

BVI FSC

# AML/CFT/CPF POLICY 2025



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## Approval of the Board of Commissioners

<b>FSC AML/CFT/CPF POLICY 2025</b>		
<b>Approving Body</b>	<b>Date of Approval</b>	<b>Effective Date</b>
<b>Related Documents</b>	<b>Version</b>	<b>Reference</b>
Board of Commissioners BVI Financial Services Commission		
FSC AML/CFT/CPF Strategy 2025 - 2027		

## Acronyms

AML	-	Anti-Money Laundering
AMLR	-	Anti-Money Laundering Regulations, 2008
AMLTFCOP	-	Anti-Money Laundering and Terrorist Financing Code of Practice, 2008
ASBA	-	Association of Supervisors of Banks of the Americas
BO	-	Beneficial Ownership
BVI	-	British Virgin Islands
CA	-	Competent Authority
CCA	-	Council of Competent Authorities
CDD	-	Customer Due Diligence
CFATF	-	Caribbean Financial Action Task Force
CFT	-	Countering the Financing of Terrorism
CGBS	-	Caribbean Group of Banking Supervisors
CLEA	-	Committee of Law Enforcement Agencies
DNFBP	-	Designated Non-financial Businesses and Professions
DTOA	-	Drug Trafficking Offences Act, 1992
EU	-	European Union
FI	-	Financial Institutions
FIA	-	Financial Investigation Agency
GIFCS	-	Group of International Finance Centre Supervisors
IAIS	-	International Association of Insurance Supervisors
IFC	-	International Finance Centre
IGC	-	Inter-governmental Committee on AML/CFT Matters
IOSCO	-	International Organisation of Securities Commissions
JALTFAC	-	Joint Anti-money Laundering and Terrorist Financing Advisory Committee
LEA	-	Law Enforcement Agencies
ML	-	Money Laundering
MLRO	-	Money Laundering Reporting Officer
MMoU	-	Multi-lateral Memorandum of Understanding
MoU	-	Memorandum of Understanding
MSB	-	Money Services Business
NAMLCC	-	National AML/CFT Co-ordinating Council
NRA	-	National Risk Assessment
PEP	-	Politically Exposed Person
PF	-	Proliferation Financing
RA	-	Registered Agent
RBA	-	Risk Based Approach
TCSP	-	Trust and Corporate Services Provider
TF	-	Terrorist Financing
UBO	-	Ultimate Beneficial Owner
UNSCR	-	United Nations Security Council Resolution
VA	-	Virtual Assets
VASP	-	Virtual Asset Services Provider
VI	-	Virgin Islands
WMD	-	Weapons of Mass Destruction

## 1. Anti-Money Laundering, Terrorist Financing & Proliferation Financing Statement

As a regulatory authority, the BVI Financial Services Commission (Commission) recognises the crucial role it has in the global fight against money laundering, terrorist financing and proliferation financing. It recognises that ML, TF and PF permeate across international borders and the people who commit these illicit acts are not constrained by national boundaries.

The integrity of the Territory's financial system, the stability of its economy and the safety of its citizens are of utmost importance. As such, the Commission is committed to safeguarding the integrity of the financial services industry, and by extension the Territory, against ML, TF and PF threats by ensuring compliance with the FATF's *International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation (FATF Recommendations)* and *Methodology for Assessing Technical Compliance with FATF Recommendations and the Effectiveness of AML/CFT Systems*. The Commission achieves this by enforcing relevant AML/CFT/CPF laws and regulations and ensuring that regulated persons<sup>1</sup> adhere to their regulatory and compliance obligations.

Recognizing the critical role the Commission plays in safeguarding the financial services sector, the objective of the Commission's AML/CFT/CPF Policy is to strengthen the Commission's supervisory, enforcement and domestic and international co-operation regimes, thereby assisting in preventing money laundering, the funding of terrorism and proliferation, and any activity that facilitates these and other criminal activities in or from within the Virgin Islands (VI).

## 2. Introduction

The primary function of the Commission is to licence, supervise and monitor regulated persons within the Territory to ensure stability, integrity, transparency and fairness. This includes ensuring compliance with relevant laws and regulations, promoting market efficiency, protecting customers and mitigating systemic risks. Operating within the legislative and regulatory frameworks established by national and international bodies, the Commission plays a crucial role through supervision and inspection of financial institutions to ensure compliance with the Territory's AML/CFT/CPF systems and controls to prevent, detect and deter ML, TF and PF activities. Its mandate extends to the formulation of policies, comprehensive regulatory oversight and guidance, as well as coordination and cooperation with law enforcement agencies to effectively combat financial crimes.

The Commission also strives to promote international cooperation and information sharing with regional, national and international bodies to aid in combatting ML, TF and PF.

Recognising the potential consequences and the role it plays in ensuring compliance with the Territory's AML/CFT/CPF regimes, including through its ongoing review of current developments in international standards, the Commission has taken a proactive approach to mitigating ML, TF and PF risk.

In 2020 The Commission published its first AML/CFT Policy, which largely achieved its overall objectives. The Commission was able to maintain and enhance its risk-based approach to supervision and effectively

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<sup>1</sup> Regulated person means a person who is licensed or registered to carry on a relevant business.

monitored the ongoing activity of its regulated persons. Financial services legislation was updated to reflect international requirements, capacity was strengthened to enhance regulation and supervision of the financial services sector and domestic and international cooperation saw improvement. The Commission now seeks to further cultivate its proactive approach to mitigating ML, TF and PF risk through the development of its 2025 AML/CFT/CPF policy framework, which builds on the 2020 Policy and is derived from the Virgin Islands National AML/CFT/CPF Policy 2024. This Policy also considers the findings of the 2020 TF Risk Assessment, 2022 PF Risk Assessment, 2022 ML Risk Assessment and recommendations in The Virgin Islands Fourth Round Mutual Evaluation Report (2024 MER) which was issued by the CFATF in February 2024.

### **3. The Role of the Commission**

Since its establishment in 2001, the Commission has been responsible for licensing, supervising and inspecting entities and individuals conducting financial services in and from within the Territory in compliance with relevant Virgin Islands legislation. The Commission's mission is to uphold the integrity of the Virgin Islands as a well-regulated international finance centre and safeguard the economic interests of the Territory by:

- protecting the interests of the general public and market participants;
- ensuring industry compliance with the highest international regulatory standards and best business practices; and
- ensuring that the Virgin Islands plays its part in the fight against trans-national crime while safeguarding the privacy and confidentiality of legitimate business transactions.

The Commission's licensing regime is geared towards protecting market participants by preventing those individuals who may be inclined to use the Virgin Islands for illicit purposes from (i) establishing corporate structures in the Territory and providing services to entities that may wish to operate in or from within the jurisdiction; or (ii) using the Territory's financial system to funnel illicit gains or fund illicit operations.

In the Virgin Islands, the following activities are considered financial services business and are regulated by the Commission:

**Banking** includes the provision of general banking services including loans, savings accounts and fixed deposits.

**Financing Business** includes the provision of credit under financing agreements, provision of credit, including pay-day advances or consumer finance loans, under a financing agreement, leasing of property under a financing lease and carrying on business in international financing and lending.

**Insolvency Services** includes appointments as administrators, administrative receivers, interim supervisors, supervisors, provisional liquidators, liquidators or bankruptcy trustees.

**Insurance** includes the provision of insurance products and related services covering insurance brokers, insurance agents, insurance loss adjusters and insurance managers.

**Investment Business** includes services related to the dealing or arranging of deals in investments, managing investments, providing investment advice, providing custodial or administration services with

respect to investments, operating an investment exchange, or acting as an investment adviser or investment manager.

**Money Services Business** includes the dispensing of money, facilitating deposits, payments, transfer of money or reporting of account information via automated teller machines, provision of money transmission services, cheque cashing services, currency exchange services, issuance, sale or redemption of money orders or traveller's cheques.

**Trust and Corporate Services Providers business** includes the provision of trustee services, company management business, registered office and registered agent services, directorships and other services.

**Virtual Asset Services** includes the provision of services relating to the issuance, offer or sale of a virtual asset, virtual assets custody services and virtual assets exchanges.

The Commission also monitors the perimeter of regulated financial services activity to safeguard the public against any ML, TF or PF risk exposure resulting from any illegal and/or unauthorised financial services business operating in and from within the Virgin Islands.

#### 4. The Virgin Islands' AML/CFT/CPF Operational Framework

##### The Commission's Role in the National AML/CFT/CPF Framework

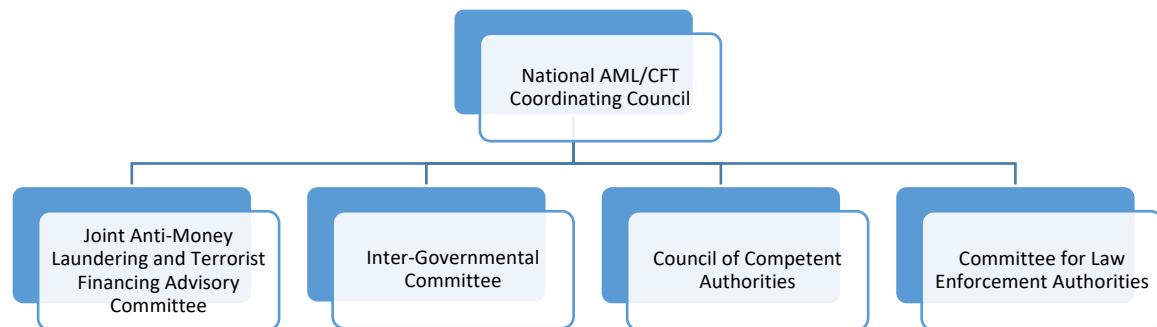
The Commission is responsible for ensuring compliance with the Territory's AML/CFT/CPF systems and controls through supervision and inspection of regulated entities in accordance with the Anti-Money Laundering Regulations, 2008 and the Anti-Money Laundering and Terrorist Financing Code of Practice. This responsibility includes the monitoring of regulated entities for compliance with identification and verification procedures for new and continuing business relationships, record keeping requirements, third-party business relationships and the reliance thereon, including testing of such relationships, reporting of suspicious activities, internal control system requirements and identification and handling of PEPs and other high-risk individuals. The Commission also has a responsibility to provide guidance and perform outreach to its regulated entities to aid them in understanding their obligations and ensuring the highest level of compliance with AML/CFT/CPF requirements.

In addition, the Commission's international co-operation obligations also require it to engage in the exchange of information and cross-border international cooperation. This is achieved primarily through its association with various regional and international standards-setting bodies such as IOSCO, IAIS, GIFCS, ASBA and CGBS. The Commission is also a signatory to various MoUs and MMoUs established between the Commission and other local and international partners for the exchange of information and provision of assistance on AML/CFT/CPF and other regulatory related issues.

The Commission also serves as liaison to Government on AML/CFT/CPF matters and is a member of the National AML/CFT Coordinating Council, Joint Anti-Money Laundering and Terrorist Financing Advisory Committee, Inter-Governmental Committee and Council of Competent Authorities.

## Committees and Co-ordinating Bodies

The Territory's AML/CFT/CPF framework consists of many coordinating and domestic advisory bodies whose mandates vary, but which all play an important role in the Territory's AML/CFT/CPF architecture. Together, these entities play a crucial role in shaping the Territory's policies and actions relating to ML, TF and PF, ensuring effective responses to risks associated with these activities. The structure of these bodies is outlined below.



### National AML/CFT Coordinating Council (NAMLC)

NAMLC serves as the Territory's national coordinating body on AML/CFT issues in accordance with Recommendation 2 of the FATF recommendations, in addition to providing policy guidance on all AML/CFT issues relating to or affecting the Territory. It is responsible for driving the national AML/CFT architecture by developing and coordinating strategies to ensure that the Virgin Islands responds to money laundering and terrorist financing threats and other issues in an effective manner and ensuring compliance with all relevant standards.

### Joint Anti-Money Laundering and Terrorist Financing Advisory Committee (JALTFAC)

JALTFAC is a statutory body established under the PCCA and has responsibility for advising the Commission on "initiatives for the prevention and detection of money laundering and terrorist financing".<sup>2</sup> The Commission is required to encourage dialogue with the private sector with a view to establishing a broad-based understanding and awareness of issues concerning ML, TF and PF as well as promoting the exchange of information on ML/TF/PF matters.<sup>3</sup>

### Inter-Governmental Committee (IGC)

The IGC is established pursuant to the powers granted to the Commission and FIA under the AMLTFCOP<sup>4</sup> and serves as a mechanism for "creating, enhancing and promoting public awareness of issues relating to money laundering and terrorist financing" and fostering cooperation between key public bodies involved in the fight against, or that have some nexus to, ML/TF activities, through a system of dialogue and the sharing of information amongst its members. This system of dialogue includes the promotion of cooperation and information exchange between agencies in order to detect and prevent ML/TF; the rendering of necessary assistance to each other in respect of each other's law enforcement or regulatory

<sup>2</sup> See section 27A (1) of the PCCA.

<sup>3</sup> Section 51 of the AMLTFCOP

<sup>4</sup> See section 50 (1) of the AMLTFCOP.

functions; and the promotion of cooperation with foreign regulatory, administrative and law enforcement officials in relation to any ML or TF matters.<sup>5</sup>

#### Council of Competent Authorities (CCA)

CCA's role is to facilitate coordination between the Territory's competent authorities<sup>6</sup> relative to the execution of domestic and international cooperation matters and other relevant AML/CFT issues relating to or affecting the Territory.

#### Committee for Law Enforcement Agencies (CLEA)

The CLEA was established to ensure greater coordination and collaboration in the fight against ML, TF and other organised crime through intelligence sharing, the joint pursuit and apprehension of criminals, and the disruption of criminal activity.

### 5. The Virgin Islands' AML/CFT/CPF Legislative Framework

To ensure that the Virgin Islands' AML/CFT/CPF legislative regime adheres to all relevant international standards, an extensive suite of laws and regulations have been developed to give effect to those obligations as set out in the international standards. Although the Territory's AML, CFT and CPF frameworks are primarily structured around legislation tailored to fulfil distinct obligations within each regime, there exist several key laws with provisions that extend across all three frameworks.

#### Proceeds of Criminal Conduct Act

The Proceeds of Criminal Conduct Act (PCCA) provides for the recovery of the proceeds of crime and establishes a regime for the registration and enforcement of external confiscation orders.

The PCCA is complemented by the Proceeds of Criminal Conduct (Enforcement of External Confiscation Orders) Order which provides the process for enforcing a request to confiscate assets or applying for a restraint or charging order.

#### Anti-money Laundering Regulations

The Anti-money Laundering Regulations foster the regulation and supervision of regulated and non-regulated entities by requiring the adoption of specified measures to guard against the activities of money laundering, terrorist financing and proliferation financing and ensure the availability of information when requested.

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<sup>5</sup> Section 50 (2) of the AMLTFCOP

<sup>6</sup> The Territory's competent authorities are Attorney General, Governor's Office, Financial Investigation Agency, Financial Services Commission and International Tax Authority.

## Anti-money Laundering and Terrorist Financing Code of Practice

The Anti-money Laundering and Terrorist Financing Code of Practice complements the Anti-money Laundering Regulations and establishes a framework for compliance with AML/CFT matters including assessment of risk and verification and maintenance of relevant ownership information and other pertinent records, as well as the exchange of information with relevant authorities.

## Criminal Justice (International Cooperation) Act

The Criminal Justice (International Cooperation) Act, 1993 (CJICA) creates a flexible and comprehensive regime that enables the Virgin Islands to co-operate with other countries in matters pertaining to criminal investigations and proceedings in relation to drug trafficking. This includes applications for restraint and charging orders, the enforcement of confiscation orders and overseas forfeiture orders. Its scope is sufficiently broad to enable assistance to be rendered to any country or territory. The CJICA also regulates substances that are considered useful for the manufacture of controlled drugs and creates a regime of hot pursuit in apprehending vessels and persons concerned with drug offences. This latter regime, however, operates only on a bilateral arrangement, as currently exists between the Virgin Islands and the United States of America (USA).

In addition, the CJICA regulates substances that are considered useful for the manufacture of controlled drugs and creates a regime for the apprehension, search and detention of vessels and persons concerned with drug offences. This latter regime, however, operates only on a bilateral arrangement, as currently exists between the Virgin Islands and the USA.

The CJICA is complemented by the Criminal Justice (International Co-operation) (Enforcement of Overseas Forfeiture Orders) Order and provides the process for enforcing external forfeiture requests.

## 6. Anti-Money Laundering Policy

### Introduction

**Money laundering** is generally defined as “the processing of criminal proceeds to disguise their illegal origin.”<sup>7</sup> Essentially, it is engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the proceeds appear to have originated from legitimate sources or constitute legitimate assets. Generally, money laundering occurs in three stages:

- (1) **Placement.** Funds generated from criminal activities are introduced into the financial system. The aim is to place the funds in a legitimate environment, to avoid detection by the authorities, often through methods such as cash deposits, conversion into monetary instruments, currency exchanges or buying assets (high value goods, property or business assets).
- (2) **Layering.** Funds are moved around to obscure the origin. Funds are transferred or moved into other accounts or other financial institutions to further separate them from their criminal origin. The aim is to disassociate illegal funds from the source of the crime by creating a complex web of financial transactions designed to disguise the audit trail; for example, wire transfers using funds disguised as

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<sup>7</sup> FATF definition of money laundering may be found at [www.fatf-gafic.org/faq/moneylaundering](http://www.fatf-gafic.org/faq/moneylaundering).

proceeds of legitimate business, cash deposited in overseas banking system and the resale of goods and assets.

- (3) **Integration.** Funds are reintroduced into the economy, appearing as legitimate funds. The funds are used to purchase legitimate assets or to fund other criminal activities or legitimate businesses thereby making them appear that the funds have been legally earned; for example, false loan repayments, forged invoices or complex web of transfers both domestic and international.

The Virgin Islands, as an international finance centre, offers a wide range of products and services including complex, corporate/investment vehicles that are attractive to a range of international clientele. However, these products and services may also attract criminals seeking to exploit the financial system to advance their criminal agendas.

ML poses a significant threat to the integrity and stability of the Virgin Islands' financial system, by enabling criminals to potentially disguise the illicit origins of funds and integrate them through legitimate channels. As a consequence of ML, the integrity of the financial system can be undermined, economic systems distorted, and national security compromised. It also facilitates further criminal activity. In response to this pervasive threat, this AML Policy establishes robust measures to aid the Commission in combatting such activities.

## Anti-Money Laundering Legislative Framework

Apart from the primary laws and regulations cited in Chapter 5, there is additional AML-related legislation currently in force and applicable to persons living or operating in or from within the Virgin Islands.

### Drug Trafficking Offences Act

The Drug Trafficking Offences Act (DTOA) gives effect to the provisions of the Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988. It establishes the legal framework for the recovery of the proceeds of drug trafficking and creates a regime of international co-operation on drug trafficking, including applications for confiscation, restraint and charging orders.

The DTOA is complemented by the Drug Trafficking Offences (Enforcement of Overseas Confiscation Orders) Order. This Order details the assistance to be provided to appropriate authorities of a requesting country in relation to drug trafficking and money laundering. Where no appropriate authority is specified in relation to a requesting country, the Governor is empowered to issue a certificate to the effect that the authority named therein is the appropriate authority.

## Money Laundering Threats, Vulnerabilities and Risks

### Money Laundering Threats

The 2022 ML Risk Assessment concluded that the ML threat from both domestic criminality and foreign criminality was considered medium-high. The 2024 MER pointed out that the VI's significant corporate and financial services sector faces a high threat from foreign proceed-generating crimes. Combined, the assessments identified the following domestic and foreign ML threats which could have a severe impact on the Territory's financial services sector.

- Corruption (foreign and domestic)
- Fraud (foreign)
- Money laundering (foreign)
- Tax evasion (foreign)
- Drug trafficking (domestic)
- Migrant smuggling (domestic)
- Human trafficking (domestic)
- Murder (domestic)

### Money Laundering Vulnerabilities

The 2022 ML Risk Assessment and 2024 MER stated that there are vulnerabilities that may limit supervisory agencies' ability to effectively mitigate ML risk. Key ML vulnerabilities that may impact the Commission's ability to effectively mitigate ML risk follow.

- Resource constraints
- Inadequate policies and procedures
- Inefficient data collection and maintenance
- Insufficient training
- Large-scale reliance on professional business introducers for customer due diligence and record keeping purposes
- Inadequate understanding and identification, mitigation and monitoring of ML risk
- Inadequate understanding of the concept of control over legal persons and legal arrangements
- Lack of effective risk-based supervision is demonstrated to a limited extent

### Money Laundering Risks

The 2022 ML Risk Assessment as well as the 2024 MER concluded that the overall ML risk of the VI is considered to be medium-high. Combined, both assessments identified the following risks inherent to the VI's status as an international finance centre, which may elevate the level of ML exposure of the financial institutions operating in the Territory.

- Range and complexity of product and service offerings including nominee shareholder and director services
- Cross-jurisdictional reach of the sectors
- High volumes of cross-border activities and transactions, some of which may be high risk
- Large transaction volumes with non-face-to-face customers, including high risk customers
- Reliance on Third-Party business introductions
- High value of assets/funds under administration/management generated that are widely dispersed globally
- Predominantly large international customer base that comprises of PEPs and other high-risk customers such as foreign UBOs
- Potential for misuse of VI legal persons and legal arrangements
- Misuse of corporate vehicles, FIs and other gatekeepers for the facilitation of illicit cross-border trading activities and transactions
- Supervision over TCSPs and other gatekeepers is not aligned with the identified risks of misuse of VI entities especially as regards beneficial ownership information

## Anti-Money Laundering Objectives

The AML Policy provides a framework for the Commission's AML Strategy, which is designed to meet its objectives of mitigating ML risks and complying with all applicable international standards and national requirements under the Proceeds of Criminal Conduct Act, 1997 and other ancillary legislation that form part of the Territory's AML framework. This Policy is geared towards preventing ML and any activity that facilitates ML and promoting domestic and international co-operation.

Considering the identified threats, vulnerabilities, risks and potential consequences associated with ML, the Commission has established measures to mitigate against these risks and the impact they may have on the financial services sector. To achieve its objectives and demonstrate effectiveness, the Commission will build on the foundation of its existing AML Policy by focusing on four (4) specific key areas; namely, supervision, enforcement, promotion of cooperation and stakeholder awareness and outreach.

### Supervision

Supervision is a critical tool in ensuring compliance and mitigating risks within the financial services sector. With structured oversight, the Commission will monitor regulated persons more effectively to ensure that ML risks are mitigated. Supervision will encompass regulatory compliance, risk-based supervision and capacity building.

**Regulatory Compliance** refers to the Commission's adherence to laws, regulations, guidelines and international standards relevant to its legislative, regulatory and compliance obligations.

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

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

**Risk-Based Supervision** is a regulatory approach used to assess and monitor regulated persons based on the level and types of risks they pose to the stability of the financial system and to the interests of customers. This approach allows regulators to focus on regulated persons that pose a higher level of risk, making supervision more efficient and effective.

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

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

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

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

**Capacity Building** refers to developing and enhancing the abilities, skills, resources and structures within the Commission to improve performance and strengthen internal processes, knowledge and resources to effectively meet its goals.

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

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

## Enforcement

Enforcement plays a vital role in maintaining compliance and upholding regulatory standards within the financial services sector. As a mitigating measure, enforcement ensures that regulated persons understand the consequences of non-compliance, thereby promoting adherence to legislative and regulatory requirements. Enforcement will encompass ensuring compliance and capacity building.

**Ensuring compliance** refers to the process of making sure that regulated persons adhere to all applicable laws, regulations and international standards.

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

**Capacity Building** refers to strengthening organisational skills, expanding resources and increasing effectiveness.

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

## Promotion of Cooperation

Promotion of Cooperation with regulatory authorities, other competent authorities and domestic industry associations and advisory bodies is essential for combatting ML. It encompasses domestic and international cooperation and is critical to disrupting illicit financial flows and preserving the integrity of the financial services sector.

**Domestic and international cooperation**, in the context of AML, refer to collaborative efforts within and between countries to achieve common AML goals, address AML challenges or advance mutual interests.

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

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

#### Stakeholder Awareness and Outreach

**Stakeholder awareness and outreach** refers to the efforts the Commission makes to inform, engage and involve industry stakeholders on relevant topics, initiatives or changes. This practice helps to build understanding, trust and support and ensures relevant stakeholders are better informed and empowered to make responsible decisions, thereby contributing to regulatory compliance and ultimately protecting all stakeholders in the financial services sector.

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

## 7. Countering the Financing of Terrorism Policy

### Introduction

**Terrorist Financing** is the use of funds, or making funds available, to individuals, groups or organizations that engage in terrorist activities or the acquisition, possession, concealment, conversion or transfer of funds that are, directly or indirectly, intended to be used or made available for the purposes of terrorism. TF can involve both legitimate and illicit sources of money. TF may, however, involve an attempt to conceal either the origin of the funds or their intended use, which could be for criminal purposes. The key focus is on using financial resources to support, sustain or promote acts of terrorism.

TF represents a critical component of the broader spectrum of financial crime, posing a threat to global security and stability. In response to this pervasive threat, the Commission's CFT Policy incorporates specific provisions and measures to combat terrorist financing.

### Countering the Financing of Terrorism Legislative Framework

Apart from the primary laws and regulations cited in Chapter 5, there is additional CFT-related legislation currently in force and applicable to persons living or operating in or from within the Virgin Islands.

#### Counter-Terrorism Act, 2021

The Counter-Terrorism Act, 2021 (CTA) governs the criminalisation of terrorism and terrorist financing within the Virgin Islands. The CTA makes provision for the detection, prevention, prosecution and conviction of terrorist and terrorist financing activities and gives effect to international conventions and resolutions for the countering of terrorism and terrorist financing, including UNSCRs 1267 and 1373. It implements travel bans and requirements to report suspicious activities and provides for the detention and confiscation of goods suspected to be terrorist property. The CTA also provides the Governor with the authority to make interim and final designations of persons and associated entities and allows for the exchange of information in criminal matters.

## [Anti-terrorism \(Financial and Other Measures\) \(Overseas Territories\) Order, 2002](#)

The Anti-terrorism (Financial and Other Measures) (Overseas Territories) Order, 2002 restricts transactions in terrorist property and creates extra-territorial jurisdiction in respect of offences relative to terrorism – that is to say, engagement in fundraising or money laundering, using or possessing property or arranging fundraising activities, for terrorist purposes. It also enables the registration and enforcement of foreign confiscation orders by an order of the Governor.

The Order provides measures for the enforcement of forfeiture orders in relation to (i) money or other property which is likely to be used for the purposes of terrorism; (ii) proceeds of the commission of acts of terrorism; and (iii) proceeds of acts carried out for the purposes of terrorism.

## [The Counter-Terrorism \(Sanctions\) \(Overseas Territories\) Order, 2020](#)

## [The Counter-Terrorism \(International Sanctions\) \(Overseas Territories\) Order, 2020](#)

International obligations under UNSCR 1373 are implemented in the Virgin Islands by way of The Counter-Terrorism (Sanctions) (Overseas Territories) Order, 2020 and the Counter-Terrorism (International Sanctions) (Overseas Territories) Order, 2020. These Orders extend the Counter Terrorism (Sanctions) (EU Exit) Regulations, 2019 and Counter-Terrorism (International Sanctions) (EU Exit) Regulations, 2019 respectively to the Territory and allow for the designation of persons involved in terrorism related activities, freezing and unfreezing of assets and the issuing of licences in respect of otherwise prohibited activities. They also allow the sharing of information to enable the effective implementation and enforcement of the UK sanctions regime.

## [The Afghanistan \(Sanctions\) \(Overseas Territories\) Order 2020](#)

UNSCR 1988 is implemented through the Afghanistan (Sanctions) (Overseas Territories) Order 2020, which extends the Afghanistan (Sanctions) (EU Exit) Regulations 2020. Like the ISIL (Da'esh) and Al-Qaida (United Nations Sanctions) (Overseas Territories) Order, this piece of legislation allows for the imposition of targeted financial sanctions against Afghanistan and enables relevant authorities to take the necessary action to freeze funds of designated persons and entities in respect of targeted individuals, groups, undertakings and entities associated with the Taliban and prohibit funds being made available to such persons.

## [The ISIL \(Da'esh\) and Al-Qaida \(United Nations Sanctions\) \(Overseas Territories\) Order 2020](#)

UNSCR 1267 and its successor resolutions are implemented in the Virgin Islands by way of the ISIL (Da'esh) and Al-Qaida (United Nations Sanctions) (Overseas Territories) Order, 2020, which extends the provisions of the ISIL (Da'esh) and Al-Qaida (United Nations Sanctions) (EU Exit) Regulations 2019. This Order allows for the imposition of targeted financial sanctions against Al-Qaida and ISIL (Da'esh). It enables relevant authorities to take the necessary action to freeze funds of designated persons and entities in respect of targeted individuals, groups, undertakings and entities associated with ISIL and Al-Qaida, and prohibits funds being made available to such persons.

## Terrorist Financing Threats, Vulnerabilities and Risks

### Terrorist Financing Threats

The 2020 TF Risk Assessment considered the threat of TF to the Virgin Islands from a domestic and international perspective. The assessment found that the threat of TF at the domestic level was low based on fund flows, trade and current labour composition, and for the purposes of supporting foreign terrorist activity the threat was assessed as medium-low. The 2024 MER concluded that the domestic TF risk is broadly low; however, the possible cross-border TF threat is considered higher. Combined, both assessments pointed to the following threats:

- VI legal entities' involvement in international trade, collection and movement of funds internationally;
- Potential for misuse of VI entities to fund terrorist activities;
- Potential misuse of legal persons and arrangements for TF sanctions evasion; and
- Resource limitations in terms of staff and technological tools which impact international cooperation assistance.

### Terrorist Financing Vulnerabilities

The 2020 TF Risk Assessment considered vulnerabilities on a sectoral level; namely, the financial services sector, designated non-financial businesses and professions sector and the non-profit organisations sector. Given the Territory's position as an IFC, the impact of foreign criminality on the overall risk level was considered more severe based on the potential of VI registered entities being used to facilitate TF, and the scope of the impact of this conduct. The 2024 MER also pointed to related and inherent vulnerabilities of TCSPs and gatekeepers in light of the VI's status as a corporate and financial centre. Both assessments identified the following key vulnerabilities that impact the Commission's ability to mitigate TF risk:

- Insufficient monitoring of TF trends and techniques;
- Insufficient oversight of TF and TFS obligations by reporting entities;
- Insufficient understanding of TF vulnerabilities of licensed TCSPs regarding ownership and control of clients and active VI entities;
- Insufficient understanding by the FSC of the inherent vulnerabilities of licensed TCSPs specific to the VI context when it comes to ownership and control of their clients and active VI entities;
- Inadequate understanding of the level of risks of the country in which professional business introducers are operating for example geographical elements contributing to the vulnerabilities of the professional business introducers and quality of supervisory regime to which these introducers are subject to;
- Lack of adequate regulation and supervision of VASPs;
- Regulated persons' heavy reliance on professional business introducers and accuracy of foreign beneficial ownership information of VI legal persons and legal arrangements;
- Weaknesses in the TCSPs and other gatekeeper sectors;
- Complexity of corporate formation practices and weaknesses in the TCSPs and other gatekeepers' sectors;
- Potential for legal persons and arrangements to contribute to the concealment of foreign criminal proceeds and their ownership outside the country (especially when they form part of complex corporate structures); and

- Legal persons and arrangements being misused in international schemes.

### Terrorist Financing Risks

The 2020 TF Risk Assessment concluded that the greatest TF risk lies within the TCSP sector, which serves as the primary gateway to the VI's financial services sector. The 2024 MER considered the VI's assessment of the risk of supporting foreign terrorist activity as medium-low and the domestic TF risk for all sectors as low to be a reasonable conclusion. Combined, the key risks identified in the 2020 TF Risk Assessment and 2024 MER follow;

- Misuse of VI legal persons and arrangements to conceal the source of assets and identity of beneficial owners;
- Misuse of corporate and legal structures for illegitimate activities;
- Heavy reliance on professional business introducers for CDD and record-keeping purposes;
- The implementation of CDD measures is not sufficiently tailored to customers' risk profiles;
- Beneficial ownership requirements are too focused on determining ownership thresholds, with insufficient attention to the concept of control through other means; and
- The understanding of TF risk is lagging behind supervisors' ML risk understanding.

### Terrorist Financing Objectives

The Commission recognises the importance of mitigating TF activities within the financial services sector and is committed to safeguarding the integrity of the Virgin Islands against such activities. Considering the identified threats, vulnerabilities, risks and potential consequences associated with TF, the Commission has established measures to mitigate against these risks and the impact they may have on the financial services sector. To achieve its objectives, the Commission will build on its current CFT Policy which focuses on four (4) specific key areas; namely, supervision, enforcement, promotion of cooperation and stakeholder awareness and outreach.

#### Supervision

Effective supervision is critical to ensuring compliance and mitigating TF risks within the financial services sector. It allows the Commission to monitor regulated persons more effectively and ensure that TF risks are mitigated. Supervision will encompass regulatory compliance, risk-based supervision and capacity building.

**Regulatory compliance** refers to the Commission's adherence to laws, regulations, guidelines and international standards relevant to its legislative, regulatory and compliance obligations.

- Objective 1: Periodically review and make recommendations to update CFT legislation and update guidance consistent with changes in international standards and in response to emerging global TF risks and developments, as necessary.
- Objective 2: Review and address TF-related deficiencies identified in the Territory's 2024 MER relative to the Commission's regulatory functions and responsibilities and any other actions identified as a consequence thereof.

**Risk-Based Supervision** is a regulatory approach used by the Commission to assess and monitor regulated persons based on the level and types of risks they pose to the stability of the financial system and to the interests of customers.

- Objective 1: Enhance risk-based procedures, systems and assessment tools used for monitoring the ongoing business activities of regulated persons to prevent criminals and their associates from abusing the financial services sector.
- Objective 2: Enhance the existing risk-based approach to supervision of regulated persons to properly identify TF risks, determine appropriate supervisory methods and oversight and implement targeted supervisory measures.
- Objective 3: Ensure that regulated persons, through enhanced onsite and offsite assessments, adhere to TF-related legislative requirements and established industry standards.
- Objective 4: Enhance desk-based supervision of regulated persons on an ongoing basis to ensure effective supervisory oversight.

**Capacity building** refers to developing and enhancing the abilities, skills, resources and structures within the Commission to improve performance and strengthen internal processes, knowledge and resources to effectively meet its regulatory objectives.

- Objective 1: Ensure capability and resources for the ongoing effective regulation and supervision of regulated persons.
- Objective 2: Build capacity within the financial services sector to ensure that regulated persons are more aware of TF risks facing the Territory of the Virgin Islands and ensure that they understand their responsibilities as gatekeepers to the financial services sector.

## Enforcement

Enforcement is critical to maintaining compliance and upholding regulatory standards within the financial services sector. As a mitigating measure, enforcement ensures that regulated persons understand the consequences of non-compliance, thereby promoting adherence to legislative and regulatory requirements. Enforcement will encompass ensuring compliance and capacity building.

**Ensuring compliance** refers to the process of ensuring that regulated persons adhere to all applicable laws, regulations and international standards.

- Objective 1: Ensure compliance with CFT laws, regulations and established regional and international industry standards within the Virgin Islands financial services sector.
- Objective 2: Ensure that regulated persons are aware of the necessary steps to prevent breaches of United Nations and other relevant sanctions regimes.

**Capacity Building** refers to strengthening organisational skills, expanding resources and increasing effectiveness.

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

#### Promotion of Cooperation

Promotion of Cooperation with regulatory authorities, other competent authorities and regulatory associations and supervisory bodies is essential for combatting TF. It is critical to preserving the integrity of the VI's financial services sector and may be achieved through domestic and international cooperation.

**Domestic and international cooperation**, in the context of CFT, refer to collaborative efforts within and between countries to achieve common CFT goals, address CFT challenges or advance mutual interests.

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

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

#### Stakeholder Awareness and Outreach

Stakeholder awareness strengthens stakeholders' knowledge and awareness of TF and TF-related activities and positions them to better mitigate TF threats, vulnerabilities and risks and ultimately aids in protecting the Territory's financial services sector.

**Stakeholder awareness and outreach** refer to the efforts the Commission makes to inform, engage and involve industry stakeholders on relevant topics, initiatives or changes.

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

## 8. Countering Proliferation Financing Policy

#### Introduction

**Proliferation Financing** "refers to the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual-use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations"<sup>8</sup>. In essence, any act of providing funds or financial services to any person (legal or otherwise) for purposes of financing the production or use of weapons of mass destruction (WMD) constitutes an act of PF. This includes the

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<sup>8</sup> See footnote 1 of FATF Best Practices Paper on "Sharing Among Domestic Competent Authorities Information Related to the Financing of Proliferation", February 2012.

financing of any form of technology or goods that have dual use if used for purposes that are not legitimate.

PF undermines efforts to promote disarmament and non-proliferation and perpetuates instability and conflict on a global scale. Thus, addressing PF is crucial for safeguarding global security and promoting peace and stability worldwide. The CPF Policy establishes mitigating measures to counter the risk of PF activity to the Territory.

## Countering Proliferation Financing Legislative Framework

### Proliferation Financing (Prohibition) Act, 2021

The Proliferation Financing (Prohibition) Act, 2021 (PFPA) is the primary piece of legislation governing the criminalisation of proliferation of weapons of mass destruction and the provision of financing for such activities in the Virgin Islands.

The PFPA requires the FIA to monitor and assess the level of PF risk in the Territory and take appropriate steps to address that risk. It also empowers the FIA to act against any person or entity for non-compliance with the provisions of the PFPA. The PFPA prohibits persons from dealing with assets of a designated person unless authorised to do so via licence issued by the Governor of the Virgin Islands (Governor). The PFPA also calls for mandatory reporting by persons (natural or legal) of assets frozen and other actions taken against designated persons. The PFPA also gives the Governor authority to make designations of persons who meet the criteria for designation by the UN Security Council and its committees.

### Chemical Weapons (Overseas Territories) Order, 2005

The Chemical Weapons (Overseas Territories) Order, 2005 prohibits the use, development or production, possession or transfer of a chemical weapon or any military preparation relating to the intended use of a chemical weapon. Requests in relation to these matters are transmitted through the Governor as the relevant central authority.

### Chemical Weapons (Sanctions) (Overseas Territories) Order, 2020

The Chemical Weapons (Sanctions) (Overseas Territories) Order, 2018 (CWSOTO) gives effect to the sanctions regime created under the Chemical Weapons (Sanctions) (EU Exit) Regulations, 2019 for the purpose of deterring the proliferation and use of chemical weapons, including encouraging the effective implementation of the Chemical Weapons Convention.

The sanctions imposed include an asset-freeze on persons designated by the Secretary of State as persons who are responsible for, involved in or promote a prohibited activity related to chemical weapons, as well as persons associated with such persons. This includes providing financial services or making available funds or economic resources that could contribute to the prohibited activity related to chemical weapons. The CWSOTO makes provision for the Governor to license certain activities in line with exemptions and derogations under the sanction regime.

## [The Democratic People's Republic of Korea \(Sanctions\) \(Overseas Territories\) Order, 2020](#)

The Democratic People's Republic of Korea (Sanctions) (Overseas Territories) Order, 2020 (DPRKSO) gives effect to the Democratic People's Republic of Korea (Sanctions) (EU Exit) Regulations, 2019 which establishes a sanctions regime in relation to the DPRK for the purposes of implementing many of the obligations under the various UNSCRs relative to proliferation, including restricting the ability of the DPRK to carry on its nuclear, biological or chemical weapons, other weapons of mass destruction, and ballistic missile programmes, promote the abandonment of those programmes and the decommissioning of the weapons.

The DPRKSO provides for designated persons to be made subject to financial sanctions, including having their funds and/or economic resources frozen, implements the travel ban in respect of UN designated persons and provides for certain ships specified by the Secretary of State to be subject to various sanctions measures. In addition, the Order gives the Governor, with the consent of the Secretary of State, the power to issue financial sanctions licences and requires him to publish an up-to-date list of designated persons and specified ships.

The DPRKSO also prescribes enforcement powers in relation to suspected ships, aircrafts or vehicles, or for the issue of a search warrant and prescribes powers for the provision and sharing of information to enable the effective implementation and enforcement of the sanction regime.

## [The Iran \(Sanctions\) \(Nuclear\) \(Overseas Territories\) Order, 2020](#)

The Iran (Sanctions) (Nuclear) (Overseas Territories) Order, 2020 (ISNOTO) establishes a regime relating to nuclear activities in Iran for the purpose of complying with United Nations obligations and for the purpose of (i) encouraging Iran to abandon nuclear weapons programmes; (ii) restricting the ability of Iran to develop nuclear weapons and nuclear weapons delivery systems; and (iii) promoting implementation of the 2015 Joint Comprehensive Plan of Action.

The ISNOTO, which gives effect to the Iran (Sanctions) (Nuclear) (EU Exit) Regulations, 2029, provides for the imposition of trade restrictions in relation to certain restricted goods and restricted technology for export to, or import from, Iran. It also provides for designated persons to be made subject to financial sanctions, including having their funds and/or economic resources frozen and implements the travel ban in respect of UN designed persons.

The ISNOTO also gives the Governor, with the consent of the Secretary of State, the power to issue financial sanctions licences and requires him to publish an up-to-date list of designated persons. The ISNOTO also prescribes enforcement powers in relation to suspected ships, aircrafts or vehicles, or for the issue of a search warrant and prescribes powers for the provision and sharing of information to enable the effective implementation and enforcement of the sanction regime.

## Proliferation Financing Threats, Vulnerabilities and Risks

### Proliferation Financing Threats

The 2022 Proliferation Financing Risk Assessment (2022 PF Risk Assessment) concluded that the ability for structures established in the VI to be misused elevates the level of PF risk as this misuse lends itself to these entities being exploited to facilitate the financing of weapons of mass destruction. The risk of this threat is therefore considered to be high as any linkages to a BVI company, entity or person may create significant reputational damage. In addition, the 2024 MER concluded that the domestic PF risks are broadly low and that the VI faces a low PF threat from domestic sources; however, the threats are considered elevated at the international level, particularly through the misuse of VI entities. Combined, both assessments pointed to the following PF threats facing the Territory:

- Use of legal persons and legal arrangements to finance and facilitate proliferation-related activities with sanctioned jurisdictions;
- Use of legal persons and legal arrangements to facilitate international trade and collection and movement of funds with designated persons and countries;
- Use of vessels registered in the Virgin Islands to carry out activities, including international trade and shipping of goods by or on behalf of designated persons and countries;
- Use of legal persons and arrangements, registered and operating in the VI, to conduct shipping activities on behalf of designated persons and countries;
- Use of corporate vehicles for the facilitation of cross-border trading activities and transactions, including those involving VASPs or VA products;
- Use of BVIBCs to establish ownership of vessels that may engage in transporting illicit cargo to sanctioned countries;
- Use of BVIBCs in the export and trade of dual-use and other proliferation sensitive materials; and
- Use of BVIBCs to facilitate business transactions, particularly in relation to the movement of and payment of goods and other services, where the ultimate destination of such goods is a sanctioned jurisdiction.

### Proliferation Financing Vulnerabilities

The 2022 PF Risk Assessment and 2024 MER detected vulnerabilities that would allow the identified threats to increase the Territory's PF risk. Considering the risk and context of the VI, registered agents may be exploited, through the registration of legal entities, to facilitate illegal activities through cross-border business activities, particularly in relation to shipping and international trade. Key vulnerabilities relative to the Commission being able to carry out its functions were identified as follows:

- FSC's insufficient understanding of the inherent vulnerabilities of TCSPs regarding ownership and control of their clients and active VI entities, including the complexity of the VI's corporate formation practices and the role played by TCSPs and other gatekeepers;
- Susceptibility of BVIBCs being created and misused for the purposes of cross-border business and international trade activities;
- Misuse of BVIBCs to facilitate the financing of weapons of mass destruction;
- Misuse of BVIBCs for PF-related sanctions evasion;

- Measures to prevent the misuse of BVIBCs from being misused for PF-related sanctions evasion do not appear sufficiently vigorous to effectively prevent sanctioned persons from establishing or acquiring companies in the VI;
- Regulated persons' heavy reliance on Third-Party Clients and accuracy of foreign beneficial ownership information of VI legal persons and legal arrangements;
- Weaknesses in the TCSPs and other gatekeeper sectors;
- Potential for legal persons and arrangements to contribute to the concealment of foreign criminal proceeds and their ownership outside the country (especially when they form part of complex corporate structures); and
- Legal persons and arrangements being misused in international schemes.

### Proliferation Financing Risks

The 2022 PF Risk Assessment concluded that the overall PF risks were considered low. Similarly, the 2024 MER pointed out that domestic PF risks are broadly low. However, due to the nature of the Virgin Islands' financial services industry, the risk becomes elevated in relation to the misuse of VI corporate entities in the funding of weapons of mass destruction and other PF-related activities. Combined, both assessments identified the following PF risks:

- Use of cryptocurrencies to facilitate PF;
- Use of money services businesses for cash transfers to support PF;
- Use of BVIBCs to facilitate collection and movement of funds;
- Use of BVIBCs to facilitate the financing of weapons of mass destruction;
- Use of BVIBCs to transport goods to sanctioned countries or that may be involved in other illegal activities; and
- Use of BVIBCs to facilitate business transactions or international trade involving either sanctioned persons or organisations.

### Proliferation Financing Objectives

Considering the identified threats, vulnerabilities, risks and potential consequences associated with PF, the Commission has established measures to mitigate against such risks and the impact they may have on the financial services sector. To achieve its objectives and demonstrate effectiveness, the Commission's current AML/CFT Policy is being expanded to include specific objectives focused on mitigating its PF risk exposure. As with ML and TF these will focus on four (4) key areas; namely, supervision, enforcement, promotion of cooperation and stakeholder awareness and outreach.

#### Supervision

Supervision is a critical tool to ensure compliance and mitigate PF risks within the financial services sector. It encompasses heightened monitoring of regulated persons to ensure that PF risks are identified and understood. To achieve this, supervision will encompass regulatory compliance, risk-based supervision and capacity building.

**Regulatory compliance** refers to the Commission's adherence to laws, regulations, guidelines and international standards relevant to its legislative, regulatory and compliance obligations.

- Objective 1: Periodically review and make recommendations to update CPF legislation and update guidance consistent with changes in international standards and in response to emerging global PF risks and developments, as required.
- Objective 2: Review and address PF-related deficiencies identified in the Territory's 2024 MER relative to the Commission's regulatory functions and responsibilities and any other actions identified as a consequence thereof.

**Risk-Based Supervision** is a regulatory approach used by the Commission to assess and monitor regulated persons based on the level and types of risks they pose to the stability of the financial system and to the interests of customers.

- Objective 1: Enhance risk-based procedures, systems and assessment tools used for monitoring the ongoing business activities of regulated persons to prevent criminals from abusing the financial services sector.
- Objective 2: Enhance the existing risk-based approach to supervision of regulated persons to properly identify PF risks, determine appropriate supervisory methods and oversight and implement targeted supervisory measures.
- Objective 3: Ensure that regulated persons, through enhanced onsite and offsite assessments, adhere to PF-related legislative requirements and established industry standards.
- Objective 4: Enhance desk-based supervision of regulated persons on an ongoing basis to ensure effective supervisory oversight.

**Capacity Building** refers to developing and enhancing the abilities, skills, resources and structures within the Commission to improve performance and strengthen internal processes, knowledge and resources to effectively meet its regulatory objectives.

- Objective 1: Ensure capability and resources for the ongoing effective regulation and supervision of regulated persons.
- Objective 2: Build capacity within the financial services sector to ensure that regulated persons are more aware of PF risks facing the Territory of the VI and ensure that they understand their responsibilities as gatekeepers to the financial sector.

## Enforcement

Enforcement plays a vital role in maintaining compliance and upholding regulatory standards within the financial services sector. As a mitigating measure, enforcement ensures that regulated persons understand the consequences of non-compliance, thereby promoting adherence to legislative and regulatory requirements. Enforcement will be achieved by ensuring compliance and capacity building.

**Ensuring compliance** refers to the process of ensuring that regulated persons adhere to all applicable laws, regulations and international standards.

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

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

**Capacity Building** refers to strengthening organisational skills, expanding resources and increasing effectiveness.

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

### Promotion of Cooperation

Promotion of cooperation with other regulatory bodies, competent authorities and associations is essential for countering PF and is critical to preserving the integrity of the financial services sector. Promotion of cooperation will be achieved through the fostering of domestic and international cooperation.

**Domestic and international cooperation**, in the context of PF, refer to collaborative efforts within and between countries to achieve common CPF goals, address CPF challenges or advance mutual interests.

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

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

### Stakeholder Awareness and Outreach

Stakeholder awareness and outreach is designed to strengthen stakeholders' knowledge and awareness of PF and position them to better mitigate PF threats, vulnerabilities and risks and ultimately protect all stakeholders in the Territory's financial services sector.

**Stakeholder awareness and outreach** refers to the efforts the Commission makes to inform, engage and involve industry stakeholders on relevant topics, initiatives or changes.

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

## 9. Policy Review and Approval

The Board of Commissioners is responsible for the approval of the Commission's AML/CFT/CPF Policy and the AML/CFT/CPF Strategy emanating from the development of this policy. The AML Unit is responsible

for reviewing and updating the AML/CFT/CPF Policy and AML/CFT/CPF Strategy and senior management is responsible for their implementation.

The AML/CFT/CPF Policy will be reviewed on a triennial basis to ensure compliance with international standards, evolving AML, CFT and CPF laws, regulations, and emerging ML, TF and PF risks and trends. However, the policy may be reviewed more frequently where necessary to account for changes that may arise in domestic or international requirements.

The AML/CFT/CPF Policy would influence and dictate changes to the Commission's ML, TF and PF risk strategies and provide the framework for the Commission to assesses and manages its ML, TF and PF risk.

Amendments to the Policy should be presented to and approved by the Board of Commissioners and made available to all internal and external stakeholders to promote awareness and understanding, encourage compliance and demonstrate transparency and accountability.