



# MEET THE REGULATOR FORUM

Tuesday 3<sup>rd</sup> October, 2023

## MD's Update

Mr Kenneth Baker  
Managing Director/CEO, BVI Financial Services Commission



# AGENDA

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1. FSC Restructure
2. Update on BOSSs and Economic Substance
3. FATF Guidance on Beneficial Ownership - R 24
4. VIRRGIN upgrade
5. CFATF Mutual Evaluation
6. Taking enforcement action against directors
7. Governance, Risk Management & Compliance Master Class
8. Banks not accepting payments from Designated Persons
9. Official Receiver
10. Publicly Accessible Registers of Beneficial Owners



# FSC Restructure

- Restructuring exercise started 2020
- Aimed at transforming Commission from a product regulator to functional regulator
- Industry familiar with the Authorisation & Supervision
- Operational Strategy & Innovation last major function



# BOSSs/Economic Substance

- January Cabinet decision to maintain beneficial ownership information
- Cabinet decision to maintain beneficial ownership information for Economic Substance
- Initial plan simply replicate BOSSs in VIRRRGIN
- The plan overtaken by amendments to FATF R – 24
- Expect system delivery by year end with implementation in 2024



## FATF Guidance R 24

- Require Beneficial Ownership information held by public body
- Ensure accuracy of information
- Ensure up to date information
- Registry will have to play an active role in verification
- Ensure access to information by competent authorities
- Encourage industry participation by 6 December



# VIRRGIN

- System 20 years old and due for major upgrade
- Operational Strategy & Innovation will play major role
- 2024 - commencement of upgrade on completion of VIRRGIN BOSSs & Economic Substance
- Full upgrade to be completed in 2 years



# CFATF Mutual Evaluation Report

- 4<sup>th</sup> CFATF round mutual evaluation began 2022
- Onsite visit earlier 2023
- Mutual Evaluation Report considered November 2023
- Publication early 2024
- Expect recommendations from the process





# Enforcement Actions against Directors

- Schedule 4 AML Code provide penalties for licensee and directors
- Administrative penalties for directors rarely used
- Resume imposing administrative penalties for conducting unauthorised business and repeated regulatory breaches
- Enforcement Philosophy applicable in all cases





# GRC Master Class

- Compliance Master Class delivered years ago
- Need for Governance, Risk Management & Compliance Master Class
- Course material to be developed by RMI
- GRC Master Class to be delivered free to industry
- GRC Master Class count towards annual training



# Funds from Designated Persons

- Banks not accepting funds from Designated Persons where licence issued by Governor
- Implications for US corresponding banking relationships
- UK Designated Persons may also be designated by US
- Illicit Financing Dialogue
- UK to raise issue with US authorities
- Little BVI can do at this time



# Official Receiver

- Function with FSC from inception
- Inherent conflict
- Government agree to take over function from January 2024
- Notification of new Official Receiver
- Notification-mailing, email and website addresses



# PARBO

- Commission playing a supporting role to the Government
- Government gave commitment with caveats
- European Court of Justice opportunity to renegotiate commitment
- Legal framework in place with further amendments
- Government negotiations with UK ongoing



A hand in a suit sleeve holds a pen, poised to sign a document. The background is a collage of images: a blue-tinted cityscape on the left, a red-tinted hillside with buildings on the right, and a modern glass skyscraper at the bottom. Blue and red triangles are scattered across the composition.

# MEET THE **REGULATOR** FORUM

03.10 • 2023



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