



The British Virgin Islands Financial Services Commission

Annual Report 2007



British Virgin Islands Financial Services Commission


2007 Annual Report

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Mission



To uphold the integrity of the British Virgin Islands (BVI) as a well-regulated international finance centre and safeguard the economic interests of the territory by:

- **Protecting the interests of the general public and market participants.**
- **Ensuring industry compliance with the highest international regulatory standards and best business practices.**
- **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.**

Strategic 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 within BVI legislation and 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 an ongoing review of financial services legislation and make recommendations for changes where necessary**
- **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**

Chairman's Statement



Robin Gaul

Chairman

*Robin
Gaul*

As Chairman of the British Virgin Islands Financial Services Commission, I am pleased to report to the Government and people of the British Virgin Islands through the Honourable Premier and Minister of Finance the progress and achievements of the Commission during 2007.

The year 2007 marked the Commission's sixth year of operation and, true to the dynamic nature of financial services business, change abounded. The evolution of international standards and new developments seeking to strengthen the global financial systems through prudent regulation again set the stage for the important initiatives undertaken by the Commission.

The Board of Commissioners adopted and ratified a number of new policy initiatives in support of the Managing Director and his team as they ably advanced the Commission's 2007 objectives.

Navigating through an ever-changing regulatory environment can be difficult. However, the initiatives adopted will ensure that the Commission can continue its commitment to the Government and the industry to maintain operations that meet increasing demands.

In accordance with section 27 of the Financial Services Commission Act, 2001, I am pleased to present this report of the operations and activities of the Commission for the 2007 year of operations together with the auditor's report and accompanying financial statements.

The Board of Commissioners remains ever-mindful of the need to balance marketability and competitiveness of the Territory's financial services products with the ongoing requirements of compliance and the Commission's monitoring and regulation duties as we strive to maintain the Territory's reputation as a well-regulated international financial centre.



*Robert
Mathavious*

Robert A. Mathavious

Managing Director/ CEO

It has long been a truism to say that we live in challenging times, but current global conditions present sharp challenges for those charged with ensuring the effective regulation of the international financial system. All regulatory authorities in all jurisdictions, whether large or small, onshore or offshore, bear the responsibility of ensuring that their legal armoury, their employees and the tools and processes they use to carry out their duties are fully up to the job. They need to raise their game on a sustained basis.

Under the heading of "Raising Our Game", the BVI Financial Services Commission (FSC) has continued in 2007 to strengthen relevant BVI legislation and to improve our own regulatory and supervisory approaches, our use of technology and our human resources, based on

a thoroughgoing self-assessment of current policies and practices.

In the face of global economic uncertainty, the Commission has enhanced its ability to fulfil its core objective of applying sound and robust regulation with the right touch to the 6,174 regulated entities conducting financial services business from within the BVI.

Confirmation that the BVI's approach meets international expectations came with the FSC's approval in April 2007 as an ordinary member of the International Organisation of Securities Commissions (IOSCO). The BVI is the first ever country to be admitted to ordinary membership of IOSCO based on changes to its legislation and under the IOSCO Memorandum of Understanding.

The BVI will continue to ensure that its voice is heard wherever matters of significance to its financial services industry are discussed, and we look forward in 2008 to the planned assessments of our regulatory and supervisory framework by the Caribbean Financial Action Task Force and the International Monetary Fund.

The FSC has also stepped up interaction with regulatory counterparts in other jurisdictions, including the United Kingdom, of which the BVI is an Overseas Territory. These now enjoy a better understanding of how our regimes meet international standards

Ongoing supervision of BVI entities was strengthened in January 2007 through an amendment to the Financial Services Commission Act that created a statutory Enforcement Committee, and by continuing the transition from desk-based offsite supervision to on-site, risk-based compliance inspections.

2007 further saw the development of working objectives for legislation to govern non-bank financing and money services and insurance, and the Commission anticipates good progress with the drafting and legislative advancement of these new laws.

Dialogue with industry was boosted in 2007 by the FSC's "meet the regulator" series. This responds to the FSC's remit to develop and promote a system of education for those engaged in financial services and related

businesses, and to foster cooperation at the local, regional and international levels.

Of notable benefit to our industry has been the successful rollout of our electronic registry VIRRGIN (Virtual Integrated Registry and Regulatory General Information Network). This has enabled us to make a quantum leap in how we serve the users of BVI corporate vehicles, providing them with longer hours of operation, greater efficiency in processing, more timely access to information and greater automation.

Enhancements to the FSC's own website have also made it easier for users to access the timely regulatory and legislative information that they require.

The Commission has taken further steps throughout the year to enrich the skills of all our employees by providing an enhanced range of training right across our operations. I am as ever extremely grateful to our dedicated and energetic staff, who have worked with renewed commitment and vigilance to ensure that the Commission achieves its objectives efficiently and effectively.

I expect 2008 and beyond to increase the Commission's workload in terms both of volume and complexity. We will continue to raise our game to ensure we can meet whatever challenges lie ahead.

Finally, I must thank our Board of Commissioners and the BVI government for their ongoing, steadfast support. We look forward to financial services continuing to make a powerful contribution to the economic

wellbeing of our territory and to the high-level skills of the people of the BVI.

The Financial Services Commission

The BVI Financial Services Commission is an autonomous regulatory body responsible for the regulation, supervision and inspection of all financial services in and from within the BVI. It was established in January, 2002 following the enactment of the Financial Services Commission Act, 2001 (“the FSC Act” or “the ACT”).

Functions

As set out in Section 4(1) of the FSC Act, the primary functions of the FSC include:

- Supervising and regulating licensees in accordance with the Act, all other financial services legislation and the Regulatory Code;
- Monitoring and regulating, in accordance with relevant financial services legislation, financial services business in or from within the Territory;
- Taking action against persons carrying on unauthorised financial services business in or from within the Territory;
- Receiving, reviewing and determining applications for licences;
- Monitoring compliance by licensees, and by such other persons who are subject to them, with the Anti-Money laundering Code of Practice and with
 - such other Acts, regulations, codes or guidelines relating to money laundering or the financing of terrorism as may be prescribed;
- Administering the Registry legislation;
- Monitoring the effectiveness of the financial services legislation in providing for the supervision and regulation of financial services business in the Territory to internationally accepted standards;
- Providing Cabinet and the Legislative Council with periodic reports, advice, assistance and information in relation to any matters relating to financial services business as may be necessary;
- Making recommendations to Cabinet on such amendments or revisions to the financial services legislation or such new legislation as the Commission considers necessary or appropriate in developing the financial services industry in the Territory;

- Developing appropriate legal, regulatory and supervisory mechanisms for the efficient and effective administration of the Commission and the financial services legislation;
- Maintaining contact and developing relations with persons engaged in financial services business in or from within the Territory with a view to
 - encouraging the development of high professional standards within the financial services industry; and
 - initiating and promoting codes of conduct for licensees;
- Maintaining contact and developing relations with foreign regulatory authorities, international associations of regulatory authorities and other international associations of groups relevant to the Commission's functions, and providing legal and regulatory assistance to foreign regulatory authorities in accordance with the Act or any other financial services legislation;
- Developing, with such persons as the Commission may determine for purposes of maintaining integrity and professionalism in the Territory's financial services industry, a system of continuing education for practitioners in financial services business;
- Adopting such measures as may be necessary to appropriately inform the general public on its functions and on matters relating to or affecting any financial services business or the registry legislation;
- Issuing such advisories to investors, licensees and the general public as it considers appropriate;
- Monitoring, in the public interest, promotional advertisements relating to any financial services business or to services provided under, or with respect to, any financial services legislation and giving such advice relating to accuracy, fairness and compliance with established laws and policies;
- Entering into memoranda of understanding with regulatory and law enforcement agencies within and outside the Territory; and
- Promoting a safe and sound financial services environment in the Territory.

Responsibilities to Government

Although the FSC and its Board operate autonomously, the FSC is fully accountable to the Cabinet and House of Assembly for the execution of its activities. Annual accounts, work plans and periodic management reports must be provided by the FSC to both Councils for review. The Commission is also responsible for maintaining an account called the Government Trust Account at a bank operating in the Territory and approved by Cabinet. All monies received on behalf of the Government, such as annual licence fees, along with other registration

and recognition fees payable under financial services legislation and any other such fees as agreed by Cabinet and the FSC, must be paid into this account.

Board of Commissioners

The Board of Commissioners is the FSC's governing and policy-setting body and is committed to upholding the integrity of the FSC, protecting the interests of the public and serving all regulated individuals and companies through efficient and accessible service-orientated policies and procedures. The Board monitors and oversees the management of the FSC through the Managing Director, with the objective of ensuring economic and efficient use of resources. The Board also ensures that the FSC's internal financial and management controls are adequate and that the FSC operates in accordance with the principles of good governance. The members of the Board of Commissioners are appointed by the Executive Council for terms ranging from one to three years.

The Board of Commissioners meets at least once per month and meetings are presided over by the Chairman and in his absence the Deputy Chairman, with a quorum of four Commissioners. During the meetings for the conduct of Commission business, the Board derives its decisions by a majority vote of the Commissioners present.

The appointments of Commissioners are on terms determined by Cabinet and are not for periods exceeding three years. Periods of appointment are made such that no more than one-third of the Commissioners shall expire every two years.

The Board is comprised of the Managing Director, as an ex-officio member, and not fewer than four or more than six other Commissioners, one of whom must be from outside the Territory and have a financial services background.

Members of the Board of Commissioners		Date of Appointment
Mr. Robin Gaul	Chairman	May 1, 2006
Mr. Colin O'Neal	Deputy Chairman	May 1, 2006
Mr. E. Walwyn Brewley	Commissioner	May 1, 2006
Mr. Martin Fuggle, OBE	External Commissioner	August 1, 2005
Mr. Phillip Fenty	Commissioner	March 1, 2006
Ms. Eleanor Smith	Commissioner	March 1, 2006
Mr. Robert Mathavious (Ex-officio)	Commissioner	



From Left to Right: Mr. Robin Gaul, Mr. Colin O'Neal, Mr. E. Walwyn Brewley, Mr. Martin Fuggle, OBE



From Left to Right: Mr. Phillip Fenty, Ms. Eleanor Smith, Mr. Robert Mathavious



(Board of Commissioners
at Monthly Meeting)

Currently the Board operates two sub-committees in respect of Investment and Finance.

During 2007 the Board considered and approved a variety of key policies and initiatives to further the work of the Commission.

Legal Proceedings

As a matter of policy, the Board believes that the FSC should appear '*Amicus Curiae*' (friend of the courts) in legal proceedings relating to, or which could potentially affect, the conduct of financial services business in the Territory.

Given the relative newness of the FSC and the FSC Act, the FSC believes that it should explore the possibility of addressing the courts on how it regulates matters that may have reputational risk implications. The Director of Legal and Enforcement is further researching how this

approach can be beneficial to the FSC and the Territory.

Investment Committee

The Board of Commissioners formally established an Investment Sub-Committee to administer its agreed investment policy and strategy. The investment policy and strategy govern how the funds that the FSC holds as regulatory deposits on behalf of licence-holders can be invested. The policy also dictates how and where the FSC's own financial reserves may be placed and makes recommendations to the full Board of Commissioners on all investment matters. The Investment Committee comprises the Chairman, Managing Director, both Deputy Managing Directors and the Financial Controller.

The approval process for the liquidation of solvent regulated entities was formalized by the adoption of a Board of Commissioners policy during the year.



(Mr. Fuggle and Mr. Gaul
at Monthly Meeting)

Capital Requirements for Company Management Licensees

To provide a more attractive means for BVI nationals to enter the trust and corporate services arena, and following the changes in corporate statute that require all BVI companies to have a Registered Agent, the Board agreed and published in 2007 new Financial Services Company Management Capital Resources Requirements. This licensing policy articulates the criteria and circumstances for issuance of a company management licence and specifically gives potential applicants flexibility in demonstrating minimum capital resources required.

Delegation of Enforcement Matters to the Enforcement Committee

A 2006 amendment to the FSC Act created the Enforcement Committee. The committee comprises the Managing Director, the head of Enforcement and other senior officers of the Commission appointed by the Board, these currently being the Deputy Managing Directors and Director of Policy, Research and Statistics. The committee is charged with considering and determining the exercise of the Commission's enforcement powers and reporting to the Board all enforcement action taken.





(Executive Management
Team Members at
Meeting)

Executive Management of the FSC

Robert Mathavious
Managing Director/CEO

Jennifer Potter-Questelles
**Deputy Managing Director, Corporate
Services**

Kenneth Baker
Deputy Managing Director, Regulation

Jacqueline Wilson
**Director, Legal and Enforcement
Legal Counsel**

Cherno Jallow
Director, Policy, Research and Statistics

Annet Mactavious
**Manager, Human Resources
Secretary, Board of Commissioners**

Other Division Heads

Banking and Fiduciary Services

Kenneth Baker
Director, Banking and Fiduciary Services

Ayana Glasgow
**Deputy Director, Banking and Fiduciary
Services**

Insolvency Services

Christopher Hill
Director, Insolvency Services

David Abednego
Deputy Director, Insolvency Services

Insurance

Michael Oliver
Director, Insurance

Elton Lettsome
Deputy Director, Insurance

Stanley Dawson
Deputy Director, Insurance

Investment Business

Ruth Chadwick
Director, Investment Business

Brodrick Penn
Deputy Director, Investment Business

Glenford Malone
Deputy Director, Investment Business

Legal and Enforcement

Jacqueline Wilson
Director, Legal and Enforcement

JoAnn Williams-Roberts
Deputy Director, Legal and Enforcement

Registry of Corporate Affairs

Myrna Herbert
Director, Registry of Corporate Affairs

Hugh Allington Hodge
Deputy Director, Registry of Corporate Affairs

Lydia Cline-Parsons
Deputy Director, Registry of Corporate Affairs

Corporate Services

Jennifer Potter-Questelles
Director, Corporate Services

Sheldon Scatliffe
Financial Controller

Human Resources

Annet Mactavious
Manager, Human Resources

Registry of Corporate Affairs



Registry of Corporate Affairs



“Transformed” is the word that best describes the activity at the Registry of Corporate Affairs in 2007. January 2007 saw the Registry and its users completing the first full month of transactions using the new Virtual Integrated Registry and Regulatory General Information Network (VIRRGIN).

VIRRGIN introduced full online submission and processing of Registry filings by licensed BVI Registered Agents and other practitioners, automating nearly all processes. In a distinct departure from traditional operations, the Registry adopted the use of electronic signatures for all certificates although they are still provided in hard copy for adequate security. The addition of cutting-edge technology added to the efficiency and eco-friendliness of Registry operations, reducing by over 90 per cent the volume of paper filed with and used by the Registry. Even given the Herculean task of introducing a totally new system of operations while breaking in the relatively new BVI Business Companies Act, the Registry turned in a record number of new incorporations of 77,000.

2007					
	Q4	Q3	Q2	Q1	Cumulative
Incorporations	21,111	17,803	20,595	17,513	404,321*
Limited Partnerships	41	18	28	26	471*
Number of Dissolutions	9,468	983	1,043	74	53,988

VIRRGIN's introduction caused quite a stir and attracted a beehive of activity throughout the year. In addition, on 1 January the Registry completed the automatic re-registration process for over 300,000 International Business Companies that had not voluntarily re-registered prior to the statutory deadline.

The Registry is the FSC's largest division in human resources, business activity and revenue generation with a staff of over 50 full-time employees.

To further support the changes in operations and transaction processing, the FSC published User Guides to assist users of the Registry and the general public to navigate the provisions and requirements of the legislation and the Registry's administrative procedures and introduced a quarterly publication aimed at informing users of changes in procedures.

As a further transition to a single corporate statute, the FSC in fulfilment of its responsibility for public education, hosted a series of public meetings to sensitise resident business owners and the population at large of the changes to requirements for former “local companies”.

Investment Business



Investment Business



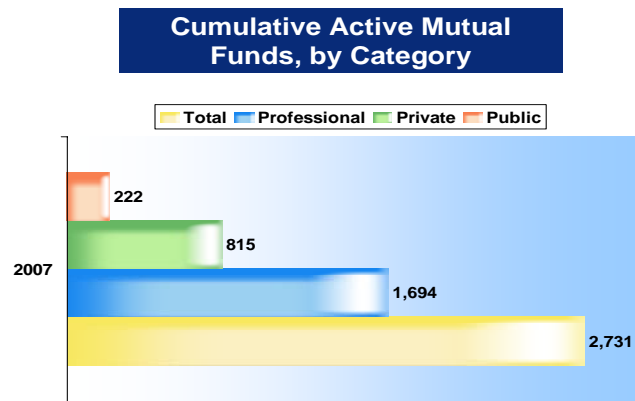
The FSC was welcomed as an ordinary member of the International Organization of Securities Commissions (IOSCO) at IOSCO's Annual Conference in Mumbai, India in April, 2007. IOSCO's Executive Committee recommended the BVI's membership after it concluded that the BVI complied with all of the standards and requirements outlined in the IOSCO Multilateral Memorandum of Understanding concerning Consultation and Cooperation and the Exchange of Information. The BVI FSC is the first ever ordinary member to be accepted on this basis. IOSCO's membership regulates more than 90 percent of the world's securities markets in over a hundred jurisdictions. The Deputy Director of the FSC's Investment Business Division, Mr. Glenford Malone, was part of the two-member team that attended the FSC's inaugural meeting as an ordinary IOSCO member in Mumbai.

Membership of IOSCO gives further impetus to the Commission's plans for recommending the enactment of comprehensive securities legislation. The proposed new legislation would likely subsume the current Mutual Funds Act

and is tentatively entitled the Securities and Investment Business Act (SIBA). The FSC has made significant progress in holding consultative meetings with current industry practitioners and other partners to discuss the scope and breath of SIBA. The provisions of the long anticipated mutual funds code of practice will be included in the FSC's regulatory code simultaneous with SIBA's enactment.

The BVI continues to experience high growth in mutual funds as the regime for regulating public, private and professional funds ends its tenth year.

At the close of the year, there was a total of 4,602 registered and recognized mutual funds and 829 licensed managers and/or administrators roughly 2731 funds and 549 functionaries remained active. The end of year figures demonstrate a 6.2 per cent increase in active funds over 2006.



In 2007, 317 new professional funds were recognised, showing a growth of 12.4 percent over the 282 professional funds recognised in 2006 and the highest number of professional funds recognised in a year since 1998. Segregated Portfolio Company (SPC) activity also saw a substantial increase in 2007, with the incorporation of double the number of professional fund SPCs compared with 2006. 2007 was the second year that BVI funds had the ability to incorporate or re-register as SPCs.

Annual Licences and Certificates Granted	2007
Professional	317
Private	87
Public	17
Managers	64
Administrators	2
Managers & Administrators	2

For the last four years the FSC has endeavoured to obtain more comprehensive information on BVI mutual funds, including gross and net asset values. The BVI Mutual Funds survey assists in fostering a reporting culture for BVI funds as a precursor to the BVI's participation in the IMF's Coordinated Portfolio Investment Survey (CPIS). There will be a formal requirement for funds to complete the survey return annually.

The most recent survey results showed that the net assets for the entities reporting were approximately US\$142 billion in 2006 and that most of the funds registered on a stock exchange were registered on the Irish Stock Exchange.

The Director-designate of the Investment Business Division undertook a six-month secondment in Ireland with a large fund manager at their Dublin offices to see the fund industry from the inside.

The division's Deputy Director participated in the CFATF's methodology training and was later selected to participate in a country assessment as a financial expert. The FSC was pleased to participate in these training and assessment exercises, which should prove valuable when the Territory undergoes its own CFATF assessment scheduled for 2008.

Banking and Fiduciary Services



Banking and Fiduciary Services



The primary responsibility of the Banking and Fiduciary Services Division is the administration of two key pieces of legislation: The Banks and Trust Companies Act; and The Company Management Act. Following amendments to both pieces of legislation in 2006, the new provisions of the Acts took effect during 2007.

The amended legislation now requires institutions holding BVI banking licences to publish financial statements, and it clearly outlines and explains what should be contained in those statements. It also provides guidance on dormant accounts. Those licensees holding fiduciary licences are now required to obtain the Commission's prior approval for the appointment of an auditor and for changes in the licensee's authorised agents and principal office. The principal purpose of the 2006 amendment, however, was the introduction of an expanded list of available trust licences to five.

Like the changes to the Banks and Trust Companies Act, the changes to the Company

Management Act now make it a breach of the legislation for licence-holders to appoint Senior Officers or an auditor or to change the licence-holder's name or operate a branch, subsidiary or agency without the Commission's prior approval. The amended Company Management Act also includes a detailed provision regarding the requirement to maintain financial records and redefines the scope of what constitutes company management business.

Private Trust Companies

The final piece of the private trust companies regime fell into place in 2007 with the introduction of regulations outlining the fees payable. BVI private trust companies were first introduced in 2006 by an amendment to the Financial Services Commission Act. They offer an avenue for trust companies that do not offer services to the general public, in order to fast track exemptions from the full licensing requirements and other provisions of the Banks and Trust Companies Act. The regime was widely anticipated by industry practitioners and has been used efficiently since its introduction. The amended FSC Act adds depth to the BVI's offerings in this area, joining other key statutes such as the Virgin Islands Special Trusts Act (VISTA).

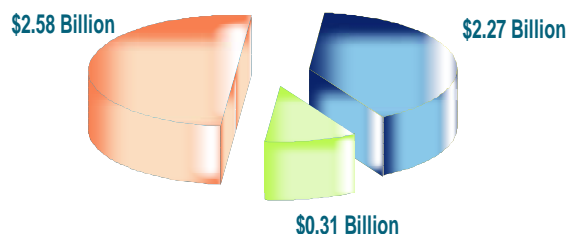
Under the Banks and Trust Companies Act, 1990, holders of general banking licences are authorised to engage in banking business within and outside the BVI, while banks with restricted licences may only conduct banking business outside the BVI. At the end of 2007, the BVI banking system comprised six general banking and three restricted Class I banking licensees. The total assets, liabilities and shareholder's equity retained from banks engaged in banking business in and from within the BVI as at the end of December 2007 were reported as US\$2.58 billion, US\$2.27 billion and US\$0.31 billion respectively.

the support of the Board of Commissioners as well as the commitment of the Government in ensuring that the necessary legislative and other regulatory changes are enacted to strengthen the Territory's compliance with international standards. The BVI will attend its first meeting as a full member of the OGBS in March 2008.

Part of the Banking and Fiduciary Services Division's agenda in 2007 was to prepare for the implementation of the revised Basel Capital Framework. The division established a questionnaire for current bank licensees to determine the information and strategies required to implement the framework.

BVI Banking System 2007

■ Total Shareholder's Equity ■ Total Assets ■ Total Liabilities



After completing key FSC objectives to comply with the Basel Core Principles for banking and the money laundering and terrorist financing standards of the Financial Action Task Force (FATF), the BVI applied and was unanimously accepted for membership in the Offshore Group of Banking Supervisors (OGBS¹) at its annual meeting in Macao, SAR China in October 2007.

Prior to this, the BVI had attended OGBS meetings as an observer. The FSC has long had

¹ OGBS is an international organization of financial regulators of major offshore financial centres

Insurance



Insurance



The Insurance Division continued its preparatory work for the development of a new Insurance Act, Regulations and Regulatory Code in 2007. The draft Insurance Bill was issued for public consultation, and feedback was received from the Insurance Manager's Association and the private sector generally. To further facilitate discussion on the provisions of the proposed legislation, the FSC hosted a session with the insurance industry where members of the Insurance Division and other FSC professionals were able to provide feedback on comments received during consultation and to receive further input.

The proposed legislation will replace the current Insurance Act of 1994 and covers the licensing and supervisory process for insurance business in the Territory, and improved ongoing supervision methods, including off-site monitoring, on-site inspections, enforcement measures, provisions for winding-up and prudential requirements. The bill has been drafted to ensure full compliance with the Insurance Core Principles set out by the International Association of Insurance Supervisors (IAIS) and to ensure consistency

with the newer provisions of the FSC Act and other financial services legislation.

At the end of 2007, the BVI had a total of 392 captive insurance licence-holders including 30 newly licensed captives. Captives in the BVI continue to be driven by the finance and insurance sectors, followed by health care and construction which represents approximately 15 per cent of the parent industries. Domestic insurance experienced only minimal growth in the number of licensed providers and the number of insurance managers remained constant.

Licence Holders	2007
Captive Insurers	391
Domestic Insurers	31
Insurance Managers	20

At the close of the year, there was a total of ten Segregated Portfolio Companies licensed, with 52 segregated portfolios between them.

During 2007, the division continued to work on bringing some of the lesser known requirements of BVI legislation to the attention of insurers that underwrite business in the BVI and brokers that place BVI business. This exercise has had the desired effect of making those concerned better informed about the full requirements of the Act. Furthermore, it has led to one insurer opting to seeking licensing in the Territory and to another applying for the requisite exemption from some

provisions of the Act to allow it to service BVI clients.

The Insurance Division attended several meetings of the IAIS, including the Annual Conference in Fort Lauderdale, Florida in October 2007. The IAIS works closely with other financial sector standard setting bodies and international organizations to promote financial stability. As a member of IAIS, BVI is also a member of the drafting group for the IAIS Guidance Paper on the Regulation and Supervision of Captive Insurers, and the Director attended meetings to progress the completion of this paper. The division also represented the FSC as a member of the IAIS Sub-committee on Regional Coordination and Insurance Fraud.

The FSC teamed up with Caribbean Regional Technical Assistance Centre (CARTAC) and the IAIS to host a five-day training seminar in the BVI for the Caribbean Association of Insurance Regulators. The programme covered internal controls, corporate governance and licensing among other matters. The seminar's facilitators included senior regulators from Office of the Superintendent of Financial Institutions in Canada and the Jamaican FSC as well as the BVI's Director of Insurance.

In other training accomplishments, two of the division's regulators completed their first examinations for the Associate in Captive Insurance designation programme run by the International Centre for Captive Insurance Education. The Deputy Director, Insurance (Domestic) also completed a four-month secondment with the Isle of Man Insurance and Pensions Authority (IPA). The secondment gave the Deputy Director an opportunity to assist in conducting on-site inspections of intermediaries, including the formation of procedures and report templates, financial statement reviews and working with the IPA's database of insurers.

The BVI provided its initial submission to the Insurance Laws Database in 2007. The online database facility collects comprehensive data about insurance laws, regulations and practices of contributing jurisdictions. It provides easy access to, and the ability to compare, legal aspects of insurance supervision and contributes to the improvement and mutual understanding of the different insurance supervisory systems. The site is maintained by the IAIS and is available to members.

Insolvency Services



Insolvency Services



The year 2007 is the fourth year of the BVI's insolvency regime. In 2007 the Insolvency Services became the third division of the FSC to commence on-site inspections of regulated persons following the Board of Commissioner's approval of their inspection process. The process, which in most respects mirrors the objectives of the processes employed by the other regulatory divisions was introduced to licensed insolvency practitioners in September 2007, following internal training of officers to carry out the inspections.

The reconstituted Insolvency Liaison Committee met during the year to discuss the new on-site inspection regime, the possibility of tightening insolvency requirements, practitioner licensing and the proposed insolvency industry body. The Committee conducted and discussed a review of insolvency licensing requirements and was supportive of an increase in the minimum experience requirements.

The Insolvency Services Division was represented at the annual meeting of the International Association of Insolvency

Regulators (IAIR) in Bangkok, Thailand. The meeting provided a valuable opportunity to introduce interested persons to the regime and to develop working relationships with other regulators. The Division was able to update its knowledge of issues concerning other regulators, and alternative practices and procedures. An updated paper on BVI insolvency matters was presented at the meeting.

Regulation and Supervision

On-site Inspection Programme

In 2004, the FSC introduced a formal inspection programme with the primary goal of carrying out on-site inspections to improve its understanding of the business of regulated entities and to evaluate an entity's compliance culture more fully and compile a complete risk profile of the entity.



The on-site inspections are conducted by a team of regulators and in some cases are multi-divisional. The team is usually led by a senior regulator from the regulatory division responsible for the day-to-day supervision of the entity. During the visit, the team is able to clarify any points arising out of the pre-inspection questionnaire and gain a better understanding of the business undertaken by the entity.

The breadth and scope of the inspection is determined by the complexity of the regulated entity's business, its available resources and the FSC's specific concerns. Inspection visits culminate with wrap-up meetings that are

convened with the entity's senior management to review the preliminary findings of the assessment and discuss the next steps in the process. Following the conclusion of the inspection, the FSC provides the entity with a formal inspection report, summarising the areas assessed and setting out recommendations for corrective action where required.

Following the recruitment of an On-site Inspection Coordinator, a total of 29 on-site inspections were conducted during 2007, providing valuable insight to the FSC. The Coordinator provides a more focused approach to the conduct of on-site inspections and is able to identify similarities, trends and specific "watch" areas to focus the FSC's on-going supervision efforts better on identifying areas for more industry sensitization and training.

Licensing and Supervisory Committee

Since the statutory creation of the FSC in 2001, the Licensing and Supervisory Committee (LSC) has been tasked with reviewing and determining applications for authorisations and licences under all financial services legislation. The LSC, which functions as a college of regulators, meets weekly to deliberate on matters brought before the body by the divisional directors. In 2007, the LSC's Chairman invited the Director of the Policy, Research and Statistics Division to become a sitting member of the committee and many important and critical policies related to

the on-going supervision of regulated entities have been introduced as a result of matters deliberated at committee meetings. The LSC meets weekly and during 2007 deliberated on 1,053 matters during the course of the year.

Enforcement Committee

The Enforcement Committee was created through an amendment to the FSC Act in 2006. The committee is responsible for considering and determining all enforcement action taken by the FSC as delegated by the Board of Commissioners. The committee held its inaugural meeting in February 2007 and devised protocols and procedures to govern its functions and activities. The committee reviewed contraventions in respect of [number of entities] entities. Enforcement action was taken in ten cases during 2007 for infractions ranging from [insert range of cases]. Action taken included the issue of warning letters, advisory warnings

Regulatory Developments

The Managing Director led a delegation, including the Deputy Managing Director of Corporate Services and representatives from Legal and Enforcement and the Registry of Corporate Affairs, on a familiarisation mission to Panama during the first quarter of 2007. The BVI currently has a large number of licensed entities with parent companies domiciled in Panama. While in Panama, the group paid courtesy calls on the Superintendent of Banks and the Registrar of Companies, as well as financial services providers who currently have affiliated licensees in the BVI. The Managing

Director delivered an address at a breakfast session for the Panama legal and financial services community.

In May 2007, senior FSC managers participated in the conference “The Outlook for International Financial Services Regulation” hosted by the BVI on behalf of the Overseas Countries and Territories Association of the European Union.

The conference included panel discussions on a host of relevant topics including financial centres as an ongoing development tool, implementing international commitments, the IMF’s offshore financial centre assessments and the definition of offshore. Participants included the IMF and IOSCO.

The FSC has long championed the need for regional UK Overseas Territories (OT) Regulators to meet regularly to discuss matters of mutual interest and In November 2007 the FSC was pleased to participate in the first Overseas Territories Regulators Meeting, which was hosted by the Cayman Islands Monetary Authority. Five financial services regulators were in attendance and challenges, strategies and critical issues regarding financial services were discussed. The OT Regulators group intends to meet bi-annually.

The FSC also participated in the fourth annual IMF Round Table for Offshore and Onshore Supervisors and Standard-Setters hosted by the Cayman Islands Monetary Authority (CIMA) in December 2007. Attendees included representatives from the Caribbean, North

America, Europe and specifically the Basel Committee on Banking Supervision, the FATF and IAIS. The IMF facilitated the two-day event, which aimed to continue the consultative dialogue of earlier seminars. The seminar covered corporate governance and financial integrity, contingency planning and transparency and risk Transfer.

A BVI delegation from the FSC, including the External Commissioner, the Managing Director and the Director, Legal and Enforcement, attended the annual Economic Crime Symposium and delivered a speech on the Impact of Anti-Corruption Initiatives.

With the Financial Services (Administrative Penalties) Regulations approved by Executive Council, the Administrative Penalties regime

came into effect in January, 2008. The Regulations empower the Commission to assess a range of penalties for the contravention of financial services legislation.

The BVI's Company Law Advisory Committee (CLAC), which was statutorily created by section 228 of the BVI Business Companies Act, continued to meet in 2007. Members of the Committee were appointed by the Honourable Minister of Finance on the recommendations of the FSC.

The CLAC is tasked with continuous review of the Territory's corporate statute. Matters discussed at the meetings included the private trust companies regime and guidance on bearer shares issues.

Policy, Research and Statistics



Policy, Research and Statistics



The year 2007 brought new challenges to the Policy, Research and Statistics Division as it aimed to formalise many of the FSC's existing practices.

In preparation for the year ahead, at the end of 2006 the FSC set out its policy agenda with a Strategic Policy Development Retreat for members of the Board of Commissioners and Senior Officers. The all-day event brought policymakers and management-level regulators together to discuss the emerging issues facing the FSC and devise strategies to meet the challenges identified. The retreat established priorities and goals for the year and strengthened the sense of purpose around the FSC's annual work plan. The FSC aims to hold similar events for its management team to encourage cohesiveness and communication across organisational areas.

Following the retreat, the Policy, Research and Statistics Division took the FSC's established objectives forward during the year, conducting and analysing the results of a financial literacy survey of local high school and college students

and members of the general public. The survey sought to gauge knowledge of financial services products, general knowledge of the industry and knowledge of the Commission. It assisted the FSC in fulfilling its responsibility to inform and educate the public about its functions and matters related to financial services business and legislation. The results of the survey will be used to design an appropriate training programme for students and for public awareness.

The Division was instrumental in developing a formal policy to govern the grant of approval for the liquidation of solvent regulated entities. The internal process streamlined the necessary steps and formalised the delegated authority necessary to complete the application/approval process efficiently.

As mentioned above, in 2007 the Division conducted a formal review of the FSC's four-year-old Cadet Programme. The programme, which was introduced to ensure that the FSC has available a pool of well-trained regulatory staff to conduct on-going supervision, is open to BVI nationals who are at least 18 years of age and have completed a first degree or hold the equivalent work experience. The programme has trained approximately 15 recruits through its 18-month rotation process.

In May 2007, the Division continued to facilitate the BVI's participation in international statistical

compilations, with a submission to the International Monetary Fund's (IMF) Information Framework. The division also played host in May to a team from the Monetary and Capital Markets Division of the IMF who visited the BVI in order to encourage participation in the Coordinated Portfolio Investment Survey (CPIIS). The two-day visit included meetings with senior management of the FSC and members of the financial services industry. The FSC awaits the report from the IMF's visit, which will assist in designing and implementing reporting forms for the mutual funds industry.

The year 2007 also saw the successful recruitment of a new Director, Policy, Research and Statistics. Former BVI Attorney General, Mr Cherno Jallow, QC, joined the FSC in July. The

post had been vacant since the former Director demitted office in mid 2006.

"Meet the Regulator" Forums played a key role in industry consultation during 2007. The meetings attracted a large number of senior managers from regulated entities and were held on a quarterly basis, generally for a full day. Topics discussed in 2007 included the incorporation of the newly introduced Private Trust Companies (PTCs), developments in international anti-money laundering standards, observations from on-site inspections, the continued implementation of the FSC's new VIRRGIN information system, upcoming reviews of the Territory by the CFATF and IMF and the proposed new Insurance bill.

Legal and Enforcement Division



Legal and Enforcement Division



The FSC's Legal and Enforcement Division provides ongoing legal support to divisions, Executive Management and the Board of Commissioners. It also acts as legal counsel in any matter before the Courts. In fulfilment of its enforcement role, the Division provides advice to the recently introduced Enforcement Committee on appropriate action to address regulatory breaches and similar concerns. While these powers are used primarily to ensure that regulated persons comply with the requirements of the Financial Services Commission Act and the various financial services legislation, they also enable the Commission to achieve its regulatory objectives as set out in the Financial Services Commission Act.

International Cooperation

As the lead Division for the FSC's international cooperation relationships, one of the Division's responsibilities is to co-ordinate and execute requests for assistance by and to foreign

regulatory and law enforcement authorities. The division managed the application process that successfully led to the FSC attaining membership in the Financial Crime Information Network (FIN-NET) this year. FIN-NET, a United Kingdom network created in 1992, facilitates the exchange of information between law enforcement agencies to promote greater integrity in the UK financial system.

This new membership strengthens the cadre of information available to the FSC to conduct due diligence on persons in assessing applications for licences and for the purpose of conducting on-going supervision.

The publication of the FSC's International Cooperation Handbook further strengthened the FSC's efforts towards heightened levels of international cooperation. The publication is designed to provide a comprehensive reference to the Territory's international cooperation efforts for those that wish to seek the assistance of law enforcement authorities. Since the publication of the handbook the Commission has entered Memoranda of Understanding with Jersey and the BVI Financial Investigation Agency (FIA).

The MOU with the FIA establishes a formal basis for cooperation and information exchange between the entities. Similarly, the MOU with the Jersey regulator should help to protect the interests of investors and depositors and promote the integrity of the financial services arena in both Territories. The BVI and Jersey

have cooperated on several regulatory matters over the years and the MOU will boost that collaborative effort to the benefit of both regulatory regimes.

During 2007, the Division responded to 69 requests for assistance from foreign regulatory and law enforcement authorities.

Legal and Enforcement Division	2007
International Cooperation	
<i>Formal Requests</i>	57
<i>Informal Requests</i>	16
Enforcement Matters	10
Advisory Warning	1

Corporate Services



Corporate Services



For several years the FSC studied the challenge of how to manage the physical storage requirements of maintaining a Register of Companies with over half a million entries, over 70,000 new companies added annually and the need to constantly retrieve these records as the companies grow and change, transact business and participate in multinational ventures. With the introduction of VIRRGIN, the FSC sought to raise the bar.

To facilitate the roll-out of Phase II of VIRRGIN, the FSC dispatched teams to Singapore for a second round of Factory Acceptance Testing at the development site and then conducted further User Acceptance Testing on-site at the FSC prior to roll-out. In addition to internal testing, the FSC provided complimentary testing to all licensed Registered Agents and through this initiative trained more than 150 persons. Participants were also provided training CDs to reinforce the classroom-style instruction which was provided at the FSC Resource Centre. The VIRRGIN Support help-desk acted as a centre of excellence in assisting users to make the

transition to the application as well as supporting customers of the Registry.

As part of the FSC's commitment to partnering with the industry, the Deputy Managing Director of Corporate Services addressed the Association of Registered Agents' quarterly luncheon in March to discuss the VIRRGIN roll-out and plans for Phase II. The VIRRGIN roll-out also prompted a number of agencies and organisations locally and internationally to request a viewing of VIRRGIN's capabilities as they related to process automation, digitization of documents and archiving.

Following VIRRGIN's first twelve months of full Registry operation, the FSC's financial auditors completed an IT audit of the system and its capabilities at the year end.

The IT audit confirmed the integrity of the system's workflow processes, financial information and record-keeping, as well as the checks and balances required. In 2008 the bar will continue to rise as the department turns its attention to automation of regulatory processes and activities. The VIRRGIN system celebrated its first anniversary on 11 December with an appreciation day for Registry users. VIRRGIN currently supports approximately 300 concurrent external users daily, representing approximately 100 licensed trust and corporate service providers.

Also in 2007, the FSC entered into on a new relationship to provide for radio frequency identification (RFID) to manage physical file assets, primarily at the Registry of Corporate Affairs. After a lengthy research process that included site visits for similar installations, the FSC selected a system to be implemented early in 2008. The implementation of the RFID technology is expected to deliver improved capabilities for tracking and provisioning files to facilitate public searches of the companies register and internal processing requirements.

Management of the FSC website as a primary mechanism for communicating important initiatives and events to financial services stakeholders continued in 2007 with the provision of consultative documents for comments. Both the insurance and money services bills were deployed on the FSC website and commented on by industry partners. The FSC continues to develop the website as a major part of the corporate communications infrastructure and has plans to expand the site's offerings and interactive capabilities in the next year. Other corporate communications initiatives included the coordination and publication of a Registry Update newsletter on behalf of the Registry of Corporate Affairs. The publication communicates items of specific interest to users of the Registry, including upcoming deadlines and changes in administrative procedures.

The Corporate Services Division continued to provide leadership in media relations for the FSC through publication of general press

releases to the public as well as targeted circulars to members and through the coordination of the FSC's participation in supplements showcasing the regulatory regime in financial newspapers, magazines and trade journals. The division also organised the FSC's Meet-the-Regulator series.

The Corporate Services Division further took the lead on events planning for the FSC, including the Board of Commissioners' annual cocktail reception and training programmes on behalf of several international organisations where the FSC is associated or is a member.

Human Resources



Human Resources



At the end of 2007, the FSC's human resource complement stood at 121, which shows substantial growth compared with the 64 employees at the foundation of the FSC in January 2002. During 2007, the FSC welcomed 16 new hires, five of which filled new positions including the areas of On-site inspection, Finance, Quality Assurance and Legal and Enforcement. The FSC also drew heavily on temporary and part-time employees to support the critical implementation of VIRRGIN at the Registry of Corporate Affairs.

The FSC regrettably released the Deputy Director, Legal and Enforcement for her return to the Civil Service following the end of secondment arrangements with the Government. We also bade farewell to the Director, Investment Business, whose second three year contract concluded. The Deputy Director, Banking and Fiduciary Services and an Assistant Registrar left the FSC to join the private sector. The FSC also said goodbye to the first FSC retiree at the end of the year.

The Human Resources department continued to administer the Professional Cadet Development Programme in support of the increasing number of regulators needed to ensure effective supervision of the Territory's financial services arena. The programme was reviewed by the Policy, Research and Statistics Division and the Human Resources Department to assess its effectiveness in its fourth year of existence.

The assessment looked at the strengths and challenges and methods of information delivery and made recommendations for improvements. The fourth cohort of cadets was permanently assigned in 2007.

The FSC welcomed six summer interns between May and August 2007. The addition of summer interns provides resources for special projects and initiatives within the FSC. The interns are typically at least second year students pursuing a first degree who would like a formal introduction to the regulation of financial services.

To support its employees more fully, the FSC introduced a formal Employee Assistance Programme (EAP), which includes counselling and referral services and a general loan programme. Employees requiring assistance with issues of either a private or a professional nature have the services of a trained professional in the field. This benefit is aimed at promoting and supporting a productive working environment.

To date, several employees have benefited from the provision of services including an on-site presentation by the EAP Counsellor.

The FSC also maintains a general loan programme, limited to non-senior employees who have completed at least four years of service.

Training continues to be one of the hallmarks of the FSC and employees continued to be supported in their professional growth and development in 2007 pursuing or completing long-term training in the areas of finance and law. Three employees who have been furthering their education in Finance and Information Technology are due to complete their studies and resume full-time employment during the second quarter of 2008. During 2007, the FSC welcomed back one newly trained Barrister to the Legal and Enforcement Division and appointed an additional Assistant Registrar who recently completed a two-year law degree. The FSC was pleased to arrange two outward secondment agreements for senior regulatory employees in 2007. The Deputy Director of Insurance was seconded to the Isle of Man Insurance and Pensions Authority for four months at the beginning of the year and the Acting Director of Investment Business was seconded to a major fund manager in Ireland for six months concluding in December. The FSC consistently welcomes any opportunity to gain relevant training for key regulatory employees to enhance their experience and supplement traditional training.

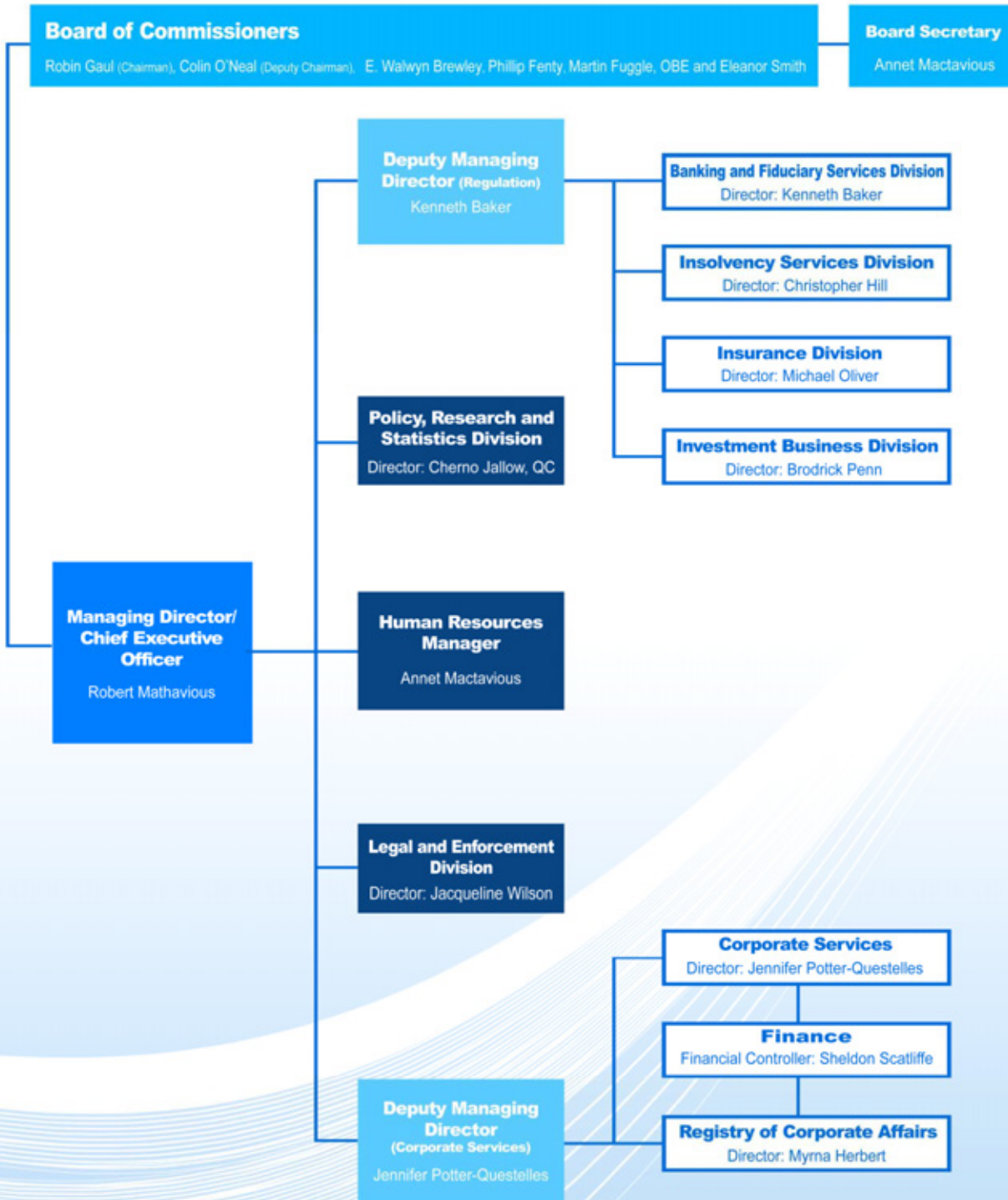
In December, the Human Resources department hosted on behalf of the Managing Director and Board of Commissioners the first annual FSC Kids Party. The Christmas party, complete with a rotund Santa, was held in the grounds of a local elementary school and featured games, prizes, food and fun for children of FSC employees. The event was extremely well received by everyone involved.



Pension Plan

The BVI FSC Pension Plan continues to be managed through an AA-rated, well-capitalized Canadian Bank. At the close of 2007, there were 114 members enrolled in the plan. The plan, which is a defined benefit plan, is funded by contributions from both employees and the FSC. Participation in the plan is mandatory for FSC full-time, non-contract employees who have joined since its launch.

**BVI Financial Services Commission
Organisational Chart as at 31 December 2007**



***BVI Financial Services Commission
Legislative Amendments Introduced in 2007***

1. **BVI Business Companies (Amendment of Schedules) Order, 2007**
Approved by Executive Council on 29 June, 2007
 2. **Financial Services Exemptions Regulations, 2007**
Approved by Executive Council on 2 August, 2007
 3. **BVI Business Companies (Company Names) Regulations, 2007**
Approved by Executive Council on 2 August, 2007
 4. **Financial Services (Administrative Penalties)(Amendment) Regulations, 2007**
Approved by Executive Council on 16 August, 2007
 5. **Financial Services Exemptions (Amendment) Regulations, 2007**
Approved by Cabinet on 27 December, 2007
- 

BVI Financial Services Commission
Summary of Licences Issued as at 31 December 2007

Banking and Fiduciary Services	
	<i>Licences Granted in 2007</i>
General Banking	6
Restricted Class I Banking	3
Class I Trust (includes General Trust Licences)	98
Class II Trust	2
Class III Trust	3
Restricted Class II Trust (includes Restricted Trust Licences)	107
Restricted Class III Trust	0
Company Management	21
Authorised Custodian	7
Registered Agents	117
Insurance	
Captive Insurers	391
Domestic Insurers	31
Insurance Managers	20
Investment Business Division	
Professional	317
Private	87
Public	17
Managers	64
Administrators	2
Managers & Administrators	2

BVI Financial Services Commission**Licensing and Supervisory Committee Statistics as at 31 December 2007**

	Banking and Fiduciary Services Division	Insurance Division	Investment Business Division	Insolvency Services Division
Appointment of a senior officer	97	-	-	-
Appointment of a director	105	30	81	-
Change in Shareholding or Ownership	19	-	47	-
Grant/ Re-issue of a Restricted Class II Trust Licence	40	-	-	6
Grant of a Licence	-	27	-	-
Grant of/ Re-issue a Certificate of Authority	-	7	-	-
Change in Ownership or Shareholding	-	24	-	-
Cancellation of Licence (Manager)	-	-	2	-
Cancellation of Recognition/ Registration of Fund	-	-	1	-
Grant of Amendment to or Extension of Licence (Manager)	-	-	159	-
Registration of Public Fund	-	-	16	-
Revocation of a licence to act as an Insolvency Practitioner	-	-	-	4
Amendment to the Schedule of Subsidiaries	8	-	-	-
Grant of a Company Management Licence	4	-	-	-
Grant of a Class I Trust Licence	5	-	-	-
Information Paper	20	18	2	3
Approval of an Authorised Custodian	1	-	-	-
Appointment of Officers	-	5	-	-
Recognition of Professional Fund	-	-	12	-
Recognition of Private Fund	-	-	2	-
Change of Custodian	-	-	2	-
Issue of a Directive	2	-	-	-
Referral to Enforcement Committee for Administrative Penalty	1	-	-	-
Appointment of a Receiver	1	-	-	-

Licensing and Supervisory Committee Statistics as at 31 December 2007 (Cont'd)

	Banking and Fiduciary Services Division	Insurance Division	Investment Business Division	Insolvency Services Division
Compliance Inspection Report	8	3	-	-
Issue of a Class II Trust Licence	2	-	-	-
Change in Company Name	1	-	-	-
Modification of a previous LSC approval	-	1	-	-
Refusal to Grant Licence	-	3	-	-
Recommendation of/Grant of Exemption	-	5	-	-
Non-Pursuit of Enforcement Action	1	-	1	-
Appointment of a Protector of Trusts	1	-	-	-
Revocation of Licence	3	-	-	-
Conversion to managed cubicle	1	-	-	-
Issue of a Class III Trust Licence	1	-	-	-
Creation of a SPC	-	3	-	-
Notification of Voluntary Liquidation	-	2	-	-
Appointment of a Liquidator	-	14	4	-
Exemption from the requirement to Appoint an Auditor	-	-	1	-
Incorporation of an SPC	-	-	4	-
Publication of Revocation Notice	-	-	-	4
Change in Administrator	-	-	2	-
Change in Manager	-	-	1	-
Registration of an SPC	-	-	1	-
Referral to Enforcement Committee	15	187	9	1
Merger	-	4	-	-
Giving Prior Consent to being put into Voluntary Liquidation	-	12	4	-
Appointment of a Trustee	-	1	-	-
Refusal to Grant a Certificate of Authority	-	1	-	-
Amendment to Memorandum and Article of Association	-	1	-	-

BVI Financial Services Commission
Enforcement Committee Statistics as at 31 December 2007

Strongly Worded Letter	11
Administrative Penalty	2
Issue of an Advisory Warning	1
Directive (to cease and desist)	2
Directive (to wind-up)	1
Appointment of an Examiner	1
Issue of a Public Statement	2
Revocation of Licence	1

BVI Financial Services Commission

Statutory Committees as prescribed by Financial Services Legislation

1. **Licensing and Supervisory Committee (Financial Services Commission Act, 2001)**
 2. **Enforcement Committee (Financial Services Commission Act, 2001)**
 3. **Company Law Review Advisory Committee (BVI Business Companies Act, 2004)**
 4. **Mutual Funds Advisory Committee (Mutual Funds Act, 1996)**
 5. **Joint Anti-Money Laundering Coordinating Committee (Anti-Money Laundering Code of Practice, 1999)**
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Glossary of Terms

AML	<i>Anti-Money Laundering</i>
ARA	<i>Association of Registered Agents (BVI)</i>
ASBA	<i>Association of Supervisors of Banks of the Americas</i>
BIS	<i>Bank for International Settlements</i>
CARTAC	<i>Caribbean Regional Technical Assistance Centre</i>
CDB	<i>Caribbean Development Bank</i>
CFATF	<i>Caribbean Financial Action Task Force</i>
CFT	<i>Combating the Financing of Terrorism</i>
CGBS	<i>Caribbean Group of Banking Supervisors</i>
CIMA	<i>Cayman Islands Monetary Authority</i>
CMO	<i>Chief Minister's Office (BVI)</i>
CSP	<i>Corporate Service Provider</i>
EAS	<i>Economic Affairs Secretariat (BVI)</i>
ECCB	<i>Eastern Caribbean Central Bank</i>
ECLAC	<i>Economic Commission for Latin America and Caribbean</i>
Egmont Group	<i>Informal Group of FIUs (International Cooperation)</i>
EU	<i>European Union</i>
EUUSD	<i>European Union Savings Tax Directive</i>
FATF	<i>Financial Action Task Force</i>
FCO	<i>Foreign and Commonwealth Office</i>
FIA	<i>Financial Investigation Agency (BVI)</i>
FIRST	<i>Financial Sector Reform and Strengthening (FIRST) Initiative</i>
FIUs	<i>Financial Intelligence Units</i>
FRB	<i>Federal Reserve Bank</i>
FSA	<i>Financial Services Authority (UK Regulator)</i>
FSC	<i>Financial Services Commission</i>
FSF	<i>Financial Stability Forum</i>
FSLAC	<i>Financial Services Legislation Advisory Committee (BVI)</i>
IAIR	<i>International Association of Insolvency Regulators</i>
IAIS	<i>International Association of Insurance Supervisors</i>

Glossary of Terms (Cont'd)

IBC	<i>International Business Company</i>
ICA	<i>International Compliance Association</i>
ICSA	<i>International Chartered Secretaries Association</i>
IFC	<i>International Finance Centre (BVI)</i>
IMF	<i>International Monetary Fund</i>
IOSCO	<i>International Organisation of Securities Commissions</i>
ITIO	<i>International Tax and Investment Organisation</i>
JAMLACC	<i>Joint Anti-Money Laundering Coordinating Committee</i>
KYC	<i>Know Your Customer</i>
LSC	<i>Licensing and Supervisory Committee (BVI)</i>
MLAT	<i>Mutual Legal Assistance (in Criminal Matters) Treaty</i>
MLRO	<i>Money Laundering Reporting Officer</i>
MOF	<i>Ministry of Finance (BVI)</i>
MOU	<i>Memorandum of Understanding</i>
MMOU	<i>Multilateral Memorandum of Understanding</i>
NGOs	<i>Non-Governmental Organisations</i>
NPOs	<i>Non-Profit Organisations</i>
OECD	<i>Organisation of Economic Co-operation and Development</i>
OFC	<i>Offshore Financial Centre</i>
OGCISS	<i>Offshore Group of Collective Investment Scheme Supervisors</i>
OGBS	<i>Offshore Group of Banking Supervisors</i>
OGIS	<i>Offshore Group of Insurance Supervisors</i>
OR	<i>Official Receiver (BVI)</i>
PEP	<i>Politically Exposed Person</i>
SAR	<i>Suspicious Activity Report</i>
SEC	<i>Securities and Exchange Commission</i>
SIBA	<i>Securities and Investment Business Act (BVI)</i>
STEP	<i>Society of Trust and Estate Practitioners</i>
STR	<i>Suspicious Transaction Report</i>
TIEA	<i>Tax Information Exchange Agreement</i>

BVI Financial Services Commission

Strategic Partners



