

Five key and Core Vigilance measures to combat Money Laundering and Terrorist Financing cont'd

Recognition of Suspicious Customers/Transactions

Suspicion arises when a customer's transactions/activities are not consistent with the customer's legitimate business or profile. Regulated Entities should have established policies and procedures within its operations to recognize when a transaction/activity is suspicious.

Reporting of Suspicion

All suspicious activity noted within the daily operations of a regulated entity should be reported to the Financial Intelligence Unit (FIU). The FIU collects, receives, analyses and disseminates suspicious transaction information.

Keeping of Records

Regulated Entities are required to maintain the following information for a minimum of five (5) years: Customer Due Diligence information relevant to transactions completed and other supporting documentation.

Training

Regulated Entities have a responsibility to ensure all new and existing staff members receive comprehensive training on the entity's operations, their duties and the AML/CFT Laws and Regulations of St. Kitts and Nevis.

All regulated entities should appoint a Compliance Officer to establish and implement all components of an effective AML/CFT Compliance Program.

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For further information
please contact:

The Financial Services Regulatory Commission
Liverpool Row, Upstairs Karibhana Building

Basseterre, St. Kitts.

Tel: (869) 466-5048/467-1019

Fax: (869) 466-5317

Email: skanfsd@sisterisles.kn

Website: www.fsrc.kn

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Financial Services Regulatory Commission

The Financial Services Regulatory Commission (FSRC) was established in accordance with the Financial Services Regulatory Commission Act, No. 22 of 2009.

It is the ultimate regulatory body for financial services and for Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) for the Federation of St. Christopher and Nevis.

AML/CFT Laws and Regulations

The following laws and regulations have been enacted to combat money laundering and terrorist financing:

* *Anti-Money Laundering Regulations (AMLR), No. 46 of 2011*

* *Anti-Terrorism (Prevention of Terrorist Financing) Regulations (ATR), No. 47 of 2011*

* *Financial Services (Implementation of Industry Standards) Regulations (FSR, No. 51 of 2011*

* *Proceeds of Crime Act, Cap 4:28*

These are available on our website.

Regulated Entities

The FSRC regulates the following entities to ensure their operations are in accordance with the AML/CFT Laws and Regulations:

- Money Services Businesses (MSBs)
- Credit Unions
- Insurance (Domestic and Captive)
- Trust and Corporate Service Providers
- Investment Business
- Development Bank of St. Kitts and Nevis
- Commercial Banks & Finance Institutions
- Designated Non-Financial Businesses and Professions (DNFBPs)
 - (i) Real Estates Agents
 - (ii) Dealers of Precious Metals and Stones
 - (iii) Lawyers, notaries, other independent legal professions and accountants
 - (iv) Trust and Corporate Service Providers

What is Money Laundering?

Money laundering involves taking criminal proceeds and disguising their illegal source in anticipation of ultimately using the criminal proceeds to perform legal and illegal activities.

Simply, money laundering is the process of making dirty money look clean!



Three (3) Stages of Money Laundering

Placement - Placing the illegally gained funds into the financial system. (e.g. depositing cash into a bank account)

Layering - distancing the money from its criminal source through complex layers of financial transactions created to disguise the illegal source. (e.g. wire transfers)

Integration - Placing the proceeds which have been laundered back to the criminal in such a way that they appear legitimate. (e.g. funds used to purchase property or luxury vehicles)



What is Terrorist Financing?

Terrorist financing uses funds for an illegal (political, religious etc.) purpose, but the money is not necessarily derived from illicit proceeds.

Five key and Core Vigilance measures to combat Money Laundering and Terrorist Financing

Regulated Entities are required to establish an AML/CFT Compliance Program to combat money laundering and terrorist financing. The AML/CFT Compliance Program should include the key and core vigilance measures discussed below.

Verification/Customer Due Diligence (CDD) - Regulated Entities are required to have policies and procedures in place to determine the true identity of all clients/customers. Clients/customers may include individuals, partnerships and companies including their beneficial owners, controlling shareholders, directors or major beneficiaries.



Regulated Entities verify the identity of a client/customer by obtaining their full name, date and place of birth, nationality, signature and current permanent address.

To establish the identity of an individual, the following government-issued documents are accepted:

- Current valid passport;
- Social security card;
- National identity card; and
- Driver's licence.

A utility bill is the usual means obtained to verify the current permanent address.

In the case of a company, the following documents are collected:

- Certificate of Incorporation;
- Names and addresses of the beneficial owners, directors and/or authorized persons of the company. The CDD measures for these individuals should be the same as those outlined above;
- Memorandum and Articles of Association and Statutory Statement (if applicable);
- Resolution and signed agreements;
- Copies of powers of attorney; and
- A signed director's statement outlining the company's nature of business.
- A Certificate of Good Standing (this would indicate if the company is in good standing on the Register)