



CARIBBEAN
FINANCIAL ACTION
TASK FORCE

Third Follow-Up Report

St. Vincent & The Grenadines

November, 2011

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ST. VINCENT & THE GRENADINES: THIRD FOLLOW-UP REPORT

I. Introduction

1. This report represents an analysis of St. Vincent and the Grenadines' progress that has been made with regard to correcting the deficiencies that were identified by IMF in its Third Round Mutual Evaluation Report (DAR) since the last follow-up report on May 2011. This is the Third Follow – Up report and it is based on the information that St. Vincent & the Grenadines (SVG) provided by September 28, 2011.

2. **SVG** received ratings of PC and NC on eight (8) of the sixteen (16) Core and Key Recommendations respectively as follows:

Rec.	1	3	4	5	10	13	23	26	35	36	40	I	II	III	IV	V
Rating	P C	LC	P C	N C	LC	PC	NC	LC	LC	LC	C	N C	LC	N C	N C	LC

3. With regard to the other non- Core or Key Recommendations, St. Vincent and the Grenadines was rated partially compliant or non-compliant, as indicated below.

Partially Compliant (PC)	Non-Compliant (NC)
R. 8 (New technologies & non face-to-face business)	R. 6 (PEPs)
R. 11 (Unusual transactions)	R. 7 (Correspondent banking)
R. 15 (Internal controls, compliance & audit)	R. 9 (Third parties and Introducers)
R. 27 (Law enforcement authorities)	R. 12 (DNFBPs – R. ,6,8-11)
R. 29 (Supervisors)	R. 14 Protection & no Tipping-off
R. 30 (Resources)	R. 16 (DNFBP-R. 13-15 &21)
R. 33 (Legal persons-beneficial owners)	R. 17 (Sanctions)
SR. VI (AML requirements for MVTS)	R. 18 (Shell banks)
	R. 21 (Special attention for higher risk countries)
	R. 24 (DNFBP-regulation, supervision and monitoring)
	R. 34 (Legal arrangements – beneficial owners)
	SR. VII (Wire transfer rules)

4. The following table is indented to assist in providing an insight into the level of risk in the main financial sectors in **SVG**

Size and integration of St. Vincent & the Grenadines financial sector

		Banks	Other Credit Institutions*	Securities	Insurance	TOTAL
Number of institutions	Total #	4(Domestic)	9	0	22 (Domestic)	39
		2 (International)			2 (International)	
Assets	US\$	EC\$1,980,715			EC\$233,743,430	US\$198,506,859
		US\$126,311,265	US\$116,727,722	N/A	US\$17,789,924.97	
Deposits	Total: US\$	EC\$1,489,013		N/A	N/A (domestic)	US\$161,026,507
		US\$112,361,101	US\$113,940,612		100% of deposits (international)	
	% Non-resident	13.1% of deposits	0% of deposits	0 % of deposits	N/A (domestic)	
International Links		100% of deposits			100% of deposits (international)	
	% Foreign-owned:	5.1% of assets	0 % of assets	0 % of assets	% of assets	% of assets
		100% of assets				
	#Subsidiaries abroad	0	N/A	0	N/A	

Notes:

Other Credit Institutions (deposits of the credit institutions are from local sources, i.e. members)

Banks (figures are as at July 2011 and expressed in thousands of Eastern Caribbean dollars): Source:

ECCB: www.eccb-centralbank.org.

II. Summary of progress made by St. Vincent & The Grenadines

5. It was mentioned in the previous report that Amendments to the POCA were going to tabled before Parliament by midyear. However, the amendments are still being reviewed by the **AG**. The sector specific Acts, the Anti Money Laundering and Counter Financing of Terrorism Guidance Notes (AML/CFT Guidance Notes) and the other relevant legislation are still being reviewed. It is expected that the revisions will be finished by the end of the first quarter of 2012.

Key Recommendations and Core Recommendations

Recommendation 1

6. Amendments to the POCA are still being reviewed by the **AG**. A Bill on Human Trafficking has been drafted for adoption. Consultations with regards to drafting legislation on migrant smuggling and racketeering continue.

7. In two (2) of the five (5) cases with charges of ML the Court returned a not guilty verdict in favour of the defendants. One of the other matters has been adjourned to February 2012. In cases 3 remaining cases, three individuals were charged with the offences of concealing another person's proceeds of criminal conduct and bringing it into St. Vincent and the Grenadines. The

process was completed on October 21, 2011 and the date of the next hearing is listed for November 25, 2011.

Recommendation 4

8. The status of the improvements of these recommendations remains the same as the previous Report.

Recommendation 5

9. With regards to the draft of the Mutual Funds Act, the Consultant has provided a draft Mutual Fund Bill, which has been reviewed and is being finalized. The Regulations and Mutual Funds Code are still being drafted and would be finalized based on the provisions of the finalized version of the Mutual Fund Act.

10. Recommendations for legislative amendments to all sector specific Acts are still under AG's review.

11. In the last report was noted that the draft AML/CFT Guidance notes were submitted to the IMF Team leader for its informal review before to be circulated to the industry for comments. However **SVG** has informed that IMF team leader was unable to assist with an informal review of the Guidance Notes, and also indicated that the IMF is unable to undertake such review, owing to other commitments and constraints. At this point in time **SVG** is in the process to obtain new technical assistance.

Recommendation 13 and Special Recommendation IV

12. The status of the improvements of these recommendations remains the same as the two previous reports.

Recommendation 23

13. In a previous report was noted that there were six active insurance companies, one insurance broker and manager and one insurance company was in the process of winding up its operations. The liquidation of the mentioned insurance company has been completed with no outstanding/unresolved claims and one insurance company has been suspended.

14. It was previously noted that the Financial Services Authority (**FSA**) was scheduled to be established by June, 2011. However, the **FSA** has not yet been established. The Financial Services Authority Bill was presented in Parliament on October 18th 2011 and is slated to be enacted by November 18th 2011 after a Select Committee Review. The Minister of Finance has confirmed publicly that the FSA would be set up thereafter in January 2012.

15. As it was previous mentioned, IFSA has hired new staff members, both permanent and temporary, to continue with its efforts to build on regulatory and supervisory capacity, as well as, reviewing and updating its registry and information technology systems. The review and update of IFSA's registry systems as previously described have been successfully completed. The accuracy of records by both hard and electronic copy has been verified and has already resulted in more efficient record keeping systems, statistics and generation of reports.

Special Recommendations I, III & V

16. As yet, no positive action has been undertaken by **SVG** in satisfaction of the examiners recommendations to fill the gaps discerned for these Special Recommendations.

Other Recommendations

17. In the following paragraphs there is a brief update of the actions undertaken by **SVG** regarding the other non- Core or Key Recommendations. (For further information please refer to the index matrix).

Recommendations 6, 7, 8, 9, 11, 12, 14, 15, 16, 17, 18, 21, 24, 27, 29, 30, 33, 34, SR. VI & VII.

18. As was noted, the POCA and its Regulations still continued to be reviewed. Also, as was mention above, currently **SVG** is in the process to obtain new technical assistance as the IMF was unable to assist with an informal review of the Guidance Notes.

19. The status of the improvements of recommendations 8, 9, 10 and 11, still remains the same as the two previous reports.

20. With regards recommendation 16, besides the current status of the Guidance Notes, the FIU, as part of its mandate for training and awareness-raising, periodically sends out newsletters to financial institutions and DNFBPs on trends and typologies on ML and TF offences. In addition, the FIU intends to conduct onsite training with DNFBPs within the last quarter of 2011.

21. The review of Registered Agents (RA) is still ongoing. IFSA has completed the second round of onsite examinations of nine out of sixteen Registered Agents/Trustees. The remaining onsite examinations are scheduled to be completed by January 2012. (Recommendations 12 and 34)

22. With regards recommendation 30, IFSA regulatory staff member has completed the studies and final examination for a Diploma in AML/CFT.

23. No positive action has been taken regarding the Special Recommendations VI and VII.

III Conclusion

24. It has been more than a year since the presentation of the DAR and the legislative amendments are yet to be completed along with new regulations that have been drafted such as the POCA and AML/CFT Guidance Notes.

25. No action has been undertaken or little improvement has been made regarding Recommendations 4, 13, Special Recommendations I, III, IV, V, VI and VII.

26. Therefore **SVG** is being asked to report back to the May 2012 Plenary, where it is hoped that they will have made some improvements such as enacting a number of legislative amendments otherwise it will be recommended to Plenary to move **SVG** to enhanced follow-up review.

CFATF Secretariat
November, 2011

**Matrix with ratings and follow-up action plan 3rd round Mutual Evaluation
St. Vincent & the Grenadines**

40+9Recommendations	Rating	Summary of factors underlying rating ¹	Recommended Action	Undertaken Action
Legal systems				
1. ML offense	PC	<ul style="list-style-type: none"> • Certain offenses in Section 41 of and the definition of 'property' in POCA are not consistent with the relevant articles of the Vienna and Palermo Conventions; • Self-laundering by way of simple possession of proceeds is not criminalized; • Racketeering, human trafficking and migrant smuggling are not predicate offenses; and • Effective implementation is weak in light of low number of criminal prosecutions and convictions for ML and related predicate crimes. 	<ul style="list-style-type: none"> • Relevant laws should be strengthened to provide that: • The offenses set forth in Section 41 are consistent with the Vienna and Palermo Conventions; • Self-laundering by way of simple possession of proceeds should be criminalized; and • Racketeering, human trafficking and migrant smuggling should be enacted into law as criminal offenses and covered by POCA as predicate offenses. • Efforts should be made by competent authorities to increase the number of prosecutions and convictions for ML and related predicate crimes. 	<p>Amendments to POCA which address these issues have been drafted and submitted to the Hon. AG for consideration.</p> <p>This matter is still pending as the Bill has not yet been tabled as envisioned. The matter is presently before the Hon. Attorney General.</p> <p>Relevant amendments to the FIU Act will be tabled before Parliament in November 2011 and the POCA Amendments would be enacted by the end of the first quarter 2012.</p> <p>A Bill on Human Trafficking has been drafted for adoption.</p> <p>Consultations continue with a view to drafting legislation on migrant smuggling and racketeering.</p> <p>There has been consultation with the Hon. Attorney General, DPP, Police, customs and immigration officers, prosecutors and other law enforcement officers and relevant stakeholders facilitated by the Organization of American States (OAS) in collaboration with the Ministry of National Security in St. Vincent and the Grenadines as it relates to Human Trafficking.</p> <p>In October 2010 the competent authorities laid ML charges against three (3) individuals.</p> <p>October 14th – concealment and importation of the proceeds of criminal conduct.</p> <p>October 15th - concealment and importation of the proceeds of criminal conduct</p>

¹ These factors are only required to be set out when the rating is less than Compliant.

				<p>October 22nd – concealment and disguising of the proceeds of criminal conduct.</p> <p>The Court returned a not guilty verdict in favour of two of the Defendants. The last matter has been adjourned to February 2012.</p> <p>In addition, 3 additional money laundering charges, which were laid in 2008</p> <p>This trial was adjourned to August 3, 2011 and has been part-heard to date. The next hearing date is listed for October 18, 2011.</p> <p>The money laundering trial incorporates charges against 3 Defendants stemming from the same set of facts.</p> <p>2 Defendants have been jointly charged with the offences of concealing another person’s proceeds of criminal conduct and bringing it into St. Vincent and the Grenadines contrary to Sections 41 (2) (a) and (b) of POCA respectively. The third Defendant has been charged with concealing his proceeds of criminal conduct and bringing it into St. Vincent and the Grenadines contrary to Section 41(1) (a) and (b) of POCA respectively.</p> <p>The prosecution’s case was completed on October 21, 2011 and the next hearing date is listed for November 25, 2011.</p>
2. ML offense—mental element and corporate liability	C			
3. Confiscation and provisional measures	LC	<ul style="list-style-type: none"> There is no explicit provision of law empowering competent authorities to take steps to void contractual or other actions that would prejudice their ability to recover assets; Effectiveness is weak in light of low number of cases and amounts with respect to forfeitures of cash and confiscations of property relating to ML and related predicate crimes. 	<ul style="list-style-type: none"> The relevant laws should be strengthened: To provide for an explicit provision subjecting to confiscation indirect proceeds of crime, including income, profits or other benefits; To provide for an explicit provision to allow competent authorities to take steps to prevent or void actions, whether contractual or otherwise, where, as a result of the actions of third parties, the 	<p>See Recommendation 1</p> <p>All cases are strong ones for confiscation as there are instances of clear benefit from the offences as well as realisable property to be confiscated.</p> <p>In one case there is US\$1.76 million in cash detained and</p>

			<p>authorities would be prejudiced in their ability to recover property subject to confiscation; and</p> <ul style="list-style-type: none"> To provide in Section 3(4) of POCA for gifts that represent a value that is less than the value of the property, rather than “significantly less” under current law, to be subject to confiscation; In addition, efforts should be made by competent authorities to increase the number and value of both cash forfeitures and confiscations of property; The authorities should consider timely enactment of the bill currently under review by parliament that would provide for civil forfeiture of all property, not just currency, as well as the subsequent implementation of such forfeiture provisions. 	<p>approximately EC\$3.5 million in property restrained and in another case US\$67,540 in cash is detained.</p> <p>In 2010 there were 23 successful forfeiture applications which resulted in forfeiture of EC\$292,151.94.</p> <p>Cumulatively to date, between 2010- 2011, EC\$519,741.25 was forfeited to the Confiscated Assets Fund. A further EC\$212,041.13 remains pending for forfeiture.</p>
Preventive measures				
4. Secrecy laws consistent with the Recommendations	PC	<ul style="list-style-type: none"> Sectoral acts continue to have confidentiality and other limitations on access to information for regulators; It is unclear that the repeal of the 1996 Confidentiality Law also repealed common law definitions of bank secrecy and confidentiality or whether these were restored by virtue of the repeal. If the latter, the common law secrecy laws would need to be assessed in light of the gateways provided. 	<ul style="list-style-type: none"> Each provision of confidentiality and limitation of access to information in sector specific acts, in particular Section 15(4) of the RAs and Trustees Act, should be removed from law; The AG should provide a legal opinion on the meaning of “confidential” information in light of the repeal of the Confidentiality Act 1996, in particular the extent to which such repeal restored the common law definitions of bank secrecy and confidentiality. 	<p>All sector specific Acts are being reviewed so as to determine all amendments which are necessary in view of the recommendations of the IMF Assessors. The present DAR shows that numerous recommendations have been made for laws to reflect certain requirements. The review of our legislation is therefore being co-ordinated with the need to implement the Assessors’ recommendations as well as the desirability to update all the specific international financial sector Acts. In order to avoid several amendments at different times, amendments to each piece of legislation are being undertaken. A review of some Acts is ongoing by members of IFSA and some Acts are presently in the hands of Consultants.</p> <p>The review referred to above has been completed and recommended legislative amendments have been submitted to the Hon AG.</p>
5. Customer due diligence	NC	<ul style="list-style-type: none"> No implementation of CDD and other AML/CFT requirements for non-regulated lending operations; The POCA and the Regulations issued thereunder do not cover FT; No prohibition against keeping anonymous or fictitious name accounts particularly those that were in existence before the POCA Regulations were issued; 	<ul style="list-style-type: none"> Consider explicitly covering of mutual fund administrators and managers, and of insurance agents and brokers in the POCA; Extend the POCA and the Regulations to explicitly cover FT; Explicitly prohibit anonymous or fictitious name accounts particularly those that were in existence before the POCA Regulations were issued; 	<p>The decision has been taken to explicitly cover mutual fund administrators in the revised Mutual Funds Act. A legal Consultant is engaged in redrafting a Mutual Funds Act, Mutual Fund Regulations and a Code. The said revision is incorporating the recommendations of the IMF’s DAR.</p> <p>The Consultant has provided a draft Mutual Fund Bill, which has been reviewed and is being finalized. The Regulations and Code are still being drafted and would be finalized based on</p>

	<ul style="list-style-type: none"> • Full range of CDD (only identification verification) is not required for business relationships and one-off transactions; • Threshold for one-off wire transfers significantly in excess of SRVII; • Identification requirement when there is suspicion limited to ML and to one-off transactions; • No CDD requirement when there are doubts as to the veracity or adequacy of previously obtained customer identification data; • Exemptions from CDD in the GNs, to the extent implemented, go beyond the risk sensitive measures allowed under c. 5.3 and c. 5.9, and in some cases beyond the POCA POCA Regulations; • No explicit requirement to verify the identity of the ultimate natural persons who control an entity, and of persons authorized to act on behalf of a corporate entity, partnership or other legal arrangement, and provisions of power to bind entity limited to the power to open and operate accounts; • Insufficient requirements for identification of legal arrangements such as trusts/trustees, including measures to determine settlors, beneficiaries and other parties to a trust; • Narrow requirement to obtain information on the purpose and intended nature; limited to accounts and does not extend to the broader business relationship; • Ongoing CDD requirements do not include update of CDD records particularly with respect to higher risk business relationships; • No requirements for enhanced CDD for higher risk clients and exemptions from identification verification go beyond the criteria for simplified CDD; • No requirement to terminate an existing business relationship in the circumstances covered by c. 5.16; 	<ul style="list-style-type: none"> • Extend the full range of CDD (only identification verification) for business relationships and one-off transactions; • Reduce the threshold for one-off wire transfers to comply with SRVII; • Extend the identification requirement when there is suspicion beyond one-off transactions and cover FT; • Introduce a CDD requirement for cases when there are doubts as to the veracity or adequacy of previously obtained customer identification data; • Remove/amend the provisions in the POCA Regulations that allow exemptions from for customer identification, and review similar exemptions contained in the GNs; • Introduce: (i) an explicit requirement to verify the identity of the person authorized to act on behalf of a corporate entity, partnership or other legal arrangement; and (ii) expand the verification requirement of provisions regarding the power to bind entity, beyond the power to open and operate accounts; • Enhance requirements for identification of legal arrangements such as trusts/trustees, including measures to identify settlors, beneficiaries and other parties to a trust; • Extend the scope of the requirement to obtain information on the purpose and intended nature beyond accounts to include business relationships; • Extend the ongoing CDD requirements to include update of CDD records particularly with respect to higher risk business relationships; • Introduce enhanced CDD requirements for higher risk clients and review/delete exemptions from identification verification as they go beyond the criteria for simplified CDD; • Require termination of existing business relationships in the circumstances covered by c. 5.16, subject to any directions from the FIU/competent authorities in case of suspicion or other reason; 	<p>the provisions of the finalized version of the Mutual Fund Act.</p> <p>The Mutual Fund Bill would be circulated to the industry for their comment once an updated finalized draft is returned from the Consultant. The Consultant has committed to providing the finalized Bill, inclusive of changes requested by SVG, by the end of October 2011. The Bill will then be placed before the industry for their comments to be returned to IFSA by the end of November. Recommendations if accepted would be implemented and the Bill sent to the Attorney General for her consideration and adoption. It is expected that the Bill would be enacted by the end of the first quarter of 2012.</p> <p>The Consultant is working on finalizing the Regulations and Code and the target for adoption is the same – end of the first quarter 2012.</p> <p>With respect to the other recommendations relating to Customer Due Diligence, all sector specific Acts are being reviewed with the objective of implementation of the recommendations of the DAR. The POCA and its Regulations are also being reviewed with this aim.</p> <p>Recommendations for legislative amendments to sector specific Acts have been submitted to the Hon AG. It is expected that such amendments once enacted, would result in full compliance with the FATF Recommendations and recommendations of the DAR.</p> <p>The Attorney General has indicated that these amendments would be enacted by the end of the first quarter 2012.</p> <p>Anti Money Laundering and Counter Financing of Terrorism Guidance Notes have been drafted by an external Consultant and it is expected that these more elaborate Guidance Notes, which have taken into account the recommendations of the DAR, will replace the present Guidance Notes and will have effect as other enforceable means.</p> <p>IFSA and the FIU have reviewed the drafts produced and the said Guidance Notes are at the stage where it is to be circulated to the regulated sector and other stakeholders for comment after being reviewed by the IMF. The IMF through the Team Leader of the</p>
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		<ul style="list-style-type: none"> • The identification exemptions in the POCA Regulations should not apply when there is suspicion ML or FT; • No requirement to apply CDD requirements to customers existing at the date the POCA Regulations came into effect, on the basis of materiality and risk; • Requirement to perform CDD on existing customers is limited to the beneficial owners of anonymous or fictitious name accounts, and no requirement to close such accounts existing at the time the POCA Regulations came into effect; • The GNs only require the suspension, and not prohibition, of a new or existing business relationship or transaction when verification of identity cannot be completed; • General weaknesses in implementation of CDD, especially for beneficial owners and bearer share companies. 	<ul style="list-style-type: none"> • Remove the identification exemptions in the POCA Regulations especially for cases when there is suspicion ML or FT; • Introduce a requirement to apply CDD requirements to customers existing at the date the POCA Regulations came into effect, on the basis of materiality and risk. This may be also be relevant for any future changes to the POCA Regulations and other applicable laws; • Extend the requirement to perform CDD on existing customers beyond the beneficial owners of anonymous or fictitious name accounts, and require termination of such accounts immediately to the extent that they may exist; • Review the provisions of the GNs that only require the suspension, and not prohibition, of a new or existing business relationship or transaction when verification of identity cannot be completed; • Enhance supervision and enforcement of compliance to address weaknesses across most sectors in implementation of CDD, including with regards to beneficial owners and bearer/nominee share companies. • Review the Schedule to the POCA to explicitly cover (i) mutual fund administrators, managers and underwriters; and (ii) insurance intermediaries i.e. agents and brokers; • Implement an oversight and AML/CFT compliance regime for non-regulated lending operations; • Extend the Regulations to explicitly cover FT consistent with the requirements of Section 46 of POCA. 	<p>IMF Mission has kindly agreed to review the drafts produced. There has been a delay in getting the drafts to the IMF as sections of the Guidance Notes were still being reviewed by the AML/CFT Expert/Consultant with the objective of incorporating SVG's comments.</p> <p>The proposed unlike the existing Guidance Notes, addresses Terrorist Financing thoroughly. It also requires full CDD for Charities and Trusts. There are standard requirements which are now required for Trust such as full name of the Trust and its objective etc all the names of all beneficial owners are required.</p> <p>Financial Institutions would be required to conduct risk assessment on all clients, all high risks clients would be subject to enhanced due diligence. The uses of anonymous accounts are not permitted for new or existing clients.</p> <p>The new Guidance Notes now have a detailed section on PEPs all accounts to be opened by persons who are categorize as PEPs must under Enhanced Due Diligence and any such business transaction with PEPs must be approved by senior management.</p> <p>The draft AML/CFT Guidance Notes have been submitted to the IMF Team leader for review.</p> <p>The IMF team leader regrettably was unable to assist with an informal review of the Guidance Notes, and also indicated that the IMF is unable to undertake such review owing to other commitments and constraints. He has recommended that the CFATF or certain CFATF countries be approached to obtain technical assistance in this regard. This process is currently being undertaken.</p> <p>Amendments to POCA have been drafted and have incorporated the recommendations of the DAR. Such amendments are presently before the Attorney General.</p> <p>The Attorney General has indicated that these amendments would be enacted by the end of the first quarter 2012.</p>
6. PEPs	NC	<ul style="list-style-type: none"> • No requirement to conduct additional and enhanced CDD measures, or to obtain senior 	<ul style="list-style-type: none"> • Require FIs to conduct additional and enhanced CDD measures, or to obtain senior 	<ul style="list-style-type: none"> • IFSA and the FIU working in conjunction with a regulatory and AML/CFT Expert/Consultant to address this issue in the re-

		management approval, for new and/or existing PEPs relationships.	management approval, for on new and/or existing PEPs relationships.	<p>drafted Guidance Notes. There are specific provisions dealing with Enhanced Due Diligence for PEPs.</p> <p>This has been addressed in the revised AML/CFT Guidance Notes which are to be OEM.</p>
7. Correspondent banking	NC	<ul style="list-style-type: none"> No specific requirements for perform, inter alia, additional and enhanced CDD on correspondent banking relationships; No requirements to assess the AML/CFT controls of respondent institutions; No requirements to obtain senior management approval before establishing correspondent account relationships; No requirements with respect to the provisions of correspondent payable-through accounts; Domestic banking sector provides correspondent/nested correspondent banking facilities to offshore banks in breach of the ECCB's prudential guidelines. 	<ul style="list-style-type: none"> Require FIs to for perform, inter alia, additional and enhanced CDD on correspondent banking relationships, assess the AML/CFT controls of respondent institutions, and obtain senior management approval before establishing correspondent account relationships; Introduce requirements with respect to the provisions of correspondent payable-through accounts; Enhance supervision of risk management practices and compliance with R.7 by domestic banks that provide correspondent/nested correspondent banking facilities to international (offshore) banks in breach of R.7 and the ECCB's prudential guidelines on correspondent banking (March 2001). 	<p>AML/CFT Guidance Notes have been redrafted by a regulatory and AML/CFT Expert/Consultant. IFSA and the FIU have reviewed very comprehensive drafts produced and the said Guidance Notes are at the stage where it is to be circulated to the regulated sector and other stakeholders for comment after being reviewed by the IMF. The IMF through the Team Leader of the IMF Mission has kindly agreed to review the drafts produced. There has been a delay in getting the drafts to the IMF as all sections to be reviewed were not completed by the AML/CFT Expert/Consultant. It is expected that the Guidance Notes will be shortly sent to the IMF.</p> <p>As indicated, the IMF was unable to review the Guidance Notes and SVG was unable to fund consultancy services in order to complete this task. SVG is to seeking technical assistance for the required review.</p>
8. New technologies & non face-to-face business	PC	<ul style="list-style-type: none"> No regulatory requirements to have policies or measures in place specifically to prevent misuse of technological developments for ML or FT, including non-face to face business relationships and transactions. 	<p>Require FIs to have policies or measures in place to prevent misuse of technological developments for ML or FT, including non-face to face business relationships and transactions, and review the exemptions provided in the GNs for this type of business.</p>	<p>AML/CFT Guidance Notes have been re-drafted. There are penalties attached for failure to do the necessary due diligence checks on these customers.</p> <p>IBID – re : Status of AML/CFT Guidance Notes</p>
9. Third parties and introducers	NC	<ul style="list-style-type: none"> No mandatory requirement to immediately obtain CDD information from introducers; No requirement to ensure that documentation can and will be available promptly on request, without limitation; The list of eligible introducers listed in the Regulations and the POCA Schedule 1 goes beyond the FATF list of FIs and DNFBPs, and should be limited as is intended in the Guidance 	<p>FIs should be required to:</p> <ul style="list-style-type: none"> immediately obtain CDD information from introducers; ensure that documentation can and will be available promptly on request; limit the eligibility of introducing institutions to those FIs and DNFBPs covered by the FATF standard, consistent with the provisions given in the GNs; 	<p>The POCA and its Regulations are being reviewed with the objective of addressing these issues pointed out by the IMF Assessors.</p> <p>All necessary amendments to the POCA are being co-ordinated as a repeal of the POCA and/or its Regulations may be required to effect the many changes.</p> <p>Recommendations for the required legislative amendments have</p>

		<p>Notes;</p> <ul style="list-style-type: none"> Insufficient provisions that ultimate responsibility for customer identification and verification lies with the SVG FI. 	<p>Explicitly state that ultimate responsibility for customer identification and verification lies with the SVG FI and not the introducer. The exemptions allowed for by the POCA Regulations and GNs are not consistent with this requirement.</p>	<p>been submitted to the Hon AG. It is expected that such amendments once enacted, would result in full compliance with the FATF Recommendations and recommendations of the DAR.</p>
10. Record-keeping	LC	<ul style="list-style-type: none"> Need for explicit provisions in the POCA Regulations to retain business correspondence; Recordkeeping by some FIs (non-banks) outside of SVG may limit capacity for compliance supervision on an ongoing basis. 	<ul style="list-style-type: none"> Clarify in the regulations the provisions to keep records longer than the minimum period when required by the FIU, consistent with the GNs; Explicitly require FIs to retain business correspondence; Review for and remove potentially conflicting recordkeeping requirements between the POCA/POCA Regulations and the DTOA and with some of the provisions in GNs 102-110; Review recordkeeping arrangements by some FIs that operate and keep records outside of SVG to ensure adequate compliance supervision and efficient access by competent authorities. 	<p>The position is as set out at Rec. 9 above.</p> <p>IBID – re : Submission of the required amendment to the Hon AG.</p>
11. Unusual transactions	PC	<ul style="list-style-type: none"> No requirement to examine as far as possible the background and purpose of complex, unusual or unusual patterns of transactions and to establish such findings in writing; No requirement to keep records of findings of the examination of the background and purpose of complex, unusual, or unusual patterns of transactions, to be available to help competent authorities and auditors; In implementing unusual transaction detection and analysis, the reporting entities focus almost exclusively on cash transactions. 	<ul style="list-style-type: none"> The POCA Regulations should be amended to require explicitly that reporting entities be required to examine as far as possible the background and purpose of such transactions and to set forth their findings in writing; The POCA Regulations should be amended to require that the written findings of reporting entities on their examination be subject to the POCA record keeping requirements; POCA should be amended to provide for direct administrative sanctions for reporting parties that fail to adhere to the requirements for monitoring transactions, including failure to implement procedures to monitor, prepare written findings and maintaining records on such monitoring. 	<p>The Regulations are currently under review to ensure that there is compatibility between the new Guidance Notes and the Regulations. Once the Guidance Notes are finalised for adoption the Regulations will be amended accordingly.</p> <p>The position above still prevails.</p> <p>Consideration is being given in the Guidance Notes to authorise competent authorities to impose administrative sanctions for failure to adhere to the requirements for monitoring transactions, including failure to implement procedures to monitor, prepare written findings and maintaining records on such monitoring.</p> <p>The issue of sanctions has been found to be more suitable for inclusion in the POCA Regulations and the FSA Act rather than the Guidance Notes, thus work is ongoing towards this objective.</p>
12. DNFBP–R.5, 6, 8–11	NC	<ul style="list-style-type: none"> No regulation or supervision of casinos; Infrequent and insufficiently detailed monitoring of CDD compliance of RAs; 	<ul style="list-style-type: none"> Casinos should be regulated and supervised; All DNFBPs should be examined more 	<p>At the time of the Mission, there were 28 RAs licensed and operating in SVG. That number has since been reduced to 18. Since the IMF visit to St. Vincent and the Grenadines between February - March, 2009, IFSA has carried out on-site inspections</p>

		<ul style="list-style-type: none"> No arrangements for systematically spot checking CDD compliance by lawyers, real estate agents, accountants, jewelers, and car dealers; Insufficient training, particularly of lawyers and of more complex international business relations. 	<p>systematically for CDD compliance;</p> <ul style="list-style-type: none"> IFSA on-site examinations should be more frequent and thorough, especially for RAs and trustees; Some arrangement should be introduced for inspection of lawyers for compliance. Other DNFBPs should be subject to spot checks of files; Additional training should be undertaken, particularly for lawyers but also for RAs in their procedures for relying on third-parties for CDD compliance 	<p>of fourteen (14) of the eighteen (18) remaining Registered Agent/ Trustee licensed entities. Four (4) Registered Agents were visited prior to the IMFs visit.</p> <p>The purpose of the visits were to review and assess the company's compliance with the Act and Regulations and the proper implementation of procedures stipulated in the Proceeds of Crime and Money Laundering (Prevention) Act, 2001. A list of International Business Companies and other entities files were examined to ascertain customer due diligence procedures and proper record keeping of their client's files. It was found that the large majority of the Registered Agents/Trustees records adhered to proper procedures such as completing due diligence questionnaire and obtaining identification on their client. Of note also is that the Registered Agents/ Trustees kept all their client's records in St. Vincent and the Grenadines. Issues of non compliance were discussed and directives given to the RA to rectify the problem.</p> <p>Follow up examinations for certain RAs are being scheduled.</p> <p>As of 30th March, 2011 the number of RAs licensed and operating have been further reduced to 16 as a result of IFSA's efforts to have only fully compliant RAs. IFSA completed a full on-site visit of all its licensed RAs in 2010 and has already commenced another round of onsite visits for the current year.</p> <p>To date IFSA has completed the second round of onsite examinations of nine (9) out of sixteen (16) Registered Agents/Trustees. The remaining onsite examinations are scheduled to be completed by January 2012.</p>
13. Suspicious transaction reporting	PC	<ul style="list-style-type: none"> The two-part threshold for filing of SARs does not meet the requirement of R.13; Offshore insurance and banks are reporting at a very low level; SAR filing guidance is outdated, the last update was in 2004, contributing to low quality SARs. 	<ul style="list-style-type: none"> Amend POCA (Section 46(3)) to require FIs to report all suspicion with respect to funds that are the proceeds of criminal conduct, not only those described under Section 46(2). Either POCA or UNATMA should be amended to require the filing of SARs for transactions or financial activities that are suspected to constitute or 	<p>Amendments to POCA have been drafted and submitted to the Hon. AG for consideration. It is however intended that all amendments to POCA can be taken to Parliament together. The UNODC has endeavoured to provide technical assistance to redraft UNATMA and is in consultation with the Hon. AG on this matter.</p> <p>This matter is presently before the Hon. Attorney General.</p>

			be related to the financing of individual terrorists or terrorist organizations;	The Attorney General has indicated that these amendments would be enacted by the end of the first quarter 2012.
14. Protection & no tipping-off	NC	<ul style="list-style-type: none"> UNATMA and/or POCA do not prohibit tipping off of the filing of SARs related to terrorist financing; POCA Section 45 does not explicitly prohibit tipping off of the fact of filing of the SAR itself. 	<p>POCA Section 45 should be amended to prohibit tipping off of the fact of the filing of the SAR itself; The defense in POCA Section 45(4) should be removed;</p> <p>UNATMA and/or POCA should be amended to prohibit the tipping of the filing of SARs and any related disclosure of information to a police officer of suspected terrorist financing activities or transactions.</p>	<p>Amendments to POCA have been drafted and submitted to the Hon. AG for consideration. It is however intended that all amendments to POCA can be taken to Parliament together.</p> <p>This matter is still pending as the Bill has not yet been tabled as envisioned. The matter is presently before the Hon. Attorney General.</p>
15. Internal controls, compliance & audit	PC	<ul style="list-style-type: none"> Insufficient provisions for comprehensive policies; No requirements to train staff on current ML and FT trends, typologies, techniques, etc; No requirements to screen FI employees to ensure high standards; Insufficient time and seniority of compliance officers devoted to AML/CFT functions by some FIs, including inherent conflicts in multi-task responsibilities; Lack of specific training in on AML/CFT for high risk areas e.g. money remittance business, correspondent accounts, wire transfers, back-to-back loans, and credit card operations. 	<ul style="list-style-type: none"> Enhance the requirements for FIs to have comprehensive policies, and consider revising the compliance and independent audit requirements under POCA Regulations 8 (narrower) to make them consistent with those under Section 46 of the POCA (broader); Require FIs to train staff on current ML and FT trends, typologies, techniques, etc.; Clarify the scope of the training requirement to ensure that the term “relevant” employees, i.e., to those that have/may have access to information that can be relevant to determine the existence of ML, does not restrict the training requirement; Require FIs to properly screen employees for fit and proper criteria to ensure high standards; Supervise and require FIs to ensure that compliance officers devote sufficient time and seniority to AML/CFT, and avoid inherent conflicts when multi-tasking such officers; FIs, especially banks, should emphasize AML/CFT training for high risk areas e.g. money 	<p>In the revised Guidance Notes there are special chapters which allow for the establishment and maintenance of procedures to prevent ML and TF which includes internal controls, risk assessment and management, the monitoring and management of compliance with such policies and procedures and internal communication of such policies and procedures. It also requires senior management accountability including allocation to a director or senior management, the overall responsibility for the establishment and maintenance of effective AML systems and controls and the appointment of a person with adequate seniority and experience as the Compliance officer or reporting officer. There is also a chapter on staff awareness that emphasizes the need for regulated entities to ensure that staff is competent, remains so and is appropriately supervised and that their competence is regularly reviewed and they are trained in AML and CFT. This includes systems of ongoing monitoring of staff and proper screening that should go beyond simple reference checks. There are consequences for breaching these policies.</p> <p>There are specific chapters in the Guidance Notes that tell DNFBPs how to keep records and identify suspicious transactions.</p> <p>The said Notes are at the stage where they are being informally reviewed by the IMF Team Leader and upon feedback being obtained, the Guidance Notes will be circulated to the industry.</p> <p>The IMF team leader regrettably was unable to undertake an informal review of the Guidance Notes, and also indicated that</p>

			remittance business, correspondent accounts, wire transfers, back-to-back loans, and credit card operations.	the IMF is unable to undertake such review owing to other commitments and constraints. He has recommended that the CFATF or certain CFATF countries be approached to obtain technical assistance in this regard. This process is currently being undertaken.
16. DNFBP–R.13–15 & 21	NC	<ul style="list-style-type: none"> Minimal SAR reporting; No compliance supervision of most DNFBPs. 	<ul style="list-style-type: none"> While the overall volume of business conducted by DNFBPs is low, many transactions, particularly cross-border transactions, are vulnerable to ML and FT risk. In this context, SAR reporting by DNFBPs is very low, suggesting a need for additional training and/or stricter oversight of compliance in this area; Need to strengthen internal compliance programs and supervision of the same, especially with respect to the larger DNFBPs. With the limited exception of some RAs, the adequacy of internal compliance programs has not been examined by supervisors; Need to assign responsibility for oversight of the reporting and internal AML/CFT compliance programs of lawyers, accountants, real estate agents, jewelers and car dealers. 	<p>Revised Guidance Notes tells all institutions that they need to have the proper compliance structure in place and requires them to conduct risk assessments and put systems in place to protect against the identified vulnerabilities.</p> <p>There is also included a self assessment questionnaire which allows entities to evaluate their compliance systems.</p> <p>IBID – re: Status of AML/CFT Guidance Notes.</p> <p>As part of its mandate for training and awareness-raising, the FIU periodically sends out newsletters to financial institutions and DNFBPs on trends and typologies on ML and TF offences.</p> <p>In addition, the FIU intends to conduct onsite training with DNFBPs within the last quarter of 2011.</p>
17. Sanctions	NC	<ul style="list-style-type: none"> Regulatory laws lack the full range of administrative sanctions for non-compliance with POCA and the POCA Regulations; Regulatory laws lack explicit linkages between sanctions and non-compliance with POCA and the POCA Regulations; POCA and the POCA Regulations lack legal authority to regulators to impose sanctions for non-compliance; Regulatory laws do not have effective, proportionate and dissuasive administrative fines and criminal penalties; Regulatory laws lack authority for regulator to initiate a referral to the DPP for serious violations of POCA, UNATMA and the POCA 	<ul style="list-style-type: none"> Amend regulatory laws to ensure that the full range of administrative sanctions powers for violations of POCA and the POCA Regulations are available to regulatory bodies; such sanctions powers should be harmonized across regulatory laws to ensure consistency. Administrative sanctions should include, at a minimum: written warnings; orders or directives to comply with specific instructions; removal of controlling shareholders, directors and senior management officials; ordering regular reports; administrative fines for non-compliance (possibly on a daily basis); barring individuals from employment within any regulated sector; replacing or restricting powers of managers, directors, or controlling owners; imposing 	<p>The offences under POCA are set out in the proposed Guidance Notes highlighting the sanctions for failure to comply. Consideration is being given in the Guidance Notes to authorize competent authorities to impose administrative sanctions for failure to adhere to the requirements. In particular, a single regulatory unit is being established whereby IFSA, the Supervisory and Regulatory Division of the Ministry of Finance and the Co-operatives Division will be merged. This unit entitled the ‘Financial Services Authority’ has not yet been established but is expected to be established before the end of 2011. The Financial Services Authority Bill governing the establishment, structure and functions of the FSA is in its final stage of review.</p> <p>An Amendment to Section 23 of the International Banks Act to</p>

		<p>Regulations; and</p> <ul style="list-style-type: none"> Regulators, including IFSA and the Ministry of Finance, have imposed few, if any, administrative sanctions for non-compliance with AML/CFT measures even when authorized by law to do so. 	<p>conservatorship; and suspension, revocation or withdrawal of the license;</p> <ul style="list-style-type: none"> Amend POCA and the POCA Regulations to explicitly authorize all regulatory bodies and agencies, including IFSA with respect to international banks, mutual funds, insurance companies and RAs; the Ministry of Finance with respect to local banks, MSBs and insurance companies, and the Comptroller of Cooperatives with respect to credit cooperatives, to impose administrative sanctions referred to above for violations of POCA and the POCA Regulations; Amend regulatory laws to authorize regulators to recommend to the DPP that a criminal proceeding be initiated for serious violations of POCA and the POCA Regulations; and Amend regulatory laws to ensure that civil fines and criminal penalties are substantially increased along the lines of those found in the Banking Act (see chart above) or in Section 47 of POCA. 	<p>include POCA regulations and to initiate enforcement for breaches of AML/CFT legislation has been sent to AG for consideration.</p> <p>Recommended administrative sanctions for violations of POCA and POCA regulations have been sent to AG for consideration.</p> <p>General recommendations made by IMF assessors have been submitted to the AG for consideration under the FSA Act.</p> <p>There has been a delay in the establishment of the FSA owing to national general elections in SVG which took place in December 2010. There were therefore disruptions in how quickly this entity could be established due to delays prior to and subsequent to elections when other matters of State took priority.</p> <p>The Financial Services Authority (FSA) has not yet been established but is expected to be established before the end of 2011. The Financial Services Authority Bill governing the establishment, structure and functions of the FSA is in its final stage of review. There is still strong commitment to establish the FSA. The lease arrangement for the targeted premises for the FSA is being finalized.</p> <p>The Bill was presented in Parliament on October 18th 2011 and is slated to be enacted by November 18th 2011 after a Select Committee Review. The Minister of Finance has confirmed publicly that the FSA would be set up thereafter in January 2012. The lease arrangement for rental of premises for the FSA has been finalized.</p>
18. Shell banks	NC	<ul style="list-style-type: none"> Two offshore banks were identified as not having meaningful mind and management/significant physical presence in SVG; No prohibitions against entering into, or continuing correspondent banking relationships with shell banks; No requirements for FIs to satisfy themselves that respondents in other countries are not used by shell banks; 	<ul style="list-style-type: none"> Review the physical presence of all offshore banks against the meaningful mind and management criteria of FATF Rec. 18 above and prohibit the continuation of any shell banks; Introduce explicit prohibitions against entering into, or continuing correspondent banking relationships with shell banks, consistent with the ECCB's prudential guidelines; Require FIs to satisfy themselves that respondents in other countries are not used by shell 	<p>All six banks in operation at the time of the Mission have been reviewed in keeping with the recommendation of the Assessors.</p> <p>At present only two active (2) international banks remain operating in SVG as one is in liquidation, two went into voluntary liquidation (liquidator approved by IFSA) and one is in controllership.</p> <p>SVG shall continue to closely monitor all international banks operating in SVG and submit that there are no shell banks so operating.</p>

		<ul style="list-style-type: none"> Offshore shell banks maintain correspondent accounts locally, contrary to Rec.18, the GNs, and ECCB's prudential regulations. 	<p>banks;</p> <ul style="list-style-type: none"> Require domestic banks to comply with Rec. 18, the ECCB's prudential guidelines and the GNs with respect to correspondent banking facilities; 	<p>The other aspects of the IMF's Recommendations under Rec. 18 need to be addressed by amendment and this will be part of the revision of the POCA Regulations and Guidance Notes.</p> <p>At present there are still only two active (2) international banks which remain in operation in SVG as <u>two</u> are in liquidation and two went into voluntary liquidation (liquidator approved by IFSA).</p> <p>SVG continues to closely monitor all international banks operating in SVG and reiterates that there are no shell banks so operating. Enhanced monitoring of existing international banks and enhanced vetting of applications are being diligently carried out by IFSA.</p>
19. Other forms of reporting	C			
20. Other NFBP & secure transaction techniques	C		The authorities should keep under review evolving opportunities for reducing the use of cash in the economy.	
21. Special attention for higher risk countries	NC	<ul style="list-style-type: none"> No requirement to pay special attention to transactions and relationships with persons from countries that do not or insufficiently apply the FATF Recommendations; No formal mechanism to advise FIs of AML/CFT concerns with other countries and no such advisories have been issued to date; No provisions to apply counter-measures against countries that do not or insufficiently apply the FATF Recommendations and no such measures have been applied. 	<ul style="list-style-type: none"> Require FIs to pay special attention to transactions and relationships with persons from countries that do not or insufficiently apply the FATF Recommendations; Implement a formal mechanism to advise FIs of AML/CFT concerns with other countries and where necessary advise FIs of such concerns; Introduce provisions and procedures that would require SVG to apply counter-measures against countries that do not or insufficiently apply the FATF Recommendations. 	<p>The Guidance Notes instructs the Compliance Officer to take account of FATF reports whether it be MEV or findings of the IMF or World Bank, to assess the ML and TF risk posed by jurisdictions that they may be dealing with and that high risk jurisdictions or jurisdictions with outstanding advisory notices and that they should take account of the risk associated with these jurisdictions.</p> <p>Notifications received by the FIU with reference to releases and advisories and updates on jurisdictions or persons of interest from FATF or other similar bodies are forwarded to those institutions regulated under the <u>Proceeds of Crime and Money Laundering Prevention</u> and the <u>United Nations Anti-Terrorism Measures</u> legislation.</p> <p>IFSA has updated its website to direct visitors to the <u>News and Events</u> section of the FATF's website where all publications and notices will be readily available to them for perusal. These would include advisories on jurisdictions and persons of interests.</p>

22. Foreign branches & subsidiaries	LC	<ul style="list-style-type: none"> No requirements for FIs to apply AML/CFT measures to their foreign branches and subsidiaries; No requirements for FIs to inform their supervisors when their foreign branches and subsidiaries cannot observe appropriate AML/CFT laws or measures. 		The relevant amendments are being investigated under the revision of the POCA Regulations.
23. Regulation, supervision and monitoring	NC	<ul style="list-style-type: none"> Ownership structures of some offshore institutions reduce transparency and may limit ability of regular review fit and proper criteria; Systemically large building society not subject to effective AML/CFT supervision; Generally inadequate supervision for AML/CFT across all sectors; Infrequent focus on inherently high risk business areas such as e.g. correspondent banking, money remittance services and back-to-back loans; Insufficient supervisory resources and understaffing to conduct effective ongoing supervision across all sectors, particularly in the non-domestic banking sector; No AML/CFT inspections/supervision of the international mutual fund and insurance sectors; Lack of detailed AML/CFT inspection procedures for the non-domestic bank sectors; No AML/CFT supervision of money services business and possible existence of one unauthorized activity; Lack of authorization and AML/CFT supervisory regime for money lending businesses covered by the AML/CFT laws. 	<ul style="list-style-type: none"> Enhance supervision of ownership and control structures of some offshore institutions to increase transparency of fit and proper criteria; Implement enhanced AML/CFT supervision of the systemically large building society and credit union; Strengthen onsite inspections FIs across all sectors, particularly in the non-domestic banking sectors; Enhance oversight of inherently high risk business areas across all the relevant sectors esp. correspondent banking, money remittance services, wire transfers and back-to-back loans; Increase supervisory resources and understaffing to conduct effective ongoing supervision across all sectors including through the use of external auditors/consultants, particularly in the non-domestic banking sector; Prioritize development and implementation of a comprehensive AML/CFT inspections/supervision program for the international mutual fund and insurance sectors, including through development of cross-border supervisory cooperation mechanisms; Develop detailed sector-specific AML/CFT inspection procedures for the non-domestic bank sectors; Implement AML/CFT supervision of money services business and review and enforce licensing laws with respect to possible existence of one unauthorized activity; Review and if necessary implement an authorization and AML/CFT supervisory regime for the existing money lending businesses covered by the AML/CFT laws. 	<p>IFSA has been involved in a full scope review of all its regulated entities. Extensive work has been done at IFSA with the assistance of three Consultants under the auspices of a Technical Assistance Project sponsored by the European Union. Please see Appendix 1 for a summary of this regulatory and institutional capacity building project.</p> <p>The Building and Loan Society as well as all credit unions will be regulated by the FSA which is scheduled to be established by January 2011. This legislation is currently being refined by the Legal Drafter of the Hon. Attorney General's Chambers as relevant stakeholders have already reviewed the draft Bill and made their contributions.</p> <p>The intention is to hire skilled and qualified staff so as to ensure high level staff and of note is that the transition of IFSA's staff into the FSA is automatic while staff from the merging entities will be vetted to ensure that they possess the requisite capabilities to meet the staffing requirements of the FSA.</p> <p>Of note too is that the insurance sector will be regulated by the FSA.</p> <p>The Financial Services Authority (FSA) has not yet been established but is expected to be established before the end of 2011. The Financial Services Authority Bill governing the establishment, structure and functions of the FSA is in its final stage of review.</p> <p>The FSA Bill was presented in Parliament on October 18th 2011 and is slated to be enacted by November 18th 2011 after a Select Committee Review. The Minister of Finance has confirmed publicly that the FSA would be set up thereafter in January 2012. The lease arrangement for rental of premises for the FSA has been finalized.</p>

				<p>IFSA has been involved in extensive and comprehensive AML/CFT training through the auspices of the EU Technical Assistance Programme and specifically the services of an AML/CFT Consultant. Programs and operating procedures have been developed for inspections and ongoing supervision through this training for all regulated entities – banks, mutual funds, international insurance and the registered agents. AML/CFT training has also focused on trusts and the use of international business companies. Since IFSA will be spearheading the FSA, all work with respect to AML/CFT will be shared with all staff and entities which will be part of the FSA. It is expected that the FSA in implementing the new AML/CFT Guidance Notes and training received, would address all AML/CFT concerns in the DAR with respect to the inspection and supervision of international banks and non bank financial institutions. The ECCB will continue to regulate the local banking sector.</p> <p>International Insurance Companies:</p> <p>Extensive training was provided to the Authority in the area of insurance through the initiative of an EU Technical Assistance programme for a four month period (May to August 2010). This was facilitated through case studies, class-room style presentations and role playing. IFSA's capacity for insurance supervision was heightened tremendously from this project including through the enhancement of its AML/CFT approach to insurance, its onsite and offsite supervisory techniques and the areas of focus such as risk management.</p> <p>IFSA has been approved as a member of the International Association of Insurance Supervisors opening training opportunities and assistance with the further building of its supervisory capacity.</p> <p>The Authority has since strengthened its supervision of these entities by ensuring that all outstanding non compliance issues were addressed in a timely manner. The Authority has been working along with each Insurance Company to ensure that these are complied with and deadlines were given for same. It was also required that a standard questionnaire seeking additional information on each entity be completed to update the Authority on the International Insurance environment it regulated. Financial data is also being reviewed. The Authority continues to work</p>
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				<p>assiduously to ensure that all Insurance Companies are fully compliant.</p> <p>At October 2010, there are six active (6) insurance companies, one insurance broker and manager. One insurance company is in the process of winding up its operations.</p> <p>The liquidation of the previously mentioned insurance company has been completed with no outstanding/unresolved claims. One (1) insurance company has been suspended.</p> <p>Mutual Funds</p> <p>Extensive training was also provided to the Authority in the area of mutual funds through the initiative of the EU Technical Assistance Project.</p> <p>The Authority has been closely monitoring its Mutual Fund entities. This includes ensuring compliance with the legislation and the review of financial data. A data base of Mutual Fund entities has been created to facilitate continuous follow up with outstanding matters.</p> <p>Enhanced monitoring of mutual funds including enhanced vetting of new applications being completed particularly enhanced review and vetting of private funds being done.</p> <p>Two new staff members have been hired by IFSA to continue with its efforts to build on regulatory and supervisory capacity, namely a senior analyst and legal officer with very relevant qualifications and experience.</p> <p>Two other temporary staff members have been hired by IFSA to assist in reviewing and updating its registry systems to ensure efficiency and accuracy of records and statistics.</p> <p>The review and update of IFSA's registry systems as previously described have been successfully completed. The accuracy of records by both hard and electronic copy has been verified and has already resulted in more efficient record keeping systems, statistics and generation of reports.</p> <p>IFSA's recent associate membership in the Caribbean Group of Banking Supervisors (CGBS), allows for increased training</p>
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				<p>opportunities and assistance with the further building of its supervisory capacity.</p> <p>Approval has also been obtained for IFSA to join the International Association of International Supervisors (IAIS), however IFSA has requested deferment of membership so that costs of membership can be shared under the proposed FSA.</p> <p>Like the CGBS, the IAIS offers further opportunities for collaboration and training on regulatory and supervisory best practices and the sharing of relevant information.</p>
24. DNFBP - regulation, supervision and monitoring	NC	<ul style="list-style-type: none"> No regulation or supervision of casinos; Gaps/inconsistencies in the RAs and Licensed Trustees Act; Confidentiality provisions of RAs Act are a potential impediment to effective supervision; Gaps in the oversight of RAs; Inadequate supervision of the immobilization of bearer shares; Weak arrangements for supervising large overseas activities of RAs; No effective arrangements for overseeing and enforcing AML/CFT obligations of other DNFBPs. 	<ul style="list-style-type: none"> Procedures for licensing casinos should be regularized and regulation of casinos should be introduced; A regulator with the adequate skills and capacity should be assigned to oversee and enforce compliance by casinos with their AML/CFT obligations; The apparent exemption in the RAs Act barristers and solicitors and accountants from being licensed for Overseas Representation services should be eliminated; Section 4 of the RAs Act should be repealed; IFSA policies and procedures for on-site examination and supervision of RAs' compliance with AML/CFT obligations should be enhanced, including additional staff and additional training; Given its responsibilities for regulation of the entire international sector, the number of IFSA examiners –four– is too few; Authority of the IFSA Executive Director to delegate examination responsibility should be included in the Overseas Finance Authority Act; IFSA should adopt written internal policies and procedures for approving approved custodians; Policies and procedures should be put in 	<p>The Registered Agents and Trustees (Licensing) Act, 1996 is being reviewed in its entirety to update same as well as to address the recommendations of the DAR.</p> <p>IFSA policies and procedures for on-site examination and supervision of RAs' compliance with AML/CFT obligations has been considerably enhanced. A full scope review of all RAs against the compliance requirements of the The Registered Agents and Trustees (Licensing) Act, 1996 as well as AML/CFT Requirements was undertaken following the IMF evaluation and IFSA has been involved in ongoing discussions with the RAs on same. Since the Mission's visit, the remaining onsite examinations of all RAs were completed. Licenses were suspended or revoked by IFSA or surrendered by the RA when RAs could not meet certain obligations. Consequently out of 28 RAs at the time of the Mission, 18 RAs are in operation.</p> <p>On-site inspections of RAs for 2011 have commenced in keeping with IFSA's increased and comprehensive review of RAs. An On-site checklist is being utilized and particular focus being placed on ensuring evidence of bearer share immobilization being verified.</p> <p>As of 30th March, 2011 the number of RAs licensed and operating have been further reduced to 16 as a result of IFSA's efforts to have only fully compliant RAs. IFSA completed a full on-site visit of all its licensed RAs in 2010 and has already commenced another round of onsite visits for the current year.</p> <p>Additional staff has been undertaken by IFSA (refer to Appendix 2 for IFSA's updated Organizational Chart) and appropriate</p>

			<p>place by IFSA for retrospectively approving bearer share custodians who were authorized by RAs between 2002 and 2007, or for revoking such custodianship and establishing new, approved arrangements;</p> <ul style="list-style-type: none"> • Policies and procedures, including if necessary, changes in laws or regulation, should be adopted to ensure that the extensive overseas business activities of some RAs do not create structures not subject to effective supervision. A variety of approaches are possible; • A supervisory authority (or authorities), with adequate powers and capacity, should be appointed to monitor and enforce compliance by other DNFBPs with their AML/CFT obligations; 	<p>additional training has been given to staff of IFSA as well as staff of the RA by IFSA.</p> <p>The IFSA Act will be repealed by the FSA Act and the appropriate powers for the Authority to access information are addressed in this said Act. The FSA shall have appropriate sanctioning powers with respect to AML/CFT oversight.</p> <p>IFSA has addressed the issue of approval of Custodians of bearer shares by implementing a standard operating procedure for such approval.</p> <p>A review of the position taken between 2002 – 2007 under the old legislation is still to be completed.</p> <p>Of significance is that a three year TA project has begun, spearheaded by the ECCB and funded by the World Bank, with respect to strengthening accountability in the non-bank financial sector in all OECS countries. IFSA and the Ministry of Finance have been actively participating in discussions with ECCB in keeping with the Action Plan pertaining to this Project.</p>
25. Guideline s & Feedback	LC	<ul style="list-style-type: none"> • Need for updated guidance with more attention to sector specific issues, especially for DNFBPs. 	Updated guidance should be issued, with additional material applicable to the operations of DNFBPs	<p>Revised Guidance Notes stipulate to all institutions that they need to have the proper compliance structure in place and requires them to conduct risk assessments and put systems in place to protect against the identified vulnerabilities.</p> <p>There is also included a self assessment questionnaire which allows entities to evaluate their compliance systems.</p>
Institutional and other measures				
26. The FIU	LC	<ul style="list-style-type: none"> • Implementation of its analytical function is under pressure; • The FIU has not directly developed a single case for prosecution of an ML or predicate offense originating from a SAR filed; • Insufficient legal authority in the FIU Act for general access to law enforcement information. • to obtain information from other governmental bodies to support its intelligence analysis; • The FIU does not issue additional and comprehensive guidance to reporting parties on SAR completions and filings; • The ability of the FIU to obtain additional information from reporting parties is 	<ul style="list-style-type: none"> • The FIU should strengthen its analytical function including through enhanced staff capacity; • The FIU Act should provide broad based authority to obtain information from other governmental authorities to conduct analysis for financial intelligence purposes; • The FIU should issue additional and comprehensive guidance to reporting parties on SAR filings to increase the quality and consistency of reports; • The FIU should publish an annual report on it operations. In this regard, sanitized information on trends and typologies should be 	<ul style="list-style-type: none"> • The FIU has undertaken several measures to enhance its analytical capacity including providing additional analytical software. Further the FIU is likely to take up an offer from the Bermuda FIU of a secondment program for analyst. • While the FIU considers its authority far reaching. Consideration has been given to an amendment to the legislation to provide more explicit powers. • The FIU continues to undertake training sessions with Regulated Financial Institutions and Businesses including providing guidance on circumstances under which SARs should be filed. Information is also readily available on the website svgfui.com • Since the report the annual and quarterly reports all include trends and typologies. Further, a newsletter with trends and

		<p>subject to a threshold requirement that allows for reporting entities to reject additional requests on the basis that the information sought is not sufficiently correlated to a particular stated offense;</p> <ul style="list-style-type: none"> The FIU does not publish an annual report on trends and typologies. 	<p>regularly included in a public document. The FIU should consider creating a website with information on its operations, SAR forms and instructions for reporting entities, and information for requesting authorities on the FIUs exchange of information procedures;</p> <ul style="list-style-type: none"> The FIU should consider entering into MOUs with counterparts in other countries, especially where SVG registered institutions and entities operate. 	<p>typologies was also published in 2010.</p> <ul style="list-style-type: none"> The FIU's website, in operation since May 2010, is updated periodically with trends and typologies. The website also provides downloadable SAR forms and information on identifying suspicious transactions which is sector specific. Newsletters are also periodically sent to all entities-financial institutions and persons engaged in relevant business activities. In 2010 the FIU signed MOUs with its counterparts in San Marino, Grenada and Barbados. In 2011 to date the FIU has signed MOUs with its counterparts in St. Lucia and Poland. An MOU is expected to be executed in the coming months between the FIU and its counterparts in Australia and Cayman Islands.
27. Law enforcement authorities	PC	<ul style="list-style-type: none"> Authority for applying POCA investigative and prosecutorial measures for FT is not explicitly included in law; Law enforcement authorities' integration into the AML/CFT framework needs to be detailed and formalized. Inadequate resources for the DPP's office affects implementation. 	<ul style="list-style-type: none"> Specific FT-related authority should be incorporated either in UNATMA or by amending POCA to directly include any FT offense; Law enforcement authorities' designation and integration into the AML/CFT framework, including relative to the FIU, should be detailed and formalized; Resources for the DPP's office should be enhanced and consideration should be given to formally deputizing FIU lawyers as assistant DPPs. 	<ul style="list-style-type: none"> The Office of the DPP has received an additional Attorney-at-Law, who before his admittance to the Bar was a member of the Royal St. Vincent and the Grenadines Police Force. The Office of the DPP is presently staffed with 4 lawyers.
28. Powers of competent authorities	C			
29. Supervisors	PC	<ul style="list-style-type: none"> No explicit link between the application of supervisory and administrative sanctioning powers in the financial laws and the AML/CFT legislation; There are no powers or mechanisms to supervise, inspect and enforce AML/CFT compliance with respect building societies and money lending operations; Except for international banks and money services business, no explicit provisions for other regulators (functionally the ECCB, IFSA, Ministry of Finance), to supervise, inspect and enforce compliance by FIs of the POCA, POCA Regulations and anti-terrorism legislation, 	<ul style="list-style-type: none"> Make explicit provision for regulators to supervise and enforce compliance with the AML/CFT legislation including the application of administrative sanctioning powers in the financial laws; Develop the legal and regulatory regime for regulators to supervise, inspect and enforce AML/CFT compliance for building societies and presently unauthorized money lending operations; Introduce explicit legal provisions for other regulators (functionally the ECCB, IFSA, Ministry of Finance), to supervise, inspect and enforce compliance by FIs broadly similar to those for international banks and money services business, 	<p>A single regulatory unit is being established whereby IFSA, the Supervisory and Regulatory Division of the Ministry of Finance and the Co-operatives Division will be merged. This unit entitled the 'Financial Services Authority' is expected to be established by January 2011. A Bill to establish the FSA has been drafted and clear provisions are contained to give the FSA the power to impose administrative sanctions. This Bill is expected to be enacted in November 2010.</p> <p>AML/CFT oversight is expected to be strengthened as a result of a unified, consistent and more comprehensive AML/CFT approach under the FSA. The Building and Loan Society will fall under the regulatory ambit of the FSA, hence subject to a higher level of AML/CFT supervision.</p>

		<p>particularly the power to initiate enforcement proceedings under these laws;</p> <ul style="list-style-type: none"> • AML/CFT compliance obligations under the International Banks Act and Money Services Business Act do not extend to the POCA POCA Regulations, limiting the scope of monitoring and enforcement; • No regulation and supervision of mutual fund underwriters; • Limitations under Section 8 of the IFSA Act could limit the scope of IFSA's supervisory and enforcement powers; • Section 19(9) of the International Banks Act restricts access to the names, titles and confidential information about customers' accounts to the Executive Director of IFSA who does not have the power of delegation with respect to this function; • IFSA is constrained in its capacity to effectively supervise mutual funds, administrators and managers, and insurance companies and their managers, in cases where the books, records and information are held outside the SVG; • No supervisory powers in either the AML/CFT legislation or the financial and regulatory laws, to enforce, sanction, or initiate proceedings for, violations of the AML/CFT legislation per se; • Ability of IBC mutual funds to issue bearer shares (not immobilized) may limit CDD and exercise of powers of supervision; • Section 35 of the Mutual Funds Act can exempt FIs from supervision and enforcement under the Act with implications for AML/CFT; • Limited access to records by Registrar of credit unions. 	<p>in the POCA, POCA Regulations and UNATMA. These should include the power to initiate enforcement proceedings under these laws;</p> <ul style="list-style-type: none"> • Extend the AML/CFT compliance obligations under the International Banks Act and Money Services Business Act to the POCA Regulations in order to provide broader regulatory scope for monitoring and enforcing compliance; • Develop and implement a regulatory and supervisory regime for mutual fund underwriters that would include AML/CFT, similar to that for fund administrators; • Review the possible limitation under Section 8 of the IFSA Act with respect to scope of IFSA's supervisory and enforcement powers; • Remove the technical restrictions under Section 19(9) of the International Banks Act that limit access to the names, titles and confidential information about customers' accounts to the Executive Director; • Review and as appropriate revise the legal and operational framework for mutual funds, administrators and managers, and insurance companies and their managers, to ensure that IFSA has efficient and timely access to books, records and information of such institutions to enable effective AML/CFT supervision; • Review and if necessary amend the Mutual Funds Act and Regulations to deal with the ability of IBC funds to issue bearer shares (not immobilized) as this may limit CDD and compliance supervision; • Review/amend Section 35 of the Mutual Funds Act that can exempt FIs from supervision and enforcement under the Act with implications for AML/CFT; • Amend the credit unions law to ensure full access to records by Registrar. 	<p>The proposed FSA Act also provides for access to information by the Authority.</p> <p>AML/CFT oversight has been strengthened resulting from implementation of recommendations from the DAR and training obtained from IFSA's EU TA Project (already reported on in the last Follow Up Report) with the enhanced and more comprehensive approach to on-site inspections.</p> <p>Relevant amendments to the International Bank's Act regarding IMF recommendations have been submitted to the AG for consideration.</p> <p>The revised Mutual Fund Act, Regulations and a new Code are to be received by IFSA on 18th April 2011 which would capture amendments relating to IMF DAR recommendations.</p> <p>The Financial Services Authority (FSA) has not yet been established but is expected to be established before the end of 2011. The Financial Services Authority Bill governing the establishment, structure and functions of the FSA is in its final stage of review.</p> <p>The FSA Bill was presented in Parliament on October 18th 2011 and is slated to be enacted by November 18th 2011 after a Select Committee Review. The Minister of Finance has confirmed publicly that the FSA would be set up thereafter in January 2012. The lease arrangement for rental of premises for the FSA has been finalized.</p>
30. Resources, integrity, and training	PC	<p>Supervisors: NC</p> <ul style="list-style-type: none"> • Understaffed and need for additional AML/CFT training for IFSA's and the Ministry 	<p>Supervisors:</p> <ul style="list-style-type: none"> • There is a need to strengthen the supervisory staff of IFSA's and the Ministry of Finance-SRD 	<p>A single regulatory unit is being established whereby IFSA, the Supervisory and Regulatory Division of the Ministry of Finance and the Co-operatives Division will be merged. This unit entitled</p>

	<p>of Finance-SRD supervisory staff;</p> <ul style="list-style-type: none"> Registrar of credit unions generally understaffed and under-resourced; No supervisory regime and resources as yet for the systemically important building and loan society. <p>DNFBPs: NC</p> <ul style="list-style-type: none"> No supervisory regime or resources for oversight of DNFBPs other than RAs. <p>FIU: LC</p> <ul style="list-style-type: none"> The FIU does not have a full complement of analytical and investigative staff to assess the SARs and other financial intelligence collected. <p>DPP: NC</p> <ul style="list-style-type: none"> DPP does not have sufficient staff to handle prosecutions of ML cases. <p>Police: LC</p> <ul style="list-style-type: none"> Police do not require regular, specialized training in AML/CFT; training on AML/CFT is only provided regularly to new recruits during their Police academy sessions. <p>Customs: LC</p> <ul style="list-style-type: none"> Need for additional AML/CFT training. <p>Judiciary: PC</p> <ul style="list-style-type: none"> Use of short-term contracts compromises independence and results in turnover that diminishes effectiveness of judiciary; Need for additional AML/CFT training for judges and magistrates. 	<p>supervisory staff, including enhanced training on supervision and AML/CFT in particular;</p> <ul style="list-style-type: none"> The planned transfer of supervision for credit unions and building societies to the SRD will require enhanced resources and training for supervisors in these new sectors; Supervisory authorities with adequate staff and resources should be assigned responsibility for monitoring and enforcing AML/CFT compliance by those DNFBPs that are not now subject to supervision by IFSA. <p>FIU:</p> <ul style="list-style-type: none"> FIU needs additional training and resources to conduct core analytical functions, including accounting and forensic skills. <p>DPP:</p> <ul style="list-style-type: none"> Additional resources and training needed. <p>Police:</p> <ul style="list-style-type: none"> Police officers should receive regular and comprehensive training on ML and FT offenses and their linkages to predicate offenses; RSVGPF should have additional resources for technological and communication to improve the predicate crimes, ML and FT investigations. <p>Customs:</p> <ul style="list-style-type: none"> Additional AML/CFT training focusing on red flags and typologies should be provided to all Customs Department employees amounting to a total of at least two full days of training per year. The Department should consider coordinating with the FIU in researching, designing, and providing such additional training; Consideration should be given to adding airport scanners and permanent trace detector, as well as mobile canine squads for ET Joshua Airport 	<p>the 'Financial Services Authority' is expected to be established by January 2011. A Bill to establish the FSA has been drafted and clear provisions are contained to give the FSA the power to impose administrative sanctions. This Bill is expected to be enacted in November 2010.</p> <p>The Building and Loan Society will fall under the FSA's supervisory regime.</p> <p>There has been a delay in the establishment of the FSA owing to national general elections in SVG which took place in December 2010. There were therefore disruptions in how quickly this entity could be established due to delays prior to and subsequent to elections when other matters of State took priority.</p> <p>The Financial Services Authority (FSA) has not yet been established but is expected to be established before the end of 2011. The Financial Services Authority Bill governing the establishment, structure and functions of the FSA is in its final stage of review.</p> <p>The FSA Bill was presented in Parliament on October 18th 2011 and is slated to be enacted by November 18th 2011 after a Select Committee Review. The Minister of Finance has confirmed publicly that the FSA would be set up thereafter in January 2012. The lease arrangement for rental of premises for the FSA has been finalized.</p> <p>Two new staff members have been hired by IFSA to continue with its efforts to build on regulatory and supervisory capacity, namely a senior analyst and legal officer with very relevant qualifications and experience.</p> <p>Two other temporary staff members have been hired by IFSA to assist in reviewing and updating its registry systems to ensure efficiency and accuracy of records and statistics.</p> <p>IFSA's recent associate membership in the Caribbean Group of Banking Supervisors (CGBS), allows for increased training opportunities and assistance with the further building of its supervisory capacity.</p> <p>Approval has also been obtained for IFSA to join the International</p>
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			<p>and the main seaport.</p> <p>Law Judiciary:</p> <ul style="list-style-type: none"> Consider longer term contracts for magistrates of at least five and up to ten years be used. 	<p>Association of International Supervisors (IAIS), however IFSA has requested deferment of membership so that costs of membership can be shared under the proposed FSA.</p> <p>IFSA regulatory staff member (Examiner with responsibility for AML/CFT) has commenced studies from the International Compliance Association (ICA) with the University of Manchester for a Diploma in AML/CFT due to be completed in September 2011.</p> <p>The final examination for the said AML/CFT Diploma was completed by IFSA's regulatory staff member in September 2011 and results are expected by November 2011.</p> <p>A three year TA project has begun, spearheaded by the ECCB and funded by the World Bank, with respect to strengthening accountability in the non-bank financial sector in all OECS countries. IFSA and the Ministry of Finance have been actively participating in discussions with ECCB in keeping with the Action Plan pertaining to this Project.</p>
31. National co-operation	LC	<ul style="list-style-type: none"> The FIU does not have specific FIU authority to obtain appropriate law enforcement and other governmental information needed to develop intelligence and analysis; The NAMCL does not have a statutory role for policy coordination; Domestic regulatory authorities do not have uniform bases upon which to cooperate among each other and with law enforcement. 	<p>FIU Act should be amended to specify the FIU authority to obtain appropriate law enforcement and other governmental information needed to develop intelligence and analysis.</p>	<p>An appropriate amendment submitted to Hon. AG for consideration.</p> <p>The NAMLC continues to play a strong/integral role as a forum for national co-operation of the competent authorities in SVG. Policy continues to be formulated at a national level and it is being considered by the authorities whether a statutory role is necessary for policy to be made and implemented.</p> <p>Domestic regulatory cooperation will be enhanced legally and formally under the FSA. The FIU is in the process of establishing MOUs with IFSA and will be seeking to do same with the proposed FSA.</p> <p>The FIU has already signed MOUs locally with the Royal St. Vincent and the Grenadines Police Force and the Immigration Department.</p> <p>Draft MOUs between the FIU and IFSA, the FIU and the Customs and Excise Department, the FIU and the Inland</p>

				Revenue Department, the FIU and the National Insurance Services have been sent to the Hon. AG for her advice and attention. These are expected to be signed in the coming months.
32. Statistics	LC	<p>Supervisors: LC</p> <ul style="list-style-type: none"> Inadequate and untimely statistics obtained by insurance supervisors with respect to e.g. life and investment linked insurance policies; Insufficient financial statistics received and generated by financial sector supervisor to assist them in risk-profiling FIs for ML/FT risks, including with respect to their money remittance business, back-to-back loans, etc. <p>FIU: LC</p> <ul style="list-style-type: none"> Statistics on ML and FT vulnerabilities and trends are lacking. <p>Law Enforcement: PC</p> <ul style="list-style-type: none"> Most AML/CFT statistics are maintained by the FIU and the crime trend statistics on predicate offenses are not analyzed alongside or synthesized with AML/CFT-specific trends. 	<p>Supervisors:</p> <ul style="list-style-type: none"> Inadequate and untimely statistics obtained by insurance supervisors with respect to e.g. life and investment linked insurance policies; Insufficient financial statistics received and generated by financial sector supervisor to assist them in risk-profiling FIs for ML/FT risks, including with respect to their money remittance business, back-to-back loans, etc. <p>FIU/Police:</p> <p>The FIU and Police should maintain statistics on trends, vulnerabilities and typologies of ML and FT offenses, and predicate offenses that analyze and synthesize the information obtained separately by each agency.</p>	<p>IFSA has been reviewing all of its databases to ensure the maintenance of up to date and accurate statistics. IFSA shall soon be concluding a Full Scope Review of all its registered entities to ensure the accuracy and adequacy of its records. Additional staff and up dated software were sourced to properly carry out this task. A full audit of IFSA's IT systems was also completed and the recommendations of same are being implemented, also with the aim of maintaining, generating and utilizing accurate records and reports, to be used among other things, in various analyses.</p> <p>The Full Scope Review of all registered entities has been successfully completed and the objectives of undertaking this task were achieved (ref: Rec. 23 above).</p> <p>The FIU maintains statistics on trends and typologies and regularly includes same in its quarterly and annual reports post mission.</p> <p>With the implementation of its website in May 2010 the FIU periodically inputs statistics on trends and typologies of ML and FT offences.</p>
33. Legal persons—beneficial owners	PC	<ul style="list-style-type: none"> Bearer shares in IBCs are not properly immobilized since some are in hands of custodians that have not been approved by IFSA; With respect to IBCs, onsite inspection procedures of IFSA not sufficient to ensure that adequate, accurate and complete information about beneficial owners is being collected and maintained by RAs; For local companies, the Companies Registrar does not have legal authority to ensure that adequate, accurate and complete information about beneficial owners is available to them or to law enforcement authorities; For local companies, there is no restriction on the use of nominee shareholders and directors 	<ul style="list-style-type: none"> With respect to IBCs: (i) relevant laws should be amended to provide (a) that only RAs and approved custodians may immobilize bearer shares, (b) IFSA with the authority to strike off an IBC under Section 172 of the IBC Act for reasons of public policy along the lines of its authority under Section 34(1)(a) of the Insurance Act; (ii) measures should be taken by IFSA to verify, at a minimum, that (a) information about beneficial ownership of legal persons in the IBC Register is adequate, accurate and current, and consistent with such information about legal persons held by RAs, (b) AML/CFT procedures of both RAs and approved custodians are effective and comply with the laws of their home country as well as those of SVG, and (c) bearer shares are held in "safe custody" under the 	<p>Section 30 (1) of the International Business Companies (Amendment and Consolidation) Act, 2007 requires that the Registered Agent and Approved Custodian keep in their safe custody all share certificates issued in respect of all bearer shares and that the said certificates cannot be distributed. The Act also provides for the following:</p> <ol style="list-style-type: none"> A penalty of EC\$10,000.00 for the unauthorized issue of, or conversion to or exchange for bearer shares by an IBC; A penalty of EC\$20,000.00 for the unauthorized issue of, or conversion to or exchange for bearer share by segregated cell company and; A penalty of EC\$10,000.00 for failure to notify registrar of IBCs, failing or refusing to comply with immobilization provisions.

		<p>in Companies Act nor is it possible for Companies Registrar to determine if nominees are being used.</p>	<p>IBC Act and therefore have been properly immobilized by RAs and approved custodians, and that only approved custodians as defined by the IBC Act are authorized to immobilize bearer shares;</p> <ul style="list-style-type: none"> • Consideration should be given to amending relevant laws administered by IFSA to require a wide range of effective, dissuasive and proportionate administrative and criminal sanctions against controlling shareholders, directors, officers and companies for failure to disclose material information to IFSA or to RAs or for misuse of any company in respect to ML, FT or any other predicate crime; • IFSA's onsite inspection procedures should be revised to ensure that it has access to and is verifying that adequate, accurate and complete information with respect to beneficial ownership of IBCs is being collected and maintained by RAs; • IFSA should develop policies and procedures for approving custodians to hold immobilized bearer shares; • With respect to local companies, the Companies Act should be amended to (i) provide the Companies Registrar with the requisite legal authority to ascertain the beneficial ownership of all companies registered in SVG, and to ensure that information about beneficial ownership of legal persons in the Local Companies Registry is adequate, accurate and current, and (ii) consideration should be given to including a wide range of effective, dissuasive and proportionate administrative and criminal sanctions against controlling shareholders, directors, officers and companies for failure to disclose material information to the Companies Registrar and for misuse of any company in respect to ML, FT or any other predicate crime; • The use of nominee and non-SVG corporate directors and shareholders should be prohibited in the IBC and Companies Acts unless measures are taken to ensure that adequate, accurate and complete beneficial information is made available to IFSA 	<p>Of the onsite inspections conducted since January 2009, seven were confirmed to be duly authorized to have issued bearer share certificates. All agents, inclusive of those who do not issue the said shares, have been made fully aware of their obligations in accordance with the Act. Any Agent who is found to be in breach of the Act would be fined accordingly if steps have not been taken to address the said matter.</p> <p>Procedure for Approving Custodians</p> <p>The Authority has approved one custodian - this was done in October, 2008. The procedure is as follows:</p> <ul style="list-style-type: none"> • The Registered Agent makes a request to the Registrar of IBCs who then conducts in house due diligence checks using the search engines World compliance and World Check. The individuals CV and supporting evidence is also perused to fulfill the fit and proper test. • A summary report is then submitted to the Executive Director who further discusses the said matter with the Registrar. The Executive Director would then conduct further investigations with governing regulatory bodies to ensure that the individuals are indeed befitting the custody of the said certificates. • After this has been done, the Executive Director would submit her findings to the Board of Directors of IFSA. The application would be subject to additional scrutiny and after careful deliberations and consideration of the jurisdiction of the applicants the Board would vote on whether the application is to be approved or declined. • After this process has been done the Executive Director advised the Registrar of the decision and the Registrar or the Executive Director informs the Registered Agent of the approval or dis-approval of the Custodian. <p>This procedure requires the Board of Directors approval. The Board of Directors of IFSA is quite aware of the AML/CFT expertise required as the Executive Director, the Chairman and the Director of Finance and Planning are members of the National Anti- Money Laundering Committee.</p>
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			<p>and the Companies Registrar respectively and that the IBC and Companies Registers so reflect; and</p> <ul style="list-style-type: none"> • The Mutual Funds and International Insurance Acts should be amended to prohibit the use of bearer shares by licensees, and the Mutual Funds Regulations revised to reflect this change. 	<p>Amendments to the law so as to reflect recommendations of the IMF Assessors are being considered against a full scope review of all laws applicable to the IFS industry.</p> <p>Amendments have been submitted to the Hon. AG which addresses the deficiencies identified by the DAR under this section. For example:</p> <p>-Recommendation to amend the IBC Act to reflect the recommendations of the IMF assessors has been sent to the AG for consideration save for that of immobilizing bearer shares as this is already captured under the law.</p> <p>-Recommendation to amend definitions, Section 4 of the International Insurance Act and to amend Regulation 11 sent to AG for consideration.</p> <p>IFSA's onsite examination procedures have been enhanced owing to implementation of recommendations of the IMF Assessors and further training carried out under the EU TA Project (previously reported upon). An essential component of every on site examination of registered agents is verification of procedures for the immobilization of bearer shares. This issue is ventilated with the RA and procedures verified on site and against IFSA's records.</p> <p>Proper immobilization of bearer shares is part of IFSA's written standard approach as a necessary check in a RA onsite examination.</p> <p>Another round of onsite examinations has commenced and Registered agents are currently being reviewed with particular emphasis being placed on evidencing the custody of bearer shares.</p>
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<p>34. Legal arrangements – beneficial owners</p>	<p>NC</p>	<ul style="list-style-type: none"> • With respect to ITRs, no laws, regulations or other enforceable means requiring registered trustees to identify beneficial ownership of trusts (e.g. the settlor, trustee, beneficiaries and protector of the trust) and allowing IFSA access to such information; • With respect to ITRs, IFSA does not conduct sufficient inspections of registered trustees so as to ensure that beneficial owners of trusts have been identified; • With respect to local trusts, no laws, regulations or other enforceable means are in place to: (i) ensure that beneficial owners are identified; (ii) provide a mechanism so that competent authorities have access to adequate, accurate and complete information about beneficial owners of local trusts; and (iii) prevent misuse of local trusts for purposes of ML and FT; • With respect to both ITRs and local trusts, no restrictions on use of companies as settlors, trustees or beneficiaries. 	<ul style="list-style-type: none"> • With respect to ITRs, relevant laws, regulations or other enforceable means should be amended to require registered trustees to identify beneficial owners of trusts (e.g. the settlor, trustee, beneficiaries and protector) and the IT Act should be amended to make clear that IFSA has the authority to request books, records and other information about beneficial owners of trusts; • With respect to ITRs, IFSA should conduct sufficient inspections of registered trustees so as to ensure that beneficial owners of trusts are identified; • With respect to local trusts, measures, including laws, regulations and other enforceable means, should be adopted to: (i) ensure that competent authorities have access to adequate, accurate and complete information about beneficial owners of trusts; (ii) prevent misuse of local trusts for purposes of ML and FT; and (iii) prevent use of companies as settlors, trustees or beneficiaries of trusts unless they can be adequately identified; • With respect to both ITRs and local trusts, relevant laws should be amended to prohibit use of companies as settlors, trustees or beneficiaries; and • With respect to both ITRs and local trusts, consideration should be given to amending relevant laws to provide competent authorities with effective, dissuasive and proportionate sanctions to ensure that requisite information on beneficial owners is being disclosed and that corporate vehicles are not being used for ML or FT. 	<p>All Registered Agents are also Registered Trustees and as such are subject to on-site inspections. The Authority has conducted onsite inspection of fourteen (14) Registered Agents over the period January 2009 to October, 2010. The Registered Trustee in accordance with the 63 (1) International Trust (Amendment) Act, 2002 is required to keep the following:</p> <p>(a) a copy of the instrument creating the trust and copies of any other instrument amending or supplementing such instrument;</p> <p>(b) a register in which the following information is set out:</p> <p>(i) The name of the settlor and the name of the beneficiary or the beneficiaries and the names of the trustee or trustees and where applicable the name of the protector.</p> <p>(ii) if a purpose or charitable trust, a summary of the purposes of the trust and the name of the protector(s) of the trust, and</p> <p>(iii) Such documents as are necessary to show the true financial position of the trust, which shall be current as of one month following the close of each fiscal quarter.</p> <p>Section 55 A & B the International Trust (Amendment) Act, 2002 has given the Registrar of Trust the power to do the following:</p> <p>a) Require the Registered Trustee to provide the Authority; or any person acting on behalf of the Authority, at a time as may be specified, any information which the Registrar of Trusts may reasonably require for ensuring that the Trust complies with the provisions of this Act and any code of practice;</p> <p>b) Require the Registered Trustee to provide the Registrar of Trusts with a report prepared by the auditor or accountant of the Trust or any other person with the relevant professional skill, on a matter which the Registrar of Trusts may require under part (a) and the report must be prepared on a form as specified by the notice.</p> <p>In addition the Registrar of Trust has the power to require the production of documents as follows:</p> <p>The Registrar of Trusts may by notice in writing served on the Registered Trustee of the trust require the Registered Trustee:</p>
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International Cooperation				
35. Conventions	LC	<ul style="list-style-type: none"> The SFT and Palermo Conventions have not been ratified. Section 5 of the Palermo Convention has not been implemented and the SFT Convention has not been fully implemented with regard to the application of offenses in UNATMA to terrorist acts, terrorist organizations and individual terrorists. UNATMA does not include two of the 	<ul style="list-style-type: none"> SFT and Palermo Conventions should be ratified and fully implemented; UNATMA should be amended to include all conventions that define offenses to which the SFT Convention applies; <p>Legal provisions and other measures should be adopted in order to implement the requirements in UNSCRs 1267 and 1373. In particular, a mechanism for freezing funds, assets, and other financial or</p>	<p>Between 25th and 29th May 2010 there was a Specialized Workshop on the Prevention and Fight against Terrorism and its financing facilitated by the UNODC and the Government of St. Vincent and the Grenadines. The UNODC has endeavoured to provide technical assistance to redraft UNATMA and is in consultation with the Hon. AG on this matter.</p> <p>The consultation process between the Hon. AG and the UNODC continues with a view to redrafting the UNATMA.</p>

		conventions which define terrorist offenses that are listed in the annex to the SFT convention.	economic resources of terrorists and terrorist organizations.	
36. MLA	LC	<ul style="list-style-type: none"> Bilateral treaties on MLA do not have the force of law. 		
37. Dual criminality	C			
38. MLA on confiscation and freezing	C			
39. Extradition	C			
40. Other forms of co-operation	C			<p>SVG has to date signed 20 Tax Information Exchange Agreements with several more in the pipeline widening its scope of international cooperation. Double Taxation Agreements are currently under consideration with Turkey and will be targeted for establishment with other countries.</p> <p>Negotiations are ongoing for the establishment of TIEAs with the Slovak Republic, Portugal, Spain and Romania.</p> <p>SVG is set to undergo its Global Forum Phase 1 peer review in the 2nd half of 2011 and are currently preparing. In preparing, it is reviewing all relevant legislation relating to the availability of information, access to information and the exchange of information as it relates to transparency for tax purposes which opens doors to greater access to information. This will provide the opportunity to further ensure that there are no legal or other impediments to access to relevant information.</p>
Nine Special Recommendations				
SR.I Implement UN instruments	NC	<ul style="list-style-type: none"> No legal framework implemented to comply with UNSCRs 1267, 1373 and 1455. The SFT Convention has not been fully implemented and the relevant law, UNATMA, does not include two of the conventions listed in the annex to the SFT Convention. 	<ul style="list-style-type: none"> SFT and Palermo Conventions should be ratified and fully implemented; UNATMA should be amended to include all conventions that define offenses to which the SFT Convention applies; Legal provisions and other measures should be adopted in order to implement the requirements in UNSCRs 1267 and 1373. In particular, a mechanism for freezing funds, assets, 	

			and other financial or economic resources of terrorists and terrorist organizations.	
SR.II Criminalize terrorist financing	LC	<ul style="list-style-type: none"> The Convention on the Physical Protection of Nuclear Material (1980) and the International Convention for the Suppression of Terrorist Bombings (1997) are not included in the list of Conventions that define one aspect of the definition of terrorist act in UNATMA; Under Section 3(4) of UNATMA, the offenses under Secs. 3(1) and 3(3) do not apply to individual terrorists; POCA Regulations do not sufficiently cover identification of FT offenses. 	<ul style="list-style-type: none"> The laws of SVG should be strengthened as follows: Schedule II to UNATMA should be amended to add two conventions that are listed in the annex to the SFT Convention, as follows: The Convention on the Physical Protection of Nuclear Material (1980); and the International Convention for the Suppression of Terrorist Bombings (1997); Section 3(4) of UNATMA should be amended to apply to individual terrorists, and not just terrorist acts and terrorist groups; and The POCA Regulations should be amended to cover FT offenses. 	<p>Between 25th and 29th May 2020 there was a Specialized Workshop in the Prevention and Fight against Terrorism and its financing facilitated by the UNODC and the Government of St. Vincent and the Grenadines. The UNODC has endeavoured to provide technical assistance to redraft UNATMA and is in consultation with the Hon. AG on this matter.</p> <p>The Hon. AG and the UNODC are still in consultation with respect to the re-drafting of the UNATMA.</p> <p>The Attorney General has indicated that these amendments would be enacted by the end of the first quarter 2012.</p>
SR.III Freeze and confiscate terrorist assets	NC	<ul style="list-style-type: none"> Statutory provisions implementing relevant UNSCRs are largely absent. 	The authorities in SVG should take immediate action to implement the relevant UNSCRs, including, but not limited to UNSCRs 1267, 1373 and 1455, and any such provision of law should be flexible enough to apply as well to similar designations by other states as well as any future UNSCRs that require UN member states to freeze, seize and confiscate the assets of designated terrorists and terrorist organizations, as well as such designations by other member states in the future.	
SR.IV Suspicious transaction reporting	NC	<ul style="list-style-type: none"> There is no requirement in UNATMA or POCA to file SARs for transactions or financial activities that could constitute or be related to financing of individual terrorists or terrorist organizations. 		
SR.V International cooperation	LC	<ul style="list-style-type: none"> The legal basis for conducting investigations and related prosecutorial measures for FT on behalf of foreign law enforcement is not specified in law. 	<ul style="list-style-type: none"> The legal basis for conducting investigations and related prosecutorial measures for FT directly on behalf of foreign law enforcement should be specified in law; The scope and definition of financial intelligence information that is subject to sharing by the FIU to foreign counterparts and to foreign law enforcement needs to be clearly defined. Specific procedures should be established for expediting extradition requests. Pursuant to MACMA, SVG should adopt regulations that will allow for bilateral MLA treaties 	

			to have the effect of law; the AG should issue a legal opinion that the discretion to reject requests for MLA in the absence of dual criminality would not be exercised in respect to ML, predicate offense and FT requests.	
SR.VI	PC	<ul style="list-style-type: none"> Lack of AML/CFT compliance monitoring and supervision of business conducted outside of banking sector. 	<ul style="list-style-type: none"> The Ministry of Finance should quickly develop policies, procedures and capacity for on-site compliance examinations and begin such examinations; Investigate the existence of unlicensed money remittance operations and take appropriate action 	
SR.VII Wire transfer rules	NC	<ul style="list-style-type: none"> No wire transfer requirements; Partial implementation of SR.VII standards by banks and money transmitters. 	<ul style="list-style-type: none"> Binding regulations should be adopted requiring all wire transfer service providers, including banks, money transmitters, and other FIs, to adhere to the wire transfer recommendations of FATF SR.VII; All FIs subject to wire transfer requirements should be monitored for compliance by a supervisor with the authority and capacity to enforce compliance. 	
SR.VIII NPOs	LC	<ul style="list-style-type: none"> No review of NPO sector laws and regulations; Limited monitoring of NPO financial activities. 	<ul style="list-style-type: none"> The authorities should undertake a review of its laws and regulations as they relate to AML/CFT and the NPO sector; The Registrar of companies should establish policies and procedures to monitor financial filings of NPOs to verify that funds are being raised and disbursed in a manner consistent with the NPOs stated purpose; Financial reporting requirements should be broadened to including information on domestic and international sources of funds and applications of funds. 	
SR.IX Cross-Border Declaration & Disclosure	LC	<ul style="list-style-type: none"> The administrative process by which the Customs Department imposes a fine, accepts an admission of wrongdoing, and discharges the liability of the suspect does not allow the DPP, with the assistance of the FIU, to investigate, develop and prosecute criminal cases against suspects caught with undisclosed, suspicious or concealed currency; 	<ul style="list-style-type: none"> The administrative process should be changed to allow the DPP, with the assistance of the FIU, to investigate, develop and prosecute criminal cases against suspects caught with undisclosed, suspicious or concealed currency; CCMA should be amended to increase administrative fines so that they are effective, dissuasive and proportionate; 	

		<ul style="list-style-type: none"> • Administrative fines are not effective, dissuasive or proportionate; and • A long-pending proposed MOU between the Customs Department and the FIU has not been signed. 	<ul style="list-style-type: none"> • MOU between the Customs Department and the FIU should be signed. 	
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