



BVI Financial Services Commission

Newsletter

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MANAGING DIRECTOR'S YEAR-END MESSAGE

As 2024 draws to a close, I would like to take the opportunity to draw your attention to some highlights of the year at the BVI Financial Services Commission (the Commission).

One of our top strategies for 2024 was to ramp up our engagement with stakeholders. The realisation of this objective was reflected in our focused meetings through three Meet the Regulator (MTR) Forums, where collectively, we interacted face-to-face with almost 1,000 stakeholders. The information shared through our MTR platform was accentuated as my executive team and senior officers travelled to meet with industry representatives in London, Hong Kong, Singapore, China, and Panama, and as we undertook public consultation exercises with respect to legislative review. Please know that we value each and every opportunity to engage in dialogue with you.

The Mutual Evaluation recommendations called for modifications to our regulatory regime, and enhancements to the supervisory framework. In line with this, throughout the year, we embarked on a mission to identify solutions that would improve both our regulatory and technical standards.

We will reflect on 2024 not just as a landmark year for major financial services legislative reforms but also a year marked by collaborative efforts between the Commission, its fellow regulators and competent authorities, and regulated entities to develop systems aimed at streamlining processes and improving our capability to meet the highest levels of compliance in financial services business.

Finally, digital transformation has been a major priority for the Commission for the past few years. You will already be aware of the just concluded system development in VIRRGIN to facilitate the inputting of beneficial ownership information. Looking ahead to 2025, however, we expect to embark on a project that will result in even more extensive updates and enhancements to the VIRRGIN system.

I can assure you that we will persist in our drive to publish helpful guidance that can assist you in better complying with our requirements, which are progressively being streamlined toward evolving international standards. You can also expect continued efforts toward greater regulator-industry communication and collaboration. With the former in motion, I know that together we can go from strength to strength and continue to build on our past successes.

On behalf of the Board, management, and staff of the Commission, I want to thank you for your continued cooperation. I wish you a joyous and safe Christmas holiday season and continued success and prosperity in 2025.

Kenneth Baker

Managing Director and CEO
BVI Financial Services Commission

A. BENEFICIAL OWNERSHIP FILING EXPECTATIONS AND ASSURANCES TOP BVI FSC MTR DISCUSSIONS

The BVI Financial Services Commission (the **Commission**) provided critical updates during its Meet the Regulator (**MTR**) Forum held 12th December 2024 regarding the implementation of the Beneficial Ownership (**BO**) regime. With its launch slated for 2nd January 2025, this initiative represents a major shift in transparency and compliance requirements for businesses and partnerships operating in the Territory.

Operationalising the BO Regime

Key presentations were delivered by Deputy Managing Director of Operations, Mr Brodrick Penn, who outlined the foundation for the Commission's BO regime, and Deputy Managing Director of Regulation Glenford Malone, who provided an overview of the legislative updates. Malone spoke about the requirements under the BVI Business Companies Act and Limited Partnership Act to collect, maintain, and file accurate and up-to-date beneficial ownership information, including changes, with the Registrar.

Mrs Myrna Herbert, Registrar of Corporate Affairs, detailed the operational adjustments required for this transition. A dedicated Beneficial Ownership Unit has been established to manage filings, review submissions, and maintain the BO register. Highlighting the phased rollout of the VIRRGIN system updates, she noted, *"Because of the magnitude of this requirement, we don't expect that we will have everything in place all at once, so we ask for your patience, and while you are exercising patience, we ask for you... to continue to file the information."*

Security and Compliance

Mr Michael George, Deputy Director of IT, addressed the robust security mechanisms in place for the VIRRGIN system. These include multi-factor authentication (MFA), geographic access restrictions, and end-to-end encryption. He noted that *"everything is going to be encrypted, both in transit and at rest; thus, even if someone is able to get their hands on the information, it will not be readable."*

George also presented the detailed implementation timeline, with key milestones such as exemption filings for beneficial owners and corrections for directors scheduled for throughout 2025. He discouraged attendees from delaying their filings, stating that he preferred filings to be conducted as soon as possible so that the system could be tested.

Industry professionals are encouraged to use the dedicated email (bo@bvifsc.vg) for inquiries and to review guidance materials that will soon be published on the Commission's website. The Commission remains committed to continuous collaboration with stakeholders.

For further details, including about guidance documents and FAQs, visit the Commission's [website](#).

B. FSC LAUNCHES NEW BENEFICIAL OWNERSHIP UNIT



Alicia Penn

The BVI Financial Services Commission (the **Commission**) formally announced the launch of its new Beneficial Ownership Unit (the **Unit**), during its Meet the Regulator (**MTR**) Forum held on 12th December 2024 at the Eileen L. Parsons Auditorium in Tortola.

The Unit, which falls under the Registry of Corporate Affairs, is headed by Deputy Registrar for Strategic Initiatives - Ms Alicia Penn. Penn is a trusted and well-respected former Commission Senior Regulator with over 20 years' experience in financial services. Her expertise spans extensive knowledge of financial services risk and legislative frameworks, and ownership structures. She will be supported by an initial team of four officers.

The Unit will oversee the implementation of the Territory's enhanced Beneficial Ownership regime. Deputy Managing Director for Operations, Mr Brodrick Penn identified the new Unit as *"a critical component of the Registry of Corporate Affairs. The Unit will not only serve the purpose of overseeing the Commission's responsibility as the new central repository for Beneficial Ownership information in the Territory but it will also be tasked with monitoring, maintaining and at times testing the veracity of information submitted"*.

The Unit represents yet another act of demonstrated compliance by the Territory with international standards and requirements, in that, collected Beneficial Ownership information will now be centrally held by a public authority.

During the MTR, presenters from the Commission assured audiences of various mechanisms put in place to ensure the security and integrity of Beneficial Ownership information, which BVI Business Companies and Limited Liability Partnerships are expected to file through a revolutionary portal of the existing proprietary VIRRGIN system.

For more details, visit the FSC website or contact the BO Unit directly at bo@bvifsc.vg.

C. FSC PARTNERS WITH RMI TO DELIVER AML/CFT/CPF IRA COURSE

The AML/CFT/CPF Institutional Risk Assessment (**IRA**) Master Course, jointly facilitated by the BVI Financial Services Commission (**Commission**) and the H Lavity Stoutt Community College's Robert Mathavious Training Institute (**HLSCC-RMI**), has been hailed as a resounding success. Held over two days at the RMI training centre, the course catered to two cohorts, bringing together over 60 professionals from financial services firms across the Territory.

This training aimed to strengthen the local financial sector's resilience against financial crime, reinforcing the BVI's reputation as a well-regulated international financial centre. By adopting risk-based approaches and aligning efforts with national priorities, participants are now better equipped to tackle emerging threats while safeguarding institutional integrity.

The course, led by expert trainer and Attorney-at-law Ms Julia Shamini Chase, covered critical areas such as understanding and applying IRAs to mitigate money laundering (ML), terrorist financing (TF), and proliferation financing (PF). Practical case studies and interactive workshops provided hands-on experience, enabling participants to better align with international standards and BVI's regulatory expectations.

Participant feedback was overwhelmingly positive, with many praising the course's depth and relevance and the trainer's preparation. Attendees particularly appreciated the practical case studies, which enhanced their understanding of identifying and mitigating institutional risks. One attendee commented, *"The course was very informative about IRAs and what is currently expected from licensees and also what would be expected in the future to comply with updated legislation."* Another attendee applauded the course facilitator, noting that she delivered the content very clearly, leaving room for engagement during the training.



The collaborative learning environment also facilitated valuable discussions and knowledge exchange. Deputy Managing Director, Regulation Mr Glenford Malone expressed satisfaction at the practical impact and level of engagement achieved through the course, stating: "The RMI Industry Master Course has proven to be an invaluable platform for collaboration and learning. By empowering participants with practical insights and risk management strategies, we are collectively fortifying institutions in the jurisdiction against financial crime while upholding the integrity of the Territory's regulatory framework."

The programme's success has clearly emphasised the critical role of ongoing education in equipping financial professionals with the skills and knowledge necessary to combat financial crimes effectively. By fostering a deeper understanding of risk management and compliance practices, the initiative has reinforced the importance of staying ahead of emerging threats, ensuring institutional resilience, and maintaining global trust in the integrity of financial systems.

BVI FSC REGULATORY UPDATES

A. AMENDED LEGISLATION

During the October 2023 Meet the Regulator Forum, the Commission announced that financial services industry stakeholders should expect to see significant legislative reforms in 2024. This Regulatory Update reports on recent legislative and regulatory activities affecting the FSC's powers and functions and, correspondingly, how the Commission will engage with its regulated entities moving forward.

Legislation in effect from 1st September 2024

- BVI Business Companies (Amendment) (No. 2) Act, 2024

Legislation in effect from 15th October 2024

- Anti-Money Laundering (Amendment) Regulations, 2024
- Anti-Money Laundering and Terrorist Financing (Amendment) Code of Practice, 2024
- Financial Services (Miscellaneous Exemptions) (Amendment) Regulations, 2024

Legislation in effect from 10th December 2024

- Trustee (Amendment) Act, 2024
- Limited Partnership (Amendment) Regulations, 2024

Limited Partnership (Amendment) Act, 2024 – certain provisions in effect from 10th December 2024, with remaining provisions to come into effect on 2nd January 2025

Financial Services (Limited Partnership Fees) (Amendment) Regulations, 2024 – in effect from 10th December 2024.

Legislation to come into effect from 2nd January 2025

- Banks and Trust Companies (Amendment) Act, 2024
- BVI Business Companies (Amendment of Schedule 1) Order, 2024
- BVI Business Companies (Amendment) Act, 2024
- BVI Business Companies (Amendment) Regulations, 2024
- BVI Business Companies and Limited Partnerships (Beneficial Ownership) Regulations, 2024
- Insolvency (Amendment) Act, 2024
- Insurance (Amendment) Act, 2024
- Proliferation Financing (Prohibition) (Amendment) Act, 2024
- Securities and Investment Business (Amendment of Schedule 1) Order, 2024

Pending legislation (under review) and anticipated effective dates

- Anti-money Laundering (Amendment) (No. 2) Regulations, 2024 (2nd January 2025)
- BVI Business Companies (Amendment of Schedule 1) (No. 2) Order, 2024 (2nd January 2025)
- Financial Services (Fees) (Amendment) Regulations, 2024 (2nd January 2025)
- Financial Services (Limited Partnership Fees) (Amendment) (No. 2) Regulations, 2024 (2nd January 2025)
- Financial Services (Prudential and Statistical Returns) (Amendment) Order, 2024 (1st December 2024)

The FSC encourages its regulated entities to:

- (a) familiarise themselves with the legislative changes as early as possible,
- (b) take the necessary steps to alert officers to the changes,
- (c) have AML/CFT/CPF policies, procedures and controls updated such that they reflect the current legislative requirements and clarify both internal processes and the requirements for seeking approvals from the Commission.

B. LEGISLATIVE UPDATE: BVI BUSINESS COMPANIES ACT

Following consultation with the financial services industry, the *BVI Business Companies (Amendment) Act 2024* was passed by the House of Assembly on 4th September 2024 and received Assent on 23rd September 2024.

The newly implemented changes impact BVI business companies' filing obligations. These include stipulating additional requirements concerning the filing of registers of directors and introducing new requirements for filing registers of members and beneficial ownership information with the Registrar.

This Legislative Update gives an overview of the key amendments to the BVI Business Companies Act.

Register of Members

Under the previous law, a company could elect to file its register of members with the Registrar. Now, a company will be required to file a copy of its register of members with the Registrar.[1] A company that is incorporated on or after 2nd January 2025 must file its register of members with the Registrar within 30 days of incorporation. The same timeframe for filing applies to companies continued into the BVI on or after 2nd January 2025; such company must file its register of members within 30 days of the date of its continuation. Where a change to a company's register of members occur after the company has already filed its register of members with the Registrar, the company must file its revised register of members (containing the changes) within 30 days of the change occurring. As regards a company that was struck off and dissolved but subsequently restored to the register, it must (amongst other things) as a condition of restoration, file its register of members.

Companies satisfying any of the following criteria will be exempted from the requirement to file their register of members with the Registrar:

A company:

- a) whose shares are listed on a recognised exchange,
- b) that is a private, professional, public or private investment fund recognised under the Securities and Investment Business Act, Revised Edition 2020, or
- c) that is an incubator or approved fund under the Securities and Investment Business (Incubator and Approved Funds) Regulations, Revised Edition 2020.

A company retains the option of indicating to the Registrar that its filed register of members should be publicly accessible. However, in the absence of this instruction, the standard position is that a company's register of members that is filed with the Registrar, will only be made available to the following persons:

- a) the company or its registered agent, and
- b) domestic competent authorities and law enforcement agencies in the lawful discharge of their responsibilities.

Nominee Shareholders

The Act introduces a definition for "nominee shareholder". Any member of a company who holds shares in the company and exercises the associated voting rights on the instructions of another (i.e., the nominator) without discretion, or who receives dividends on behalf of a nominator, is a nominee shareholder for the purposes of the Act.

Where a member of a company acts as a nominee shareholder, the company is required to file with the Registrar the nominator's name and address and the date when either the nominee shareholder or nominator ceases to hold the respective role (where applicable). This information should be filed with the Registrar as part of a company's requirement to file its register of directors with the Registrar.

Register of Directors

A company that is incorporated on or after 2nd January 2025 must file its register of directors with the Registrar within 15 days of the date that the company appoints its first directors. Where a company continues into the Virgin Islands on or after 2nd January 2025, the company must file its register of directors with the Registrar within 15 days of the date of the company's continuation.

Where a person licensed by the Commission to provide director services to companies (a “Licensee”) is appointed as a director of a company, the company must file with the Registrar information indicating that:

- (a) the appointed director is a Licensee; or
- (b) the appointed director is an individual representing a Licensee.

The company must also file, where applicable, the name of the Licensee and the address of the individual on whose behalf the Licensee acts.

The above information must be filed at the time that a company files a copy of its register of directors with the Registrar.

A company’s register of directors that is filed with the Registrar will only be made available to the following persons:

- a) the company or its registered agent, and
- b) domestic competent authorities and law enforcement agencies in the lawful discharge of their responsibilities.

As was previously the case, only a list of a company’s directors will be made available to other persons upon request.

Beneficial Ownership

Definition

The Act now includes in section 2(1) a definition for beneficial owner, identifying such as any natural person who ultimately owns and controls a company or limited partnership.

In the case of a company, a person will fit the definition of beneficial owner if they:

- a) directly or indirectly own or control 10% or more of the company’s shares or voting rights,
- b) have the right to directly or indirectly appoint or remove a majority of the company’s directors, or
- c) otherwise exercise management control in the company.

Conversely, when it comes to limited partnerships, a beneficial owner is any person who is entitled to or controls (whether directly or indirectly), 10% or more of the share of the capital or profits of the partnership, 10% or more voting rights in the partnership, or who exercises management control in the partnership.

Requirement to file beneficial ownership information with the Registrar

Companies are now required to file with the Registrar beneficial ownership information that they are required to keep under the Act. Where a company is incorporated or continued on or after 2nd January 2025, the company must file with the Registrar its beneficial ownership information within 30 days of the company being incorporated or continuing into the Virgin Islands.

Exemption from filing beneficial ownership information

A company that is listed on a recognised exchange is exempt from the requirement to file its beneficial ownership information with the Registrar. However, such a company will be required to file with the Registrar information demonstrating that it is eligible for this exemption.

The following funds are also exempted from the requirement to file beneficial ownership information with the Registrar:

- a) a private, professional, public or private investment fund recognised or registered under the Securities and Investment Business Act, Revised Edition 2020 (SIBA); or
- b) an incubator or approved fund under the Securities and Investment Business (Incubator and Approved Funds) Regulations, Revised Edition 2020.

In the case of a company that is any of the above funds, it is important to note that the exemption will only apply on the condition that the fund's beneficial ownership information is held by a Category 6 SIBA investment business licensee; the fund's authorised representative or another person licensed by the Commission that has a physical presence in the Virgin Islands, and the relevant person can provide the fund's beneficial ownership information to the Registrar within 24 hours of the Registrar requesting it.

The company will also be required to file with the Registrar the name and address (including email address) of the person that holds its beneficial ownership information.

Further particulars concerning the beneficial ownership obligations under section 96A of the Act are detailed in the BVI Business Companies and Limited Partnerships (Beneficial Ownership) Regulations, 2024.

Transitional Provisions

Existing companies have been given an initial period of six (6) months to file their registers of members, relevant nominee shareholder details, beneficial ownership information and relevant licensed director information with the Registrar. Notwithstanding, the FSC urges existing companies to file the required information as soon as possible. Early filings will not only help companies and their agents to accustom themselves to the system of filing but doing so will also help the Territory to show demonstrated compliance with filing requirements to the international community.

C. LEGISLATIVE UPDATE: LIMITED PARTNERSHIP (AMENDMENT) ACT, 2024

When fully in effect on 2nd January 2025, the Limited Partnership (Amendment) Act, 2024 will bring about several changes including:

- a) the requirement to file with the Registrar, registers of general partners, registers of limited partners and beneficial ownership information;
- b) the requirement to submit annual returns to registered agents;
- c) the provision that a limited partnership that is struck off is de-registered on the same date; and, revamped restoration regime, including a reduced limitation period for applying to restore a limited partnership.

The Amendment Act will also reduce the previously effective transitional period from 10 years to 7 years (from the coming into force of the *Limited Partnership Act, Revised Edition 2020* (the **LPA**)) for limited partnerships formed under the Partnership Act to voluntarily re-register under the LPA. The effect is that any limited partnership that has not applied to be re-registered under the LPA by 13th January 2025 (in lieu of 11th January 2025 which falls on a weekend) will be deemed to be automatically re-registered as a limited partnership under the LPA on the day after the transitional period ends (i.e. 13th January 2025 in lieu of 12th January 2025 which falls on a weekend). Thereafter, an automatically re-registered limited partnership must, within 6 months after being re-registered, have in place a partnership agreement.

D. NEW REQUIREMENT FOR ENTITIES TO SEEK APPROVAL FOR MLRO

The Anti-money Laundering (Amendment) Regulations, 2024 (the AML Amendment Regulations) has introduced the requirement for Commission-regulated entities to apply for and obtain the approval of the Commission when appointing a Money Laundering Reporting Officer (**MLRO**). Conversely, the Commission must be notified within 14 days of the approved MLRO ceasing to hold that office. The AML Amendment Regulations also include similar obligations for specified DNFBPs, subject to the FIA's supervision, to apply for prior approval from the FIA to appoint an MLRO.

The MLRO, who plays a substantial role in monitoring and implementing the regulated entity's AML/CFT/CPF regime, must have access to all relevant information and materials that will allow them to perform their function.

Having regard to the nature of the business activities, the Financial Services (Miscellaneous Exemptions) (Amendment) Regulations, 2024 exempts the following groups of licensees from applying to the Commission for approval to appoint an MLRO though they must still notify the Commission within 14 days of such appointment:

- a) Private, professional, and public funds
- b) Recognised foreign funds
- c) Private investment funds
- d) Incubator and approved funds, and
- e) Approved investment managers.

Applications for approval should be submitted using Form A for Approved Person Regime and accompanied by the requisite fees.

Note that existing MLROs (those MLROs who have been appointed prior to the change), are not required to seek approval for the entities for which they have already been appointed.

When in force, the Anti-money Laundering (Amendment) (No. 2) Regulations, 2024 and the Financial Services (Fees) (Amendment) Regulations, 2024 will allow for special applications whereby a person may be appointed MLRO and compliance officer in a single application.

E. ENHANCED CUSTOMER DUE DILIGENCE – THE EXTRA MILE OF COMPLIANCE

Due diligence is an integral part of Anti-money Laundering (AML), Counter Terrorist Financing (CFT) and Countering Proliferation Financing (CPF) measures that must be undertaken by financial institutions (FIs) and Designated Non-Financial Businesses and Professionals (DNFBPs) as a part of a holistic compliance framework. The due diligence process can be applied to customers, third parties, vendors and other parties that impact the operations and activities of FIs and DNFBPs. Due diligence that is applied to clients is referred to as customer due diligence.

Customer due diligence being carried out by an FI or DNFBP must have the depth to allow for thorough risk assessments to be conducted. The outcome of each risk assessment then determines the type of ongoing due diligence to be conducted on each customer. International standards established by the Financial Action Task Force (FATF), which have been adopted in the Virgin Islands (VI), require enhanced customer due diligence (ECDD) to be applied to customers categorised as being of higher risk. The [Enhanced Customer Due Diligence Guidance](#) (the Guidance) recently issued by the BVI Financial Services Commission is geared towards assisting licensees with compliance and sets out helpful tips and reminders on what should be considered when conducting ECDD, to provide greater clarity on what is expected of all entities that fall within scope of AML/CFT/CPF laws in the VI.

The definition of ECDD outlined in the Anti-Money Laundering Terrorist Financing Code of Practice (AMLTCOP) as the additional steps to customer due diligence which must be carried out by a licensee in their dealings with “...an applicant for business or a customer in relation to a business relationship or one-off transaction in order to forestall and prevent the higher risk of money laundering, terrorist financing, proliferation financing and other financial crime that have been identified by the entity or professional.” Section 20 of the AMLTCOP is a helpful reference point.

The Guidance was driven by findings from the Commission’s onsite inspection program and desk based reviews. The Commission expects that the Guidance would assist licensees in implementing effective ECDD systems and controls to mitigate risks and compliance deficiencies identified. Some of these deficiencies include:

1. lack of material differentiation between CDD and ECDD;
2. improper implementation of risk assessment frameworks;
3. insufficient or no verification of due diligence and customer information;
4. no verification of a customer’s source of wealth or source of funds;
5. lack of monitoring and reassessing risk of existing customers; and
6. ECDD controls that are not geared towards the risk presented by the customer.

The Guidance highlights the relationship between ECDD and being able to identify beneficial ownership and control arrangements, particularly in complex ownership structures as well as indicates the importance of conducting ECDD measures on customers emanating from countries identified as having insufficient AML/CFT/CPF measures in place. The Guidance then turns to explaining the need to conduct ECDD where customers may be involved in new or developing technologies and the need for licensees' compliance programs to detail the policies, procedures and controls that should be implemented when engaging with this type of customer.

Understanding customers' source of wealth (SoW) and source of funds (SoF) as part of the ECDD process is also highlighted for customers who are considered higher risk. The Guidance explains how SoW and SoF should be determined and the requirements for obtaining and verifying this information, including providing examples of the types of documents that may be used during the verification process.

The Guidance then goes on to provide some helpful tips on how to conduct effective ECDD and the treatment of politically exposed persons (PEPs). A case study, including lessons learned, is provided to enhance the reader's understanding of the importance of conducting ECDD on PEPs. The Guidance also provides examples of types of suspicious activities that may be identified through the conduct of ECDD that may trigger internal reporting to the licensee's Money Laundering Reporting Officer and filing of a suspicious activity report with the Financial Investigation Agency.

The Guidance rounds off by explaining how risks related to customers introduced by way of third-party introducers can be mitigated through the conduct of ECDD and ongoing monitoring. Finally, readers are reminded of the need to be diligent in the application of all AML/CFT/CPF measures to allow for continued improvement in the efficiency and effectiveness of their compliance measures.

What the Commission Expects from Licensees

Licensees should carefully review the Guidance and update its policies and procedures to ensure effective ECDD measures. Generally, the Commission would expect that licensees would seek approval for updating AML/CFT/CPF compliance manuals and implement strong compliance processes that support effectiveness in the due diligence process, inclusive of ECDD. As a reminder, risk assessment results on customers are not static. Risks change with changing circumstances or risk tolerances. Therefore, ongoing monitoring of customers, which allows for prompt identification of new risks and vulnerabilities, is an integral part of an effective compliance framework, which is underpinned by strong CDD and ECDD processes.

The Commission's current and future inspection cycles will continue to assess the implementation and effectiveness of ECDD measures. The Commission expects to see continued improvements in licensees' compliance with the ECDD requirements having regard to the benefits of this Guidance. Where licensees fail to fully comply the Commission would be more inclined to take proportionate and dissuasive sanctions including monetary penalties in keeping with the Commission's enforcement philosophy.

F. INTRODUCED BUSINESS – RELATIONSHIPS & RISKS

The Introduced Business model has been used by a wide variety of service providers as a means of expanding the reach of their operations. It provides opportunities for customers to obtain financial services and products that may not be available within their home jurisdictions. However, the model also provides opportunities for bad actors such as money launderers and terrorist financiers to exploit these arrangements for criminal activities. In April, 2024, the Financial Services Commission (the **Commission**) published its [Findings from Thematic Inspections](#) in relation to Introduced Business.

This was followed by the issuance of the [Guidance for Mitigating the Risks with Introduced Business Relationships](#) in October 2024 to aid service providers licensed and operating in the Virgin Islands (VI), their customers and the wider public in understanding the risks associated with these business relationships, and avenues that can be used to mitigate those risks.

The Guidance, which was issued as joint guidance between the Commission and the Financial Investigation Agency (the **FIA**), was developed to ensure all entities under the supervisory remit of both agencies are aware of the various risks associated with the services they provide, including those posed by the use of third party introducers, and are provided with clear guidance on how to mitigate those risks. They also reinforce the provisions on introduced business within the Anti-Money Laundering and Terrorist Financing Code of Practice (AMLTF COP) and the Anti-Money Laundering Regulations (AMLR) as well as the wider provisions for compliance within the Regulatory Code (RC), The Financial Investigation Agency Act (FIAA) and the Financial Services Commission Act (FSCA).

Emphasis is placed on providing guidance on the provisions in the AMLTF COP and AMLR to aid in mitigating ML, TF and PF risk associated with the use of third-party introducers, which include:

- conducting due diligence and assessing the suitability of the third party;
- ratifying third-party business relationship agreements; and
- testing and monitoring of introduced business relationships.

The Guidance also seeks to assist licensees in implementing effective introduced business systems and controls to mitigate compliance deficiencies identified through the Commission's onsite inspection program. Some of these deficiencies include:

- Due diligence information not consistently maintained for Introducers;
- Due diligence that should be collected and maintained by the third-party introducer has not been collected and/or maintained;
- Due diligence information for underlying customers collected and maintained by the third-party introducer is of poor quality;
- Disorderly termination and/or abandonment of the relationship by the Introducer; and
- Introducers refusing to provide information based on assertions of restrictions in their domestic privacy laws.

The Guidance focuses readers on understanding the risks of using third-party introducers to facilitate client take-on, including risks due to introducers' inadequately established AML/CFT/CPF procedures, poor ongoing maintenance of required due diligence information and failure to produce CDD information upon request.

The Guidance highlights licensees' responsibility for understanding beneficial ownership and control requirements when engaging with third-party introducers, emphasising that "the responsibility rests with the licensee to ensure that it fully understands the ownership and control structure of all customers subject to third-party introduction".

The requirements for testing and ongoing monitoring of established introducer relationships are outlined, including timelines for doing so and possible consequences to consider where the introducer is unable to meet the required standards. The Guidance walks the user through the steps that should be taken in the event the relationship between the introducer and the client or the introducer and the licensee is terminated.

Information on how intragroup introductions should be dealt with is also provided, along with suggestions on best practices relative to:

- maintaining a register of introducers;
- employing a risk-based approach in treatment of third-party relationships;
- cybersecurity and data protection;
- meeting international obligations through industry-wide collaboration; and
- overarching requirements for compliance.

What the Commission Expects from Licensees

Licensees must carefully review the Guidance and update their policies and procedures where needed in order to ensure implementation of strong processes that support effective introduced business frameworks. The AMLR requires licensees to have a compliance manual approved by the Commission in place at all times. The Commission would, therefore, expect that licensees would seek its approval of any updates to their AML/CFT/CPF manual.

The Commission's current and future inspection cycles will continue to look at how introduced business measures are implemented, particularly implementation by TCSPs who are involved in creating and administering legal persons and legal arrangements. The Commission expects to see continued improvements in licensees' compliance with the introduced business requirements having regard to the benefits of the Guidance. Where licensees fail to fully comply, the Commission would be more inclined to take proportionate and dissuasive sanctions including monetary penalties in keeping with the Commission's enforcement philosophy.

G. THE INVESTMENT BUSINESS GUIDE – COMPLIANCE & EXCELLENCE IN INVESTMENT BUSINESS

In today's global financial landscape, compliance is no longer just a regulatory box to tick—it is a vital safeguard against the growing threats of money laundering (**ML**), terrorist financing (**TF**), and proliferation financing (**PF**). Investment products or other services can be used to further the nefarious activities of unscrupulous persons who are constantly seeking novel approaches to further criminal activities. Regulated Investment Business activities cover a broad spectrum of activities in the Virgin Islands. From hedge funds to investment advisers; fund administrators to hedge fund managers. For Investment Business Service Providers (**IBSPs**) operating in the Virgin Islands (**VI**), compliance is a critical responsibility that strengthens the sector's resilience, protects its reputation, and ensures its continued contribution to the Territory's economy.

The [Investment Business Guide to the Prevention of Money Laundering, Terrorist Financing, and Proliferation Financing](#), issued by the Commission in September 2024, provides a comprehensive framework for IBSPs to mitigate risks.

Risks of ML, TF, PF and other risks, including sanctions evasion, illicit financing activities and other financial crimes are set out in the Guidance. The document also buttresses the requirements of the Anti-Money Laundering Terrorist Financing Code of Practice (the **AMLTF COP**), the Anti-Money Laundering Regulations (**AML Regulations**), the Regulatory Code (the **RC**) and the Financial Services Commission Act (the **FSC Act**).

Investment Business licensees are required to take a risk-based approach in applying measures to mitigate ML and TF risk. However, the Guidance provides additional clarity on specific AML/CFT/CPF obligations for Investment Businesses under VI law, which includes requirements for robust customer due diligence and enhanced customer due diligence procedures, proper recordkeeping and transaction monitoring measures, sanctions screening, filing of suspicious activity reports and information exchange. The Guidelines also highlight other critical considerations such as beneficial ownership and control that Investment Business licensees should address to develop and maintain a robust framework that enables effective compliance measures.

The Guidance expands upon some key issues that should be factored into risk mitigation strategies, including:

- ML/TF/PF Risks;
- Risks to be Monitored;
- Institutional Risk Assessments;
- Matters for Consideration;
- Beneficial Ownership and Control;
- CDD and ECDD Measures;
- Transaction Monitoring;
- Recordkeeping;
- Terrorist Financing;
- Proliferation Financing;
- Targeted Financial Sanctions and Sanction Screening;
- Filing of Suspicious Activity/Transaction Reports;
- Powers of the Commission;
- Information Exchange; and
- Overarching Requirement for Compliance.

H. INTERNATIONAL AFFAIRS

From 12th – 14th November 2024 the Commission successfully hosted the Group of International Finance Centres Supervisors (GIFCS) for their plenary meeting. The GIFCS plenary, is a well-established group which promotes the adoption of international regulatory standards in banking, securities, fiduciary and AML/CFT. The closed meeting sessions were attended by 36 persons including representatives from the FSC’s Authorisation Supervision Division. Countries represented included:

Anguilla	Curacao	Mauritius
Antigua	Gibraltar	Nevis
Bahamas	Guernsey	Rwanda
Barbados	Isle of Man	Samoa
Bermuda	Jersey	Seychelles
British Virgin Islands	Macao	USA
Cayman Islands	Malaysia	Vanuatu

This was the third conference the FSC hosted in 2024. The GIFCS meeting followed the Caribbean Group of Banking Supervisors (CGBS) meeting in May 2024 and the Financial Stability Board Regional Consultative Group for the Americas plenary meeting in June 2024.



The Guidance encourages IBSPs to share intelligence with the Commission and other Competent Authorities to strengthen the financial services industry's defenses against ML, TF, PF and other financial crime. Information in the Guidance complements the ongoing need to report and engage with the Commission and other Competent Authorities, including law enforcement agencies, to achieve optimal results in preventing ML, TF and PF risks from being realised. Partnerships between industry and other stakeholders can aid in collectively addressing systemic risks as well as adapting and mitigating evolving threats.

What the Commission Expects from Licensees

Licensees must carefully review the Guidance and accordingly update their policies and procedures, to allow for effective implementation. The AMLR requires licensees to have a compliance manual approved by the Commission in place at all times. The Commission would, therefore, expect that licensees would seek its approval upon any updates to their AML/CFT/CPF manual.

The Commission expects to see continued improvements in licensees' compliance with the AML/CFT/CPF requirements having regard to the benefits of this Guidance. Current and future inspection cycles will continue to look at how IBSPs are implementing the Guidance and legislative framework. Where licensees fail to fully comply with their AML/CFT/CPF requirements, the Commission would be more inclined to take proportionate and dissuasive sanctions including monetary penalties in keeping with the Commission's enforcement philosophy.

A. UPCOMING CONSUMER AWARENESS ENGAGEMENTS

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You're Invited

Thursday, 16 JANUARY 2025
Wan Chai, Hong Kong



Please scan code to register.



Save the Date

FSC London Round Table

MONDAY 20TH JANUARY, 2025

London, United Kingdom

Topic:
BVIFSC London Round Table on Beneficial Ownership Filings



To RSVP, scan code above.
For queries, email: enquiries@bvi.org.uk.

B. REGISTRY CORNER



New Client Services Contact Number

The Client Services Department at the Registry of Corporate Affairs is happy to assist customers. Industry practitioners are asked to note the change to our contact number, which is now + 284 852-4123. Further note should be taken that the preferred method for submittal of queries to the Client Services Department is via email to support@bvifsc.vg.

Annual Fee, Penalty and Strike-Off Dates

Industry practitioners are reminded that when the annual fees, penalty, and strike-off dates fall on a public holiday or on a weekend, the date for the action required by law will take place on the next working day.

Requests to Have Submitted Transactions Rejected

When submitting a request for a transaction to be rejected, please email support@bvifsc.vg with a copy to cregistrars@bvifsc.vg.

Queries Related To Filing of Beneficial Ownership

The Registrar of Corporate Affairs is requesting that queries related to the filing of beneficial ownership information or other questions related to beneficial ownership be sent by email to bo@bvifsc.vg.

C. AUTHORISATION AND SUPERVISION DIVISION CALENDAR OF UPCOMING FILINGS AND REQUIREMENTS DEADLINES

DUE DATE	ENTITY/LICENCE TYPE	FILING/REQUIREMENT	SUBMISSION CHANNEL
10 th January 2025	<ul style="list-style-type: none"> Banks Class I and Class II trust licensees* Category A and Category D insurers Category 5 investment business licence 	A list of internal audit reports prepared during Q4 2024, with a summary of areas covered by each report	<p>Banks and other entities under Specialised Supervision: specialisedsupervision@bvifsc.vg</p> <p>All other entities: prudential supervision@bvifsc.vg</p>
14 th January 2025	<ul style="list-style-type: none"> Authorised Representatives (SIBA) Authorised Representatives (VASPA) 	On a quarterly basis, submit the names of all funds and licensed entities for which it provides Authorised Representative services.	prudential supervision@bvifsc.vg
15 th January 2025	Banks	Prudential Returns for Q4 2024	specialisedsupervision@bvifsc.vg
15 th January 2025	Money Services Business licensees - Class A	<ul style="list-style-type: none"> 3.5% transaction levy transaction levy report for Q4, 2024 	Check, wire transfer, etc. specialisedsupervision@bvifsc.vg
31 st January 2025	<ul style="list-style-type: none"> Banks Trust Companies Company Management Financing Business Money Services Business Authorised Custodians 	Annual Licence Fees	<p>Check, wire transfer, etc.</p> <p>Banks and other entities under Specialised Supervision: specialisedsupervision@bvifsc.vg</p> <p>All other entities: prudential supervision@bvifsc.vg</p>
31 st January 2025	<ul style="list-style-type: none"> Trust Companies Company Management Financing Business Money Services Business Approved Investment Managers Incubator Funds Approved Funds 	Annual Returns	<p>Entities under Specialised Supervision: specialisedsupervision@bvifsc.vg</p> <p>TCSPs: tcspreturns@bvifsc.vg</p> <p>All other entities: prudential supervision@bvifsc.vg</p>
31 st January 2025	<ul style="list-style-type: none"> Incubator Funds 	<ul style="list-style-type: none"> Semi-Annual Reports 	prudential supervision@bvifsc.vg
31 st January 2025	<ul style="list-style-type: none"> Banks 	Large Exposures Report	specialisedsupervision@bvifsc.vg

28th February 2025	<ul style="list-style-type: none"> Insurance Business 	Annual Licence Fees	Check, wire transfer, etc. Entities under Specialised Supervision: specialisedsupervision@bvifsc.vg All other entities: prudential supervision@bvifsc.vg
31st March 2025	<ul style="list-style-type: none"> Banks Trust Companies Company Management Financing Business Money Services Business Insurance 	Annual Compliance Officer Reports	Banks and other entities under Specialised Supervision: specialisedsupervision@bvifsc.vg All other entities: ComplianceOfficerReports@bvifsc.vg
31st March 2025	<ul style="list-style-type: none"> Insolvency Practitioners Investment 	Annual Licence Fees	Check, wire transfer, etc. Banks and other entities under Specialised Supervision: specialisedsupervision@bvifsc.vg All other entities: prudential supervision@bvifsc.vg
31st March 2025	<ul style="list-style-type: none"> Banks 	Large Exposures Report	specialisedsupervision@bvifsc.vg
31st March 2025	<ul style="list-style-type: none"> Insolvency Practitioners Investment Business Licensees Insurance (All Insurance Licence Types) 	Annual Prudential Returns	Entities under Specialised Supervision: specialisedsupervision@bvifsc.vg Insurance entities: insurancereturns@bvifsc.vg Investment Business: investmentreturns@bvifsc.vg All other entities: prudential supervision@bvifsc.vg
Within six months of the financial year-end	All licensees and funds except where exempted.	Audited Financial Statements (must be accompanied by all relevant prescribed documents)	Banks and other entities under Specialised Supervision: specialisedsupervision@bvifsc.vg TCSPs: financialstatementsTCSP@bvifsc.vg Insurance: financialstatementsINS@bvifsc.vg Investment: financialstatements@bvifsc.vg Hard copy and/or electronic copy

Within six months of the financial year-end	<ul style="list-style-type: none"> • Approved Funds • Incubator Funds • Approved Managers 	Financial Statements (not required to be audited)	Hard copy and/or electronic copy via financialstatements@bvifsc.vg
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**A Class I or Class II trust licensee that does not hold customer monies or has determined that due to its nature, size, and complexity, it does not require an internal audit function, is not required to file a list of internal audit reports.*

Notes:

1. This schedule is provided as a courtesy; regulated entities are not absolved from submissions due to any errors or omissions herein.
2. If a due date falls on a holiday or weekend, the Commission will accept filings/reports due for submission on the next business day without enforcing any penalties.

D. PUBLIC STATEMENTS

The BVI Financial Services Commission considered it necessary to issue the following Public Statements during the fourth quarter of 2024 to protect customers, creditors, or persons who may have been solicited to conduct business with purported financial services entities.

The public is advised to exercise caution when conducting business with the following:

Subject of Public Statement	Date Issued
OLIVER VIRTANEN	5 November 2024
ROBERT REKIS	9 December 2024

All Commission-issued public statements can be found [here](#).

E. FSC Holiday Operating Hours



**HOLIDAY
OPERATING HOURS**
BVI & HONG KONG OFFICES

DATE	OCCASION	OPERATING HOURS
24 DECEMBER 2024	CHRISTMAS EVE	CLOSING AT 1:00 PM <small>(HK Office closes at 12 Noon)</small>
25 DECEMBER 2024	CHRISTMAS DAY	CLOSED
26 DECEMBER 2024	BOXING DAY	CLOSED
31 DECEMBER 2024	NEW YEAR'S EVE	CLOSING AT 1:00 PM <small>(HK Office closes at 12 Noon)</small>
1 JANUARY 2025	NEW YEAR'S DAY	CLOSED

A complete list of holidays and closures can be accessed via the Commission's website.