ST. KITTS BRANCH
Financial Services Regulatory Commission

NEWSLETTER

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Administrative Penalties Regulations 2026

IMPORTANT INFORMATION

This newsletter seeks to briefly provide an overview of the key terms and essential details specific to the new **Financial Services Regulatory Commission (Administrative Penalties) Regulations, No. 14 of 2026** (herein referred to as the Administrative Penalties Regulations) passed on 22 June 2026**.**

All relevant legislation and legislative amendments can be found in the **Law Library** on the FSRC's website: **www.fsrc.kn.**

Key Terms Defined

- **The Act** refers to the Financial Services Regulatory Commission Act (FSRC), **Cap. 21.10** and regulations, orders, rules, standards or guidelines issued pursuant to the Act.
- **Financial Services Legislation** includes any enactment set out in the First Schedule of the FSRC Act and any other enactment that comes under the regulatory or supervisory authority of the FSRC.
- Regulated Person, Business or Entity refers to regulated business activities listed in Schedule 6 of the Proceeds of Crime and Asset Recovery Act, No. 9 of 2020.
- **Administrative Penalty** refers to a regulatory fine imposed by the FSRC on a regulated person, business or entity that contravenes **the FSRC Act** or **Financial Services Legislation.**
- **Late Payment Penalty** means an administrative penalty imposed by the FSRC under the Administrative Penalties Regulations.
- **Contravention** refers to failures, breaches, deficiencies, requirements or obligations to the FSRC Act, any financial services legislation or any directive issued by the FSRC.

Determination of Appropriate Administrative Penalties

In determining the penalty to be imposed on a regulated person, business or entity, the FSRC shall take into account the following matters:

- The nature and seriousness of the contravention;
- Whether the regulated person, business or entity has previously contravened the Act or regulatory legislation;
- Whether the contravention was deliberate or reckless or caused by the negligence of the regulated person, business or entity;
- Whether any loss or damage has been sustained by third parties as a result of the contravention; and
- The ability of the regulated person, business or entity to pay the penalty, including any gain resulting to the regulated person, business or entity as a result of the contravention.

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Procedures to impose Administrative Penalties

The FSRC may take the following steps in cases when a regulated person, business or entity has contravened the provisions of the Administrative Penalties Regulations or financial services legislation:

1. Give written notification to the regulated person, business or entity by

   a) identifying the nature of the contravention;

   b) indicating the recommended action to rectify the contravention;

   c) setting out the time within which the contravention must be rectified;

   d) indicating the penalty associated with the contravention in accordance with the Schedule; and

   e) indicating the entitlement of the regulated person, business or entity to make representation to the FSRC in accordance with sub regulation (2).

2. Where a regulated person, business or entity receives a written notification, it may within **14 days** of receipt of the date of the notification, confirm receipt of the notification and may make representation to the FSRC with any additional information or documentation for consideration in relation to the stipulated contravention or to request an extension to rectify the stipulated contravention.

3. The FSRC may at any time subsequent to the issuing of a penalty notice given under Step 1:

   a) withdraw the notice of that penalty and substitute a new notice of penalty where an extension has been granted subject to Step 2;

   b) withdraw the notice of that penalty if the FSRC has determined that the contravention has been addressed subject to Step 2;

   c) withdraw the notice of that penalty if the FSRC has received the relevant information or documentation from the regulated person, business or entity which adequately rectifies the contravention identified ; or

   d) withdraw the notice of that penalty if the FSRC has conducted an examination to determine that the contravention has been rectified.

COMPLIANCE IS NOT A CHOICE BUT A NECESSITY FOR ETHICAL BUSINESS . Author unknown

List of Fines for Non-Compliance

List of Breaches	Penalties for Individual	Penalties for Legal Person/ Legal Arrangement
Failure to have an approved Compliance /Reporting Officer	$15,000.00	$65,000.00
Failure to adhere to CDD/EDD measures as outlined in these Regulations	$15,000.00	$65,000.00
Failure to file a Suspicious Transaction Report	$15,000.00	$65,000.00
Failure to implement risk management procedures	$12,000.00	$62,000.00
Failure to prepare annual AML/ CFT/CPF Compliance Report	$5,000.00	$55,000.00
Failure to conduct an independent audit	$15,000.00	$65,000.00
Absence of written policies and procedures in accordance with these Regulations	$10,000.00	$60,000.00
Absence of Know Your Employee (KYE)/employee screening procedures	$5,000.00	$55,000.00
Failure to keep proper books and records	$10,000.00	$60,000.00
Absence of a Training Program	$8,000.00	$58,000.00
Absence of Screening/Monitoring Systems	$10,000.00	$60,000.00

DID YOU KNOW?

⇒ **A Penalty Notice will be sent to a regulated person, business or entity informing of the administrative fee, charge or penalty being imposed by the FSRC along with an outline of the contravention. Payment must be made within *14 days* of receipt of the notice.**

⇒ **If an Administrative Penalty *remains unpaid* after deadline (14 days), a late payment penalty of $100 per day applies, until the payment is made. A second Penalty Notice will be issued by the FSRC, *14 days* after the issuance of the first late payment penalty notice.**

⇒ **Where an administrative penalty remains unpaid after the second Penalty Notice is issued, the FSRC may proceed to *suspend* or *revoke* the licence of the regulated person, business or entity or escalate to the police for the matter to proceed to the Court for prosecution of the offence.**

⇒ **An Appeal of a decision by the FSRC to impose an administrative penalty can be made by a regulated person, business or entity *within 14 days* of receiving the Penalty Notice to the Appeals Tribunal pursuant to the Provisions of *Section 47* of the Act.**

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