



FSC Press Release 13 of 2024

BVI FSC and BVI FIA announce the Publication of Guidance on Mitigating Risks with Introduced Business Relationships

Tortola, British Virgin Islands; 28 October 2024 - The BVI Financial Services Commission (the **FSC**) and BVI Financial Investigation Agency (the **FIA**), have today, jointly issued Guidance on '**Mitigating Risks with Introduced Business Relationships**' (the **Guidance**), for the benefit of their respective supervised entities.

The Guidance is intended to serve as a reference for both Financial Institutions (**FIs**) and Designated Non-Financial Businesses and Professions (**DNFBP**) to assist them in mitigating the risks associated with the engagement of third-party introducers. The Guidance highlights the importance of FIs and DNFBPs complying with reporting obligations outlined in local legislation, namely:

- (a) Anti-Money Laundering and Terrorist Financing Code of Practice,
- (b) Anti-Money Laundering Regulations,
- (c) Regulatory Code,
- (d) Financial Investigation Agency Act,
- (e) Financial Services Commission Act,

and also, calls for the application of a risk-based approach when applying measures to mitigate the risks associated with engaging with third party introducers.

The Guidance stems from the requirements set out in the Financial Action Task Force's (FATF) Recommendation 17 - *Reliance on Third Parties*. It is instructive as it relates to entities' understanding of risks associated with the use of introduced business including responsibility for understanding ownership and control of introduced clients, and mitigating risks stemming from the introducer relationship itself. The Guidance also outlines actions that should be taken in circumstances where it is necessary to terminate a third-party introducer relationship.

The FSC and FIA encourage FIs and DNFBPs to familiarise themselves with the Guidance and apply the information contained within, when engaging with third party introducers, including the best practices listed at the end of the Guidance.

The FSC and FIA remain committed to enhancing the Territory's capability for fighting financial crime and will continue to take steps to ensure that relevant tools are made available to supervised entities so that they can do their part in securing compliance.

Managing Director/CEO of the FSC, Mr Kenneth Baker noted that *"the joint issuance of this Guidance is an example of the ongoing collaboration between the FSC and FIA to provide all supervised entities with the information needed to ensure the highest level of compliance with all regulatory requirements. It is of vital importance that our supervised entities understand the risks associated with introduced business relationships and are aware of their obligations when engaging with these entities. Such awareness will aid in mitigating their risk exposure as they will be more apt to ensure that their introducers have taken*

the necessary steps to identify and verify the entities that ultimately become their clients. The FSC will continue to work with the FIA and other competent authorities to provide assistance to FIs, DNFBPs and other relevant persons through guidance such as this one; our expectation is that the information will be, embraced, absorbed and utilised, to put corresponding operational policies in place”.

The Director of the FIA, Mr. Errol George, commented, *“the Territory’s work in the fight against the use of legal persons and legal arrangements for illicit purposes including money laundering, terrorist financing, and proliferation financing, requires dedicated collaboration and coordination amongst local authorities. For this reason, I am pleased with the result of the collaboration between the FIA and the FSC to provide this important Guidance to FIs and DNFBPs to mitigate the risk posed by introduced business. All DNFBPs must ensure they utilise this Guidance and take them into account when developing and implementing their risk management programs. I look forward to collaborating with the FSC in the future to ensure we maintain the corporate environment in the BVI as a robust place to do business, and as one which deters those who would wish to use the BVI for illicit activities.*

The Guidance on Mitigating Risks with Introduced Business Relationships is available [here](#) on the FSC's website, and [here](#) on the FIA’s website.

Questions concerning this Press Release may be directed to commissioner@bvifsc.vg or info@fiabvi.vg