

NewsLetter

December 2018
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Year in Review 2018

The year 2018 had its achievements and challenges for the Financial Services Regulatory Commission—St. Kitts Branch. The FSRC began the year with a clear commitment to continue to fulfill its regulatory and supervisory mandate.

A National Risk Assessment (NRA) for St. Kitts and Nevis is currently being conducted to identify the risks associated with money laundering and terrorist financing in order to develop appropriate measures to mitigate these risks. The FSRC plays an important role in the NRA process. This assessment will continue into 2019 as the Federation aims to achieve a high level of compliance with international standards.

Awareness Programs

The FSRC continues to publish monthly newsletters to address current topics affecting AML/CFT and the Financial Services Sector. The 2018 newsletter topics were:

- * January — Responsibilities of an Effective Compliance Officer
- * February — Client Screening: Sanctions Lists
- * March — Giving and Receiving Gifts: The Ethical Dilemma
- * April — You've Got Mail! Be on Your Guard!
- * May — National Risk Assessment (NRA) For St. Kitts and Nevis
- * June — Mutual Evaluations
- * July — The Correlation Between FinTech and RegTech
- * August — Financial Intelligence Unit "The Catalyst for AML/CFT"
- * September — The FSRC—St. Kitts Branch AML/CFT Conference 2018
- * October — Enterprise Risk Assessment: What are Your Risks and How Can You Address Them
- * November — Understanding the Escrow Process



Relevant information is also shared on our Facebook and Instagram accounts. Follow us!



**Financial Services Regulatory
Commission—FSRC—St. Kitts Branch**

These newsletters are available on our website www.fsrc.kn.

The FSRC hosted its Know Your Regulator (KYR) awareness campaign on 20 April 2018 at the Independence Square, Basseterre. Representatives from the Pay Day Advance Businesses operating in St. Kitts and Nevis were invited to be a part of the campaign to sensitize the general public of their operations. The event was also geared towards providing awareness of the FSRC's responsibility of supervising Money Service Businesses (MSBs).



On-Site Examinations

In 2018, the FSRC conducted 13 on-site examinations:

- * four (4) Corporate Service Providers;
- * one (1) Trust Company;
- * two (2) Credit Unions;
- * one (1) Money Services Business;
- * one (1) Insurance Company;
- * one (1) Insurance Broker;
- * one (1) Securities Brokerage;
- * one (1) Bank and
- * one (1) Gaming Business (Casino).

In addition, ten (10) follow-up examinations and two (2) spot checks were completed in 2018.

New Legislation and Amendments

In 2018, the Minimum Guidelines for Compliance Officers were published in The Gazette and the Captive Insurance Companies Act, Cap 21.20 was amended to allow for the registration and licensing of Segregated Accounts. The Companies Act, Cap 21.03, was also amended in 2018. Further details on these changes will be provided in an upcoming newsletter.

Training

The FSRC hosted a one day Anti Money Laundering and Countering the Financing of Terrorism Conference under the theme "Stronger Compliance to Cope with Emerging Trends in the Financial Sector" on 5 September 2018 at the Park Hyatt Resort St. Kitts.

Two (2) AML/CFT training workshops were also hosted by the FSRC at the NEMA Conference Room: 21 March and 14 June. The FSRC also organized a one-day training session for the staff of a Regulated Entity in March 2018, upon their request. These training sessions are geared towards assisting regulated entities in establishing key components of an AML/CFT Compliance Program. The training sessions were conducted by Ms. Tevince Coker, Manager of Compliance and Insurance Business at the FSRC. In 2018, the FSRC started an initiative to provide training to the staff of Regulated Entities upon request. Two (2) Entities have benefited from this initiative to date. Please contact our office for further information on training provided by the FSRC.

The staff of the FSRC continues to receive training in AML/CFT and other relevant areas. Accordingly, the FSRC staff attended several regional and international training workshops during the year 2018 to keep abreast of advancements in international standards and emerging trends in the financial services industry.

Common Deficiencies Identified During On-Site Examinations

The FSRC analyzes the on-site examinations reports of Regulated Entities on an annual basis to identify common deficiencies which demonstrate non-compliance with AML/CFT Regulations and other relevant legislation that govern the Regulated Entities. The pie chart below depicts the common deficiencies which were highlighted in the reports of the on-site examinations conducted in 2017.



STATISTICAL DATA

Registers Of Entities

The information below reflects the relevant statistics for the Registers of Entities as at 31 December 2018.

| <u>Incorporated Entities</u> | <u>No. of Entities</u> |
|----------------------------------|------------------------|
| Private Ordinary Companies | 1,662 |
| Private Exempt Companies | 1,330 |
| Public Companies | 21 |
| External Companies | 79 |
| Foundations | 423 |
| Trusts | 8 |
| Limited Partnerships | 10 |
| Total Registered Entities | 3,533 |

Licensed Entities/Persons

In 2018, the following regulated entities/persons were licensed by the FSRC— St. Kitts Branch to operate in St. Kitts and Nevis:

- * Forty-Seven (47) 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 (16) Domestic Insurance Companies and one (1) Association of Underwriters. Three (3) insurance brokers, 14 insurance agents, and 31 insurance sales representatives were also licensed to conduct insurance business.

In addition, as at 31 December 2018, there were 32 active Captive Insurance Companies registered with the FSRC. The FSRC also registered two (2) segregated accounts.