



**BVI FSC**  
**AML/CFT/CPF**  
**STRATEGY**  
**2025-2027**

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## FSC AML/CFT/CPF STRATEGY 2025 – 2027

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## Acronyms

AML	-	Anti-Money Laundering
AMLR	-	Anti-Money Laundering Regulations
AMLTFCOP	-	Anti-Money Laundering and Terrorist Financing Code of Practice
ASBA	-	Association of Supervisors of Banks of the Americas
BO	-	Beneficial Ownership
CA	-	Competent Authority
CCA	-	Council of Competent Authorities
CDD	-	Customer Due Diligence
CFATF	-	Caribbean Financial Action Task Force
CFT	-	Countering the Financing of Terrorism
CGBS	-	Caribbean Group of Banking Supervisors
CLEA	-	Committee of Law Enforcement Agencies
DNFBP	-	Designated Non-financial Businesses and Professions
DTOA	-	Drug Trafficking Offences Act, 1992
EU	-	European Union
FI	-	Financial Institutions
FIA	-	Financial Investigation Agency
GIFCS	-	Group of International Finance Centre Supervisors
IAIS	-	International Association of Insurance Supervisors
IFC	-	International Finance Centre
IGC	-	Inter-governmental Committee on AML/CFT Matters
IOSCO	-	International Organisation of Securities Commissions
JALTFAC	-	Joint Anti-money Laundering and Terrorist Financing Advisory Committee
LEA	-	Law Enforcement Agencies
ML	-	Money Laundering
MLRO	-	Money Laundering Reporting Officer
MMoU	-	Multi-lateral Memorandum of Understanding
MoU	-	Memorandum of Understanding
MSB	-	Money Services Business
NAMLCC	-	National AML/CFT Co-ordinating Council
NRA	-	National Risk Assessment
PEP	-	Politically Exposed Person
PF	-	Proliferation Financing
RA	-	Registered Agent
RBA	-	Risk Based Approach
TCSP	-	Trust and Corporate Services Provider
TF	-	Terrorist Financing
UBO	-	Ultimate Beneficial Owner
UNSCR	-	United Nations Security Council Resolution
VA	-	Virtual Assets
VASP	-	Virtual Asset Services Provider
VI	-	Virgin Islands
WMD	-	Weapons of Mass Destruction

# 1. Overview AML/CFT/CPF Strategy

- 1.1 The British Virgin Islands Financial Services Commission's (Commission) AML/CFT/CPF Strategy, a three-year road map for the period 2025 to 2027, aims to mitigate inherent ML, TF and PF risks, prevent illicit activities, reduce systemic risks and promote confidence and stability within the financial services sector. The primary objective of the AML/CFT/CPF Strategy is to establish a robust framework that safeguards the financial services sector from being exploited for illicit activities, including money laundering, terrorist financing and proliferation financing.
- 1.2 The AML/CFT/CPF Strategy is informed by, and designed to address, the broad areas identified in the Commission's AML/CFT/CPF Policy. Both documents should be viewed in tandem as the Policy provides the framework around which the AML/CFT/CPF Strategy and its objectives are built.
- 1.3 The AML/CFT/CPF Strategy sets out objectives which embody, inter alia, the findings of the 2020 Virgin Islands Terrorist Financing Risk Assessment, 2022 Virgin Islands Proliferation Financing Risk Assessment, 2022 Virgin Islands Money Laundering Risk Assessment and recommendations emanating from the The Virgin Islands Fourth Round Mutual Evaluation Report (2024 MER), issued by the CFATF in February 2024. Changes in international AML/CFT/CPF standards and findings stemming from the Commission's supervisory, compliance and enforcement regimes have also been considered. Regard has also been given to the broad National AML/CFT/CPF Policy requirements communicated by the NAMLCC.
- 1.4 The objectives have been grouped into four key areas; namely, supervision, enforcement, promotion of cooperation and stakeholder awareness and outreach, as identified in the AML/CFT/CPF Policy. Within each key area several objectives have also been identified. This Strategy breaks down each objective further into specific actions which must be executed in order to achieve the identified objective and ultimately address each key area outlined in the AML/CFT/CPF Policy. The development and implementation of the actions within each objective are the responsibility of specific Divisions, Units and/or Committees within the Commission. In each instance the most appropriately equipped person has been assigned to lead the development and implementation of each of the relevant risk mitigation strategies identified.
- 1.5 This AML/CTF/CPF Strategy reflects the Commission's efforts to combat ML, TF and PF risks. An assessment of the implementation of the Strategy and whether the objectives are being met will be conducted by the AML/CFT Unit on an annual basis to determine whether any amendments may be needed to effectively deliver on each objective. Progress on the implementation of these actions will be monitored by the Commission's Anti-Money Laundering Unit, who will report its findings to senior management and ultimately to the Board of Commissioners.
- 1.6 It is intended that the implementation of the AML/CFT/CPF Policy and AML/CFT/CPF Strategy will improve the Commission's AML/CFT/CPF regime, improve supervision, reduce non-compliance and ensure that it meets FATF standards, while aiding in the further enhancement of the Territory's overall AML/CFT/CPF framework.

## 2. Anti-Money Laundering Strategy

### Introduction

- 2.1 The Commission's Anti-Money Laundering Strategy (AML Strategy) is geared towards the protection of the financial services industry and advancement of the VI as a secure and well-regulated international finance centre, effective in mitigating against money laundering.
- 2.2 The main objectives of the AML Strategy are to (i) establish a robust regulatory framework that effectively mitigates the risks associated with money laundering; (ii) promote transparency and integrity within the financial services sector; (iii) ensure compliance with national and international standards; and (iv) foster cooperation between domestic and international partners in combating money laundering activities. As such, the AML Strategy focuses on the execution of objectives that will improve the effectiveness of the four (4) key components of the Commission's AML framework; namely, supervision, enforcement, promotion of cooperation and stakeholder awareness and outreach.

### Supervision

- 2.3 Central to the work of the Commission is the regulation and supervision of persons conducting financial services business in and from within the Territory of the Virgin Islands in compliance with VI financial services legislation and the broader AML/CFT/CPF regime. The overall aim is to ensure compliance, evaluate risk and monitor the perimeter of regulated financial services activity in order to safeguard the public against any illegal and/or unauthorised financial services business and misuse thereof, and safeguard the economic interests of the Territory.
- 2.4 The Commission is committed to the development and maintenance of a modern risk-based legal and regulatory framework consistent with international standards effective in preventing, detecting and responding to money laundering activities.
- 2.5 Effective supervision is a critical factor in determining the efficacy of regulated persons in implementing their AML responsibilities. The Commission will continue to enhance its risk-based supervisory approach to supervision, incorporating both on-site and off-site supervision activity, informed by assessments of risk factors within each sector. Such a risk-based approach will help to determine the required level of on-site and off-site supervision and facilitate a more efficient allocation of resources by directing greater amounts of resources to higher risk areas while ensuring that lower risk scenarios are appropriately addressed. The objectives will encompass regulatory compliance, risk-based supervision and capacity building.

### Regulatory Compliance

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**Objective 1: Periodically review and update AML legislation and guidance consistent with changes in international standards and in response to emerging global money laundering risks and developments, as necessary.**

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**Action Items:**

- (i) Monitor changes in international standards through ongoing monitoring of developments within the FATF as well as regulatory developments emanating from other international standard-setting bodies and relevant jurisdictions such as the EU, UK and USA.
- (ii) Conduct gap analyses of AML legislation against current international standards on a triennial basis, or more frequently if significant changes occur, to identify and address any divergences.
- (iii) Examine relevant AML legislation in line with developments in international standards as such developments occur.
- (iv) Submit proposals for legislative reforms, including enhancements to international cooperation measures, for Board approval and Cabinet consideration based on gaps identified during benchmarking exercises and other periodic reviews to ensure continued compliance with international standards.
- (v) Develop guidance based on developments in the international arena to cover specific areas of concern or importance to the industry to ensure practitioners are au fait with regulatory requirements and best practice and in an effort to reduce ML risks.

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**Objective 2: Review and address ML-related deficiencies identified in the Territory's 2024 MER relative to the Commission's regulatory functions and responsibilities and any other actions identified as a consequence thereof.**

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**Action Items:**

- (i) Take legislative and regulatory action to ensure proper maintenance of beneficial ownership and customer due diligence information by regulated persons in accordance with international standards through the review of existing legislation against international standards and risk-based compliance assessments.
- (ii) Ensure proper and effective implementation of the FSC-related items identified in the National Action Plan developed to address recommended actions in the 2024 MER.

**Risk-Based Supervision**

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**Objective 1: Enhance risk-based procedures, systems and assessment tools used for monitoring the ongoing business activities of regulated persons to prevent criminals and their associates from abusing the financial services sector.**

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**Action Items:**

- (i) Monitor the implementation of the revised Risk Assessment Framework and any assessment tools for determining overall ML risk levels of regulated persons.
- (ii) Enhance procedures, methods and assessment tools used for monitoring and assessing remedial measures and other conditions imposed upon regulated persons to facilitate analysis of the impact of such measures on improving compliance with regulatory requirements.
- (iii) Update the Risk-Based Framework and assessment tools to reflect changes in AML legislation, established industry standards and emerging ML risks to ensure that (i) it provides for all regulated persons to be properly risk assessed and profiled; (ii) it enables an adequate understanding of regulated persons' vulnerabilities from beneficial ownership matters; and (ii) institutional risk profiles are developed to allow for prioritization of supervisory engagements based on ML risks.

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**Objective 2: Enhance the existing risk-based approach to supervision of regulated persons to properly identify ML risks, determine appropriate supervisory methods and oversight and implement targeted supervisory measures.**

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**Actions Items:**

- (i) Conduct periodic risk assessments of regulated persons, based on their level of risk, to identify, evaluate and understand ML risks within each regulated sector and to (a) determine appropriate intervals for supervisory review and contact; (b) determine appropriate supervisory methods; (c) establish appropriate ML risk mitigation measures; and (d) assign adequate supervisory resources.
- (ii) Allocate supervisory resources based on risk factors, with particular attention to those that pose a higher level of risk and ensure that resources are appropriately placed and efficiently utilised.
- (iii) Monitor regulated persons to ensure risk management levels are commensurate with identified ML risk exposure and risk mitigation plans are being properly implemented.

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**Objective 3: Ensure that regulated persons, through enhanced onsite and offsite assessments, adhere to ML-related legislative requirements and established industry standards.**

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**Action Items:**

- (i) Increase, prioritise and scope onsite compliance inspections proportionate to the size of the Commission's regulated persons portfolio and volume of regulated persons' business on the

basis of inherent sectoral risk and institutional ML risks and periodically develop and implement explicit sector-wide AML-targeted supervisory plans.

- (ii) Conduct a sector analysis of each regulated sector to determine risk factors, identify specific areas of concern and analyse and prioritise risks based on their potential impact and likelihood to allow for the necessary supervisory oversight.
- (iii) Conduct focused desk-based assessments of regulated persons based on identified areas of ML risk.
- (iv) Enhance monitoring of remedial measures imposed on regulated persons for breaches of AML-related financial services legislation.
- (v) Engage with regulated persons identified as higher risk to ensure that they have implemented all relevant AML requirements (e.g. travel rule requirements for VASPs).

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**Objective 4: Enhance desk-based supervision of regulated persons on an ongoing basis to ensure effective supervisory oversight.**

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**Action Items:**

- (i) Periodically review, update and develop Prudential and Statistical Returns, consistent with current financial services legislation, established national and international AML regulations, standards, guidance and emerging ML risks, considering the ML risks of each particular sector, to ensure that all stakeholders are better positioned to keep abreast of and manage ML risks.
- (ii) Conduct a gap analysis of each of the Fiduciary Services Business Return, Investment Business Return, Insurance Business Return, Bank Quarterly Return and AML Returns to identify any gaps against financial services legislation, established international standards and emerging ML risks and bridge the identified gaps to effectively assess risks and develop the appropriate risk mitigation tools.
- (iii) Develop a Virtual Assets Business Return, Money Services Business Return and Financing Services Business Return to effectively assess risks and develop the appropriate risk mitigation tools.
- (iv) Update the Risk Assessment Matrix to adequately reflect and weight inherent vulnerabilities given TCSPs' vulnerabilities from beneficial ownership and third-party business reliance.
- (iv) Enhance analysis of regulated persons' annual Prudential and Statistical Returns, inclusive of AML Returns, and Compliance Reports.
- (v) Establish a mechanism to provide regular feedback to regulated persons on aggregate data and findings from Prudential and Statistical Returns and Compliance Reports, highlighting any areas of concern or improvement.

## Capacity Building

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### **Objective 1: Ensure capability and resources for the effective ongoing supervision of regulated persons.**

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#### **Action Items:**

- (i) Develop and strengthen analytical skills of persons within the Authorisation and Supervision Division to enable the team to perform supervisory tasks effectively and sustainably.
- (ii) Review and monitor skills and placement of resources to ensure persons are appropriately allocated to allow for the effective execution of required supervisory functions.
- (iii) Develop a technological platform within the Authorisation and Supervision Division to facilitate the submission and processing of Prudential and Statistical Returns, Audited Financial Statements and Compliance Reports submitted by regulated persons.
- (iv) Provide ongoing AML training to regulatory staff to maintain effectiveness in the identification and processing of ML risk.
- (v) Provide regulatory staff with training in investigative techniques and data analysis to ensure the Commission's ability to monitor regulated persons' behavioral patterns and identify potential red flags to facilitate more effective supervision.
- (vi) Ensure that the Commission's resources, including those of the Companies Registry, are proportional to the size and complexity of the financial services sector.

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### **Objective 2: Build capacity within the financial services sector to ensure that regulated persons are aware of ML risks facing the Territory of the Virgin Islands and ensure that they understand their responsibilities as gatekeepers to the financial services sector.**

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#### **Action Items:**

- (i) Develop an annual training programme for external stakeholders to raise awareness of ML threats, vulnerabilities and risks and their responsibilities in mitigating such risks.
- (ii) Publish AML-specific guidance for each regulated sector to assist regulated persons with identifying and understanding ML risks and, implementation of AML requirements to facilitate compliance therewith.
- (iii) Issue guidance and deliver training to ensure that entities within regulated sectors that pose a higher level of risk understand the concept of control over legal persons and legal arrangements and adequately implement beneficial ownership requirements.
- (iv) Continue to raise awareness in relation to VASPs operating in or from the VI, their ML risks and AML obligations and ensure that VASPs implement preventive measures.

## Enforcement

- 2.6 The reputation and integrity of the VI as a financial services centre hinges on the protection of the persons who are engaged in financial services business in or from within the VI, as well as their clients and the wider public; a responsibility which is of the utmost importance to the Commission. One of the pillars upon which an effective AML regime rests is a strong framework for investigating, pursuing and sanctioning cases of ML. As such, one of the Commission’s core functions relates to identifying breaches and taking corrective action when it is found that licensees are not conducting themselves in accordance with the law.
- 2.7 As part of its International Standards on Combatting Money Laundering and the Financing of Terrorism and Proliferation – the FATF Recommendations, the FATF has called for countries to apply sanctions which are “effective, proportionate and dissuasive.” Enforcement, therefore, plays a vital role in maintaining compliance and upholding regulatory standards within the financial services sector. In the context of the Commission, the wide range of available enforcement actions empowers the Commission to act swiftly in addressing non-compliance with regulatory measures.
- 2.8 The Commission recognises that enforcement aids in ensuring that regulated persons understand the consequences of non-compliance, and that without consistent and effective implementation, sanctions will fail to achieve their deterrent purpose. As such, it intends to ensure that all regulatory breaches are (i) vigorously pursued by competent enforcement officers; (ii) actions are taken that are proportionate to the severity of the contravention; and (iii) penalties are sufficiently dissuasive to ensure that the likelihood of future breaches is reduced. Enforcement will encompass ensuring compliance and capacity building.

## Ensuring Compliance

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**Objective 1: Ensure compliance with AML laws, regulations and established international industry standards within the VI’s financial services sector.**

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### Action Items:

- (i) Impose effective, proportionate and dissuasive monetary sanctions on regulated persons in cases of AML compliance breaches.
- (ii) Process ML-related matters discovered through day-to-day supervision and compliance inspections of regulated persons in a timely manner.
- (iii) Review AML legislation to ensure that it adequately provides for the full range of powers to carry out complex investigations (including powers to obtain information directly from public bodies and reporting entities) and for effective, proportionate and dissuasive sanctions for ML, whether such ML relates to drug offences or other crimes.

## Capacity Building

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**Objective 1: Achieve a greater level of effectiveness in the identification and enforcement of ML-related breaches of financial services legislation through the imposition of appropriate, proportionate and dissuasive sanctions for non-compliance and application of deterrent mechanisms.**

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### Action Items:

- (i) Ensure that the Enforcement Division is adequately resourced to allow for the effective implementation of enforcement programs and processing of enforcement cases.
- (ii) Review and monitor skills and placement of resources within the Enforcement Division to ensure that staff is appropriately placed and have the requisite skills to carry out their respective functions.
- (iii) Develop and strengthen regulators' and enforcement officers' investigative techniques and data analysis skills to effectively identify and address non-compliance with AML requirements.
- (iv) Develop human and technological resources and structures within the Enforcement Division to enable the team to perform tasks effectively and sustainably.
- (v) Conduct ongoing AML training to maintain effectiveness in the identification and processing of ML-related breaches of financial services legislation.
- (vi) Ensure that the necessary resources are made available to investigate large-scale and cross-border cases of ML and predicate offences committed by VI legal entities.

## Promotion of Cooperation

- 2.9 ML is not only a domestic threat but is also a global problem and requires cooperation at both the domestic and international levels to be effectively addressed. Promotion of cooperation is critical to preserving the integrity of the VI's financial services sector and may be achieved through both domestic and international cooperation.
- 2.10 On the domestic front, the Commission is dedicated to providing guidance and assistance to other competent authorities and law enforcement agencies on AML matters through active participation in relevant domestic advisory committees such as IGC, JALTAC, CCA and NAMLCC. It is also committed to the proper exchange of information through both formal and informal channels and the utilisation of existing MoUs with both domestic and international counterparts.
- 2.11 Additionally, much of the jurisdiction's financial services business is cross-border in nature; therefore, assisting foreign regulators and other competent authorities with ML investigations of persons and/or entities connected to the VI is of highest priority.

- 2.12 The ability to cooperate is dependent on an adequate legal framework and other mechanisms to enhance cooperation. The Commission recognises that the Territory’s legal framework must be continuously enhanced and is committed to reviewing and making recommendations for legislative reforms to ensure incorporation of FATF standards and international best practice.

### Domestic and International Cooperation

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#### **Objective 1: Promote domestic and international cooperation through enhanced relationships with relevant domestic, regional and international authorities.**

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##### **Action items:**

- (i) Participate in domestic and international initiatives such as working groups, forums and panel discussions to exchange best practices, develop common standards and coordinate policy initiatives to combat ML on a global scale.
- (ii) Collaborate and cooperate with other domestic competent authorities to promote the sharing of information, enhance cooperation mechanisms and develop strategies relating to ML risks facing the Territory.
- (iii) Pursue avenues for further cooperation with overseas regulatory authorities such as through the initiation and signing of Memoranda of Understanding.
- (iv) Enhance cooperation with international counterparts to share information, intelligence and best practices in combatting ML and support investigations into cross-border ML activities that may involve VI legal structures.
- (v) Conduct a review of the Territory’s International Cooperation Handbook and update it, as necessary, to ensure that it aligns with current international requirements.
- (vi) Ensure that VI competent authorities can obtain adequate, accurate and current basic and beneficial ownership information in a timely manner to ensure it can fulfil information sharing obligations.

#### **Objective 2: Ensure proper and timely cooperation on intelligence matters with local and foreign competent authorities, including establishing appropriate procedures for sharing intelligence, where available, and ensuring the quality of information provided.**

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##### **Action Items:**

- (i) Review and update operational procedures at a minimum biennially, to ensure that all cooperation requests are addressed in a timely manner.
- (ii) Review and update the system used to process domestic and international cooperation requests to ensure that such requests are processed within the approved service standards.

- (iii) Provide feedback on the usefulness and quality of information received from domestic and international authorities to promote open channels of communication between authorities.

## Stakeholder Awareness and Outreach

- 2.13 Engagement with industry stakeholders<sup>1</sup> to develop a more cohesive partnership on AML issues is an essential element in the Commission's strategy to combat ML. All stakeholders must work together to address identified gaps and vulnerabilities existing in the financial sector and effectively implement applicable policies and strategies for addressing ML risks.
- 2.14 The aim of such a collaboration is to raise awareness of ML threats, risks and other ML-related issues and highlight the need to put mechanisms in place to prevent the financial sector from being abused by those engaged in ML so that the jurisdiction remains a premier place to conduct legitimate financial services business.
- 2.15 Stakeholder awareness and outreach ultimately protects all stakeholders in the financial services sector and ensures that they are empowered to make informed and responsible decisions.

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**Objective 1: Facilitate ongoing dialogue with industry stakeholders, professional associations and the general public to raise awareness of ML.**

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**Action Items:**

- (i) Develop a comprehensive two-year outreach programme to raise AML awareness among all industry stakeholders to ensure that they are aware of the jurisdiction's domestic and international AML obligations and their role in fulfilling those obligations.
- (ii) Issue guidance on key AML issues to industry stakeholders to provide clarification and guidance on the interpretation and implementation of AML obligations and their roles and responsibilities as regulated persons.
- (iii) Communicate updates, changes and developments in the VI's AML framework to regulated entities immediately as changes occur.
- (iv) Continue to promote awareness among higher risk FIs of their sector-specific ML risks, AML obligations, institutional risk assessment and risk-sensitive internal controls, policies and procedures in line with the AMLTFCOP.
- (v) Conduct outreach, provide additional guidance and strengthen supervisory engagement, where applicable, to ensure that entities within regulated sectors that pose a higher risk properly understand the concept of control over legal persons and legal arrangements and adequately implement beneficial ownership requirements.
- (vi) Continue to raise awareness of VASPs operating in or from within the VI about their ML risks and AML obligations.

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<sup>1</sup> These may include for example, regulated entities, industry associations, other competent authorities, law enforcement agencies and other public sector agencies



## 3. Countering the Financing of Terrorism Strategy

### Introduction

- 3.1 The Commission's Terrorist Financing Strategy (TF Strategy) is geared towards the protection of the financial services industry and advancement of the VI as a secure and well-regulated international finance centre, effective in mitigating against TF.
- 3.2 The main objective of the TF Strategy is to disrupt, detect and prevent the flow of funds to terrorist organisations. As such, the TF Strategy focuses on the execution of objectives that will improve the effectiveness of the four (4) key components of the Commission's TF framework; namely, supervision, enforcement, promotion of cooperation and stakeholder awareness and outreach.

### Supervision

- 3.3 Supervision of regulated persons conducting financial services business in and from within the Territory is central to the work of the Commission. The overall aim is to ensure compliance, evaluate risk and monitor the perimeter of regulated financial services activity to safeguard the public against any illegal and/or unauthorised financial services business and misuse thereof, and safeguard the economic interests of the Territory.
- 3.4 The Commission is committed to the development and maintenance of a modern risk-based legal and regulatory framework consistent with international standards, effective in preventing, detecting and responding to TF activities.
- 3.5 Effective supervision is a critical factor in determining the efficacy of regulated persons in implementing their CFT responsibilities. The Commission will continue to enhance its risk-based supervisory approach to supervision, incorporating both on-site and off-site supervision activity, informed by assessments of risk factors within each sector. Such a risk-based approach will help to determine the required level of on-site and off-site supervision and facilitate a more efficient allocation of resources based on the level of risk. The objectives of supervision encompass regulatory compliance, risk-based supervision and capacity building.

### Regulatory Compliance

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**Objective 1: Periodically review and make recommendations to update CFT legislation and update guidance consistent with changes in international standards and in response to emerging global TF risks and developments.**

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#### Action Items:

- (i) Monitor changes in international standards through ongoing monitoring of developments within the FATF as well as regulatory developments emanating from other international standard-setting bodies and relevant jurisdictions such as the EU, UK and USA.

- (ii) Conduct a gap analysis on a triennial basis, or more frequently if significant changes occur, to identify deficiencies in existing CFT legislation against developments in international standards and make recommendations to update legislation as required.
- (iii) Submit proposals for legislative reforms, including enhancements to international cooperation measures, for Board approval and Cabinet consideration based on gaps identified during benchmarking exercises and other periodic reviews to ensure continued compliance with international standards.
- (iv) Develop guidance based on developments in the international arena to cover specific areas of concern or importance to the industry to ensure that stakeholders are informed of regulatory requirements and best practices and in an effort to reduce risks.

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**Objective 2: Review and address TF-related deficiencies identified in the Territory’s 2024 MER relative to the Commission’s regulatory functions and responsibilities and any other actions identified as a consequence thereof.**

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**Action Items:**

- (i) Take legislative and regulatory action to ensure proper maintenance of beneficial ownership and customer due diligence information by regulated persons, in accordance with international standards through the review of existing legislation against international standards and risk-based compliance assessments.
- (ii) Ensure proper and effective implementation of the FSC-related items identified in the National Action Plan developed to address recommended actions in the 2024 MER.

**Risk-Based Supervision**

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**Objective 1: Enhance risk-based procedures, systems and assessment tools used for monitoring the ongoing business activities of regulated persons to prevent criminals and their associates from abusing the financial services sector.**

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**Action Items:**

- (i) Monitor the implementation of the revised Risk Assessment Framework and any assessment tool for determining overall TF risk levels of regulated persons.
- (ii) Enhance procedures, methods and assessment tools used for monitoring and assessing remedial measures and other conditions imposed upon regulated persons to facilitate analysis of the impact of such measures on improving compliance with regulatory requirements.
- (iii) Update the Risk-Based Framework and assessment tools to reflect changes in CFT legislation, established industry standards and emerging TF risks to ensure that (i) it provides for all regulated persons to be properly risk assessed and profiled; (ii) it enables an adequate

understanding of regulated persons' vulnerabilities from beneficial ownership matters; and  
(ii) institutional risk profiles are developed to allow for prioritization of supervisory engagements based on TF risks.

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**Objective 2: Enhance the existing risk-based approach to supervision of regulated persons to properly identify terrorist financing risks, determine appropriate supervisory methods and oversight and implement targeted supervisory measures.**

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**Actions Items:**

- (i) Conduct periodic risk assessments of regulated persons to identify, evaluate and understand TF risks within each regulated sector to (a) determine appropriate intervals for supervisory review and contact; (b) determine appropriate supervisory methods; (c) establish appropriate TF risk mitigation measures; and (d) assign adequate supervisory resources.
- (ii) Allocate supervisory resources based on risk factors, with particular attention to those that pose a higher level of TF risk and ensure that resources are appropriately placed and efficiently utilised.
- (iii) Monitor regulated persons to ensure risk management levels are commensurate with identified TF risk exposure and risk mitigation plans are being properly implemented.

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**Objective 3: Ensure that regulated persons, through enhanced onsite and offsite assessments, adhere to TF-related legislative requirements.**

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**Action Items:**

- (i) Increase, prioritize and scope onsite compliance inspections proportionate to the size of the Commission's regulated persons portfolio and volume of regulated persons' business on the basis of inherent sectoral risk and institutional TF risks and periodically develop and implement explicit sector-wide CFT-targeted supervisory plans.
- (ii) Conduct a sector analysis of each regulated sector to determine risk factors, identify specific areas of concern and analyse and prioritise risks based on their potential impact and likelihood to allow for the necessary supervisory oversight.
- (iii) Conduct focused desk-based assessments of regulated persons based on identified areas of TF risk.
- (iv) Enhance monitoring of the implementation of remedial measures imposed on regulated persons for breaches of CFT-related financial services legislation.
- (v) Engage with regulated persons identified as higher risk to ensure that they implement all relevant legal requirements.

- (vi) Continue ongoing supervisory engagement and outreach to ensure that FIs understand their freezing and prohibition obligations and have relevant TFS procedures in place.

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**Objective 4: Enhance desk-based supervision of regulated persons on an ongoing basis to ensure effective supervisory oversight.**

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**Action Items:**

- (i) Periodically review, update and develop Prudential and Statistical Returns, consistent with current financial services legislation, established national and international CFT regulations, standards and guidance and emerging TF risks, considering the TF risks of each particular sector, to ensure that all stakeholders are better positioned to keep abreast of and manage TF risks.
- (ii) Conduct a gap analysis on each of the Fiduciary Services Business Return, Investment Business Return, Insurance Business Return, Bank Quarterly Return and AML Returns to identify any gaps against relevant financial services legislation, established international standards and emerging TF risks and bridge the identified gaps to effectively assess risks and develop the appropriate risk mitigation tools.
- (iii) Develop a Virtual Assets Business Return, Money Services Business Return and Financing Services Business Return to effectively assess TF risks and to develop the appropriate risk mitigation tools.
- (iv) Update the Risk Assessment Matrix to adequately reflect and weight inherent vulnerabilities given TCSPs' vulnerabilities from beneficial ownership and third-party business reliance.
- (v) Enhance analysis of regulated persons' annual Prudential and Statistical Returns, including AML Returns, and Compliance Reports.
- (vi) Establish a mechanism to provide regular feedback to regulated persons on aggregate data and findings from Prudential and Statistical Returns and Compliance Reports, highlighting any areas of concern or improvement.
- (vii) Improve oversight of implementation of TFS obligations by reporting entities, including by providing detailed feedback on sanctions handling and testing the effectiveness of screening systems.

**Capacity Building**

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**Objective 1: Ensure capability and resources for the ongoing effective regulation and supervision of regulated persons.**

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**Action Items:**

- (i) Develop and strengthen the abilities, skills and resources within the Authorisation and Supervision Division to enable staff to perform supervisory tasks effectively and sustainably.

- (ii) Develop a technological platform within the Authorisation and Supervision Division to facilitate the submission and processing of Prudential and Statistical Returns, Audited Financial Statements and Compliance Reports submitted by regulated persons.
- (iii) Provide ongoing CFT training to regulatory staff to maintain effectiveness in the identification and processing of TF risk.
- (iv) Provide regulatory staff with training in investigative techniques and data analysis to enhance the Commission's ability to monitor regulated persons' behavioral patterns and identify potential red flags to facilitate more effective supervision.
- (v) Ensure that the Commission's resources, including those of the Companies Registry, are proportional to the size and complexity of the financial services sector.

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**Objective 2: Build capacity within the financial services sector to ensure that regulated persons are more aware of TF risks facing the Territory of the Virgin Islands and ensure that they understand their responsibilities as gatekeepers to the financial services sector.**

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**Action Items:**

- (i) Develop an annual training programme for external stakeholders to raise awareness of TF threats, vulnerabilities and risks and their responsibilities in mitigating such risks.
- (ii) Publish CFT-specific guidelines for each regulated sector to assist regulated persons with identifying and understanding TF risks and implementation of CFT requirements to facilitate compliance therewith.
- (iii) Issue guidance and deliver training to ensure that entities within regulated sectors that pose a higher level of risk, understand the concept of control over legal persons and legal arrangements and adequately implement beneficial ownership requirements.
- (iv) Provide training to entities within regulated sectors that pose a higher level of risk relating to targeted measures to strengthen their TF risk understanding, implementation of adequate risk classification of their customers and sufficient safeguards to protect against TF risks associated with their reliance on third-party clients for CDD and record-keeping purposes.
- (v) Increase awareness and understanding of specific TFS obligations of reporting entities under various domestic laws and overseas orders.
- (vi) Continue to raise awareness in relation to VASPs operating in or from the VI, their TF risks and CFT obligations.

## Enforcement

- 3.6 The Commission is responsible for protecting persons who are engaged in financial services business in or within the VI, as well as the wider public. One of the pillars upon which an effective CFT regime rests is a strong framework for investigating, pursuing and sanctioning cases of TF. As such, one of the Commission’s core functions relates to identifying breaches and taking corrective action when regulated persons do not comply with financial services legislation.
- 3.7 As part of its International Standards on Combatting Money Laundering and the Financing of Terrorism and Proliferation – the FATF Recommendations, the FATF has called for countries to apply sanctions which are “effective, proportionate and dissuasive”. As such, the Commission intends to ensure that all regulatory breaches are (i) vigorously pursued by competent enforcement officers; (ii) actions are taken that are proportionate to the severity of the contravention; and (iii) penalties are sufficiently dissuasive to ensure that the likelihood of future breaches is reduced. Thus, enforcement will encompass ensuring compliance and capacity building.

### Ensuring Compliance

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**Objective 1: Ensure compliance with CFT laws, regulations and established regional and international industry standards within the Virgin Islands financial services sector.**

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#### Action Items:

- (i) Impose effective, proportionate and dissuasive monetary sanctions on regulated persons in cases of CFT compliance breaches.
- (ii) Process TF-related matters discovered through day-to-day supervision and compliance inspections of regulated persons in a timely manner.
- (iii) Monitor news and other media for instances of sanctions busting involving VI legal entities to ensure proper enforcement action is taken against offending parties.

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**Objective 2: Ensure that regulated persons are aware of the necessary steps to prevent breaches of United Nations and other relevant sanctions regimes.**

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#### Action Items:

- (i) Publish financial sanctions notices from the Office of Financial Sanctions Implementation (OFSI) and send notification of such publication to industry practitioners within 24 hours of receipt of notices.
- (ii) Publish UK Overseas Territories Sanctions Orders from the Governor’s Office and send notification of such publication to industry practitioners within 24 hours of receipt of Orders.

## Capacity Building

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**Objective 1: Enhance effectiveness in the identification and enforcement of TF-related breaches of financial services legislation through the imposition of appropriate, proportionate and dissuasive sanctions for non-compliance and application of deterrent mechanisms.**

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### Actions Items:

- (i) Ensure that the Enforcement Division is adequately resourced for the effective implementation of enforcement programs and processing enforcement matters.
- (ii) Develop and strengthen regulators' and enforcement officers' investigative techniques and data analysis skills to effectively identify and address non-compliance with CFT requirements.
- (iii) Develop human resources and technological structures within the Enforcement Division to enable the team to perform tasks effectively and sustainably.
- (iv) Conduct ongoing CFT training to maintain effectiveness in the identification and processing of TF-related breaches of financial services legislation.
- (v) Ensure that the necessary resources are made available to investigate large-scale and cross-border cases of TF and predicate offences committed by VI legal entities.

## Promotion of Cooperation

- 3.8 Considering the context of the VI's financial services sector there is risk of foreign and domestic terrorist activity which requires cooperation at both the domestic and international levels.
- 3.9 Promotion of cooperation is critical to preserving the integrity of the VI's financial services sector and may be achieved through domestic and international cooperation. On the domestic front, the Commission is dedicated to providing guidance and assistance to other competent authorities and law enforcement agencies on CFT matters through active participation in domestic advisory committees such as IGC, JALTAC, CCA and NAMLCC. The Commission is also committed to the proper exchange of information through both formal and information channels and the utilisation of existing MoUs with both domestic and international counterparts and development of additional MoUs where necessary.
- 3.10 The ability to cooperate is dependent on an adequate legal framework and other mechanisms to enhance cooperation. The Commission recognises that the Territory's legal framework must be continuously enhanced and is committed to reviewing and making recommendations for legislative reforms to ensure incorporation of FATF standards and international best practice.

## Domestic and International Cooperation

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**Objective 1: Promote domestic and international co-operation through enhanced relationships with relevant domestic, regional and international authorities.**

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**Actions Items:**

- (i) Participate in domestic and international initiatives such as working groups, forums and panel discussions to exchange best practices, develop common standards and coordinate policy initiatives to combat TF on a global scale.
- (ii) Collaborate and cooperate with other domestic competent authorities to to promote the sharing of information, enhance cooperation mechanisms and develop strategies relating to TF risks facing the Territory.
- (iii) Improve coordination among authorities on PF to better and more proactively investigate the involvement of VI structures, persons or service providers in the evasion of sanctions related to PF and identify assets and funds held by designated persons/entities.
- (iv) Pursue avenues for further cooperation with overseas regulatory authorities such as through the initiation and signing of Memoranda of Understanding.
- (v) Enhance cooperation with international counterparts to share information, intelligence and best practices in countering TF and support investigations into cross-border TF activities that may involve VI legal structures.
- (vi) Ensure that VI competent authorities can obtain adequate, accurate and current basic and beneficial ownership information in a timely manner to fulfil information-sharing obligations.

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**Objective 2: Ensure proper and timely cooperation on intelligence matters with local and foreign competent authorities, including establishing appropriate procedures for sharing intelligence, where available, and ensuring the quality of information provided.**

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**Actions Items:**

- (i) Review and update operational procedures at a minimum biennially, to ensure that all cooperation requests are addressed in a timely manner.
- (ii) Review and update the system used to process domestic and international cooperation requests to ensure that such requests are processed within the approved service standards.
- (iii) Provide feedback on the usefulness and quality of information received from domestic and international authorities to promote open channels of communication between agencies.



## Stakeholder Awareness and Outreach

- 3.11 Engagement with industry stakeholders is an essential element in the Commission’s strategy to counter TF. A more cohesive partnership on TF issues is necessary to address identified gaps and vulnerabilities in the financial sector and to implement applicable policies and strategies for addressing TF risks.
- 3.12 Implementing measures to enhance TF awareness among all stakeholders and the general public will further deepen the Territory’s understanding of TF activities, vulnerabilities, threats and risks to the Territory. The aim of such collaboration is to raise awareness of TF issues and highlight the importance of each stakeholder ensuring the Territory remains a premier jurisdiction to conduct legitimate business while preventing those who seek to engage in TF activity from doing so.

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**Objective 1: Develop a stronger partnership with industry stakeholders and professional associations and engage in ongoing dialogue with the general public to raise awareness of TF.**

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### **Actions Items:**

- (i) Develop a comprehensive CFT outreach programme to raise TF awareness among all industry stakeholders to ensure that they are cognisant of the jurisdiction’s domestic and international CFT obligations and their role in fulfilling those obligations.
- (ii) Issue guidance to industry stakeholders to provide clarification and guidance on the interpretation and implementation of CFT obligations and their roles and responsibilities as regulated persons.
- (iii) Provide training to industry stakeholders on the Sanctions Guidelines and specific obligations outlined in legislation that comprise the TFS framework.
- (iv) Provide outreach on TF-related matters, including TF risks and emerging TF trends and typologies, to raise awareness of TF.
- (v) Continue to promote awareness of VASPs operating in or from within the VI about their TF risks, CFT obligations and all relevant legal requirements, including the travel rule requirements.

## 4. Countering Proliferation Financing Strategy

### Introduction

- 4.1 The Commission's Proliferation Financing Strategy (PF Strategy) is designed to protect the financial services industry and advance the VI as a secure and well-regulated international finance centre, effective in mitigating against PF.
- 4.2 The main objective of the PF Strategy is to prevent the use of financial systems for funding the development, acquisition or spread of weapons of mass destruction (WMDs) and related technology. As such, the PF Strategy focuses on the execution of objectives that will improve the effectiveness of the four (4) key components of the Commission's PF framework; namely, supervision, enforcement, promotion of cooperation and stakeholder awareness and outreach.

### Supervision

- 4.3 Supervision of regulated persons conducting financial services business in and from within the Territory is central to the work of the Commission. The overall aim is to ensure compliance, evaluate risk and monitor the perimeter of regulated financial services activity in order to safeguard the public against any illegal and unauthorised financial services business and misuse thereof, and safeguard the economic interests of the Territory.
- 4.4 The Commission is committed to the development and maintenance of a modern risk-based legal and regulatory framework consistent with international standards effective in preventing, detecting and responding to PF activities.
- 4.5 Effective supervision is a critical factor in determining the efficacy of regulated persons in implementing their CPF responsibilities. The Commission will continue to enhance its risk-based supervisory approach, informed by assessments of risk factors within each sector. The risk-based approach will determine the required level of on-site and off-site supervision and facilitate a more efficient allocation of resources based on the level of risk posed. The objectives will encompass regulatory compliance, risk-based supervision and capacity building.

### Regulatory Compliance

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**Objective 1: Periodically review and make recommendations to update CPF legislation and update guidance consistent with changes in international standards and in response to emerging global PF risks and developments, as required.**

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#### Action Items:

- (i) Monitor changes in international standards through ongoing monitoring of developments within the FATF as well as regulatory developments emanating from other international standard-setting bodies and relevant jurisdictions such as the EU, UK and USA.

- (ii) Conduct a gap analysis on a triennial basis, or more frequently if significant changes occur, to identify deficiencies in existing CPF legislation against established international standards and make recommendations to update relevant legislation as required.
- (iii) Submit proposals for legislative reforms, including enhancements to international cooperation measures, for Board approval and Cabinet consideration based on gaps identified during benchmarking exercises and other periodic reviews to ensure continued compliance with established industry standards.
- (iv) Develop guidance based on developments in the international arena to cover specific areas of concern or importance to the industry to ensure practitioners are au fait with regulatory requirements and best practice and in an effort to reduce PF risks.

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**Objective 2: Review and address PF-related deficiencies identified in the Territory’s 2024 MER relative to the Commission’s regulatory functions and responsibilities and any other actions identified as a consequence thereof.**

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**Action Items:**

- (i) Take legislative and regulatory action to ensure proper maintenance of beneficial ownership and customer due diligence information by regulated persons, in accordance with international standards through the review of existing legislation against international standards and risk-based compliance assessments.
- (ii) Ensure proper and effective implementation of the FSC-related items identified in the National Action Plan developed to address recommendations in the 2024 MER.

**Risk-Based Supervision**

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**Objective 1: Enhance risk-based procedures, systems and assessment tools used for monitoring the ongoing business activities of regulated persons to prevent criminals from abusing the financial services sector.**

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**Action Items:**

- (i) Monitor the implementation of the revised Risk Assessment Framework and any assessment tools for determining overall PF risk levels of regulated persons
- (ii) Enhance procedures, methods and assessment tools used for monitoring and assessing remedial measures and other conditions imposed upon regulated persons to facilitate analysis of the impact of such measures on improving compliance with regulatory requirements.
- (iii) Update the Risk-Based Framework and assessment tools to reflect changes in CPF legislation, established industry standards and emerging PF risks to ensure that (i) it provides for all regulated persons to be properly risk assessed and profiled; (ii) it enables an adequate

understanding of regulated persons' vulnerabilities from beneficial ownership matters; and (iii) institutional risk profiles are developed to allow for prioritization of supervisory engagements based on PF risks.

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**Objective 2: Enhance the existing risk-based approach to supervision of regulated persons to properly identify PF risks, determine appropriate supervisory methods and oversight and implement targeted supervisory measures.**

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**Actions Items:**

- (i) Conduct periodic risk assessments of regulated persons to identify, evaluate and understand PF risks within each regulated sector to (a) determine appropriate intervals for supervisory review and contact; (b) determine appropriate supervisory methods; (c) establish appropriate PF risk mitigation measures; and (d) assign adequate supervisory resources.
- (ii) Allocate supervisory resources based on risk factors, with particular attention to those that pose a higher level of PF risk and ensure that resources are appropriately placed and efficiently utilised.
- (iii) Monitor regulated persons to ensure risk management levels are commensurate with identified PF risk exposure and risk mitigation plans are being properly implemented.

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**Objective 3: Ensure that regulated persons, through enhanced onsite and offsite assessments, adhere to PF-related legislative requirements and established industry standards.**

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**Action Items:**

- (i) Increase, prioritise and scope onsite compliance inspections proportionate to the size of the Commission's regulated persons portfolio, volume of regulated persons' business on the basis of inherent sectoral risk and institutional PF risks and periodically develop and implement explicit sector-wide CPF-targeted supervisory plans.
- (ii) Conduct sector analysis of each regulated sector to determine risk factors, identify specific areas of concern and analyse and prioritise risks based on their potential impact and likelihood to allow for the necessary supervisory oversight.
- (iii) Conduct focused desk-based assessments of regulated persons based on identified areas of PF risk.
- (iv) Enhance monitoring of the implementation of remedial measures imposed on regulated persons for breaches of PF-related financial services legislation.

- (v) Engage with regulated persons identified as higher risk to ensure that these entities implement all relevant legal requirements.
- (vi) Continue ongoing supervisory engagement and outreach to ensure FIs understand their freezing and prohibition obligations and have relevant TFS procedures in place.

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**Objective 4: Enhance desk-based supervision of regulated persons on an ongoing basis to ensure effective supervisory oversight.**

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**Action Items:**

- (i) Periodically review, update and develop Prudential and Statistical Returns, consistent with current financial services legislation, established national and international CPF regulations, standards and guidance and emerging PF risks, considering the PF risks of each particular sector, to ensure that all stakeholders are better positioned to keep abreast of and manage PF risks.
- (ii) Conduct a gap analysis on each of the Fiduciary Services Business Return, Investment Business Return, Insurance Business Return, Bank Quarterly Return and AML Returns to identify any gaps against financial services legislation, established international standards and emerging PF risks and bridge the identified gaps to effectively assess risks and develop the appropriate risk mitigation tools.
- (iii) Develop a Virtual Assets Business Return, Money Services Business Return and Financing Services Business Return to effectively assess risks and to develop the appropriate risk mitigation tools.
- (iv) Update the Risk Assessment Matrix to adequately reflect and weight inherent vulnerabilities given TCSPs' vulnerabilities from beneficial ownership and third-party business reliance.
- (v) Enhance analysis of regulated persons' annual Prudential and Statistical Returns, including AML Returns, and Compliance Reports.
- (vi) Establish a mechanism to provide regular feedback to regulated persons on aggregate data and findings from Prudential and Statistical Returns and Compliance Reports, highlighting any areas of concern or improvement.
- (viii) Improve oversight of implementation of TFS obligations by reporting entities, including by providing detailed feedback on sanctions handling and testing the effectiveness of screening systems.

**Capacity Building**

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**Objective 1: Ensure capability and resources for the ongoing effective regulation and supervision of regulated persons.**

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**Action Items:**

- (i) Develop and strengthen the skills, abilities and resources within the Authorisation and Supervision Division to enable staff to perform supervisory tasks effectively and sustainably.
- (ii) Develop a technological platform within the Authorisation and Supervision Division to facilitate the submission and processing of Prudential and Statistical Returns, Audited Financial Statements and Compliance Reports submitted by regulated persons.
- (iii) Provide ongoing CPF training to regulatory staff to maintain effectiveness in the identification and processing of PF risk.
- (iv) Provide regulatory staff with training in investigative techniques and data analysis to ensure the Commission's ability to monitor regulated persons' behavioral patterns and identify potential red flags to facilitate more effective supervision.
- (vi) Ensure that the Commission's resources, including those of the Companies Registry, are proportional to the size and complexity of the financial services sector.

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**Objective 2: Build capacity within the financial services sector to ensure that regulated persons are more aware of PF risks facing the Territory of the VI and ensure that they understand their responsibilities as gatekeepers to the financial sector.**

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**Action Items:**

- (i) Develop an annual training programme for external stakeholders to raise awareness of PF threats, vulnerabilities and risks and their responsibilities in mitigating such risks.
- (ii) Issue guidance and deliver training to ensure that entities within regulated sectors that pose a higher level of risk, understand the concept of control over legal persons and legal arrangements and adequately implement beneficial ownership requirements.
- (iii) Provide training to entities within regulated sectors that pose a higher level of risk relating to targeted measures to strengthen their PF risk understanding, implementation of adequate risk classification of their customers and sufficient safeguards to protect against PF risks associated with their reliance on third-party clients for CDD and record-keeping purposes.
- (iv) Increase industry awareness of specific TFS obligations of reporting entities under various domestic laws and overseas orders.
- (v) Continue to raise awareness in relation to VASPs operating in or from the VI, their PF risks and CPF obligations.

## Enforcement

- 4.6 The Commission's responsibility extends to the protection of the persons who are engaged in financial services business in or from within the VI, as well as their clients and the wider public. An

effective CPF regime rests on a strong framework for investigating, pursuing and sanctioning cases of PF. As such, the Commission is committed to identifying PF breaches and taking corrective action when regulated persons do not adhere to financial services legislation.

- 4.7 As part of its International Standards on Combatting Money Laundering and the Financing of Terrorism and Proliferation – the FATF Recommendations, the FATF has called for countries to apply sanctions which are “effective, proportionate and dissuasive”. As such, the Commission intends to ensure that all regulatory breaches are (i) vigorously pursued by competent enforcement officers; (ii) actions are taken that are proportionate to the severity of the contravention; and (iii) penalties are sufficiently dissuasive to ensure that the likelihood of future breaches is reduced. Enforcement will encompass ensuring compliance and building capacity.

### Ensuring Compliance

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**Objective 1: Ensure compliance with CPF laws, regulations and established regional and international industry standards within the VI’s financial services sector.**

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**Action Items:**

- (i) Impose effective, proportionate and dissuasive monetary sanctions on regulated persons in cases of CPF compliance breaches.
- (ii) Process PF-related matters discovered through day-to-day supervision and compliance inspections of regulated persons in a timely manner.
- (iii) Monitor news and other media for instances of sanctions busting involving VI legal entities to ensure proper enforcement action is taken against offending parties.

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**Objective 2: Ensure that regulated persons are aware of the necessary steps to prevent breaches of United Nations and other relevant sanctions regimes.**

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**Action Items:**

- (i) Publish financial sanctions notices from the Office of Financial Sanctions Implementation (OFSI) and send notification of such publication to industry practitioners within 24 hours of receipt of notices.
- (ii) Publish UK Overseas Territories Sanctions Orders from the Governor’s Office and send notification of such publication to industry practitioners within 24 hours of receipt of Orders.

### Capacity Building

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**Objective 1: Ensure effectiveness in the identification and enforcement of PF-related breaches of financial services legislation through the imposition of**

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**appropriate, proportionate and dissuasive sanctions for non-compliance and application of deterrent mechanisms.**

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**Action Items:**

- (i) Ensure that the Enforcement Division is adequately resourced to allow for the effective implementation of enforcement programs and processing of enforcement cases.
- (ii) Develop and strengthen regulators' and enforcement officers' investigative techniques and data analysis skills to effectively identify and address non-compliance with CPF requirements.
- (iii) Develop human and technological resources and structures within the Enforcement Division to enable the team to perform tasks effectively and sustainably.
- (iv) Conduct ongoing CPF training to maintain effectiveness in the identification and processing of PF-related breaches of financial services legislation.
- (vi) Ensure that the necessary resources are made available to investigate large-scale and cross-border cases of PF and predicate offences committed by VI legal entities.

## Promotion of Cooperation

- 4.8 The Commission's ability to cooperate is dependent on an adequate legal framework and other mechanisms to enhance cooperation. The Commission recognises that the Territory's legal framework must be continuously enhanced and is committed to reviewing and making recommendations for legislative reforms to ensure incorporation of FATF standards and international best practice. Promotion of cooperation will be achieved through domestic and international cooperation.
- 4.9 On the domestic front, the PF risks are broadly low; however, the threats are considered elevated at the international level, particularly through the misuse of VI entities. PF, therefore, requires cooperation at both the domestic and international levels to be effectively addressed.
- 4.10 The Commission is dedicated to providing guidance and assistance to other domestic competent authorities and law enforcement agencies on PF matters through active participation in relevant domestic advisory committees such as IGC, JALTAC, CCA and NAMLCC. It is also committed to the proper exchange of information through both formal and information channels and the utilisation of existing MoUs with both domestic and international counterparts and the establishment of additional MoUs where necessary.



## Domestic and International Cooperation

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**Objective 1: Promote domestic and international cooperation through enhanced relationships with domestic, regional and international authorities and established bodies.**

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**Action Items:**

- (i) Participate in domestic and international initiatives, such as working groups, forums, seminars and panel discussions, to exchange best practices, develop common standards and coordinate policy initiatives to assist in countering PF on a global scale.
- (ii) Collaborate and cooperate with other domestic competent authorities to promote the sharing of information, enhance cooperation mechanisms and develop strategies relating to PF risks facing the Territory.
- (iii) Improve coordination among authorities on PF to better and more proactively investigate the involvement of VI structures, persons or service providers in the evasion of sanctions related to PF and identify assets and funds held by designated persons/entities.
- (iv) Pursue avenues for further cooperation with overseas regulatory authorities such as through the initiation and signing of Memoranda of Understanding.
- (v) Enhance cooperation with international counterparts to share information, intelligence and best practices in combatting PF and support investigations into cross-border PF activities that may involve VI legal structures.
- (vi) Ensure VI competent authorities can obtain adequate, accurate and current basic and beneficial ownership information in a timely manner fulfil information-sharing obligations.

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**Objective 2: Ensure proper and timely cooperation on intelligence matters with local and foreign competent authorities, including establishing appropriate procedures for sharing intelligence, where available, and ensure the quality of information provided.**

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**Action Items:**

- (i) Review and update operational procedures at a minimum biennially, to ensure that all cooperation requests are addressed in a timely manner.
- (ii) Review and update the system used to process domestic and international cooperation requests to ensure that such requests are processed within the approved service standards.
- (iii) Provide feedback on the usefulness and quality of information received from domestic and international authorities to promote open channels of communication between agencies.

## Stakeholder Awareness and Outreach

- 4.11 Engagement with industry stakeholders is a core element in the Commission’s strategy to counter PF and must be sustained. Thus, the Commission and private sector must partner to effectively implement applicable policies and strategies for addressing PF risks. The aim of such collaboration is to highlight the importance of each stakeholder in ensuring that the jurisdiction is able to continue to conduct legitimate business while preventing those who seek to engage in PF from doing so.
- 4.12 Stakeholder awareness and outreach ultimately protects all financial services sector participants and ensures that they are better informed and empowered to make informed and responsible decisions.

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**Objective 1: Facilitate ongoing dialogue with industry stakeholders, professional associations and the general public to raise awareness of PF.**

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**Actions:**

- (i) Develop a comprehensive CPF outreach programme to raise PF awareness among all industry stakeholders to ensure that they are cognisant of the jurisdiction’s domestic and international PF obligations and their role in fulfilling those obligations.
- (ii) Issue guidance to industry stakeholders to provide clarification and guidance on the interpretation and implementation of CPF obligations and their roles and responsibilities as regulated persons.
- (iii) Provide training to industry stakeholders on the Sanctions Guidelines and specific obligations outlined in legislation that comprises the TFS framework.
- (iv) Continue to promote awareness of VASPs operating in or from within the VI about their PF risks, CPF obligations and all relevant legal requirements, including travel rule requirements.

## 5. Implementation, Monitoring and Evaluation

- 5.1 The Commission's AML/CFT/CPF Strategy is designed to safeguard the financial services sector from being exploited for illicit activities connected to ML, TF and PF. The Commission is committed to mitigating the risks associated with these activities by strengthening its AML/CFT/CPF Framework through enhanced supervision, enforcement, promotion of cooperation and stakeholder awareness and outreach.
- 5.2 Implementing, monitoring and evaluation of the AML/CFT/CPF Strategy is critical to the maintenance of the jurisdiction as a premier financial service provider. Thus, the Commission will ensure that the strategy remains up to date and effective in addressing ML, TF and PF risks to the Territory.

### Implementation

- 5.3 Specific objectives and action items have been developed for each component of the Commission's AML/CFT/CPF framework. Generally, supervision entails regulatory compliance, risk-based supervision and capacity building and enforcement encompasses ensuring compliance and capacity building. Promotion of cooperation is designed to enhance domestic and international cooperation and stakeholder awareness and outreach entails providing awareness on ML, TF and PF matters to the stakeholders and the general public.
- 5.4 The AML/CFT/CPF Strategy is approved by the Board of Commissioners and responsibility for implementation rests with senior management.
- 5.5 The development of the action items within each objective is the responsibility of the Anti-Money Laundering Unit (AML Unit). Implementation of these objectives is the responsibility of the specific Divisions, Units and/or Committees within the Commission to which each of the objectives relate.

### Monitoring

- 5.6 Responsibility for proper execution of each objective is that of the identified lead(s). Each lead will be responsible for monitoring the processes and activities associated with achieving the specified objectives. However, this does not negate the responsibility of the other persons involved in this process from ensuring that the identified tasks within each objective are completed.
- 5.7 The overall progress on the status of implementation of each objective will be periodically reviewed and monitored by the AML Unit to determine whether any amendments are needed to the action items to effectively deliver on each objective and ensure ongoing compliance with established industry standards. The AML Unit ultimately reports progress of implementation of the AML/CFT/CPF Strategy to the Board of Commissioners.

### Evaluation

- 5.8 The AML/CFT/CPF Strategy will be periodically evaluated to determine whether its objectives are effectively being met and whether the action items may need to be amended to properly deliver

on each objective to ensure ongoing compliance with relevant industry standards. In addition to any analysis conducted by the Commission, regular stakeholder feedback and input would be required to determine overall effectiveness.