

# NATIONAL AML/CFT/CPF STRATEGY

2024 - 2026



**TERRITORY OF THE VIRGIN ISLANDS**

**2024**

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## Approval of the Strategy

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## ACRONYMS

AGC	-	Attorney General's Chambers
AIU	-	Analysis and Investigations Unit
AML	-	Anti-money Laundering
AMLIU	-	AML/CFT Implementation Unit
AMLR	-	Anti-money Laundering Regulations
AMLTFCOP	-	Anti-money Laundering and Terrorist Financing Code of Practice
ASFMC	-	Asset Seizure and Forfeiture Management Committee
BO	-	Beneficial Ownership
CA	-	Competent Authorities
CCA	-	Council of Competent Authorities
CDD	-	Customer Due Diligence
CFATF	-	Caribbean Financial Action Task Force
CFT	-	Countering the Financing of Terrorism
CLEA	-	Committee of Law Enforcement Agencies
CPF	-	Counter Proliferation Financing
DGO	-	Deputy Governor's Office
DNFBP	-	Designated Non-financial Business and Professionals
ECDD	-	Enhanced Customer Due Diligence
FATF	-	Financial Action Task Force
FCU	-	Financial Crimes Unit
FI	-	Financial Institutions
FIA	-	Financial Investigation Agency
FIAA	-	Financial Investigation Agency Act
FSC	-	Financial Services Commission
FSCA	-	Financial Services Commission Act
GO	-	Governor's Office
HC	-	High (Supreme) Court
HMC	-	His Majesty's Customs
ID	-	Immigration Department
IGC	-	Inter-governmental Committee on AML/CFT Matters

IO	-	Immediate Outcome
JALTFAC	-	Joint Anti-money Laundering and Terrorist Financing Advisory Committee
JTF	-	Joint Task Force
LEA	-	Law Enforcement Agencies
MC	-	Magistrate's Court
MER	-	Mutual Evaluation Report
MFSLT	-	Ministry of Financial Services, Labour and Trade
MHSD	-	Ministry of Health and Social Development
ML	-	Money Laundering
MOF	-	Ministry of Finance
MoU	-	Memorandum of Understanding
NAMLCC	-	National Anti-money Laundering Coordinating Council
NPO	-	Non-profit Organisations
NPOB	-	Non-Profit Organisations Board
ODPP	-	Office of the Director of Public Prosecutions
PCCA	-	Proceeds of Criminal Conduct
PF	-	Proliferation Financing
RegTech	-	Regulatory Technology
RVIPF	-	Royal Virgin Islands Police Force
SAR	-	Suspicious Activity Report
SC	-	Sanctions Committee
SEU	-	Supervision and Enforcement Unit
STR	-	Suspicious Transaction Report
SU	-	Sanctions Unit
TCSP	-	Trust and Corporate Services Provider
TF	-	Terrorist Financing
TFS	-	Targeted Financial Sanctions
UK	-	United Kingdom
VASP	-	Virtual Assets Service Providers
VI	-	Virgin Islands
VISR	-	Virgin Islands Shipping Registry

## Introduction

In 2021, the Virgin Islands issued its first National AML/CFT Strategy (Strategy), which is a three-year roadmap designed to ensure the implementation of effective measures to combat money laundering (ML), terrorist financing (TF), and financing of weapons of proliferation (PF) risks identified within the local financial sector. The National Strategy, designed around the National AML/CFT Policy framework, is a cohesive plan geared towards the successful fight against ML, TF, PF and other illicit finance activities.

Since that time, the VI has updated its ML risk assessment, conducted a PF risk assessment and undergone its Fourth Round Mutual Evaluation. Each of these exercises has provided additional insight into the ML, TF and PF threats facing the VI and the resulting risks emanating from the vulnerabilities within the VI's AML/CFT/CPF framework that allow these risks to permeate.

This information has been used to improve the Virgin Islands' AML/CFT/CPF regime by placing greater focus on the development of individual AML, CFT and CPF strategies. While some actions needed to mitigate these activities cut across all three areas, they each carry unique risks that require specific actions to be taken to detect, deter and prevent those risks.

This 2024-2026 National AML, CFT and CPF Strategy provides a guide to the specific actions required to be undertaken to improve the Virgin Islands' effectiveness in mitigating against ML, TF and PF. This Strategy should be read in conjunction with the Virgin Islands' National AML/CFT/CPF Policy and is to be used by public sector stakeholders in developing their own ML, TF and PF strategies.

This Strategy is a dynamic document and the actions identified under each objective must be executed to achieve the objective and ultimately address each key area outlined in the AML, CFT and CPF Policy document. Execution of each action is the responsibility of the agency(ies) most appropriately equipped to lead the development and implementation of the identified risk mitigation strategies. Cooperation amongst all the competent authorities and law enforcement agencies in this endeavour is critical as the Virgin Islands' AML/CFT/CPF systems can only be effective through such cooperation and coordination, including through access to information and the sharing of information and expertise.

The Strategy is a live document and as such, will be reviewed periodically to determine whether any amendments may be needed to properly deliver on each objective. For example, the Virgin Islands is currently updating its 2020 TF Risk Assessment, conducting an NPO-specific TF Risk Assessment and a risk assessment of Legal Persons and Legal Arrangements. The results of these assessments will feed into any updates that may need to be made to this Strategy.

The ultimate objective of the National AML/CFT/CPF Policy and Strategy is to build a successful framework that will protect the Virgin Islands against ML, TF and PF risks and, through those activities ensure the ongoing development of the VI as a secure and well-regulated international financial centre, while providing a safe environment for its citizens.

## Impact of Virgin Islands Fourth Round Mutual Evaluation

In 2023, the Virgin Islands' AML/CFT/CPF regime was assessed by the IMF as part of the CFATF's fourth-round mutual evaluation process. The MER was approved by the CFATF Plenary in November 2023 and published in February 2024. The assessment was based on the Virgin Islands' technical compliance with the FATF's 40 Recommendations and its effectiveness in addressing the FATF's 11 Immediate Outcomes (IOs).

With respect to Technical Compliance, the Virgin Islands was assessed Compliant with 11 Recommendations, Largely Compliant with 25 Recommendations, Partially Compliant with 3 Recommendations and Non-compliant with one Recommendation. In relation to Effectiveness, the Virgin Islands was assessed as having a moderate level of effectiveness in four Immediate Outcomes (IOs) and a low level of effectiveness in seven.

Based on the results of the MER, the Virgin Islands has been placed in enhanced follow-up by the CFATF due to receiving seven or more ratings of 'Low' or 'Moderate' against the 11 Immediate Outcomes. In addition, the Virgin Islands was placed under a one-year observation period in February 2024 by the FATF due to the outcome of its effectiveness assessment. This one-year observation period is being used by the Virgin Islands to implement its National Action Plan, which was published on 26 February 2024<sup>1</sup>, in order to effectively remedy as many of the strategic deficiencies identified in the MER as possible. The MER set out 64 Recommended Actions for the Virgin Islands to address.

In issuing the National Action Plan, the Virgin Islands made a high-level commitment<sup>2</sup> to continuing to participate in the global fight against ML and TF through coordinated national efforts across the entire AML/CFT/CPF regime. Since the end of the Mutual Evaluation on-site the Virgin Islands has been making steady progress in addressing the deficiencies identified in the MER. In addition to updating the Virgin Islands' National AML/CFT/CPF Policy and Strategy, the Virgin Islands has also made progress in the following areas:

- Risk assessments are being conducted to:
  - identify the ML, TF and PF risks associated with legal persons and legal arrangements,
  - identify the TF risk associated with NPOs, and
  - update the sectoral TF risk assessment conducted in 2020
- The financial and DNFBP supervisors have updated their risk assessment frameworks and developed their supervisory plans for 2024
- The financial supervisor has implemented its VASP supervisory framework and has begun its 2024 inspection programme. It is also on track to ensuring maintenance of beneficial ownership information is directly with a public authority through the development of its new beneficial ownership registry platform
- A dedicated Sanctions Unit has been established within the Attorney General's Chambers to ensure greater efficiency in dealing with all sanctions related matters
- A gap analysis has been conducted to identify and prioritise the legislative amendments that will be required to address the technical gaps identified in the Report
- Stemming from the gap analysis, a legislative agenda has been developed to provide a foundation for the timely passage of the identified amendments to address the technical gaps

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<sup>1</sup> [https://bvi.gov.vg/sites/default/files/national\\_action\\_plan\\_for\\_publication.pdf](https://bvi.gov.vg/sites/default/files/national_action_plan_for_publication.pdf)

<sup>2</sup> <https://bvi.gov.vg/media-centre/statement-publication-mutual-evaluation-report-virgin-islands>

- Amendments to the BVI Business Companies Act have been drafted and sent out for public consultation and are being finalised
- National level committees are meeting regularly to ensure cross-agency issues and emerging risks are being properly considered.
- Resources continue to be added to supervisory and law enforcement agencies

The Virgin Islands recognises, however, that there is still much to be done to enhance its AML/CFT/CPF framework. This Strategy, along with the National Action Plan, has, therefore, been designed to provide a roadmap towards achieving a system that will be able to not only stand up to international scrutiny but also pave the way towards maintaining the safety of the citizens of the Virgin Islands and protecting our reputation as a place to conduct legitimate business.

## Key Strategic Areas

The 2024-2026 National Strategy encompasses three distinct strategies developed to effectively address the Virgin Islands' specific risks associated with ML, TF and PF.

In doing so, the Virgin Islands is led by the following vision and mission:

### **VISION**

*To maintain the integrity of the Virgin Islands' financial system by ensuring the AML/CFT/CPF framework is robust, adaptive, responsive and consistent with international standards.*

### **MISSION**

*To protect the Virgin Islands' financial system against money laundering, terrorist financing, and proliferation financing through the ongoing enhancement of our AML/CFT/CPF framework by promoting and adopting a multi-agency approach to combatting ML, TF and PF that incorporates the widest means of domestic and international cooperation.*

Each Strategy requires particular actions to be taken to detect, deter and prevent the risks associated with ML, TF and PF, however, they each focus on the following six (6) broad key areas

- 1) Prevention
- 2) Detection
- 3) Investigation and sanction
- 4) Regulation
- 5) Articulation (Public Outreach and Capacity Building)
- 6) Promotion of co-operation

Combatting ML, TF and PF is a global initiative that transcends national borders. As part of the global community, it is the VI's responsibility to do its utmost to curtail all illicit activities to the highest degree possible. This requires strong AML, CFT and CPF strategies to be in place, to not only prevent persons who may be contemplating carrying out illegal activities from doing so, but also to ensure that Competent Authorities and Law Enforcement Agencies can detect those who do. The VI must also ensure that its Competent Authorities and Law Enforcement Agencies enhance their awareness of international sanctions requirements, thereby demonstrating its commitment to enforcing the restrictive measures imposed on listed persons and countries and taking appropriate action against offending entities if such sanctions are disregarded.

Actions identified to aid in the prevention and detection of ML, TF and PF-related activities are, therefore, key components to this strategy and the VI's ongoing fight against the propagation of ML, TF and PF.

The proper investigation and sanctioning of persons involved in ML, TF and PF activities is also critical to bringing such perpetrators to justice and stemming the tide of these illicit activities. This strategy ensures that effective measures are in place to identify and punish bad actors and that such measures are dissuasive enough to discourage such actors from re-offending. Actions have been identified that will

enhance the VI's investigation and sanctioning capabilities amongst its law enforcement agencies; with particular focus on the FIA and RVIPF-FCU.

Effective regulation of the Virgin Islands' financial services industry is critical to ensuring the successful implementation of its AML/CFT/CPF strategy and ultimately safeguarding the economic interests of the jurisdiction. The overall aim is to ensure adequate frameworks and controls are in place through proper risk-based regulation and supervision to prevent the misuse of FIs, DNFBPs, and NPOs. This includes, *inter alia*:

- monitoring the activities carried out by FIs, DNFBPs and NPOs
- monitoring the perimeter of regulated financial services activity
- understanding the risks posed to and by the financial and DNFBP sectors, including from the misuse of unregulated legal persons and legal arrangements
- putting appropriate measures in place to detect and prevent such misuse in order to safeguard the public against any illegal and/or unauthorised business/activities, including the enablement of ML, TF and PF.

Engagement with private sector stakeholders is an important element in the Virgin Islands' strategy to combat ML, TF, and PF. It is important for private sector entities to be aware of the threats to which the Virgin Islands is exposed and the resulting risks they may face in carrying out their activities, along with the need to put mechanisms in place to minimise their vulnerabilities to such threats and prevent their services from being abused by those engaged in ML, TF or PF. Implementing measures to enhance general AML/CFT/CPF awareness is, therefore, an important strategic measure geared towards deepening the Virgin Islands' understanding of ML, TF and PF risks and aiding in the development of a more educated public that is better equipped at identifying and avoiding activities that may expose them to such risks.

Coordination and cooperation facilitate the swift detection and/or sanctioning of ML, TF and PF activities and ensure ML, TF and PF related activities, including those related to TFS, do not go unaddressed. As such, coordination and cooperation at both the domestic and international levels also play a key role in any successful AML/CFT/CPF strategy. Ensuring proper frameworks are in place for the reliable exchange of accurate and up to date information and coordination of assistance between LEAs, as well as CAs at both the national and international levels, therefore, forms an integral part of this strategy.

The primary goal of any jurisdiction in preventing ML, TF and PF is to ensure proper systems are in place to curtail these activities to the highest degree possible. Therefore, each of the individual strategies developed breaks the six key areas into the objectives identified in the associated National Policy by which they are to be achieved. These objectives are further broken into the specific actions that will be executed to ensure compliance with the identified National Policy objectives. This ensures that proper systems are in place to make it as difficult as possible for persons, both natural and legal, to use the VI to carry out and/or benefit from all such illicit activities.

## 1. National AML Strategy

1.1 **Prevention:** will be achieved through:

**Objective 1 - continued development of the AML legislative framework that is consistent with international standards and effective in mitigating ML risks**

Principal Stakeholders Involved:

FSC, Premier's Office, DGO, AGC, FIA, ODPP, RVIPF, HMC, MFSLT, GO, ITA

Actions

- The *Anti-money Laundering Regulations and Anti-money Laundering and Terrorist Financing Code of Practice* will be amended to ensure compliance with all international standards requirements, particularly with respect to BO.
- The *BVI Business Companies Act, Limited Partnership Act* and relevant legislation dealing with trustees will be amended to ensure compliance with international standards on the maintenance of BO information.
- The *Securities and Investment Business Act* will be amended to impose licensing requirements on persons trading in foreign exchange if it is determined the activities present a level of ML risk that cannot warrant an exception from licensing.
- The *Insurance Act* will be amended to ensure prior approval is required to effect changes in significant and controlling interest in line with international standards.
- The *Gaming and Betting Control Act* will be amended to bring it in line with international standards with respect to assessment of fitness and propriety, sharing of information and international cooperation<sup>3</sup>.
- The *Police Act* will be amended to comply with the Merida Convention and to bring it in line with international standards.
- The *Proceeds of Criminal Conduct Act* will be amended to ensure it is in line with relevant international standards and that penalties are sufficiently dissuasive to adequately deter and punish those engaged in criminal activities.
- The *Drug Trafficking Offences Act* will be amended to bring it in line with relevant international standards, and in particular the provisions under the Merida Convention.

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<sup>3</sup> The Gaming Betting and Control Commission has not yet been established and as such gaming and betting remain illegal in the Virgin Islands

- The *Criminal Justice (International Cooperation) Act* will be amended to bring it in line with relevant international standards, and in particular the provisions under the Merida Convention.
- The *Mutual Legal Assistance (United States of America) Act* will be amended to ensure the ability to rapidly provide assistance when requested.
- The *Financial Investigation Agency Act* will be amended to enhance its supervisory powers with respect to DNFBPs, NPOs and gaming and betting business in alignment with international standards, including expanding the range of sanctions available for non-compliance.
- The *Financial Services Commission Act* will be amended to enhance its supervisory powers with respect to FIs in alignment with international standards, including ensuring the range of sanctions available is sufficiently proportionate and dissuasive.
- A legislative matrix will be developed to map out a timeline for the development and passage of amendments to legislation identified in the Mutual Evaluation Report.
- Periodically, and where necessary, laws, regulations, and guidance will be revised for consistency with relevant international standards to ensure a robust AML framework.

**Objective 2 - the identification and proper control of activities that make ML possible**

Principal Stakeholders Involved:

FSC, FIA-AIU, FIA-SEU, RVIPF, HMC

Actions

- Outreach programmes will be developed to ensure a clear understanding by the public, the industry and relevant regulatory and law enforcement agencies of how legal persons and legal arrangements operate and how they could potentially be misused for illicit purposes.
- Supervisors will enhance their conduct of fit and proper checks and market entry controls to ensure FIs and DNFBPs are capable and sufficiently well-resourced to be able to fulfil their AML obligations.
- Supervisors will enhance their mechanisms for policing the perimeter of authorised activity to ensure all entities that are carrying out regulated activities are duly licensed to do so,
- Enhanced training will be provided to LEAs to improve their ability to identify, analyse and investigate ML and ML-related activities and respond to them to mitigate against such activities.
- Additional guidance and outreach on how to identify ‘red flags’ will be provided by the FIA-AIU and supervisors to private sector entities to assist them in identifying and reporting potential ML-related activities.

**Objective 3 - the updating of ML risk assessments as necessary based on intelligence gathering of potential and/or developing risks, including risks of legal persons and legal arrangements, to allow for adequate appreciation of ML risks**

Principal Stakeholders Involved:

FSC, FIA-AIU, FIA-SEU, RVIPF, AGC, MFSLT, HMC, ID, GO, ODPP

Actions

- A focused risk assessment of legal persons and legal arrangements will be conducted, which will include the identification of current ML threats and resulting risks associated with these products and allow for the design of effective risk mitigation measures.
- The 2022 ML Risk Assessment will be updated to ensure ongoing identification of ML threats, vulnerabilities and resulting risks, provide adequate appreciation of risks, and allow for effective allocation of resources and design of risk mitigation measures.

**Objective 4 - the design of appropriate ML risk mitigation measures**

Principal Stakeholders Involved:

NAMLCC, FSC, FIA-AIU, FIA-SEU, RVIPF-FCU, HMC, ODPP, AGC-SU, ITA

Actions

- The results of national and sectoral risk assessments will be fully utilised in designing and implementing National ML risk mitigation measures outlined in this Strategy, the National Action Plan or any other identified policies and procedures.
- Agency-level AML policies and procedures for LEAs and CAs will be developed and/or enhanced to ensure measures identified to address ML threats are commensurate with the ML risk each agency is expected to mitigate.
- FI and DNFBP risk mitigation measures will be actively assessed through desk-based and on-site supervisory methods to ensure they are commensurate with the ML risk to which these entities are exposed.
- A multi-agency policy regarding the investigation and prosecution of legal persons and legal arrangements will be developed to ensure that law enforcement agencies (primarily the FIA-AIU, RVIPF-FCU, HMC and the ODPP) and competent authorities (e.g., ITA, AGC-SU, FIA-SEU and FSC) understand their responsibilities and can take action against legal persons and legal arrangements, including registered agents who fail to fulfil their legal obligations, in line with the risk profile of the jurisdiction.

1.2 **Detection** will be achieved through:

**Objective 1 - the recognition and understanding of risk by public and private sector entities and reporting of ML-related matters in a timely manner**

Principal Stakeholders Involved:

FSC, FIA-AIU, FIA-SEU, RVIPF-FCU, JALTFAC

Actions

- Ongoing private sector outreach will be conducted to raise awareness of how to recognize ML and ML-related activities, including understanding and identifying red flags, with a view to enhancing the quality and timeliness of SAR reporting, particularly for higher-risk sectors such as TCSPs, Investment Business, VASPs, legal professionals and other sectors that have low SAR reporting in relation to their risk profiles.
- Ongoing private sector outreach will be conducted to enhance understanding of risk and improve the quality of institutional risk assessments, particularly for higher-risk sectors such as TCSPs, Investment Business, VASPs, and legal professionals.
- Typology reports based on domestic, regional and international typologies where appropriate, will be developed and published to ensure both public and private sector entities are aware of possible ways by which ML can be facilitated including by way of new trends or methods, particularly in relation to legal persons and legal arrangements.
- Supervisory fit and proper checks and market entry controls will be enhanced to ensure criminals and their associates are prevented from entering the financial services sector or holding positions of ownership and control of entities within the sector.

**Objective 2 - the improvement of the mechanisms in place to ensure timely review and analysis of SARs/STRs**

Principal Stakeholders Involved:

FIA-AIU, DGO, MOF

Actions

- Resourcing levels within the FIA-AIU will be reviewed with a view to establishing optimal levels that would allow the effective and efficient execution of the AIU's analysis and investigation responsibilities.

- Staff of the FIA-AIU will be trained in strategic and operational analysis and investigative techniques with a particular focus on identifying activities involving legal persons, legal arrangements and virtual assets.
- Technological resources will be provided to the FIA-AIU to aid in the analysis of SARs including VA-related SARs.

**Objective 3 - ensuring effective functioning of established multi-agency task forces and committees**

Principal Stakeholders Involved:

NAMLCC, JTF, CLEA, CCA, IGC, JALTFAC, AMLIU

Actions

- The functioning of all national committees will be monitored through annual reporting to, and assessment by, NAMLCC to ensure the effective fulfilment of their mandates.
- The functioning of NAMLCC will be monitored through annual reporting to Cabinet to ensure the effective fulfilment of its mandate.
- The mandate of the Joint Task Force will be reviewed to ensure ML and ML-related activities are prioritised and that there are no impediments to cooperation and coordination amongst member agencies.
- The structure of CLEA will be reviewed with a view to adjusting the membership to ensure optimal functionality and that its mandate is being effectively executed.

**Objective 4 - continual training of key law enforcement agencies in ML detection techniques including measures for addressing related predicate offences.**

Principal Stakeholders Involved:

FIA-AIU, RVIPF, HMC, MOF, GO

Actions

- Training will be identified and provided to the FIA, RVIPF and HMC to ensure relevant units within those organisations are exposed to cutting-edge techniques used to detect ML and ML-related activities.
- Mentorship programmes between the RVIPF-FCU and UK law enforcement agencies will be established to provide ongoing development to investigating officers.

1.3 **Investigation and sanctioning** will be achieved through:

**Objective 1 - the development of policies in line with the VI's risk profile that provide a clear understanding and guidance to all agencies involved in the investigation and prosecution of legal persons and legal arrangements, of their roles, responsibilities and processes for successful investigations and prosecutions**

Principal Stakeholders Involved:

NAMLCC, CLEA, FIA-AIU, RVIPF-FCU, ODPP

Actions

- Agency level policies will be developed by the FIA, RVIPF-FCU and ODPP, in line with the **Virgin Islands' agreed position on jurisdiction over the investigation and prosecution of legal persons and legal arrangements<sup>4</sup>**, to ensure a clear and cohesive framework for the investigation and prosecution of legal persons and legal arrangements.
- A multi-agency policy will be developed to guide LEAs in investigating the origin of assets in possession of proceeds of crime cases and on how to determine whether the perpetrator is part of a broader scheme involving criminal organisations, professionals, facilitators or gatekeepers.

**Objective 2 - the VI's ongoing commitment to investigating and prosecuting persons, including legal persons and legal arrangements incorporated or established in the VI, who are involved in criminality, including activity occurring in other jurisdictions, in line with the risk profile of the VI**

Principal Stakeholders Involved:

FIA-AIU, RVIPF-FCU, ODPP, MC, HC

Actions

- Investigators will be trained to understand and identify the misuse of legal persons and legal arrangements, with a view to increasing the number of investigations of legal persons and legal arrangements involved in cross-border illicit activities.
- ML investigations, including those focused on potential corruption matters and laundering through cash-intensive business will be prioritised in line with the risk profile of the VI.

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<sup>4</sup> See Section 5 of the National AML/CFT/CPF Policy. The VI has jurisdiction to investigate and prosecute legal persons incorporated in the VI where those legal persons have been or are involved in the commission of criminal offences in other jurisdictions in the same circumstances as apply under the law of England and Wales

- Resources of the ODPP and judiciary will be enhanced and training provided to ensure effective and timely adjudication of ML cases including cases involving legal persons and legal arrangements.

**Objective 3 - ensuring that the LEAs, and in particular the RVIPF-FCU and FIA-AIU, are provided with adequate resources to allow for proper and efficient investigation of natural and legal persons involved in domestic and international ML related crimes**

Principal Stakeholders Involved:

FIA-AIU, RVIPF-FCU, MOF, GO, ODPP, HMC

Actions

- Human resources within the FIA-AIU will be enhanced to further develop its analysis and intelligence gathering capacity.
- Human resources within the RVIPF-FCU will be enhanced to further develop its investigative capacity.
- Enhanced training in intelligence gathering and investigative techniques will be provided for relevant law enforcement agencies and competent authorities to keep abreast with the advancing sophistication of modes of ML and other financial crimes.
- Investigators will be trained to more effectively identify the misuse of legal persons and legal arrangements and take measures to investigate such misuse.

**Objective 4 - enhanced use and sharing of financial intelligence in pursuit of ML investigations**

Principal Stakeholders Involved:

CLEA, JTF, DGO, MOF, FIA-AIU, RVIPF-FCU, ODPP, HMC, ID

Actions

- Avenues for fostering ongoing dialogue and sharing of intelligence between LEAs on ML-related matters will be developed, strengthened, and promoted through enhanced CLEA, JTF- and inter-agency collaborations to ensure all sources of financial intelligence are utilised.
- Enhanced technological resources will be made available across LEAs to allow for wider access to relevant information needed to support successful ML investigations.
- Appropriate inter- and multi-agency MoUs will be established and pursued where required to facilitate greater and more timely exchange of information.

- Arrangements will be formalised between the FIA-AIU and the RVIPF-FCU to improve the SAR disclosure procedure, with a view to enhancing the quality of intelligence submitted to the RVIPF-FCU to allow for more successful investigations.
- Annual strategic analysis will be produced by the FIA-AIU in line with the VI's ML risks to help raise knowledge and awareness of such risks.

**Objective 5 - strengthening of the ODPP to ensure proper and successful prosecution of natural and legal persons and legal arrangements involved in domestic and international ML related crimes.**

Principal Stakeholders Involved:

ODPP, DGO, MOF, GO

Actions

- Human resources within the ODPP will be enhanced to build prosecutorial capacity, particularly in relation to the prosecution of legal persons and legal arrangements.
- Prosecutors will be trained to more effectively identify the components required to successfully prosecute natural and legal persons and arrangements that knowingly engage in ML and ML-related schemes.

**Objective 6 - strengthening of the judiciary to ensure full readiness to adjudicate ML-related crimes**

Principal Stakeholders Involved:

GO, DGO, MC, HC, MOF

Actions

- Staffing within the Judiciary will be enhanced to ensure availability of competent legal professionals with relevant experience in adjudicating ML and ML-related cases.
- Additional expertise will be provided, as necessary, to assist in the adjudication of complex ML and ML-related cases particularly those involving legal persons and legal arrangements.
- Training will be provided to judicial officers to ensure fair and balanced adjudication of ML and ML-related cases, including those involving legal persons and legal arrangements.

**Objective 7 - Prioritising at a national level the tracing and recovery of proceeds of crime<sup>5</sup> identified at the domestic level and internationally where there is a cross-border element, including ensuring adequate cooperation and coordination in recovery efforts.**

Principal Stakeholders Involved:

ASFMC, RVIPF-FCU, FIA-AIU, ODPP, AGC

Actions

- The ASFMC will be fully operationalised to ensure the proper management and disposal of recovered assets.
- A multi-agency strategy will be developed, in line with the national policy objective to crystalise the Virgin Islands' commitment to removing the benefit from crime including where there is a cross-border element.
- The developed multi-agency strategy will provide a cohesive guide to LEAs in their pursuit of asset restraint and confiscation.
- LEAs (RVIPF-FCU, FIA-AIU and ODPP) will focus on the tracing and recovery of assets in ML cases, including where there is a cross-border element, in line with the Virgin Islands' ML risk profile.
- The focus on asset recovery will be deepened and enhanced with a view to increasing the volume and types of assets seized, confiscated and recovered as part of ML and other proceeds generating crime investigations and prosecutions.
- Specialised resources and technological tools will be acquired to facilitate effective processes for asset tracing and recovering of proceeds of crime across LEAs with an aim of maximizing success rates in this area.
- LEAs involved in asset recovery will be trained to deepen their understanding in the area with a view to ensuring asset restraint and confiscation is pursued in all cases where there is potential for asset recovery.
- International cooperation will be sought in all cases with a cross-border link with a view to identifying, locating, seizing and repatriating any assets located abroad.

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<sup>5</sup> This includes all forms of recovery, i.e. seizure, restraint, confiscation, forfeiture etc.

1.4 **Regulation** will be achieved through:

**Objective 1 - implementation of a comprehensive risk-based supervisory framework for FIs and DNFBPs**

Principal Stakeholders Involved:

FSC, FIA-SEU

Actions

- The FSC's Risk Assessment Framework will be revised to ensure proper focus is placed on ML risk of licensees in order to effectively identify higher risk entities/sectors where additional resources may be required to more effectively monitor such risks.
- A risk-based framework, consistent with international standards, will be developed for the supervision of DNFBPs.
- Financial and DNFBP supervisors will be adequately staffed to ensure effective implementation of supervisory frameworks.
- Training opportunities will be sourced and provided to supervisory staff to enhance understanding of supervisory framework and ensure effective implementation.

**Objective 2 - enhanced monitoring and supervision of FIs and DNFBPs, including the review of CDD measures and institutional risk assessments**

Principal Stakeholders Involved:

FSC, FIA-SEU

Actions

- FI and DNFBP supervisors will implement desk-based and onsite inspection programs commensurate with the risk profile of individual entities and the risk profile of the Virgin Islands, focusing on higher-risk sectors such as TCSPs, Investment Business, VASPs, and legal professionals as identified within various risk assessments.
- The FSC's Risk Assessment framework will be revised and enhanced to ensure greater focus on specific ML risk and higher-risk entities.
- The FIA-SEU's risk assessment framework will be developed to ensure greater focus on higher-risk sectors.
- On-site and desk-based supervisory practices will be enhanced to assess whether supervised entities are meeting their AML requirements, including in relation to maintaining accurate

and up-to-date BO information, the use of third-party introducers and conducting institutional and client risk assessments.

**Objective 3 - implementation of a multi-pronged approach to the holding of and access to adequate, accurate and up-to-date BO information, including for legal persons and legal arrangements in line with international standards**

Principal Stakeholders Involved:

AGC, FSC, MFSLT, MOF

Actions

- Legislation will be put in place to provide for the holding of accurate and up-to-date BO information for legal persons by a competent authority in line with international standards and to ensure nominee relationships are clearly identified and documented.
- Legislation will be put in place to provide for the holding of accurate and up-to-date BO information for legal arrangements, including trusts in line with international standards.
- An appropriate penalty regime will be implemented to effectively sanction breaches of BO filing requirements for legal persons and legal arrangements, including where false information is submitted.
- Technological systems will be developed to facilitate the submission and maintenance of accurate and up-to-date BO information for legal persons.
- Human resources at the Registry of Corporate Affairs will be enhanced to ensure effective monitoring of BO filing requirements for legal persons.

**Objective 4 - publication of relevant guidance for FIs and DNFBPs**

Principal Stakeholders Involved:

FSC, FIA-AIU, FIA-SEU,

Actions

- Specific guidance documents will be developed to assist FIs and DNFBPs in better understanding ML risks including those related to third-party relationships, conducting CDD/ECDD, institutional and client-level risk assessments.
- SARs guidance will be reviewed and amended, and where necessary additional guidance developed, to aid in improving FIs' and DNFBPs' ability to identify ML and ML-related activities, and improve the quality of reports received by the FIA-AIU.

- Guidance for VASPs will be reviewed and amended, and where necessary additional guidance developed, to assist these entities in better understanding their AML obligations under the Virgin Islands' regulatory regime and the risks associated with the services they provide.
- Relevant typologies and information on existing and emerging risks that involve the misuse of legal persons and legal arrangements, or allow ML-related risks to propagate, will be published on an ongoing basis to deepen private sector understanding of these issues within the jurisdiction.

**Objective 5 – enhancement of human and technological resources to ensure appropriate oversight of adequate transparency of beneficial ownership of legal persons and legal arrangements and to mitigate against their misuse**

Principal Stakeholders Involved:

FSC, FIA-SEU

Actions

- Staffing levels within the Financial and DNFBP supervisors will be assessed to ensure optimal levels that will allow for effective supervision of FIs and DNFBPs.
- A new Unit within the Registry of Corporate Affairs will be created and staffed to facilitate the accurate, up-to-date and timely filing and maintenance of beneficial ownership information by legal persons and legal arrangements registered in the Virgin Islands.
- Appropriate RegTech solutions will be identified and implemented to assist in the implementation of BO filing requirements and ensuring accurate and up to date BO information is provided and maintained.

**Objective 6 - prompt notification of changes to international standards to allow for proper consideration of impact by industry practitioners**

Principal Stakeholders Involved:

FSC, FIA, JALTFAC, AGC-AMLIU

Actions

- Discussions on proposed changes to international standards amongst private and public sector agencies will be facilitated to bring early awareness of any potential changes to the existing AML regime to ensure the highest degree of buy-in during implementation.
- Private sector will be consulted on proposed changes to affected legislation to ensure amendments are understood and agreed to, thereby ensuring maximum acceptance of implementation.

**Objective 7 - ensuring the penalties regime allows for the taking of effective, proportionate and dissuasive enforcement action to foster compliance with AML and other regulatory requirements.**

Principal Stakeholders Involved:

AGC, FSC, FIA-AIU, FIA-SEU, RVIPF-FCU, ODPP, DGO, MOF, MFSLT

Actions

- The AMLTFCOP, AMLR, PCCA, FSCA, FIAA and other relevant financial services legislation will be reviewed to ensure the available enforcement actions are sufficiently broad and allow for the application of proportionate and dissuasive actions commensurate with the identified infractions against AML and other regulatory requirements.
- Supervisory Enforcement Guidelines will be reviewed with a view to amending, where necessary, the documented approach to enforcement to ensure established penalty regimes are being applied appropriately.
- Supervisory Authorities will ensure the appropriate application of effective, proportionate and dissuasive penalties commensurate with the identified infractions against AML and other regulatory requirements.

1.5 Articulation (Public Outreach, Capacity Building) will be achieved through:

**Objective 1 - ensuring proper understanding by both public and private sector actors of the ML risk in the VI and their roles and responsibilities relative to the National AML framework**

Principal Stakeholders Involved:

FSC, FIA-AIU, FIA-SEU, MFSLT, BVI Finance

Actions

- Active participation in the fight against ML will be promoted through public dissemination campaigns aimed at preventing and mitigating the effects of ML.
- Ongoing dialogue between supervisory authorities and the private sector will be fostered through increased engagement with professional associations and participation in private sector-led outreach programmes.
- Enhanced engagement between supervisory authorities and the private sector will be fostered through increased discourse with advisory groups to identify and share information and experiences on emerging ML risks and trends in an effort to bring greater awareness to a wider range of potential ML risks.

- Outreach programmes aimed at bringing greater awareness of ML risks and related activities, including the results of executed ML risk assessments, will be developed to promote a broader understanding across public sector agencies of how these issues impact their ability to function effectively.
- BVI Finance and the Ministry of Financial Services, Labour and Trade will be engaged to facilitate the delivery of outreach programmes to promote a broader understanding across public and private sector entities of ML risks and related activities and how these issues impact their work and the Virgin Islands' financial stability.

**Objective 2 - ensuring cooperation and coordination between supervisors, LEAs and private sector participants in order to drive the revision and amendment of national AML legislation and ensure an effective framework to combat ML that complies with international standards.**

Principal Stakeholders Involved:

NAMLCC, CCA, CLEA, IGC, JALTFAC, FSC, FIA

Actions

- Private sector will be consulted on proposed revisions to national AML and other legislation impacting AML-related matters to ensure amendments are understood, thereby increasing the potential for effective implementation.
- Discussions on proposed legislative changes will be facilitated through NAMLCC, CCA, CLEA, IGC and JALTFAC to bring early awareness by private and public sector agencies to any potential changes to the existing AML regime to ensure the highest degree of buy-in and increase the potential for effective implementation.

1.6 Enhancement of national and international cooperation will be achieved through:

**Objective 1 - fostering the ongoing engagement of inter-agency and other national committees as a platform to share knowledge and highlight pertinent issues relative to AML, including new developments and emerging risks**

Principal Stakeholders Involved:

NAMLCC, CCA, CLEA, IGC, JALTFAC

Actions

- CLEA, IGC and JALTFAC will continue to meet quarterly or more frequently where necessary to ensure ongoing coordination and communication amongst members.

- CCA, and NAMLCC will continue to meet monthly or more frequently where necessary to ensure ongoing cooperation amongst members.
- A standing agenda item will be included on the agendas of all national-level committees to provide for discussion of new developments, trends and emerging ML risks.
- A standing item promoting the exchange of information critical to the development of effective ML investigations will be added to CLEA agendas to ensure effective implementation of information exchange protocols and improve coordination and cooperation amongst LEAs.
- Cross-agency training on ML-related matters, including emerging risks and new developments in combatting ML, will be facilitated through engagement with relevant national committees.

**Objective 2 - enhancement of domestic operational frameworks to ensure provision of widest range of national cooperation in a timely and efficient manner and facilitate the effective operation of the Virgin Islands' AML framework**

Principal Stakeholders Involved:

NAMLCC, CLEA, JTF, IGC, CCA, JALTFAC, FIA-AIU, RVIPF-FCU, HMC, ID, FSC, AGC, ITA

Actions

- CLEA and JTF will take operational measures to pursue proactive approaches to intelligence gathering and investigation of ML, and to ensure cooperation and coordination in ongoing investigations.
- The IGC will continue to meet to provide a forum for information exchange and cooperation amongst member agencies.
- The CCA will continue to meet to provide a forum for information exchange and cooperation amongst member agencies.
- The JALTFAC will continue to meet to provide a forum for information exchange and cooperation amongst members.
- The NAMLCC will continue to meet to provide policy and strategic guidance on the effective implementation of the Virgin Islands' AML framework aimed at facilitating the highest levels of domestic cooperation and coordination.
- Additional MoUs will be established between relevant agencies, where needed, to facilitate more efficient exchange of information.

- Arrangements will be formalised between the FIA-AIU and the RVIPF-FCU to improve the SAR disclosure procedure, with a view to enhancing the quality of intelligence submitted to the RVIPF-FCU to allow for more successful investigations.

**Objective 3 - the enhancement of legal and operational frameworks to allow for the provision of the widest range of international cooperation in a timely and efficient manner**

Principal Stakeholders Involved:

AGC, RVIPF, HMC, ITA, FSC, FIA, GO, DGO, MOF, MFSLT, other relevant IGC members

Actions

- The *Police Act* will be amended to allow the RVIPF to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with foreign counterparts and non-counterparts.
- Relevant Customs related legislation will be amended or enacted to allow HMC to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with foreign counterparts and non-counterparts.
- The *Financial Investigation Agency Act* will be amended to allow the FIA to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with non-counterparts.
- The *Financial Services Commission Act* will be amended to allow the FSC to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with non-counterparts.
- The *Virgin Islands International Cooperation Handbook* will be updated to provide clear guidance to domestic authorities on their obligations and responsibilities in facilitating international cooperation and to provide international authorities with a clear roadmap when seeking international cooperation from LEAs and CAs within the Virgin Islands.
- Resources within domestic LEAs and CAs responsible for facilitating the exchange of information with and providing technical and operational assistance to foreign counterparts will be increased to ensure international cooperation can be provided timely and effectively.

**Objective 4 - the enhancement of relationships with international counterparts with respect to the sharing of information**

Principal Stakeholders Involved:

AGC, FSC, FIA-AIU, FIA-SEU, HMC, RVIPF, ITA, other IGC Members

Actions

- Attendance at regional and international forums, workshops and organisation meetings will be promoted to develop relationships amongst domestic and foreign counterparts in an effort to foster greater collaboration and information exchange.
- Additional MoUs will be established between relevant agencies regionally and internationally, where needed, to facilitate more efficient incoming and outgoing exchange of information.
- Use of existing MoUs between domestic LEAs and CAs will be promoted to facilitate more timely and effective exchange of information on matters relating to ML and ML-related operations and offences that require international cooperation.
- Increased use of existing bi-lateral and multilateral MoUs with international partners will be promoted to facilitate more timely and effective incoming and outgoing exchange of information on ML and ML-related matters.
- International cooperation from regional and international counterparts will be actively sought by CAs and LEAs in keeping with the VI's ML risk profile and to aid in improving the quality of potential investigations into cross-border ML crimes.

## 2. National CFT Strategy

2.1 **Prevention** will be achieved through:

**Objective 1 - the review and adoption of relevant CFT legislation to comply with international standards**

Principal Stakeholders Involved:

AGC, FIA-AIU, FIA-SEU, DGO

Actions

- The *Counter Terrorism Act* will be amended to ensure compliance with all international standards requirements, particularly with regard to the detection and identification of targets for designation and the freezing and unfreezing of assets.
- The *Financial Investigation Agency Act* will be amended to ensure compliance with international standards with respect to the identification and supervision of NPOs most likely to be at risk of TF abuse.

**Objective 2 - the strengthening of preventative measures including, monitoring of developing trends and techniques and swift implementation of international sanctions for TF**

Principal Stakeholders Involved:

FSC, FIA-AIU, FIA-SEU, HMC, RVIPF-FCU, AGC-SU, SC

Actions

- Outreach programmes will be developed to ensure a clear understanding by the public, the industry and relevant regulatory and law enforcement agencies of how legal persons and legal arrangements operate and how they could potentially be misused for TF purposes.
- Developing trends and techniques will be monitored by CAs and LEAs, and findings shared to ensure relevant agencies are aware of possible new ways by which TF can be facilitated, with an aim to mitigating/minimising such activities.
- Supervisors will enhance their conduct of fit and proper checks and market entry controls to ensure FIs and DNFBPs are capable and sufficiently well-resourced to be able to fulfil their CFT obligations.
- Supervisors will enhance their mechanisms for policing the perimeter of authorised activity to ensure all entities that are carrying out regulated activities are duly licensed to do so,

- Enhanced training will be provided to LEAs to improve their ability to identify, analyse and investigate TF and TF-related activities and respond to them to mitigate against such activities.
- Additional guidance and outreach on how to identify ‘red flags’ will be provided by the FIA-AIU and supervisors to private sector entities to assist them in identifying and reporting potential TF-related activities.
- New sanctions designations and updates to existing designations will be communicated to public and private sector agencies within 12 hours of receipt to allow for timely screening and implementation of organisational-level preventative measures, freezing obligations, and relevant reporting.
- A national procedure will be developed to guide the identification and domestic designation of natural and legal persons, including those involved in TF or TF-related activities.

**Objective 3 - the updating of TF risk assessments as necessary based on intelligence gathering of potential and/or developing risks, including risks of NPOs, legal persons and legal arrangements, to allow for adequate appreciation of TF risks**

Principal Stakeholders Involved:

AGC, FSC, FIA-AIU, FIA-SEU, HMC, RVIPF, NPOB, MFSLT, ID, GO, ODPP, MFSLT

Actions

- A TF-specific risk assessment will be conducted on the NPO sector to identify current TF risks and the subset of NPOs most vulnerable to those risks.
- A focused assessment of legal persons and legal arrangements will be conducted, which will include the identification of current TF threats and resulting risks associated with these products.
- The 2020 TF Risk Assessment will be updated to ensure ongoing identification of current TF threats, vulnerabilities and resulting risks.

2.2 **Detection** will be achieved through:

**Objective 1 – ensuring a clear understanding by public and private sector entities of the TF risks posed by legal persons and legal arrangements**

Principal Stakeholders Involved:

FSC, FIA-AIU, FIA-SEU, RVIPF, JALTFAC

### Actions

- Ongoing private sector outreach will be conducted to raise awareness of how to recognize TF and TF-related activities, including understanding and identifying red flags, with a view to enhancing understanding of risk of legal persons and legal arrangements, particularly for higher-risk sectors such as TCSPs, Investment Business, VASPs, and legal professionals.
- Typology reports based on domestic, regional and international typologies where appropriate, will be developed (including through JALTFAC) and published to ensure both public and private sector entities are aware of possible ways by which TF can be facilitated including by way of new trends or methods, particularly in relation to legal persons and legal arrangements.
- Supervisory fit and proper checks and market entry controls will be enhanced to ensure criminals and their associates are prevented from entering the financial services sector or holding positions of ownership and control of entities within the sector.

### **Objective 2 - the recognition and reporting of TF related matters in a timely manner**

#### Principal Stakeholders Involved:

FSC, FIA-AIU, FIA-SEU, RVIPF, JALTFAC, HMC, ID, CLEA

### Actions

- Ongoing private sector outreach will be conducted to raise awareness of how to recognize TF and TF-related activities, including understanding and identifying red flags, with a view to enhancing the quality of SAR reporting.
- Typology reports based on domestic, regional and international typologies where appropriate, will be developed and published to ensure both public and private sector entities are aware of possible ways by which TF can be facilitated including by way of new trends or methods.
- Regulatory screening by supervisors will be enhanced to ensure persons with links to TF or terrorism are prevented from entering the financial services sector or holding positions of ownership and control of entities within the sector.
- LEAs will monitor TF trends and collate and report to CLEA on a quarterly basis to ensure heightened awareness of identified and developing trends among all LEAs.

### **Objective 3 - the improvement of the mechanisms in place to ensure timely review and analysis of SARs/STRs**

#### Principal Stakeholders Involved:

FIA-AIU, DGO, MOF

### Actions

- Resourcing levels within the FIA-AIU will be reviewed with a view to establishing optimal levels that would allow the effective and efficient execution of the AIU's analysis and investigation responsibilities.
- Staff of the FIA-AIU will be trained in strategic and operational analysis and investigative techniques with a particular focus on identifying activities involving legal persons, legal arrangements and virtual assets that may be linked to TF.
- Technological resources will be provided to the FIA-AIU to aid in the analysis of SARs, including VA-related SARs, to provide more effective investigation of possible TF and TF-related activities.

**Objective 4 - ensuring effective functioning of established multi-agency task forces and committees**

Principal Stakeholders Involved:

NAMLCC, JTF, CLEA, CCA, IGC, JALTFAC, AMLIU

Actions

- The functioning of all national committees will be monitored through annual reporting to, and assessment by, NAMLCC to ensure the effective fulfilment of their mandates.
- The mandate of the Joint Task Force will be reviewed to ensure TF and TF-related activities are prioritised and that there are no impediments to cooperation and coordination amongst member agencies.
- The structure of CLEA will be reviewed with a view to adjusting the membership to ensure optimal functionality and that its mandate is being effectively executed.
- A multi-agency CFT policy will be established to guide LEAs on the investigation and prosecution of TF and TF-related matters.

**Objective 5 - continual training of key law enforcement agencies in TF detection techniques including measures for addressing related offences**

Principal Stakeholders Involved:

FIA-AIU, RVIPF, HMC, GO, MOF

Actions

- Training will be identified and provided to the FIA, RVIPF and HMC to ensure relevant units within those organisations are exposed to cutting-edge techniques used to detect TF and TF-related activities.

- Mentorship programmes between the RVIPF-FCU and UK law enforcement agencies will be established to provide ongoing development to investigating officers.

**2.3 Investigation and sanctioning** will be achieved through:

**Objective 1 - the development of policies in line with the VI's risk profile that provide a clear understanding and guidance to all agencies involved in the investigation and prosecution of legal persons and legal arrangements of their roles, responsibilities and processes for successful TF investigations and prosecutions**

Principal Stakeholders Involved:

NAMLCC, CLEA, FIA-AIU, RVIPF-FCU, ODPP

Actions

- A multi-agency CFT policy will be established to guide LEAs on the investigation and prosecution of TF and TF-related matters.
- Agency level policies will be developed by the FIA, RVIPF-FCU and ODPP, in line with the Virgin Islands' agreed position on jurisdiction over the investigation and prosecution of legal persons and legal arrangements<sup>6</sup>, to ensure a clear understanding regarding the investigation and prosecution of legal persons and legal arrangements in line with the risk profile of the jurisdiction.

**Objective 2 - the VI's ongoing commitment to investigating and prosecuting persons in relation to TF, including legal persons and legal arrangements incorporated or established in the VI, who are involved in criminal activity, including activity occurring in other jurisdictions, in line with the risk profile of the VI**

Principal Stakeholders Involved:

FIA-AIU, RVIPF-FCU, ODPP, CLEA, MC, HC

Actions

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<sup>6</sup> See Footnote 3

- Investigators will be trained to understand and identify the misuse of legal persons and legal arrangements, with a view to enhancing the quality of investigations of legal persons and legal arrangements involved in cross-border illicit activities that may be linked to TF.
- Procedures on what actions to take when the monitoring of trends and techniques identifies TF and TF-related activity that may require investigation will be included in the multi-agency CFT policy on the investigation and prosecution of TF and TF-related matters.
- Available penalties will be applied appropriately to all applicable cases involving natural and legal persons and legal arrangements involved in TF-related crimes to ensure proportionate and dissuasive sanctioning of these illicit activities.

**Objective 3 - ensuring that LEAs, and in particular the RVIPF-FCU and FIA-AIU, are provided with adequate resources to allow for proper and efficient investigation of natural and legal persons involved in TF-related crimes**

Principal Stakeholders Involved:

FIA-AIU, RVIPF-FCU, GO, MOF, ODPP, HMC

Actions

- Human resources within the FIA-AIU will be enhanced to further develop its analysis and intelligence gathering capacity.
- Human resources within the RVIPF-FCU will be enhanced to further develop its investigative capacity.
- Enhanced training in intelligence gathering and investigative techniques will be provided for relevant law enforcement agencies and competent authorities to keep abreast of developing TF techniques.
- Investigators will be trained to more effectively identify the misuse of legal persons and legal arrangements for TF and take measures to mitigate the risk of such misuse.

**Objective 4 - enhanced use and sharing of financial intelligence in pursuit of TF investigations**

Principal Stakeholders Involved:

CLEA, JTF, FIA-AIU, RVIPF-FCU, ODPP, HMC, MOF, ID

Action

- Avenues for fostering ongoing dialogue and sharing of intelligence between LEAs on TF-related matters will be developed, strengthened, and promoted through enhanced CLEA, JTF and inter-agency collaborations to ensure all sources of financial intelligence are utilised.

- Enhanced technological resources will be made available across LEAs to allow for wider access to relevant information needed to support successful TF investigations.
- Appropriate inter- and multi-agency MoUs will be established and pursued where required to facilitate greater and more timely exchange of information on TF matters, including in relation to TF sanctions-related matters.
- Arrangements will be formalised between the FIA-AIU and the RVIPF-FCU to improve the SAR disclosure procedure, with a view to enhancing the quality of intelligence submitted to the RVIPF-FCU to allow for more successful investigations.
- Annual strategic analysis will be produced by the FIA-AIU in line with the VI's TF risks to help raise knowledge and awareness of such risks.

**Objective 5 - strengthening of the ODPP to ensure proper and successful prosecution of natural and legal persons and legal arrangements involved in domestic and international TF-related crimes**

Principal Stakeholders Involved:

ODPP, DGO, MOF, GO

Actions

- Human resources within the ODPP will be enhanced to build prosecutorial capacity, particularly in relation to the prosecution of legal persons and legal arrangements.
- Prosecutors will be trained to more effectively identify the components required to successfully prosecute natural and legal persons that engage in TF and TF-related activities.

**Objective 6 - strengthening of the judiciary to ensure full readiness to adjudicate TF-related crimes**

Principal Stakeholders Involved:

GO, DGO, MC, HC, MOF

Actions

- Staffing within the Judiciary will be enhanced to ensure availability of competent legal professionals with relevant experience in adjudicating TF and TF-related cases.
- Additional expertise will be provided, as necessary, to assist in the adjudication of complex TF and TF-related cases particularly those involving legal persons and legal arrangements.
- Training will be provided to judicial officers to ensure fair and balanced adjudication of TF and TF-related cases, including those involving legal persons and legal arrangements.

**Objective 7 - strengthening of the TF-TFS framework to facilitate freezing, seizing and confiscation of assets without delay.**

Principal Stakeholders Involved:

AGC-SU, SC, FSC, FIA-SEU, GO, DGO, FIA-AIU, RVIPF-FCU, ODPP, ASFMC, MOF

Action

- The Virgin Islands Sanctions Unit will be established to ensure the effective implementation of the VI's sanctions regimes by providing a dedicated agency responsible for receiving compliance reporting forms, processing licensing applications and engaging with public and private sector entities to ensure full understanding of sanctions obligations and responsibilities.
- The Virgin Islands' Sanctions Guidelines will be updated to provide clear guidance on private sector responsibilities regarding their obligations to freeze, without delay, any assets in their possession or under their control that are linked to identified designated persons or entities.
- Ongoing guidance on TFS obligations will be provided to ensure public and private sector entities are aware of their obligations and understand the legal requirements concerning the freezing, seizing and confiscation of assets associated with identified TF activities.
- Ongoing training will be provided to LEAs involved in asset recovery to deepen their understanding of the Virgin Islands' TFS framework with a view to ensuring asset restraint and confiscation is pursued in all TF cases involving natural or legal persons or legal arrangements where there is potential for asset recovery.

2.4 **Regulation** will be achieved through:

**Objective 1 - implementation of a comprehensive risk-based framework for oversight of NPOs**

Principal Stakeholders Involved:

FIA-SEU, NPOB, MHSD

Action

- A supervisory framework for NPOs will be developed based on international standards and level of exposure to TF risk to avoid over regulation
- Coordination between the NPO Board and the FIA-SEU will be enhanced to ensure proper identification of NPOs that qualify for supervisory oversight

**Objective 2 - enhanced monitoring and supervision of FIs, DNFBPs and relevant NPOs including the review and enhancement of TF-TFS screening procedures**

Principal Stakeholders Involved:

FSC, FIA-SEU

Action

- FI and DNFBP supervisors will implement desk-based and onsite inspection programs commensurate with the risk profile of the Virgin Islands, focusing on higher-risk sectors such as TCSPs, Investment Business, VASPs, and legal professionals as identified within various risk assessments.
- The FSC's Risk Assessment framework will be revised and enhanced to ensure appropriate focus is placed on specific TF risk and higher-risk entities.
- The FIA's risk assessment framework will be developed to ensure appropriate focus on TF risk and higher-risk sectors.
- On-site and desk-based supervisory practices will be enhanced to ensure supervised entities are meeting their CFT requirements, including in relation to sanctions screening, reporting, licensing, freezing of identified assets, the conduct of TF risk assessments and the proper maintenance of BO information in line with international standards.

### **Objective 3 - publication of relevant guidance for FIs, DNFBPs and NPOs**

Principal Stakeholders Involved:

FSC, FIA-SEU, FIA-AIU, SC, AGC-SU

Action

- Guidance documents will be developed to assist FIs and DNFBPs in better understanding TF risks including those related to high-risk industries, movement of funds, third-party relationships, and use of legal persons and legal arrangements in complex structures.
- The Virgin Islands Sanction Guidelines will be updated to ensure compliance with international standards, and in particular to provide clarity of reporting obligations under the relevant sanctions regimes.
- SARs guidance will be reviewed and amended and, where necessary, additional guidance developed, to aid in improving FIs' and DNFBPs' ability to identify TF and TF-related activities and improve the quality of reports received by the FIA-AIU.
- Guidance for VASPs will be reviewed and amended and, where necessary, additional guidance developed to assist these entities in better understanding their CFT obligations

under the Virgin Islands' regulatory regime and the risks associated with the services they provide.

**Objective 4 - enhancement of human and technological resources to ensure appropriate oversight of adequate transparency of beneficial ownership of legal persons and legal arrangements and to minimise against their misuse**

Principal Stakeholders Involved:

FSC, FIA-SEU

Action

- Staffing levels within the Financial and DNFBP supervisors will be assessed to ensure optimal levels that will allow for effective supervision of FIs and DNFBPs.
- A new Unit within the Registry of Corporate Affairs will be created and staffed to facilitate the accurate, up-to-date and timely filing and maintenance of beneficial ownership information by legal persons registered in the Virgin Islands.
- A technological platform will be developed and implemented within the Registry of Corporate Affairs to ensure the collection and maintenance of BO information of legal persons is accurate and up-to-date.

**Objective 5 - prompt notification of changes to international standards to allow for proper adherence by industry practitioners**

Principal Stakeholders Involved:

JALTFAC, IGC, FSC, FIA, AGC-AMLIU

Action

- Discussions on proposed changes to international standards amongst private and public sector agencies will be facilitated to bring early awareness of any potential changes to the existing CFT regime to ensure the highest degree of buy-in during implementation.
- Private sector will be consulted on proposed changes to affected legislation to ensure amendments are understood and agreed to, thereby ensuring maximum acceptance of implementation.

**Objective 6 - ensuring the penalties regime allows for the taking of effective, proportionate and dissuasive enforcement action to foster compliance with CFT requirements**

Principal Stakeholders Involved:

AGC, FSC, FIA-AIU, FIA-SEU, RVIPF-FCU, ODPP, DGO, MOF, MFSLT

Action

- The AMLTFCOP, AMLR, PCCA, FSCA, FIAA and other relevant financial services legislation will be reviewed to ensure the available enforcement actions are sufficiently broad and allow for the application of proportionate and dissuasive actions commensurate with the identified infractions against CFT and other regulatory requirements.
- Supervisory Enforcement Guidelines will be reviewed with a view to amending, where necessary, the documented approach to enforcement to ensure established penalty regimes are being applied appropriately.

2.5 Articulation (Public Outreach, Capacity Building) will be achieved through:

**Objective 1 - ensuring proper understanding by both public and private sector actors of TF risk in the VI and their roles and responsibilities relative to the national CFT framework, including sanctions obligations**

Principal Stakeholders Involved:

FIA-SEU, AGC-SU, FSC, FIA-AIU, JALTFAC, MFSLT, BVI Finance

Action

- The FIA-SEU will continue its outreach and awareness campaign for NPOs on TF risk, particularly for those NPOs that present a higher risk of TF.
- Active participation in the fight against TF will be promoted through public dissemination campaigns aimed at providing a greater understanding of TF in order to prevent and mitigate its effects.
- Ongoing dialogue between supervisory authorities and the private sector will be fostered through increased engagement with professional associations and participation in private sector-led outreach programmes.
- Enhanced engagement between supervisory authorities and the private sector will be fostered through increased discourse with advisory groups to identify and share information and experiences on emerging TF risks and trends and TF-TFS, in an effort to bring greater awareness to a wider range of potential TF risks.
- Outreach programmes aimed at bringing greater awareness of TF and TF-TFS risks and related activities will be developed to promote a broader understanding across public sector agencies of how these issues impact their ability to function effectively.

- BVI Finance and the Ministry of Financial Services, Labour and Trade will be engaged to facilitate the delivery of outreach programmes to promote a broader understanding across public and private sector entities of TF risks and related activities and how these issues impact their work and the Virgin Islands' financial stability.

**Objective 2 - ensuring cooperation and coordination between supervisors, LEAs and private sector participants in order to drive the revision and amendment of national CFT legislation and ensure an effective framework to combat TF that complies with international standards**

Principal Stakeholders Involved:

DGO, AGC, NAMLCC, CLEA, CCA, IGC, JALTFAC

Action

- Private sector will be consulted on proposed revisions to national CFT and other legislation impacting CFT-related matters to ensure amendments are understood, thereby increasing the potential for effective implementation.
- Discussions on proposed legislative changes will be facilitated through NAMLCC, CCA, CLEA, IGC and JALTFAC to bring early awareness by private and public sector agencies to any potential changes to the existing CFT regime to ensure the highest degree of buy-in and increase the potential for effective implementation.

2.6 **Enhancement of national and international cooperation** will be achieved through:

**Objective 1 - fostering the ongoing engagement of inter-agency and other national committees as a platform to share knowledge and highlight pertinent issues relative to CFT, including new developments and emerging risks**

Principal Stakeholders Involved:

NAMLCC, CCA, CLEA, IGC, JALTFAC, FIA-AIU and RVIPF-FCU

Action

- CLEA, IGC and JALTFAC will continue to meet quarterly or more frequently where necessary to ensure ongoing coordination and communication amongst members.
- CCA and NAMLCC will continue to meet monthly or more frequently where necessary to ensure ongoing cooperation amongst members.
- A standing agenda item will be included on the agendas of all national-level committees to provide for discussion of new developments, trends and emerging TF risks.

- A standing item promoting the exchange of information critical to the development of effective TF investigations will be added to CLEA agendas to ensure effective implementation of information exchange protocols and to improve coordination and cooperation amongst LEAs.
- FIA-AIU and RVIPF-FCU will monitor TF trends and collate and report to CLEA on a quarterly basis to ensure heightened awareness of identified and developing trends among all LEAs.
- Cross-agency training on TF-related matters, including emerging risks and new developments in combatting TF, will be facilitated through engagement with relevant national committees.

**Objective 2 - enhancement of domestic operational frameworks to ensure provision of the widest range of national cooperation in a timely and efficient manner and facilitate the effective operation of the Virgin Islands' CFT framework**

Principal Stakeholders Involved:

CLEA, JTF, IGC, CCA, JALTFAC, NAMLCC, FIA-AIU, RVIPF-FCU, AGC-SU, SC, other relevant IGC members

Action

- Authorities will continue to proactively cooperate and coordinate efforts to identify risks of TF and potential breaches or violations of TF-TFS
- CLEA and JTF will take operational measures to pursue proactive approaches to intelligence gathering and investigation of TF, and to ensure cooperation and coordination in ongoing investigations.
- The IGC will continue to meet to provide a forum for information exchange and cooperation amongst member agencies.
- The CCA will continue to meet to provide a forum for information exchange and cooperation amongst member agencies.
- The JALTFAC will continue to meet to provide a forum for information exchange and cooperation amongst members.
- The NAMLCC will continue to meet to provide policy and strategic guidance on the effective implementation of the Virgin Islands' CFT framework aimed at facilitating the highest levels of domestic cooperation and coordination.
- Additional MoUs will be established between relevant agencies, where needed, to facilitate more efficient exchange of information.

- Arrangements will be formalised between the FIA-AIU and the RVIPF-FCU to improve the SAR disclosure procedure, with a view to enhancing the quality of intelligence submitted to the RVIPF-FCU to allow for more successful investigations.
- An MOU between the FIA-AIU and RVIPF-FCU will be established to ensure monthly meetings are held, where TF is considered as a separate agenda item to discuss, inter alia, the exchange of intelligence and investigatory developments and encourage regular feedback.
- A national procedure will be developed to guide the identification and domestic designation of natural and legal persons involved in TF or TF-related activities and identify mechanisms by which LEAs are able to respond to intelligence received regarding targets for designations.

**Objective 3 - the enhancement of legal and operational frameworks to allow for the provision of the widest range of international cooperation in a timely and efficient manner**

Principal Stakeholders Involved:

AGC, DGO, MOF, FIA, FSC, MFSLT, HMC, RVIPF, other relevant IGC members

Action

- The *Police Act* will be amended to allow the RVIPF to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with foreign counterparts and non-counterparts.
- Relevant Customs related legislation will be amended or enacted to allow HMC to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with foreign counterparts and non-counterparts.
- The *Financial Investigation Agency Act* will be amended to allow the FIA to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with non-counterparts.
- The *Financial Services Commission Act* will be amended to allow the FSC to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with non-counterparts.
- The *Virgin Islands International Cooperation Handbook* will be updated to provide clear guidance to domestic authorities on their obligations and responsibilities in facilitating international cooperation and to provide international authorities with a clear roadmap when seeking international cooperation from LEAs and CAs within the Virgin Islands.

- Resources within domestic LEAs and CAs responsible for facilitating the exchange of information with and providing technical and operational assistance to foreign counterparts will be increased to ensure international cooperation can be provided timely and effectively.

**Objective 4 - the enhancement of relationships with international counterparts with respect to the sharing of information**

Principal Stakeholders Involved:

FIA, ODPP, HMC, RVIPF, FSC, AGC-SU, other relevant IGC members

Action

- Attendance at regional and international forums including the Overseas Territories TF Forum, workshops and organisation meetings will be promoted to develop relationships amongst domestic and foreign counterparts in an effort to foster greater collaboration and information exchange.
- Additional MoUs will be established between relevant agencies regionally and internationally, where needed, to facilitate more efficient incoming and outgoing exchange of information.
- Use of existing MoUs between domestic LEAs and CAs will be promoted to facilitate more timely and effective exchange of information on matters relating to TF and TF-related operations and offences that require international cooperation.
- Increased use of existing bi-lateral and multilateral MoUs with international partners will be promoted to facilitate more timely and effective incoming and outgoing exchange of information on TF and TF-related matters.
- International cooperation from regional and international counterparts will be actively sought by CAs and LEAs in keeping with the VI's TF risk profile and to aid in increasing the number of potential investigations into cross-border TF-related crimes.

### 3. National CPF Strategy

3.1 **Prevention** will be achieved through:

**Objective 1 - the review of relevant legislation to ensure compliance with international standards**

Principal Stakeholders Involved:

AGC, FSC, MOF, MFSLT

Actions

- The *Proliferation Financing (Prohibition) Act* will be amended to ensure compliance with all international standards requirements, particularly with regard to reporting requirements and effective remedies for breaches of the legislation.

**Objective 2 - the strengthening of preventative measures including swift implementation of international sanctions for PF**

Principal Stakeholders Involved:

FSC, FIA-AIU, FIA-SEU, HMC, RVIPF-FCU, VISR, AGC-SU, SC, other relevant IGC members

Actions

- Outreach programmes will be developed to ensure a clear understanding by the public, the industry and relevant regulatory and law enforcement agencies of how legal persons and legal arrangements operate and how they could potentially be misused for PF purposes.
- Enhanced training will be provided to LEAs, including the Virgin Islands Shipping Registry to improve their ability to identify 'red flag' activities and respond to them to mitigate against potential PF and PF-related activities.
- New sanctions designations and updates to existing designations will be communicated to public and private sector agencies without delay to allow for timely screening and implementation of organisational-level preventative measures, freezing obligations, and relevant reporting.
- A national procedure will be developed to guide the identification and domestic designation of natural and legal persons, including those involved in PF or PF-related activities.

**Objective 3 - updating of sectoral risk assessments as necessary based on intelligence gathering of potential and/or developing risks, including risks of legal persons and legal arrangements, to allow for adequate appreciation of PF risks**

Principal Stakeholders Involved:

AGC, FSC, FIA-AIU, FIA-SEU, RVIPF, MFSLT, GO, VISR, ODPP, ID, HMC

Actions

- A focused assessment of legal persons and legal arrangements will be conducted, which will include the identification of current PF threats and resulting risks associated with these products.
- 2020 PF Risk Assessment will be updated to identify current PF risks to the jurisdiction

3.2 **Detection** will be achieved through:

**Objective 1 - the recognition and reporting of PF-related matters in a timely manner**

Principal Stakeholders Involved:

AGC-SU, FSC, FIA-AIU, FIA-SEU, HMC, RVIPF, JALTFAC, VISR

Actions

- Ongoing private sector outreach will be conducted to raise awareness of how to recognize PF and PF-related activities, including understanding and identifying red flags, with a view to enhancing the quality of SAR reporting.
- Typology reports based on domestic, regional and international typologies where appropriate, will be developed and published to ensure both public and private sector entities are aware of possible ways by which PF can be facilitated including by way of new trends or methods.
- Regulatory screening by supervisors will be enhanced to ensure persons with links to PF are prevented from entering the financial services sector or holding positions of ownership and control of entities within the sector.
- Intelligence on legal persons and legal arrangements, including assets held by such entities (e.g. vessels) that are identified as being connected to PF or PF-related activities, will be shared with LEAs to allow for proper investigation.
- Further training will be provided to HMC and other agencies involved in trade-related matters on the use of dual-use goods and other technology to ensure their ability to identify potential PF-related activities.

**Objective 2 - the improvement of the mechanisms in place to ensure timely review and analysis of SARs/STRs**

Principal Stakeholders Involved:

FIA-AIU, DGO, MOF

Actions

- Resourcing levels within the FIA-AIU will be reviewed with a view to establishing optimal levels that would allow the effective and efficient execution of the AIU's analysis and investigation responsibilities.
- Staff of the FIA-AIU will be trained in strategic and operational analysis and investigative techniques with a particular focus on identifying activities involving legal persons, legal arrangements and virtual assets that may be linked to PF.
- Technological resources will be provided to the FIA-AIU to aid in the analysis of SARs, including VA-related SARs, to provide more effective investigation of possible PF and PF-related activities.

**Objective 3 - continual training of key law enforcement agencies in PF detection techniques including measures for addressing related offences**

Principal Stakeholders Involved:

FIA, HMC, RVIPF, MOF, GO

Actions

- Training will be identified and provided to the FIA, RVIPF and HMC to ensure relevant units within those organisations are exposed to cutting-edge techniques used to detect PF and PF-related activities.
- Mentorship programmes between the RVIPF-FCU and UK law enforcement agencies will be established to provide ongoing development for investigating officers.

3.3 **Investigation and sanctioning** will be achieved through:

**Objective 1 - the VI's ongoing commitment to investigating and prosecuting persons, including legal persons and legal arrangements, incorporated or established in the VI, who are involved in criminality, including activity occurring in other jurisdictions, in line with the risk profile of the VI**

Principal Stakeholders Involved:

FIA, RVIPF, ODPP, DGO, MOF

Actions

- Agency level policies will be developed by the FIA, RVIPF-FCU and ODPP, in line with the Virgin Islands' agreed position on jurisdiction over the investigation and prosecution of legal persons and legal arrangements<sup>7</sup>, to ensure a clear understanding regarding the investigation and prosecution of legal persons and legal arrangements in line with the risk profile of the jurisdiction.
- Investigators will be trained to understand and identify the misuse of legal persons and legal arrangements, with a view to enhancing the quality of investigations of legal persons and legal arrangements involved in cross-border illicit activities that may be linked to PF.
- Available penalties will be applied appropriately to all applicable cases involving natural and legal persons and legal arrangements involved in PF and PF-TFS related crimes to ensure proportionate and dissuasive sanctioning of these illicit activities.

**Objective 2 - ensuring that LEAs, and in particular the RVIPF-FCU and FIA-AIU, are provided with adequate resources to allow for proper and efficient investigation of natural and legal persons involved in PF and PF-related crimes**

Principal Stakeholders Involved:

FIA-AIU, RVIPF-FCU, DGO, MOF ODPP, HMC, GO

Actions

- Human resources within the FIA-AIU will be enhanced to further develop its analysis and intelligence gathering capacity.
- Human resources within the RVIPF-FCU will be enhanced to further develop its investigative capacity.
- Additional training in intelligence gathering and investigative techniques will be provided for relevant law enforcement agencies and competent authorities to keep abreast of developing PF typologies.
- Investigators will be trained to more effectively identify the misuse of legal persons and legal arrangements for PF and take measures to mitigate the risk of such misuse.

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<sup>7</sup> See Footnote 3

- Additional specialised resources will be identified, as necessary, and provided to assist LEAs in the investigation of legal persons and legal arrangements that may be involved in PF and PF-related activities.

**Objective 3 - strengthening of the ODPP to ensure ability to prosecute natural and legal persons and legal arrangements involved in PF related crimes**

Principal Stakeholders Involved:

ODPP, DGO, MOF, GO

Actions

- Human resources within the ODPP will be enhanced to build prosecutorial capacity, particularly in relation to the prosecution of legal persons and legal arrangements.
- Prosecutors will be trained to more effectively identify the components required to successfully prosecute natural and legal persons that engage in PF and PF-related activities.

**Objective 4 - strengthening of the judiciary to ensure full readiness to adjudicate PF-related crimes**

Principal Stakeholders Involved:

GO, DGO, MC, HC, MOF

Actions

- Staffing within the Judiciary will be enhanced to ensure availability of competent legal professionals with relevant experience in adjudicating PF and PF-related cases.
- Additional expertise will be provided, as necessary, to assist in the adjudication of complex PF and PF-related cases particularly those involving legal persons and legal arrangements.
- Training will be provided to judicial officers to ensure fair and balanced adjudication of PF and PF-related cases, including those involving legal persons and legal arrangements.

**Objective 5 - strengthening of the PF-TFS framework to facilitate freezing, seizing and confiscation of assets without delay**

Principal Stakeholders Involved:

AGC-SU, SC, FIA, FSC, GO, DGO, RVIPF, ODPP, ASFMC

Actions

- The Virgin Islands' Sanctions Guidelines will be updated to provide clear guidance on private sector responsibilities regarding their obligations to freeze, without delay, any assets in their possession or under their control that are linked to identified designated persons or entities.
- Ongoing guidance on PF-TFS obligations will be provided to ensure public and private sector entities are aware of their obligations and understand the legal requirements concerning the freezing, seizing and confiscation of assets associated with identified PF activities.
- Ongoing training will be provided to LEAs involved in asset recovery to deepen their understanding of the Virgin Islands' TFS framework with a view to ensuring asset restraint and confiscation is pursued in all PF cases involving natural or legal persons or legal arrangements where there is potential for asset recovery.

**3.4 Regulation** will be achieved through:

**Objective 1 - enhanced monitoring and supervision of FIs and DNFBPs including the review and enhancement of PF-TFS screening procedures**

Principal Stakeholders Involved:

FSC, FIA-SEU

Actions

- FI and DNFBP supervisors will implement desk-based and onsite inspection programs commensurate with the risk profile of the Virgin Islands, focusing on higher-risk sectors such as TCSPs, Investment Business, VASPs, and legal professionals as identified within various risk assessments.
- The FSC's Risk Assessment framework will be revised and enhanced to ensure appropriate focus is placed on specific PF risk and higher-risk entities.
- The FIA's risk assessment framework will be developed to ensure appropriate focus on higher-risk sectors.
- On-site and desk-based supervisory practices will be enhanced to ensure supervised entities are meeting their CPF requirements, including in relation to sanctions screening, reporting, licensing, freezing of identified assets, the conduct of PF risk assessments and the proper maintenance of BO information in line with international standards.

**Objective 2 - publication of relevant guidance for FIs and DNFBPs**

Principal Stakeholders Involved:

FSC, FIA, AGC-SU, SC

#### Actions

- Guidance documents will be developed to assist FIs and DNFBPs in better understanding PF risks including those related to high-risk industries, opaque business practices, registration of flags of convenience, and use of legal persons and legal arrangements in complex structures.
- The Virgin Islands Sanctions Guidelines will be updated to ensure compliance with international standards, and in particular to provide clarity of reporting obligations under the relevant sanctions regimes.
- SARs guidance will be reviewed and amended and, where necessary, additional guidance developed, to aid in improving FIs' and DNFBPs' ability to identify PF and PF-related activities and improve the quality of reports received by the FIA-AIU.
- Guidance for VASPs will be reviewed and amended and, where necessary, additional guidance developed to assist these entities in better understanding their CPF obligations under the Virgin Islands' regulatory regime and the risks associated with the services they provide.

#### **Objective 3 - prompt notification of changes to international standards to allow for proper adherence by industry practitioners**

##### Principal Stakeholders Involved:

JALTFAC, IGC, FSC, FIA, AGC

#### Actions

- Discussions on proposed changes to international standards amongst private and public sector agencies will be facilitated to bring early awareness of any potential changes to the existing CPF regime to ensure the highest degree of buy-in during implementation.
- Private sector will be consulted on proposed changes to affected legislation to ensure amendments are understood and agreed to, thereby ensuring maximum acceptance of implementation.

#### **Objective 4 - ensuring the penalties regime allows for the taking of effective, proportionate and dissuasive enforcement action to ensure compliance with CPF requirements**

##### Principal Stakeholders Involved:

FSC, FIA, DGO, AGC, MOF, RVIPF-FCU, ODPP, MFSLT

#### Actions

- The AMLTCP, AMLR, PCCA, FSCA, FIAA and other relevant financial services legislation will be reviewed to ensure the available enforcement actions are sufficiently broad and allow for the application of proportionate and dissuasive actions commensurate with the identified infractions against CPF and other regulatory requirements.
- Supervisory Enforcement Guidelines will be reviewed with a view to amending, where necessary, the documented approach to enforcement to ensure established penalty regimes are being applied appropriately.

3.5 **Articulation (Public Outreach, Capacity Building)** will be achieved through:

**Objective 1 - ensuring proper understanding by both public and private sector actors of the PF risks in the VI, and their roles and responsibilities relative to the national CPF framework, including sanctions obligations**

Principal Stakeholders Involved:

AGC-SU, FSC, FIA, JALTFAC, MFSLT, BVI Finance

Actions

- Active participation in the fight against PF will be promoted through public dissemination campaigns aimed at providing a greater understanding of PF in order to prevent and mitigate its effects.
- Ongoing dialogue between supervisory authorities and the private sector will be fostered through increased engagement with professional associations and participation in private sector-led outreach programmes.
- Enhanced engagement between supervisory authorities and the private sector will be fostered through increased discourse with advisory groups to identify and share information and experiences on emerging PF risks and trends in an effort to bring greater awareness to a wider range of potential PF risks.
- Outreach programmes aimed at bringing greater awareness of PF risks and related activities will be developed and led by the Sanctions Unit to promote a broader understanding across public sector agencies of how these issues impact their ability to function effectively.
- BVI Finance and the Ministry of Financial Services, Labour and Trade will be engaged to facilitate the delivery of outreach programmes to promote a broader understanding across public and private sector entities of PF risks and related activities and how these issues impact their work and the Virgin Islands' financial stability.

**Objective 2 - ensuring cooperation and coordination between supervisors and private sector participants in order to drive the revision and amendment of national CPF legislation and ensure an effective framework to combat PF that complies with international standards**

Principal Stakeholders Involved:

AGC, FSC, FIA, NAMLCC, CCA, CLEA, IGC, JALTFAC

Actions

- Private sector will be consulted on proposed revisions to national CPF and other legislation impacting CPF-related matters to ensure amendments are understood, thereby increasing the potential for effective implementation.
- Discussions on proposed legislative changes will be facilitated through NAMLCC, CCA, CLEA, IGC and JALTFAC to bring early awareness by private and public sector agencies to any potential changes to the existing CPF regime to ensure the highest degree of buy-in and increase the potential for effective implementation.

### 3.6 Enhancement of national and international cooperation will be achieved through:

**Objective 1 - fostering the ongoing engagement of inter-agency and other national committees as a platform to share knowledge and highlight pertinent issues relative to CPF, including new developments and emerging risks**

Principal Stakeholders Involved:

NAMLCC, CLEA, IGC, JALTFAC, CCA, SC

Actions

- CLEA, IGC and JALTFAC will continue to meet quarterly or more frequently where necessary to ensure ongoing coordination and communication amongst members.
- CCA and NAMLCC will continue to meet monthly or more frequently where necessary to ensure ongoing cooperation amongst members.
- The Sanctions Sub-Committee of the CCA will be further formalised through the establishment of set Terms of Reference, and its role expanded to provide a platform for wide cross-agency cooperation and coordination on sanctions related matters.
- A standing agenda item will be included on the agendas of all national-level committees to provide for discussion of new developments, trends and emerging PF risks.

- Cross-agency training on PF-related matters, including emerging risks and new developments in combatting PF, will be facilitated through engagement with relevant national committees.

**Objective 2 - enhancement of domestic operational frameworks to ensure provision of widest range of national cooperation in a timely and efficient manner and facilitate the effective operation of the Virgin Islands' CPF framework**

Principal Stakeholders Involved:

CLEA, JTF, IGC, CCA, JALTFAC, NAMLCC, SC, other relevant IGC members

Actions

- Authorities will continue to proactively cooperate and coordinate efforts to identify risks of TF and potential breaches or violations of PF-TFS
- CLEA and JTF will take operational measures to pursue proactive approaches to intelligence gathering and investigation of PF, and to ensure cooperation and coordination in ongoing investigations.
- The IGC will continue to meet to provide a forum for information exchange and cooperation amongst member agencies.
- The CCA will continue to meet to provide a forum for information exchange and cooperation amongst member agencies.
- The JALTFAC will continue to meet to provide a forum for information exchange and cooperation amongst members.
- The NAMLCC will continue to meet to provide policy and strategic guidance on the effective implementation of the Virgin Islands' CPF framework aimed at facilitating the highest levels of domestic cooperation and coordination.
- Additional MoUs will be established between relevant agencies where needed, to facilitate more efficient exchange of information.
- A national procedure will be developed to guide the identification and domestic designation of natural and legal persons involved in PF or PF-related activities and identify mechanisms by which LEAs are able to respond to intelligence received regarding targets for designations.

**Objective 3 - the enhancement of legal and operational frameworks to allow for the provision of the widest range of international cooperation in a timely and efficient manner**

Principal Stakeholders Involved:

AGC, DGO, MOF, FIA, FSC, MFSLT, HMC, RVIPF, other relevant IGC members

### Actions

- The *Police Act* will be amended to allow the RVIPF to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with foreign counterparts and non-counterparts.
- Relevant Customs related legislation will be amended or enacted to allow HMC to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with foreign counterparts and non-counterparts.
- The *Financial Investigation Agency Act* will be amended to allow the FIA to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with non-counterparts.
- The *Financial Services Commission Act* will be amended to allow the FSC to conduct inquiries on behalf of foreign counterparts and obtain and exchange information with non-counterparts.
- The *Virgin Islands International Cooperation Handbook* will be updated to provide clear guidance to domestic authorities on their obligations and responsibilities in facilitating international cooperation and to provide international authorities with a clear roadmap when seeking international cooperation from LEAs and CAs within the Virgin Islands.
- Resources within domestic LEAs and CAs responsible for facilitating the exchange of information with and providing technical and operational assistance to foreign counterparts will be increased to ensure international cooperation can be provided timely and effectively.

### **Objective 4 - the enhancement of relationships with international counterparts with respect to the sharing of information**

#### Principal Stakeholders Involved:

FIA, ODPP, HMC, RVIPF, AGC-SU, FSC, other relevant IGC members

### Actions

- Attendance at regional and international forums, workshops and organisation meetings will be promoted to develop relationships amongst domestic and foreign counterparts in an effort to foster greater collaboration and information exchange.
- Additional MoUs will be established between relevant agencies regionally and internationally, where needed, to facilitate more efficient incoming and outgoing exchange of information.
- Use of existing MoUs between domestic LEAs and CAs will be promoted to facilitate more timely and effective exchange of information on matters relating to PF and PF-related operations and offences that require international cooperation.

- Increased use of existing bi-lateral and multilateral MoUs with international partners will be promoted to facilitate more timely and effective incoming and outgoing exchange of information on PF and PF-related matters.

## 4. Implementation, Monitoring and Evaluation

### ***Implementation***

- 4.1 As with the National AML/CFT/CPF Policy, the Cabinet of the Virgin Islands is ultimately responsible for the approval of the National AML/CFT/CPF Strategy. Overall responsibility for the implementation and monitoring of both the Policy and the Strategy, however, will fall to NAMLCC as the body responsible for charting the way forward on AML/CFT policy issues. NAMLCC will, therefore, be responsible for ensuring each agency is aware of its responsibilities under the strategy and that proper actions plans are developed to execute the actions and implement the objectives outlined under each of the key areas.

### ***Monitoring***

- 4.2 Responsibility for proper execution of each objective will be that of the agency(ies) responsible for monitoring the processes and activities associated with achieving the specified objectives. This includes any other actions identified as a consequence thereof, including those within the Virgin Islands' *National Action Plan to Address Fourth Round Mutual Evaluation Recommended Actions*. This, however, does not negate the responsibility of other entities involved in this process to ensure that the identified tasks within each objective are completed.
- 4.3 Overall progress on the status of implementation of each objective will be monitored by the AML/CFT Implementation Unit within the Attorney General's Chambers. Until that Unit is fully established monitoring of progress will be the responsibility of the National Coordination Unit within the AGC.

### ***Evaluation***

- 4.4 As with the National Policy, NAMLCC is ultimately responsible for assessing the Virgin Islands' compliance with the National Strategy and approving any modifications as necessary. Operationally, the AML/CFT Implementation Unit within the Attorney General's Chambers will assess each agency's level of success in meeting its assigned objectives in order to determine the level of progress made. The Unit will be responsible for reporting such progress to NAMLCC.
- 4.5 This Strategy is a dynamic document reflecting the Virgin Islands' efforts to combat identified ML, TF and PF risks and will be reviewed periodically to determine whether any amendments may be needed to properly deliver on each objective and ensure ongoing compliance with all relevant standards, particularly where emerging threats are identified that may have an impact on the Virgin Islands' AML, CFT or CPF regimes.