

Money Services Businesses

Money Services Businesses (MSBs), pursuant to the Money Services Business Act, No. 26 of 2008, are defined as

A) the business of providing (as a primary business) any one or more of the following:

- (i) transmission of money or monetary value in any form;
- (ii) cheque cashing;
- (iii) currency exchange;
- (iv) the issuance, sale or redemption of money orders or traveler's cheques;
- (v) pay day advances;
- (vi) any other services or businesses that the Minister may specify by Order published in the Gazette; or

B) the business of operating as an agent or franchise holder of any of the businesses mentioned in paragraph a).

APPLICATION REQUIREMENT AND PROCESS

In order to obtain a licence as a money services business, a person shall apply in writing to the Financial Services Regulatory Commission, pay the prescribed application fee, complete Form A and Form B as outlined in Schedule 2 of the Money Services Business Act of 2008 and submit the required documents. The FSRC will process the application in accordance with its application processing procedures. Upon completion of this process, if it is satisfied that an application is in order and the applicant is a fit and proper person to be licensed to conduct money services business and that it can fulfill the obligations of a licensee under this Act. The FSRC will approve the application and issue a licence to the applicant subject to the applicant paying the prescribed licence fee and making the prescribed statutory deposit in accordance with the Money Services Business Act.

E.g. Applicants of Foreign Entities should arrange for a delegation to make a presentation to the Director of FSRC concerning the applicant and its proposed business before a formal application is submitted.



Topics Discussed:

- * ***What are Money Services Businesses?***
- * ***Application Requirement and Process***
- * ***Fees***
- * ***Audited Financial Statements***
- * ***Classes of Money Services Businesses***
- * ***Duration of Money Services Businesses***
- * ***Accounts***
- * ***Annual Returns***
- * ***Revocation and Termination of a Licence***
- * ***AML/CFT Compliance Program***
- * ***Legislative References***

FEES

Class	Application Fee	Annual Licence Fee
Class A	\$1,000.00	\$5,000.00
Class B	\$1,000.00	\$5,000.00
Class C	\$1,000.00	\$5,000.00
Class D	\$1,000.00	\$5,000.00
Class E	\$1,000.00	\$5,000.00

AUDITED FINANCIAL STATEMENTS

1. If the applicant is a business that was existent and operating prior to the date of application, copies of audited financial statements (balance sheet, profit and loss, auditor's report and notes to accounts) for the five consecutive years immediately preceding its application, except however, where such applicant has been functioning for less than five years, a copy of its audited financial statements for each year it has been in operation shall be sufficient.
2. Operating projections for the proposed licensee's first five (5) years of business. This should include balance sheet, income statement and cash flow projections prepared in an acceptable accounting format. Details of any financial or economic assumptions on which these projections are based should be clearly indicated.

CLASSES OF MONEY SERVICES BUSINESSES

The several classes of licences issued under the Money Services Act, No. 26 of 2008, shall authorize the holders to carry on money services business as specified-

- * A "CLASS A" licence permits the holder to carry on the transmission of (i) money or monetary value in any form, (ii) the issuance, sale or redemption of money orders or traveler's cheques, (iii) cheque cashing and (iv) currency exchange.
- * A "CLASS B" licence permits the holder to carry on the following business, (i) the issuance, sale or redemption of money orders or traveler's cheques, (ii) cheque cashing and (iii) currency exchange.
- * A "CLASS C" licence permits the holder to carry on business of cheque cashing.
- * A "CLASS D" licence permits the holder to carry on businesses of currency exchange.
- * A "CLASS E" licence permits the holder to carry on business of pay day advances.

NB: Where different places of business are kept in the name of the same person, a separate licence is required for each such place of business.

NB: If the FSRC has reasonable cause to suspect that any person is carrying on money services business without a licence granted under the Money Services Business Act, No. 26 of 2008, and evidence of contravention of required licence is to be found on any premises, the Financial Services Regulatory Commission may relay the matter before a Magistrate with regards to its suspicions.

DURATION OF MONEY SERVICES BUSINESSES

A licence to carry on money services business is valid from the date of first issue to the 31st December of that year and is renewable each year on payment of the prescribed annual fee on or before the 15th day of January.

ACCOUNTS

A licensee is required to appoint annually an Auditor who must be a Chartered Accountant, Certified Public Accountant, a member of the Institute of Chartered Accountants of the Eastern Caribbean (ICAEC) or some other professionally qualified accountant, whose duty shall be to prepare reports on the annual financial statements and financial position of the licensee.

Accordingly, the licensee must, within three months of the end of their financial year, forward the audited financial statements to the Financial Services Regulatory Commission unless prior written approval for an extension was granted by the Commission.

A licensee shall institute procedures to ensure that its accounting records and systems of business control comply with the requirements of the Anti-Money Laundering Regulations, No. 46 of 2011 and the Anti-Terrorism Regulations, No. 47 of 2011, issued pursuant to Proceeds of Crime Act, 2000.

QUARTERLY ANNUAL RETURNS

The holder of a Class A or Class B licence, must, within the format provided by the Financial Services Regulatory Commission, file quarterly returns with the Commission within fifteen days of the end of a quarter, along with a written declaration that the information set out in the application for the licence remains correct and gives a fair picture of the money services business.

The holder of Class C, Class D or Class E licence must, within fifteen days of the end of the financial year, file an annual return with the Commission along with a written declaration that the information set out in its application for the licence remains correct and gives a full and fair picture of its money services business.

REVOCATION AND TERMINATION OF A LICENCE

The Financial Services Regulatory Commission may revoke any licence to carry on money services business in Saint Christopher and Nevis if the licensee (a) fails to commence operations within a period of three (3) months following the granting of the licence; (b) fails to comply with the conditions or restrictions of its licence; (c) is in breach of any of the provisions of the Money Services Business Act; (d) ceases to carry on money services business in Saint Christopher and Nevis for a period in excess of ten months; (e) is conducting its affairs in a manner detrimental to the public interest or to the interest of its customers; (f) goes into liquidation or is winding up or otherwise dissolved; (g) by reason of any other circumstance, is no longer a fit and proper person to hold a licence. The Financial Services Regulatory Commission will also terminate a licence at the request of the licensee.

Where a licence to carry on money services business in Saint Christopher and Nevis has been revoked, the Financial Services Regulatory Commission will publish a notice of the revocation in the Gazette and a newspaper circulating in Saint Christopher and Nevis and take any other steps necessary to inform the public of such revocation.

Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT) Compliance Program

All Money Services Businesses should appoint a suitable individual as the Compliance Officer of the entity. This individual should be approved by the Board of Commissioners of the Financial Services Regulatory Commission (FSRC). In addition, the MSB should develop and implement an effective compliance program in accordance with the AML/CFT Laws and Regulations of St. Kitts and Nevis.

Legislative References:

- * *Money Services Business Act, No. 26 of 2008*
- * *Anti-Money Laundering Regulations (AMLR), No. 46 of 2011*
- * *Anti-Terrorism (Prevention of Terrorist Financing) Regulations (ATR), No. 47 of 2011*
- * *Financial Services (Implementation of Industry Standards) Regulations (FSR), No. 51 of 2011*

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