



2023

A Year in Review



The Financial Services Regulatory Commission (FSRC) continues to develop, enhance and implement policies and procedures for Anti Money Laundering/Countering the Financing of Terrorism/Countering the Financing of the Proliferation of Weapons of Mass Destruction (AML/CFT/CPF) in the Federation of St. Kitts and Nevis to regulate and supervise the Financial Services Sector. The FSRC also works alongside other Competent Authorities to ensure that the Financial Services Sector of St. Kitts and Nevis is safeguarded against existing and emerging threats through the enactment of legislation and the education, outreach and monitoring of Regulated Entities.

A Memorandum of Understanding (MOU) has been implemented for the exchange of information and joint monitoring, supervision and oversight of the Gaming Sector in the Federation of St. Kitts and Nevis. The MOU was finalized in October 2023 between the following Agencies: The FSRC, St. Kitts Branch; St. Kitts and Nevis Customs and Excise Department; St. Kitts and Nevis Inland Revenue Department; and St. Kitts and Nevis Bureau of Standards and Multipurpose Lab.

Risk Based Supervision Initiatives

The FSRC's AML/CFT/ CPF Risk Based Supervisory Framework (RBSF) was published in 2023. The RBSF provides procedures, tools and mechanisms to assist the FSRC in obtaining a better understanding of the regulated entity's operations to ensure that the required level of supervisory engagement is applied to the level of Money Laundering/Terrorist Financing/Proliferation Financing (ML/TF/PF) risks determined. The Framework also ensures compliance with international standards and best practices.

The document outlined the steps in the FSRC's risk based approach to supervision which involves processes geared towards evaluating whether Regulated Entities have the appropriate measures in place to mitigate ML/TF/PF risks. The RBSF can be accessed on the FSRC's Website: [FSRC SKN AML-CFT-CPF Risk Based Supervisory Framework April 2023.pdf](#).

Outreach and Guidance

Statements from the Financial Action Task Force (FATF) were published on the FSRC's website and forwarded to all relevant entities and organizations. Advisories/updates were also disseminated from the Office of Foreign Assets Control (OFAC) and the United Nations (UN) Sanctions List to all Regulated Entities. The Newsletters for 2023 focused on the sensitization of Regulated Entities on existing and developing ML/TF/PF threats to our region.



Onsite Examinations

In 2023, the FSRC conducted ten (10) onsite examinations:

- * One (1) Credit Union;
- * Two (2) Insurance Companies;
- * One (1) Money Services Business;
- * Five (5) Corporate Service Providers; and
- * One (1) Gaming Entity.

Seven (7) follow up examinations were completed in 2023. These examinations were conducted to assess and determine whether the regulated entities with strategic deficiencies had implemented the recommended actions and systems to address the weaknesses outlined in their respective Onsite Examination Reports.

Training

The Compliance Officer Training Course was conducted with twenty three (23) individuals across various sectors. This comprehensive course provided useful insight and guidelines for essential aspects of Compliance such as Customer Due Diligence, Know Your Employee Verification and Screening, Risk Assessments, Record Keeping and Compliance Audits.

The overview and requirements of the AML/CFT/CPF Laws and Regulations Training Course held on 14 February 2023 highlighted all requirements and obligations relevant to the Laws, Regulations and international standards aimed at detecting and combating ML/TF/PF.

The FSRC conducted a two (2) day session with the Board of Directors, Management and Staff of the Bank of Nevis on 21—22 June 2023. The sessions focused on the following areas: ***“Effective Customer Due Diligence and Maintaining a Culture of Compliance.”***

The FSRC held a half-day AML/CFT/CPF training session under the theme: ***“Fostering a Culture of Compliance”*** on 20 July 2023 at the CUNA Caribbean Centre Conference Room. The training focused on Suspicious Transaction Reporting and Proliferation Financing. It was attended by approximately 150 persons from across various sectors.

The FSRC gave a presentation at the SKNA National Bank's Compliance Training Seminar on the Topic: ***Effective Customer Due Diligence.***

Licensed Entities/ Persons as at 31 December 2023

- ◆ Fifty (50) Trust and Corporate Service Providers (TCSPs) consisting of Accountants, Lawyers and Persons with experience in Company Formation;
- ◆ Nine (9) Money Services Businesses;
- ◆ Four (4) Credit Unions;
- ◆ Fourteen (14) Domestic Insurance Companies, One (1) Association of Underwriters and two (2) Insurance Brokers;
- ◆ Fifteen (15) Insurance Agents;
- ◆ Thirty (30) Sales Representatives;
- ◆ Four (4) Escrow Agents for Citizenship by Investment (CBI);
- ◆ One (1) Casino;
- ◆ One (1) Lottery;
- ◆ Four (4) Slot Parlours; and
- ◆ One (1) Internet Gaming Entity

Registers of Entities

The information below reflects the relevant statistics for the Registers of Entities as at 31 December 2023.

<u>Entities</u>	<u>No. of Entities</u>
Ordinary Companies	1,359
International Companies	83
Public Companies	15
External Companies	86
Foundations	394
Trusts	5
Limited Partnerships	8
Total Entities	<u>1,950</u>

Common Deficiencies Identified During On-Site Examinations

The FSRC analyzes the on-site examination reports of Regulated Entities on an annual basis to identify common deficiencies which demonstrate non-compliance with AML/CFT/CPF Regulations and other relevant legislation that govern the regulated entities. The chart below summarizes the common deficiencies which were highlighted in the reports of on-site examinations conducted in 2022.

