

2021 YEAR IN REVIEW

For 2021, the Federation of St. Kitts and Nevis continued to grapple with the most devastating health and economic crises in recent times. These crises have unfortunately led to the toppling of economies and health systems around the world. In the face of global uncertainties and threats to our health systems, the decision was taken to close the Federation's borders to regional and international traffic. Additional measures such as curfews were instituted which resulted in the postponement of the Fourth Round Mutual Evaluation by the Caribbean Financial Action Task Force (CFATF), in 2020, for a period of approximately one (1) year.

The Financial Services Regulatory Commission (FSRC) continued to face numerous challenges but resiliently rose to the occasion by developing and implementing systems to ensure that the Commission continued to fulfill its mandate of safeguarding the Financial Services Sector of St. Kitts and Nevis. Additionally, the FSRC, along with other Anti-Money Laundering/Countering the Financing of the Terrorism/Countering Proliferation Financing (AML/CFT/CPF) Agencies continued their efforts to prepare for the Fourth Round Mutual Evaluation by the CFATF which was rescheduled for March 2021. St. Kitts and Nevis had a hybrid examination that consisted of virtual and face to face meetings.

Fourth Round Mutual Evaluation



An essential component of the Fourth Round Mutual Evaluation Process of the CFATF is the ability of a jurisdiction to demonstrate that it sufficiently understands its risks of money laundering, terrorist financing and proliferation financing.

As the Federation of St. Kitts and Nevis is a member of the CFATF, the Mutual Evaluation process of the jurisdiction involved a peer review by experts in the field of risk, finance and law enforcement from member countries. The Assessment Team comprised six (6) experts. The steps taken during the process were as follows.

Step 1: The selection of experts to form the Assessment Team.

Step 2: The country provides all relevant laws and regulations enacted to prevent criminal abuse of the financial system for the technical compliance and effectiveness assessment reviews.

Step 3: The Assessment Team identifies areas of focus specific to the country's risk and context for the on-site visit.

Step 4: The Assessment Team participates in an on-site visit. Persons from the private and public sector would be interviewed by the Assessment Team to determine whether the laws are implemented and their adequacy.

Step 5: The Draft Mutual Evaluation Report is prepared and the Report will go through various cycles of discussion and review by the Assessed Country. The Assessment Team and independent reviewers are finalized.

Step 6: The findings of the Report is discussed and adopted by the CFATF Plenary.

Step 7: The Report is published by the CFATF on its website.

For more information please see: [Mutual Evaluations - Financial Action Task Force \(FATF\) \(fatf-gafi.org\)](https://www.fatf-gafi.org)

Sector Awareness Initiatives

The FSRC continues to utilize various social media platforms, its website and other virtual avenues to sensitize and educate the Financial Services Sector on new and emerging threats. Training sessions are conducted via the ZOOM Platform on the requirements of AML/CFT/CPF Legislation.

The FSRC continued to publish monthly Newsletters as well as issue Public Statements from the Financial Action Task Force (FATF). Advisories were also disseminated from the Office of Foreign Assets Control and the United Nations Sanctions List to all Regulated Entities.

The Newsletters for 2021 focused on Developing Threats and Vulnerabilities to the Region. They were as follows:





STATISTICAL DATA

Licensed Entities/ Persons as at 31 December 2021

- ◆ Forty One (41) Trust and Corporate Service Providers consisting of Accountants, Lawyers and Persons with experience in Company Formation;
- ◆ Ten (10) Money Services Businesses;
- ◆ One (1) Insurance Manager;
- ◆ Four (4) Credit Unions;
- ◆ Sixteen (16) Domestic Insurance Companies, One (1) Association of Underwriters, Two (2) Insurance Brokers, Fifteen (15) Insurance Agents and Twenty Two (22) Sales Representatives;
- ◆ Sixteen (16) active Captive Insurance Companies; and
- ◆ Four (4) Escrow Agents for Citizenship by Investment.

Registers of Entities

The information below reflects the relevant statistics for the Registers of Entities as at 31 December 2021.

Incorporated Entities

No. of Entities

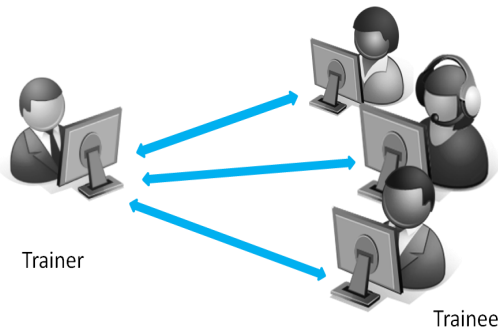
Private Ordinary Companies	1,156
Private Exempt Companies	0
Public Companies	22
External Companies	79
Foundations	376
Trusts	5
Limited Partnerships	
International Companies	67
Total Registered Entities	<u>1,711</u>

Onsite Examinations

In 2021, the FSRC conducted eight (8) onsite examinations:

- * One (1) Credit Union;
- * Two (2) Insurance Companies;
- * One (1) Money Services Business; and
- * Four (4) Corporate Service Providers.

Four (4) follow up examinations were completed in 2021.



Accomplishments

The FSRC adopted and implemented an approach to identify non-conforming regulated entities and provide the necessary enhanced monitoring, training and supervision to ensure improved compliance with regulations and international standards.

Legislation was also enacted to name the FSRC as the Supervisory Authority for Non-Government Organizations, Virtual Assets Service Providers (VASPs) and the Gaming Sector. This would ensure that a heightened level of supervision and monitoring is in place for these sectors.

The FSRC team also participated in several Working Groups established to develop and review legislation in relation to the following:

- ◆ AML/CFT/CPF Regulations;
- ◆ Designated Non Financial Businesses and Professions;
- ◆ Companies;
- ◆ Gaming;
- ◆ Proceeds of Crime; and
- ◆ Proliferation Financing.



Training

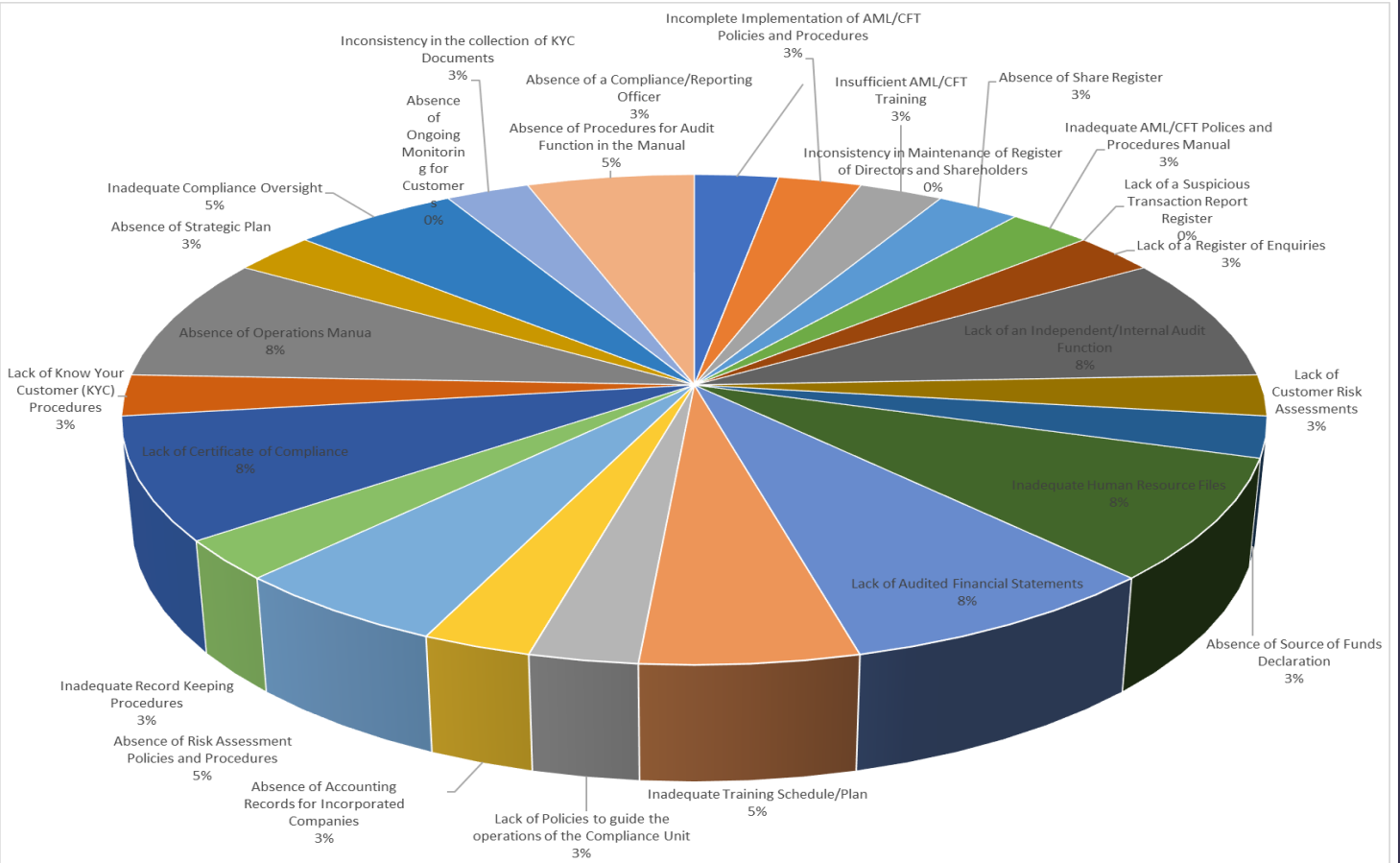
The Compliance Officer Training Course was conducted with seventeen (17) individuals across various sectors. This comprehensive course provided useful insight and guidelines for essential aspects of Compliance such as Customer Due Diligence, Know Your Employees, Conducting Risk Assessments and Conducting Compliance Audits.

The Overview and Requirements of the AML/CFT/CPF Laws and Regulations Training Course highlighted all requirements and obligations relevant to the Laws, Regulations and international standards aimed at detecting and combating Money Laundering, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction. Twenty five (25) individuals participated in these sessions.



Common Deficiencies Identified During On-Site Examinations

The FSRC analyzes the on-site examination reports of Regulated Entities on an annual basis to identify common deficiencies which demonstrate non-compliance with AML/CFT/CPF Regulations and other relevant legislation that govern Regulated Entities. The chart below summarizes the common deficiencies which were highlighted in the reports of on-site examinations conducted in 2020.



Management and Staff of the FSRC

FSRC's Management and Staff celebrating Administrative Professionals Day

