

YEAR IN REVIEW

2022

The Financial Services Regulatory Commission (FSRC) continued to work assiduously alongside other Competent Authorities to ensure that the Financial Services Sector of St. Kitts and Nevis was safeguarded against existing and emerging threats while dealing with the residual effects from the COVID-19 Pandemic. On the heels of St. Kitts and Nevis' Fourth Round Mutual Evaluation conducted by the Caribbean Financial Action Task Force (CFATF), the FSRC enhanced its efforts, policies and mechanisms to improve the necessary systems to address the deficiencies outlined in the Mutual Evaluation Report (MER). A Unit was established within the FSRC to regulate and supervise Designated Non Financial Businesses and Professions (DNFBPs) which includes gaming entities and trust and corporate service providers. The FSRC also continues to contribute to initiatives to strengthen the Federation's legislative framework as well as organizing training and outreach initiatives for regulated entities.

Risk Based Supervision Initiatives

During 2020 – 2022, the staff members of the FSRC participated in a series of virtual training sessions on risk based supervision facilitated by the World Bank. This training included sessions on resource allocation, targeted monitoring, AML/CFT/CPF self-assessment and institutional risk assessment. Subsequent to the training provided, the FSRC has completed 2021 institutional risk assessments for all regulated entities and is in the process of completing assessments for 2022.

In 2022, the FSRC also developed and disseminated AML/CFT/CPF self-assessment questionnaires for the gaming and banking sectors. These questionnaires would assist the FSRC with conducting risk assessments on the regulated entities. In 2023, self-assessment questionnaires would be disseminated to other regulated sectors.

Outreach and Guidance

Public Statements from the Financial Action Task Force (FATF) were published on the FSRC's website and forwarded to all relevant entities and organizations. Advisories/updates were also disseminated from the Office of Foreign Assets Control and the United Nations Sanctions List to all Regulated Entities.

The Newsletters for 2022 focused on the sensitization of Regulated Entities on existing and developing ML/TF/PF threats to our region. They were as follows:

- Q1**
 - January - Financial Crimes
 - February - Identifying Climate Related Financial and Environmental Risk
 - March - Crisis Management
- Q2**
 - April - ML/TF Risks Associated with the Gaming Sector
 - May - Filing Annual Returns
 - June - Cybersecurity
- Q3**
 - July - Money Laundering from Environmental Crime
 - August - Whistleblowers: What Can We Learn and Why Do We Need Them?
 - September - Conducting Effective Due Diligence
- Q4**
 - October - Best Practices on Beneficial Ownership for Legal Persons
 - November - Opportunities and Challenges of New Challenges for AML/CFT
 - December - Year In Review

Onsite Examinations

In 2022, the FSRC conducted ten (10) onsite examinations:

- * One (1) Credit Union;
- * Two (2) Insurance Companies;
- * Two (2) Money Services Businesses;
- * Three (3) Corporate Service Providers;
- * One (1) Finance Company; and
- * One (1) Gaming Entity.

Four (4) follow up examinations were completed in 2022. These were to assess and determine whether the regulated entities with strategic deficiencies had implemented the recommended actions and systems to address the weaknesses outlined in their respective Onsite Examination Reports.

Training

The Compliance Officer Training Course was conducted with eleven (11) 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, Record Keeping 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. Forty-seven (47) individuals participated in this session.

The FSRC has also updated its AML/CFT/CPF Policies and Procedures Manual Template which is available for sale.

If your organization is interested in purchasing the Manual or training opportunities for its Board of Directors, Management and Staff, kindly contact the FSRC at 869-466-5048 for more information.

Licensed Entities/ Persons as at 31 December 2022

- ◆ **Forty-eight (48) Trust and Corporate Service Providers (TCSPs) consisting of Accountants, Lawyers and Persons with experience in Company Formation;**
- ◆ **Nine (9) Money Services Businesses;**
- ◆ **One (1) Insurance Manager;**
- ◆ **Four (4) Credit Unions;**
- ◆ **Fourteen (14) Domestic Insurance Companies, One (1) Association of Underwriters, Two (2) Insurance Brokers, Fifteen (15) Insurance Agents and Thirty Three (33) Sales Representatives;**
- ◆ **Three (3) active Captive Insurance Companies;**
- ◆ **Four (4) Escrow Agents for Citizenship by Investment; and**
- ◆ **One (1) Casino, One (1) Lottery, Three (3) Slot Parlours, One (1) Internet Gaming Entity**

Registers of Entities

The information below reflects the relevant statistics for the Registers of Entities as at 31 December 2022.

<u>Entities</u>	<u>No. of Entities</u>
Private Ordinary Companies	1,265
Private Exempt Companies	0
Public Companies	16
External Companies	84
Foundations	376
Trusts	5
Limited Partnerships	6
International Companies	73
Total Entities	<u>1,825</u>

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 2021.

