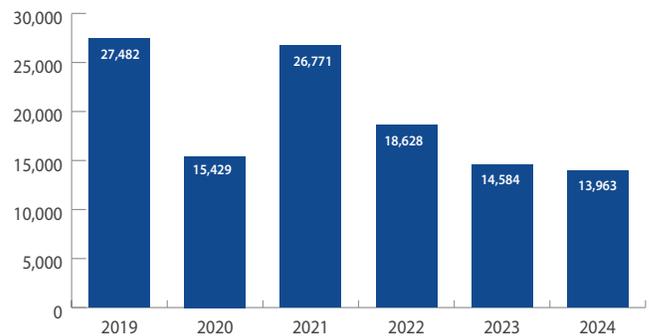
Asia Trade Mission – Hong Kong & China

During the Asia Trade Mission, Commission Senior Officers led discussions in Hong Kong and China on regulatory trends, cross-border compliance challenges, and the importance of staying informed amid evolving international standards.

In addition to providing ambassadorial presence of the Commission in Hong Kong, the BVI FSC HK also provides select local registry services to registered agents with offices in the region.

Delivery of Corporate Registry Functions in Asia

Chart 39 - Certificates printed in Hong Kong: 2019 - 2024

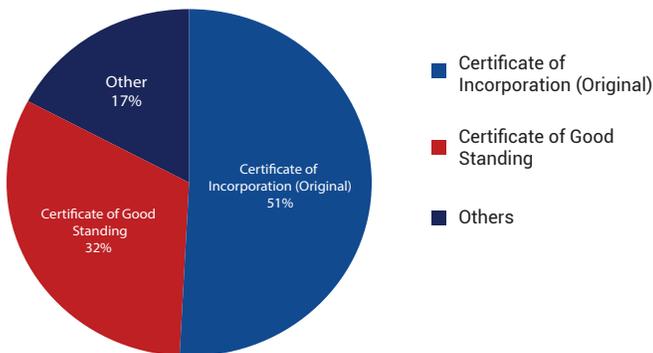


The primary registry function executed through the BVI FSC HK Office is the printing of certificates. In 2024, the number of certificates printed in Hong Kong decreased to 13,963, marking a 4.3% decline from the 14,584 certificates issued in the previous year. This downward trend continues from the most recent peak of certificate requests of 26,771 in 2021.

Category of Certificates Printed

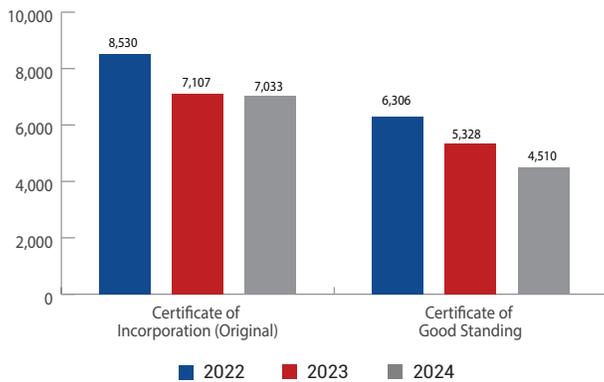
The two most requested certificates continue to be the Certificate of Incorporation (original) and the Certificate of Good Standing, with 4,510 and 7,033 requests, respectively. Together these two certificate types account for 83% of all requests for certificates. While the number of requests for certificates of good standing decreased by approximately 15.35%, there was a nominal increase in the number of requests for original copies of Certificates of Incorporations.

Chart 40: Breakdown of the total percentage of certificates printed (by type).



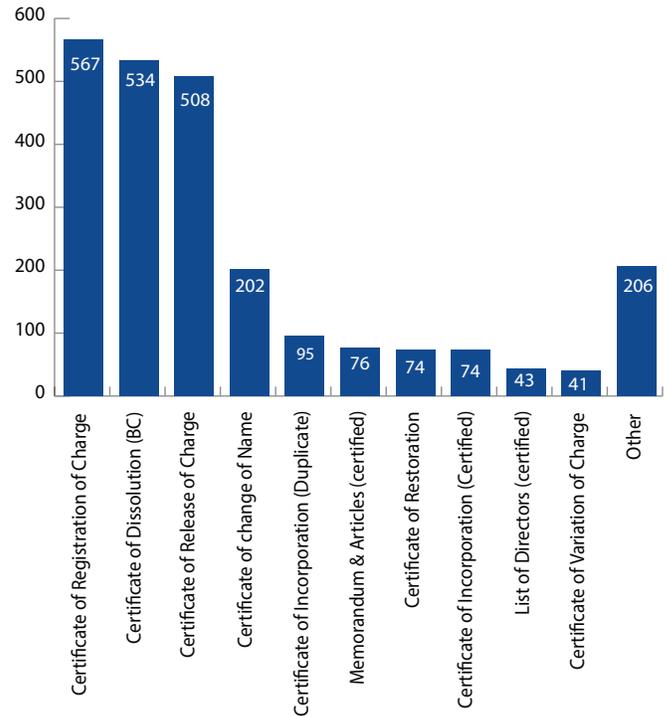
Top 2 Certificates Requested 2022-2024

Chart 41 -: a 3-year comparative table of the top 2 certificates printed (by type).



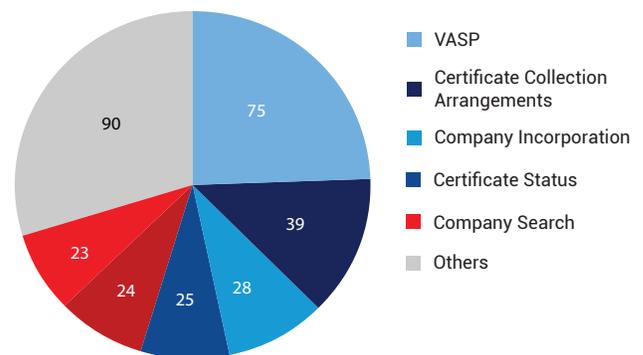
Listing of Certificates Requested

Chart 42 - Breakdown of other certificate requests by type.



Responding to Enquiries, Complaints and Other Requests

Chart 43 - Total no of Enquiries



BVI FSC HK received and processed 304 enquiries from Agents and various stakeholders. A significant number of these enquiries focused on licensing under the Virtual Asset Service Providers Act, 2024, along with questions regarding certificate collection arrangements and company incorporation. Among the inquiries, 103 originated from agents, reflecting strong engagement from industry representatives seeking clarity on regulatory matters. In addition, 117 enquiries were referred from the BVI Government's Hong Kong Office, highlighting a robust partnership and a proactive commitment to delivering immediate responses in the dynamic Asian market.



FINANCE

In 2024, the Finance Division maintained the Commission’s steadfast commitment to sound fiscal management, accountability and transparency. Despite global economic headwinds, the Division ensured the Commission’s financial stability by implementing prudent budgeting, rigorous expenditure control and enhanced revenue collection mechanisms. Continued growth in regulatory revenues, coupled with operational cost containment, underlines the Division’s focus on efficiency, compliance and value for money delivery—thereby supporting the Commission’s broader strategic objectives.

Financial Performance Summary

For 2024, total combined revenue (Government plus Commission) reached US \$255.5 million, up from US \$253.3 million in 2023—a year on year increase of approximately 0.9%. The Commission’s total expenditure for the year was US \$33.29 million, which is US \$10.40 million (24%) below the approved budget of US \$43.69 million. This expenditure shortfall is largely attributable to timing differences in major project implementation and deliberate cost containment efforts. As a result, the Commission recorded a substantial operating surplus, reflecting disciplined financial stewardship and prudent resource allocation.

Revenue Performance

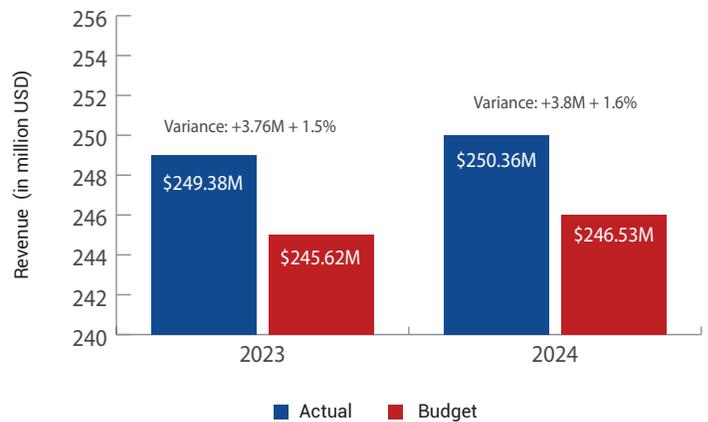
Government Revenue: Government funds amounted to US \$250.36 million, exceeding the budget by US \$3.83 million (1.6% above budget) and slightly up from the 2023 figure of US \$249.38 million. Key contributors included:

- Registry of Corporate Affairs: US \$238.19 million (2023: US \$238.79 million)
- Investment Business: US \$6.10 million (exceeding budget by US \$803,000, or 15%)
- Banking & Fiduciary Services: US \$5.38 million (22% above budget, and 18.5% above 2023)
- Insurance: US \$423,350 (broadly consistent with 2023 levels)

- Insolvency Services: US \$132,400 (6% above budget)
- Virtual Asset Service Providers Licences: US \$133,700 (significantly below the budgeted US \$1.3 million, reflecting slower than expected regulatory uptake in that sector)

The Commission achieved approximately 102% of its 2024 Government revenue collection target.

Chart 44 - Government Revenue Actual vs Budget 2023 - 2024



Commission (FSC) Revenue – Excluding Retention: Revenue retained directly by the Commission totalled US \$5.14 million, which exceeded the budgeted amount of US \$3.53 million by 46%. Principal sources included:

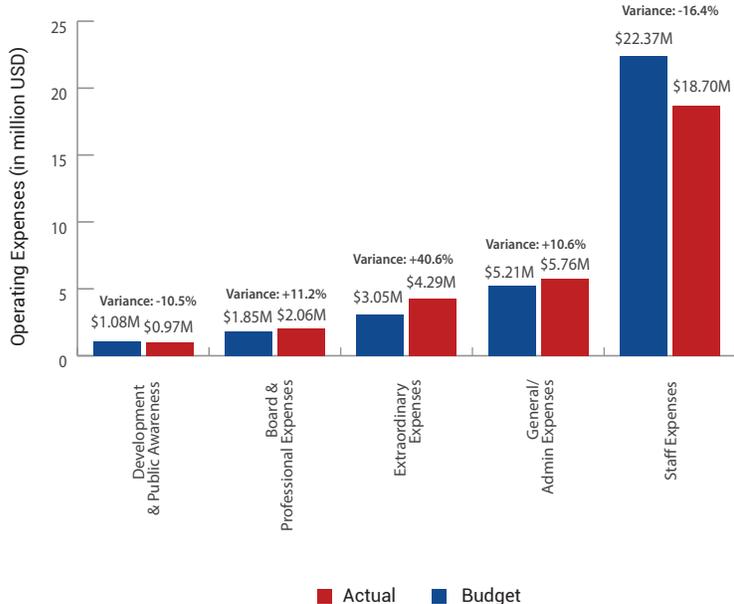
- Processing Fees: US \$3.20 million (11% above budget)
- Court Ordered Receipts: US \$751,500 (a fivefold increase over budget), reflecting legal cost recoveries from court applications to restore dissolved business companies
- Investment Income: US \$762,700 (117% above budget)
- Miscellaneous Income: US \$431,100 (nearly triple the 2023 figure)

Retention and Financial Resources: The retention rate of Government revenue by the Commission remained consistent at 13.5%. From that retention and other income sources, the Commission had US \$38.6 million available to fund operations in 2024 (2023: US \$37.4 million). This consistent retention rate supports reliable budgeting, underscores operational independence and strengthens financial sustainability.

Expenditure Performance

Operating Expenditure: Operating expenditure for the year totalled US \$31.77 million, which is 5.3% below the approved budget.

Chart 45 - Operating Expenses by Category - Actual vs Budget 2024



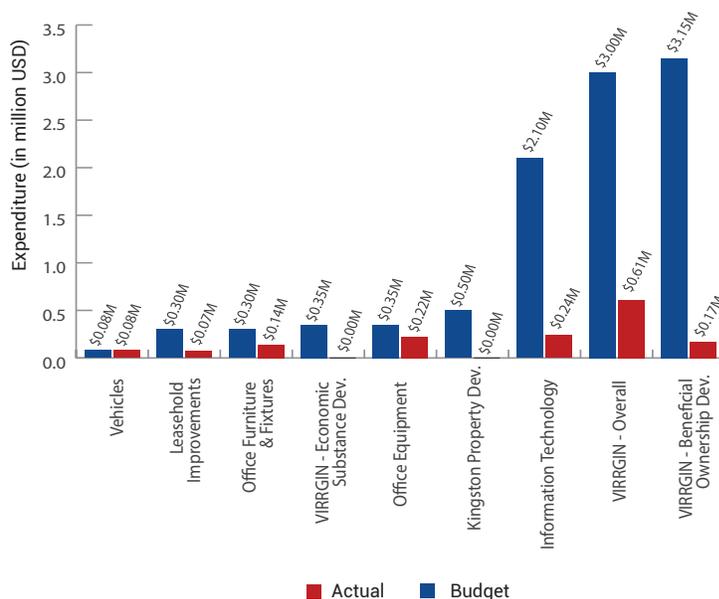
Key expenditure highlights:

- Staff Expenses: US \$18.7 million (59% of total expenditure). These costs were 15% below budget, largely due to delayed recruitment.
- Board & Professional Expenses: US \$2.06 million (11% above budget), primarily driven by consultancy and advisory services.
- General & Administrative Expenses: US \$5.76 million (10.6% above budget), attributable to increased IT maintenance, travel and licensing fees.
- Development & Public Awareness: US \$967,000 (the actual was just short of the budget mainly due to reduced conference activities).
- Extraordinary Expenses: US \$4.29 million (above budget), driven by technical assistance to the Government and required statutory subventions.

After all operating costs, the Commission generated an operating surplus of US \$6.7 million, compared with US \$9.9 million in 2023. The Board approved an allocation of US \$2 million to the Government (2023: US \$6 million), in line with reserve management and sustainability objectives.

Capital Expenditure: Capital spending in 2024 was US \$1.52 million, markedly below the budgeted US \$10.13 million. This was due to deliberate deferral of largescale projects (such as the VIRRGIN platform redevelopment, economic substance enhancements and Kingstown property development) into 2025 and beyond.

Chart 46 - Capital Expenditure by Category - Actual vs Budget 2024



Major expenditures included:

- IT infrastructure upgrades: US \$240,000
- Portion of the VIRRGIN project: US \$606,000
- Office improvements and vehicle acquisitions

Management and Accountability

The Finance Division continues to operate under rigorous oversight, both internal and external, to ensure transparency and governance. For the year ended 31 December 2023, the external auditor issued an unqualified opinion on the Commission's financial statements, confirming that they present a true and fair view of the Commission's financial position and performance. This independent validation reinforces the Commission's ongoing commitment to strong governance, compliance with international standards and the integrity of its financial reporting.

Investment Funds Administration

As at 31 December 2024, the Commission's brokerage account had a market value of US \$17.7 million, comprised of US \$9.2 million in time deposits and cash held as regulatory deposits on behalf of licensees, and US \$8.5 million representing the Commission's own funds. In addition, the Commission held US \$13.1 million in time deposits with local retail banks. The average interest rate earned on time deposits during the year was 3.34 % (2023: 3.37 %), providing stable investment income while preserving liquidity and capital. The Division continues to monitor investment performance closely to ensure alignment with the Commission's Investment Strategy and to safeguard assets held in trust for regulatory purposes.

Budget Planning

The Finance Division successfully prepared the 2025 budget, which was duly approved by the Board and endorsed by the Government. The approved budget reflects a balanced approach: sustaining core operations, advancing modernisation initiatives and aligning fiscal priorities with the Commission's strategic objectives.



LEGAL SERVICES



The Legal Division serves as the Commission’s in-house counsel, delivering a broad range of legal services tailored to the Commission’s needs. Its core responsibilities include:

- Information Gathering and Cooperation;
- International cooperation;
- Domestic cooperation;
- Litigation Services; and
- Legal Advice and Legislative Drafting Support.

Beyond these functions, the Legal Division proactively advises the Commission’s business units to ensure operations are conducted in full compliance with legal and regulatory requirements.

The Governance Risk and Compliance Unit (the “GRC”) falls under the purview of the Legal Division.

Information Gathering and Cooperation

International Cooperation

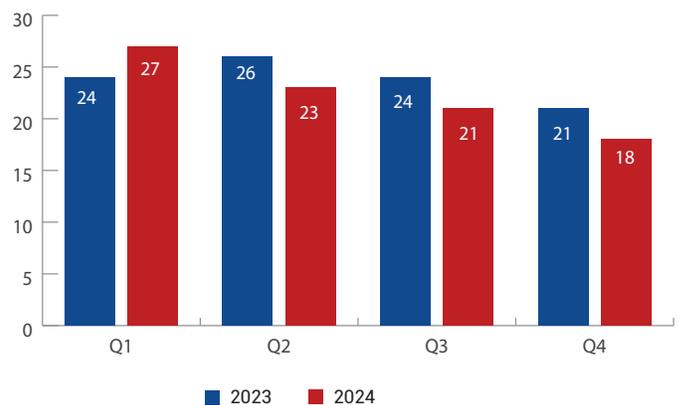
One of the core functions of the Commission as set out in the Financial Services Commission Act, 2001 (the “FSC Act”) is to maintain contact with and develop relationships with foreign regulatory authorities (“FRAs”), international associations of regulatory authorities and other international associations or groups relevant to its functions and to provide legal and regulatory assistance to FRAs in accordance with the FSC Act and other financial services legislation. The Commission has an obligation under section 33C of the FSC Act to cooperate and provide assistance to FRAs. In 2024, one of the main focuses of the Legal Division, was to streamline its processes and procedures to more effectively carry out its mandate with respect to cooperation and exchange of information.

As financial crime is cross-border, the fight against financial crime, including ML, TF, and PF must also be a cooperative trans-border effort. With that in mind, the Commission is signatory to numerous Memoranda of Understanding with FRAs all over the world. The manner in which the Legal Division provides cooperation has evolved over the years, due in part to the development of Virgin Islands jurisprudence on cooperation and information sharing, which is essential as it provides guidance to both the Commission and persons from whom information is requested.

In 2024, the Legal Division dealt with a significant number of complex international cooperation, some of which remain on-going. The team encountered several challenges, mostly related to persons not wanting to provide requested information, or persons challenging the notices issued under section 32 of the FSC Act. Such challenges were either made directly, or through legal counsel. The Legal Division was largely able to resolve conflicts, in reliance on the FSC Act, the BVI Business Companies Act, 2004 and common law guidance.

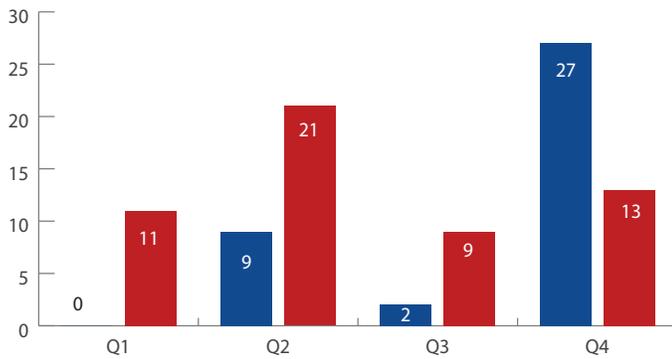
While the volume of requests received each quarter fluctuated, there was a slight reduction in number of incoming requests from 95 requests to 89 requests in 2024, when compared to 2023. The following chart shows incoming international cooperation requests by Quarters for 2023 and 2024.

Chart 47 - Incoming International Cooperation Requests: 2023-2024



As it relates to outgoing requests, there was an increase in the number of requests made by the Commission in Q1 – Q3 of 2024, but Q4 saw a decrease in 2024 as depicted in chart 48 below.

Chart 48 - Outgoing International Cooperation Requests: 2023-2024



Domestic Cooperation

There is an obligation under section 33E of the FSC Act to cooperate with domestic competent authorities. The Commission is a signatory to a number of domestic memoranda of Understanding, including the Memorandum of Understanding between the Inter-Governmental Committee on Money Laundering and Countering the Financial of Terrorism, which was entered into by 13 authorities in the Virgin Islands. The Commission is also a signatory to a number of other domestic Memoranda of Understanding between itself and individual competent authorities. As seen from the tables below, Legal Division’s engagement with domestic cooperation matters is far less frequent and far less voluminous than the engagement with international cooperation matters, but is regarded as just important as our international cooperation obligations.

2024, one of the Legal Division’s key achievements was improving and streamlining its internal processes and procedures, in order to provide an initial response to requesting authorities, and improve response times, and ensure more meaningful interaction with FRAs and domestic competent authorities.

Litigation

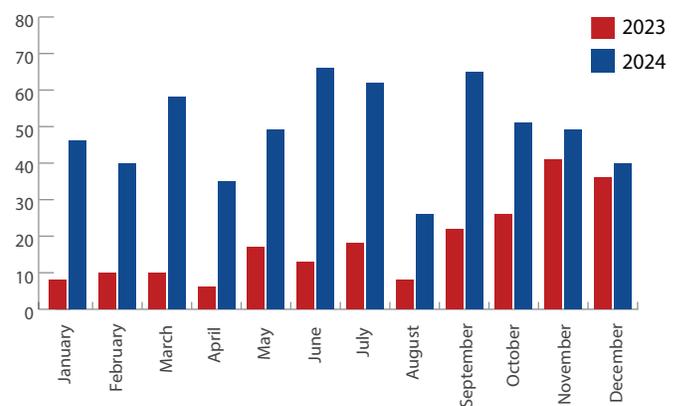
The Legal Division represents the Commission, including the Registrar of Corporate Affairs (the “Registrar”) before the Courts (Civil, Commercial, Court of Appeal) and Tribunals, including the Labour Arbitration Tribunal and the Financial Services Appeal Board, and in mediation. Over the years, in-house legal counsel of the Commission have established a good reputation, and are held in high standing by the legal fraternity. The Commission’s Legal Counsel have also been instrumental in shaping the legal landscape of financial services law in the Virgin Islands, as evidenced by the

number of written judgments on which Commission Legal Counsel have appeared, and represented the interests of the Commission and the Registrar of Corporate Affairs.

The Registrar is named as the defendant in the majority of the legal proceedings against the Commission, as the majority of claims dealt with by the Legal Division, are for the restoration of dissolved companies under the BVI Business Companies Act, 2004 (the “BC Act”). Following the amendment of the BC Act by the coming into force on 1 January 2023 of the BVI Business Companies (Amendment) Act, 2022 (the “2022 Amendment Act”), there was a drastic increase in the number of restoration matters that are handled by the Legal Division. This is no doubt due to the abolition of the 7-year strike off period, resulting in companies being dissolved as opposed to being struck off for 7 years before being dissolved.

As shown in chart 43, there was a consistent increase in the number of restoration matters handled by the Legal Division for each month in 2024, when compared to the same period in 2023.

Chart 49 - Litigation Company Restoration Matters (2023 - 2024)



The Chart above, only represents company restoration matters under section 218 of the BC Act, and does not include other litigation matters, such as applications to terminate voluntary liquidations, and other litigation areas. A summary of the types of litigation cases in which Legal represented the Commission’s interests appears immediately below:

Table 29 - Litigation Cases 2024

| Matters Description | 2023 | 2024 |
|--|------|------|
| Para 57, Sch 2 – BVI Business Companies Act, 2004 (“BCA”) Application for restoration of a dissolved company | 0 | 2 |
| Section 207A – BCA Application for the termination of voluntary liquidation of a BCA company | 0 | 4 |
| Appointment of a Receiver | 0 | 3 |

The Legal Division represented the Commission 587 routine non-contentious claims for the period 1 January 2024 to 31 December 2024 with 576 being concluded and a total of 11 remaining open on 31 December 2024.

Classification of all claims received in 2024:

Table 30

| Litigation – Causes of Action | Number of Cases in 2024 |
|---|-------------------------|
| Para 57, Sch 2 – BVI Business Companies Act, 2004 ("BCA") Application for restoration of a dissolved company | 1 |
| Section 218- BCA Application to the High Court or the Commercial Court for restoration of a dissolved Company | 586 |
| Application to the Court for a change of Continuance Date for a former BCA company continued outside the BVI | 0 |

The Commission's open claims on 31 December 2024 were as follows:

Table 31

| Nature of Claim | Number of Cases |
|--|-----------------|
| Matters stayed pending the Claimant filing further evidence | 4 |
| Matter adjourned sine die to allow the Claimant to take certain actions. | 2 |
| Matter adjourned awaiting a date convenient for all parties for the matter to be heard | 1 |
| Matter adjourned for additional evidence and a new hearing date to be set | 3 |
| The possible appeal of a restoration of a dissolved company Order taken to the Court of Appeal | 1 |

New litigation cases received by quarters for the year 2024:

Table 32

| Quarters | Number of New Cases |
|------------------------------|---------------------|
| 1 January – 31 March 2024 | 144 |
| 1 April – 30 June 2024 | 150 |
| 1 July – 30 September 2024 | 153 |
| 1 October – 31 December 2024 | 140 |
| Grand Total | 587 |

In 2024, a paralegal was added to the staff complement of the Legal Division to provide support to attorneys with increasing caseloads.

Advice

As a public authority the Commission is subject to appeals to the Financial Services Appeal Board, and to the High Court through judicial review proceedings. The Legal Division is called upon to advise on a wide variety of matters concerning the business and affairs of the Commission, including providing advice to the Board, all Divisions, Committees, Units and persons within the Commission. This includes but is not limited to reviewing and advising on Compliance Inspection Reports, advising the Registrar on matters concerning the interpretation of the BC Act, and her powers thereunder, advising the Enforcement Division on the proper and proportionate use of the Commission's powers of enforcement. As the Commission is vested with a wide range of enforcement and other powers, including the power to impose fines for offences committed under financial services legislation, in giving legal advice, Legal counsel must ensure that the advice is legally sound, which includes ensuring that advice is based on the most current legislation and, in exercising the Commission's powers, procedurally fair and rational.

Legal is also called upon to review or draft enforcement actions, directives and public notices. Additionally, as Legal Counsel, we are usually directly affected by the provisions of financial services legislation, and in particular the manner in which the courts construe legislation. In that regard, the Legal Division is usually called upon to provide input on amendments to financial services legislation.

The Financial Services Commission (FSC), as a public authority, is subject to appeals made to the Financial Services Appeal Board and judicial review by the High Court. The Legal Division plays a key role in advising on a broad range of issues related to the Commission's operations. This includes offering legal guidance to the Board, various Divisions, Committees, Units, and individuals within the Commission.

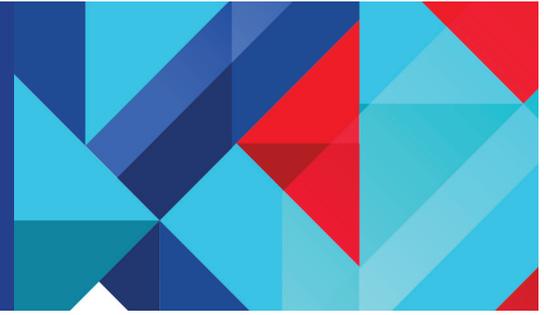
Among its responsibilities, the Legal Division reviews and advises on Compliance Inspection Reports, interprets provisions of the BVI Business Companies Act for the Registrar, and supports the Enforcement Division in applying enforcement powers appropriately and proportionately. Given the Commission's extensive authority—including the ability to impose fines under financial services laws—legal advice must be accurate, up-to-date with current legislation, within the scope of the Commission's powers, and procedurally fair and reasonable.

The Legal Division is also responsible for drafting and reviewing enforcement actions, directives, and public notices. Furthermore, Legal Counsel is directly impacted by financial services legislation and how courts interpret it. As such, the Division often contributes to the development and amendment of financial services laws

In addition to responding to requests for advice, legal counsel must also remain vigilant, and provide advice even when not requested to do so, in order to ensure that the Commission operates in a legally sound manner.



HUMAN RESOURCES



The Human Resources Division coordinates personnel activities for a staff complement of over 180 regular full-time and temporary employees. Key areas of responsibility for the division include:



Recruitment



Benefits and Compensation



Training and Development



Policy Development

New Compensation Framework

The Commission completed a compensation study in 2024. The study, which was executed by a consultancy firm engaged in 2023. The study comprised of a comprehensive assessment of the Commission’s compensation framework and the implementation of an improved compensation framework. One of the drivers of this study was to ensure the Commission is able to enhance competitiveness and attract top local talent.

Employee Experience

As part of the Commission’s commitment to improving workplace culture and employee experience the Human Resources Division launched two new programs. One focused on cultural celebrations to coinciding with the Territory’s Cultural Week of Activities. The other programme introduced a weekly relaxed dress code, promoting greater work life balance for employees.

The Commission launched its first Cultural Day in November 2023, beginning an annual tradition celebrating Virgin Islands heritage. The second event, held 18–22 November 2024, further strengthened team unity and inclusivity through cultural displays, food, and traditions.

Growth and Development

The Commission remains one of the premier employers within the Territory and received approximately 403 applications for employment in 2024. Although there were a few separations in 2024 which accounted for approximately 6% attrition, the Commission advertised 28 vacancies and successfully recruited 28 new employees which included 21 full-time and 7 temporary personnel.

Professional Development Programmes

The Commission maintains professional development programmes to provide training to external members of the community by providing short-term employment opportunities to students and other young professionals.

Summer Internships

Each year the Commission engages students undertaking tertiary education locally and abroad. The programme is vital to ensuring that students in the Territory have an opportunity to gain meaningful workplace experience, provide practical insights and exposure to the financial services industry for students who may have an interest and may already be pursuing studies in related disciplines.

In 2024, 27 summer interns were distributed across all areas of the Commission except for the Managing Director’s Office. 44% of the interns worked within Operations, 30% in Authorisation and Supervision, and the remaining functional areas.

Training and Development

Through this portfolio, the Commission equips staff with the knowledge, practical skills and motivation to carry out their work activities effectively.

In 2024, 136 staff members, 64% of staff, participated in 120 training and developmental activities. Although the percentage of staff who participated in training increased by 2% over 2023, the actual number of training events decreased by approximately 34% for the same period.

Table 33 - Number of Training Events in 2024

| | 2022 | 2023 | 2024 | +/- | +/- % Increase |
|---------------------------|------|------|------|-----|-------------------|
| Number of Training Events | 60 | 181 | 120 | -61 | -33.7% |

In 2024, the International Centre for Parliamentary Studies (ICPS) was a key partner in delivering to training employees in several areas. Throughout the year, 17 employees completed a four-day Professional Certificate in Leadership and Management. Eight employees registered for an Essential Writing Skills Workshop for Civil servants. Other ICPS trainings included two-day courses in Anti-Money Laundering Masterclass and Professional Certificate in International Regulatory Affairs.

Learning Management System (LMS)

The Commission continued to use its Learning Management System (LMS), to expose recruits and summer interns to previously recorded AML/CFT training and other material to aid in the onboarding process, as requested by some managers. Staff members who may have missed recorded internal or external training due to work-related obligations also used the platform to view recorded training material to ensure they completed the required training.

Since its introduction in 2022, the Commission has been able to efficiently enhance staff members' learning experience by distributing, managing, and tracking employee training. The LMS is used in conjunction with a course curation platform, to make thousands of learning opportunities available to employees.

Study Leave/Tuition Assistance

The Commission continues its commitment to developing members of staff through its study leave and tuition assistance programs. In 2024, the Commission:

- supported one staff member as they continue full-time study leave pursuing an undergraduate degree
- approved one staff member to proceed on full-time study leave commencing September 2024
- welcomed one member of staff back to full-time employment who completed the first of two approved degrees in October 2024
- continued to support one staff member via tuition assistance as they continued studies leading to a master's degree while remaining in the employ of the Commission
- approved tuition assistance for one staff member to begin part-time studies leading to a master's degree while remaining employed by the Commission.

Staff members were also awarded tuition assistance to complete various ICA certificates and diploma courses. We also continued to enrol staff members into programmes by the International Certificate in Financial Services Regulation programme awarded by the Chartered Governance Institute through the tuition assistance programme. 31% of tuition assistance granted in 2024 was for ICA courses, 64% for the International Certificate in Financial Services Regulation programme and 7% for a graduate degree.

Key Statistics

Table 34: Shows the percentage of staff within teams who participated in training events during 2024:

Table 34 - Number of Training Events in 2024

| | 2023 | 2024 | Difference |
|---|------|------|------------|
| Authorisation & Supervision | 80% | 78% | -2% |
| Enforcement | 100% | 75% | -25% |
| Finance | 50% | 55% | 5% |
| Human Resources | 80% | 60% | -20% |
| Internal Audit Unit* | 100% | | -100% |
| Legal | 78% | 79% | 1% |
| Managing Director's Office | 50% | 60% | 10% |
| Operations | 40% | 46% | 6% |
| Policy Development and External Relations | 83% | 87% | 4% |
| Summer Interns | 28% | 0% | -28% |

*Internal Audit Unit is included with Managing Director's Office reporting statistics for 2024



OPERATIONS



As a key enabler of the Commission's daily activities, the Operations Division continued to champion the implementation of innovative solutions to enhance the delivery of services both internally and externally. Recognising that the work of the Operations Team forms the foundation for all functional areas of the Commission, the Division focused on process improvements aimed at driving greater organisational efficiency and effectiveness.

The following teams and their assigned functions fall under the purview of the Office of the Managing Director, Operations.



Registry of Corporate Affairs



Information Technology



Business Services



Facilities Management



Creative Services

Together the Operations Division are responsible for:

- Strategic Oversight for Registry of Corporate Affairs;
- Development and Maintenance of all technological platforms;
- Systems and Applications;
- Cyber Security;
- Physical Property Management;
- Asset Management;
- Occupational Health and Safety for all Commission employees;
- FSC Emergency Responder Management and Training;
- Office Management;
- Employee Accommodations;
- Oversight of all graphic creation;
- Records and Inventory Management;
- Event Management;
- Business Travel; and
- Execution of core disaster preparedness and response activities under the Commission's Business Continuity Plan.

The Office of the Deputy Managing Director, Operations, maintains strategic oversight and responsibility for the functions and all projects of initiatives which emanate from the teams within the Division.



Key Operations Initiatives in 2024

Some of the key activities and performances of these dynamic teams in 2024 are outlined in summary below and further detailed within the relevant sections

- Strategic partnership in the development of the Beneficial Ownership regime and framework;
- Development of the electronic platform (VIRRGIN Upgrades) for beneficial ownership filings;
- Creation and Implementation of Beneficial Ownership Unit;
- Project scoping for the development of Electronic Platform for Economic Substance Data and Filings;
- Hosting of 3 International Conferences;
- Renovation and retrofitting of Commission Office Spaces to accommodate growth and safety;
- Acquisition of additional office space;
- Improved Data Analytics of Regulatory and AML Data to support Mutual Evaluation Exercise; and
- Commissioned bespoke branded pins, brooches, and lapel pins for executives and employees and executives to increase professional brand visibility and recognition, foster a positive Commission culture, and enhance pride and morale across all levels.

Beneficial Ownership Framework and Implementation

The Operations Team played a leading role in the development of the regulatory and operational framework for beneficial ownership through collaboration with the policy and legislative team, strategic advice on the policy positions to be adopted by the Commission, oversight of the system requirements gathering, coordination of the technological development, structuring and staffing of BO implementation unit and regional and international stakeholder engagement sensitising on the development of the regime.

Data Analytics

To support the Mutual Evaluation Exercise and regulatory data analytics, the Operations Division coordinated a strategic data analytics initiative in collaboration with an external data expert. This two-phase project delivered a comprehensive analysis of fiduciary returns across multiple financial sectors—including Investment Business, Trust and Corporate Service Providers, Captive and Domestic Insurers, Insurance Managers, and Intermediaries—covering the period 2020 to 2023.

Key achievements included:

- Development of Python-based ETL processes for accurate data extraction and consolidation;
- Creation of interactive Power BI dashboards for sector-specific trend analysis; and
- Delivery of a process improvement report and ongoing expert consultations.

This initiative significantly enhanced the Financial Services Commission's data oversight capabilities, enabling more effective regulation and monitoring across the financial services industry. The project is a precursor to the Division's larger strategic objective of digital transformation and improved data analytics.

Infrastructure Development (Office Accommodations)

The Operations Division led a comprehensive redesign and retrofit of the Commission's administrative and registry buildings to accommodate anticipated staffing growth, enhance operational efficiency, and improve employee well-being. The three-part project—design, construction, and furniture installation—focused on maximizing workspace capacity, improving functionality, and maintaining structural integrity, all while managing costs and minimizing disruption. The project is expected to deliver open-concept layout with modular cubicles, reconfigured offices, expanded restrooms, privacy pods, and collaboration areas to support flexible work styles and enhance comfort and productivity. The work is expected to commence in late 2024 and conclude in 2025.

Hosting International Conferences

In 2024, the Commission hosted 3 international conferences and meetings, which were planned and executed by the Operations Division in collaboration with the Office of the Managing Director. Event Management for these events included venue coordination, catering, transportation, dining and cocktail receptions, excursions as well as coordination of other logistic services and amenities including accommodation, air travel, photography and entertainment. In total the Commission hosted approximately 150 persons at all 3 events.

The Conferences were:

- Caribbean Group of Banking Supervisors (CGBS) XLI Annual Conference which was held at Maria's By the Sea Hotel;
- Financial Stability Board Regional Consultative Group for the Americas (FSB RCG) held at Scrub Island Resort; and
- Group of International Finance Centre Supervisors (GIFCS) held at the BVI International Arbitration Centre and the FSC Resource Centre.

The successful execution of these 3 events underscores the efficiency and effectiveness of the Operations Teams and demonstrates the Division's commitment to excellence in delivering high-quality events.

Information Technology

In 2024, the IT Department delivered major advancements in digital infrastructure, regulatory system integration, and cybersecurity—all underpinned by strong inter-agency collaboration and national compliance priorities.

A key achievement was the successful development of the upgrades to the VIRRGIN system to allow for the filing of beneficial ownership data into the Commission's core technological platform. The development took place at an accelerated pace and was completed under tight regulatory deadlines.

The team also commenced work on planning the upgrades to VIRRGIN to integrate economic substance data. The pre-planning work and requirements gathering involved significant engagement with key project stakeholders including the International Tax Agency and the Ministry of Finance. As a precursor to the integration of ESS data, was the onboarding of historical beneficial Ownership information into the Commissions records. The team worked with external developers of the BOSS system to plan the export and transfer of relevant data to the Commission.

Alongside data development and integration initiatives, the IT team made significant investments in infrastructure modernisation and other technologies, continued on its 365-migration journey, and strengthened the Commission's digital resilience and security posture. The Team also supported the development of technology infrastructure for related Commission organisations.

The Department also maintained a high standard of support services, ensuring seamless access and minimal downtime for internal and external users. The team performance metrics demonstrated high efficiency in resolving support tickets, progressing over 1500 tickets in a timely manner. They demonstrated strong resolution rates across software, user access, and hardware categories and minimal unresolved issues in network and other groups.

These achievements reflect the Department's commitment to innovation, compliance, and service excellence, setting a strong foundation for continued progress in 2025 and beyond.

Facilities

This Unit in the Operations Division is responsible for the management and maintenance of all buildings on the current physical campus of the Commission, its external properties and other moveable assets.

In addition to engaging in proactive facilities maintenance practices, most of the efforts of the Facilities Team in 2024 were geared towards infrastructure upgrades, indoor air quality improvements and facility expansions to accommodate the strengthening of the Commission's human resources capacity. The Team was also engaged in planning for the projected infrastructure expansion as the Commission considered the acquisition of additional office space and continued to execute the reorganisation of its current footprint to maximise utilisation while prioritising development and maintenance of purpose-oriented designs throughout the Commission.

Business Services

With primary responsibility for the day-to-day management of the Commission's administration, the Business Services Team continued to support the Commission through the delivery of services across the following functions:

- Event and Travel Management;
- Records and Inventory Management;
- Office Operations;

- Office Inventory Management; and
- Custodial Management.

Business travel at the Commission in 2024 remained at the 2023 levels with a marginal decrease of approximately 3%, following the significant increase of 391% in 2023. This signals the Commission's continued demonstrated focus on capacity building for its teams, stronger cross-jurisdictional collaboration, enhanced stakeholder engagement, increased representation and visibility in regional and international forums and continued support for business development and innovation. Employees of the Commission travelled to attend conferences, meetings, trainings and courses, workshops and plenary to effectively execute the work of the Commission. Most of the Business Travel was to facilitate attendances at conferences. During 2024, employees also attended 14 virtual conference and trainings, which were arranged through the Business Services Unit.

On site events at the Commission saw a 220 increase in 2024 from 159 to 509. Events were hosted at its conference facilities at the FSC Resource Centre and other conference rooms to facilitate internal and external engagements.

In 2024, the Business Services Team welcomed additional managerial support in the onboarding of an Assistant Business Services Manager. This additional resource added oversight to the execution of a critical portfolio to the Commission's operations to enhance operational efficiency and support.

Creative Services

The Creative Services Unit has had a dynamic and eventful year, marked by creative excellence, collaboration across departments, and the successful execution of key projects. The team is driven to provide support to all of the Commission's teams in the preparation and presentation of presentations, reports and other graphical content and media to push the boundaries of design and innovation. The team continues to create new and engaging material to assist employees in the execution of their various functions. One such initiative, was the specialized presentation, "**Tips on How to Create an Effective Presentation**" delivered to one of the regulatory teams to assist them in enhancing their presentation skills when presenting to their external clients.

Throughout 2024 the team also provided regular informal and informal consultations on projects and initiatives which required graphic components within various teams.

Key Achievements:

Brand Identity for Meet the Regulator Forum: One of the major highlights of the year was the creation of branding for the Meet the Regulator Forum for our BVI and HK offices. We developed a modern, cohesive and sleek look that resonates with the Commission's established standards.

Creation and Launch of the Annual Report and Strategic Work Plan: The unit worked closely with the Office of the Deputy Managing Director's team to design and deliver two visually creative and impactful reports.

Creation of Branding Material for Three Major Conferences: In 2024, the BVI FSC hosted three major conferences. The unit designed banners, signage, invitations and other relevant conference material that aligned with the conference theme.

Other Project Collaborations include:

- BVI FSC's Meet the Regulator Forums
- Money Matters Wills and Estate Planning Forum
- Money Matters Piggy Bank Pageant
- Money Matters World Investors Symposium
- Money Matters Global Money Week Forum
- Money Matters AFLIP Forum
- Policy, Research and Statistics Division Quarterly Statistical Bulletins



GOVERNANCE



The Board of Commissioners of the Financial Services Commission continued to execute its governance responsibilities in 2024 through regular meetings and the effective functioning of its subcommittees. The Board met monthly, with the exception of September and November, to deliberate on strategic, regulatory, and operational matters essential to the Commission’s mandate.

During the reporting period, there were changes in the composition of the Board. Mr. Robin F. Gaul retired on 30 June 2024, and Justice Gerard St. C. Farara, KC, was appointed as Chair with effect from August 2024. The Board maintained a high level of engagement, with overall attendance demonstrating the Commissioners’ continued commitment to the effective governance and oversight of the Commission’s affairs.

Table 33 below outlines the attendance of members at meetings of the Board of Commissioners for 2024.

Board Meetings

Table 35

| Commissioners | Required Meetings | Attendance |
|---|-------------------|------------|
| Robin F. Gaul (retired 30 June 2024) | 6 | 6 |
| Justice Gerard St. C. Farara (Chair) KC (Appointed wef 1 August 2024) | 3 | 2 |
| Kharid T. Fraser, (Deputy Chair) | 10 | 10 |
| Johanna M. Boyd | 10 | 10 |
| Paul Carty (Resigned 7 October 2024) | 9 | 8 |
| William C. Gilmore | 10 | 8 |
| Patlian Johnson (Appointed wef 1 August 2024) | 3 | 2 |
| Ramnarine Mungroo | 10 | 10 |
| Kenneth B. Baker (MD/CEO Ex officio) | 10 | 9 |

NB: There were no meetings in September and November in 2024

In accordance with its governance framework, the Board delegated specific responsibilities to established subcommittees to ensure focused and specialized oversight in key operational areas. These subcommittees comprise:

- the Audit and Risk Committee;
- the Finance and Investment Committee; and
- the Human Resources and Remuneration Committee.

Each is subcommittee chaired by a member of the Board, ensuring appropriate leadership, accountability, and alignment with the Commission’s strategic objectives.

The Audit and Risk Committee

The Audit and Risk Committee convened one meeting during the year, with full attendance by all members. The Committee continued to monitor the Commission’s financial reporting processes, internal controls, and risk management framework.

Audit Committee Meetings

Table 36

| Commissioners | Meeting(s) | Attendance |
|--------------------|------------|------------|
| Paul Carty (Chair) | 1 | 1 |
| Johanna Boyd | 1 | 1 |
| William C. Gilmore | 1 | 1 |
| Ramnarine Mungroo | 1 | 1 |

Finance and Investment Committee Meetings

In 2024, the Finance and Investment Committee held two meetings, focusing on financial performance, investment strategies, and related policy matters, while accommodating changes in committee membership during the year.

Finance and Investment Committee Meetings

Table 37

| Commissioners | Meeting(s) | Attendance |
|---|------------|------------|
| Robin Gaul (Chair) | 2 | 1 |
| Gerard Farara KC | 2 | 1 |
| Kharid Fraser | 2 | 2 |
| Paul Carty (resigned before second meeting) | 2 | 1 |

Human Resource and Remuneration Committee

The Human Resources and Remuneration Committee met once in 2024 to review human resource policies, compensation matters, and related initiatives.

Through the effective execution of its mandate and the continued work of its committees, the Board upheld the principles of accountability, transparency, and prudent oversight that underpin the Commission's governance framework.

Human Resource and Remuneration Committee

Table 38

| Commissioners | Meeting(s) | Attendance |
|-----------------------|------------|------------|
| Kharid Fraser (Chair) | 1 | 1 |
| Johanna Boyd | 1 | 1 |
| Ramnarine Mungroo | 1 | 1 |



INTERNAL AUDIT



The IAU is an independent and objective assurance and advisory function that adds value to and improves the operations of the Commission. It is responsible for assessing the adequacy and effectiveness of internal controls, risk management and governance processes of different functional units and advises on areas for improvement.

Progress and Achievements in 2024

In 2024, the IAU focused on establishing the foundational elements necessary to build a practical, independent, and standards-aligned internal audit function. The following key achievements were made:

Commenced Gap Analysis Against the GIAS

The IAU initiated a comprehensive gap analysis using the Institute of Internal Auditors (IIA) Conformance Readiness Assessment Tool to assess its current capabilities and readiness against the requirements of the newly released Global Internal Audit Standards (GIAS). This analysis will guide the Unit's approach to ensuring conformance with internal auditing best practices.

Commenced Development of Performance Measures for the IAU

Efforts began to define key performance indicators (KPIs) and outcome-based measures that will support ongoing monitoring of the IAU's effectiveness, efficiency, and stakeholder satisfaction. The IAU has adopted the balanced scorecard framework to measure its performance, which also aligns with the Commission's broader strategic objectives, as well as the IIA's GIAS and International Professional Practices Framework (IPPF) framework.

Commenced Development of the IAU's Audit Manual

The IAU began drafting its Internal Audit Manual, which will serve as the authoritative reference for all internal audit activities. The manual incorporates the principles of the GIAS, IPPF, and applicable policies and procedures relevant to the Commission's operations.

Development of Procedures, Templates and Checklists within the IAU Platform

To ensure consistency and quality in audit execution, the IAU began designing and developing standard operating procedures and audit templates. These documents and templates are being integrated into the IAU's audit management platform to support automated workflows and standardized outputs.

Commenced Recruitment of Skilled Audit Professionals

The IAU launched a phased recruitment plan in Q424 to attract and onboard suitably qualified audit professionals with experience in financial regulation, risk-based auditing, and financial services. The aim is to establish a multidisciplinary team capable of executing high-impact audits and advisory services that support the Commission's mission.



LOOKING AHEAD - 2025 AND BEYOND



As the Commission moves into 2025, its strategic direction remains firmly rooted in regulatory excellence, international compliance, and innovation-led service delivery. Across all divisions within the Commission work is aligned to strengthen the Territory's position as a globally respected financial centre while responding to evolving international standards and sectoral risk dynamics.

The Commission's 2025 priorities reflect a unified vision that balances risk-based regulation, institutional development, stakeholder engagement and digital transformation.

Key objectives for the Commission's Teams are outlined below:

Registry of Corporate Affairs (ROCA)

The BVI business landscape in 2024 reflects a mixed picture of growth and stabilisation. While new incorporations, director registrations, and premium service transactions increased, other areas such as fee renewals and international searches have seen slight declines. The reduction in company exits suggests a stable environment, while the rise in dissolutions indicates ongoing business turnover. Overall, the trends suggest that the BVI remains a resilient and attractive business hub, with continued interest from both local and international entities.

In 2025, ROCA will prioritise digitalisation, service efficiency, and the strengthening of international regulatory partnerships. The completion of the Imaging Project and enhancements in client service operations, compliance monitoring, and trade mark registrations will reinforce the Registry's role as a global leader in corporate registration. These efforts will support the overarching goal of maintaining the BVI's reputation as a modern, efficient, and competitive jurisdiction.

Looking ahead, the trajectory of business activity will hinge on the jurisdiction's ability to adapt to evolving regulatory expectations, global economic conditions, and sustained market confidence in its corporate framework. By advancing modernisation initiatives, strengthening regulatory oversight, and optimising service delivery, the Registry remains committed to maintaining its leadership as a premier corporate registration authority in the British Virgin Islands.

The Commission's Regulatory Outlook for 2025 is outlined below sector by sector and reflects the interconnected application of regulatory tools and a riskbased, technologyenabled approach:

Regulation and Supervision

The Commission's authorisation function will continue to prioritise the timely and efficient review and determination of approval and licensing applications across all regulatory sectors by:

- Standardising the application and approval process to ensure consistent, prompt handling of submissions in line with service standards
- Enhancing technical and analytical capabilities to strengthen decision-making and oversight
- Expanding staff capacity through cross-training, fostering high performance and boosting confidence via both internal and external training opportunities

The Commission's supervisory functions span all regulated sectors, with each supervisory unit—PSU, SSU, and MCSU—continuing to apply a risk-based approach to ensure effective regulation and oversight. Key priorities include:

- Deepening stakeholder engagement and outreach to strengthen collaboration and transparency
- Promoting regulatory compliance through timely identification of breaches and enforcement of corrective actions
- Ensuring entities operate within financial legislation and international standards
- Enhancing supervisory effectiveness via targeted desk-based inspection reviews
- Strengthening oversight of systemically important financial institutions, high-risk licensees, and high-risk products
- Advancing AML and prudential supervision by refining risk-based analytics
- Increasing agility to address emerging risks and evolving business models

- Enhancing market conduct supervisory strategy and policy
- Developing and implementing a revised complaints procedure to improve responsiveness and accountability

Looking forward, the following activities are planned for the relevant sectors:

Banking

- Intensify supervisory strategies through desk-based monitoring, onsite inspections, and thematic reviews to ensure compliance with prudential controls specifically related to asset quality, credit administration and risk management frameworks and AML/CFT/CPF controls;
- Strengthen operational resilience by enhancing governance, risk management, and continuity planning and testing;
- Advance Basel II implementation by finalising methodologies and fully deploying standard; and
- Conduct legislative reforms including introducing standalone Banking Act and conduct standards specific to banking business.

Money Services Business (MSB) and Financing Business (FB)

- Conduct ongoing compliance reviews through desk-based assessments and onsite inspections focused on prudential and AML/CFT controls;
- Strengthen sector oversight in response to evolving risk dynamics from 2024; and
- Enhance monitoring of conduct risk for FBs to address predatory lending and ensure transparent consumer disclosures.

Trust, Corporate & Service Providers (TCSPs)

- Monitor risks related to third-party reliance and outsourcing, ensuring robust control environments;
- Implement a standalone TCSP Act, distinct from the Banks & Trust Companies Act;
- Continue oversight of market convergence risks within the sector;
- Improve data collection through revisions to the Prudential Return; and
- Manage technology risk by integrating automation to support compliance.

Investment Business

- Conduct enhanced KYC reviews aligned with AML/CFT frameworks and ML/TF sector assessments;
- Address market conduct issues and enforce rules to mitigate market abuse; and
- Review operational controls tied to core business functions.

Insolvency

- Increase focus on regulatory compliance and conduct reviews under the Insolvency Act 2003 ensuring practitioners and entities meet statutory obligations.

Insurance

- Strengthen home/host consolidated supervision for cross-jurisdictional insurers;
- Enhance conduct compliance by reviewing adherence to the Insurance Code of Conduct; and
- Expand stakeholder engagement through targeted campaigns promoting the Territory's insurance sector.

Virtual Asset Service Providers (VASP)

- Prioritise cross-border supervisory frameworks by establishing MOUs for information sharing;
- Advance policy development on financial resources including indemnity insurance, capital requirements, and regulatory deposits; and
- Launch AML onsite reviews focusing on travel rule, CDD/ECDD, transaction monitoring, and beneficial ownership compliance.

Anti-Money Laundering Unit (AMLU)

- AMLU's strategic focus for 2025 includes:
- Monitoring implementation of action plans resulting from the 2024 Mutual Evaluation Report (MER);
- Enhancing data collection and analysis of AML/CFT/CPF risk across sectors;
- Expanding industry outreach and coordination with internal regulatory units;
- Strengthening the sanctions regime, both in dissemination and oversight;
- Leading targeted AML/CFT training for FSC staff; and
- Supporting the national AML/CFT architecture through active participation in the IGC and JALTFAC.

Compliance Inspection Unit (CIU)

CIU will scale up inspection activities in response to post-MER obligations, focusing on:

- Increased inspections and sample sizes in high-risk sectors;
- Thematic inspections based on the Risk-Based Framework;
- Recruitment and training to ensure timely and quality reporting; and
- Tailored inspections for high-risk entities to address specific ML/TF/PF vulnerabilities.

Enforcement Division

Enforcement will continue to adopt a risk-based approach and prioritise:

- Stricter enforcement of AML/CFT obligations with increased penalties;
- Monitoring and pursuing unauthorised activity through data intelligence tools;
- Oversight of financial innovation, especially VASP-related risk;
- Sanctions enforcement and legal actions against misuse of legal persons; and
- Institutional capacity building, including the development of SOPs and case management frameworks.

Policy, Research and Development Unit (PRDU)

ERU's 2025 objectives include:

- Enhancing digital and visual communications capabilities;
- Expanding stakeholder engagement through Market Trend Reporting (MTR) forums, including a planned session in Hong Kong;
- Improving the accessibility and impact of FSC's data and published content; and
- Strengthening internal communications through upgrades to the intranet/internet platforms.

BVIFSC – Hong Kong Office

The Hong Kong office will play a strategic role in deepening engagement with stakeholders across Asia-Pacific. The focus will be on:

- Addressing regulatory developments related to beneficial ownership;

- Tracking developments in fintech, digital banking, and ESG integration; and
- Supporting cross-border compliance initiatives.

Internal Audit Unit (IAU)

The IAU will operationalise its audit function by:

- Finalising the development of audit manuals, policies, and its Quality Assurance and Improvement Program (QAIP);
- Conducting a second-phase risk assessment in consultation with department heads;
- Developing the Commission's first three-year strategic audit plan and the 2026 audit plan; and
- Expanding and training the internal audit team to build multidisciplinary audit capacity.

Human Resources Division

HR will lead an organisation-wide skills gap analysis to inform future training and development. Outcomes will drive:

- Expansion of the Learning Management System (LMS);
- Recruitment of a Training Assistant to manage the delivery of targeted training programmes; and
- Development of advanced and role-specific training pathways to strengthen regulatory and operational expertise across the Commission.

Operations Division

The Operations Division will efforts in 2025 on the delivery of services and operational frameworks to fully implement the new Beneficial Ownership regime and the integration of Economic Substance data into VIRRGIN. The Division will also accelerate the development of the Commission's RegTech and SupTech solutions along with acquiring the necessary human resources to deliver on these objectives.

Significant resources are expected to be expended to complete these initiatives, while maintaining its ongoing efforts to modernise and streamline processes and functions across the Commission through automation and the wider implementation of technology.

Additionally, the Division will focus on:

- Upgrade of the VIRRGIN platform to incorporate beneficial ownership filings and transactions and economic substance data;

- Upgrade to the Commission’s technological infrastructure to support increased demand on new and existing technological systems and applications;
- Strengthen the Commission’s cybersecurity posture;
- Ensure adequate resourcing for the Beneficial Ownership Unit;
- Establishment of the Data Management Unit in line with the Commission’s Strategic Objectives to give effect to the restructuring;
- Reconfiguration and modernisation of the Commission’s physical premises to accommodate an increased staff complement and promote greater collaboration amongst teams;
- Acquisition of additional office space to allow for organic organisational growth amongst all Commission teams;
- Development and Review of Policy and Procedures to promote efficiency and greater alignment with the Commission’s strategic objectives;
- Leveraging technology and Innovation to improve service delivery across its core teams;
- Restructure Business Services Team and develop resources to improve delivery of business travel related services;
- Strengthening of the Division’s Leadership and Support Structures to ensure effective oversight and engagement;
- Reorganisation of the Business Travel function to improve cost savings and efficiency; and
- Secure facilities to house the Human Resources led initiative of an afterschool care facility for children of employees.

Finance Division

In 2025, the Finance Division will continue to manage the Commission’s finances responsibly and ensure that resources are used wisely to support its goals. The Division will focus on improving financial systems, keeping costs under control, and using technology to make processes faster and more efficient. By maintaining strong financial oversight and working closely with other divisions, the Finance team will help the Commission stay financially stable and ready to meet future challenges.

To achieve these aims, the Finance Division will focus on the following key initiatives in support of the Commission’s 2025 strategic priorities:

- Enhance financial data analytics to guide decision-making and performance evaluation.
- Review and update procurement, financial reporting, and expenditure control policies and procedures.
- Integrate technology into financial operations to modernise workflows and improve accuracy.
- Lead in budgeting, procurement, financing, and cost tracking of strategic projects.
- Support acquisition and implementation of performance management technology.
- Support leasehold improvements to maximize use of the existing footprint and enhance the quality of the work environment.

A Unified Approach to Regulation and Development

While each division of the Commission maintains distinct strategic priorities for 2025, the achievement of these goals requires strong interconnectivity and cross-functional collaboration. Legislative reform, regulatory inspections, enforcement, education, audit, and international engagement are all deeply interlinked. For example, AML/CFT risk mitigation spans policy development, data analysis, inspections, outreach, enforcement, and staff training—demonstrating the integrated nature of the Commission’s operations.

The FSC’s 2025 objectives reflect a institutional approach that embraces innovation, upholds regulatory integrity, and positions the BVI as a jurisdiction responsive to both global standards and stakeholder needs. Through shared purpose and strategic alignment, the Commission is well placed to deliver its mandate in an increasingly complex and dynamic financial services environment in 2025 and beyond.

**BRITISH VIRGIN ISLANDS FINANCIAL
SERVICES COMMISSION**

Consolidated Financial Statements
For the year ended 31 December 2024

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Consolidated Financial Statements For the year ended 31 December 2024

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BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Commission Directory At 31 December 2024

BOARD OF COMMISSIONERS

| | | |
|--------------------------------|-----------------------|------------------------------------|
| Mr. Gerard St. Clair Farara KC | Chairman | <i>(appointed 1 August 2024)</i> |
| Mr. Robin Gaul | Former Chairman | <i>(term expired 30 June 2024)</i> |
| Mrs. Kharid Fraser | Deputy Chairman | |
| Mr. William Gilmore | Commissioner | |
| Ms. Patlian Johnson | Commissioner | <i>(appointed 1 August 2024)</i> |
| Ms. Johanna Boyd | Commissioner | |
| Mr. Ramnamire Mungroo | Commissioner | |
| Mr. Paul Carty | Commissioner | <i>(resigned 7 October 2024)</i> |
| Mr. Kenneth Baker | Managing Director/CEO | |

REGISTERED OFFICE

P.O. Box 418
Pasea Estate
Road Town, Tortola VG 1110
British Virgin Islands

SECRETARY TO THE BOARD

Ms. Annet Mactavious

INDEPENDENT AUDITORS

Baker Tilly (BVI) Limited
P.O. Box 650
Tropic Isle Building
Nibbs Street
Road Town, Tortola VG 1110
British Virgin Islands



Chartered Accountants

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Nibbs Street
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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF COMMISSIONERS OF THE BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Opinion

We have audited the accompanying consolidated financial statements of the British Virgin Islands Financial Services Commission (the "Commission" or "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statements of comprehensive income, changes in contributed capital and reserves and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS[®] Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the British Virgin Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters - Prior Year Financial Statements

The consolidated financial statements of the Group as at and for the year ended 31 December 2023 were audited by another auditor whose report, dated 28 June 2024, expressed an unqualified opinion on those consolidated financial statements.

Other Matters - Restriction on Use and Regulatory Reporting

This is made solely to the Board of Commissioners, in accordance with section 25(4) of the Financial Services Commission Act. Our audit work has been undertaken so that we might state to the Board of Commissioners those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Commissioners, for our audit work, for this report, or for the opinion we have formed.

Other Information

The consolidated financial statements of the Group as at and for the year ended 31 December 2024 will be included in the Commission's Annual Report (the "Annual Report"), which is expected to be published after the date of this audit report. Management is responsible for the other information contained in the Annual Report (the "Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility under International Standard on Auditing 720 (Revised), "The Auditor's Responsibilities Relating to Other Information", is to read the Other Information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly (BVI) Limited

**Chartered Accountants
Tortola, British Virgin Islands
21 October 2025**

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

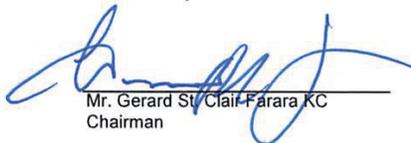
Consolidated Statement of Financial Position

At 31 December 2024

Expressed in U.S. Dollars

| | Note | 2024 | 2023 |
|--|------|----------------------|----------------------|
| Non-current assets | | | |
| Property and equipment | 3 | 6,256,023 | 5,687,649 |
| Right-of-use assets, leasehold premises | 4 | 3,205,807 | 4,461,885 |
| | | <u>9,461,830</u> | <u>10,149,534</u> |
| Current assets | | | |
| Regulatory deposits | 5 | 9,248,159 | 9,100,737 |
| Cash and cash equivalents | 6 | 25,799,429 | 24,233,718 |
| Time deposits | 7 | 21,651,864 | 21,020,020 |
| Other current assets | 8 | 912,438 | 585,306 |
| | | <u>57,611,890</u> | <u>54,939,781</u> |
| Total assets | | <u>\$ 67,073,720</u> | <u>\$ 65,089,315</u> |
| Contributed capital and capital reserves | | | |
| Contributed capital | 9 | 3,993,900 | 3,993,900 |
| Property and equipment reserve | 9 | 6,256,023 | 5,687,649 |
| Capital expenditure reserve | 9 | 15,000,000 | 13,000,000 |
| | | <u>25,249,923</u> | <u>22,681,549</u> |
| Surplus and revenue reserves | | | |
| Contingency reserve | 9 | 13,980,161 | 10,550,984 |
| Administrative penalties fund reserve | 9 | 3,142,328 | 3,803,622 |
| | | <u>17,122,489</u> | <u>14,354,606</u> |
| Total contributed capital and reserves | | <u>42,372,412</u> | <u>37,036,155</u> |
| Non-current liabilities | | | |
| Lease liabilities | 4 | 2,414,466 | 3,644,059 |
| Retirement obligation | 18 | 20,054 | 18,470 |
| | | <u>2,434,520</u> | <u>3,662,529</u> |
| Current liabilities | | | |
| Lease liabilities | 4 | 1,233,752 | 1,299,212 |
| Trade and other payables | 10 | 3,399,662 | 1,645,880 |
| Deposits on account and other deposits | 11 | 6,385,215 | 6,344,802 |
| Distribution payable to the Government | 12 | 2,000,000 | 6,000,000 |
| Regulatory deposits from licensed entities | 5 | 9,248,159 | 9,100,737 |
| | | <u>22,266,788</u> | <u>24,390,631</u> |
| Total liabilities | | <u>24,701,308</u> | <u>28,053,160</u> |
| Total contributed capital, reserves and liabilities | | <u>\$ 67,073,720</u> | <u>\$ 65,089,315</u> |

The consolidated financial statements on pages 5 to 31 were approved and authorised for issuance by the Board of Commissioners on 21 October 2025 and signed on their behalf on the same date by:


 Mr. Gerard St. Clair-Farara KC
 Chairman


 Mr. Kenneth Baker
 Managing Director/CEO

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

Expressed in U.S. Dollars

| | Note | 2024 | 2023 |
|--|------|----------------------|----------------------|
| Income | | | |
| Fees collected on behalf of the Government | 13 | 253,562,605 | 252,397,694 |
| Less: Fees due to the Government | | <u>(216,124,077)</u> | <u>(215,413,501)</u> |
| Fees retained by the Commission | | 37,438,528 | 36,984,193 |
| Other income | 15 | 1,177,597 | 398,201 |
| Gain on disposal of property and equipment | | <u>5,000</u> | <u>14,000</u> |
| Total income | | <u>38,621,125</u> | <u>37,396,394</u> |
| Expenses | | | |
| Staff cost | 17 | 19,218,481 | 16,992,787 |
| Funding contribution | 21 | 4,283,921 | 2,811,681 |
| Professional services | | 1,845,398 | 1,394,624 |
| Lease amortisation | 4 | 1,263,285 | 1,264,642 |
| Maintenance and hire | | 1,156,240 | 1,009,127 |
| Depreciation | 3 | 949,442 | 967,476 |
| Travel and subsistence | | 925,052 | 736,311 |
| Licence and fees | | 763,479 | 617,626 |
| Telephone and communications | | 629,401 | 584,719 |
| Office expenses | | 396,505 | 243,272 |
| Utilities | | 340,034 | 350,204 |
| Conferences and seminars | | 187,027 | 45,109 |
| Insurance | | 144,237 | 134,621 |
| Literature and reference | | 130,324 | 133,134 |
| Membership and subscriptions | | 75,089 | 101,097 |
| Public relations | | 58,653 | 176,649 |
| Rent and lease | 4 | 31,763 | 32,035 |
| Miscellaneous | | <u>65,287</u> | <u>77,639</u> |
| Total expenses | | <u>32,463,618</u> | <u>27,672,753</u> |
| Finance income/(cost) | | | |
| Interest income | 14 | 762,699 | 482,359 |
| Interest expense related to lease liability | 4 | <u>(245,918)</u> | <u>(315,411)</u> |
| | | <u>516,781</u> | <u>166,948</u> |
| Surplus before Government distribution and enforcement proceeds | | <u>6,674,288</u> | <u>9,890,589</u> |
| Government allocation | 12 | <u>(2,000,000)</u> | <u>(6,000,000)</u> |
| Surplus before enforcement proceeds | | <u>4,674,288</u> | <u>3,890,589</u> |
| Enforcement proceeds | 16 | <u>661,969</u> | <u>322,150</u> |
| Surplus for the year | | <u>\$ 5,336,257</u> | <u>\$ 4,212,739</u> |

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Consolidated Statement of Changes in Contributed Capital and Reserves

For the year ended 31 December 2024

Expressed in U.S. Dollars

| 2024 | | | | | |
|---------------------------------------|-----------------------------|---------------------------------|---------------------|------------------------------------|-----------------------------|
| | Opening balances | Surplus for the year | Transfers | Utilisation of reserves | Closing balances |
| Surplus | — | 5,336,257 | (5,336,257) | — | — |
| Contributed capital | 3,993,900 | — | — | — | 3,993,900 |
| Property and equipment reserve | 5,687,649 | — | 568,374 | — | 6,256,023 |
| Capital expenditure reserve | 13,000,000 | — | 2,000,000 | — | 15,000,000 |
| Contingency reserve | 10,550,984 | — | 3,429,177 | — | 13,980,161 |
| Administrative penalties fund reserve | 3,803,622 | — | 661,969 | (1,323,263) | 3,142,328 |
| | \$ 37,036,155 | \$ 5,336,257 | \$ 1,323,263 | \$ (1,323,263) | \$ 42,372,412 |
| 2023 | | | | | |
| | Opening balances | Surplus for the year | Transfers | Utilisation of reserves | Closing balances |
| Surplus | — | 4,212,739 | (4,212,739) | — | — |
| Contributed capital | 3,993,900 | — | — | — | 3,993,900 |
| Property and equipment reserve | 6,111,004 | — | (423,355) | — | 5,687,649 |
| Capital expenditure reserve | 10,500,000 | — | 2,500,000 | — | 13,000,000 |
| Contingency reserve | 8,649,014 | — | 1,901,970 | — | 10,550,984 |
| Administrative penalties fund reserve | 3,569,498 | — | 322,150 | (88,026) | 3,803,622 |
| | \$ 32,823,416 | \$ 4,212,739 | \$ 88,026 | \$ (88,026) | \$ 37,036,155 |

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

Expressed in U.S. Dollars

| | Note | 2024 | 2023 |
|---|------|----------------------|----------------------|
| Operating activities | | | |
| Surplus for the year | | 5,336,257 | 4,212,739 |
| Adjustment to reconcile net surplus to net cash from operating activities before working capital changes: | | | |
| Gain on disposal of property and equipment | | (5,000) | (14,000) |
| Depreciation | | 949,442 | 967,476 |
| Amortisation of right-of-use asset, leasehold premises | | 1,263,285 | 1,264,642 |
| Interest expense on leases | | 245,918 | 315,411 |
| Interest income | | (762,699) | (482,359) |
| Operating surplus before working capital changes | | 7,027,203 | 6,263,909 |
| (Increase)/decrease in other receivables and deposits | | (327,132) | 4,236 |
| Increase/(decrease) on trade and other payables | | 1,753,649 | (20,127) |
| Increase in retirement obligation provision | | 1,584 | 18,470 |
| Increase/(decrease) in deposits on account and other deposits | | 40,413 | (496,773) |
| (Decrease)/increase in distribution payable to the Government | | (4,000,000) | 6,000,000 |
| <i>Net cash flows from operating activities</i> | | <u>4,495,717</u> | <u>11,769,715</u> |
| Investing activities | | | |
| Increase in time deposits, net | | (631,844) | (10,366,996) |
| Acquisition of property and equipment | | (1,517,816) | (544,121) |
| Cash received on disposal of fixed assets | | 5,000 | 14,000 |
| Interest received | | 762,699 | 482,359 |
| <i>Net cash used in investing activities</i> | | <u>(1,381,961)</u> | <u>(10,414,758)</u> |
| Financing activities | | | |
| Interest payments on leases | | (245,918) | (315,411) |
| Principal payments on leases | | (1,302,127) | (1,229,989) |
| <i>Cash flows used in financing activities</i> | 4 | <u>(1,548,045)</u> | <u>(1,545,400)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 1,565,711 | (190,443) |
| Cash and cash equivalents at beginning of year | | <u>24,233,718</u> | <u>24,424,161</u> |
| Cash and cash equivalents at end of year | | <u>\$ 25,799,429</u> | <u>\$ 24,233,718</u> |
| Cash and cash equivalents comprise: | | | |
| Cash on hand and at bank: | | | |
| Unrestricted cash | 6 | 18,862,153 | 16,404,930 |
| Restricted cash | 6 | 6,937,276 | 7,828,788 |
| | | <u>\$ 25,799,429</u> | <u>\$ 24,233,718</u> |

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

1. ORGANISATION AND OBJECTIVES

The British Virgin Islands Financial Services Commission (the “Commission” or the “Parent Company”) was established under the Financial Services Commission Act, 2001 (the “Act”) on 31 December 2001 as a statutory corporation. The Act established the Commission, and together with its subsidiaries, (collectively referred to as the “Group”) as an autonomous regulatory authority responsible for the regulation, supervision and inspection of all financial services in and from within the British Virgin Islands (“BVI”) including insurance, banking, insolvency, fiduciary business, company management, mutual funds business, virtual asset service providers as well as the registration of companies, limited partnerships and intellectual property. The registered office of the Commission is at Pasea Estate, Road Town, Tortola, BVI.

The Commission is governed by a Board of Commissioners which comprises an independent Chairman, six independent commissioners, and the Managing Director/CEO as an ex officio commissioner (the “Board of Commissioners”). The Government of the British Virgin Islands (the “Government”) is the sole interest holder in the Commission and appoints the Board.

At 31 December 2024 and 2023, the Group comprised both material and immaterial wholly-owned subsidiaries, all of which receive financial support from the Parent Company and rely on it for their operational funding.

The material subsidiary, BVI Financial Services Commission (HK) Limited (“FSC Hong Kong”), was incorporated in Hong Kong in 2014 and operates as a representative office of the Parent Company.

2. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of the Group’s consolidated financial statements are set out below. These policies have been consistently applied and are consistent with those used in the previous year, unless otherwise stated.

(a) Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

Historical cost convention

The consolidated financial statements have been prepared on the historical cost convention and do not account for increase in market value of assets.

Presentation currency

The financial records and statements are maintained and presented in U.S. Dollars, rounded to the nearest dollar.

New and amended standards

There are no other new, revised or amended IFRS Accounting Standards that are effective for the first time for the financial period beginning 1 January 2024 that would be expected to have a material impact on the Group’s consolidated financial statements.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

New and amended standards (Cont'd)

A number of new, revised or amended IFRS Accounting Standards are effective for annual periods beginning after 1 January 2024, and have not been adopted early in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group; however, IFRS 9, "Financial Instruments: Classification and Measurement" and IFRS 7, "Financial Instruments: Disclosures", effective for annual periods beginning on or after 1 January 2026 and IFRS 18, "Presentation and Disclosure in Financial Statements" effective for annual periods beginning on or after 1 January 2027, may result in additional disclosures for the Group upon implementation.

(b) Use of estimates

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgment on going concern

A key assumption in the preparation of these consolidated financial statements is that the Group will continue as a going concern. The going concern assumption assumes that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

Useful lives of property and equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment are analysed in note 3. Based on management's assessment as at 31 December 2024, there is no change in the estimated useful lives of property and equipment during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

(b) Use of estimates (Cont'd)

Lease term of contracts with renewal and termination options - Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, for any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of all office buildings. These renewal options range from 3 years to 10 years. The Group typically exercises its option to renew these leases because there will be a significant negative effect on operations to relocate and the Group has incurred significant leasehold improvements on the premises.

Borrowing rate used for leases

The Group estimates the incremental borrowing rate used in the calculation of its lease liabilities in relation to its adoption of IFRS 16, "Leases", ("IFRS 16"). IFRS 16 requires that lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate shall be used. The borrowing rate was determined to range between 5.5% and 10.5% (2023: 5.25% and 9%).

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its wholly-owned subsidiaries.

Subsidiary is an enterprise which is controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the activities of the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Parent Company. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included or excluded in the consolidated financial statements from the date the Parent Company gains control or until the date the Parent Company ceases to control the subsidiary.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

(c) Basis of consolidation (Cont'd)

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated in consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss (refer to accounting policy (e)). Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the fixed assets.

The estimated useful lives of items of property and equipment are as follows:

| | |
|-------------------------|-----------------|
| Freehold land | Not depreciated |
| Leasehold land | 63 years |
| Motor vehicles | 5 years |
| Furniture and equipment | 5 years |
| Computer and software | 3 years |
| Leasehold improvements | 5 years |

Subsequent expenditure incurred to replace a component of a fixed asset is capitalised only when it increases the future economic benefits embodied in that fixed asset. All other expenditure is recognised in the consolidated statement of comprehensive income when it is incurred.

(e) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is estimated as the greater of an asset's net selling price and value in use.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down or allowance is reversed through the consolidated statement of comprehensive income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

(f) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability in all cases except:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate.

In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term as follows:

| | |
|--------------------|-----------|
| Leasehold premises | 3-8 years |
|--------------------|-----------|

The right-of-use assets are also subject to impairment. These are presented as a separate line item in the consolidated statement of financial position.

(g) Financial instruments

The Group initially recognises financial instruments on the trade date at which it becomes a party to the contractual provision of an instrument. Financial instruments are initially measured at fair value. For financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liabilities are included in the initial fair value.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

(g) Financial instruments (Cont'd)

Financial assets are derecognised when the contractual rights to receive cash flows and benefits related from the financial asset expire, or the Group transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. Financial liabilities are derecognised when obligations under the contract expire, are discharged or cancelled. Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when the Group has a legal right to offset the amounts and intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

Financial assets comprised of regulatory deposits, cash and cash equivalents, time deposits, loans to employees, interest receivable, other receivables and due from BVI Hong Kong Office. Financial liabilities comprised of trade and other payables, deposits on account and other deposits, distribution payable to the Government, regulatory deposits from licensed entities and lease liabilities.

The Group recognises expected credit losses ("ECL") on receivables. The change in ECLs is recognised in net earnings and reflected as an allowance against receivables. The Group uses historical trends, timing of recoveries and management's judgment as to whether the current economic conditions are such that actual losses are likely to differ from historical trends. Certain receivables are also individually assessed for lifetime ECLs.

(h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, current deposits with banks and other short-term, highly liquid financial instruments with original maturities of three months or less that are readily convertible to known amounts of cash or are subject to an insignificant risk of changes in value, and bank overdrafts, if applicable.

(i) Surplus and reserves

Surplus represents the excess of income over expenses accumulated from the Group's operations during a reporting period. Any distributions from the surplus are subject to approval by the Board of Commissioners.

Reserves are portions of the accumulated surplus designated for specific purposes. Movements in reserves are presented in the consolidated statement of changes in contributed capital and reserves. The creation, utilisation, or release of reserves is authorised through Board-approved resolutions and appropriately reflected in the consolidated financial statements.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

(j) Revenue recognition

The Group derives revenue from the collection of fees and charges payable under the Act and financial services legislation in the following areas:

- Fees from Registry of Corporate Affairs; and
- Regulatory fees:
 - Banking and fiduciary services
 - Investment business
 - Insurance business
 - Insolvency services
 - Virtual asset service provider services

Revenue from the provision of services is recognised in the accounting period in which the services are rendered. Depending on the nature of the service, revenue is recognised either at a point in time or over time, based on when the economic benefits of the service are delivered and the recipient is able to utilise those benefits.

Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined on a time apportionment basis.

In addition, the Group collects revenue from the imposition of penalties and enforcement fees, which are recognised on an accrual basis at the time the penalties and enforcement fees are imposed.

The Group also generates revenue through interest income from its investments and deposits with banks. Interest income is recognised as interest accrued on a time basis by reference to the principal outstanding and to the effective interest rate applicable.

(k) Expenditure recognition

Expenses are recognised in the consolidated statement of comprehensive income on the accrual basis.

(l) Pension plan

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

(l) Pension plan (Cont'd)

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Further information is set out in note 18.

(m) Foreign currency

Transactions in foreign currencies are converted at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. Dollars at the foreign currency exchange rate ruling at the reporting date. Foreign currency exchange differences arising on conversion or translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the consolidated statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost are translated at the foreign currency exchange rate ruling at the date of the transaction, or if impaired, at the date of the impairment recognition. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into U.S. Dollars at the foreign currency exchange rates ruling at the dates that the values were determined.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into U.S. Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the consolidated statement of comprehensive income.

(n) Taxation

In accordance with Section 28 of the Act, the Commission is exempt from the payment of all taxes, levies and licence fees on its income and operations and from the payment of all taxes, duties and rates on its property and documents. Taxes payable by the Commission pertain to payroll taxes. Certain investment income may be subject to withholding taxes at its source from the country of origin.

(o) Contingent liabilities

Certain conditions may exist as of the reporting date, which may result in a loss to the Group but which will only be resolved when one or more future events occur or fail to occur. The Board of Commissioners assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

(o) Contingent liabilities (Cont'd)

If the assessment of a contingency indicates that there is a present obligation as a result of a past event, that it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated, then the estimated liability is accrued in the Group's consolidated financial statements. If the assessment indicates that there is a possible obligation, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, is disclosed.

Loss contingencies considered remote are generally not disclosed.

(p) Related parties

Related parties are individuals and entities which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

3. PROPERTY AND EQUIPMENT

The movements of the carrying amounts of the Group's property and equipment are as follows:

| | Freehold land | Leasehold land | Motor vehicles | Furniture and equipment | Computer and software | Leasehold improvements | Total |
|---|--------------------|-------------------|-------------------|-------------------------------|--------------------------|---------------------------|---------------------|
| Cost | | | | | | | |
| At 1 January 2024 | 4,500,000 | 130,000 | 342,509 | 4,228,330 | 19,706,016 | 3,297,367 | 32,204,222 |
| Additions | — | — | 76,881 | 361,140 | 1,013,863 | 65,932 | 1,517,816 |
| Disposals | — | — | (23,322) | — | — | — | (23,322) |
| At 31 December 2024 | <u>4,500,000</u> | <u>130,000</u> | <u>396,068</u> | <u>4,589,470</u> | <u>20,719,879</u> | <u>3,363,299</u> | <u>33,698,716</u> |
| Depreciation | | | | | | | |
| At 1 January 2024 | — | 39,206 | 237,580 | 3,804,216 | 17,977,170 | 3,164,441 | 25,222,613 |
| Charge for the year | — | 2,064 | 50,359 | 220,500 | 615,538 | 60,981 | 949,442 |
| Disposals | — | — | (23,322) | — | — | — | (23,322) |
| At 31 December 2024 | — | <u>41,270</u> | <u>264,617</u> | <u>4,024,716</u> | <u>18,592,708</u> | <u>3,225,422</u> | <u>26,148,733</u> |
| Impairment | | | | | | | |
| At 1 January 2024 and 31 December 2024 | — | — | — | — | 1,293,960 | — | 1,293,960 |
| Net book value | | | | | | | |
| At 31 December 2024 | <u>\$4,500,000</u> | <u>\$ 88,730</u> | <u>\$131,451</u> | <u>\$ 564,754</u> | <u>\$ 833,211</u> | <u>\$ 137,877</u> | <u>\$ 6,256,023</u> |

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

**Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2024**

Expressed in U.S. Dollars

3. PROPERTY AND EQUIPMENT (Cont'd)

| | Freehold land | Leasehold land | Motor vehicles | Furniture and equipment | Computer and software | Leasehold improvements | Total |
|---|--------------------------|---------------------------|---------------------------|--|----------------------------------|-----------------------------------|--------------------|
| Cost | | | | | | | |
| At 1 January 2023 | 4,500,000 | 130,000 | 320,509 | 4,079,963 | 19,369,762 | 3,297,367 | 31,697,601 |
| Additions | — | — | 59,500 | 148,367 | 336,254 | — | 544,121 |
| Disposals | — | — | (37,500) | — | — | — | (37,500) |
| At 31 December 2023 | <u>4,500,000</u> | <u>130,000</u> | <u>342,509</u> | <u>4,228,330</u> | <u>19,706,016</u> | <u>3,297,367</u> | <u>32,204,222</u> |
| Depreciation | | | | | | | |
| At 1 January 2023 | — | 37,143 | 240,097 | 3,578,572 | 17,445,437 | 2,991,388 | 24,292,637 |
| Charge for the year | — | 2,063 | 34,983 | 225,644 | 531,733 | 173,053 | 967,476 |
| Disposals | — | — | (37,500) | — | — | — | (37,500) |
| At 31 December 2023 | <u>—</u> | <u>39,206</u> | <u>237,580</u> | <u>3,804,216</u> | <u>17,977,170</u> | <u>3,164,441</u> | <u>25,222,613</u> |
| Impairment | | | | | | | |
| At 1 January 2023 and 31 December 2023 | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>1,293,960</u> | <u>—</u> | <u>1,293,960</u> |
| Net book value | | | | | | | |
| At 31 December 2023 | <u>\$4,500,000</u> | <u>\$ 90,794</u> | <u>\$104,929</u> | <u>\$ 424,114</u> | <u>\$ 434,886</u> | <u>\$ 132,926</u> | <u>\$5,687,649</u> |

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

4. LEASES

The Group has lease contracts for its various office buildings both in the BVI and Hong Kong.

The implicit interest rate used was the United States Prime Rate plus 2%.

(a) Right-of-use assets, leasehold premises

| | 2024 | 2023 |
|---------------------------------|---------------------|---------------------|
| Cost | | |
| At 1 January 2024 | 10,026,455 | 10,026,455 |
| Lease modification | <u>11,267</u> | <u>—</u> |
| At 31 December 2024 | <u>10,037,722</u> | <u>10,026,455</u> |
| Accumulated depreciation | | |
| At 1 January 2024 | 5,564,570 | 4,303,986 |
| Lease modification | 4,060 | (4,058) |
| Amortisation | <u>1,263,285</u> | <u>1,264,642</u> |
| At 31 December 2024 | <u>6,831,915</u> | <u>5,564,570</u> |
| Carrying amount | <u>\$ 3,205,807</u> | <u>\$ 4,461,885</u> |

(b) Lease liabilities

| | 2024 | 2023 |
|------------------------------|--------------------|--------------------|
| At 1 January 2024 | 4,943,271 | 6,169,201 |
| Impact on lease modification | 7,074 | 4,059 |
| Lease payments for the year | (1,548,045) | (1,545,400) |
| Interest expense | <u>245,918</u> | <u>315,411</u> |
| At 31 December 2024 | 3,648,218 | 4,943,271 |
| Less: current portion | <u>(1,233,752)</u> | <u>(1,299,212)</u> |
| Non-current portion | <u>\$2,414,466</u> | <u>\$3,644,059</u> |

The undiscounted analysis of lease liabilities is disclosed below:

| | 2024 | 2023 |
|-------------------------|--------------------|--------------------|
| Up to 3 months | 293,996 | 301,446 |
| Between 3 and 12 months | 918,567 | 977,586 |
| Between 1 and 2 years | 1,223,920 | 1,231,850 |
| Between 2 and 5 years | 1,211,735 | 2,432,389 |
| Over 5 years | <u>—</u> | <u>—</u> |
| | <u>\$3,648,218</u> | <u>\$4,943,271</u> |

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

4. LEASES (Cont'd)

(c) Others

The following are the amounts recognised in the consolidated statement of comprehensive income:

| | 2024 | 2023 |
|---------------------------------------|--------------------|--------------------|
| Amortisation of right-of-use assets | 1,263,285 | 1,264,642 |
| Interest expense | 245,918 | 315,411 |
| Expenses relating to short-term lease | <u>31,763</u> | <u>32,035</u> |
| | <u>\$1,540,966</u> | <u>\$1,612,088</u> |

5. REGULATORY DEPOSITS

By statute, certain entities licensed to operate in the financial services sector within the BVI are required to place a deposit with the Commission. The Commission has undertaken to hold these amounts in the following designated interest-bearing instruments:

| | 2024 | 2023 |
|---------------|--------------------|--------------------|
| Cash in bank | 83,977 | 303,518 |
| Time deposits | <u>9,164,182</u> | <u>8,797,219</u> |
| | <u>\$9,248,159</u> | <u>\$9,100,737</u> |

Interest earned on these instruments is distributed to the licensees on a semi-annual basis.

The investment in time deposits have maturities within twelve months from the acquisition date.

The deposits are refundable upon surrender of the licence. For the year ended 31 December 2024, the deposits earned an average interest rate of 3.29% (2023: 1.52%). Total accrued interest for these deposits amounted to \$151,567 (2023: \$75,038). These regulatory deposits are restricted and are not available for general use.

6. CASH AND CASH EQUIVALENTS

| | 2024 | 2023 |
|---------------------------------------|---------------------|---------------------|
| <i>Unrestricted cash</i> | | |
| Operating cash | 16,929,459 | 14,624,850 |
| Cash held in Government trust account | <u>1,932,694</u> | <u>1,780,080</u> |
| | <u>\$18,862,153</u> | <u>\$16,404,930</u> |

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

6. CASH AND CASH EQUIVALENTS (Cont'd)

| | 2024 | 2023 |
|---|--------------------|--------------------|
| <i>Restricted cash</i> | | |
| Deposits on account in Government trust account and other deposits | 6,385,216 | 6,344,802 |
| Enforcement funds | <u>552,060</u> | <u>1,483,986</u> |
| | <u>\$6,937,276</u> | <u>\$7,828,788</u> |

Government trust account

Fees collected on behalf of the Government are paid into a trust account maintained jointly in the name of the Commission and the Government. As at 31 December 2024, the bank balance was \$13,594,769 (2023: \$12,575,753) with cash remittance in transit to the Government of \$5,276,860 (2023: \$4,972,370).

Restricted cash

The cash held in Government trust account above is restricted and not available for general use by the Group.

In addition, the Group's cash balance includes restricted funds for deposits on account (held in Government Trust Account), and deferred revenue transactions totalling \$6,385,216 (2023: \$6,344,802), see note 11. The Government gained responsibility for receivership hence the balance in the insolvency surplus account was turned over to the Government during November 2023.

The cash disclosed above and in the consolidated statement of cash flows includes \$552,060 (2023: \$1,483,986) held in a separate bank account. The enforcement funds relate to administrative penalties received, which are not available for general use by the Group (see note 9 for restrictions on the administrative penalties fund reserve).

7. TIME DEPOSITS

Time deposits are short term placements with local depository banks. They mature between 49 and 317 days from the reporting date (2023: between 78 and 318 days) and are more than three months from the placement date. The average interest rate is 3.34% (2023: 3.37%). As at 31 December 2024, the total time deposits amounted to \$21,651,864 (2023: \$21,020,020). Of this amount, \$2,578,784 (2023: \$2,500,000) represents funds received for administrative penalties, which are not available for general use by the Group (see note 9 for restrictions on the administrative penalties fund reserve). For the year ended 31 December 2024, total interest earned from time deposits amounted to \$688,776 (2023: \$414,248). Refer also to note 16.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements

For the year ended 31 December 2024

Expressed in U.S. Dollars

8. OTHER CURRENT ASSETS

| | 2024 | 2023 |
|-------------------------------|------------------|------------------|
| Prepaid expenses | 616,766 | 385,879 |
| Interest receivable | 167,409 | 107,411 |
| Loans to employees | 104,690 | 57,423 |
| Other receivables | 17,400 | 14,160 |
| Due from BVI Hong Kong Office | 6,173 | 6,176 |
| Travel advances | <u>—</u> | <u>14,257</u> |
| | <u>\$912,438</u> | <u>\$585,306</u> |

BVI Hong Kong Office is a related party by virtue of common ownership by the Government. This balance is unsecured and has no fixed repayment terms.

9. CONTRIBUTED CAPITAL AND RESERVES

Contributed capital

The Commission was established as a statutory corporation and no share capital was assigned to it. The Commission was initially funded by the Government through a contributed capital amount which at that time represented approximately 3 months of operating expenses.

Surplus and reserves

In accordance with Section 26 of the Act, the surplus for the year is allocated to reserve accounts at the discretion of the Commission unless otherwise agreed upon by the Cabinet of the Government (the "Cabinet"). The capital and revenue reserves have been established to which transfers or allocations from surplus are made as appropriate.

Capital reserves

- (i) Property and equipment reserve reflects the investment in property and equipment to date, less amortisation.
- (ii) Capital expenditure reserve is to finance future acquisition and implementation of key capital assets.

Revenue reserves

- (i) Contingency reserve is established as a fund to cover unforeseen circumstances and to provide additional funding, if necessary, for liabilities and obligations arising.
- (ii) Administrative penalties fund reserve is funded by the proceeds of administrative penalties imposed and received by the Group and is restricted to financing certain activities including the administration of public awareness and education in salient areas identified by the Group. Refer also to notes 6 and 7.

BRITISH VIRGIN ISLANDS FINANCIAL SERVICES COMMISSION

Notes to and forming part of the Consolidated Financial Statements For the year ended 31 December 2024

Expressed in U.S. Dollars

10. TRADE AND OTHER PAYABLES

| | 2024 | 2023 |
|--|--------------------|--------------------|
| Accounts payable and accrued expenses | 2,764,317 | 1,032,890 |
| Employee deductions and benefits payable | <u>635,345</u> | <u>612,990</u> |
| | <u>\$3,399,662</u> | <u>\$1,645,880</u> |

Employee deductions and benefits payable include accrued unpaid vacation benefits totaling \$635,345 (2023: \$612,990) to Group employees.

11. DEPOSITS ON ACCOUNT AND OTHER DEPOSITS

| | 2024 | 2023 |
|---|--------------------|--------------------|
| Deposits on VIRRGIN accounts | 6,385,215 | 5,823,303 |
| Holdings for the former Official Receiver | <u>—</u> | <u>521,499</u> |
| | <u>\$6,385,215</u> | <u>\$6,344,802</u> |

Deposits on VIRRGIN accounts

In 2006, the Group implemented the Virgin Islands Registered Agent Regulatory and General Information Network (“VIRRGIN”) that allows licensees to administer transactions online. As a result of this development, licensees are required to deposit funds with the Group in advance of effecting online transactions.

The bank account associated with deposits on VIRRGIN accounts is in a separate bank account that is not available for general use.

Holdings for the former Official Receiver

Prior to the amendment of the Insolvency Act, which took effect in 2023, the Group appointed an Official Receiver who was an employee. Fees collected by the Official Receiver were held by the Group for safekeeping and used to settle related expenses. Additionally, assets from ongoing insolvency proceedings were held by the Group on behalf of the Official Receiver. These balances were collectively reported as “holdings for the Official Receiver.” Following the legislative amendment, the Official Receiver’s function was transferred to the Government. The holdings of \$521,499 as at the end of the previous year, representing net accumulated fees and insolvency assets, were disbursed in the amount of \$292,376. The remaining balance of \$229,123, upon closure of the proceeding, was recognised as other income by the Group during the year. Refer to note 15.

12. ALLOCATIONS PAYABLE TO THE GOVERNMENT

The Board approved a total allocation to the Government of \$2,000,000 (2023: \$6,000,000) for the year ended 31 December 2024.

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13. FEES COLLECTED ON BEHALF OF THE GOVERNMENT

| | 2024 | 2023 |
|---|----------------------|----------------------|
| Fees from the Registry of Corporate Affairs | 241,353,405 | 241,780,939 |
| Regulatory fees | <u>12,209,200</u> | <u>10,616,755</u> |
| | <u>\$253,562,605</u> | <u>\$252,397,694</u> |

Prior to the commencement of the Group's financial year, the Cabinet determines the percentage of fees collected that should be remitted to the Government, with the Group retaining the balance. For the year ended 31 December 2024, the Group retained 13.5% (2023: 13.5%) of revenue up to the projected revenue stream and thereafter, the Group retained 7.5% (2023: 7.5%) of any revenue in excess of the projected revenue stream.

14. INTEREST INCOME

| | 2024 | 2023 |
|------------------------------------|------------------|------------------|
| Interest income from time deposits | 688,776 | 414,248 |
| Interest income from cash | <u>73,923</u> | <u>68,111</u> |
| | <u>\$762,699</u> | <u>\$482,359</u> |

15. OTHER INCOME

| | 2024 | 2023 |
|---------------------------------------|--------------------|------------------|
| Receipts of court ordered legal costs | 751,500 | 206,056 |
| Rental income | 76,681 | 76,230 |
| Receipts of miscellaneous income | <u>349,416</u> | <u>115,915</u> |
| | <u>\$1,177,597</u> | <u>\$398,201</u> |

Rental income pertains to rent charges by the Group from BVI Hong Kong Office, which shares office space in Hong Kong.

16. ENFORCEMENT PROCEEDS

Enforcement proceeds relate to fees imposed and received for enforcement actions against licensees. These fees are classified as other comprehensive income and are not available for general use by the Group. Refer also to notes 6, 7 and 9.

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17. STAFF COSTS

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Wages and salaries | 14,465,078 | 12,633,858 |
| Allowances and benefits | 2,768,489 | 2,634,157 |
| Payroll taxes | 737,271 | 629,699 |
| Employment costs | 454,895 | 401,079 |
| National Health Insurance contributions | 442,523 | 387,404 |
| Social Security contributions | <u>350,225</u> | <u>306,590</u> |
| | <u>\$19,218,481</u> | <u>\$16,992,787</u> |

The average number of full-time employees in 2024 was 182 (2023: 172).

During the year, the Group paid \$1,791,680 (2023: \$1,515,943) for current service costs toward a defined contribution plan (see note 18), which has been included in allowances and benefits. Refer also to note 19.

18. DEFINED CONTRIBUTION PENSION PLAN

Virgin Islands Labour Code, 2010

Under the Virgin Islands Labour Code, 2010, employers are required to establish retirement benefits for their permanent employees and pensionable employees. To meet the requirements, the Group established a defined contribution plan (the "Plan") to provide retirement benefits for all established employees which is administered by trustees appointed by the Group. Under the Plan, the Group has an obligation limited to 15% of the participants' basic annual salary, with the participants contributing a minimum of 5%. A participant's interest in the Group's contributions commences to vest after 7 years of employment and is fully vested after 10 years.

Hong Kong Employment Ordinance

Under the Hong Kong Employment Ordinance, FSC Hong Kong is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with FSC Hong Kong. This policy became effective during the previous year and the Group recognised a cumulative obligation of \$20,054 (2023: \$18,470).

19. RELATED PARTY BALANCES AND TRANSACTIONS

The Financial Secretary and Accountant General of the Government along with the Chairman of the Board and the Managing Director/CEO are signatories to a joint bank account maintained in the names of the Government and the Commission referred to as the Government Trust Account as per Section 19 (1) and (7) of the Act (see note 6).

Key Management Personnel and Board of Commissioners' Remuneration

During the year, the salaries and allowances paid to the Group's key management personnel and Board of Commissioners amounted to \$918,644 (2023: \$792,644). Refer also to note 17.

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20. TAXATION

There is no mainstream taxation in the British Virgin Islands. Effective 1 January 2005, the Government of the British Virgin Islands, by virtue of the introduction of the Payroll Taxes Act, 2004, which reduced the rate of income tax to zero, effectively abolished both personal and corporate income tax in the Territory. Further, beginning 1 January 2005, the Group became subject to a payroll tax equating to 6% of all salaries, wages and benefits paid to employees.

FSC Hong Kong is subject to Hong Kong profits tax at a statutory rate of 16.5% on profits arising in or derived from Hong Kong. However, no provision for Hong Kong profits tax has been made for the years ended 31 December 2024 and 2023, as it did not generate any assessable profits arising in Hong Kong during these periods.

Under the Hong Kong tax regime, only income sourced in Hong Kong is subject to profits tax. As FSC Hong Kong operates primarily as a representative entity and does not derive income from Hong Kong customers or operations, no tax liability has arisen.

FSC Hong Kong is also subject to employer obligations in respect of any locally employed staff, including the filing of Employer's Returns in accordance with the Inland Revenue Ordinance. No other taxes, including value-added tax or property tax, were applicable during the year.

21. CONTRIBUTIONS, COMMITMENTS AND CONTINGENCIES

Contributions

| | 2024 | 2023 |
|--|--------------------|--------------------|
| International Arbitration Centre | 1,675,921 | 1,532,826 |
| BVI's mutual evaluation remediation contribution | 1,400,000 | — |
| Financial Investigation Agency | 750,000 | 750,000 |
| Robert Mathavious Institute | 450,000 | 450,000 |
| Financial Services Complaints Tribunal | <u>8,000</u> | <u>78,855</u> |
| | <u>\$4,283,921</u> | <u>\$2,811,681</u> |

The Group voluntarily contributes to funding the operations of the International Arbitration Centre, Financial Investigation Agency, Robert Mathavious Institute, and Financial Services Complaints Tribunal. The Board of Commissioners and the Government determine the necessary funding requirements of these entities on an annual basis as part of the Group's budget discussion. The Government in its own right also supports these entities. The total funding recorded during the year amounted to \$2,883,921 (2023: \$2,811,681). All contributions were fully paid as at the reporting date. These are recorded as part of the expenses in the consolidated statement of comprehensive income of the Group.

The Caribbean Financial Action Task Force assessed the British Virgin Islands' anti-money laundering and counter-terrorist financing (AML/CFT) measures. A report published in 2024 recommended remedial actions to enhance the territory's AML/CFT framework. In consultation with the Government, the Group agreed to partially finance this effort with a \$1,400,000 contribution from the administrative penalties fund reserve.

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21. CONTRIBUTIONS, COMMITMENTS AND CONTINGENCIES (Cont'd)

Commitments

Management has evaluated the activities of the Group and have disclosed in the respective notes of the consolidated financial statements, the various commitments of the Group.

Contingencies

In the ordinary course of business, the Group is subject to legal proceedings, claims, disputes and litigation as a result of its role as the regulator of the British Virgin Islands financial services industry. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, the Group does not believe that such proceedings (including litigation) will have a material effect on its results and financial position. In addition, the Group has established a Contingency reserve in the event of unforeseen circumstances (see note 9).

22. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks; market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management under policies approved by the Board. Management identifies, evaluates and hedges financial risks in close co-operation with the Board. The Board provides guidance for overall risk management such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Financial assets of the Group include regulatory deposits, cash and cash equivalents, time deposits, interest receivable, loans to employees and other receivables. Financial liabilities include lease liabilities, trade and other payables, deposits on account and other deposits, distribution payable to the Government and regulatory deposits from licensed entities.

(a) **Market risk**

Market risk represents the potential loss that can be caused by a change in the market value of the Group's financial instruments and includes foreign currency and interest rate risks.

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. In the normal course of business, the Group may enter into transactions denominated in foreign currencies. As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign exchange rates.

As at year end (2023: \$nil), the Group did not have any material foreign currency denominated assets or liabilities.

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22. FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Market risk (Cont'd)

Interest rate risk

Interest rate risk is the risk that the value of future cash flows of financial instruments will fluctuate due to changes in market interest rates. Floating rate instruments expose the Group to cash flow interest rate risk whereas fixed rate instruments expose the Group to fair value interest rate risk.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents, regulatory deposits and time deposits. As at 31 December 2024, approximately 84% (2023: 83%) of the Group's assets were held in bank accounts, with floating interest rates.

With all other variables held constant, given a 25 basis point increase in the market interest rate, the Group's surplus would increase by \$141,534 (2023: \$135,589). A decrease of 25 basis points in the market interest rate, with all other variables held constant, would decrease the Group's surplus by an equal amount.

(b) Credit risk

Credit risk arises from regulatory deposits, cash and cash equivalents, time deposits, other receivables and deposits. Other receivables comprise unsecured loans extended to various employees of the Group, interest receivable, amounts due from the BVI Hong Kong Office and other miscellaneous balances. The extent of the Group's exposure to credit risk in respect of these financial assets approximates the carrying values as recorded in the Group's consolidated statement of financial position.

The Group's management addresses credit risk through the placement of cash on short term money market placements, interest bearing deposits and U.S Treasury Bills at a variety of regulated BVI financial institutions and effective and efficient collection policies.

The Group's total current assets held with financial institutions are summarised below by credit rating, as assigned by Moody's Investors Service:

| | 2024 | 2023 |
|-------------|---------------------|---------------------|
| A1 | 85,865 | 118,804 |
| Aa2 | 225,610 | 46,012 |
| Baa1 | 24,865,248 | — |
| Ba2 | 391,864 | 304,016 |
| Baa3 | <u>83,977</u> | <u>23,837,515</u> |
| Total rated | 25,652,564 | 24,306,347 |
| Non-rated | <u>31,959,326</u> | <u>30,633,434</u> |
| | <u>\$57,611,890</u> | <u>\$54,939,781</u> |

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22. FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Group is exposed to liquidity risk from its financial liabilities which include lease liabilities, trade and other payables, distribution payable to the Government and regulatory deposits from licensed entities. Prudent liquidity risk management implies maintaining sufficient cash to meet its current operating requirements. The Group is not exposed to significant liquidity risk as it maintains sufficient cash and cash equivalents to meet its current and foreseeable future obligations.

All of the financial assets and liabilities at amortised cost are expected to be received and settled within a year from the reporting date, except lease liabilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

23. FAIR VALUE INFORMATION

The fair values of all financial instruments are not materially different from their carrying amounts due to the relatively short periods to maturity of these instruments.

All of the Group's financial instruments are measured at amortised cost. This includes regulatory deposits, cash and cash equivalents, time deposits, interest receivable, loans to employees, other receivables, due from BVI Hong Kong Office, trade and other payables, lease liabilities, deposits on account and other deposits and regulatory deposits from licensed entities.

Due to their short-term nature, the carrying value of the Group's financial instruments, excluding lease liabilities, approximates their fair value.

The fair value of the lease liabilities is not materially different from its carrying amount, as the lease is based on market terms and reflects a discount rate consistent with current market conditions.

24. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure it will be able to continue as a going concern while fulfilling its statutory mandate to supervise and regulate financial services business in and from within the BVI.

The capital structure of the Group consists of accumulated surpluses and reserves. The Group's capital management objectives are to maintain adequate financial resources to support its regulatory responsibilities, ensure operational sustainability, and manage unexpected contingencies.

The Parent Company is not subject to externally imposed capital requirements. However, it monitors its capital adequacy on an ongoing basis through its internal budgeting, financial forecasting, and reserve management processes. No significant changes were made to the Parent Company's capital management policies during the year.

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25. SUBSEQUENT EVENTS

No events have occurred subsequent to 31 December 2024 and before the date of the report that would have a significant effect on these consolidated financial statements.

26. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year's presentation.

