



VIGILANCE • INTEGRITY • ACCOUNTABILITY



Virgin Islands Fourth Round Mutual Evaluation Report

Glenford Malone - DMD, Regulation
Alva Mc Call – Deputy Director,
AML/CFT



AGENDA

1. Recap of Process
2. Key Timelines/Reporting Requirements
3. Recommended Actions
4. What FSC is Doing
5. What You Should Expect
6. How The Industry Can Help

Recap of Process

- Conducted by IMF Using FATF Methodology
- Covered Technical Compliance and Effectiveness
- Process Began in 2022
- Onsite – March 2023
- Report Considered and Approved – November 2023
- Published – February 2024
- National Action Plan Approved and Issued – February 2024



Key Timelines/Reporting Requirements

- Nov 2024- First follow up report to CFATF
 - Update of progress on all recommended actions
 - Update must be submitted by September 2024 for review
- Feb 2024 - Feb 2025 – Post Observation Period (POP)
- Feb 2025 - End of Post Observation Period
 - FATF to consider whether sufficient progress has been made towards increasing effectiveness on all IOs
 - Focus will be on Key Recommended Actions
 - Progress must be positive and tangible
 - Progress will be assessed by Joint Group of the Americas
- June 2025 – Consideration of POP Report
 - Removal from FATF ICRG process with continued Monitoring by CFATF
 - OR
 - Development of Action Plan and continued monitoring by FATF ICRG
 - Grey listing



Recommended Actions

- 64 Recommended Actions Total
- FSC's Focus - those relevant to supervision of the industry
- IO3 – 7 (3 Priority Actions) focused on Supervision
- IO4 – 7 (5 Priority Actions) focused on Preventative Measures
- IO5 – 9 (2 Priority Actions) focused on Legal Persons and Legal Arrangements
- Others apply as they relate to TFS, SARs and understanding risk

Recommended Actions: Supervision and Supervisory Authorities (FSC)

- Beneficial Ownership Requirements
 - Ensure understanding of Ownership and Control
 - Establish a proper BO register
- Risk Understanding and Mitigation
 - Update Risk Assessments
 - Understand business of clients
- Supervision
 - Enhance risk framework
 - Enhance inspection process



Recommended Actions:

Supervision and Supervisory Authorities (FSC)

- Enforcement
 - Ensure greater use of proportionate and dissuasive penalties
- Outreach
 - Targeted
 - Focused on higher-risk entities
- Sanctions
 - Ensure understanding of requirements
 - Ability to timely monitor and search database of clients



What FSC Is Doing

- Conducting Risk TF Risk Assessment
- Conducting TF Risk Assessment of Legal Persons and Legal Arrangements
- Updating ML Risk Assessment for Legal Persons and Legal Arrangements
- Reviewing Processes, Procedures and Forms
- Reviewing implications of changes to FATF Rec 25 on Legal Arrangements



What FSC Is Doing

- Considering Relevant Legislative Amendments
- Enhancing Human and Technical Resources
- Enhancing Our Outreach Programme
- Working collaboratively with competent authorities and law enforcement agencies
- Enhancing technological resources including specific system to host BO information



What You Should Expect

- Increase in AML/CFT Inspections of higher-risk sectors: TCSPs and IB
 - Thematics
 - Full scopes
 - Desk-based reviews
- Increased Prudential Inspections primarily related to banks and higher-risk entities
- Increased (number, size and quantum) Enforcement actions via administrative penalties and warning letters
 - Refer to FSC-issued Enforcement Philosophy Documents

What You Should Expect

- Legislative changes
 - Amendments to BC Act (including to capture BO and other related information)
 - Amendments to Trustee Act re BO
 - Amendments to Partnership Act re BO and other measures
 - Review of, and amendments to penalty regime as it relates to corporate structures
- Increased Supervisory Engagements
 - Focus on higher-risk entities/sectors: TCSP and IB
 - Increase requests for data/information on clients/services
 - Possible amendments to prudential returns



What You Should Expect

- Increased Outreach focused on:
 - AML/CFT operational issues
 - Licensees' implementation of AML Code, AML Regulations and Existing FSC Issued Guidelines (e.g., AML Guidelines for Banking, Money Services, VASP and TCSPs sectors)
 - New Guidelines including on BO and control
 - STR filings
 - Targeted Financial Sanctions (i.e. UN Sanctions)
 - Findings of Inspections
- Mediums for Delivery:
 - MTRs
 - Newsletter Articles – Ensure you are subscribed. Expectation is that all entities should be subscribed not just the registered agent of a licensee (i.e. a representative for all IBs and approved managers should subscribe to the newsletter)
 - Development of Training Resources for Industry



How The Industry Can Help

- Ensure accurate maintenance and verification of BO information
- Ensure awareness, understanding and incorporation of findings of national and sectorial risk assessments within licensees' business
- Comment timely on proposed changes to legislation
- Respond timely to Questionnaires and requests for information

How The Industry Can Help

- Ensure timely and proper filing of all relevant Returns
- Ensure Institutional Risk Assessments are appropriate for business
- Ensure understanding of Clients' business at onboarding
- Ensure understanding of Clients' business on an ongoing basis through proper monitoring

How The Industry Can Help

- Ensure proper understanding of risk emanating from higher risk activities such as introduced business, nominee relationships and sanctions
- Ensure proper understanding of Regulatory and AML/CFT requirements by staff
- Engage with Regulator
- Associations such as ARA and ACO to provide continuous outreach to members

FSC Contacts

Glenford Malone

Deputy Managing Director, Regulation

852 4043

maloneg@bvifsc.vg

Alva McCall

Deputy Director, AML/CFT

852 4044

mccalla@bvifsc.vg





Questions



VIGILANCE • INTEGRITY • ACCOUNTABILITY