

NATIONAL AML/CFT/CPF POLICY



TERRITORY OF THE VIRGIN ISLANDS

2024

RESTRICTED

Table of Contents

Approval of the Policy	4
ACRONYMS	5
1. Introduction	7
2. Purpose	8
3. The Virgin Islands' AML/CFT/CPF Institutional Framework	9
Law Enforcement Authorities	9
Supervisory Authorities.....	9
Legal, Competent and Other Authorities.....	9
Committees and Other Co-ordinating Bodies.....	10
National AML/CFT Coordinating Council (NAMLCC)	10
Joint Anti-money Laundering and Terrorist Financing Advisory Committee (JALTFAC)	10
The Inter-Governmental Committee on AML/CFT Matters (IGC)	11
The Council of Competent Authorities (CCA)	11
The Committee of Law Enforcement Agencies (CLEA).....	11
4. The Virgin Islands' Overarching AML/CFT/CPF Legislative Framework	12
Proceeds of Criminal Conduct Act (PCCA)	12
Anti-money Laundering Regulations	12
Anti-money Laundering and Terrorist Financing Code of Practice	12
Criminal Justice (International Cooperation) Act.....	12
5. Investigating and Prosecuting Virgin Islands Legal Persons and Legal Arrangements	14
6. The Virgin Islands Current AML/CFT/CPF Position.....	15
A. Money Laundering	16
The Virgin Islands AML Legislative Regime	17
Drug Trafficking Offences Act	17
ML Threats	17
ML Vulnerabilities	17
ML Risk	18
B. Terrorist Financing	20
The Virgin Islands CFT Legislative Regime	20
Counter-Terrorism Act, 2021	20
Anti-terrorism (Financial and Other Measures)(Overseas Territories) Order, 2002	21
The Counter-Terrorism (Sanctions) (Overseas Territories) Order 2020	21

RESTRICTED

The Counter-Terrorism (International Sanctions) (Overseas Territories) Order 2020	21
The ISIL (Da’esh) and Al-Qaida (United Nations Sanctions) (Overseas Territories) Order 2020	21
The Afghanistan (Sanctions) (Overseas Territories) Order 2020	22
TF Threats.....	22
TF Vulnerabilities.....	22
TF Risk	23
C. Proliferation Financing	25
The Virgin Islands CPF Legislative Regime	25
Proliferation Financing (Prohibition) Act, 2021	25
Chemical Weapons (Overseas Territories) Order, 2005	25
Chemical Weapons (Sanctions) (Overseas Territories) Order, 2020	26
The Democratic People’s Republic of Korea (Sanctions) (Overseas Territories) 2020	26
The Iran (Sanctions) (Nuclear) (Overseas Territories) Order 2020	26
PF Threats	27
PF Vulnerabilities	27
PF Risk	28
7. Introduction to The Virgin Islands National AML/CFT/CPF Policy	29
8. The Virgin Islands National AML Policy	30
9. The Virgin Islands National CFT Policy	33
10. The Virgin Islands National CPF Policy	36
11. Policy Implementation, Monitoring and Evaluation	38

RESTRICTED

Approval of the Policy

Approved by NAMLCC	27 June 2024
Approved by Cabinet	18 September 2024
Published	30 September 2024
Revised	
Published	

RESTRICTED

ACRONYMS

AML	-	Anti-money Laundering
AMLTFCOP	-	Anti-money Laundering and Terrorist Financing Code of Practice
BO	-	Beneficial Ownership
CCA	-	Council of Competent Authorities
CDD	-	Customer Due Diligence
CFATF	-	Caribbean Financial Action Task Force
CFT	-	Countering the Financing of Terrorism
CJ(IC)A	-	Criminal Justice (International Cooperation) Act
CLEA	-	Committee of Law Enforcement Agencies
DNFBP	-	Designated Non-financial Businesses and Professions
DTOA	-	Drug Trafficking Offences Act, 1992
EU	-	European Union
FATF	-	Financial Action Task Force
FI	-	Financial Institutions
FIA	-	Financial Investigation Agency
IFC	-	International Finance Centre
IGC	-	Inter-governmental Committee on AML/CFT Matters
JALTFAC	-	Joint Anti-money Laundering and Terrorist Financing Advisory Committee
LEA	-	Law Enforcement Agencies
ML	-	Money Laundering
MLAT	-	Mutual Legal Assistance Treaties
MSB	-	Money Services Business
NAMLCC	-	National AML/CFT Coordinating Committee
NPO	-	Non-profit Organisations
NRA	-	National Risk Assessment
ODPP	-	Office of the Director of Public Prosecutions
PCCA	-	Proceeds of Criminal Conduct Act
PEP	-	Politically Exposed Person
PF	-	Proliferation Financing
RVIPF	-	Royal Virgin Islands Police Force
SAR	-	Suspicious Activity Report
SC	-	Sanctions Coordinator
STR	-	Suspicious Transaction Report
TCSP	-	Trust and Corporate Services Provider
TF	-	Terrorist Financing
UBO	-	Ultimate Beneficial Owner

RESTRICTED

- UNSCR - United Nations Security Council Resolution
- WMD - Weapons of Mass Destruction

RESTRICTED

1. Introduction

- 1.1 In recognizing the global concern regarding the ongoing activities of ML, TF and PF, and the ramifications of such activities on the integrity of the Virgin Islands' financial system, the stability of its economy, and the safety of its citizens, the Virgin Islands developed its first National AML/CFT Policy in 2021. That Policy was developed to provide a framework for minimizing the risk of ML/TF/PF and strengthening the Virgin Islands' national AML/CFT regime through the identification of key areas which then formed the foundation of a cohesive National AML/CFT strategy.
- 1.2 Since the issuance of the initial policy, the Virgin Islands has conducted two ML risk assessments, a TF risk assessment and a PF risk assessment. In so doing, it has been able to more aptly identify the specific threats and vulnerabilities and consequent risks associated with each of these activities for example, the potential for products and services to be used to conceal source of assets and identities of BOs, impact of reliance on third party introductions, and the readiness of VI LEAs to effectively investigate and prosecute these crimes. In identifying these risks, the Virgin Islands has worked to further develop the measures it has in place to mitigate the specific ML, TF and PF risks, including through enhanced training for LEAs, enhanced domestic coordination and cooperation, enhanced supervisory measures and improved understanding of its risk exposure.
- 1.3 In addition, in 2023, the Virgin Islands underwent its CFATF Fourth Round Mutual Evaluation which provided additional insight into the particular ML, TF and PF risks the VI is exposed to, particularly those associated with the products and services currently offered and provided targeted recommendations for better mitigating these risks. As such, the need to update the existing AML/CFT Policy to more effectively focus on the specific risks associated with ML, TF and PF was deemed necessary.
- 1.4 This updated National AML/CFT/CPF Policy seeks to identify strategic objectives specifically aligned to combat ML, TF and PF as the Virgin Islands recognises that the risks emanating from each of these activities can be, and are in many instances, distinctly separate. Therefore, the way in which mitigation measures are approached must be carefully considered in the context of each.
- 1.5 Additionally, the VI recognizes that the fight against ML, TF and PF has to be a coordinated global effort if positive results are to be achieved, as ML, TF and PF permeate national borders. Therefore, the VI's AML/CFT/CPF policy has been specifically developed around this issue and accounts for the unique position the VI plays in the global economy and trade as an International Financial Centre (IFC).
- 1.6 As an IFC, the Virgin Islands remains committed to the global fight against ML/TF/PF by ensuring that it is in line with the FATF's International Standards on Combatting Money Laundering and the Financing of Terrorism and Proliferation (the FATF Recommendations).
- 1.7 The VI's updated AML/CFT/CPF Policy has been approved by the National AML/CFT Coordinating Council (NAMLCC) and the Cabinet of the Virgin Islands.

RESTRICTED

2. Purpose

- 2.1 It is important for every jurisdiction to have a domestic mechanism in place to minimize the risk of ML/TF/PF and to ensure effective implementation of the FATF Recommendations. This updated Policy seeks to build on the established framework for minimizing such risks and in so doing, further strengthen the Virgin Islands' national AML/CFT regime. The key areas identified within this policy and the methods by which they will be achieved serve to form the foundation of the Virgin Islands' National AML, CFT and CPF strategies.
- 2.2 Each CA and LEA in the VI should develop their agency's AML/CFT/CPF policies in alignment with the Virgin Islands' National Policy and Strategic Objectives. It should also be the basis on which established national committees and coordinating bodies make decisions and implement guidance and other AML/CFT/CPF related policies.
- 2.3 This Policy should also be used as guidance for entities within the FI, DNFBP, HVG and NPO sectors to ensure that their business practices and internal control mechanisms aid in minimizing the specific ML/TF/PF risks identified within their respective sectors and more broadly across the jurisdiction and that such practices promote these policy objectives.
- 2.4 By establishing targeted ML, TF and PF strategic objectives, this Policy aims to ensure not only that it is able to take steps to strengthen the Virgin Islands' AML regime but also to ensure its CFT and CPF regimes are also appropriately reinforced. In addition, based on the size and nature of the financial services industry in the Virgin Islands, the potential for legal persons and legal arrangements to be used to finance terrorists, terrorist activities and the proliferation of WMDs on the global stage, objectives to ensure compliance with international sanctions regimes for TF and PF have also been accounted for.

RESTRICTED

3. The Virgin Islands' AML/CFT/CPF Institutional Framework

- 3.1 Maintaining a comprehensive and robust AML/CFT/CPF regime requires high-level political commitment from the Government of the Virgin Islands and close collaboration and coordination among policy-making bodies, financial regulators, law enforcement authorities, and others.
- 3.2 Recognising this, the Virgin Islands has an established network of institutions that are responsible for implementing measures within their individual competencies to combat ML/TF/PF and related crimes, in line with the international standards set out by the FATF.
- 3.3 These institutions include law enforcement, supervisory and legal and other competent authorities who have specific responsibilities with respect to AML, CFT and CPF.

Law Enforcement Authorities

- The Royal Virgin Islands Police Force – security, crime solving, investigation and enforcement, including investigation of financial crimes and the tracing and recovery of the proceeds of crime by the RVIPF Financial Crimes Unit
- The Financial Investigation Agency Analysis and Investigation Unit – matters of intelligence and financial crime including tracing and assisting in the recovery of the proceeds of crime
- His Majesty's Customs – border protection and enforcement, import/export controls
- Immigration Department – movement of persons, border protection
- The Office of the Director of Public Prosecutions – prosecutions, confiscations and seizures

Supervisory Authorities

- The Financial Services Commission – regulatory supervision of financial institutions and TCSPs
- The Financial Investigation Agency Supervision and Enforcement Unit – supervision of DNFBPs and NPOs
- Gaming and Betting Control Commission – regulation and control of gaming and betting operations¹

Legal, Competent and Other Authorities

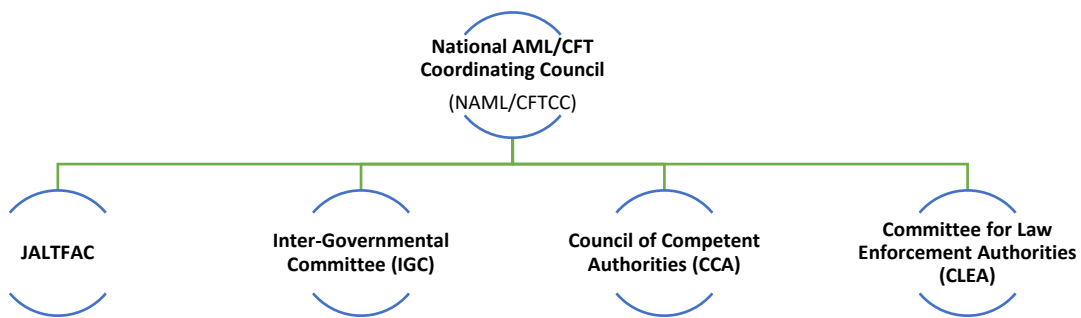
- The Attorney General's Chambers – mutual legal assistance and other international cooperation matters and international sanctions
- The Governor's Office – extradition and international sanctions
- The International Tax Authority – tax related matters and mutual legal assistance
- The Registry of Corporate Affairs – incorporation and registration of legal persons and legal arrangements

¹ The Gaming Betting and Control Commission has not yet been established and as such gaming and betting remain illegal in the Virgin Islands

RESTRICTED

Committees and Other Co-ordinating Bodies

- 3.4 The Virgin Islands has a robust AML/CFT/CPF framework consisting of several co-ordinating and domestic advisory bodies. While each entity’s mandate varies, they all play an important role in the Virgin Islands’ AML/CFT/CPF architecture. Collectively, these bodies are very important policy development institutions in the Virgin Islands’ efforts of reviewing and reforming its AML/CFT/CPF policies and activities in order to provide appropriate responses to ML, TF and PF risks.
- 3.5 The structure of these bodies is outlined below.



National AML/CFT Coordinating Council (NAMLCC)

- 3.6 Statutorily established under s.26A of the PCCA, NAMLCC serves as the Virgin Islands’ national coordinating body on AML/CFT/CPF issues and in so doing provides policy guidance on all AML/CFT/CPF issues relating to or affecting the Virgin Islands. It is responsible for driving the national AML/CFT/CPF architecture by developing and coordinating strategies to ensure that the Virgin Islands responds to money laundering, terrorist financing and proliferation financing threats and other issues in an effective manner, while ensuring compliance with all relevant international standards.

Joint Anti-money Laundering and Terrorist Financing Advisory Committee (JALTFAC)

- 3.7 JALTFAC is a statutory committee established under s.27A of the PCCA and has responsibility for advising the Financial Services Commission on “initiatives for the prevention and detection of money laundering and terrorist financing”.² The Commission is required to encourage dialogue with the private sector through JALTFAC with a view to establishing a broad-based understanding and awareness of issues concerning ML, TF and PF as well as promoting the exchange of information on ML, TF and PF matters.³ In order to discharge its functions, JALTFAC is required to meet to discuss pertinent AML/CFT/CPF issues, especially current and emerging international developments. With its

² See section 27A (1) of the PCCA.

³ Section 51 of the AMLTFCOP

RESTRICTED

mixed composition of public and private sector representatives, it is a key institution in the Virgin Islands' overall AML/CFT strategy for effectively combating ML, TF and PF.

The Inter-Governmental Committee on AML/CFT Matters (IGC)

- 3.8 IGC is established pursuant to the powers granted to the FSC and FIA under s.50 of the AMLTFCOP⁴. IGC serves as a mechanism for “creating, enhancing and promoting public awareness of issues relating to money laundering, terrorist financing and proliferation financing” and fostering cooperation between key public bodies involved in the fight against, or that have some nexus to, ML, TF and PF activities. This is achieved through a system of dialogue and the sharing of information amongst its members. This system of dialogue includes the promotion of cooperation and information exchange between agencies in order to detect and prevent ML, TF and PF; the rendering of necessary assistance to each other in respect of each other's law enforcement or regulatory functions; and the promotion of cooperation with foreign regulatory, administrative and law enforcement officials in relation to any ML or TF matter.⁵

The Council of Competent Authorities (CCA)

- 3.9 Established pursuant to s.10A of the CJ(IC)A, the CCA is responsible for facilitating coordination between the Virgin Islands' CAs relative to the execution of domestic and international cooperation matters and other relevant AML/CFT/CPF issues relating to or affecting the Virgin Islands. It is responsible for setting appropriate policies and standards to guide CAs in implementing their respective mandates as well as undertaking, monitoring and reviewing ML, TF and PF risk assessments matters relating to international cooperation.

The Committee of Law Enforcement Agencies (CLEA)

- 3.10 CLEA was established by Cabinet to ensure greater coordination and collaboration amongst law enforcement agencies in the fight against ML, TF, PF and other organised crime through intelligence sharing, the joint pursuit and apprehension of criminals, and the disruption of criminal activity. Its establishment is an important measure in avoiding loopholes in the fight against ML, TF and PF.

⁴ See section 50 (1) of the AMLTFCOP.

⁵ Section 50 (2) of the AMLTFCOP

RESTRICTED

4. The Virgin Islands' Overarching AML/CFT/CPF Legislative Framework

- 4.1 The legal framework in place in the Virgin Islands is designed to encourage legitimate commerce and to put up sufficiently robust defences so that criminals are prevented from abusing the BVI's financial system. To ensure this is attainable and that the Virgin Islands' AML/CFT/CPF legislative regime adheres to all relevant international standards, an extensive suite of laws and regulations have been developed to give effect to those obligations as set out in the international standards.
- 4.2 While the Virgin Islands' AML, CFT and CPF frameworks are built around legislative provisions geared toward meeting the specific obligations under each regime, there are a few overarching legislation whose provisions span across the AML, CFT and CPF frameworks. These legislation must be adhered to by all public authorities and private sector entities to whom they apply.

Proceeds of Criminal Conduct Act (PCCA)

- 4.3 The Proceeds of Criminal Conduct Act provides for the recovery of the proceeds of crime and establishes a regime for the registration and enforcement of external confiscation orders.
- 4.4 The Proceeds of Criminal Conduct Act is complemented by the Proceeds of Criminal Conduct (Enforcement of External Confiscation Orders) Order. This Order provides the process for enforcing a request to confiscate assets or applying for a restraint or charging order.

Anti-money Laundering Regulations

- 4.5 The Anti-money Laundering Regulations foster the regulation/supervision of regulated and non-regulated entities by requiring the adoption of specified measures to guard against the activities of money laundering, terrorist financing and proliferation financing, and ensure the availability of information when requested.

Anti-money Laundering and Terrorist Financing Code of Practice

- 4.6 The Anti-money Laundering and Terrorist Financing Code of Practice supplements the Anti-money Laundering Regulations and establishes a framework for compliance with AML, CFT and CPF matters including assessment of risk and verification and maintenance of relevant ownership information and other pertinent records, as well as exchange of information with relevant authorities.

Criminal Justice (International Cooperation) Act

- 4.7 The Criminal Justice International Cooperation Act creates a flexible and comprehensive regime that enables the BVI to co-operate with other countries in matters pertaining to criminal investigations and proceedings in relation to drug trafficking including applications for restraint and charging orders, the enforcement of confiscation orders and overseas forfeiture orders. Its scope is also sufficiently broad to enable assistance to be rendered to any country or territory.
- 4.8 In addition, the Act regulates substances that are considered useful for the manufacture of controlled drugs and also creates a regime for the apprehension, search and detention of vessels and persons

RESTRICTED

concerned with drug offences. This latter regime, however, operates only on a bilateral arrangement, as currently exists between the BVI and the USA.

- 4.9 The Criminal Justice (International Cooperation) Act is complemented by the Criminal Justice (International Co-operation) (Enforcement of Overseas Forfeiture Orders) Order. This Order provides the process for enforcing external forfeiture requests.

RESTRICTED

5. Investigating and Prosecuting Virgin Islands Legal Persons and Legal Arrangements

- 5.1 Having regard to identified risk and given the VI's position as an IFC and the ability for legal persons and legal arrangements formed in the VI to operate and provide services globally, it is of utmost importance that the VI has the ability and capacity to investigate and prosecute these entities when they run afoul of VI law while operating both domestically and internationally.
- 5.2 The VI's position regarding its jurisdiction over the investigation and prosecution of legal persons and legal arrangements and the circumstances in which this can be exercised is clear and agreed. The VI is committed to investigating and prosecuting legal persons and legal arrangements in line with the risk profile of the Virgin Islands. and this position is implemented by all agencies involved in the investigation and prosecution of legal persons and legal arrangements within the Virgin Islands.
- 5.3 In the VI, jurisdiction in criminal matters exists in the same circumstances as in the courts of England and Wales. That is, the Virgin Islands has jurisdiction to investigate and prosecute legal persons incorporated in the VI where those legal persons have been involved in the commission of criminal offences in other jurisdictions. Such jurisdiction exists where a substantive measure of the criminal activity takes place in the VI and can be attributed to the legal person⁶ as has been determined by English case law.
- 5.4 To ensure a comprehensive approach to the application of this position and to continue its ongoing implementation, a detailed policy on the prosecution of these matters is being formalised between the ODPP, the FIA-AIU, the RVIPF-FCU, and other relevant agencies at the multi-agency level. This policy will serve as a guide to legal and law enforcement officers of the requirements needed to successfully investigate and prosecute legal persons and legal arrangements.
- 5.5 Furthermore, regular outreach to both the public and the private sectors will be conducted in order to ensure full comprehension and cohesion on matters relating to the investigation and prosecution of legal persons and legal arrangements.

⁶ The substantive measure test may be satisfied where a legal person with its own legal personality is present in the VI (BVIBCs operate from within the VI) and a director of the legal person acting within the legal person's authority engages in criminal conduct overseas.

RESTRICTED

6. The Virgin Islands Current AML/CFT/CPF Position

- 6.1 For the Virgin Islands to effectively combat ML, TF and PF and meet its international obligations, it is crucial to have a comprehensive understanding of the threats, vulnerabilities and resulting risks associated with each of these activities.
- 6.2 A threat is something harmful that, while it may not definitely happen, could happen if relevant action is not taken. ML, TF and PF threats can come directly from people (natural and legal), terrorists and their facilitators, misuse of the Virgin Islands' products and services, and criminals generally.
- 6.3 The concept of vulnerabilities is closely related to that of threats. Vulnerabilities refer to weaknesses that a threat may exploit, as well as the factors that may support or facilitate the threat's activities. They can be found in many areas of a jurisdiction's AML/CFT/CPF framework and can arise where systems require improvement to detect, mitigate, combat and curtail harmful activity. In the context of the VI, these vulnerabilities are effectively those factors that represent weaknesses in the Virgin Islands' AML/CFT/CPF system and cover the broadest areas of the economy.



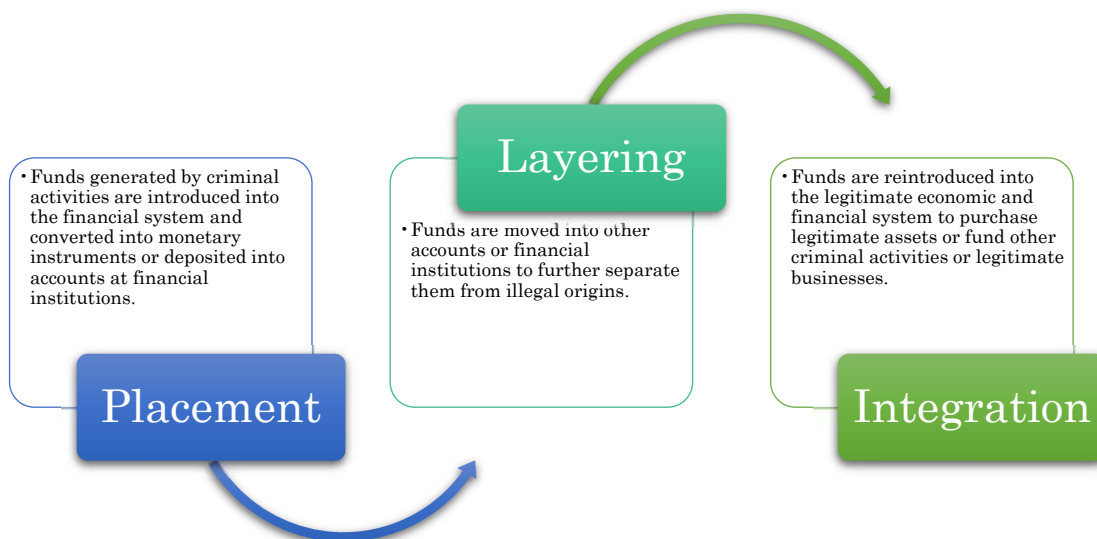
- 6.4 Based on analysis of the information collected during the execution of the Virgin Islands' ML, TF and PF risk assessments, the threats and vulnerabilities to the Virgin Islands' AML, CFT and CPF regimes have been identified, which have informed this policy⁷. Areas for improvement identified in the MER have also been taken into account in updating this policy document.
- 6.5 Each regime has been considered individually in the context of the legislative framework currently in place as well as the activity itself including the threats, vulnerabilities and risk associated each.

⁷ The Virgin Islands is currently updating its 2020 TF Risk Assessment and undertaking a targeted risk assessment considering the ML, TF and PF risks of legal persons and legal arrangements in the BVI and resulting mitigating measures. These risk assessments are scheduled to be completed by Q4 2024. Once completed, this policy will be updated to reflect those results.

RESTRICTED

A. Money Laundering

- 6.6 Money laundering is not a single act but is generally defined as “the processing of criminal proceeds to disguise their illegal origin”.⁸ Essentially it is engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the proceeds appear to have originated from legitimate sources or constitute legitimate assets.
- 6.7 Generally, money laundering occurs in three stages:
- 1) **Placement** – funds generated from criminal activities enter the financial system and are converted into monetary instruments or deposited into accounts at financial institutions. The aim is to remove the funds from the location of acquisition to avoid detection by the authorities and to transform it into other assets e.g. purchase of high value goods, property or business assets.
 - 2) **Layering** – the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. The aim is to disassociate the illegal monies from the source of the crime by creating a complex web of financial transactions designed to disguise the audit trail e.g. wire transfers using funds disguised as proceeds of legitimate business, cash deposited in overseas banking system and the resale of goods/assets.
 - 3) **Integration** – the funds are reintroduced into the legitimate economic and financial system and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses thereby making it appear that the money has been legally earned e.g. false loan repayments or forged invoices, complex web of transfers both domestic and international.



⁸ FATF definition of ML found at www.fatf-gafic.org/faq/moneylaundering

RESTRICTED

The Virgin Islands AML Legislative Regime

6.8 In addition to the principal requirements and obligations mentioned in Chapter 4, the following additional AML-related legislation is currently in force and applicable to persons living or operating in or from within the Virgin Islands:

Drug Trafficking Offences Act

6.9 The Drug Trafficking Offences Act gives effect to the provisions of the Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988. It establishes the legal framework for the recovery of the proceeds of drug trafficking and creates a regime of international co-operation on drug trafficking, including applications for confiscation, restraint and charging orders.

6.10 The Drug Trafficking Offences Act is complemented by the Drug Trafficking Offences (Enforcement of Overseas Confiscation Orders) Order. This Order details the assistance to be provided to appropriate authorities of a requesting country in relation to drug trafficking and money laundering of drug trafficking proceeds. Where no appropriate authority is specified in relation to a requesting country, the Governor is empowered to issue a certificate to the effect that the authority named therein is the appropriate authority.

ML Threats

6.11 The 2022 ML Risk Assessment was more comprehensive in scope than the 2020 Sectoral Risk Assessment and took an in-depth look at the domestic and foreign ML threats which could have a severe impact on the Virgin Islands if left unmitigated. The key domestic and foreign threats identified, which were considered in the context of sophistication, capability, scope and proceeds, were:

Domestic Threats

- Drug trafficking
- Migrant smuggling
- Murder
- Corruption

Foreign Threats

- Fraud
- Corruption
- Tax Evasion

6.12 Identification of these threats highlights the country's continued exposure to trans-national crimes, particularly in the context of its position as an IFC and the Virgin Islands has made progress in implementing mitigating measures to address these threats. There is a need, however, for further upscaling and calibration of human and technological resources to effectively respond to the increasing use of technology to obscure criminal activities and evade detection as evidenced by the emerging threat of cyber-crime identified in the 2022 ML Risk Assessment.

ML Vulnerabilities

6.13 In the 2022 ML Risk Assessment, operational vulnerabilities of each CA and LEA were identified, as well as sectoral vulnerabilities for FIs and DNFBPs and those posed by the products and services offered by the Virgin Islands. The main operational vulnerabilities were identified as:

RESTRICTED

- Sub-optimal levels of resourcing
- Inadequate policies and procedures
- Inefficient data maintenance
- Insufficient training
- Potential corruption within LEAs
- Inadequate understanding and identification of risk

6.14 The Virgin Islands recognizes the high risks inherent in the products and services it provides and understands the need to ensure compliance with international standards relative to legal persons⁹ such as BVIBCs and partnerships, and legal arrangements¹⁰ including express trusts, particularly with respect to the maintenance and timely production of BO information and the misuse of legal persons and legal arrangements for ML purposes. In this regard, the Virgin Islands has commenced a targeted risk assessment of legal persons and legal arrangements to ensure fuller understanding of the risks associated with these products.¹¹

6.15 With regard to sectoral and product/service vulnerabilities these were assessed against specific criteria to determine the level of ML risk within the Virgin Islands' FI and DNFBP sectors and the risk associated with the products and services offered. All vulnerabilities were then taken into consideration in identifying the Virgin Islands' overall ML risk.

ML Risk

6.16 As an IFC and a leader in company formation business, the Virgin Islands offers an array of products and services including complex, corporate/investment vehicles that are attractive to a range of international clientele. These products and services, however, may also attract bad actors seeking to exploit the financial and economic system to advance their criminal agendas.

6.17 The 2022 ML Risk Assessment identified the following risks inherent to the Virgin Islands' status as an IFC which may elevate the level of ML exposure of the financial institutions operating in the Virgin Islands. These risks include:

- range and complexity of product/service offerings including nominee shareholder and director services;
- cross-jurisdictional reach of the sectors;
- high volumes of cross-border activities and transactions, some of which may be high risk;
- large transaction volumes with non-face-to-face customers that may include high-risk customers;
- reliance on third party introductions;
- high value of assets/funds under administration/management generated that are widely dispersed globally; and

⁹ Legal persons are defined by the FATF as "any entities other than natural persons that can establish a permanent customer relationship with a financial institution or otherwise own property".

¹⁰ Legal arrangements are defined by the FATF as "express trusts or other similar legal arrangements".

¹¹ The risk assessment of Legal Persons and Legal Arrangements is scheduled to be completed by Q4 2024.

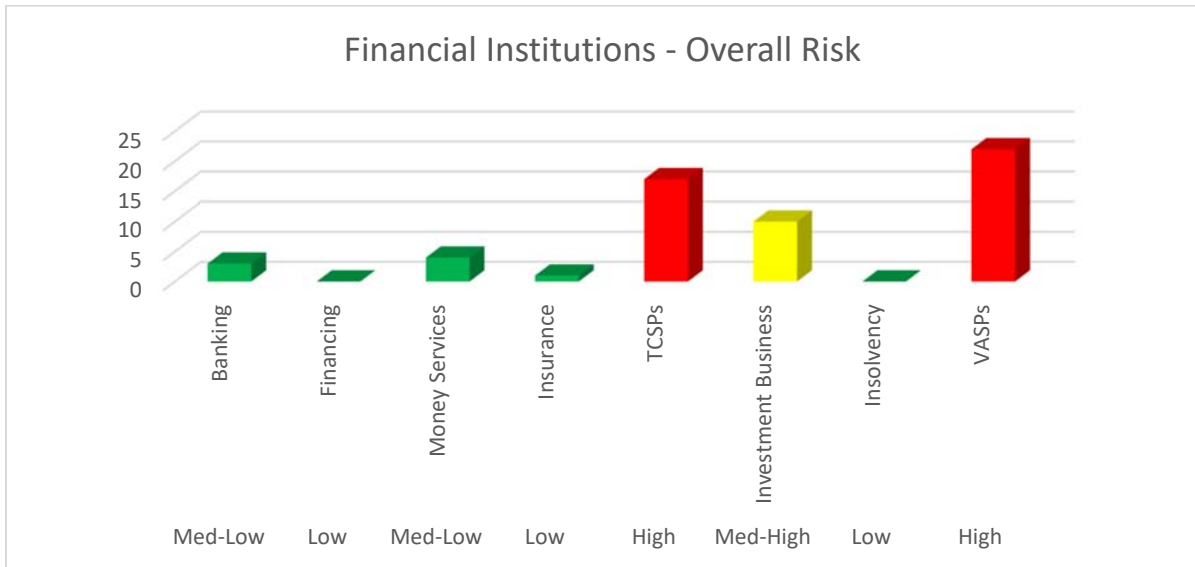
RESTRICTED

- a predominantly large international customer base that includes PEPs and other high-risk customers and BOs.

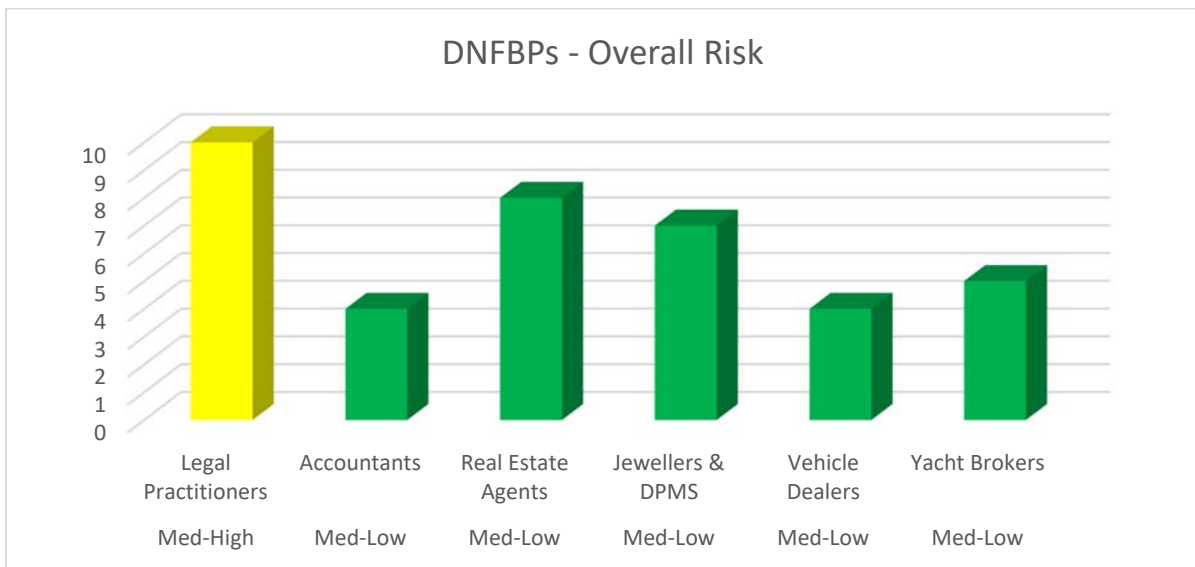
6.18 In addition, the main ML risk of the entities within the DNFBP sector include:

- international nature of entities’ client base, particularly in the legal and accounting sectors;
- high level of non-face to face business; and
- level of high-value transactions.

6.19 Based on the findings of the 2022 ML Risk Assessment the Virgin Islands’ overall ML risk was rated as **Medium-High**. The ML risks of the main financial services sectors were as follows:



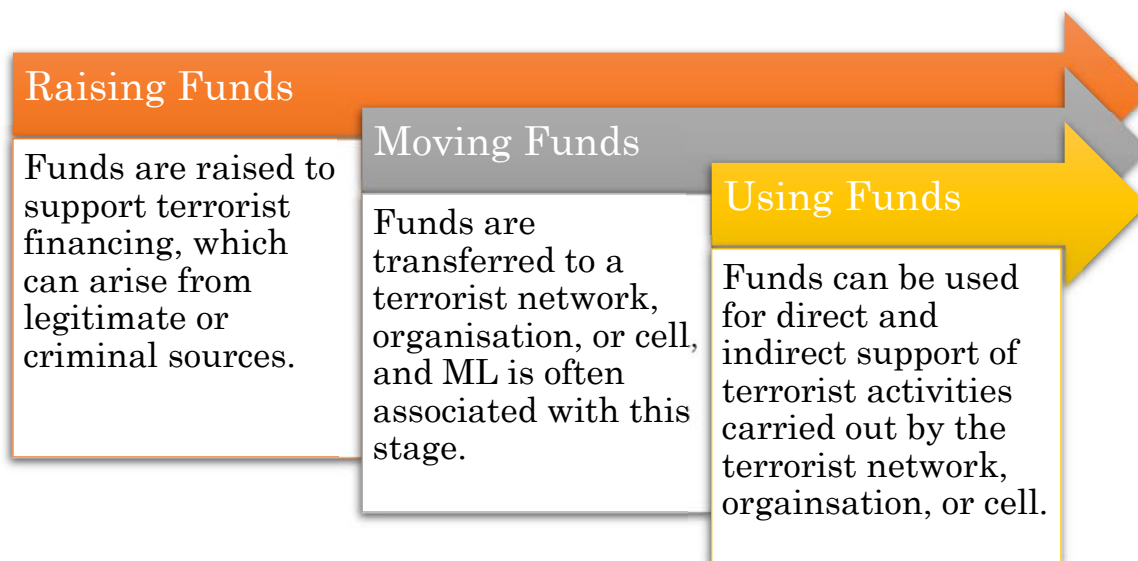
6.20 The ML risk of the entities within the DNFBP sector was identified as outlined below:



RESTRICTED

B. Terrorist Financing

- 6.21 Terrorist Financing is the use of funds, or making funds available, for the purposes of terrorism; or the acquisition, possession, concealment, conversion or transfer of funds that are, directly or indirectly, intended to be used or made available for the purposes of terrorism. While TF may involve the proceeds of criminal conduct, establishing such proceeds is not a requirement when identifying TF as funds may be raised from legitimate sources. TF may, however, involve an attempt to conceal either the origin of the funds or their intended use, which could be for criminal purposes.
- 6.22 A key difference between terrorist financiers and traditional criminal organizations is the legitimate sources of funds used by terrorist financiers. In addition to charitable donations, legitimate sources include foreign government sponsors, business ownership and personal employment. Although the motivation differs between traditional money launderers and terrorist financiers, the actual methods used to fund terrorist operations can be the same as, or similar to methods used by other criminals to launder funds. Funding for terrorist attacks does not always require large sums of money and the associated transactions may not be complex.



The Virgin Islands CFT Legislative Regime

Counter-Terrorism Act, 2021

- 6.23 The Counter-Terrorism Act, 2021 (CTA) governs the criminalisation of terrorism and terrorist financing within the Virgin Islands. The CTA makes provision for the detection, prevention, prosecution and conviction of terrorist and terrorist financing activities and gives effect to international conventions and resolutions for the countering of terrorism and terrorist financing including UNSCRs 1267 and 1373. It implements travel bans and requirements to report suspicious activities and provides for the detention and confiscation of goods suspected to be terrorist property. The CTA also provides the

RESTRICTED

Governor with the authority to make interim and final designations of persons and associated entities and allows for the exchange of information in criminal matters.

Anti-terrorism (Financial and Other Measures)(Overseas Territories) Order, 2002

- 6.24 The Anti-terrorism (Financial and Other Measures)(Overseas Territories) Order restricts transactions in terrorist property and creates extra-territorial jurisdiction in respect of offences relative to terrorism – that is to say, engaging in fundraising or money laundering, using or possessing property or arranging fundraising activities, for terrorist purposes. It also enables the registration and enforcement of foreign confiscation orders by an order of the Governor.
- 6.25 The Order provides measures for the enforcement of forfeiture orders in relation to:
- money or other property¹² which is likely to be used for the purposes of terrorism;
 - proceeds of the commission of acts of terrorism; and
 - proceeds of acts carried out for the purposes of terrorism.

The Counter-Terrorism (Sanctions) (Overseas Territories) Order 2020

The Counter-Terrorism (International Sanctions) (Overseas Territories) Order 2020

- 6.26 International obligations under UNSCR 1373 are implemented in the Virgin Islands by way of the Counter-Terrorism (Sanctions) (Overseas Territories) Order 2020 and the Counter-Terrorism (International Sanctions) (Overseas Territories) Order 2020. These Orders extend the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019 and Counter-Terrorism (International Sanctions) (EU Exit) Regulations 2019 respectively to the Virgin Islands and allow for the designation of persons involved in terrorism related activities, freezing and unfreezing of assets and the issuing of licences in respect of otherwise prohibited activities. They also allow the sharing of information to enable the effective implementation and enforcement of the UK sanctions regime.

The ISIL (Da'esh) and Al-Qaida (United Nations Sanctions) (Overseas Territories) Order 2020

- 6.27 UNSCR 1267 and its successor resolutions are implemented in the Virgin Islands by way of the ISIL (Da'esh) and Al-Qaida (United Nations Sanctions) (Overseas Territories) Order, 2020, which extends the provisions of the ISIL (Da'esh) and Al-Qaida (United Nations Sanctions) (EU Exit) Regulations 2019. This Order allows for the imposition of targeted financial sanctions against Al-Qaida and ISIL (Da'esh). It enables relevant authorities to take the necessary action to freeze funds of designated persons and entities in respect of targeted individuals, groups, undertakings and entities associated with ISIL and Al-Qaida, and prohibits funds being made available to such persons.

¹² As per the Order, property includes property wherever situated and whether real or personal, heritable or moveable, and things in action and other intangible and incorporeal property, any interest held in the property including interest held in land.

RESTRICTED

The Afghanistan (Sanctions) (Overseas Territories) Order 2020

6.28 UNSCR 1988 is implemented through the Afghanistan (Sanctions) (Overseas Territories) Order 2020, which extends the Afghanistan (Sanctions) (EU Exit) Regulations 2020. Like the ISIL (Da'esh) and Al-Qaida (United Nations Sanctions) (Overseas Territories) Order, this piece of legislation allows for the imposition of targeted financial sanctions against Afghanistan and enables relevant authorities to take the necessary action to freeze funds of designated persons and entities in respect of targeted individuals, groups, undertakings and entities associated with the Taliban and prohibit funds being made available to such persons.

TF Threats

6.29 The 2021 TF Risk Assessment considered the threat of TF to the Virgin Islands from a domestic and international perspective and found that the threat of TF at the domestic level was low based on fund flows, trade and current labour composition. Internationally, the threat is slightly more elevated based on Virgin Islands legal entities' involvement in international trade, collection and movement of funds internationally and the potential for misuse of these entities in facilitating these activities where they are carried out for the purposes of funding terrorist activities.

6.30 With regard to the NPO sector, the threat of misuse or exposure to TF and TF-related activities is low given the size and homogenous nature of the sector. However, to better understand the risk exposure of this sector, a specific TF NPO risk assessment was launched in early 2024¹³.

TF Vulnerabilities

6.31 With regard to TF, the key vulnerabilities identified related to:

- Underdeveloped analytical processes across LEAs
- Insufficient training in the identification, analysis and prosecution of TF
- Insufficient monitoring of TF trends and techniques
- Insufficient oversight of TF and TFS obligations by reporting entities

6.32 Sectoral vulnerabilities also assessed to determine the level of TF risk within the Virgin Islands' FI, DNFBP and NPO sectors, included the risks associated with the products and services offered by these sectors particularly with respect to the sufficiency of CDD practices and maintenance and timely production of BO information. All vulnerabilities were then taken into consideration in identifying the Virgin Islands' overall TF risk.

¹³ Once completed, this policy will be updated to reflect the results of the NPO TF risk assessment. The risk assessment is scheduled to be completed by Q3 2024

RESTRICTED

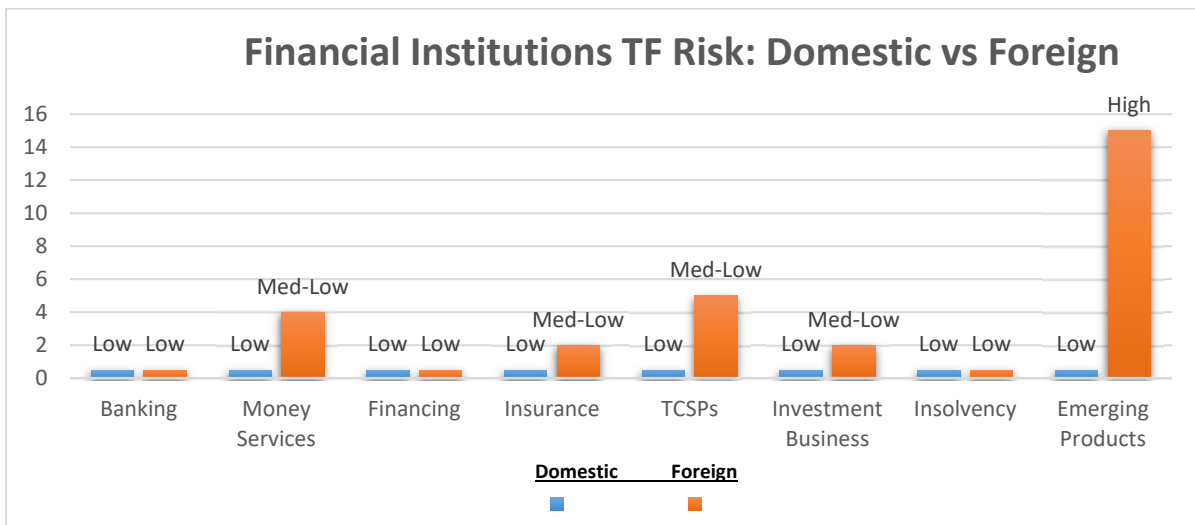
TF Risk

6.33 The risk of TF within the Virgin Islands domestically has been assessed as being relatively remote and **Low**. However, it is recognized that the size and nature of the financial services industry in the Virgin Islands does provide greater risk of the corporate and other structures established within the Virgin Islands being used to finance terrorists or terrorist activities on the global stage. As such, the foreign risk of TF is considered **Medium Low**.

6.34 The following risks which may elevate the level of TF exposure of the financial, DNFBPs and NPO sectors operating in the Virgin Islands have been identified by the 2021 TF Risk Assessment:

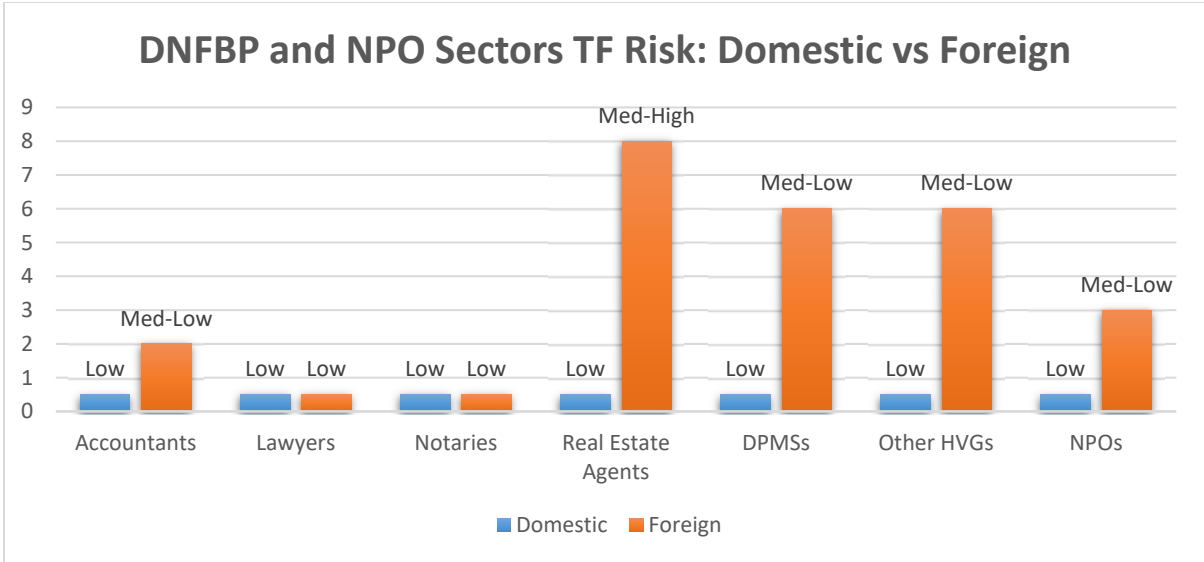
- a predominantly large international customer base that comprises of PEPs and other high-risk customers;
- potential for products and services to be used to conceal source of assets and identity of BOs;
- cross-jurisdictional reach of the sectors, particularly the FI sectors;
- large transaction volumes with non-face-to-face customers that may include high-risk customers and/or jurisdictions;
- high volumes of cross-border activities and transactions, some of which may be high risk.

6.35 The TF risks of the main financial services sectors were as follows:



6.36 In addition, the TF risk of the entities within the DNFBP and NPO sectors was identified as outlined below:

RESTRICTED



6.37 The Virgin Islands is committed to enhancing its overall understanding of its exposure to TF risk and particularly the risk posed by legal persons and legal arrangements operating in or from within the jurisdiction. In this regard the VI has commenced an update to its 2021 TF risk assessment and has also commenced a targeted risk assessment of the risk posed by legal persons and legal arrangements, which will consider the distinct TF risk in relation to those entities. Both risk assessments will be completed in 2024 and any findings or recommendations will be considered in relation to their impact upon this policy and any enhancements to it.

RESTRICTED

C. Proliferation Financing

6.38 Proliferation Financing “refers to the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations”.¹⁴ In essence, any act of providing funds or financial services to any person (legal or otherwise) for purposes of financing the production or use of weapons of mass destruction (WMD) constitutes an act of proliferation; this includes any form of technology or goods that have dual uses if used for purposes that are not legitimate.

The Virgin Islands CPF Legislative Regime

Proliferation Financing (Prohibition) Act, 2021

6.39 The Proliferation Financing (Prohibition) Act, 2021 (PFPA) is the primary piece of legislation governing the criminalisation of proliferation of weapons of mass destruction and the provision of financing for such activities in the Virgin Islands.

6.40 The PFPA confers power on the BVI Financial Investigation Agency (FIA) to, *inter alia*, monitor and assess the level of PF risk in the Virgin Islands and take appropriate steps to address that risk. It also empowers the FIA to take action against any person or entity for non-compliance with the provisions of the PFPA. Such action comes primarily in the form of directions that may be issued by the FIA. The PFPA prohibits persons from dealing with assets of a designated person unless authorised to do so via licence issued by the Governor. The PFPA also calls for mandatory reporting by persons, natural or legal, of assets frozen and other actions taken against designated persons. In addition, the PFPA provides the Governor with the authority to make designations of persons who meet the criteria for designation by the UN Security Council and its Committees.

Chemical Weapons (Overseas Territories) Order, 2005

6.41 The Chemical Weapons (Overseas Territories) Order prohibits the use, development or production, possession or transfer of a chemical weapon or any military preparation relating to the intended use of a chemical weapon. Requests in relation to these matters are transmitted through the Governor as the relevant central authority.

¹⁴ See footnote 1 of FATF Best Practices Paper on “Sharing Among Domestic Competent Authorities Information Related to the Financing of Proliferation”, February 2012.

RESTRICTED

Chemical Weapons (Sanctions) (Overseas Territories) Order, 2020

- 6.42 This Order gives effect to the sanctions regime created under the Chemical Weapons (Sanctions) (EU Exit) Regulations, 2019 for the purpose of deterring the proliferation and use of chemical weapons, including encouraging the effective implementation of the Chemical Weapons Convention.
- 6.43 The sanctions imposed include an asset-freeze on persons designated by the Secretary of State as persons who are responsible for, involved in or promote a prohibited activity related to chemical weapons, as well as persons associated with such persons. This includes providing financial services or making available funds or economic resources that could contribute to the prohibited activity related to chemical weapons. The Order makes provision for the Governor to license certain activities in line with exemptions and derogations under the sanctions regime.

The Democratic People's Republic of Korea (Sanctions) (Overseas Territories) 2020

- 6.44 This Order gives effect to the Democratic People's Republic of Korea (Sanctions) (EU Exit) Regulations, 2019, which establishes a sanctions regime in relation to the DPRK for the purposes of implementing many of the obligations under the various UNSCRs relative to proliferation, including restricting the ability of the DPRK to carry on its nuclear, biological or chemical weapons, other weapons of mass destruction, and ballistic missile programmes, promote the abandonment of those programmes and the decommissioning of the weapons.
- 6.45 The Order also provides for designated persons to be made subject to financial sanctions, including having their funds and/or economic resources frozen, implements the travel ban in respect of UN designated persons and provides for certain ships specified by the Secretary of State to be subject to various sanctions measures. In addition, the Order gives the Governor, with the consent of the Secretary of State, the power to issue financial sanctions licences and requires him to publish an up-to-date list of designated persons and specified ships.
- 6.46 The Order also prescribes enforcement powers in relation to suspected ships, aircraft or vehicles, or for the issue of a search warrant and prescribes powers for the provision and sharing of information to enable the effective implementation and enforcement of the sanction regime.

The Iran (Sanctions) (Nuclear) (Overseas Territories) Order 2020

- 6.47 This Order establishes a sanctions regime relating to nuclear activities in Iran for the purpose of complying with United Nations obligations and for the purposes of: encouraging Iran to abandon nuclear weapons programmes; restricting the ability of Iran to develop nuclear weapons and nuclear weapons delivery systems; and promoting implementation of the 2015 Joint Comprehensive Plan of Action.
- 6.48 The Order, which gives effect to the Iran (Sanctions)(Nuclear)(EU Exit) Regulations 2019, provides for the imposition of trade restrictions in relation to certain restricted goods and restricted technology for export to, or import from, Iran. It also provides for designated persons to be made subject to

RESTRICTED

financial sanctions, including having their funds and/or economic resources frozen and implements the travel ban in respect of UN designated persons.

6.49 The Order gives the Governor, with the consent of the Secretary of State, the power to issue financial sanctions licences and requires him to publish an up-to-date list of designated persons. The Order also prescribes enforcement powers in relation to suspected ships, aircraft or vehicles, or for the issue of a search warrant and prescribes powers for the provision and sharing of information to enable the effective implementation and enforcement of the sanction regime.

PF Threats

6.50 With respect to PF, particular attention has been paid to the threats facing the Virgin Islands in relation to:

- use of legal persons and legal arrangements to finance or facilitate proliferation related activities with sanctioned jurisdictions¹⁵;
- use of legal persons and legal arrangements to facilitate international trade and collection and movement of funds with designated persons/countries¹⁶;
- use of Virtual Assets (VAs) and Virtual Assets Service Providers (VASPs) operating in or from within the Virgin Islands;
- use of ships registered in the Virgin Islands to carry out activities, including international trade and shipping of goods by or on behalf of designated persons/countries; and
- shipping activities on behalf of designated persons/countries being facilitated through legal persons and legal arrangements registered and operating from within the VI.

PF Vulnerabilities

6.51 The 2022 PF Risk Assessment identified a number of key vulnerabilities within the Virgin Islands CPF framework on the part of both law enforcement and Registered Agents acting as “gatekeepers”. Given the risk and context of the VI, Registered Agents who facilitate the registration of legal persons and arrangements and the execution of cross-border business activities relative to shipping and international trade may be exploited to facilitate such illegal activities.

6.52 Key vulnerabilities identified included:

- lack of training, expertise and resources across LEAs specifically focused on identifying, investigating and prosecuting PF and PF-related activities;
- poor understanding of geographic and product/service risk associated with higher-risk legal persons and legal arrangements;
- inadequate CDD measures or failing to conduct adequate ECDD on high-risk clients;
- Inadequate procedures for identification and verification of BOs; and

¹⁵ To enhance the understanding of such threats, the 2024 targeted Legal Persons/Legal Arrangements Risk Assessment will also consider as a discrete topic the PF risk posed by BVI Legal Persons and Legal Arrangements.

¹⁶ Ibid

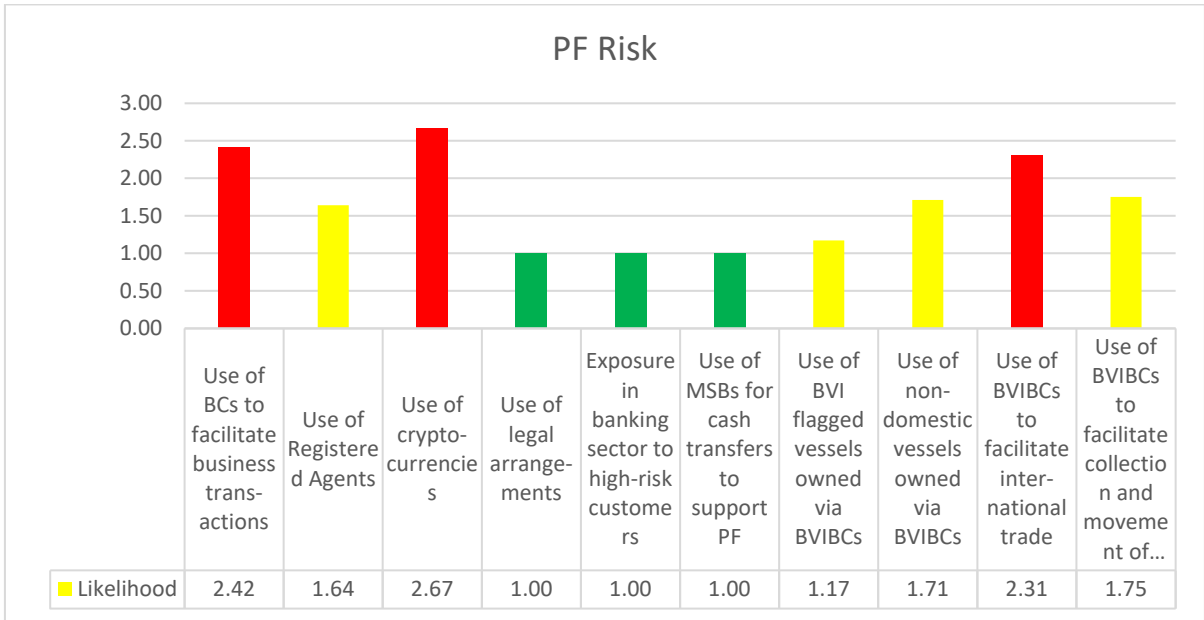
RESTRICTED

- inadequate sanctions screening procedures and understanding of sanctions framework.

PF Risk

6.53 As with TF, the risk of PF within the Virgin Islands is considered to be low and relatively remote. However, due to the nature of the financial services industry in the Virgin Islands, it is recognised that this risk becomes elevated in relation to the misuse of Virgin Islands corporate entities in the funding of WMDs and other PF-related activities.

6.54 Based on the findings of the 2022 PF Risk Assessment the main PF risks were as follows:



RESTRICTED

7. Introduction to The Virgin Islands National AML/CFT/CPF Policy

- 7.1 ML, TF, and PF are significant global threats, and the Virgin Islands is committed to the highest standards for the prevention of these threats. High level political commitment is critical to a jurisdiction's success in mitigating the risks associated with such threats. In the Virgin Islands, NAMLCC is committed to understanding the Virgin Islands' ML, TF and PF risks and providing guidance on all AML/CFT/CPF issues relating to or affecting the Virgin Islands, while the Cabinet of the Virgin Islands is committed to providing the necessary human, technical and financial resources to ensure that the Virgin Islands responds to ML, TF and PF threats and other issues in an effective manner, while ensuring compliance with all relevant international standards.
- 7.2 As an IFC, the Virgin Islands understands the impact these activities have on the Virgin Islands, the international financial services industry and the global economy. As such, the Virgin Islands' National AML/CFT/CPF policy has been developed on the basis of the statutory obligations outlined above, taking into consideration the identified threats and risk levels and potential consequences, along with the recommendations outlined in the various risk assessment reports and the MER.
- 7.3 The Virgin Islands also recognizes, however, that while some of the mitigation measures necessary to address ML, TF and PF may overlap, some are distinct to the specific issue of ML, TF or PF and many require distinct actions to achieve success in minimizing the Virgin Islands' exposure to each of these activities. As such, the policy has been separated to identify those actions that need to be taken by the Virgin Islands to effectively address ML, TF and PF.
- 7.4 Each policy focuses on six (6) key areas:
- 1) Prevention
 - 2) Detection
 - 3) Investigation and sanction
 - 4) Regulation
 - 5) Articulation
 - 6) Enhancing national and international co-operation
- 7.5 These policies outline the general ways in which each of the key areas identified may be achieved. Each key area, while distinct, intersects with other key areas. Further, the key areas identified within each individual policy have been developed to provide a foundation for comprehensive AML, CFT and CPF strategies geared towards the successful fight against ML/TF/PF and overall protection of the Virgin Islands.

RESTRICTED

8. The Virgin Islands National AML Policy

8.1 **Prevention** will be achieved through:

- continued development of the AML legislative framework that is consistent with international standards which is effective in mitigating ML risks;
- the identification and proper control of activities that make ML possible;
- the updating of ML risk assessments as necessary based on intelligence gathering of potential and/or developing risks, including risks of legal persons and legal arrangements, to allow for adequate appreciation of ML risks; and
- the design of appropriate ML risk mitigation measures.

8.2 **Detection** will be achieved through:

- the recognition and understanding of risk by private and public sector entities and reporting of ML related matters in a timely manner;
- the improvement of the mechanisms in place to ensure timely review and analysis of SARs/STRs;
- ensuring effective functioning of established multi-agency task forces and committees; and
- continual training of key law enforcement agencies in ML detection techniques including measures for addressing related predicate offences.

8.3 **Investigation and sanctioning** will be achieved through:

- the development of policies in line with the VI's risk profile that provide a clear understanding and guidance to all agencies involved in the investigation and prosecution of legal persons and legal arrangements, of their roles, responsibilities and processes for successful investigations and prosecutions
- the VI's ongoing commitment to investigating and prosecuting persons, including legal persons and legal arrangements incorporated or established in the VI, who are involved in criminality, including in other jurisdictions¹⁷, in line with the risk profile of the VI;
- ensuring that the LEAs, and in particular the RVIPF-FCU and FIA-AIU, are provided with adequate resources to allow for proper and efficient investigation of natural and legal persons involved in domestic and international ML related crimes;

¹⁷ The VI has jurisdiction to investigate and prosecute legal persons incorporated in the VI where those legal persons have been or are involved in the commission of criminal offences in other jurisdictions in the same circumstances as apply under the law of England and Wales

RESTRICTED

- enhanced use and sharing of financial intelligence in pursuit of ML investigations;
- strengthening of the ODPP to ensure proper and successful prosecution of natural and legal persons and legal arrangements involved in domestic and international ML-related crimes;
- strengthening of the judiciary to ensure full readiness to adjudicate ML-related crimes; and
- prioritising at a national level the tracing and recovery of proceeds of crime identified at the domestic level and internationally where there is a cross-border element, including ensuring adequate cooperation and coordination in recovery efforts.

8.4 **Regulation** will be achieved through:

- implementation of a comprehensive risk-based supervisory framework for FI and DNFBPs;
- enhanced monitoring and supervision of FIs and DNFBPs including the review of CDD measures and institutional risk assessments;
- implementation of a multi-pronged approach to the holding of and access to adequate, accurate and up-to-date BO information, including for legal persons and legal arrangements in line with international standards;
- publication of relevant guidance for FIs and DNFBPs;
- enhancement of human and technological resources to ensure appropriate oversight of adequate transparency of beneficial ownership of legal persons and legal arrangements and to mitigate against their misuse;
- prompt notification of changes to international standards to allow for proper consideration of impact by industry practitioners; and
- ensuring the penalties regime allows for the taking of effective, proportionate and dissuasive enforcement action to foster compliance with AML and other regulatory requirements.

8.5 **Articulation (Public Outreach, Capacity Building)** will be achieved through:

- ensuring proper understanding by both public and private sector actors of the ML risk in the VI and their roles and responsibilities relative to the National AML framework; and
- ensuring cooperation and coordination between supervisors, LEAs and private sector participants in order to drive the revision and amendment of national AML legislation and ensure an effective framework to combat ML that complies with international standards.

RESTRICTED

8.6 **Enhancement of national and international cooperation** will be achieved through:

- fostering the ongoing engagement of inter-agency and other national committees as a platform to share knowledge and highlight pertinent issues relative to AML, including new developments and emerging risks;
- enhancement of domestic operational frameworks to ensure provision of widest range of national cooperation in a timely and efficient manner and facilitate the effective operation of the Virgin Islands' AML framework; and
- the enhancement of legal and operational frameworks to allow for the provision of the widest range of international cooperation in a timely and efficient manner; and
- the enhancement of relationships with international counterparts with respect to the sharing of information.

RESTRICTED

9. The Virgin Islands National CFT Policy

9.1 **Prevention** will be achieved through:

- the review and adoption of relevant CFT legislation to comply with international standards;
- the strengthening of preventative measures including, monitoring of developing trends and techniques and swift implementation of international sanctions for TF; and
- the updating of TF risk assessments as necessary based on intelligence gathering of potential and/or developing risks, including risks of NPOs, legal persons and legal arrangements, to allow for adequate appreciation of TF risks.

9.2 **Detection** will be achieved through:

- ensuring a clear understanding by public and private sector entities of the TF risks posed by legal persons and legal arrangements;
- the recognition and reporting of TF related matters in a timely manner;
- the improvement of the mechanisms in place to ensure timely review and analysis of SARs/STRs;
- ensuring effective functioning of established multi-agency task forces and committees; and
- continual training of key law enforcement agencies in TF detection techniques including measures for addressing related offences.

9.3 **Investigation and sanctioning** will be achieved through:

- the development of policies in line with the VI's risk profile that provide a clear understanding and guidance to all agencies involved in the investigation and prosecution of legal persons and legal arrangements, of their roles, responsibilities and processes for successful TF investigations and prosecutions
- The VI's ongoing commitment to investigating and prosecuting persons in relation to TF, including legal persons and arrangements incorporated or established in the VI, who are involved in criminal activity, including activity occurring in other jurisdictions, in line with the risk profile of the VI;
- ensuring that LEAs, and in particular the RVIPF-FCU and FIA-AIU, are provided with adequate resources to allow for proper and efficient investigation of natural and legal persons involved in TF-related crimes;
- enhanced use and sharing of financial intelligence in pursuit of TF investigations;
- strengthening of the ODPP to ensure proper and successful prosecution of natural and legal persons and legal arrangements involved in domestic and international TF-related crimes;

RESTRICTED

- strengthening of the judiciary to ensure full readiness to adjudicate TF-related crimes; and
- strengthening of the TF-TFS framework to facilitate freezing, seizing and confiscation of assets without delay.

9.4 **Regulation** will be achieved through:

- implementation of a comprehensive risk-based framework for oversight of NPOs;
- enhanced monitoring and supervision of FIs, DNFBPs and relevant NPOs including the review and enhancement of TF-TFS screening procedures;
- publication of relevant guidance for FIs, DNFBPs and NPOs;
- enhancement of human and technological resources to ensure appropriate oversight of adequate transparency of beneficial ownership of legal persons and legal arrangements and to minimise their misuse;
- prompt notification of changes to international standards to allow for proper adherence by industry practitioners; and
- ensuring the penalties regime allows for the taking of effective, proportionate and dissuasive enforcement action to foster compliance with CFT requirements.

9.5 **Articulation (Public Outreach, Capacity Building)** will be achieved through:

- ensuring proper understanding by both public and private sector actors of TF risk in the VI and their roles and responsibilities relative to the national CFT framework, including sanctions obligations; and
- ensuring cooperation and coordination between supervisors, LEAs and private sector participants in order to drive the revision and amendment of national CFT legislation and ensure an effective framework to combat TF that complies with international standards.

9.6 **Enhancement of national and international cooperation** will be achieved through:

- fostering the ongoing engagement of inter-agency and other national committees as a platform to share knowledge and highlight pertinent issues relative to CFT, including new developments and emerging risks;
- enhancement of domestic operational frameworks to ensure provision of the widest range of national cooperation in a timely and efficient manner and facilitate the effective operation of the Virgin Islands' CFT framework;
- the enhancement of legal and operational frameworks to allow for the provision of the widest range of international cooperation in a timely and efficient manner; and

RESTRICTED

- the enhancement of relationships with international counterparts with respect to the sharing of information

RESTRICTED

10. The Virgin Islands National CPF Policy

10.1 **Prevention** will be achieved through:

- the review of relevant legislation to ensure compliance with international standards;
- the strengthening of preventative measures, including swift implementation of international sanctions for PF; and
- updating of sectoral risk assessments as necessary based on intelligence gathering of potential and/or developing risks, including risks of legal persons and legal arrangements, to allow for adequate appreciation of PF risks.

10.2 **Detection** will be achieved through:

- the recognition and reporting of PF-related matters in a timely manner;
- the improvement of the mechanisms in place to ensure timely review and analysis of SARs/STRs; and
- continual training of key law enforcement agencies in PF detection techniques, including measures for addressing related offences.

10.3 **Investigation and sanctioning** will be achieved through:

- the VI's ongoing commitment to investigating and prosecuting persons, including legal persons and legal arrangements, incorporated or established in the VI, who are involved in criminality, including activity occurring in other jurisdictions, in line with the risk profile of the VI;
- ensuring that LEAs, and in particular the RVIPF-FCU and FIA-AIU, are provided with adequate resources to allow for proper and efficient investigation of natural and legal persons involved in PF and PF-related crimes;
- strengthening of the ODPP to ensure ability to prosecute natural and legal persons and legal arrangements involved in PF related crimes;
- strengthening of the judiciary to ensure full readiness to adjudicate PF-related crimes; and
- strengthening of the PF-TFS framework to facilitate freezing, seizing and confiscation of assets without delay.

10.4 **Regulation** will be achieved through:

- enhanced monitoring and supervision of FIs and DNFBPs including the review and enhancement of PF-TFS screening procedures;
- publication of relevant guidance for FIs and DNFBPs;

RESTRICTED

- prompt notification of changes to international standards to allow for proper adherence by industry practitioners; and
- ensuring the penalties regime allows for the taking of effective, proportionate and dissuasive enforcement action to ensure compliance with CPF requirements.

10.5 **Articulation (Public Outreach, Capacity Building)** will be achieved through:

- ensuring proper understanding by both public and private sector actors of the PF risks in the VI, and their roles and responsibilities relative to the national CPF framework, including sanctions obligations;
- ensuring cooperation and coordination between supervisors and private sector participants in order to drive the revision and amendment of national CPF legislation and ensure an effective framework to combat PF that complies with international standards.

10.6 **Enhancement of national and international cooperation** will be achieved through:

- fostering the ongoing engagement of inter-agency and other national committees as a platform to share knowledge and highlight pertinent issues relative to CPF, including new developments and emerging risks;
- enhancement of domestic operational frameworks to ensure provision of widest range of national cooperation in a timely and efficient manner and facilitate the effective operation of the Virgin Islands' CPF framework;
- the enhancement of legal and operational frameworks to allow for the provision of the widest range of international cooperation in a timely and efficient manner; and
- the enhancement of relationships with international counterparts with respect to the sharing of information.

RESTRICTED

11. Policy Implementation, Monitoring and Evaluation

Implementation

- 11.1 The responsibility for the implementation and monitoring of the jurisdiction's AML, CFT and CPF Policies and any strategies emanating from the development of this policy lies with NAMLCC as the body responsible for charting the way forward on AML, CFT and CPF policy issues. NAMLCC will oversee coordination and cooperation between each CA and LEA with a role in combatting ML, TF and PF within the jurisdiction, and will continue to assess the risks to the Virgin Islands relative to ML, TF and PF.
- 11.2 As the Virgin Islands' chief policy making body, overall responsibility for the approval of this Policy, including any changes that may be deemed necessary for its proper implementation, will lie with the Cabinet of the Virgin Islands. This will include facilitating the provision of necessary resources required to ensure timely and effective implementation.

Monitoring

- 11.3 Each relevant CA and LEA is expected to monitor its processes and activities to ensure that they align with, support and promote the relevant key areas identified in this Policy. In addition, each authority is expected to effectively address those action items identified in the National AML, CFT and CPF strategies along with any other actions identified as a consequence thereof, including those within the Virgin Islands' *National Action Plan to Address Fourth Round Mutual Evaluation Recommended Actions*. These agencies will report to NAMLCC on such progress via the appropriate channels.
- 11.4 Further, supervisory authorities¹⁸ will be responsible for ensuring that entities within the FI, DNFBP, NPO and gaming sectors¹⁹ are aware of the Policy and its implications on their business activities. These supervisory authorities will also be responsible for monitoring the implementation of any identified actions that must be taken by these entities.
- 11.5 The entities within the FI, DNFBP, NPO and gaming sectors in turn will have a responsibility to ensure that they adhere to any directives issued, and to bring to the attention of the relevant supervisory authority any matters which they may consider an impediment to the proper fulfilment of these policy objectives.

Evaluation

- 11.6 NAMLCC is responsible for assessing the Virgin Islands' compliance with the National Policy and approving any modifications to the Policy and any strategy emanating from the Policy as necessary. To ensure compliance with all applicable international standards and domestic AML/CFT legislation,

¹⁸ Supervisory authorities include the FSC, FIA and GBCA (once established)

¹⁹ Sector is not yet active but will be covered under this Policy upon commencement of any relevant activity

RESTRICTED

the Policy will be reviewed and updated every three years to account for changes that may arise in either domestic or international requirements.

- 11.7 Where emerging threats are identified that may have an impact on the Virgin Islands' AML, CFT or CPF regimes, NAMLCC may require supplemental reviews of the Policy to allow the Virgin Islands to adapt to the new threat and take prompt measures to mitigate it. Such suggestions/changes to this Policy will then be submitted to Cabinet for approval.
- 11.8 The AML/CFT Implementation Unit within the Attorney General's Chambers will have the responsibility for monitoring the effective implementation of any National Strategic Action Plan (NSAP) emanating from this Policy, the National AML, CFT and CPF strategies, and other actions identified as a consequence thereof, including those within the Virgin Islands' *National Action Plan to Address Fourth Round Mutual Evaluation Recommended Actions*, to determine the level of effectiveness across all relevant stakeholders. The Unit will, therefore, be responsible for assessing each agency against their action plans emanating from the NSAP to determine the level of progress made in alignment with the National Policy. The Unit will be responsible for reporting on such to NAMLCC.

###