

Year in Review

As the ultimate regulatory body for Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT), the Financial Services Regulatory Commission (FSRC) continues to fulfill its mandate to monitor financial services business carried within St. Kitts and Nevis. The FSRC is one of the agencies involved in the National Risk Assessment (NRA) of St. Kitts and Nevis to identify, assess and understand money laundering/terrorist financing (ML/TF) risks. This process, which began in 2018, continued in 2019 with the completion of the first draft of the NRA Report in May 2019. Subsequently, in a second workshop held with the assistance of representatives from the World Bank in July 2019, an Action Plan was developed to rectify the deficiencies noted during the NRA process. The final NRA Report was completed in September 2019.

In 2019, the FSRC, along with other regulatory agencies, continued its preparation for the Mutual Evaluation of St. Kitts and Nevis by the Caribbean Financial Action Task Force (CFATF) scheduled for March 2020. The staff of the FSRC participated in the following preparatory workshops:



- ◇ Standards Training Workshop on the 40 Financial Action Task Force (FATF) Recommendations held between 19 and 21 March 2019. This Workshop was facilitated by the CFATF to apprise the relevant authorities of the requirements of the FATF Recommendations.
- ◇ Pre-Assessment Training Workshop held between 23 and 25 July 2019. This Workshop was facilitated by the CFATF to provide guidance to the relevant authorities on the Mutual Evaluation process.

The FSRC is represented in the National Anti-Money Laundering Committee (NAMLC) and assisted with the compilation of the following:

- ⇒ Technical Compliance Questionnaire submitted in September 2019— Overview of all relevant AML/CFT Laws and Regulations to prevent criminal abuse of the financial systems.
- ⇒ Effectiveness Questionnaire submitted in December 2019—Overview of the AML/CFT systems and measures to combat financial crime.

Awareness Programs

The FSRC organised several awareness programs to ensure that the management and staff of the Regulated Entities remain up to date with current events and information regarding AML/CFT and other regulatory requirements. The awareness programs also seek to educate members of the public and encourage them to provide the Regulated Entities with the necessary CDD documents. The FSRC hosted its Know Your Regulator (KYR) awareness initiative on 24 May, 2019 at the Independence Square, Basseterre. The representatives from six (6) Domestic Insurance Companies joined the FSRC at this function to sensitize the general public of their operations. The FSRC also published eleven (11) newsletters to address current topics relating to the Financial Services Sector. The 2019 newsletter topics are as follows:

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| * January — Foreign Terrorist Fighters: Emerging Terrorist Financing Threats and Vulnerabilities | * June — Reinsurance: Managing Risk Transfer |
| * February — AML/CFT: From Awareness to Compliance—Non-Government Organisations (NGOs) | * July — 2019 AML/CFT Conference |
| * March — The New Regulations | * August — Risk Based Approach—Accountants |
| * April — Professional Money Laundering Individuals, Organizations and Networks | * September — Money Laundering through Real Estate |
| * May — Know Your Regulator Initiative for Domestic Insurance | * October — Risk-Based Approach for Legal Professionals |
| | * November — Risk-Based Approach for TCSPs |



These newsletters are available on the FSRC's website: www.fsrc.kn.

On-Site Examinations

In 2019, the FSRC conducted 10 on-site examinations:

- * Two (2) Corporate Service Providers;
- * One (1) Money Services Business;
- * Two (2) Insurance Companies;
- * Two (2) Non-Government Organizations (NGOs);
- * One (1) Accountant; and
- * Two (2) Gaming Businesses (Casinos).

In addition, seven (7) follow-up examinations and three (3) spot checks were completed in 2019. Target on-site examinations were also conducted on two (2) Credit Unions focusing on specific aspects of their credit portfolio.



Training

The FSRC hosted a one day Anti Money Laundering and Countering the Financing of Terrorism Conference under the theme “*Understanding the Financial Supply Chain of Funding Terrorism and the Brave New World of Risk Assessments* ” on 3 July 2019 at the Park Hyatt Resort St. Kitts.

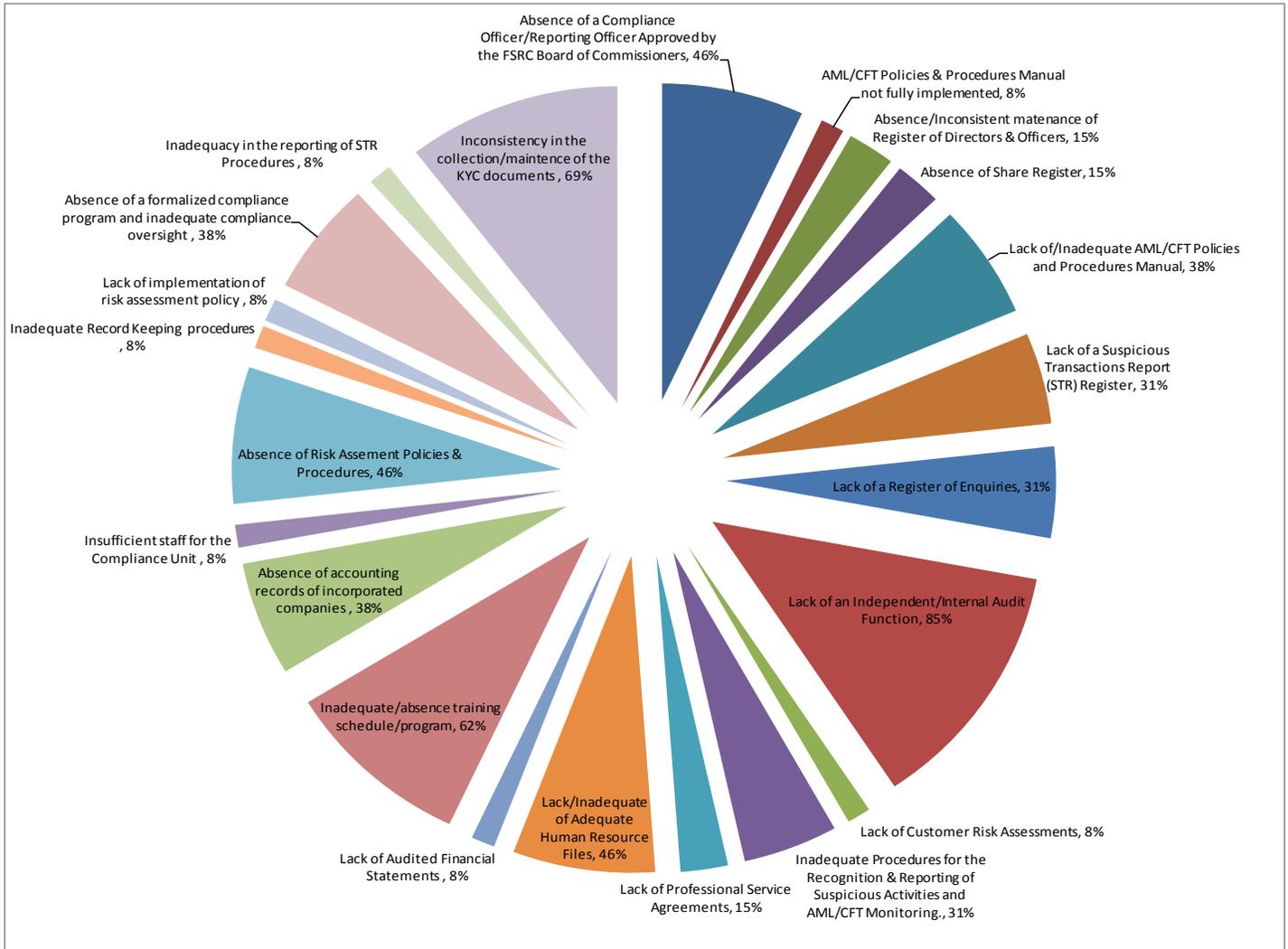
One (1) AML/CFT training workshop was also hosted by the FSRC at the NEMA Conference Room on 25 March 2019. Forty-six representatives from various Regulated Entities attended this training session.

In addition, the FSRC facilitated several one-on-one training sessions with the Compliance Officers (COs) of Regulated Entities upon their request. These sessions are geared to equip the COs with the necessary understanding and information to effectively carry out their duties.

The staff of the FSRC continues to receive training in AML/CFT and other relevant areas. The FSRC staff attended several regional and international training workshops during the year 2019 to keep abreast of advancements in international standards and emerging trends in the financial services industry.

Common Deficiencies Identified During On-Site Examinations

The FSRC analyzes the on-site examinations reports of Regulated Entities on an annual basis to identify common deficiencies which demonstrate non-compliance with AML/CFT Regulations and other relevant legislation that govern Regulated Entities. The pie chart below depicts the common deficiencies which were highlighted in the reports of the on-site examinations conducted in 2018.



STATISTICAL DATA

Registers Of Entities

The information below reflects the relevant statistics for the Registers of Entities as at 31 December 2019.

<u>Incorporated Entities</u>	<u>No. of Entities</u>
Private Ordinary Companies	1,706
Private Exempt Companies	1,093
Public Companies	21
External Companies	79
Foundations	423
Trusts	8
Limited Partnerships	10
Total Registered Entities	3,343

Licensed Entities/Persons

In 2019, the following regulated entities/persons were licensed by the FSRC— St. Kitts Branch to operate in St. Kitts and Nevis:

- * Fifty Trust and Corporate Service Providers consisting of Accountants, Lawyers and Persons with the relevant experience in Company Formation;
- * Two (2) Insurance Managers (Captive Insurance);
- * Eleven Money Services Businesses;
- * Four (4) Credit Unions;
- * Fifteen Domestic Insurance Companies and one (1) Association of Underwriters. Two (2) insurance brokers, 14 insurance agents and 25 insurance sales representatives were also registered to conduct insurance business.

In addition, as at 31 December 2019, there were 18 active Captive Insurance Companies registered with the FSRC.