



From the Financial Services Regulatory Commission

- St. Kitts Branch

Responsibilities of an Effective



The New Year is upon us like a new chapter in a story waiting to be written. We can help to write our own 2018 stories by setting GOALS. One such goal is to develop and implement an effective Compliance Program to minimize threats of activities related to Money Laundering and Terrorist Financing (ML/TF).

The first line of defence is the appointment of AN EFFECTIVE COMPLIANCE OFFICER.

What is Compliance?

Compliance is the combination of all processes which enables an Entity to ensure consistency with the values, ethics, and policies, implemented by Management and the relevant legislation of the Jurisdiction. With increasing competition and globalization, more complex international laws and standards are being developed to ensure strong financial systems. One incident can put an Entities' reputation at risk and ultimately, its performance and existence.

Risks of Being Non-Compliant

The issue of non-compliance has become critical. Regulatory breaches can result in the following:

- * Legal Sanctions
- * Administrative Sanctions
- * Financial Losses
- * Damage to Entity's Image and Reputation
- * Closure of the Company
- * Imprisonment
- * Fines/Penalties



Topics Discussed:

- ⇒ What is Compliance?
- ⇒ Risks of Being Non-Compliant
- ⇒ Hidden Benefits of Compliance
- ⇒ Who is a Compliance Officer?
- ⇒ Are Compliance Officers Required by Law?
- ⇒ Approval of a Compliance Officer
- ⇒ Mission of a Compliance Officer
- ⇒ Duties of a Compliance Officer
- ⇒ What Makes an Effective Compliance Officer?

Hidden Benefits of Compliance

There are valuable benefits to Compliance of which Entities should take advantage.

1. The Entity is kept abreast of industry trends and changes.
2. Processes are streamlined. Employees and Management are more aware of the accepted standards and thus, make more informed decisions.
3. Processes are standardized across the Entity which improves efficiency.
4. There is greater transparency across the Entity.

WHO? is a Compliance Officer?

A Compliance Officer is a senior officer or other officer with advanced training who ensures adherence to local legislation and international standards as well as the rules of ethical and moral conduct as defined by the Entity.

Are Compliance Officers Required by Law?

In accordance with Regulation 12 of the Anti-Money Laundering Regulations, No. 46 of 2011, and the Anti-Terrorism Regulations, No. 47 of 2011 and Paragraph 28 of the Financial Services Regulations, No. 51 of 2011, a regulated entity is required to appoint a fit and proper person approved by the FSRC as its Compliance Officer.

Approval of a Compliance Officer

The Regulated Entity should apply for approval using the application form published on the website of the FSRC Branch Offices:- www.fsrc.kn and www.nevisfsrc.com.



The following documents should accompany the application form and EC\$150.00 application fee:

- * A **Résumé** outlining the relevant qualifications and experience of the applicant and the names and contact information for previous employers.
- * A **Police Certificate or Sworn Affidavit** as to the non criminal record of the applicant for the past five (5) years.
- * Two (2) original **Letters of Reference** (one of which must be from a financial institution.)
- * Two (2) notarized copies of **Identification** (one of which must be the identification page of the applicant's passport.)
- * Notarized copies of **Professional and Educational Qualifications**.
- * An **Organizational Chart** showing the direct reporting line to the Regulated Entity's Board.

Important

Please Note:

An approval for a Compliance Officer for a Regulated Entity does not automatically qualify that same person for approval for another Regulated Entity.

If the Compliance Officer function is to be outsourced, the application would be processed in a similar manner, but a copy of the Compliance Officer's Contract would be required.

The Regulated Entity will be required to apply to the FSRC annually for the renewal of the Compliance Officer using the prescribed form. A renewal fee of EC\$100 should also be submitted along with copies of certificates representing ongoing training.

Mission of a Compliance Officer

The Compliance Officer's mission is three dimensional:

1. **Awareness:** Each employee must be made aware of the importance of Compliance.

2. **Advice:** The Compliance Officer plays a key role in assessing the risk of business ventures such as mergers and new products and clients.

3. **Reporting:** The Compliance Officer analyzes and reports on best practices for implementation within the Company.

Compliance Chuckles



"I'm not here for committing a crime — I'm here for failing to comply with a guideline."



"The top one is compliance costs, the bottom one is my blood pressure."

Duties of a Compliance Officer

The main responsibility of the Compliance Officer is to implement systems and controls to ensure compliance with internal policies and applicable Laws and Regulations by its Employees, Agents, Management and other Contractors.

The Compliance Officer should:

- * Implement and maintain the AML/CFT Compliance Program in relation to the business of the Regulated Entity.
- * Conduct regular Risk Based Assessments for the Entity. The concept of Compliance Risk must also be understood and managed.
- * Conduct Compliance Reviews to ensure adherence to internal policies and procedures and local legislation.
- * Develop and maintain an annual Training Schedule which includes training for new and existing staff. The training programs should allow staff members to remain familiar with new developments and techniques of ML/TF in relation to their jobs.
- * Act as a liaison between the Regulated Entity and the Regulator in matters of compliance with legislation relating to ML/TF.
- * Ensure that mechanisms are in place to facilitate the recognition, monitoring and reporting of suspicious transactions.

What makes an Effective Compliance Officer?

A Compliance Officer requires a unique skill set to ensure that the Entity's Operations are in full compliance with Regulations and procedures. An effective Compliance Officer must have a thorough understanding of the Entity's business operations and relevant legislation and understand the potential risks, in order to introduce appropriate measures to assess and mitigate them and secure the Entity.

A Compliance Officer MUST possess:

- * Strong leadership skills which allow him/her to train, advise and raise awareness among the staff on the importance of Compliance;
- * High ethical standards and honesty;
- * Polished people skills and the ability to work in a team;
- * Strong commitment and reliability traits;
- * Strong attention to detail as he/she should be able to identify actions which may result in liability to the organization;
- * Specific financial services industry, compliance or anti-money laundering related certificates or degrees and training. Qualifications may include an International Compliance Association (ICA) Diploma in Anti-Money Laundering or Compliance; International Risk Manager Designation; Certified Anti-Money Laundering Specialist (CAMS) ; or any other acceptable related certification.

It is the responsibility of the Regulated Entity to satisfy the FSRC that the proposed Compliance Officer has the relevant qualities, experience and skills to perform his/her duties.

Reference:

- Minimum Guidelines for the Role and Appointment of Compliance and Reporting Officers.
- <https://www.investopedia.com/terms/c/compliance-officer.asp>
- www.roberthalf.com-investorcenter, "Compliance Officers: What they do and why they are in demand.", August 17, 2016