

COMPLIANCE FOCUS



REVISIONS TO FATF RECOMMENDATION 24

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Understanding Risks & Basic and Beneficial Ownership Information

This five (5) part article will clarify the recent amendments to the Financial Action Task Force's (FATF's) Recommendation 24 and its Interpretive Note. Part 1 focuses on the changes to the requirements for understanding and assessing the risks of legal persons, basic information and Beneficial Ownership (BO) information.

Countries will be assessed by the updated requirements of this Recommendation in the Fifth (5th) Round Mutual Evaluations that are scheduled to begin for the Caribbean Financial Action Task Force (CFATF) Members in September 2025, with the submission of the first 5th Round Evaluation Report to be tabled at the CFATF Plenary in November 2026.

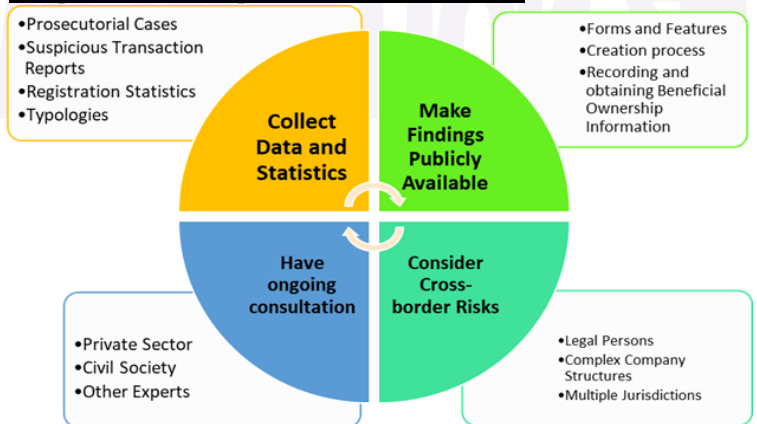
Justification for Amendments

- ⇒ Insufficient Compliance with Recommendation 24;
- ⇒ Unavailability of BO information;
- ⇒ Low Effectiveness Ratings for Immediate Outcome 5 which assesses the mechanisms in place to prevent the misuse of legal persons and arrangements.
- ⇒ The exploitation by criminals of Legal Persons to conceal beneficial ownership; and
- ⇒ The attractiveness of corporate vehicles to criminals to conduct illicit activities such as tax fraud, bribery and insider dealings.

The Revised Recommendation 24 states that, "Countries should assess the risks of the misuse of legal persons for money laundering or terrorist financing and take measures to prevent their misuse."

Countries should conduct a risk assessment of all the types of legal persons in the context of the jurisdiction and the threats and vulnerabilities faced by each type.

Components of a Comprehensive Risk Assessment



Mitigating the Risks

The FATF outlines preventative measures that can be taken by jurisdictions to mitigate the risks once identified during the risk assessment. These include the application of disclosure requirements by legal persons who want to operate in the country and the increase in the investigative and enforcement capacities and powers of the corporate registry.

Beneficial Ownership Information

Under the amendment to Recommendation 24, "Countries should ensure that there is adequate, accurate and **up-to-date information** on the BO and control of legal persons that can be obtained **rapidly and efficiently** by competent authorities, **through either a register of BO or an alternative mechanism.**"

Countries should have mechanisms to ensure that basic and BO information is current and updated **within a reasonable period** following any changes.

Countries should establish a practical framework that supports the updating of BO information. The framework should be specific about the meaning of a 'reasonable period.' In St. Kitts and Nevis, the period is stipulated in the relevant legislation for the incorporation, registration or establishment of a legal person.

Access to BO information should be quick and reliable without undue delay or impediment.

Competent Authorities should have all the powers necessary for timely access to BO information.