

## TURKS & CAICOS ISLANDS: FOLLOW-UP REPORT



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## TURKS & CAICOS ISLANDS: FOLLOW-UP REPORT

### I. Introduction

1. This report represents an analysis of the Turks and Caicos Islands' report back to the CFATF Plenary concerning the progress that it has made with regard to correcting the deficiencies that were identified in its third round Mutual Evaluation Report. The third round Mutual Evaluation Report of the Turks and Caicos Islands was adopted by the CFATF Council of Ministers in October 2008 in St. Kitts & Nevis. The Turks and Caicos Islands was asked to present a follow-up report at the next Plenary in the Netherlands Antilles after which it would be determined whether it would be placed on regular or enhanced follow-up. The Turks and Caicos Islands was rated partially compliant or non-compliant with 39 Recommendations<sup>1</sup>, as indicated below. Please note that at the time of this Evaluation.

<b>Partially Compliant (PC)</b>	<b>Non-Compliant (NC)</b>
<i>R. 1 (Money laundering offence)</i>	<i>R. 5 (Customer due diligence)</i>
R. 9 (Third parties and Introducers)	R. 6 (Politically Exposed Persons)
<i>R. 10 (Record keeping)</i>	R. 7 (Correspondent banking)
<i>R. 13 (Suspicious transaction reporting)</i>	R. 8 (New technologies & non face-to-face business)
R. 15 (Internal controls, compliance & audit)	R. 11 (Unusual transactions)
R. 16 (DNFBP-R. 13-15 & 21)	R. 12 (DNFBPs – R. ,6,8-11)
R. 17 (Sanctions <sup>0</sup> )	R. 19 (Other forms of reporting)
R. 18 (Shell banks)	R. 21 (Special attention for higher risk countries)
R. 20 (Other NFBP & secure transaction techniques)	R. 22 (Foreign branches & subsidiaries)
R. 23 (Regulation, supervision and monitoring)	R. 24 (DNFBP-regulation, supervision and monitoring)
<i>R. 26 (The FIU)</i>	R. 25 (Guidelines and feedback)
R. 29 (Supervisors)	R. 30 (Resources)
R. 31 (National cooperation)	SR. VII (Wire transfer rules)
R. 32 (Statistics)	SR. VIII (Non-profit organizations <sup>0</sup> )
R. 33 (Legal persons – beneficial owners <sup>0</sup> )	SR. IX (Cash couriers <sup>0</sup> )
R. 34 (Legal arrangements – beneficial owners)	
<i>R.35(International cooperation – Conventions)</i>	
<i>R. 36 (Mutual legal assistance (MLA))</i>	
R. 38 (Mutual legal assistance on confiscation and freezing)	
<i>R. 40 (Other forms of cooperation)</i>	
<i>SR. I (Implement UN instruments)</i>	
<i>SR. II (Criminalize terrorist financing)</i>	
<i>SR. IV (Suspicious transaction reporting)</i>	
SR. VI (AML requirements for money and value transfer services)	

<sup>1</sup> The Recommendations in italics represent the Key and Core Recommendations that were rated either PC or NC.

## **II. Summary of progress made by the Turks & Caicos Islands**

2. At the time of the Mutual Evaluation of the Turks and Caicos Islands, the Examiners identified some deficiencies with the then recently enacted Proceeds of Crime Ordinance, 2007 (POCO) and suggested that amendments be made to address these issues. Amendments or enactment of legislation was also suggested for deficiencies noted in Recs. 5, 6, and the development and issuance of guidance notes by the Financial Services Commission (FSC) for its constituents. To date, draft amendments to the POCO, draft regulations to the POCO, a revision to the Anti-Money Laundering and Prevention of Terrorist Financing Code, 2007 (the Code) and draft guidelines have been prepared. The draft regulations will be entitled the Anti-Money Laundering and Prevention of Terrorist Financing Regulations, 2009

### **Recommendation 1**

3. As stated above, draft amendments to the POCO have been prepared which are intended to take care of the recommendations made by the Examiners, which pertain to clarification of the scope of the POCO on previous and existing legislation; the reference to offences that are not defined in the laws of the TCI and the Vienna Convention's precursor chemical provisions (Article 3(1)(c)). Since the legislation is still in draft, the recommendations of the Examiners have not been met with regard to Rec. 1. It should be noted that the amendments to the POCO are also intended to meet the recommendations made by the Examiners with regard to Recs. 2 and 3, which were both rated LC.

### **Recommendations 5, 6 and 7**

4. In an effort to comply with the Examiners' recommendations for Recs. 5, 6 and 7 the TCI Authorities have decided to draft new regulations, revise the Code and draft guidelines. Since all these measures are in draft, none of the Examiners' recommendations have been met.

### **Recommendation 8**

5. With regard to Rec. 8, the Examiners recommended that financial institutions should have measures in place to deal with the misuse of technological developments and that the business of mortgage lending should be brought under a license regime which would make it subject to the AML/CFT regime. At present, the TCI Authorities are considering putting measures in place to prevent the misuse of technological developments and also bringing the business of mortgage lending under a licensing regime. Consequently, no measures have been put in place to address these Recs.

### **Recommendations 9, 10 and 11**

6. The draft regulations are intended to address the recommendations that the Examiners made with regard to Recs. 9 and 10.

### **Recommendations 12, 16 and 24**

7. With regard to the Examiners' recommendations for Recs. 12, 16 and 24 the Authorities are giving active consideration to them including a determination as to which body would have responsibility for oversight of and compliance by the DNFBPs.

### **Recommendation 13**

8. The TCI Authorities have revised the Suspicious Activity Reporting form, which has been circulated with attached guidance notes on August 10, 2009. Since the revised form has been issued, there have been two further meetings with industry representatives (August 14, 2009), which included the handling of Suspicious Activity Reports (SARs). Another seminar is planned for September 2009 to address the new form. While the recommendation pertaining to the standardization of SAR forms and guidance has been met, with regard to the timely filing of the SARs a review of the Guidance shows that the provision for filing states as follows: 'A SAR should be made as soon as the knowledge or suspicion that criminal proceeds exist has arisen, especially if consent may be required, or at the earliest opportunity thereafter'. This does not appear to narrow the Examiners concerns that the time frame given by the POCO was too broad; with the industry interpreting it to mean time periods that ranged from 24 to 30 days Accordingly, this aspect of the Examiners' recommendation has not been met.

### **Recommendation 15**

9. With regard to the Examiners' recommendations for Rec. 15, the Financial Services Commission (FSC) is preparing guidelines which are intended to address the issue of compliance with combating the financing of terrorism by all supervised financial institutions. The FSC is also reviewing the various means by which it can create awareness amongst financial institutions with regard to the issue of CFT. The seminar mentioned above (carded for September 2009) is aimed at addressing this issue. Fit and proper guidelines have been sent out by the FSC to the industry for review. The FSC will also include the requirement to keep employees training records as an aspect of their onsite examination. The guidelines have received approval at the last FSC Board of Directors meeting and are scheduled to be finalised and issued by Friday 2<sup>nd</sup> October 2009.

### **Recommendation 17**

10. In an effort to promote an effective implementation of enforcement actions that will increase the dissuasiveness of the existing sanctions as recommended by the Examiners, the FSC is now taking appropriate action under the existing framework through on-site supervisory follow-up process and greater enforcement action against AML and other regulatory deficiencies. The following table shows the enforcement action taken by the FSC for 2009.

No.	Division	Action taken	Status of Action
1.	Mutual Fund	Special Investigation leading to liquidation of company	Ongoing
2.	Banking	Restriction on acquiring new business	Ongoing
3.	Money Transmitters	Directive - Cease carrying on Business	Completed
4.	Banking	Directive – Not sell or reduce the assets of the company without prior permission of the FSC	Ongoing
5.	Trust	Directive – regularize business and submit outstanding financial statements	Ongoing
6.	Insurance	Directive – No new business & accounts frozen	Ongoing
7.	Insurance	Directive – No new Business, restriction on the transfer of assets/capital outside of the TCI, Increase the value of restricted deposit	Ongoing
8.	Banking	Disciplinary Action – fines failure to submit returns in accordance with the Banking Ordinance	Ongoing
9.	Trust	Revocation of Licence	Pending
10.	Company Management	Revocation of Licence	Pending
11.	Investment Dealers	Revocation of Licence	Pending
12.	Insurance	Imposition of penalty Fines for non-payment of Fees	Completed
13.	Company Management	Revocation of Licence	Pending

### **Recommendation 18**

11. The issue of financial institutions relationship with shell banks will be dealt with in the new regulations.

### **Recommendation 19**

12. The TCI Authorities at a meeting of the MLRA on March 12, 2009 determined that the mandatory reporting of transactions above a fixed threshold was not feasible at this time. However, with regard to money remitters the FSC is considering implementing a US \$5,000 reporting threshold. This Recommendation has accordingly been met by the TCI Authorities.

### **Recommendation 20**

13. The TCI Authorities note that there is a move to bring DNFBPs under a regulatory regime and also to determine which body will be tasked with oversight. However, this does not address the Examiners' recommendation that consideration be given to assessing the ML and FT risk in the construction industry. The second recommendation made by the Examiners under this Recommendation has however been met in that the casino has now been afforded credit card facilities, which would allow for a reduction in the amount of cash in circulation at the casino.

### **Recommendation 21**

14. With regard to the Examiners' recommendation that the FSC should promote an effective implementation of a country risk management regime with regard to AML/CFT an in that regard promote an effective implementation of provisions 4.18 and 4.23 of the Code amongst licensed institutions; it is under active consideration by the FSC. The second recommendation which pertains to dealing with countries which do not or insufficiently

apply the FATF standards has been addressed in the new regulations and will form part of the FSC's on-site examination.

### **Recommendations 22**

15. The TCI Authorities have included in the new draft regulations measures with regard to TCI financial institutions' subsidiaries in foreign jurisdictions. Since these measures are still in draft the Examiners' recommendation remains outstanding.

### **Recommendations 23**

16. With regard to the Examiners' recommendation that the FSC develop clear procedures for the assessment of integrity of relevant persons as part of its execution of the 'fit and proper' testing requirement, the FSC has issued new guidelines on fit and proper testing. The new guidelines at paragraph 8 state that the second part of the fit and proper test relates to character and includes key elements such as the probity, honesty, integrity and reputation of the individual concerned and goes on to describe what should be taken into consideration with regard to character. This appears to be sufficient to meet the Examiners' recommendation. With regard to the inclusion of collective investment schemes 'Core Principles' in their supervisory framework, TCI has indicated that a programme is currently under development with regard to the issuance of guidelines to ensure that IOSCO core principles are implemented.

### **Recommendation 25 and 26**

17. The Turks and Caicos Islands' Authorities have not met any of the Examiners' recommendations as they pertain to the issuance of trends and typologies, guidance with regard to combating the financing of terrorism etc. The typologies and risk trends noted by the TCI as being provided to the Evaluation Team were not considered to be such. The situation with regard to trends and typologies being published is as was noted in paragraphs 333 and 650 of the Report. The latter paragraph particularly stating that 'The interviewees expressed across industries that they were not provided with trend and typologies or any form of reports from the FCU that might increase their awareness of developments in ML and FT and assist relevant industries with the detection and deterrence of ML and FT practices'. The TCI Authorities have noted that statistics were published by the FCU in April 2009 in compliance with section 114 of the POCO which requires the MLRA to submit an annual report to the Governor.
18. The FSC is in the process of reviewing its structure in order to increase productivity in the division of work and is also implementing procedures to provide follow-up in deficiencies identified during on-site examinations. Additionally, the FSC is currently developing an AML cycle of examinations aimed at all regulated industries and will issue guidelines based on the information gathered. With regard to DNFBCPs the position is as previously stated i.e. the determination of a body that would be tasked with the oversight. The Examiners' recommendations with regard to Rec. 25 remain outstanding at this time.
19. The TCI Authorities have cited the same actions for most of Rec. 26 as for Rec. 25. Accordingly, they have been put together. With regard to the operational independence of the Head of the FCU, the Authorities have stated that this matter is under review and noted that the Head of the FCU has full operational independence when dealing with

SARs and carries out all staff recruitment. While this is noted there is nothing to suggest that the integral role played by the Commissioner of Police in the operation of the Unit has been addressed. The TCI Authorities have upgraded the security at the FCU location by the installation of steel doors. This measure would appear to meet the Examiners recommendation for more stringent security. Based on the overall action taken however the majority of the Examiners' recommendations for Rec. 26 have not been complied with.

### **Recommendation 29**

20. With regard to Rec. 29, the Examiners recommended that the Registrar of Insurance and the Registrar of Co-operatives be given adequate powers of enforcement and sanction against financial institutions their directors and senior management for failure to comply with AML/CFT requirements. The TCI Authorities have implemented a policy of reporting within thirty (30) days of an onsite visit and a Consultant examiner is being used to reduce the current backlog. TCI also notes that the FSC Ordinance provides for administrative financial sanctions. However, the regulatory regime for imposing a fine has not been enacted and neither the AMLR nor the Code addresses the amount of the fine in case of a sanction.

### **Recommendation 30 and 31**

21. With regard to resources, there is a serious strain on the local economy as a result of the worldwide economic downturn however; the MLRA is reviewing the situation in order to make appropriate recommendations to the Governor in relation to manpower and other resource constraints.
22. As it pertains to Rec. 31, the Money Laundering Reporting Authority (MLRA) agreed that the minimum number of meetings per year would be once every quarter in an effort to meet the Examiners' recommendation that the MLRA should play a more active role in local cooperation and coordination. In fact the MLAR has been meeting every month for the year 2009. With regard to the recommendation that the Principal Crown Counsel attend the meetings of the MLRA, the TCI Authorities have stated that attendance is based on what the agenda warrants and if the attendance of the Prosecuting Attorney is required then that person would attend. No measures have been taken with regard to the development and implementation of policies and activities to combat ML/FT by the MLRA.

### **Recommendation 32**

23. The issue with regard to this Rec. focused on the lack of statistics. TCI has determined that based on its newly planned cycle of AML on-site examinations that statistics would be produced on deficiencies and appropriate sanctions to be applied. This however does not address the issue of comprehensive statistics not being maintained by all competent authorities or the review of these statistics to determine the effectiveness of the AML/CFT systems.

### **Recommendations 33 and 34**

24. With regard to the recommendation that guidelines in relation to the issuance of bearer shares be developed, the FSC is in the process of developing such guidelines. The recommendation pertaining to the development of procedures to deal with instances where bearer shares are held by an institution outside the TCI has not been addressed by the TCI Authorities. In dealing with the recommendation that the FCU ensure that all legal persons are made aware of the POCO and Code requirements for reporting suspicious transactions, the FSC and the FCU are planning to host a seminar in September 2009 toward this end. Additionally, as discussed above the new SAR form has been issued to all regulated persons along with guidelines for its use.
25. The recommendations pertaining to Rec. 34 required that the FCU ensure that persons dealing with Legal Arrangements are made aware of the requirements in the POCO and the MLRA regarding the reporting of suspicious transactions. Additionally, that the FCU should review its training programme to include AML/CFT training on matters relative to legal arrangements. The TCI Authorities have arranged training in London, UK in September 2009 for the Judiciary, Prosecutors and key law enforcement officials. While this is commendable it is unclear as to how this addresses the recommendations made by the Examiners. The FCU has also recently given presentations on legal arrangements and compliance issues in relation to the submission of STRs/SARs to the money remitters and insurance industries and are now in the planning stage for formalized presentations in the remaining industries.

#### **Recommendations 35, SR I, 36, 38 and 40**

26. With regard to Rec. 35 and SR. I, the TCI has decided to request the extension of the UK Terrorist Financing Act to the TCI by Order in Council, which would provide the statutory framework for the extension of the Conventions. As it pertains to Rec. 36 and the considering of rendering mutual legal assistance for requests which deal solely or in part with tax matters, the TCI has signed three Tax Information Exchange Agreements (TIEA) with the Netherlands, the UK and Ireland in June 2009 and active negotiations with twelve (12) other OECD countries are ongoing with the expectation that these TIEA will be signed before the end of 2009. The TIEAs would facilitate the exchange of information on tax matters not covered by the MLATs. With regard to Rec. 38 and the development of administrative guidelines to deal with the rendering of international cooperation in a timely manner, the Examiners' recommendation is under active consideration. The stipulation of specific standard operating procedures for dealing with the execution of request received is also under review. The FSC is also currently negotiating a MOU with the Cayman Islands Monetary Authority and plans to enter into MOUs with The Bahamas, Trinidad & Tobago and Barbados.

#### **Special Recommendations II**

27. With regard to this Recommendation the TCI Authorities have stated that they would review the penalties for terrorism and terrorist financing offences. The other recommendations made by the Examiners have not been addressed.

#### **Special Recommendation VII**

28. The POCA (Money Laundering Prevention) Regulations, 2007 (Regulation 9) requires every regulated business that conducts wire transfers or other electronic funds transfers to

keep in its records information on the originator, the recipient and other relevant information. Additionally, the BOJ AML/CFT Guidance Notes provides specific guidance with regard to SR VII on (1) domestic and cross border wire transfers, (2) batch transfers and (3) transfers not accompanied by the complete originator information. These measures allow compliance with the first recommendation made by the Examiners under SR VII. However, no modules for testing compliance have been developed as recommended by the Examiners.

#### **Special Recommendation IV**

29. The Examiners recommended that the reporting of STRs with regard to terrorism and the financing of terrorism should include suspicion of terrorist organisations or those who finance them and that the obligation to make a STR related to terrorism should include attempted transactions. Toward this end, the TCI has decided to request the extension of the relevant sections of the UK Terrorist Financing Act to the TCI by Order in Council. As noted before this measure would provide the legal framework that would allow the Examiners' recommendation to be addressed.

#### **Special Recommendations VI**

30. With regard to SR. VI, all money transmitters are now licensed under the Money Transmitters Ordinance and will be included in the AML on-site examination cycle. The information gathered during the examination cycle will be used to develop guidelines to this sector. Money transmitters are now captured under the banking department of the FSC, which has received additional staff to provide the necessary oversight. Accordingly, with the exception of the development of the guidelines and the actual on-site examination of the MVT sector, the TCI has complied with the Examiners' recommendations.

#### **Special Recommendations VII, VIII and IX**

31. With regard to the Examiners' recommendations for SR VII, TCI has noted that the new regulations and Code will address unusual transactions which will also capture unusual transactions by money transmitters. While this is noteworthy, it does not address the specific recommendations made by the Examiners which specifically target domestic, cross-border and non-routing wire transfers. The MLRA is currently considering the best means to implement a regulatory framework for NPOs in order to comply with the SR VIII recommendations. It was noted by TCI that all NPOs are aware of the revised procedure for reporting suspicious transactions. The Examiners recommendations with regard to SR. IX are under review by the relevant departments.

### **III. Conclusion**

32. The Turks and Caicos Islands is still in the process of drafting legislation and reviewing the implementation of recommendations made by the Examiners. With the exception of Rec. 19, generally, none of the Examiners' recommendations have been fully complied with.
33. Based on the aforementioned, it is recommended that The Turks and Caicos Islands remain on enhanced follow-up and report back to the Plenary in May 2010.

**Matrix with Ratings and Follow-Up Action Plan 3rd Round Mutual Evaluation  
Turks and Caicos Islands**

FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
<b>Legal systems</b>				
1. ML offense	PC	<p>The exact scope of what the POCO appeals, amends and saves is ambiguous.</p> <p>Schedule 1 of the POCO refers to offences which are not defined in the laws of the TCI, namely directing terrorism, people trafficking and arms trafficking.</p> <p>The FATF 20 Designated Categories of Offences are not fully reflected in the laws of the TCI.</p> <p>All the precursor chemicals under Article 3 (c)(ii) of the Vienna Convention are not covered by TCI law and there is no precursor chemical legislation.</p> <p>The effectiveness of TCI's legal framework is difficult to assess since there have no money laundering convictions since 2002.</p> <p>The defence to the ML offence at section 119(2) of the POCO provides a criminal with the opportunity to escape liability merely by showing that the property was obtained for adequate consideration.</p>	<ul style="list-style-type: none"> <li>The POCO should clearly reflect what it is intended to save, repeal or amend and consolidate of the pre-existing law in relation to anti money laundering, as sections 150 and 151 of the POCO do not effectively achieve this. Omissions contained in Schedules 5 and 6 of the POCO should also be addressed in order to fully reflect what the POCO seeks to do. In addition, the enabling provisions for the offences of directing terrorism, arms trafficking and human trafficking listed in Schedule 1 should be clearly defined.</li> <li>TCI should fully comply with Article 3(1)(c) in relation to the precursor chemicals requirements. The FATF 20 Designated Offences should also be fully incorporated in the laws of the Islands.</li> </ul>	<ul style="list-style-type: none"> <li>A draft amendment to POCO is being prepared and will address these issues.</li> </ul>
2. ML offense—mental element and corporate liability	LC	<p>The penalties for money laundering upon summary conviction are lenient and therefore are not dissuasive sanctions.</p> <p>The efficacy of implementation of the anti-money laundering regime is uncertain, particularly in view of the very low incidence of ML prosecutions.</p>	<ul style="list-style-type: none"> <li>The penalty for the primary money laundering offences (sections 117, 118 and 119) upon summary conviction should be sufficiently dissuasive, so as not to limit prosecution of money laundering at the magisterial level to the most trivial of cases</li> </ul>	<ul style="list-style-type: none"> <li>A draft amendment to POCO is being prepared that will address the penalty for the primary money laundering offences.</li> </ul>
3. Confiscation and provisional measures	LC	<p>Forfeiture or confiscation of instrumentalities intended for use in or used in ML/FT offences are not clearly covered by the POCO.</p>	<ul style="list-style-type: none"> <li>The POCO should be amended to provide for the confiscation and/or forfeiture of instrumentalities intended for use in or used in ML/FT offences.</li> </ul>	<ul style="list-style-type: none"> <li>A draft amendment to POCO is being prepared and will provide for the confiscation and/or forfeiture of instrumentalities intended for use or used in ML/FT offences.</li> </ul>
<b>Preventive measures</b>				

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FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
4. Secrecy laws consistent with the Recommendations	C	This Recommendation is fully observed.		
5. Customer due diligence	NC	<p>There are no requirements in the POCO and AMLR which prohibit financial institutions from keeping anonymous accounts or accounts with fictitious names.</p> <p>No requirement for the conduct of CDD measures where the financial institution has doubts about the veracity or adequacy of previously obtained customer identification data.</p> <p>No requirement for financial institutions to conduct CDD on legal persons or legal arrangements.</p> <p>No requirement for financial institutions to verify that any person purporting to act on behalf of a customer who is a legal person is so authorized, and identify and verify the identity of that person.</p> <p>No requirement for financial institutions to verify the legal status of the legal person or legal arrangement.</p> <p>No requirement for financial institution perform enhanced due diligence for higher risk categories of customer, business relationship or transaction.</p> <p>No requirement for financial institutions to conduct ongoing due diligence on existing customers.</p> <p>No requirement for financial institutions to perform enhanced due diligence on high risk customers.</p> <p>No requirement for financial institutions to undertake CDD measures when carrying out occasional transactions that are wire transfers in the circumstances covered by the Interpretative Note to SR VII.</p> <p>No requirement to terminate the business relationship if proper CDD cannot be conducted.</p>	<ul style="list-style-type: none"> <li>• Legislation should be enacted or amended to require that financial institutions: undertake CDD measures when carrying out occasional transactions that are wire transfers in the circumstances covered by the Interpretative Note to SR VII; verify that any person purporting to act on behalf of legal persons or legal arrangements is so authorized and identify and verify the identity of that person; take reasonable measures to determine the natural persons that ultimately own or control legal persons or legal arrangements.</li> <li>• Legislation should be enacted or amended to prohibit financial institutions from keeping anonymous accounts or accounts with fictitious names.</li> <li>• Legislation should be enacted or amended to require that financial institutions conduct CDD measures whereby the financial institution has doubts about the veracity or adequacy of previously obtained customer identification data.</li> <li>• Legislation should be enacted or amended to require that financial institutions conduct CDD on legal persons or legal arrangements.</li> <li>• There seemed to be a high level of dependence on personal relationships between financial institutions and clients which results in CDD measures not being carried out. During interviews with financial institutions these institutions typically indicated that the reason for limited or no CDD measures is a result of</li> </ul>	<ul style="list-style-type: none"> <li>• The requirement that financial institutions undertake CDD measures when carrying out occasional transactions; verify that any person purporting to act on behalf of legal persons or legal arrangements is so authorized and identify and verify the identity of that person; take reasonable measures to determine the natural persons that ultimately own and control legal persons or legal arrangements will be addressed by the new Regulations when they are brought into force.</li> <li>• New regulations when brought into force will prohibit financial institutions from keeping anonymous accounts or accounts with fictitious names.</li> <li>• Draft guidelines on PEP have now been circulated to the industry for consultation before implementation.</li> <li>• Revised Code addressed the CDD</li> </ul>

**Matrix with Ratings and Follow-Up Action Plan 3rd Round Mutual Evaluation  
Turks and Caicos Islands**

<b>FATF 40+9</b>	<b>Rat- ing</b>	<b>Summary of Factors for Rating</b>	<b>Recommended Actions</b>	<b>Actions Undertaken by Turks and Caicos Islands</b>
		<p>No requirement for financial institutions to ensure that documents, data or information collected under the CDD process is kept up to date.</p> <p>Lack of guidance on matters such as PEPs, risk based approach and reduced CDD impacts on the effectiveness of the TCI's AML/CFT regime.</p> <p>The scope of AML/CFT legislation in the TCI does not cover financial institutions that engage in mortgage lending.</p> <p>No effective implementation of AML/CFT regime as a result of recent enactment of legislation (AMLR and Code) and guidance.</p>	<p>the small size of the local industry and the fact that everyone knows each other. Such scenarios may open the TCI to a higher risk of financial institutions being used for money laundering and financing of terrorism. Therefore, TCI authorities should develop a sensitization campaign whereby financial institutions are made aware of the benefits and requirement to do relevant CDD.</p>	<p>issue, including PEPs.</p> <ul style="list-style-type: none"> <li>• Technical assistance has been requested by the FSC in order to implement effectively the AML/CFT regime.</li> </ul>

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<b>FATF 40+9</b>	<b>Rat- ing</b>	<b>Summary of Factors for Rating</b>	<b>Recommended Actions</b>	<b>Actions Undertaken by Turks and Caicos Islands</b>
6. Politically exposed persons	NC	<p>No requirements concerning PEPs are applicable to regulated persons at present.</p> <p>No requirement for senior management approval of a relationship with a customer who is found to be a PEP.</p> <p>No requirement for senior management approval to continue a relationship with a customer who is subsequently found to be a PEP or who subsequently becomes a PEP.</p> <p>Little awareness of the requirements in relation to the performance of enhanced CDD measures on high risk customers who are PEPs.</p> <p>No effective implementation of AML/CFT regime as a result of recent enactment of legislation (AMLR and Code) and guidance.</p>	<ul style="list-style-type: none"> <li>Financial institutions should be required to seek senior management approval for a relationship with a customer who is found to be a PEP and to continue a relationship with a customer who is subsequently found to be a PEP or who subsequently becomes a PEP.</li> <li>The FSC should consider issuance of guidance with regard to financial institution's handling of relationships with PEPs.</li> </ul>	<ul style="list-style-type: none"> <li>New Regulations and Code will require that financial institutions be required to seek senior management approval for a relationship with a customer who is found to be a PEP and to continue a relationship with a customer if subsequently found to be a PEP or who subsequently becomes a PEP.</li> <li>Draft guidelines on PEPs issued by the FSC.</li> </ul>
7. Correspondent banking	NC	<p>No requirement to determine the reputation of a respondent and the quality of supervision.</p> <p>No provision to obtain senior management approval before establishing new correspondent relationships.</p> <p>No provision to document respective AML/CFT responsibilities in correspondent relationships.</p> <p>No requirement for financial institutions with correspondent relationships involving "payable-through accounts" to be satisfied that the respondent financial institution has performed all normal CDD obligations on its customers that have access to the accounts.</p> <p>No requirement for the financial institution to be satisfied that the respondent institution can provide reliable customer identification data upon request.</p> <p>No effective implementation of AML/CFT regime as a result of recent enactment of legislation (AMLR and Code) and guidance.</p>	<ul style="list-style-type: none"> <li>TCI authorities should consider issuing more guidance to financial institutions on matters relating to AML/CFT.</li> </ul>	<ul style="list-style-type: none"> <li>Draft guidelines on AML/CFT currently being prepared by the FSC.</li> </ul>

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FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
8. New technologies & non face-to-face business	NC	No provision for financial institutions to have in place or take such measures as may be needed to prevent the misuse of technological developments in money laundering or terrorist financing schemes.	<ul style="list-style-type: none"> <li>• Financial institutions should have in place or take such measures as may be needed to prevent the misuse of technological developments in money laundering or terrorist financing schemes.</li> <li>• TCI authorities should consider bringing the business of mortgage lending under a licensing regime which will make it subject to AML/CFT requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• TCI is considering putting in place measures to prevent the misuse of technological developments.</li> <li>• Bringing the business of mortgage lending under a licensing regime is currently under active consideration by TCI authorities.</li> </ul>
9. Third parties and introducers	PC	<p>No requirement for all financial institutions relying on a third party to immediately obtain from the third party the necessary information concerning elements of the CDD process covering identification and verification of customers and beneficial owners and the purpose and intended nature of the business relationship.</p> <p>No provision requiring financial institutions to satisfy themselves that the third party is regulated and supervised (in accordance with Recommendations 23, 24 and 29) and has measures in place to comply with the CDD requirements set out in Recommendations 5 and 10.</p>	<ul style="list-style-type: none"> <li>• Financial institutions relying on a third party should be required to immediately obtain from the third party the necessary information concerning elements of the CDD process covering identification and verification of customers and beneficial owners and the purpose and intended nature of the business relationship.</li> <li>• Financial institutions should be required to satisfy themselves that the third party is regulated and supervised (in accordance with Recommendations 23, 24 and 29) and has measures in place to comply with the CDD requirements set out in Recommendations 5 and 10.</li> <li>• Financial institutions relying on third parties should be ultimately responsible for customer identification and verification.</li> <li>• TCI authorities should make more explicit requirements for financial institutions to immediately obtain from the third party all the necessary information concerning certain elements of the CDD process and for financial institutions to accept introducers pursuant to its assessment of</li> </ul>	<ul style="list-style-type: none"> <li>• The issue of third parties and introducers are covered in the new Regulations.</li> <li>• This issue is addressed in the new Regulations.</li> <li>• This issue is addressed in the new Regulations.</li> <li>• This issue is addressed in the new Regulations.</li> </ul>

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FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
			AML/CFT adequacy.	Regulations.
10. Record keeping	PC	There are no requirements for financial institutions to maintain records of the identification data, account files and business correspondence for at least five years following the termination of an account or business relationship (or longer if requested by a competent authority in specific cases upon proper authority).	<ul style="list-style-type: none"> <li>It is recommended that the TCI review its legislative and regulatory provisions to take consideration of all requirements of Recommendation 10 particularly as it pertains to the retention of records and that appropriate legislation should be enacted as soon as possible.</li> </ul>	<ul style="list-style-type: none"> <li>This issue of retention of records was in our view addressed and covered in our existing Regulations. We have however addressed this issue in the new Regulations which we hope would now be recognized as fully addressing this issue.</li> </ul>
11. Unusual transactions	NC	<p>No requirements for special attention to be paid to characteristics of size and purpose of transactions.</p> <p>No requirement to put findings in writing that result from a closer investigation of complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose.</p> <p>No minimum record retention period applies for the findings resulting from a closer investigation of unusual transaction patterns.</p> <p>No effective implementation of AML/CFT regime as a result of recent enactment of legislation (AMLR and Code) and guidance.</p>	<ul style="list-style-type: none"> <li>TCI authorities should expand the scope of attention for unusual transaction patterns to include characteristics of size and purpose as addressed in Rec. 11 (essential criterion 11.1).</li> <li>Financial institutions should be required to set forth in writing any findings related to a closer examination of the background and purpose of unusual transaction patterns.</li> <li>The record retention policy addressed under section 7 of the AMLR should be expanded to provide for the retention of records related to a closer investigation of the background and purpose of unusual transactions.</li> </ul>	<ul style="list-style-type: none"> <li>The issues of unusual large transactions, unusual transaction patterns are addressed in the new Regulations.</li> </ul>
12. DNFBP–R.5, 6, 8-11	NC	For the majority of the DNFBPs that have not been subjected to the TCI AML/CFT legislative framework, it remains unclear how TCI authorities will ensure proper compliance with recommendation 5, 6 and 8 through 11 of the FATF. Except for trust and company service providers which are considered financial institutions, effective implementation of Rec. 12 lacks for all remaining groups of DNFBP’s.	<ul style="list-style-type: none"> <li><b>Contact the relevant new businesses and professions that have been subjected to AML/CFT rules and regulations due to the recently enacted legislation</b></li> </ul>	<ul style="list-style-type: none"> <li>Under active consideration with the view to a policy being determined as to which body would be responsible for oversight and compliance.</li> </ul>

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FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
		<p>No contact has been established with dealers in precious metals or precious stones to inform them of the AML/CFT legislative changes and the consequences thereof for the relevant industry.</p> <p>TCI Authorities have not determined yet who will be responsible for the compliance oversight of the dealers in precious metals and precious stones.</p> <p>TCI Authorities have not defined the targeted risk that it aims to manage with the inclusion of dealers in goods of any description involving a cash payment of \$50,000 or the equivalent in any currency, under the definition of relevant businesses, and consequently, TCI authorities are unable to develop an implementation plan for this specific group of DNFBPs.</p> <p>There is a lack of information to the real estate industry, about the AML/CFT changes in the legislation and its implications for the sector.</p> <p>The TCI real estate sector is currently not regulated, thereby imposing a constraint to the effective implementation of an AML/CFT oversight regime for the relevant sector.</p> <p>No implementation plan has been developed yet for the regulatory oversight of the legal practitioners' industry or the accounting/auditing industry relative to their compliance with AML/CFT rules and regulations.</p> <p>The gaming industry lacks the implementation of an AML/CFT compliance supervisory regime.</p>	<p><b>and inform them of the consequences of these changes for their respective industries.</b></p> <ul style="list-style-type: none"> <li>• Define the major risk area targeted under the group of DNFBP's categorized as "dealers in goods of any description involving a cash payment of \$50,000 or the equivalent in any currency".</li> <li>• Determine who will be responsible for the oversight of the precious metals and precious stones industry and the industry labelled as "dealers in goods of any description involving a cash payment of \$50,000 or the equivalent in any currency"</li> <li>• Where not regulated, TCI should regulate market participants in order to be able to monitor compliance by these market players with applicable AML/CFT rules and regulations;</li> <li>• Determine who will be responsible for the regulatory oversight of the relevant DNFBP's;</li> <li>• In light of client privileges issues that might arise relative to the implementation of an oversight regime for legal advisers, it is advisable that a structure be maintained for these DNFBP's, where their duties relative to financial or real estate transactions on behalf of their clients is legally and physically separated from their other legal proceedings assistance duties.</li> <li>• TCI should consider the use of the Bar Association as a channel for the training of industry practitioners.</li> <li>• TCI should define the role of respectively, the Gaming Inspectorate and the FCU, in</li> </ul>	<ul style="list-style-type: none"> <li>• Under active consideration with a view to determining which body would have responsibility for oversight and compliance. When responsible body is determined these recommendations will be considered.</li> </ul>

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		The role of the Gaming Inspectorate and the FCU in the implementation of the AML/CFT framework is not clearly defined.	<p>the implementation of the AML/CFT framework, in order to avoid inefficiencies.</p> <ul style="list-style-type: none"> <li>• Adequate training should be provided to gaming inspectors and their role and legal authority in the implementation and oversight of the AML/CFT framework for the gaming industry should be clearly defined.</li> </ul>	

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13. Suspicious transaction reporting	PC	<p>The guidance provided for the effective execution of the suspicious transaction reporting requirement is not considered sufficient</p> <p>The broad time frame given by the POCO has been interpreted by the industry to be time periods that seem quite long. (24 to 30 days).</p> <p>The awareness amongst financial institutions for the misuse of TCI's financial system for the financing of terrorist is low thereby affecting the effectiveness of the CFT regime.</p> <p>The deficiencies identified within R 1 as it pertains to predicate offences not defined in the TCI laws; specifically directing terrorism, people trafficking and arms trafficking are also applicable here.</p>	<ul style="list-style-type: none"> <li>• TCI Authorities should provide for more guidance in the process of reporting unusual transactions. In this regard, standardized STR-forms that meet the requirements of the industry should be issued. Furthermore, the means through which STRs should be filed with the FCU should be standardized.</li> <li>• TCI Authorities should consider issuing guidelines on the filing of STRs which includes information on the requirement for timely filing to ensure a prompt reporting behaviour.</li> </ul>	<ul style="list-style-type: none"> <li>• The standardized reporting form was approved at the meeting of the MLRA on the 20<sup>th</sup> of Feb 2006. A copy of the form and the minutes of the meeting were provided to the evaluation team. This included the method of filing.</li> <li>• This was published at a presentation to the industry by way of a two-hour presentation, including power point, copies of which were distributed.</li> <li>• A revised form has since been circulated with guidance notes attached.</li> <li>• There have been two further meetings with industry reps which included the handling of SAR's.</li> <li>• Further seminar is planned for September 2009 to address the new form.</li> </ul>
14. Protection & no tipping-off	C	This Recommendation is fully observed.		
15. Internal controls, compliance & audit	PC	<p>Applicable requirements for the implementation of an internal control framework do not address the issue of CFT.</p> <p>Policy manuals of entities supervised by the FSC do not include CFT.</p>	<ul style="list-style-type: none"> <li>• The FCS should screen the Policy Manuals of all supervised financial institutions, to ensure compliance with CFT.</li> <li>• The FSC should play a more active role in creating awareness amongst financial institutions with regard to the issue of CFT.</li> </ul>	<ul style="list-style-type: none"> <li>• The FSC will prepare guidelines to address these issues.</li> <li>• The FSC is reviewing all the various means in order to create awareness amongst financial</li> </ul>

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		<p>No requirements in place for the appointment of an independent audit function to test compliance with procedures, policies and controls on AML/CFT.</p> <p>No effective implementation of the AMLR requirement to keep training records of employees.</p> <p>No requirement to have financial institutions put in place screening procedures to ensure that high standards apply when hiring new employees.</p>	<ul style="list-style-type: none"> <li>• The TCI should provide guidance for financial institutions on the implementation of an independent audit function to test compliance with AML/CFT procedures, policies and controls.</li> <li>• TCI should take appropriate action to implement the recently enacted AMLR requirement to keep employees training records.</li> <li>• The TCI should amend its requirement for screening relevant personnel upon hiring, to the screening of all employees to fully comply with essential criterion 15.4.</li> <li>• Financial institutions should be required to have their screening policy for new personnel formalized and documented for review by the FSC.</li> </ul>	<p>institutions with regard to the issue of CFT. A seminar is planned for September 2009 and will cover this issue.</p> <ul style="list-style-type: none"> <li>• The FSC will include the requirement to keep employees training records as an aspect of their on-site examination.</li> <li>• Fit and Proper guidelines have been sent out by the FSC to the industry for review.</li> <li>• Fit and Proper guidelines have been issued to the industry.</li> </ul>

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16. DNFBP–R.13-15 & 21	NC	<p>There is a lack of implementation of the AML/CFT legislative framework for DNFBPs</p> <p>To date no STRs have been filed with the FCU by any category of DNFBP, except for Trust and company service providers.</p> <p>No training of DNFBPs on the filing of STRs.</p> <p>DNFBPs have not implemented an internal framework for the compliance with AML/CFT rules and regulations.</p>	<ul style="list-style-type: none"> <li>• TCI should ensure an effective implementation of the recently enacted AML/CFT legislative framework for DNFBPs, including the requirement for the filing of STRs.</li> <li>• TCI Authorities should consider training for DNFBPs on the filing of STR's to promote a compliant regime within the relevant industries.</li> <li>• The relevant supervisory authorities per category of DNFBP should issue guidelines and instructions on the drawing up and maintaining of internal frameworks for compliance with AML/CFT rules and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• Under active consideration with a view to determining which body would have responsibility for oversight and compliance of DNFBPs. These issues will be addressed when the body, which will be responsible for DNFBP, is determined.</li> </ul>
17. Sanctions	PC	<p>The sanctions in the legislative framework are not effective or dissuasive.</p> <p>Financial sanctions can not be applied by the supervisory without a court order.</p> <p>The sanctions applicable in case of non-compliance with provisions of the AMLR in respect of regulation 10 are not defined in the respective legislation.</p>	<ul style="list-style-type: none"> <li>• The TCI supervisory authority should promote an effective implementation of enforcement actions in order to increase the dissuasiveness of the existing sanctions framework. This can be improved amongst other methods through improvement of the follow up provided by the supervisory authority relative to outstanding issues with regard to the compliance with AML/CFT rules and regulations by financial institutions.</li> <li>• The TCI Authorities should make appropriate adjustments to its legislative framework to provide for the FSC to impose financial sanctions without court order in case of non-compliance with AML/CFT rules or regulations.</li> <li>• The TCI should include in the AMLR the sanctions applicable to an offence under AMLR section 10(1).</li> </ul>	<ul style="list-style-type: none"> <li>• The FSC is now taking appropriate actions under the existing framework through on-site supervisory follow up process and greater enforcement action against AML and other regulatory deficiencies.</li> <li>• The relevant legislation will be reviewed with a view to ensuring that appropriate sanctions can be applied without the need for a Court order.</li> </ul>

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18. Shell banks	PC	Although the Code appropriately addresses shell banks it cannot be properly enforced.	<ul style="list-style-type: none"> <li>• Financial institutions should not be permitted to enter into, or continue, correspondent banking relationships with shell banks.</li> <li>• Financial institutions should be required to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks.</li> </ul>	<ul style="list-style-type: none"> <li>• The issue of financial institutions relationship with shell banks have been addressed in the new Regulations.</li> </ul>
19. Other forms of reporting	NC	It appears that the TCI Authorities have not considered the feasibility and utility of implementing a system where financial institutions are required to report all transactions above a fixed threshold.	<ul style="list-style-type: none"> <li>• We advise that the TCI consider the implementation of a system where all (cash) transactions above a fixed threshold are required to be reported to the FCU. In this regard TCI should include as part of their considerations the possible increase of STRs filed, the size of this increase compared to resources available for analyzing the information and the effectiveness of the additional intelligence in the process of intercepting illicit activities.</li> </ul>	<ul style="list-style-type: none"> <li>• TCI Authorities had considered and decided against the use of a system where all (cash) transactions above a fixed threshold require reporting to the FCU. However, in the light of the CFATF insistence, the FSC is considering a \$5,000 threshold for money transmitters.</li> </ul>
20. Other NFBP & secure transaction techniques	PC	<p>TCI has not considered the risk of other non-financial businesses and professions being misused for the purpose of ML/ FT.</p> <p>TCI Authorities have not considered or taken adequate steps to ensure that the money laundering risk associated with the large volumes of cash at the casinos are reduced.</p>	<ul style="list-style-type: none"> <li>• TCI should consider if there are other non-financial businesses and professions that are at risk of being misused for ML or FT. In this regard, TCI should specifically assess the risk of ML and FT in the construction industry, considering the amount of cash turnover in this industry.</li> </ul>	<ul style="list-style-type: none"> <li>• There is a move to bring DNFBPs under a regulatory regime. The only outstanding issue is to determine which body will be tasked with oversight.</li> </ul>

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			<ul style="list-style-type: none"> <li>• TCI Authorities should consider taking an intermediary role in the process of establishing proper communications between local banks and the casino, in order to assure that credit card facilities for casino clients are available at the casinos place of business in order to reduce the amount of cash in circulation in the casino.</li> </ul>	<ul style="list-style-type: none"> <li>• Credit card facilities are now available in casinos.</li> </ul>

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21. Special attention for higher risk countries	NC	<p>The majority of financial institutions do not observe the level of compliance of the foreign jurisdiction when establishing international business relationships.</p> <p>No effective implementation of AML/CFT regime as a result of recent enactment of legislation (AMLR and Code) and guidance.</p>	<ul style="list-style-type: none"> <li>The FSC should promote an effective implementation of a country risk management regime with regard to AML/CFT. In this regard, the FSC should promote an effective implementation of provisions 4.18 and 4.23 of the Code amongst licensed institutions.</li> <li>It is not a conclusive requirement to issue a blacklist containing countries that do not or insufficiently apply the FATF standards. However, if a particular jurisdiction continues to impose a high risk for ML or TF on the financial services industry of the TCI, the FSC should consider applying its powers under the FSCO to issue additional guidance on the subject. In this respect, the FSC might consider for example issuing a list of countries that do not or insufficiently apply the FATF standards and for which transactions originating from these countries should be subject to a higher degree of scrutiny.</li> </ul>	<ul style="list-style-type: none"> <li>Under active consideration by the FSC.</li> <li>This has been addressed in the new Regulations and will form a part of the FSC on-site examinations.</li> </ul>
22. Foreign branches & subsidiaries	NC	<p>There are currently no provisions in place pertaining to the regulation of compliance with AML/CFT rules and regulations by TCI financial institutions' subsidiaries in foreign jurisdictions.</p>	<ul style="list-style-type: none"> <li>Although, the TCI does not have any local financial institution, with foreign branches and/or subsidiaries, TCI should consider including regulations pertaining to possible TCI financial institutions' subsidiaries in foreign jurisdictions. Particularly in light of the envisioned growth of the financial services industry.</li> </ul>	<ul style="list-style-type: none"> <li>The TCI has considered including regulations pertaining to possible TCI financial institutions' subsidiaries in foreign jurisdictions and have included provisions in the new Regulations.</li> </ul>
23. Regulation, supervision and monitoring	PC	<p>The integrity component to the "fit and proper" testing of relevant persons is not clearly specified by the FSC.</p> <p>There was no evidence that Collective investment Schemes' Core Principles (IOSCO) apply for Mutual Funds in TCI.</p> <p>The recently enacted legislative framework providing</p>	<ul style="list-style-type: none"> <li>The FSC should develop clear procedures for the assessment of integrity of relevant persons, as part of its execution of the "fit and proper" testing requirement.</li> <li>The TCI should consider the relevance of including collective investment schemes "Core Principles" in their supervisory framework.</li> </ul>	<ul style="list-style-type: none"> <li>New guidelines have now been issued by the FSC on fit and proper testing</li> <li>A programme is currently under development with a view to the</li> </ul>

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		for the licensing and supervision of MVT is not yet effective.	<ul style="list-style-type: none"> <li>• The TCI should develop an approach and set clear terms for the effective implementation of the recently enacted MTO. In this regard, the TCI should consider its resources and where required take action to support an effective implementation of a supervisory regime for MVTs</li> </ul>	<p>issuance of guidelines to ensure that IOSCO core principles are implemented.</p> <ul style="list-style-type: none"> <li>• All money transmitters are now licensed and supervised by the FSC. This falls under the Banking Department of the FSC</li> </ul>

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24. DNFBP - regulation, supervision and monitoring	NC	<p>No implementation plan in place addressing the relevant issues pertaining to the effective implementation of an AML/CFT oversight regime for the gaming industry.</p> <p>The due diligence performed on entities requesting a gaming license is not formally established, nor is it clear that all key personnel are subjected to scrutiny for the purpose of granting a gaming license.</p> <p>TCI authorities have not appointed oversight body(ies) that is/are responsible for monitoring compliance with AML/CFT rules and regulations by DNFBPs (except for trust and company service providers that fall under the supervision of the FSC).</p> <p>No effective implementation of the enforcement regime for DNFBPs.</p> <p>The Gaming Inspectorate does not have the ability to disclose information to overseas regulators and to domestic regulators.</p>	<ul style="list-style-type: none"> <li>• TCI should draw up an implementation plan, for the AML/CFT supervisory regime for casinos. This plan should address the following: <ul style="list-style-type: none"> <li>◦ Who is responsible for the training of gaming inspectors in the area of AML/CFT compliance oversight;</li> <li>◦ Who is responsible for informing the relevant sector of the AML/CFT changes and the respective implications for the relevant sector;</li> <li>◦ Who is responsible for training of the gaming industry in the introductory phase;</li> <li>◦ What are the tools required for an effective oversight of the industry's compliance with AML/CFT laws and regulations;</li> <li>◦ Where necessary resources should be sought to appropriately equip the Gaming Inspectorate for the effective AML/CFT oversight tasks.</li> </ul> </li> <li>• The due diligence process performed for the granting of a Gaming license should be formalized and TCI Authorities should determine the risk areas within gaming establishments and require that key personnel responsible for these risk areas be assessed by the Gaming Inspectorate.</li> <li>• The Gaming Inspectorate should possess the ability to disclose information to overseas regulators and to share information with domestic regulators.</li> </ul>	<ul style="list-style-type: none"> <li>• There is a move to bring DNFBPs under a regulatory regime. The only outstanding issue is to determine which body would be tasked with oversight.</li> </ul>

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			<ul style="list-style-type: none"> <li>• TCI Authorities should appoint an oversight body for each of the category of DNFBBs (same oversight body might also supervise more than one category of DNFBB) in order to determine effective compliance by regulated entities with applicable AML/CFT laws and regulations.</li> <li>• Continuing on the effective compliance with laws and regulations, the oversight bodies have the responsibility to enforce sanctions where situations of non-compliance with AML/CFT laws are observed. In this regard, reference is made to section 3 where recommendations have been made relative to the AML/CFT non-compliance sanctioning/enforcement regime in place.</li> </ul>	<ul style="list-style-type: none"> <li>• There is a move to bring DNFBBs under a regulatory regime. The only outstanding issue is to determine which body would be tasked with oversight.</li> </ul>

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25. Guidelines & Feedback	NC	<p>The FSC has not issued any guidance relative to trends and typologies in ML/FT.</p> <p>The FSC has not promoted the issuance of lists containing names of terrorists and terrorist organizations to provide for FT screening of clientele by financial institutions.</p> <p>Other than the Code that provides general instructions to regulated sector, DNFBP's have not been provided with specific guidelines that address the respective industries' challenges in the implementation of an AML/CFT compliant regime.</p> <p>The FCU is currently not issuing reports on statistics, trends and typologies related to ML and TF to regulated entities</p> <p>Except for the Trust and Company Service Providers there is no effective AML/CFT framework in place for DNFBPs, consequently, STRs are currently not being filed by DNFBPs.</p> <p>Lack of training of the DNFBP sector is a major shortcoming in the process of implementing the new legislative framework that addresses the AML/CFT requirements for DNFBPs.</p> <p>The guidance provided so far to DNFBPs with regard to the introduction of the new AML/CFT requirements is insufficient.</p> <p>No effective implementation of AML/CFT regime as a result of recent enactment of legislation (AMLR and Code) and guidance.</p>	<ul style="list-style-type: none"> <li>• The FCU should provide more feedback to regulated entities in order to increase their capacity to detect and deter ML and TC practices.</li> <li>• TCI Authorities should consider contacting and working together with the relevant DNFBP's that have recently been included in the AMLR towards the implementation of a framework for compliance with the established AML/CFT rules and regulations, including the reporting of STRs.</li> <li>• Guidelines should be issued, trainings should be provided and assistance should be given to the relevant DNFBPs to establish compliance with the new applicable AML/CFT requirements.</li> <li>• The FSC should consider issuing trend and typologies relative to ML/FT schemes in order to increase awareness amongst industry practitioners and thereby increase their ability to effectively identify ML/FT activities.</li> <li>• The FSC should provide for more guidance in the combating of the financing of terrorist. In this regard, the FSC should consider issuing lists/ information on terrorists and terrorist organization to regulated entities. The regulated entities will them be required to assess their client base against the relevant information.</li> <li>• The FSC should make the appropriate adjustments in its structure, in order to increase productivity in the issuance of report of findings resulting from on-site examinations.</li> <li>• The FSC should provide follow up to deficiencies identified and keep statistics on</li> </ul>	<ul style="list-style-type: none"> <li>• Typologies and risk trends are published on a regular basis in the local press – copies of which were supplied to evaluation team.</li> <li>• The industry is small and in practical terms the head of the FCU liaises directly with compliance officers.</li> <li>• Typologies and risk issues are also published on the FCU website – as pointed out to the evaluation team.</li> <li>• Statistics were published by the FCU in April 2009 in compliance with the POCO.</li> <li>• The FSC is currently reviewing its structure in order to increase</li> </ul>

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			<p>the outcome of these follow up actions.</p> <ul style="list-style-type: none"> <li>• The FSC should establish instructions provided to regulated entities in general in writing in order to increase transparency of policy, enforceability and structural compliance with these instructions.</li> <li>• TCI Authorities (oversight bodies) should consider issuing sector specific guidelines that deal with the relevant issues pertaining to the specific sectors and disregard requirements that are not applicable considering the structure of the industry and/or the risks that the relevant industry activities impose.</li> <li>• TCI Authorities and specifically the regulatory body for the specific industries once appointed should issue specific guidelines that address the respective DNFBP's industries' challenges in the implementation of an AML/CFT compliant regime.</li> </ul>	<p>productivity in the division of work.</p> <ul style="list-style-type: none"> <li>• The FSC is implementing procedure to provide follow-up in deficiencies identified during on-site examinations and to keep statistics on the outcome of these follow-ups.</li> <li>• The FSC is currently developing AML cycle of examinations which will be aimed at all regulated industries and will issue guidelines based on the information gathered.</li> <li>• There is a move to bring DNFBP's under a regulatory regime. The only outstanding issue is to determine which body would be tasked with oversight.</li> </ul>

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<b>Institutional and other measures</b>				
26. The FIU	PC	<p>The FCU does not appear to have full operational independence and autonomy.</p> <p>The FCU has not provided sufficient guidance to financial institutions and other reporting parties regarding the reporting of STRs.</p> <p>The FCU has not provided feedback to reporting parties in a formalized and timely manner. The FCU does not release periodic reports which include statistics on STRs, trends and typologies within the sector and an update of its activities.</p> <p>The building which houses the FCU does not appear to be properly secured.</p>	<ul style="list-style-type: none"> <li>• The Head of the FCU should be afforded more operational independence particularly with regard to matters such as staff recruitment and budget management.</li> <li>• The FCU should provide guidance to relevant parties on the revised procedures for reporting STRs.</li> <li>• The FCU should provide feedback to reporting parties in a formalised and timely manner.</li> <li>• The FCU should produce and periodically release its own monthly reports which should contain statistics on STRs, trends and typologies within the sector and an update on its activities.</li> <li>• The security of the building which houses the FCU should be addressed as a matter of urgency.</li> </ul>	<ul style="list-style-type: none"> <li>• These matters are under review, however, the head of the FCU has full operational independence when dealing with SAR's. The head of the FCU carries out all staff recruitment.</li> <li>• Typologies and risk trends are published on a regular basis in the local press – copies of which were supplied to the evaluation team.</li> <li>• Every SAR is responded to with a strategy within most cases 24 hours. Successful outcomes of investigations are also reported.</li> <li>• The industry is small and in practical terms the head of the FCU liaises directly with compliance officers.</li> <li>• Typologies and risk issues are also published on the FCU website – as pointed out to the evaluation team.</li> <li>• Statistics were published by the FCU in April 2009 in compliance with the POCO.</li> </ul>

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FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
				<ul style="list-style-type: none"> <li>While TCI is a low risk crime country the FCU is situated on the top floor of a converted hotel which otherwise houses the police. In addition to the steel door in place at the entrance to the office. Further steel doors have been erected at both ends of the corridor housing the unit. Unwanted visitors would now need explosives to enter.</li> </ul>
27. Law enforcement authorities	C	This Recommendation is fully observed.		
28. Powers of competent authorities	C	This Recommendation is fully observed.		
29. Supervisors	PC	<p>Written reports of findings resulting from on-site examinations of banking and insurance companies have not been issued to the respective companies.</p> <p>The report of findings relative to on-site examinations of the trust and company service providers industry have not been issued consistently (backlog).</p> <p>The FSC is limited in its potential to give follow up to deficiencies identified during on-site inspections.</p> <p>The FSC does not provide for sufficient written instruction to regulated entities.</p> <p>The FSC does not have the authority to impose financial sanctions independently (summary of convictions required)</p>	<ul style="list-style-type: none"> <li>The Registrar of Insurance and the Registrar of Co-operative Societies should have adequate powers of enforcement and sanction against financial institutions and their directors or senior management for failure to comply with AML/CFT requirement.</li> </ul>	<ul style="list-style-type: none"> <li>A policy of reporting within 30 days of the on site examination has now been implemented.</li> <li>A consultant examiner is being used to reduce the backlog.</li> <li>FSC Ordinance 2007 provides for administrative financial sanction.</li> </ul>
30. Resources,	NC	AML/CFT related training is lacking at the Gaming		

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FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
integrity and training		<p>Inspectorate</p> <p>Funding for the Gaming Inspectorate is dependent upon government funds (Ministry of Finance)</p> <p>The FSC is not properly structured. The current structure imposes a risk for conflict of interest.</p> <p>Insufficient staff at the FSC to execute additional tasks pursuant to legislative changes, reference is in this regard made to the enactment of the MTO.</p> <p>The FCU lacks full operational independence and autonomy as it is one (1) of six (6) Departments within the overall TCI Police Force and does not have its own budget allocation.</p> <p>AML/CFT training for staff of competent authorities with few exceptions have not been adequate. AML/CFT training has not been provided to the judges, magistracy and court personnel. Only recently have staff of most of the competent authorities been sufficiently trained in ML/FT matters.</p> <p>Law enforcement agencies operate with clear monetary and manpower constraints. The Immigration Department in particular suffers from severe staffing constraints exacerbated by onerous illegal immigrants' issues.</p>		<ul style="list-style-type: none"> <li>• The FSC is sponsoring a training programme in September 2009 which would include both Gaming Inspectorate and Customs.</li> <li>• The FSC is currently undergoing an organizational review. Consultants have submitted their interim report and based on the recommendations additional staff is being recruited.</li> <li>• This matter is under review, but the head of the FIU has full operational independence when dealing with SAR's. The head of the FCU carries out all staff recruitment.</li> <li>• There is serious strain on the local economy in keeping with the worldwide economic downturn. However, the MLRA is reviewing the situation in order to make appropriate recommendations to the Governor in relation to manpower and other resource constraints.</li> </ul>
31. National cooperation	PC	Implementation and coordination of local cooperation and efforts by the various units i.e. MLRA, SPICE or of the MOU involving Customs and Police are limited and must be strengthened.	<ul style="list-style-type: none"> <li>• The MLRA should play a more active role in local cooperation and coordination and should aim to have a set minimum number of meetings each year, for example, once every quarter.</li> </ul>	<ul style="list-style-type: none"> <li>• The MLRA agreed that the minimum number of meetings a year would be once every quarter, however the MLRA has been</li> </ul>

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<b>FATF 40+9</b>	<b>Rat- ing</b>	<b>Summary of Factors for Rating</b>	<b>Recommended Actions</b>	<b>Actions Undertaken by Turks and Caicos Islands</b>
			<ul style="list-style-type: none"> <li>• The MLRA should develop and implement policies and activities to combat ML/FT on a regular basis. It is even more desirable for the MLRA to be able to monitor adherence to such policies and to be able to assess the effectiveness of operational systems which have been implemented further to the AML/CFT legislation.</li> <li>• Since the Attorney General's Chambers has two distinct departments, the criminal and the civil side, it would be useful for the Principal Crown Counsel as Chief Prosecuting Counsel, to be a part of the MLRA or at the very least to attend some meetings when policy is being formulated or reviews undertaken. The members of the MLRA can agree to appoint persons to assist in the performance of its functions pursuant to section 108(5) of the POCO, and this therefore facilitates the attendance of other persons in the discretion of the MLRA.</li> </ul>	<p>meeting every month for this year.</p> <ul style="list-style-type: none"> <li>• Different officers attend the meetings of the MLRA from time to time as necessary. If an agenda item warrants the attendance of Prosecuting Attorney from Chambers then they are invited. It should be noted that Constitutional responsibility for prosecution resides with the Attorney General.</li> </ul>

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32. Statistics	PC	<p>The TCI does not review the effectiveness of its systems for combating money laundering and terrorist financing on a regular basis.</p> <p>Comprehensive statistics are not maintained by all competent authorities</p> <p>No data had been provided regarding AML/ CFT on-site examinations of financial institutions and, where appropriate, sanctions relative thereto.</p>		<ul style="list-style-type: none"> <li>From the planned cycle of AML on site examination statistics will be produced on deficiencies and appropriate sanctions to be applied.</li> </ul>
33. Legal persons–beneficial owners	PC	<p>There is no evidence that any training occurred on matters relative to legal persons including the revised procedure for reporting of suspicious transactions.</p> <p>The deficiencies identified in Rec. 5 with regard to beneficial ownership apply equally to Rec. 33.</p>	<ul style="list-style-type: none"> <li>The TCI Authorities should develop guidelines that financial institutions must follow in the event that issued bearer shares in a company for which they represent are held outside the TCI.</li> <li>The FSC should develop procedures to deal with instances where bearer shares are held by an institution outside the TCI and where the TCI licensed Company Manager or Company Agent is required to submit a certificate issued by an authority as prescribe in 32E of the Companies Ordinance.</li> <li>The FCU should ensure that all legal persons are made aware of the requirements of the POCO and the Code regarding the procedure for reporting suspicious transactions.</li> </ul>	<ul style="list-style-type: none"> <li>The FSC is in the process of developing guidelines in relation to the handling of bearer shares.</li> <li>The FSC and the FCU will jointly host a seminar in September 2009 to provide training in suspicious transactions and how to use the updated form.</li> <li>New STR form contains guidelines for the submission of SARS. This has been circulated to all regulated persons.</li> </ul>

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FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
34. Legal arrangements – beneficial owners	PC	<p>Persons associated with Legal Arrangements do not appear to be aware of the revised protocol for reporting suspicious transactions.</p> <p>There is no evidence that the FCU held training sessions on matters relative to Legal Arrangements.</p> <p>The deficiencies identified with regard to beneficial ownership at R5 apply to trustee services.</p>	<ul style="list-style-type: none"> <li>The FCU should ensure that all persons associated with Legal Arrangements are made aware of the requirements of POCO and the MLRA Codes regarding the reporting of suspicious transactions.</li> <li>The FCU should review its training programme to include AML/ CFT training on matters relative to Legal Arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>Training arranged in London UK in September 2009 for the Judiciary, Prosecutors and key law enforcement officials.</li> <li>While the FCU is a law enforcement unit and there is some doubt that this falls within their area of responsibility, staff from the FCU has recently given presentations to the money remitters industry and the insurance industry.</li> <li>Now in planning stage for formalized presentation within the remaining industry.</li> </ul>
<b>International Cooperation</b>				
35. Conventions	PC	<p>The Palermo Convention and the Terrorism Financing Convention have not by extension been ratified on behalf of the TCI.</p> <p>Not all relevant aspects of the Conventions have been implemented.</p>	<ul style="list-style-type: none"> <li>TCI should recommend or propose ratification of the Palermo Convention and the Financing of Terrorism Convention on its behalf to the UK Government; particularly as the TCI has enabling legislation under these Conventions already in place and the UK Government has already ratified the said Conventions on its own behalf.</li> </ul>	<ul style="list-style-type: none"> <li>TCI has decided to request the extension of relevant sections of the UK Terrorist Financing Act to the TCI by Order in Council.</li> </ul>
36. Mutual legal assistance (MLA)	PC	<p>Mutual legal assistance will not be provided by the TCI once tax or fiscal matters are involved which do not fall within certain exemptions.</p> <p>The effectiveness of implementation is difficult to</p>	<ul style="list-style-type: none"> <li>The TCI should consider rendering mutual legal assistance for requests which deal solely or for those portions of the request which deal partially, with tax or fiscal matters.</li> </ul>	<ul style="list-style-type: none"> <li>TCI authorities signed three Tax Exchange Information Agreements with the Netherlands, the UK and Ireland in June 2009 and are in</li> </ul>

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		<p>assess due to the lack of statistical details.</p> <p>There are no formal administrative procedures except those implemented by the Chief Magistrate further to the MLAO, which would work towards ensuring that assistance would be given in a timely manner.</p>		<p>active negotiations with 12 other OECD countries to sign TIEA before the end of the year. A draft implementation Bill has been prepared and is now being circulated internally for comments.</p>

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<b>FATF 40+9</b>	<b>Rating</b>	<b>Summary of Factors for Rating</b>	<b>Recommended Actions</b>	<b>Actions Undertaken by Turks and Caicos Islands</b>
37. Dual criminality	C	This Recommendation is fully observed.		
38. MLA on confiscation and freezing	PC	<p>There are no administrative arrangements in place for coordinating actions relating to seizure and confiscation actions with other countries, neither are any arrangements in place in relation to the sharing of the assets resulting from such coordinated efforts.</p> <p>The effectiveness of implementation cannot be ascertained.</p>	<ul style="list-style-type: none"> <li>The TCI Authorities should establish administrative guidelines to accompany legislated provisions which permit the rendering of international assistance by the TCI, so as to ensure that international assistance is given in a prompt and efficient manner. Time frames relative to each procedural step, and other administrative details with respect to the execution of international requests, should be formalised in written guidelines or standard operating procedures. Effectiveness should not depend solely on the commitment and efficiency of the entity or persons responsible for executing a request but on formal systems which can monitor and support such efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Under active consideration.</li> </ul>
39. Extradition	C	The Recommendation is fully observed	<ul style="list-style-type: none"> <li>The TCI authorities should seek to have extradition requests transmitted directly from the UK Government to the TCI so as to ensure prompt and early attention to such requests.</li> </ul>	
40. Other forms of co-operation	PC	<p>No MOUs in place between the FSC and other similar bodies or by the FCU with FIUs which require MOUs for the exchange of information</p> <p>It cannot be ascertained whether assistance by certain competent authorities including the Attorney General's Chambers and the FSC ,was given in a rapid, constructive and effective manner due to lack of statistical detail.</p> <p>Considerations which apply under the FSCO before regulatory assistance is given are onerous when taken conjunctively.</p>	<ul style="list-style-type: none"> <li>The TCI Authorities should stipulate specific standard operating procedures inclusive of targeted time frames with regard to the execution of requests for assistance received by foreign competent authorities.</li> <li>The FSC should consider entering into MOUs with other foreign supervisory authority to ensure that the exchange of information to combat ML/FT can effectively be executed with other foreign jurisdictions.</li> </ul>	<ul style="list-style-type: none"> <li>These matters are under review, but the FCU has not refused any request for the signing of MOU's with countries that require them.</li> <li>The FSC is currently negotiating a MOU with the Cayman Islands Monetary Authority and plans MOU with Bahamas, Trinidad and Tobago and Barbados.</li> </ul>
<b>9 Special Recommendation</b>				

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FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
ns				
SR.I Implement UN instruments	PC	The Terrorist Financing Convention has not been ratified or fully implemented.	<ul style="list-style-type: none"> <li>All the provisions of the United Security Council Resolutions should be fully implemented, for example, authorising access to frozen funds for the purpose of meeting the defendant's basic expenses and certain fees in accordance with UNSCR 1452.</li> </ul>	<ul style="list-style-type: none"> <li>TCI has decided to request the extension of relevant sections of the UK Terrorist Financing Act to the TCI by Order In Council.</li> </ul>
SR.II Criminalize terrorist financing	PC	<p>Penalties for terrorist financing offences at the summary level are lenient.</p> <p>The elements of directing terrorism as required by Article 2(5) of the Terrorist Financing Convention, are undefined in the laws of the TCI.</p> <p>Inconsistent mens rea requirements for terrorism offences.</p> <p>The effectiveness of the CFT regime is difficult to assess in the absence of any STRs or investigations on FT.</p>	<ul style="list-style-type: none"> <li>The TCI Authorities should review the penalty for terrorism and terrorist financing offences at the summary level to determine whether it accords the spirit and intent of the anti-terrorism legislation and indeed if these sanctions are in fact effective punishment and hence sufficiently dissuasive.</li> <li>Directing terrorism as an offence should be defined in the laws of the Turks and Caicos Islands.</li> <li>The TCI Authorities should consider amending the mens rea requirement for the offences in the Terrorism UN Order and the Al Qa'ida Order so that they are consistent with the description set out in the Anti-Terrorism Order.</li> </ul>	<ul style="list-style-type: none"> <li>TCI would review the penalties for terrorism and terrorist financing offences.</li> </ul>
SR.III Freeze and confiscate terrorist assets	LC	<p>Ineffective implementation of a strong CFT regime:</p> <ul style="list-style-type: none"> <li>no formal or administrative provisions to ensure that freezing of funds and assets will be carried out without delay;</li> <li>no procedures which apply directly to persons inadvertently affected by freezing orders;</li> <li>no procedures for authorizing access to frozen funds for incidental costs or expenses; and</li> </ul> <p>no clear procedures for the communication of lists of suspected terrorists to the financial sector.</p> <p>De-listing procedures are not publicly known.</p>	<ul style="list-style-type: none"> <li>The TCI should establish administrative systems, which complement the CFT legislative framework, such as standard operating procedures which outline time frames for certain processes to take place.</li> <li>Clear administrative guidelines as to who has responsibility for the lists of suspected or named terrorist and whether such lists are in fact circulated in the TCI in order to alert financial institutions of suspected terrorist whose accounts they may be holding, should be implemented.</li> <li>The TCI should also provide for authorizing</li> </ul>	<ul style="list-style-type: none"> <li>The TCI Authorities will keep this matter under review but are of the view that the POCO amply covers the freezing of funds for any criminal conduct.</li> </ul>

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			access to frozen funds and assets for the payment of incidental expenses when a freezing order is made and a person inadvertently affected by a freezing order should have a clear process of redress.	

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FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
SR.IV Suspicious transaction reporting	PC	The awareness amongst financial institutions for the misuse of TCI's financial system for the financing of terrorist is low thereby affecting the effectiveness of the CFT regime.	<ul style="list-style-type: none"> <li>• The reporting of STRs with regard to terrorism and the financing of terrorism should include suspicion of terrorist organisations or those who finance terrorism.</li> <li>• The obligation to make a STR related to terrorism should include attempted transactions.</li> </ul>	<ul style="list-style-type: none"> <li>• TCI has decided to request the extension of relevant sections of the UK Terrorist Financing Act to the TCI by Order in Council.</li> </ul>
SR.V International cooperation	LC	<p>There are no formal administrative procedures which have been established to ensure mutual legal assistance is given in a timely manner.</p> <p>Deficiencies noted with regard to Recs. 36 and 38 are also applicable to this Recommendation.</p>		<ul style="list-style-type: none"> <li>• TCI authorities signed three Tax Exchange Information Agreements with the Netherlands, the UK and Ireland in June 2009 and are in active negotiations with 12 other OECD countries to sign TIEA before the end of the year.</li> </ul>
SR.VI AML requirements for money and value transfer services	PC	<p>Money service providers have not yet been licensed within the TCI.</p> <p>The AML/CFT legislative framework applicable to money service providers has not been effectively implemented.</p> <p>The deficiencies noted with regard to Rec. 5 as it pertains to customer identification such as lack of proper beneficial ownership requirements; Rec. 6 PEPs and Recs. 11 and 21 transaction monitoring also apply to money service providers.</p>	<ul style="list-style-type: none"> <li>• The FSC should establish contact with the money service providers' industry, to start the licensing process of the relevant companies.</li> <li>• The FSC should assess the current level of compliance with AML/CFT rules and regulations by the money service provider and develop a plan to improve the current compliance level.</li> <li>• The FSC should develop guidelines, issue instructions and provide for training to guide money service providers into the effective execution of their responsibilities under the recently enacted AML/CFT legislative framework.</li> <li>• In order to execute the abovementioned, the FSC should appropriately resource a department within the Commission that is responsible for the effective execution of the MTO.</li> </ul>	<ul style="list-style-type: none"> <li>• All money transmitters are now licensed under the Money Transmitters Ordinance.</li> <li>• Money transmitters will be included in the AML on site examination cycle. Information from the cycle would be needed to issue guidelines.</li> <li>• MT is now captured under the banking Department of the FSC which has received additional staff to provide oversight. The FSC is currently undergoing review of its organizational structure with a view to recruiting additional staff.</li> </ul>

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FATF 40+9	Rating	Summary of Factors for Rating	Recommended Actions	Actions Undertaken by Turks and Caicos Islands
SR.VII Wire transfer rules	NC	<p>There are no measures in place to cover domestic, cross-border and non-routine wire transfers.</p> <p>There are no requirements for intermediary and beneficial financial institutions handling wire transfers.</p> <p>There are no measures in place to effectively monitor compliance with the requirements of SR VII.</p>	<ul style="list-style-type: none"> <li>It is recommended that the TCI review its legislative and regulatory provisions to take consideration of all requirements of the recommendation particularly domestic, cross-border and non-routine wire transfers. Additionally, TCI should review its legislative and regulator framework to ensure that there is monitoring of compliance by financial institutions and the implementation of effective, proportionate and dissuasive sanctions for non compliance with SR VII. Appropriate legislation should be enacted as soon as possible.</li> </ul>	<ul style="list-style-type: none"> <li>The new Regulations and Code address unusual transactions which captures unusual transaction by money transmitters.</li> </ul>
SR.VIII Nonprofit organizations	NC	<p>TCI Authorities have not addressed the non-profit organizations that can be used for FT purposed in their legislative framework.</p> <p>There is no requirement for NPOs to maintain information on the nature of their activities or on the persons who control or direct their activities and to make this information available to the public.</p> <p>There are no sanctions against non-profit organisations for failure to comply with AML/CFT measures.</p> <p>There is no requirement for NPOs to maintain relevant information on domestic and international financial transactions for at least five (5) years and make such information available to the law enforcement authorities.</p> <p>No measures to ensure that NPOs can be effectively investigated and that required information can be gathered.</p> <p>Regulatory bodies have not issued any guidance notes to regulated entities to increase awareness for the relevant risks of non-profit organizations as FT</p>	<ul style="list-style-type: none"> <li>TCI should consider the review of their legislative framework to provide for laws and regulations that relate to counter arrest the possible abuse of NPOs for the financing of terrorism.</li> <li>The TCI Authorities should ensure that regulatory bodies make their regulated entities vigilant of the risks for abuse of non-profit organizations for the purpose of financing terrorism.</li> <li>NPOs in the TCI should be required to maintain information on the purpose and objectives of their stated activities and on the persons who own or control or direct those activities and make such information available to the public.</li> <li>The TCI Authorities should ensure that there are sanctions in place against NPOs that do not comply with AML/CFT oversight measures.</li> <li>NPOs should be required to maintain the relevant required information on domestic and international financial transactions for a minimum period of five (5) years and make such information available to the relevant law enforcement authorities such as the</li> </ul>	<ul style="list-style-type: none"> <li>MLRA is considering the best means of implementing a regulatory framework for non-profit organizations.</li> </ul>

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		<p>vehicles.</p> <p>The FCU has not provided any guidance to NPOs regarding the reporting of suspicious transactions.</p> <p>There has not been any training for NPOs.</p> <p>There is no point of contact with regard to obtaining international requests for information on NPOs.</p>	<p>FCU.</p> <ul style="list-style-type: none"> <li>• The FCU should ensure that all NPOs are made aware of the revised procedures for reporting suspicious transactions.</li> <li>• The FCU should revise its training programme to include AML/ CFT training for NPOs.</li> <li>• A specific point of contact should be established with regard to international request for information on NPOs.</li> </ul>	<ul style="list-style-type: none"> <li>• All known NPO's are aware of the revised procedure for reporting suspicious transactions.</li> </ul>
SR.IX Cash Couriers	NC	<p>The recently enacted POCO has had no time to be effectively implemented.</p> <p>The Immigration Department has not established any MOUs with its counterparts abroad.</p> <p>There are no provisions for Authorities in the TCI to notify other countries when there is unusual movement of gold, precious metal and precious stones from their jurisdictions.</p>	<ul style="list-style-type: none"> <li>• The Immigration Department should seek to establish MOUs with Immigration Departments in other jurisdictions.</li> <li>• The TCI Authorities should notify other countries when there is an unusual movement of gold, precious metals or precious stones from their jurisdictions</li> </ul>	<ul style="list-style-type: none"> <li>• These matters are under review by the relevant Departments.</li> </ul>