

2017 The Year in Review

As we look forward to 2018, the Financial Services Regulatory Commission (FSRC) reflects on the accomplishments and challenges of the previous year to assess what new initiatives should be introduced to make the upcoming year more successful. This newsletter offers reflections on the year's (2017) greatest moments and gives a peek of what can be expected from the FSRC in 2018.

In 2017, the FSRC sought to continue most of the initiatives that were implemented in previous years such as the Know Your Regulator (KYR) Initiative, Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Quarterly Training Sessions, the publication of newsletters and timely updates of pertinent matters on our webpage. However, there were also some new activities which were introduced. The Risk-Based Supervisory (RBS) Framework was published in June 2017 to provide the Regulated Entities with an understanding of how their overall risks are assessed during on-site and off-site examinations.

The FSRC also increased its social media presence with the creation of both a Facebook and Instagram profile. Follow us on Instagram and like our Facebook page to receive timely updates on important information.



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Financial Services Regulatory Commission—FSRC—St. Kitts Branch

Awareness Programs

The FSRC continues to publish monthly newsletters on key topics and post relevant tips on its social media pages to increase public awareness on the roles and responsibilities of the FSRC, as well as, the AML/CFT requirements. The objective of the newsletters is to reiterate and provide clarification on guidelines and requirements outlined in relevant Legislation, and to address current topics affecting AML/CFT and the Financial Services Sector. The updates posted on our Facebook and Instagram pages serve to encourage the general public to cooperate with the Regulated Entities as they aim to comply with AML/CFT Laws and Regulations and other necessary requirements. The 2017 newsletter topics were:

- * January 2017 — Financial Inclusion
- * March 2017 — Know Your Employee
- * May 2017 — Celebrating 20 Years
- * July 2017 — The FSRC's RBS Framework
- * September 2017 — Bitcoin: What You Should Know
- * November 2017 — Record Keeping
- * February 2017 — The Implementation of CRS
- * April 2017 — Illicit Fraud Schemes
- * June 2017 — The Board of Directors
- * August 2017 — Consumer Protection
- * October 2017 — Financial Wellness: Pension Plans



These newsletters are available on our website www.fsrc.kn for your review.

The FSRC also hosted its KYR awareness campaign on July 21, 2017 at the Independence Square, Basseterre. Representatives from the Credit Union Sector were invited to provide the general public with an overall understanding of the sector and advertise their products and services. The event was also geared towards providing awareness of the FSRC's responsibility of supervising the Credit Union Sector. There were giveaways and various brochures were handed out containing information on the following topics:

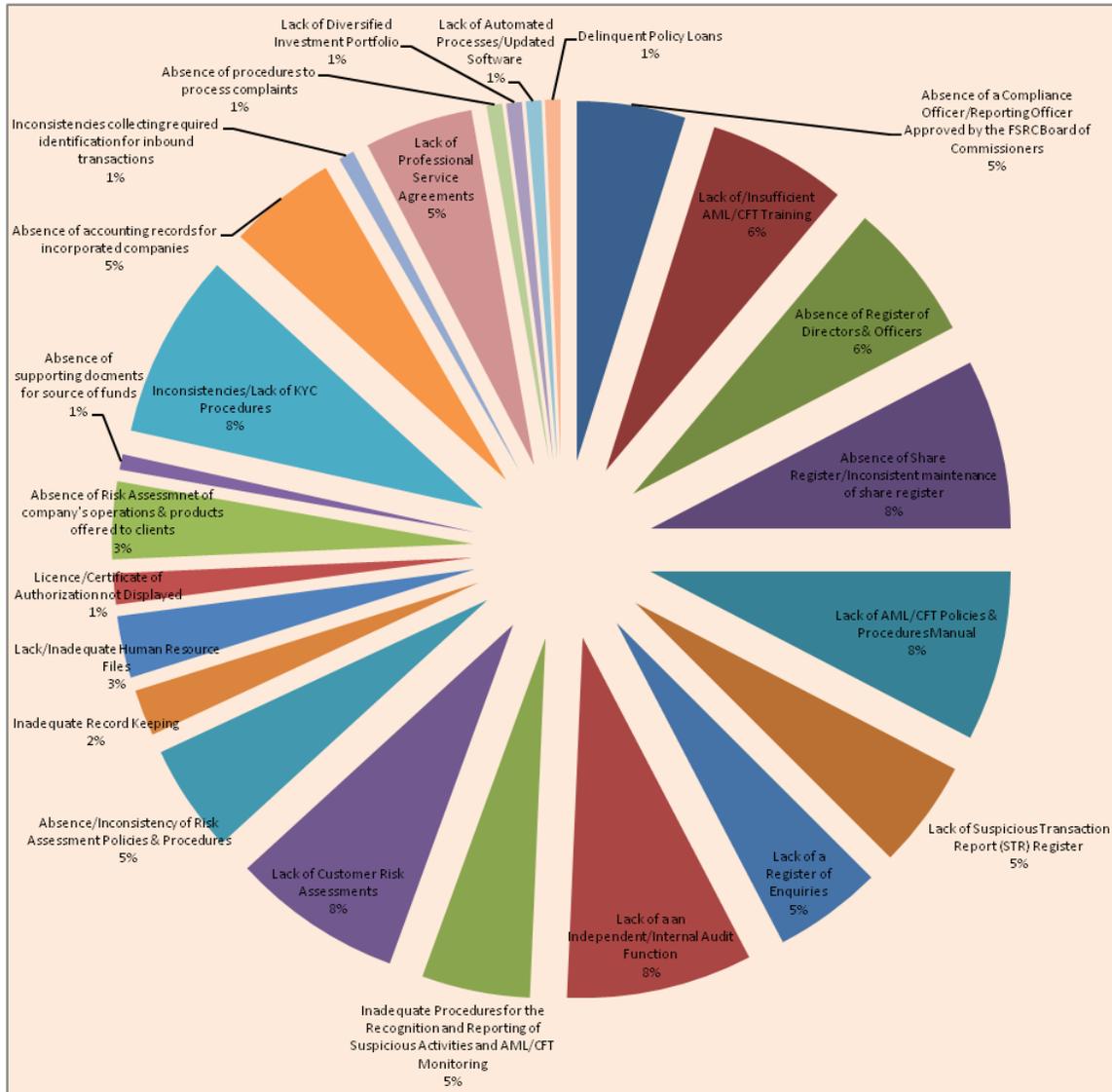
1. The AML/CFT requirements of St. Kitts and Nevis;
2. Know Your Customer (KYC) documents required to establish a business relationship; and
3. Credit Unions.

The date for the next KYR will be released soon. See you there!



Common Deficiencies Identified During On-Site Examinations

The FSRC conducts an analysis of the on-site examinations reports completed on an annual basis to identify common deficiencies which demonstrate a high level of non-compliance with AML/CFT Laws and Regulations and other relevant legislation that govern the Regulated Entities. The pie chart below reflects the common deficiencies which were highlighted in the reports of the fifteen (15) on-site examinations conducted by the FSRC in 2016.



Number of On-Site Examinations

In 2017, the FSRC conducted 16 on-site examinations:

- * Eight (8) Corporate Service Providers;
- * Three (3) Credit Unions;
- * One (1) Money Services Business;
- * Two (2) Insurance Companies;
- * One (1) Trust Services Provider; and
- * One (1) Assurance Business.

In addition, ten (10) follow-up examinations were completed in 2017. These are conducted to assess a Regulated Entity's progress in correcting the deficiencies identified in the initial on-site examination.



Celebrating 20 Years of Regulating and Supervising The Financial Services Sector

In May 2017, the FSRC celebrated 20 years of regulating and supervising the non-bank financial sector in St. Kitts and Nevis. The 20th Anniversary was celebrated with a Gala Dinner on 20 May, 2017. This event was hosted by the FSRC's Board of Commissioners and Management. A cross section of guests from the financial services sector were invited to this event.

Mr. Wendell Lawrence, former Financial Secretary, was the Guest Speaker for the event. His presentation underscored the importance of the work done at the FSRC and the potential impact that global developments can have on our country as a small developing nation. Mr. Joseph Escher was honored at this event for his contribution to the financial services sector and his role as the first Director of the Financial Services Department. He was presented with a token of appreciation by the Chairperson of the Board of Commissioners, Mrs. Hilary Hazel.

Training

The Financial Services Regulatory Commission (FSRC) in collaboration with KR Services Limited hosted a one day workshop entitled "Changes to IFRS 9 and its Implications" on 6 November 2017 at the Ocean Terrace Inn (OTI). The objective of the Workshop was to sensitize participants of the pending changes to the IFRS 9 and the implications on the respective business operations.

The FSRC hosted two (2) AML/CFT training workshops at the FND Credit Union Conference Room: on 28 March and 28 June. The training was conducted by Ms. Tevince Coker, Manager of Compliance and Insurance Business at the FSRC.

The FSRC staff also participated in other regional and international training workshops during the year 2017.

New Legislation Introduced

The new Escrow Bill was passed in the National Assembly in December 2017. This legislation will give authority to the FSRC to regulate Escrow Agents.

STATISTICAL DATA

Registers Of Entities

The information below reflects the relevant statistics for the Registers of Entities as at 31 December 2017.

<u>Incorporated Entities</u>	<u>No. of Entities</u>
Private Ordinary Companies	1,622
Private Exempt Companies	1,280
Public Companies	22
External Companies	79
Foundations	449
Trusts	32
Limited Partnerships	9
Total Registered Entities	<u>3,493</u>

Licensed Entities/Persons

In 2017, the following regulated entities/persons were licensed by the FSRC—St. Kitts Branch to operate in the Federation of St. Kitts and Nevis:

- * Fifty (50) Trust and Corporate Service Providers consisting of Accountants, Lawyers and Persons with the relevant experience in Company Formation;
- * Twelve (12) Money Services Businesses;
- * Four (4) Credit Unions;
- * Fourteen (14) Domestic Insurance Companies and one (1) Association of Underwriters. Three (3) brokers, 13 agents, and 22 sales representatives were also licensed to conduct insurance business.

In addition, as at 31 December 2017 there were 74 active Captive Insurance Companies registered with the FSRC.

Looking Forward

In 2018, the FSRC intends to strengthen its public presence by launching more awareness programs geared towards educating the general public on the Anti-Money Laundering and Countering the Financing of Terrorism measures. The FSRC will also be the lead Agency to coordinate the National Risk Assessment (NRA), which is to be completed by the end of the year. More information will be provided on this assessment at a later date as all institutions operating within the Financial Services Sector in St. Kitts and Nevis are expected to participate and cooperate with this process of identifying risks associated with money laundering and terrorist financing and developing appropriate measures to mitigate these risks.