



## **British Virgin Islands Financial Services Commission**

### **Guidance on Preparing and Submitting Investment Business Annual Return**

Any person required to complete and file the Investment Business Annual Return ("the Return") following the Financial Services (Prudential and Statistical Returns) Order, 2009 ("the Order"), should note the pertinent information on the filing of the Return detailed below.

#### **1. Applicable Licenses**

A licensee holding an investment business licence under the Securities and Investment Business Act, 2010, is required to complete and file the Return with the Commission annually.

#### **2. Completing the Return**

- (i) The Return must be completed using the electronic excel document provided on the Commission's website. The document contains several tabs, with a series of item queries in each tab. Licensees must ensure that it responds to each item query within each tab of the Return.
- (ii) In completing the Return, licensees may be required to check boxes that apply, select from drop boxes or insert relevant data. Licensees must use the appropriate options as required.
- (iii) Where a licensee needs to provide additional information or is required to provide a report in response to a specific item, the licensee must prepare an electronic copy of the information or report, with a label that reflects the query item number to which the licensee is responding.
- (iv) Agreement to the declaration in the last tab of the Return, and the information about the person agreeing to the declaration must be provided as part of a complete Return.

#### **3. Reporting Period**

The Return must account for a licensee's business activities for the reporting period of January to December of the previous year. Where relevant, the return may require the licensee to provide information as at the end of the reporting period (i.e. 31<sup>st</sup> December).

#### **4. Filing the Return**

The Return is considered filed, where all item queries are completed and fulfilled, and the excel document and any accompanying information and reports are submitted to the Commission via the following email address: [investmentreturns@bvifsc.vg](mailto:investmentreturns@bvifsc.vg).

#### **5. Deadline for Filing the Return**

A licensee must file a completed Return on or before 31<sup>st</sup> March each year, for the previous calendar year.

#### **6. Late Filing or Not Filing a Return**

- (i) At least 7 days before the Return submission deadline, a licensee may apply for a grant of an extension for the Return filing. The Commission may grant an extension to a licensee for a period of up to 30 days.
- (ii) The Commission may levy penalties against a licensee that fails to file a Return on or before the deadline as outlined in Schedule 10 of the Order.

#### **7. Erroneous Return**

If a licensee finds or becomes aware of inaccurate information within its Return filed with the Commission, the licensee must notify the Commission of this fact within 5 days of becoming aware of that fact and resubmit a corrected Return within 7 days after notifying the Commission.

#### **8. Additional Information**

- (i) Where the Return is incomplete or needs further explanation, the Commission will ask that it be clarified or additional information or documentation provided, as appropriate.
- (ii) The Commission reserves the right to request additional data about information provided or not sought initially in the Return.

### **GENERAL NOTES IN COMPLETING THE RETURN**

#### **9. Accounting and Currency Information**

- (i) Accounting information in the Return must be completed using the accrual accounting method.
- (ii) All monetary amounts should be reported in US dollars with exact figures, without rounding (i.e. exact to dollars and cents).

#### **10. Date format**

Any request for a date must be inputted in the British short format (i.e. dd/mm/yyyy).

#### **11. Responding to Queries that do not Apply**

Where an item query does not apply to a specific licensee, the licensee must insert the term "N/A" in response or in the case of a numerical request, insert the figure "0".

## NOTES ON SPECIFIC ITEMS IN THE RETURN

The notes below are intended to assist the licensee in completing individual sections of the Return that may require further clarification.

### 12. Financials (Item 1)

- (i) The Table below provides guidance on the information required for completing the Balance Sheet information:

Item	Description of Item	Guidance
1.2 1.3 1.16	Funds Held for Clients Accounts Receivable – Clients  Funds Due to Clients	"Client", in relation to a licensee, means a person, whether resident in or outside the Virgin Islands, to whom the licensee provides, agrees to provide or has provided a service that constitutes licensed investment business.
1.7	Other Current Assets	Includes all other current assets which cannot be reported in 1.1 through 1.6.
1.12	Other Non-Current Assets	Includes all other non-current assets which cannot be reported in 1.9 through 1.11 above.
1.14	Total Assets	Represents the sum of items 1.1 to 1.13, which must equal item 1.29 (total liabilities <sup>1</sup> and 'shareholders' equity <sup>2</sup> ).
1.19	Other Current Liabilities	Includes all other current liabilities which cannot be reported in 1.15 through 1.18 above.
1.23	Other Non-Current Liabilities	Includes all other non-current liabilities which cannot be reported in 1.21 through 1.22 above.
1.29	Total liabilities and 'Shareholders' Equity.'	Represents the sum of items 1.25 to 1.28, which must equal item 1.14 (Total Assets).

<sup>1</sup> Total liabilities should include all payables to related parties.

<sup>2</sup> Shareholders' equity includes share capital less treasury stock, plus retained earnings and current year's earnings (net income/(loss) and reserves.

- (ii) Contingent liabilities in items 1.30 and 1.31 refer to matters such as pending litigation claims, administrative penalties, that are potential liabilities to the licensee (that were not reported in the licensee's last audited financial statements). In such an instance, the licensee should summarise the contingent liability and the potential losses that could be incurred in item 1.31. Where the licensee is unable to quantify a potential contingent liability it is aware of, it should nevertheless disclose this relevant information in item 1.31.

### **13. Fitness and Propriety (Item 4)**

Concerning item 4.10, if the answer to any of the items 4.1 through 4.9 is 'Yes', the licensee should document the name of the individual who is under investigation or about whom action is taken by category (e.g. *General Partner, Director, Senior Officer, Shareholder, Controller, Ultimate Beneficial Owner*); the date of commencement of the investigation; relevant jurisdiction(s); the name of the associated regulatory or law enforcement authority; nature of the investigation, status of investigation (e.g. pending, complete.) and the final decision, if applicable. This information can be presented in a separate document, submitted with the Return, labelled "Item 4.10".

### **14. Employees**

- (i) Concerning item 7.1, enter in the Table the total number of staff who are involved in the licensee's regulated investment business activities and any other activities in or outside the Virgin Islands. This would relate to the total number of permanent and temporary staff, residing in the Virgin Islands or outside the Virgin Islands, but excludes consultants or outsourced positions. Directors and senior management responsible for the oversight of the licensee are to be counted as staff. Outside the Virgin Islands also includes staff carrying out regulated investment business activities and any other activities in other group offices.
- (ii) 'Regulated investment business activities' would include, for example, those staff engaged in providing investment advice, custodial services to investments, administration of investments, investment management services and compliance. '**Other activities**' would include, for example, those staff engaged in information technology, human resources, finance, operations and accountancy.
- (iii) If item 7.2, 7.3 or 7.4 does not apply to the licensee, please indicate "N/A" and "0" in the relevant fields.

### **15. Investment Activity Report (Item 9)**

In relation to item 9.3, "**Active Clients**" refers to clients who have undertaken transactions within the past 12 months.

## **16. Client Base**

Concerning item 12.1, the jurisdiction relates to the residency of the underlying client of record (i.e. the client if an individual, or the beneficial owner(s) of the client, if a corporate structure).

12<sup>th</sup> February, 2021