



Anti-money laundering and counter-terrorist financing measures

St. Vincent and the Grenadines

Mutual Evaluation Report

January 2024





The Caribbean Financial Action Task Force (CFATF) is an inter-governmental body consisting of twenty-four member states and territories of the Caribbean Basin, Central and South America which have agreed to implement common countermeasures to address money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. For more information about the CFATF, please visit the website: www.cfatf.org

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Executive Summary

1. This report summarises the AML/CFT measures in place in St. Vincent and the Grenadines (“SVG”) as at the date of the on-site visit which spanned 20th March 2023 to 31st March 2023. It analyses the level of compliance with the FATF 40 Recommendations as well as the level of effectiveness of SVG’s AML/CFT system and provides recommendations on how the system could be strengthened.

Key Findings

- a) SVG has a good understanding of the ML/TF risks for the sectors that have been subject to ML/TF risk assessment. However, sectoral risk assessments have not yet been completed for VASPs, MPSPs and FAs/FMs, and there was no separate consideration of foreign predicate offences while assessing threats and vulnerabilities. The AT nevertheless considers these deficiencies minor, given there are only twelve (12) FAs/FMs, one (1) MPSP and no VASPs identified in the jurisdiction, FAs/FMs and MPSPs are licensed and subject to oversight by the FSA, and a significant majority of LEA ML actions and activities in SVG relate to domestic predicate offences.
- b) SVG’s national AML/CFT policies and strategy were developed through the conduct of the NRA and the development of the NAP. SVG has made significant progress towards completion and applied more focus and resources to the areas of highest ML/TF risk.
- c) Financial intelligence and other relevant information are generally accessed and used by all CAs, except for the CED. Their use is limited, and requires improvement, as does the timeliness of the CED’s disclosures to the FIU regarding the physical cross-border movement of currency and BNIs.
- d) It was apparent that there is no well-defined policy in place regarding the confiscation of instrumentalities. The absence of a policy led to varying practices, where, in certain instances, they were without a legal basis to effectuate the confiscation of instrumentalities.
- e) SVG does not have an adequate system of declaration and disclosure for the confiscation of currency and BNIs as there are no provisions in place to retain the information collected from oral disclosures made and no mechanism to declare or disclose cash/BNIs over the prescribed threshold when leaving the country.
- f) SVG has mechanisms in place for the identification of TF, including intelligence sources, but, at the time of the on-site visit, no TF cases had been identified by the FIU and there were no investigations or prosecutions of TF which is consistent with the country’s risk profile. TF specific training for LEAs other than the FIU was extremely limited.

- g) SVG has enacted Targeted Financial Sanctions (TFS) legislation which is aimed at giving effect to UNSCRs 1267 and 1373; however, there are no mechanisms or procedures for freezing without delay and without prior notice, the funds, or other assets of designated persons and entities.
- h) SVG does not have any legislation, procedure(s) or mechanism(s) in place to implement requirements provided under FATF Recommendation 7 to combat PF.
- i) SVG has a small but diverse financial industry, with domestic banking the most materially important sector. Understanding of their ML/TF risks across FIs and DNFBPs varies according to the nature of the sector.
- j) The Eastern Caribbean Central Bank (ECCB) is the supervisor for the largest sector, i.e., Domestic Banks and Non-Licensed Banking Institutions (together “Domestic Banks”). The FSA is the AML/CFT supervisor for FIs, RAs and VASPs, the FIU supervises DNFBPs other than RAs, and Securities are supervised by the Eastern Caribbean Securities Regulatory Commission (ECSRC).
- k) Most FIs and DNFBPs are subject to adequate licensing, registration and F&P processes: however, the ECSRC does not have adequate F&P measures upon licensing, or on an ongoing basis.
- l) Supervisors have established strong AML/CFT frameworks for the supervision of FIs and DNFBPs following a risk-based approach, although certain sectors such as VASPs, MPSPs, FMs and FAs have not yet been subject to risk assessment or risk-sensitive supervision (although SVG has not yet identified any VASPs operating in the jurisdiction and there is only currently one (1) MPSP). Furthermore, the ECSRC has undertaken no risk-based supervision or onsite examinations of securities during the relevant period.
- m) The FSA is the only supervisor to have revoked a license for breaches of AML/CFT obligations; however, all supervisors have issued remedial actions and reported improvements.
- n) SVG has not completed a comprehensive risk assessment of legal persons and arrangements that considers the inherent ML/TF risks associated with all types of legal persons.
- o) The CIPO maintains basic information in respect of domestic and external companies which is readily accessible to CAs. The CIPO does not verify or retain BO information other than members, shareholders and directors. There is no legal obligation to use a registered agent (RA) or lawyer to create a domestic company. The deficiencies in C.24.6 are applicable.
- p) SVG has an effective system for international cooperation, with some minor deficiencies. Also, they can render MLA, cooperate in extradition and exchange information in a timely and constructive manner. There were no TF MLA requests made or received by SVG during the relevant period, which is consistent with its TF risk profile.

Risks and General Situation

2. SVG is situated in the Lesser Antilles in the north-eastern Caribbean Sea between St. Lucia and Grenada. A popular transit point for smugglers, its many islands and rugged coastline contribute to its vulnerability, rendering it difficult for law enforcement to extensively patrol and prevent criminal activities.
3. In its ML/TF NRA published in 2020, drug trafficking activity was identified as the main vulnerability facing SVG, with the overall ML threat assessed as Medium. Data from joint investigations, prosecutions and confiscations within the jurisdiction supports this position. ML threats also arise from forgery and deception, theft, robbery and burglary. The NRA identified ML vulnerabilities in sectors such as the MSBs, RAs, lawyers and real estate agents.
4. SVG is not a regional or international financial centre. Agriculture and tourism are the major contributors to the economy, with these sectors being adversely impacted by the COVID-19 pandemic as well as the eruption of the La Soufrière volcano in 2021. The GDP per capita is USD 7,787.09 and SVG's financial sector consists of Domestic Banks, domestic insurance companies, international banks, registered agents, micro-financing entities, credit unions, building societies, friendly societies, and money service businesses. SVG also has registered agents (offering company formation services), lawyers, accountants, real estate agents and jewellers/dealers in precious metals and stones. There are no casinos operating in SVG.
5. SVG has rated its TF risk as low, due to several factors including the country's demographics, geography, and economy.

Overall Level of Compliance and Effectiveness

6. SVG has made significant improvements to its AML/CFT regime since the last MER. The NAP was devised after the 2020 NRA and the MEV Coordinator was appointed to oversee SVG's progress through the NAMLC. Changes to improve effectiveness included the introduction of Multi-Agency SOPs, joint operations between CAs, increased information sharing and extensive co-ordination on training and outreach to the private sector. Considerable progress was made in addressing the action items outlined in the NAP, for example, the FIU increased its capacity, implemented an online platform to enhance its analytical and investigation functions, and in February 2023 commenced onsite examinations of NRSPs. The FSA enhanced its risk-sensitive supervision to MSBs and RAs, implemented its supervisory framework for MLBSs and published guidance on SDD measures and PEPs. MOUs have been signed between respective agencies to facilitate the sharing of information and intelligence. However, some NAP actions remain, and some were very recently completed, with key legislation passed during the onsite and not yet operationalised.
7. In relation to technical compliance, SVG made extensive updates to its legislation in 2022 and March 2023. However, technical compliance deficiencies remain in relation to several FATF Recommendations, such as those for TF, PF, VASPs, wire transfers, transparency and beneficial ownership of legal persons.

Assessment of risk, coordination and policy setting (Chapter 2; IO.1, R.1, 2, 33 & 34)

8. SVG has a good understanding of the ML/TF risks for the sectors that have been subject to ML/TF risk assessment, predominantly from the 2020 NRA and sectoral updates which commenced in February 2022. CAs have demonstrated awareness of the higher risk issues that impact the jurisdiction and their specific sectors, for example the ECCB's assessment of activities associated with the decriminalisation of cannabis was used to inform its risk-based approach to supervision. Although ML/TF risk assessments have not yet been done for VASPs, MPSPs and FAs/FMs, and the threats and vulnerabilities associated with foreign predicates were not considered separately in the NRA, these omissions do not appear to be material from the information provided by SVG (as set out in Chapter 1) and therefore the AT considers these to be minor deficiencies.
9. SVG's national AML/CFT policies and strategies have been targeted to address the areas of higher risk as identified in the NRA. SVG developed these through the conduct of the NRA, the NAP, subsequent sectoral risk assessments, policies and the ML/TF risks identified. CAs co-operate and co-ordinate on the development and implementation of policies and activities to combat ML/TF through the NAMLC, national strategies such as the Multi-Agency SOP on CFT and working together on joint investigations and training, but attention is however required with regard to CPF obligations. SVG has also ensured that FIs and DNFBPs in SVG are aware of the relevant results of the national ML/TF risk assessments.
10. Minor deficiencies still remain, with not all financial sectors having been subject to ML/TF risk assessment, although these are not material, and a small number of minor NAP actions remaining incomplete. Further, understanding of TF risk specific to SVG was less developed across all CAs, although this reflects, to some extent, the low level of TF risk identified in the NRA.

Financial intelligence, ML investigations, prosecutions and confiscation (Chapter 3; IO.6, 7, 8; R.1, 3, 4, 29–32)

11. Financial intelligence, along with other relevant information, is used to a moderate extent in conducting investigations, developing evidence and tracing criminal proceeds related to ML, TF and predicate offences. The FIU enhances financial intelligence via the various sources of information to which the FIU has access and its internal analytical tools.
12. The FIU's analysis and dissemination support the operational needs of CAs to a good extent. The FIU cooperates and exchanges information regularly and effectively with domestic CAs. CAs acknowledge the quality of the disseminations of the FIU, but do not provide sufficient feedback to the FIU relative to the outcome and the quality of its disseminations. SVG was able to demonstrate instances of ML investigations, prosecutions and civil actions, mainly emanating from parallel investigations and cash seizures. ML cases are in line with the identified risks of the jurisdiction. However, identification of ML investigations from other mechanisms such as SARs and cross-border currency BNIs has yielded minimal results and there has been a low level of SARs to ML investigations conversion. Notwithstanding, SVG has successfully pursued self-laundering, stand-alone and third-party ML cases. Alternative measures, particularly confiscation of cash, are used extensively.

13. SVG has demonstrated its ability to use most available provisions to confiscate the proceeds of crime. SVG seized a wide range of assets, including cash, vehicles, real estate, and other personal items pursuant to domestic and foreign predicate offences. It was apparent that no well-defined policy was in place regarding confiscating instrumentalities. Further, SVG does not have adequate measures in place to manage seized or confiscated assets.
14. SVG has a written declaration system and an oral disclosure system for cross-border movements of currency and BNIs. The written declaration system is used at the ports of entry within the Grenadines, while the oral disclosure system is used solely at the Argyle International Airport. However, this system is not being effectively enforced, as the proportion of non-declared or falsely declared cash that is confiscated is low and not in line with the risk and threats at the country's borders.

Terrorist and proliferation financing (Chapter 4; IO.9, 10, 11; R. 1, 4, 5–8, 30, 31 & 39.)

15. SVG has a reasonable understanding of its TF risks, but several sectors and activities were not assessed through the NRA, including NPOs and legal persons. However, SVG has subsequently completed an NPO risk assessment, and the AML & TF (NPO) Regulations 2023 came into force on March 31, 2023. VASPs have also not yet been risk assessed by SVG.
16. CAs are equipped with broad powers to obtain financial information for identifying and investigating TF cases, and domestic cooperation takes place amongst authorities on TF during financial investigations. A Multi-Agency SOP on CFT has also been concluded, although this is too recent to be assessed for effectiveness. Further, CAs in SVG have not investigated or prosecuted any cases relating to TF in the period under review but this is in line with the identified risk-profile of the jurisdiction. The effectiveness, dissuasiveness and proportionality of sanctions could not be assessed in the absence of any convictions for TF.
17. The FIU has received extensive TF training, but other LEAs have only received limited training. Supervisors have provided outreach to FIs and DNFBPs in relation to TFS and TF, but specific training has not been provided to FIs and DNFBPs in relation to the risks and vulnerabilities inherent in NPOs, including TF risks. However, the key findings from the NPO risk assessment were shared with FIs, DNFBPs and NPOs. The outreach presentation on the key findings of the NPO risk assessment is publicly available on the FIU's website. The AML and TF (NPO) Regulations 2023 was enacted on March 31 2023, and therefore the effectiveness of the regime could not be assessed. The FIU's Supervisory Department has not yet implemented a targeted approach, or oversight of the NPO sector, however some training and outreach was provided. Work is required, specifically for the implementation of a risk based supervisory framework for NPOs and outreach to increase awareness with regard to TF risks and vulnerabilities to demonstrate effectiveness in mitigating TF risk in NPOs.
18. In SVG, CAs do not have the mechanisms and instruments to apply freezing measures, nor found any assets of designated persons and or implemented the asset freezing mechanisms in practice, impacting the jurisdiction's ability to comply with both TFS-TF and TFS-PF. SVG does not have a legal or administrative regime to address PF requirements. Accordingly, SVG has not implemented measures against PF and should take immediate steps to develop and implement appropriate measures to give effect to the UNSCRs targeted financial sanctions regime.

Preventive measures (Chapter 5; IO.4; R.9–23)

19. Understanding of ML/TF risks across the private sector varies: Domestic Banks, International Banks, MSBs, insurance and securities have a good understanding of ML risks, and in some instances, less understanding of TF risks. Credit unions, FAs and FMs, and the DNFBP sector have a less consistent understanding of ML risks, with not all having conducted risk assessments of their customers. DNFBPs also have less robust measures to mitigate the risks, including those emanating from high-risk activities.
20. Generally, all FIs and DNFBPs apply basic CDD measures. Larger FIs have more robust CDD requirements to identify the beneficial ownership, conduct ongoing monitoring and apply EDD controls through the use of screening software that perform PEP and sanctions screening. Smaller FIs and DNFBPs have more manual measures relative to the size, nature, and complexity of their business. Smaller FIs and DNFBPs demonstrated less understanding of the circumstances that would prompt EDD, focussing instead more on PEPs, rather than considering other higher risk indicators.
21. FIs and DNFBPs, especially the larger and high-risk entities, are aware of their reporting and tipping off obligations which form part of their compliance manuals. The level of awareness and understanding varies among the smaller DNFBPs. Awareness of reporting and tipping off obligations is based on training provided by the FIU and internally.

Supervision (Chapter 6; IO.3; R.14, R.26–28, 34, 35)

22. FIs and DNFBPs, other than securities licensees, are subject to strong licensing and registration processes upon entry that include (fitness) and the reliability/integrity (propriety) (F&P) testing mechanisms to prevent criminals and their associates from holding a controlling interest. The ECSRC does not have adequate F&P measures, but this is weighed against the materiality of the sector, with only two (2) securities licensees in SVG.
23. The ECCB is responsible for Domestic Banks, by far the largest and most important financial sector in SVG. It has a robust understanding of the ML and TF risks of the sector that it supervises. The FSA has a good understanding of the ML and TF risks of the FI and RA sectors for which it has conducted ML/TF risk assessments, although these are incomplete for licensed FAs/FMs, MPSPs and VASPs. However, the materiality of these sectors does not appear substantial based on the information provided, with twelve (12) FMs/FAs, one (1) MPSP, and no identified VASPs operating in the jurisdiction. The FIU also has a good understanding of AML/CFT risks associated with the NRSPs it supervises and the ECSRC demonstrated understanding based on the assessment of the securities sector in the NRA, but the securities sector is not yet subject to risk-sensitive supervision.
24. The ECCB has established a strong AML/CFT framework for supervision of FIs following a risk-based approach, and this carries additional weighting given the size of the sector. The FSA also demonstrated that it deploys effective risk-sensitive supervision to its regulated entities other than FAs and FMs, using a framework and manual informed by the NRA and sectoral risk assessments it conducted. The ECSRC has not undertaken risk-based supervision or onsite examinations during the relevant period, although it has reviewed independent audits conducted by its licensees and provided feedback with remedial actions.
25. The FSA is the only supervisor to have taken enforcement action – other than issuing remedial actions – for a breach of AML/CFT obligations. It has revoked the licence of an international bank. In line with its ladder of intervention, the ECCB has issued formal

remedial actions (through LoCs, MoUs and Directives), but no other types of sanctions, including where deficiencies were only partially or largely addressed and subsequently reissued to high-risk entities. The FIU only commenced onsite supervision in March 2022 and administrative fines for non-compliance with AML/CFT obligations have only been available since March 31, 2023. No supervisors have applied criminal sanctions. However, there were demonstrated improvements in compliance by FIs and DNFBPs under supervision and, other than the ECSRC, supervisors have engaged in targeted and risk-based outreach and guidance to the private sector to enhance awareness and understanding.

Transparency and beneficial ownership (Chapter 7; IO.5; R.24, 25)

26. SVG has publicly available information on the creation and types of legal persons and arrangements and has some knowledge that some forms of incorporation pose higher risks than others through the risk assessments of RAs and lawyers. However, there is no comprehensive understanding of how companies or legal arrangements can be or are linked to ML/TF threats or are likely to be abused by criminals and the AT was unable to determine overall if mitigating measures were risk-based and commensurate with the ML/TF risks and vulnerabilities presented.
27. The CIPO maintains basic information in respect of domestic companies which is readily accessible to CAs. The FSA maintains basic information in respect of BCs, LLCs, trusts and SCCs, which is also readily accessible to CAs. Neither the CIPO nor the FSA verifies or retains information on BO, other than shareholders and directors. Domestic companies may be incorporated without using a service provider, but BCs, LLCs and SCCs must use a RA to register at the FSA. Information requested by CAs is reported to be adequate, accurate and current, including for BO. Information on legal arrangements may be shared in a similar way, but there have been no instances of requests for information about legal arrangements in SVG. Only the ECCB has issued sanctions for failures around BO. SVG is not a significant company formation or international financial centre, (as set out in Chapter 1), and the deficiencies in IO5 are assessed in that context.

International cooperation (Chapter 8; IO.2; R.36–40)

28. Overall, SVG has an effective system in the area of international co-operation, with minor deficiencies. The AG is the Central Authority for the purposes of MLA and the ODPP is responsible for extradition. SVG has provided timely MLA during the period under review, having fulfilled approximately 40 MLA requests.
29. The time taken by SVG for the response is determined by the complexity and information requested. During the same period, no TF-related request was received, but there were six requests for extradition from the United States of America, Canada, Grenada, and the UK.
30. The Central Authority has provided timely and constructive assistance to requesting countries. Generally, the Central Authority responds to requesting states within two days of receipt of the request. The execution time of the assistance provided for the review period ranges from 1 week to 16 months.
31. The CAs in SVG seek international cooperation to pursue ML cases and associated predicate offences. During the period, the FIU made over ten requests to jurisdictions to obtain information. SVG authorities have sought other forms of international co-operation to exchange financial intelligence, law enforcement and other information with their foreign

counterparts for AML/CFT purposes. Some CAs are also empowered to exchange basic and BO information with foreign counterparts without the execution of an MOU.

32. Moderate improvements are needed which include ensuring formal mechanisms are in place and utilised to obtain feedback regarding requests for MLA or other forms of international cooperation and extradition. SVG should continue to use MLA to pursue ML and predicate offences with a transnational element.

Priority Actions

SVG should ensure that:

- a) The technical deficiencies identified under FATF R. 6 are addressed to ensure SVG is able to freeze without delay and without prior notice, the funds, or other assets of designated persons and entities, should the need arise.
- b) Effective measures are immediately taken, including legislative changes and the establishment of necessary procedures or mechanisms, in order to fully implement requirements provided in FATF R. 7, as well as to ensure that the mandatory freezing requirements within the frame of TFS apply to all natural and legal persons (including FIs & DNFBPs) and that all natural and legal persons are prohibited from directly or indirectly making any funds, financial assets or economic resources available for use by individuals or entities designated in the UN lists.
- c) The implementation of its cross-border declaration system is enhanced in order to detect and confiscate cash and BNIs upon arrival and departure and collect information for both written and oral declarations/disclosures over the prescribed threshold, with mechanisms for appropriate record keeping of comprehensive statistics around such declarations/disclosures.
- d) The CED improves the use of financial intelligence and relevant information to support its functions where appropriate. Also, ensure that the CED submit cross-border currency/BNIs declaration reports in a timely manner to the FIU for operational and strategic analysis purposes and for the identification of ML investigations.
- e) The advancement of the capacity of investigators and prosecutors in the identification and prosecution of all types of ML cases (3rd party, stand alone, self-laundering, and complex cases) in line with the risk, threats and context of SVG, by providing training and assistance to investigators and prosecutors.
- f) An increase in parallel ML investigations related to all higher risk predicate offences to ensure continued alignment of investigations and prosecutions with SVG's risk profile.
- g) The confiscation of instrumentalities of crime is prioritised and pursued.

- h) Periodic training is provided on CFT to the ODPP, CED, IRD and the judiciary; and others (e.g. the FSA) where applicable, to enhance CAs' ability to detect, investigate and prosecute TF, and make use of available tools, including TFS and alternative processes, to deprive terrorists of their assets and instrumentalities.
- i) Full sectoral risk assessments for VASPs, MPSPs, FAs and FMs and the findings are completed and used to update the NAP and enhance risk-based measures by all CAs.
- j) The ML/TF threats and vulnerabilities posed by foreign predicate offences are assessed and the findings used to update the NAP and enhance risk-based measures by all CAs.
- k) National AML/CFT policies are implemented to mitigate the risks identified in SVG's self-assessment of its ML/TF regime, including ensuring that the outstanding actions of the NAP are met and that resources are allocated based on the risk identified to ensure that CAs' objectives and activities can be achieved to a greater extent.
- l) FIs (other than Domestic Banks, international banks, Insurance, MSBs and securities) and DNFBBs implement appropriate risk mitigation measures including the completion and/or updating of their institutional risk assessments and internal policies and procedures.
- m) A risk-based supervisory regime is implemented for FAs, FMs, MLBSs, MPSPs, NPOs and securities and VASPs (to the extent that any VASPs exist).
- n) The ECSRC implements adequate F&P measures, including police checks, at point of entry and on an ongoing basis, but also upon a change of a person holding, or being the beneficial owner of a significant or controlling interest or holding a management function in an entity regulated by the ECSRC.
- o) Supervisors prioritise post-inspection follow-up as part of their supervisory processes and effectively apply the ladder of intervention and where appropriate, apply dissuasive sanctions to those institutions that have not complied with their remedial actions or whose actions are in breach of the AML/CFT requirements.

Effectiveness & Technical Compliance Ratings

Table 1. Effectiveness Ratings

IO.1	IO.2	IO.3	IO.4	IO.5	IO.6	IO.7	IO.8	IO.9	IO.10	IO.11
SE	SE	ME	ME	ME	SE	ME	ME	LE	LE	LE

Note: Effectiveness ratings can be either a High- HE, Substantial- SE, Moderate- ME, or Low – LE, level of effectiveness.

Table 2. Technical Compliance Ratings

R.1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R.10
LC	LC	C	C	PC	PC	NC	LC	C	LC
R.11	R.12	R.13	R.14	R.15	R.16	R.17	R.18	R.19	R.20
C	LC	LC	LC	PC	PC	C	C	C	C
R.21	R.22	R.23	R.24	R.25	R.26	R.27	R.28	R.29	R.30
C	LC	C	PC	PC	LC	LC	LC	C	C
R.31	R.32	R.33	R.34	R.35	R.36	R.37	R.38	R.39	R.40
LC	LC	C	LC	LC	LC	PC	PC	PC	LC

Note: Technical compliance ratings can be either a C – Compliant, LC – Largely Compliant, PC – Partially Compliant or NC – Non Compliant.

MUTUAL EVALUATION REPORT

Preface

This report summarises the AML/CFT measures in place in St. Vincent and the Grenadines as at the date of the on-site visit. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of the AML/CFT system and recommends how the system could be strengthened.

This evaluation was based on the 2012 FATF Recommendations and was prepared using the 2013 Methodology. The evaluation was based on information provided by the country, and information obtained by the evaluation team during its on-site visit to the country from 20th March 2023 to 31st March 2023.

The evaluation was conducted by an assessment team consisting of:

- **Ms. Salisha Ali** – Financial Research Officer, Trinidad and Tobago Securities and Exchange Commission (Financial Expert)
- **Ms. Christal Hanna** – Senior Legal Counsel, Financial Intelligence Agency, Bermuda (Legal Expert)
- **Ms. Kira Otto** – Financial Analyst, Office of National Drug and Money Laundering Control Policy, Antigua and Barbuda (Law Enforcement Expert)
- **Ms. Sarah Wheeler** – Head of Division, AML/CFT Division, The Cayman Islands (Financial Expert)

With support from:

- **Ms. Camille Renie** – Legal Advisor, CFATF Secretariat (Mission Leader) and
- **Mr. Loxly Ricketts** – Deputy Executive Director, CFATF Secretariat (Co-Mission Leader).

The report was reviewed by Ms. Astrid Augustin, Saint Lucia; Mr Konstantinos Gkioulekas, Greece; Ms. Daria Kudryashova, EAG Secretariat; Ms. Heidi-Lynn Sutton, Saint Kitts and Nevis; and the FATF Secretariat.

St. Vincent and the Grenadines previously underwent an AML/CFT Evaluation in 2009, which was conducted by the International Monetary Fund in accordance with the 2004 FATF Methodology. The [2010 Detailed Assessment Report](#) (adopted by the CFATF Plenary) and [14 follow-up reports](#) have been published and are available on the [CFATF's website](#).

That Detailed Assessment Report concluded that the country was Compliant with 8 Recommendations; Largely Compliant with 13; Partially Compliant with 11; and Non-Compliant with 17. SVG received ratings of Partially Compliant and Non-Compliant for 8 of the 16 Core and Key Recommendations. St. Vincent and the Grenadines was placed in the expedited follow-up process and exited the 3rd Round follow-up process in 2018.

Chapter 1. ML/TF RISKS AND CONTEXT

33. St. Vincent and the Grenadines (SVG) is an island nation situated within the Lesser Antilles, in the eastern Caribbean Sea, and its capital is Kingstown. SVG comprises the mainland St. Vincent, which is the largest geographically, and the Grenadine Islands which consist of 31 other islands and cays, eight (8) of which are inhabited. SVG has a combined land mass of 389 km² and is located north of Trinidad and Tobago, southwest of Saint Lucia, west of Barbados and east of Miami. SVG's Statistical Office estimated the 2022 population to be 110,872. SVG's currency is the Eastern Caribbean Dollar (XCD) with an exchange rate of USD 1.00 = XCD 2.70.
34. SVG gained its independence from the United Kingdom in 1979, has a written Constitution and a democratic form of government. The British monarch is the Head of State and is represented by an appointed Governor-General. The Prime Minister, who leads the majority party in Parliament, is the Head of the Government and is supported by Members of Cabinet, who are responsible for the day-to-day running of the government and its departments.
35. SVG's legal system is based on British common law and its judicial structure comprises the High Court, the Family Court and the Magistrates' Court. The High Court has jurisdiction over civil and criminal matters, while the Magistrates' Court handles minor civil and criminal cases. The Eastern Caribbean Supreme Court (ECSC) is the highest court in the Organisation of Eastern Caribbean States (OECS). It has jurisdiction over the Member States of the OECS, including SVG. The ECSC has the power to hear appeals from SVG's Courts. The ECSC is a key part of the judicial system in SVG, providing a higher level of appeal for legal matters. The Judicial Committee of the Privy Council is the Court of final appeal for decisions of the ECSC.

1.1 ML/TF Risks and Scoping of Higher Risk Issues

1.1.1. Overview of ML/TF Risks

36. The overall threat and vulnerability of ML in SVG, as identified in the NRA was Medium. SVG has adopted an 'all offences' approach to ML and therefore, all criminal offences with a financial benefit will be deemed predicates to ML. Although the crime situation in SVG is generally considered to be lower than other Caribbean countries, SVG's location makes it a popular transit point for drug smugglers and its porous coastline contributes to its vulnerability, rendering it difficult for law enforcement to extensively patrol and prevent criminal activities. The underlying levels of proceeds generating crime in SVG are mainly associated with drug trafficking and to a lesser extent, forgery & deception, in addition to offences against property for instance, theft, robbery and burglary. Accordingly, drug trafficking activity was the main factor that informed SVG's assessment that its overall level of ML threat was Medium. This can be evidenced from the data presented on joint investigations, prosecutions and confiscations within the jurisdiction. In terms of the service

providers, the NRA identified heightened vulnerabilities in sectors such as the MSBs, securities, RAs, lawyers and real estate agents. The TF threat was assessed as low as there was no suspicious activity reported, nor was there evidence of its existence in the jurisdiction.

1.1.2. Country's Risk Assessment & Scoping of Higher Risk Issues

37. In 2017, to better understand its ML/TF risks and in accordance with NAMLC's legislative mandates, SVG commenced its first National ML/TF Risk Assessment (NRA). The exercise, for which the World Bank Methodology was used, aimed to examine the ML/TF risks and threats to which SVG was exposed and also considered the vulnerabilities that exist within SVG's legal and institutional framework. The NRA Summary Report, which was published in April 2020, includes relevant details under the following Chapters: Foreword; Introduction and Purpose; NRA Methodology and Role of the World Bank; NRA Project Coordination; SVG's Legal and Institutional Framework for Combating ML/TF; Summary of Findings of the NRA; Summary of Recommended Corrective Actions; and Conclusion. It also includes an assessment of TF risk, based on the TF Risk Assessment Methodology developed by the World Bank.
38. The FIU was the lead agency with responsibility for the NRA and the process was coordinated by an NRA Project Coordinator, through a Multi-Agency Working Group. Five (5) thematic Working Groups were constituted viz. National Level Threats & Vulnerabilities; Banking & Securities; Insurance & Pensions; Other Financial Institutions; and Designated Non-Financial Businesses and Professions (DNFBPs). The members of these Working Groups were public and private sector representatives who collected data and participated in the project requirements, which included data analysis. Due to sensitivity, a TF Threat Assessment was conducted as a separate exercise, with the results being incorporated into the NRA Report.
39. In 2022, SVG assessed the NPO sector (including an analysis of TF risks) and to update its understanding of some of its risks, sectoral assessments were undertaken in 2022 and 2023 for Domestic Banks, RAs, MSBs, credit unions, building societies, friendly societies, domestic insurance companies, international banks, real estate agents and lawyers. SVG indicated that an update to the NRA commenced in 2023 which will include all recent sectoral assessments.
40. The AT is of the view that although the NRA Methodology was sound and the documented findings are reasonable and generally in keeping with SVG's profile, the omission of a separate assessment of the ML risks associated with the commission of foreign predicate offences, legal persons, FAs and FMs results in a less than comprehensive appreciation of the risks and threats that face SVG. Furthermore, sectoral risk assessments for MPSPs and VASPs have not been completed.
41. In deciding on issues to prioritise during the on-site, the AT reviewed materials submitted by the assessed country, including the NRA, along with information received from the Global Network and credible open sources. The following represent areas selected for higher focus:
42. ***Proceeds from the commission of domestic predicate offences***: The NRA reflects that the SVG authorities identified drug related offences, fraud and deception and offences against property (theft, robbery and burglary) as the predominant generators of illicit proceeds. SVG

is one of the largest cultivators of cannabis in the Eastern Caribbean (EC) and in 2018, SVG's Parliament passed legislation to legalise and decriminalise cannabis for medicinal purposes and scientific research, and enable companies to export medical cannabis, once licensed to do so. Nevertheless, cannabis is illegally grown and trafficked from SVG throughout the Caribbean (predominantly, EC and Barbados). SVG, similar to many of the EC countries, is classified as a transshipment point for drugs, including cocaine moving from South America destined for North America, Europe and the wider Caribbean Basin. The AT focussed on, *inter alia*, the adequacy of measures taken to identify, investigate and prosecute ML cases that have a nexus to high-risk predicate offences.

43. ***Proceeds from the commission of foreign predicate offences:*** The extent of the ML risks associated with the commission of foreign predicate offences and how proceeds are laundered in SVG were not assessed as part of SVG's NRA. This is an area that merited scoping as SVG offers several off-shore products, including IBCs, Trusts, Mutual Funds and International Banking (Off-shore Banks) that cater to foreign nationals. The NRA noted that whilst the sector is heavily regulated, there have been instances of foreign nationals engaging in criminal activities using products within the off-shore sector to transfer and store their criminal proceeds.
44. ***Risk Based Supervision, Preventive Measures and Sanctions:*** Based on their risk profile, targeted scrutiny was given to domestic and international banks, MSBs, and DNFBPs such as company formation agencies, legal professionals and real estate agents to assess, *inter alia*, the comprehensiveness of the risk-based supervisory framework, preventive measures, adequacy of training and outreach and effectiveness of sanctions.
45. ***Legal Persons and Arrangements:*** Cognizant of the lack of a comprehensive ML/TF risk assessment for legal persons, the absence of administrative sanctions for non-compliance with AML/CFT obligations, the ability in prescribed instances to conduct non face-to-face transactions and lack of a legal obligation to obtain accurate BO information and keep same current, the AT considered, amongst other things, the measures adopted to mitigate against any possible misuse of legal persons and arrangements.
46. The AT also took into account new technologies as a possible emerging risk for SVG. Lower focus areas included tax, NPOs and terrorist financing.

1.2. Materiality

47. SVG's Statistical Office projected SVG's 2021 Gross Domestic Product (GDP) at USD 863,370,370.37 and a GDP per capita of USD 7,787.09. According to SVG's Statistical Office, the projected growth rate is .8%. Two (2) major contributors to the GDP are agriculture and tourism, however, these sectors were adversely impacted by the COVID-19 pandemic as well as the eruption of the La Soufrière volcano in 2021. SVG is not an international financial centre or a company formation jurisdiction.
48. The World Bank categorises SVG as an upper middle-income jurisdiction and recognizes that as a small Caribbean Island, it is highly vulnerable to natural disasters which can negatively impact its economy. SVG's economy is largely cash based and the NRA states that the volume of financial inclusion activity cannot be fully measured on account of the unavailability of data with regard to the usage of both formal and informal financial services.
49. SVG's financial sector consists of Domestic Banks, domestic insurance companies, international banks, registered agents, micro-financing entities, credit unions, building

societies, friendly societies, and money service businesses. Further, the FATF defined DNFBPs comprises International Trust and RAs which are the FATF defined TCSPs (regulated by the FSA), and the Non-Regulated Service Providers (NRSPs) (regulated by the FIU). NRSPs constitute casinos, lawyers, accountants, car dealers, real estate agents and jewellers / dealers in precious metals and stones. The term lawyer is intended to be all encompassing on the basis that presently there are no notaries or independent legal professionals who are not Lawyers in SVG. There are no casinos operating in SVG.

1.3. Structural Elements

50. SVG has demonstrated that key structural elements exist to promote and sustain an effective AML/CFT regime. National AML/CFT activities are coordinated through the NAMLC, which is Chaired by the Director General Finance and Planning, who is a member of Cabinet. The NAMLC and its Members receive the support of the Cabinet, which is the main decision-making group of the Government. AML/CFT laws were amended and introduced during the period of the on-site and there was no indication of a lack of Parliamentary support for their enactment. Interviews with CAs with direct AML/CFT functions evidenced that these officials operate within an environment of accountability, integrity and transparency and in accordance with the rule of law. Moreover, there were no observed impediments that impact the independence and capacity of the judicial system.

1.4. Background and Other Contextual Factors

51. The period under review for this evaluation is 2018-2022. SVG is however still recovering from the Covid-19 pandemic (the impact of which was most intense over 2020 and 2021), the major eruptions of La Soufrière Volcano in April 2021, and Hurricane Elsa in July 2021. These events were hugely disruptive and affected the jurisdiction's ability to fully implement intended AML/CFT measures, including completing all actions under the NAP. For example, SVG's ability to conduct its schedule of onsite inspections of regulated sectors was severely impacted during 2020 and the first half of 2021 because of the COVID-19 pandemic. Throughout this period, supervisors were unable to consistently provide AML/CFT training and outreach to the sectors due to the national protocols observed, such as social distancing and work-from-home arrangements. Off-site supervision and monitoring continued, but the timeframe for registration of new financial sectors was deferred. The COVID-19 pandemic also obstructed the conduct of law enforcement investigations, court hearings and the dates for completion. The subsequent natural disasters of the volcanic eruption and Hurricane Elsa compounded these delays. These factors have posed a significant challenge and have naturally hindered SVG from creating a stronger AML/CFT regime.

1.4.1. *AML/CFT strategy*

52. SVG's AML/CFT strategy has been developed through the conduct of the NRA and subsequent sectoral risk assessments and demonstrates the jurisdiction's political will and compliance with international standards to assess risks as a core component of combatting ML/TF. Further, a National Action Plan (NAP) complements the NRA and operates as a strategy and national policy direction for prioritised risk-based actions to address gaps or weaknesses in the AML/CFT framework. The NAP establishes eight (8) core objectives and the activities in that regard are to be completed within a prescribed period. A mutual evaluation co-ordinator (MEV Coordinator) was appointed to provide strategic direction,

coordination and leadership to timely and effective preparation and successful completion of a work plan to be approved by the NAMLC including, but not limited to, the NAP.

1.4.2. Legal & institutional framework

53. Since the publication of its 3rd Round Report in 2010, SVG undertook legislative reform over the period 2013-2023, aimed at addressing technical compliance deficiencies and creating a more robust AML/CFT foundation, resulting in new laws being enacted and some existing legislation being updated. Some laws however have not been proclaimed and therefore are not operational, for instance, the 2021 Securities Act and 2023 Anti-Terrorism Act. The following are some of the key enactments which constitute SVG's AML/CFT legal framework for this assessment:

Table 1.1. Legislative Framework

Title of Legislation	Purpose
Financial Intelligence Unit Act, 2001	To establish the Financial Intelligence Unit and its functions.
Financial Services Authority Act, 2011	To establish the Financial Services Authority to regulate certain entities and businesses in the financial sector and to provide for related matters
Proceeds of Crime Act, 2013	To criminalise money laundering, provide for confiscation of the proceeds of criminal conduct and for incidental and connected purposes.
Anti-Money Laundering and Terrorist Financing Regulations, 2014	To give effect to the POCA and specifically in respect of anything required or permitted to be prescribed by the POCA.
Anti-Money Laundering and Terrorist Financing Code, 2017	To supplement the POCA and Regulations by providing for CDD measures, compliance and reporting obligations
Anti-Money Laundering and Terrorist Financing (Non-Regulated Service Providers) Regulations, 2022	To regulate the registration, obligations and supervisory framework of Non-Regulated Service Providers
Anti-Money Laundering and Terrorist Financing (Amendment) Regulations, 2023	To remedy deficiencies highlighted through various gap analyses conducted.
Anti-Money Laundering and Terrorist Financing (Administrative Penalties) Regulations, 2023	To empower supervisory authorities to impose administrative penalties
Anti-Money Laundering and Terrorist Financing (Non-Profit Organisations) Regulations, 2023	To establish a supervisory regime for the supervision and registration of non-profit organisations.
Anti-Terrorist Financing and Proliferation Act, 2015	To criminalise terrorist financing and establish a framework for implementing targeted financial sanctions.
Mutual Assistance in Criminal Matters Act, 1993	To make provisions concerning mutual assistance in criminal matters.

54. Several institutional arrangements contribute towards the combatting of ML and TF in SVG. Since the 3rd Round MER, the FSA was established in 2011; the ECCB commenced AML/CFT supervision of Domestic Banks in December 2017; and the FIU was designated as the Supervisory Authority for NRSPs and NPOs in 2013 and 2020, respectively.
- **National Anti-Money Laundering Committee (NAMLC)** – This coordinating entity is charged with oversight of AML/CFT national policy and is chaired by the Director General of Finance and Planning.
 - **Financial Intelligence Unit (FIU)** - The FIU, which is hybrid in nature, was established in May 2002, pursuant to the provisions of the FIU Act 2001. The FIU is responsible, *inter alia*, for the receipt and analysis of Suspicious Activity Reports (SARs) which may relate to ML, TF or other serious financial crimes;

the investigation of these offences; and the supervision of Non-Regulated Service Providers, and Non-Profit Organisations (NPOs).

- **Financial Services Authority (FSA)** - The Financial Services Authority was established on November 12, 2012 by an Act of Parliament, *viz.* the Financial Services Authority Act (FSA Act), which established a single regulatory unit with the responsibility of regulating certain entities and businesses in the financial sector and provides for regulated matters. The FSA's mandate is to supervise and regulate the operations of specified FIs (other than Domestic Banks) and RAs, and to promote stability, public awareness and public confidence in the operations of these licensed operators.
- **Eastern Caribbean Central Bank (ECCB)** - The Eastern Caribbean Central Bank was established in October 1983. It is the Monetary Authority for a group of eight island economies namely - Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and SVG. It is the AML/CFT Supervisory Authority for FIs licensed under the Banking Act 2015 of SVG.
- **Eastern Caribbean Securities Regulatory Commission (ECSRC)** - The ECSRC is the regulatory body that administers the securities legislation governing securities business in the Eastern Caribbean Currency Union.
- **Attorney General's Chambers (AG)** - The Attorney General is the Central Authority for mutual legal assistance requests and is also responsible for the prosecution of all civil matters in SVG. The AG is also SVG's Prime Contact to the CFATF.
- **Royal Saint Vincent and the Grenadines Police Force (RSVGPF)** -The RSVGPF, which includes the Coast Guard, has responsibility for the maintenance of law and order in SVG, preservation of the peace, prevention and detection of crime, apprehension of offenders and enforcement of laws with which it is charged. Some officers are on secondment to the FIU.
- **Office of the Director of Public Prosecutions (National Prosecution Service) (ODPP)** – The prosecutors in the ODPP are responsible for the prosecution of all criminal matters in SVG, including extradition.
- **Passport and Immigration Department** - This agency is responsible for issuing passports within SVG. It also operates as the gatekeepers of entry into SVG as it is the CA responsible for determining and facilitating the right to enter and remain in SVG.
- **Customs and Excise Department (CED)** - The primary functions of the Department are collection of the Government's revenue, protection of SVG's borders, combating smuggling and terrorism, and facilitating the flow of legitimate international trade and travel.
- **Inland Revenue Department (IRD)** - The Inland Revenue Department, a division of the Ministry of Finance, Economic Planning, Sustainable Development and Information Technology, is responsible for the collection of taxes in SVG. The IRD is administered by the Comptroller of Inland Revenue who acts subject to the general control and supervision of the Minister of

Finance. The IRD is the CA in SVG for the implementation of the US Foreign Account Tax Compliance Act (FATCA), the Organisation for Economic Co-operation and Development's (OECD) Common Reporting Standards (CRS)/Automatic Exchange of Information (AEOI).

- **Commerce and Intellectual Property Office (CIPO)** - CIPO is the national authority for the administration of enactments governing domestic commercial and non-profit activity, including the incorporation of domestic and external companies, and the protection of intellectual property.
- **Ministry of Foreign Affairs and Foreign Trade (MOFA)** – MOFA is the lead Government agency with the responsibility of managing the country's international trade and foreign relations, which includes some responsibility for the implementation of sanctions.

1.4.3. Financial sector, DNFBPs and VASPs

55. Not all sectors are of equal importance in SVG-as set out in Table 1.2 - and therefore, the AT did not place the same weight on the implementation of preventive measures equally across sectors. The sectors are categorized as *most important, moderately important* or *less important*. The AT's ranking and factors that informed the same are detailed hereunder.
56. ***The Domestic Banking Sector – Most Important:*** This sector is the most important sector in SVG, with cumulative assets of XCD 2.9 billion. Comprising one indigenous bank, three foreign-owned banks and two non-bank financial institutions (banks with restrictions on their license/financial activities, “NBFIs”), the sector plays a critical role as an intermediary for financial services and support for economic activity in the jurisdiction. Domestic Banks offer a wide variety of products, service a diversified client base, hold substantial foreign assets, and maintain business relationships with cross-border customers. Activities include deposits, cheque services, lending, wire transfers and credit card services. ML/TF vulnerabilities for Domestic Banks (i.e. inherent risks) were identified as medium risk in the NRA. The overall risk rating was medium-low once mitigation through regulation and supervision was taken into account. Domestic Banks were also subject to a more recent and comprehensive risk assessment by the ECCB dated 31 December 2022. This assessment noted the strong interconnectedness of the Domestic Banking sector to other sectors within the economy of SVG and assessed the ML/TF vulnerabilities (i.e. inherent risks) facing Domestic Banks as medium-high. The overall risk rating was medium once mitigation factors through regulation and supervision were taken into account.
57. ***MSBs – Moderately Important:*** There are two (2) MSBs with international connections operating in SVG, and three (3) agents and four (4) sub-agents of these entities. Although the sector is small in number and has modest assets (XCD 5.1m), it shares approximately 50,000 customers in SVG, and has a high volume of transactions, mostly inbound transmissions from USA, Canada and UK. Higher ML/TF vulnerabilities were identified around MSBs in the NRA because of the cash-based nature of this type of business, the high transactional volume and the cross-border nature of transactions.
58. ***Domestic Insurance Companies – Moderately Important:*** This sector forms a relatively material part of the SVG financial economy, with an asset size of XCD 314.8m and gross written premiums totalling XCD 119.5m. However, there are very few policies that are vulnerable to ML/TF such as universal life.

59. **Fund managers and fund administrators – Moderately Important:** There are 64 registered funds in SVG and 12 licensed Fund Administrators (“FAs”) and Managers (“FMs”), operating through BCs. Although FAs and FMs are licensed and subject to oversight by the FSA, the size of the assets under administration was not known by SVG at the time of the on-site. The FSA has indicated that a comprehensive review of MFs, FAs and FMs is ongoing to ensure up to date data. However, in the context of risks posed, investment funds are held in custodian banks approved by the FSA. These are licensed and regulated institutions, which are located in the following jurisdictions, none of which are listed by the FATF and all of which have been assessed as having moderate-strong AML/CFT controls and supervisory measures in place: Canada; Switzerland; and Liechtenstein. Investments are disclosed to the FSA in the Prospectus or Offering Memorandum, public documentation and on their websites. FAs and FMs are licensed simultaneously with the Mutual Fund being licensed to conduct fund management and/or administration. The AT has attributed a moderate risk rating to this sector.
60. **Securities – Less Important:** Securities licensees are less important, with two broker-dealers, the largest of which has 107 clients and assets under administration of XCD 46m.
61. **International Banks - Less Important** - International Banks are also less important, holding combined assets of XCD 28.7m. There are only two in SVG, and one is in the process of withdrawing its licence.
62. **Credit Unions– Less Important:** Credit Unions are members based, with four (4) financial credit unions and a Co-operative League. They hold a relatively large portion of assets, XCD 668.2m, and serve over 70,000 persons of various social standing, however they do not conduct high risk activities such as cross border transactions or wire transfers and only offer lower risk products and services.
63. **Friendly Societies – Less Important:** Their operation and expenditure are maintained from members’ regular voluntary contributions, usually very small amounts. Collectively, SVG Friendly Societies hold XCD 13.8m in assets.
64. **Building Societies – Less Important:** These entities offer predominantly savings and mortgage lending. There is only one (1) operating in SVG and it holds XCD 142.7m in assets. During the period under review no further building society applications were received.
65. **Micro Financing and Lending Business (MFLB) - Less Important:** Four (4) registered MFLBs exist in SVG, holding assets of XCD19.6m. There is also **one (1) Mobile Payment Service Provider (MPSP)** with assets of XCD 5.1m. These sectors are of less importance given their small size.
66. **Virtual Asset Service Providers:** At the time of the onsite, there were no known VASPs operating in the jurisdiction. Any person conducting virtual asset services in SVG will need to register with the FSA once the VABA, enacted in July 2022, is in force. VASPs will also be subject to the AML & TF Regulations by virtue of the AML/TF Amendments Regulations 2023, once the VABA is in force.

DNFBPs

67. The FATF defined DNFBP sector in SVG consists of Non-Regulated Service Providers (NRSPs) and Registered Agents (RAs). The NRSP sector comprises casinos, lawyers, real estate agents, accountants, jewellers/dealers in precious metals and stones (supervised by the

FIU). The RAs are the FATF defined TCSPs (supervised by the FSA). Throughout the report, references to the NRSP sector means the part of the DNFBP sector supervised by the FIU and not the entire DNFBP sector. There are no casinos in SVG.

68. **Lawyers, notaries, other independent legal professions (lawyers) – Moderately Important:** The term lawyer is intended to be all encompassing on the basis that presently there are no notaries or independent legal professionals who are not Lawyers in Saint Vincent and the Grenadines. The NRA deemed the vulnerability of this sector to be medium. The business activity of lawyers is representing and acting for their clients in a wide range of activities including commercial activities, authentication of the contents, completeness and accuracy of documents, as well as authentication of CDD documentation, involved in the execution of real estate transactions, particularly the drafting of agreements, drawing the agreement, accepting payments and arranging for funds transfers, and processing settlement and registration. They do not generally engage in higher risk activities such as cross-border transactions and complex company formation. Furthermore, the majority of their clients are domestic rather than foreign.
69. **Real Estate Agents – Moderately Important:** The NRA's inherent vulnerability of this sector was deemed medium. The recent supervision (supervision of the sector started in March 2022), oversight of activities and varying knowledge of their AML/CFT obligations during the period under review (2018 -2022) contributed to the overall weighting. Other supervised entities are engaged for the successful conclusion of business transactions of this sector for instance, lawyers (execution of agreements etc) and the banking sector (facilitates the transfer of value as well as providing mortgage facilities) which are also obligated to apply AML/CFT measures. For sales to non-residents, the process involves many steps, and additional due diligence checks are carried out on the buyer by the authorities under the provisions of the Alien (Land Holding Regulation) Act.
70. **Registered Agents – Moderately Important:** RAs were weighted moderately important for their interdisciplinary services. SVG is not a regional or international company formation or financial centre or tax haven (see section 1.4.5 below). There are a relatively small number of RAs, (14) in the jurisdiction, but they function as intermediaries between all international entities and the FSA, thus performing a vital role in channelling international business into SVG. They provide the expertise to create trusts, pursuant to the International Trusts Act, companies and other similar structures.
71. **Accountants and auditors (accountants) - Less important.** Accountants were weighted less important due to the products and services offered. They conduct accounting, financial, tax and auditing services for domestic clients and only for the domestic office of the international firms. They do not engage in cash intensive services and products neither do they accept cash payments.
72. **Jewellers – Less Important:** This sector was also deemed less important due to its risk and materiality. There are eight (8) relatively small jewellers in operation in SVG. These are sole proprietors and family-owned businesses. There are no regional or international chains / branches. Their business is wholly domestic and retail based. The vulnerability rating of this sector was medium-low in the NRA.

Table 1.2. Financial and DNFBP Sector Type, Number of Entities, Supervisor, Asset Size, Risk Rating and Weight

Financial Sector Type	No. of Entities	Supervisor and Licensing / Registration Authority	Asset Size (local currency and USD equivalent)	Risk Rating in NRA and other Risk Assessments	Sector Weight
Domestic Banks	6	ECCB	\$2943 (Dec 2022)	NRA: Medium Low 2022 Sectoral RA: Medium	Most Important
Money Service Businesses	2	FSA	(Dec 2021) EC\$5.1M US\$1.9M	NRA: Medium High 2023 Sectoral RA: Moderate	Moderately Important
Domestic Insurance Companies	22 Active 14 – General 8 – Life	FSA	(Dec 2021) EC\$310.4M US\$115.0M EC\$115.4M EC\$195.0M	NRA: Medium-Low 2023 Sectoral RA: Low	Moderately Important
Fund Managers and Administrators	12 licensees 64 funds	FSA	Not provided	RA has not been done	Moderately Important
Securities – Broker Dealers	2	ECSRC	Not provided	NRA - Medium	Less important
International Banks	2	FSA	(Dec 2021) EC\$ 40.6M US\$15.1M	NRA: Medium Low 2023 RA: Moderate	Less important
Friendly Societies	16	FSA	(Dec 2021) EC\$ 13.8M US\$ 5.1M	NRA: Low 2023 Sectoral RA: Low	Less important
Credit Unions	4	FSA	(Dec 2021) EC\$668.2M US\$245.9M	NRA: Medium Low 2023 Sectoral RA: Low	Less important
Building Societies	1	FSA	(Dec 2021) EC\$142.7M US\$ 52.5M	NRA: Medium Low 2023 Sectoral RA: Low	Less important
Micro Business Lending Services	4	FSA	EC\$19.6M US\$7.2M	NRA: Medium Low 2023 Sectoral RA: Low	Less important
Mobile Payment Service Providers	1	FSA	Not provided	RA has not been done	Less important
VASPs	0	FSA	n/a	RA has not been done	Less Important
DNFBP Sector Type					
Registered Agents	14	FSA	(Dec 2020) (approximately) XCD\$22.2M US\$8.3M	NRA: Medium 2023 Sectoral RA: Medium	Moderately Important
Lawyers	57 Chambers 74 Lawyers	FIU	Not provided*	NRA: Medium 2023 Sectoral RA: Medium	Moderately Important
Real Estate Agents	30	FIU	Not provided*	NRA: Medium 2023 Sectoral RA: Medium	Moderately Important
Accountants	13	FIU	Not provided*	NRA: Medium - Low	Less Important
Jewellers/dealers in precious metal and stones	8	FIU	Not provided*	NRA: Medium - Low	Less Important

*The asset size submitted by SVG were for private services and could not be disaggregated for these specific sectors (lawyers, real estate agents, accountants and jewellers)

1.4.4. Preventive measures

73. Obligations with regard to preventive measures that are to be adopted by FIs, DNFBPs and VASPs (service providers) are embodied within several enactments, but primarily within the AML & TF Regulations, the AML & TF Code as well as sector specific legislation. Guidance documents have also been produced for the regulated entities. The preventive

measures address the FATF requirements to some extent however there remain technical compliance gaps for Recommendations 10, 12-16, and 22. SVG has not exempted any sector from complying with AML/CFT/CPF obligations.

1.4.5. Legal persons and arrangements

74. SVG's legislative framework provides for the incorporation of legal persons, including domestic/external companies, Business Companies and Limited Liability Companies. SVG is not a regional or international company formation or financial centre or tax haven. In 2021, SVG had 3,437 Business Companies and 1,353 Limited Liability Companies (and these numbers are declining). Revenue generated by the international financial sector has been under 1 million USD per annum over the past five years. There has been a constant reduction in the number of trusts and BCs during the period under review. Foreign owners may incorporate a domestic company in SVG, however, they must be incorporated as an external company with the CIPO under the Companies Act. The CIPO has been designated the national authority for the administration of laws governing domestic commercial and non-profit activity as well as the protection of intellectual property. SVG has not yet conducted a comprehensive ML/TF risk assessment of legal persons and deficiencies in the framework include the absence of laws to obtain and record beneficial ownership information. RAs are utilised to establish trusts, in accordance with the International Trusts Act. Trustees are however required to disclose the identity of the beneficiaries as part of the registration process with the Registrar of Trusts at the FSA.

1.4.6. Supervisory arrangements

75. By virtue of Regulation 36 of the AML & TF Regs and section 151 of the POCA:
- (a) The **FSA** is the supervisory authority for International Banks, MSBs, FAs and FMs, Domestic Insurance, Credit Unions, Building Societies, Friendly Societies, MPSPs, MLFBs and RAs. The FSA will be the designated SA for VASPs once the VABA is in force.
 - (b) The **ECCB** is the supervisory authority for Domestic Banks (including NBFIs).
 - (c) The **ECSRC** is the supervisory authority for Securities Licensees. This includes broker-dealers.
 - (d) The **FIU** is the supervisory authority for casinos, lawyers, accountants, real estate agents, and jewellers (together, the "NRSPs").

Section 152 (2) of the POCA states that the function of a supervisory authority is to monitor for compliance with AML/CFT requirements and to take appropriate enforcement action for breaches for non-compliance.

1.4.7. International cooperation

76. SVG's geographic location and its porous borders make the country vulnerable to a variety of criminal activities and transnational risks, primarily drug trafficking. SVG has strong international cooperation experiences, both in terms of providing and seeking assistance. To combat ML/TF, the jurisdiction benefits from its partnerships with entities such as EGMONT, Interpol, ARIN-CARIB, CARICOM IMPACS, JRCC, RSS, CCLEC. The Attorney General is the designated central authority for mutual assistance matters and the jurisdiction has demonstrated its effectiveness in rendering assistance to other jurisdictions

regarding confiscation orders, providing information and extradition. SVG also has the legal capacity to assist with civil asset recovery as well as share assets with other jurisdictions.

Chapter 2. NATIONAL AML/CFT POLICIES AND COORDINATION

2.1. Key Findings and Recommended Actions

Key Findings

- a) SVG has a good understanding of the ML/TF risks for the sectors that have been subject to ML/TF risk assessment. SVG's understanding derives from the NRA and supplemental sectoral risk assessments conducted by the FSA, FIU, ECSRC and ECCB in 2022 and 2023, desk-based reviews of entity level risk assessments, participation in the NAMLC and collaboration through training and outreach. The NRA also considered TF risk and assessed this as low. TF risk was further considered in the context of the NPO Risk assessment with similar conclusions to that of the NRA.
- b) The findings of the NRA were logical and reasonable and CAs demonstrated a consistent understanding of the main risks. An update to the NRA commenced in February 2022 and sectoral risk assessments will be completed for the first time for VASPs, MPSPs and FAs/FMs. Although these sectors were previously not assessed, they do not appear material (as set out in Chapter 1), as there are only twelve (12) FAs/FMs, one (1) MPSP and no VASPs identified in the jurisdiction. FAs, FMs and MPSPs are also subject to licensing and oversight by the FSA. Furthermore, there was no separate consideration of foreign predicate offences while assessing risks. However, the AT considers this deficiency minor, given the vast majority of LEA ML actions and activities in SVG related to domestic predicate offences.
- c) CAs demonstrated a robust and common awareness of the higher risk issues that have an impact on the jurisdiction (such as activities associated with the decriminalisation of cannabis production for prescribed purposes) and were using this awareness to inform their activities and/or risk-based approach to supervision.
- d) SVG's national AML/CFT policies and strategy were developed through the conduct of the NRA, the NAP and subsequent sectoral risk assessments. Further, a

MEV Coordinator was appointed to provide strategic direction, coordination and leadership to allow for the timely and effective preparation as well as successful completion of a work plan to be approved by the NAMLC including, but not limited to, the NAP. This contributed to SVG's targeted approach to applying resources to the risks identified in the NRA.

- e) SVG's regulatory and legislative framework allows for the application of enhanced and simplified measures as well as exemptions. SVG has not exempted any FIs and DNFBPs from taking actions in accordance with the FATF Recommendations.
- f) The objectives and activities of CAs through the NAP are consistent with national AML/CFT findings and the ML/TF risks identified. Although some actions on the NAP have not been completed - for example, the ECSRC has not commenced risk-based supervision of the Securities Sector - CAs view ML/TF risk as aligned to that of the NRA and apply more focus and resources to the areas of highest risk.
- g) CAs co-operate and co-ordinate the development and implementation of policies and activities to combat ML/TF through the NAMLC, and working together on joint investigations and training. Understanding of TF risk specific to SVG was less developed across all CAs. The AT notes that a Multi-Agency SOP on CFT was concluded on March 27, 2023, however, its effectiveness cannot be fully assessed. Furthermore, although the NAP mentions training for CAs in the field of CFT and proliferation of weapons of mass destruction, there are no other measures to further co-operate and coordinate the development and implementation of policies and activities to combat PF.
- h) SVG has taken robust steps to ensure that the private sector is aware of the findings of the NRA and any subsequent sectoral risk assessments by CAs. The private sector was involved with the NRA exercise and CAs conducted NRA outreach and disseminated the NRA's executive summary and sectoral segments via email and through the FIU's and FSA's websites.

Recommended Actions

- a) Full sectoral risk assessments for VASPs, MPSPs, FAs and FMs and the findings are completed and used to update the NAP and enhance risk-based measures by all CAs.

- b) The ML/TF threats and vulnerabilities posed by foreign predicate offences are assessed and the findings used to update the NAP and enhance risk-based measures by all CAs.
- c) National AML/CFT policies are implemented to mitigate the risks identified in SVG's self-assessment of its ML/TF regime, including ensuring that the outstanding and updated actions of the NAP are met and that resources are allocated based on the risk identified to ensure that CAs' objectives and activities can be achieved to a greater extent.
- d) CAs receive further training on the risks posed by TF in SVG, and the measures required to mitigate these risks, to further co-operate and co-ordinate the development and implementation of policies and activities to combat TF.
- e) CAs further co-operate and co-ordinate the development and implementation of policies and activities to combat PF.
- f) AML/CFT policies are regularly reviewed and updated.

77. The relevant Immediate Outcome considered and assessed in this chapter is IO.1. The Recommendations relevant for the assessment of effectiveness under this section are R.1, 2, 33 and 34, and elements of R.15.

2.2. Immediate Outcome 1 (Risk, Policy and Coordination)

2.2.1. Country's understanding of its ML/TF risks

78. SVG has a good understanding of its ML/TF risks, but minor deficiencies remain. SVG's understanding of its ML/TF derives predominantly from the NRA which was published in 2020. The methodology utilised was developed by the World Bank with data drawn largely from the period 2013 to 2017. The NRA was developed through a multiagency group ("the Working Groups") comprising law enforcement, regulators and Government officers, with significant input from representatives of the private sector including the Bar Association of SVG, Domestic Banks, MSBs, credit unions, insurance companies, accountants, real estate agents and jewellers.
79. The NRA took into consideration qualitative (case studies, international cooperation (MLAT) information etc.) and quantitative data as well as publications from international organisations (such as the FATF), countries (such as the USA), academia information and experience of CAs and private sector officials. The Working Groups were responsible for collating the data and evidence in addition to completing modules which formed part of the assessment. The National Threat and Vulnerability Group - comprising all CAs - used this data and included it with its own assessment of SVG's overall ability to combat ML. TF was considered separately. SVG

acknowledges that data was not always readily available in electronic format, so hard copies had to be searched manually, which lengthened the retrieval process.

80. The NRA attached a weighting to the threats and vulnerabilities presented by each sector and its activities, and the overall threat and level of vulnerability to the country. Weightings were measured on a scale of low, medium low, medium high and high. The sectors that were assessed included the regulated financial sectors; banking, insurance, securities, credit unions, building societies, registered agents, and friendly societies, and the non-regulated sectors such as lawyers, car dealers, accountants, real estate agents and jewellers. The NRA did not include an assessment of one existing sector, FAs and FMs. While the NRA does not make specific reference to inherent risks, these risks were assessed as a part of the overall exercise to determine which sector is the most vulnerable.
81. Vulnerabilities identified in the 2020 NRA include gaps in SVG's AML/CFT framework (particularly the absence of a sanctions regime which provides for effective, proportionate and dissuasive administrative penalties for AML/CFT breaches), the infancy and lack of AML/CFT supervision of Domestic Banks and DNFBPs respectively; shortcomings in coordination and collaboration of law enforcement agencies, particularly with respect to border controls and procedures; the absence of an AML/CFT regulatory framework for NPOs; and the need for more effective AML/CFT risk-based supervision. MSBs and car dealers¹ were considered to be the most vulnerable to ML, followed by RAs, lawyers and real estate agents. The AT considers that the process, methodology and analysis for these assessments were reasonable and sound. The sectors were rated as seen in Chapter 1, Table 1.2.
82. The NRA also identified the main ML threats to SVG with an overall rating assessed as medium. Drug related offences were assessed to be the main ML threat to SVG, followed by fraud and deception and offences against property such as theft, burglary and robbery. Proceeds from drug offences are generally cash-based and the emerging trends suggest that drug traffickers continue to use both informal and formal means to smuggle and store the proceeds of drug trafficking, such as utilising cash couriers, third-party laundering, as well as bulk shipment of cash and money remittance services, to transfer funds to and from SVG. Notably, no separate consideration was made of foreign predicate offences while assessing ML threats and vulnerabilities, with domestic and foreign predicates being considered as one. Although this presents a deficiency, the AT considers this minor, given that the vast majority of law enforcement actions and activities during the period under review relate to domestic predicate offences, and the approach taken under the NRA reflects that position.
83. There have been no revisions or updates to the NRA since 2020, although there have been updated sectoral risk assessments completed for NPOs (2022), Domestic Banks (2022), RAs (2023), MSBs (2023), MLFBs (2023) domestic insurance (2023), credit unions (2023), building

¹ In St. Vincent and the Grenadines, car dealers were assigned a vulnerability rating of medium high, the highest rating among the DNFBP/NRSP sector. Reference to car dealers will however be limited to this Chapter of the MER and to references in Immediate Outcomes 3 and 4, as the FATF definition of DNFBPs does not cover car dealerships.

societies (2023) friendly societies (2023), international banks (2023), real estate agents (2023) and lawyers (2023). The findings of these recent AML/CFT sectoral risk assessments have contributed to SVG's overall understanding of risk and are consistent with the ratings of the NRA, with the exception of Domestic Banking where the ML/TF risk has increased from medium low to medium. No risk assessments were completed for VASPs, FAs, FMs and MPSPs, although these sectors do not appear to be material from the information provided by SVG (as set out in Chapter 1). However, an update to the NRA commenced in February 2022 and this process, which includes a risk assessment of VASPs, is ongoing.

84. CAs demonstrate a good understanding of the ML risks for the sectors that have been subject to risk assessment. This understanding derives from the NRA and the information gathered in the course of the authorities' operational activities, together with risk assessment work with reporting entities. Knowledge has also been enhanced by more recent AML/CFT sectoral risk assessments of FIs and DNFBPs. There are still areas where risks have not yet been evaluated such as FAs, FMs, MPSPs and VASPs, although at the time of the onsite, no VASPs had been identified in SVG.
85. Subsequent to the NRA, SVG further demonstrated its awareness of the higher risk issues that have an impact on the jurisdiction, such as activities associated with the legalisation of cannabis production for prescribed purposes. Cannabis is legalised and decriminalised solely for the purposes of medicinal use and scientific research conducted by such persons or institutions or other bodies as the Minister may in writing approve. It remains an offence for a person found in possession of cannabis of fifteen grammes or more of cannabis or cannabis resin. CAs were aware that, given the nature of SVG's economy, proceeds could potentially be mingled with illegitimate sources, and be found in SVG's FIs.
86. There is one domestic bank currently accepting customers engaged in legitimate cannabis activities, and the ECCB's 2022 Sectoral Risk Assessment of Domestic Banks considered the specific risk that this posed. The ECCB concluded that the interconnectedness of the medicinal cannabis industry to other sectors in the financial economy, the increased exposure through international financial flows, and the involvement of the banking sector through the provision of products and services to customers within and outside the jurisdiction, make related products and services inherently high risk. During the onsite, CAs, FIs and DNFBPs all presented a good understanding of the risks around cannabis activities for medicinal purposes, notwithstanding that no national level ML/FT risk assessment was undertaken of the sector.
87. The TF threat to SVG was assessed as low. There was no suspicious activity reported, nor was there a report or evidence of its existence in the jurisdiction. The NRA considered to some extent the risk of TF occurring within the different sectors, the raising of funds and assets for TF purposes, and terrorist organisations or groups and their threats to SVG. The TF risk assessment also considered the vulnerabilities, including the robustness of the legislation, quality of intelligence, the effectiveness of the TF related unusual transactions, adequacy of resources and effectiveness of international cooperation. The authorities, in conducting the NRA, took into consideration a wide cross section of information, including any SARs received by the FIU (there were none), intelligence held by the intelligence agencies, cross-border wire-

transfers, expert opinions and open sources of information. The AT found that the process used to conduct the TF NRA was reasonable.

88. NPOs were not risk assessed in the NRA, but an assessment was subsequently completed for this sector in December 2022. The World Bank NPO TF Risk Assessment Methodology was utilised to assess the various FATF defined categories of NPOs and attach a weighting to the threats and vulnerabilities presented by that particular category and its activities. This endorsed the findings of the NRA, that while there are various regional and international TF threats, SVG has not had any incidents of terrorism nor has there been any evidence of TF. Based on intelligence from relevant authorities, there has been no instance of any suspicion of TF in SVG during the period under review. In addition, given SVG's existing legislative framework, the NPO risk assessment concluded that the country is a less than ideal environment for terrorist financiers to raise funds in order to launch terrorist attacks within the jurisdiction or abroad. Further, there have been no reports of positive matches with the UN sanctions lists nor international requests in relation to money linked to TF originating from or suspected to have occurred in SVG. There have also been no intelligence reports in relation to TF from local, regional, or international intelligence agencies. Open-source information revealed that SVG's risk index score was one of the lowest.
89. The NRA did not provide an in-depth focus on the ML/TF risks associated with all of the different types of legal persons in SVG. However, the AT weights this deficiency in the context of SVG being neither a regional or international company formation or financial centre, as set out in Chapter 1 and discussed further in Chapter 7.

2.2.2. National policies to address identified ML/TF risks

90. SVG's AML/CFT strategy has been developed through the conduct of the NRA and subsequent sectoral risk assessments and demonstrates the jurisdiction's political will and compliance with international standards to assess risks as a core component of combatting ML/TF. SVG's Cabinet formally adopted both the NRA and the NAP and further granted approval to implement the AML/CFT recommendations contained within the NAP.
91. A MEV Coordinator was also appointed to provide strategic direction, coordination and leadership to allow for the timely and effective preparation and successful completion of a work plan to be approved by the NAMLC including, but not limited to, the NAP. NAMLC entities use the NAMLC forum to report on implementation.
92. The NAP identifies the following eight high-level objectives for the jurisdiction, based on the threats and vulnerabilities identified in the NRA, to be completed within a prescribed period. The AT considered these to be relevant to the vulnerabilities set out in the NRA with measures that adequately address the risks identified.
93. NAP actions include: (1) Addressing gaps in the AML/CFT legislative framework; (2) Enhancing AML/CFT resources or capacity building for CAs; (3) More effective supervision; (4) Enhancing effectiveness of SA monitoring, reporting and analysis; (5) Enhancing effectiveness of Compliance Systems and Functions; (6) More efficient collaboration amongst

LEAs, particularly with respect to internal procedures on border controls; (7) More efficient data collection and collation; and (8) AML/CFT oversight of financial inclusion products and services.

94. According to the NAP, completion of all items was scheduled for December 31, 2021. However, this mandate was impacted by the COVID-19 pandemic in 2020 and 2021, the eruptions of La Soufrière Volcano in April 2021 and Hurricane Elsa in July 2021. SVG has made significant progress towards achieving these objectives, but a small proportion of actions have not yet been completed (for example within the “enhancing AML/CFT resources or capacity building” and “more effective supervision” objectives), and others are too new to be operationalised or effective (for example, in the “addressing gaps in the AML/CFT legislative framework” objective).
95. SVG also recently concluded a Multi-Agency SOP on CTF signed by all CAs, the AG and the Ministry of Foreign Affairs, setting out best practice for combating TF and terrorism. However, at the time of the onsite, the SOP had been recently operationalised, and therefore its effectiveness could not be assessed. The SOP on CTF does not make reference to the proliferation of weapons of mass destruction. Although the NAP does specify as an action the requirement to “secure training for competent authorities in the field of CTF and proliferation of weapons mass destruction”, and this was delivered by RUSI in 2021 and 2022, there are no other measures to further co-operate and co-ordinate the development and implementation of policies and activities to combat PF.
96. Furthermore, agencies such as the FSA, FIU, and RSVGPF also have ML/TF policies in place to address some of the risks identified in the NRA and have implemented the same. There is no obligation to regularly review national AML/CFT policies, although in practice, the activities undertaken under the NAP are assessed by the NAMLC in its meetings.

2.2.3. Exemptions, enhanced and simplified measures

97. There are no specified exemptions for service providers in their application of AML/CFT measures. SVG’s regulatory and legislative framework allows FIs and DNFBPs to apply enhanced CDD measures for higher risk scenarios, and simplified measures for low-risk scenarios. For customer due diligence, the measures required may be reduced or simplified for scenarios determined to pose low risk as set out in the AML and TF Regulations (2023). FIs and DNFBPs are also required to implement institutional risk assessments to identify customers or transactions that they consider to carry high or low risk in the business relationship and must consider factors such as PEP classification, source of funds/wealth, persons or a transaction being from countries that have been identified as higher risk by the FATF and where the customer is an AML/CFT regulated service provider which is subjected to the requirements of the AML and TF Regulations and a securities company listed on a recognised exchange.
98. The following enhanced measures which SVG has applied in practice are not directly based on the findings of the NRA however they are legislative requirements that go beyond the FATF requirements. For example, considering the higher risks around MSBs, c.10.2(b), an occasional

transaction as a single transaction or two or more linked transactions that amount/s to XCD2,500 (USD 925.92.00) or more in the course of a money service business or XCD10,000 (USD3,703.70.00) or more for any other single or linked transactions, which are more stringent than the FATF requirement of USD15,000. Similarly, the threshold for applying AML/CFT measures for the sale of precious metals and stones is USD4,000 which is more stringent than the FATF requirement of USD15,000 (c.22.1(c)).

99. The results of the NRA are being used by SVG authorities as a basis to support the application of SDD measures. SVG has not exempted any FIs and DNFBPs from taking actions in accordance with the FATF Recommendations. As a result of the NRA, friendly societies (community-group based financial organisations owned and operated by their members) was considered to pose a very low risk. As such, as part of the NAP, it was determined that there should be the development and implementation of a simplified AML/CFT framework for friendly societies which ensures compliance is improved in this sector but proportionate to AML/CFT risk of the sector. However, at the onsite, the AT was advised that the simplified AML/CFT framework for the friendly societies will be completed by Quarter 4 2023.
100. SVG has also identified registered non-banking financial entities where it considers that simplified due diligence would be appropriate given the risks presented in the NRA. The FSA has drafted Simplified Due Diligence Guidelines which were formally introduced to all registered non-banking financial entities in a consultation engagement held on November 3rd 2022, and issued in January 2023.

2.2.4. Objectives and activities of competent authorities

101. The objectives and activities of CAs are consistent with national AML/CFT initiatives, and the ML/TF risks identified, although not all sectors have been subject to risk assessment (see Table 1.2). Most CAs view of ML/TF risk is aligned to that of the NRA and supervisors generally apply more focus and resources to the areas of highest risk.
102. Following the NRA, SVG developed a NAP to address and mitigate the risks identified in SVG's self-assessment of its ML/TF regime. This was managed through the NAMLC and approved by SVG's Cabinet.
103. SVG has made extensive efforts to meet the objectives of the NAP and has executed the majority of the action items. However, the NAP was not revised and amended in light of subsequent sectoral risk assessments. Furthermore, some actions have not been met, and some were very recently completed, with key legislation passed on the last day of the onsite and not yet operationalised. The Multi-Agency SOP on CFT, concluded on March 27, 2023, was signed by all NAMLC members to set out best practice for addressing TF risks.
104. The NAP is divided into eight components identifying the national priorities to be implemented, in line with the risks identified in the NRA (see section 2.2.2 above). According to the NAP, completion of all items was scheduled for December 31, 2021. However, this deliverable was impacted by the COVID-19 pandemic in 2020 and 2021, the eruptions of La Soufrière Volcano in April 2021 and Hurricane Elsa in July 2021, and deadlines were extended.

105. The action items were rated high, medium and low with completion dates assigned according to the priority identified. The rating also determined the allocation of resources to achieve the various outcomes. Most of the high priority actions were completed by the date of the onsite. For example, for objective (1) addressing the gaps in the legislative framework, the Money Services Business Act was passed in August 2022, the NRSP Regulations, the AML & TF (Administrative Penalties) Regulations and the AML & TF (NPO) Regulations 2023 came into force, and the AML & TF Regulations were amended to include friendly societies under Schedule 3.
106. Other notable achievements include (but are not limited to): The FIU increased its capacity, implemented its e-reporting portal and commenced its risk-based onsite and desk-based supervision of NRSPs in February 2023. The FSA enhanced its risk-sensitive supervision to MSBs and RAs, implemented its supervisory framework for MLBSs and published guidance on SDD measures and PEPs. MOUs have been signed between respective agencies to facilitate the sharing of information and intelligence. Further achievements were those geared towards enhancing the capacity, coordination and cooperation between LEAs, examples of which include establishing MOUs between the FIU and CED and establishing an SOP to help guide parallel investigations.
107. The NAP also includes measures dedicated specifically to the main threats identified in the NRA and specifically targeting ML/TF:
- i. **ML Risks at borders:** To enhance operational coordination, the FIU and the RSVGPF have produced a Cash Seizure Policy and Force Order and the FIU and RSS-ARU have produced a Cash Seizure Handbook. A Multi-Agency SOP on CFT was also agreed, which considers risks around the illegal movement of goods at the border.
 - ii. **TF risks through NPOs:** To enhance the legislative framework for the prevention of TF, SVG has produced a NPO Risk Assessment Report and the AML & TF (NPO) Regulations 2023 came into force on March 31, 2023. The Multi-Agency SOP on CFT has also been concluded.
 - iii. **Enhancing effectiveness of Suspicious Activity Reporting:** The FIU's e-reporting portal was launched in May 2020.
108. However, there are some actions in the NAP that have not been met by the original or extended deadline:
- a) There is no update on any increase to ECSRC resources and/or capacity and the ECSRC has not commenced risk-based supervision. It is stated in the most recent NAP update that it lacks the resources to conduct these on its own.
 - b) Risk profiles of FIs and RAs have been completed by the ECCB and FSA, but not all NRSPs have been identified and registered by the FIU.

- c) Administrative fines have not yet been imposed. Enforcement action has not been taken against any NRSPs, apart from sanctions for failure to register.
- d) NPOs are not yet actively supervised, although a risk assessment was completed and governing legislation is in place.
- e) Supervisors have not ensured that client risk assessments have been completed by all sectors (for example credit unions and NRSPs) although the latter are relatively new to supervision.
- f) The SOP on outsourced CDD checks has not yet been developed.

109. However, given the low size and materiality of the securities sector, and the progress that SVG has made towards the other incomplete NAP actions, the AT considers the jurisdiction's outstanding items to be minor. Overall, the NAP prescribed measures that were adequate to reflect the risks identified through the NRA. Although legislation may be new, and not yet tested or operationalised, SVG engaged in a broad range of activities to strengthen the scope of the preventive AML/CFT regime and has effectively created objectives and undertaken activities connected to evolving areas of risks.

2.2.5. National coordination and cooperation

110. The country has high level co-ordination and policy making mechanisms. Through POCA, SVG created the NAMLC to, amongst other things, co-ordinate actions to assess the AML/CFT risks facing the jurisdiction, including AML and CFT policies. Its legislated mandate is "to identify and assess the money laundering and terrorist financing risks to which the State is exposed." The current membership comprises: The Director General of Finance (Chair), Director of the FIU (Deputy Chair), Chairman and Executive Director of the FSA, Attorney General, Comptroller of Customs, Director of Public Prosecutions (DPP) and Commissioner of Police, country manager of the ECCB, Comptroller of IRD and Chief Immigration Officer.
111. Consideration for the enactment of AML/CFT legislation and preparation of the NRA took place at the national level through the NAMLC. It has also overseen and co-ordinated the NAP. The quarterly NAMLC meetings provide an avenue for information sharing and exchange. Members report on AML/CFT matters in their relevant departments and emerging risks are discussed. Legal opinions have been submitted by the FIU for the NAMLC's consideration which are then reviewed, discussed, and a decision made, for example on the issue of the supervision of new sectors such as MPSPs and VASPs, on the agreement of new MOUs and the implementation of the NAP.
112. The NAMLC also considers national threats and vulnerabilities, including for TF. CAs have worked together through the NAMLC to adequately address TF risk and more recently have concluded a Multi-Agency SOP on CTF, which sets out best practice in co-ordination and cooperation as it relates to TF. As this is very new, the AT was unable to determine how effective this has been to assist national coordination and cooperation for CTF. There is no coordinated training on CPF, although NAMLC members have received training on PF risks from RUSI. To

address the threat of ML at borders and to enhance operational coordination, the FIU and the RSVGPF produced a Cash Seizure Policy and Force Order, and the FIU and RSS-ARU produced a Cash Seizure Handbook.

113. MOUs exist and have been utilised among CAs to promote co-ordination and co-operation. The FIU has MOUs with Immigration, Customs, IRD, CIPO, MOFA and the ECCB. The ECCB has MOUs with the FIU and FSA. In all cases, the obligations of the relevant agencies to combat ML and TF are set out in the MOUs, with timeframes for the exchange of information and mechanisms to ensure confidentiality and the approved use of information shared pursuant to the relevant MOUs.
114. Coordination and cooperation between the FIU and other LEAs are supported by the secondment of police officers to the FIU as stipulated in the FIU Act. That legislation also provides for the secondment of a customs officer however the current arrangement is that there is an assigned liaison within the Customs Department who works closely with the FIU. Further, relationships between the LEAs have led to joint operations resulting in arrests, and subsequent convictions and forfeiture. This is further supported by the joint efforts between the RSVGPF, DPP and the FIU, implementing mechanisms to aid the pursuit of ML investigations.
115. The ECCB, FIU and FSA have collaborated on AML/CFT matters under the MOU, which has promoted mutual assistance and facilitated a small number of joint inspections. Summary reports of examination findings have been shared between the supervisors to promote understanding and facilitate coordinated responses to deficiencies identified onsite.
116. The FIU and the FSA also consult on guidance that will affect the regulated sectors and have issued joint advisories on issues such as risks around forex and cryptocurrencies, although this was dated 2018. The two agencies have also engaged in over 30 joint training sessions and consultations in 2022 and 2023.

2.2.6. Private sector's awareness of risks

117. SVG has taken robust steps to ensure that the private sector is aware of the findings of the NRA and subsequent sectoral risk assessments. The NRA Working Groups were made up of members of the public and private sector. Upon completion of the NRA, the preliminary findings were shared with Working Group members via email to ensure that it provided an accurate reflection of the jurisdiction's circumstances across all sectors.
118. Upon finalisation of the NRA, an in-person meeting was held with all NRA Working Group members and PowerPoint presentations delivered by each Working Group, outlining its findings. The overall findings were also shared.
119. The results of the NRA were published on the websites of the FIU and the FSA. During the period Jan 2022 - Jan 2023, the NRA report was downloaded 581 times and viewed 106,890 times from the FSA's website. It was also shared with all members of the NAMLC. The FSA and FIU also engaged in over 30, sector outreach sessions commencing in 2021, in which the findings and results of the NRA were shared with the various sectors under their supervision.

120. The ML & TF Regulations require that all regulated entities take the NRA into account when conducting their own risk assessments. Private sector representatives met with during the on-site visit reported using the NRA when conducting their own risk assessments.

Overall Conclusions on IO. 1

121. SVG has a good understanding of the ML/TF risks for the sectors that have been subject to ML/TF risk assessment. ML risks threats and vulnerabilities were assessed as medium and TF risks were assessed as low. SVG's understanding derives predominantly from the NRA and subsequent sectoral updates commenced in February 2022. TF risk was also considered in the context of the NPO risk assessment in December 2022.
122. CAs have demonstrated awareness of the higher risk issues that impact the jurisdiction and their specific sectors, for example the ECCB's assessment of activities associated with the decriminalisation of cannabis. Although ML/TF risk assessments have not yet been done for VASPs, MPSPs and FAs/FMs, these sectors do not appear to be material from the information provided by SVG (as set out in Chapter 1), and therefore the AT considers this to be a minor deficiency. Foreign predicate offences were not assessed separately in the NRA, however the AT considers this a minor deficiency as the majority of LEAs ML actions and activities related to domestic predicate offences.
123. SVG's national AML/CFT policies and strategy are targeted to address the areas of higher risk as identified in the NRA. SVG developed these through the conduct of the NRA, the NAP and subsequent sectoral risk assessments. Agencies such as the FSA, FIU, and RSVGPF also have ML/TF policies and procedures in place to address some of the risks identified in the NRA and have implemented the same. There is no obligation to regularly review national AML/CFT policies, but activities have been regularly reviewed by the NAMLC and CAs, and areas of higher risk prioritised.
124. SVG's regulatory and legislative framework allows for the application of enhanced and simplified measures. SVG has not exempted any FIs and DNFBPs from taking actions in accordance with the FATF Recommendations.
125. The NAP identified several high-level objectives for the jurisdiction, prioritising the activities required and the timeframe to address identified sources of ML/TF risks which would contribute to achieving those objectives. These are consistent with SVG's national AML/CFT policies and the ML/TF risks identified. SVG made extensive efforts to meet the objectives of the NAP and executed the majority of the action items. However, certain actions have not been met, and some were very recently completed, with key legislation passed on the last day of the onsite and not yet operationalised. However, the AT considers

that the remaining actions are minor given their small number and the progress that SVG has made towards them.

126. CAs co-operate and co-ordinate the development and implementation of policies and activities to combat ML/TF through the NAMLC and working together on joint investigations and training, but attention is however required with regard to CPF obligations, with understanding of TF risk less developed across all CAs, although a Multi-Agency SOP on CFT setting out best practice, was recently concluded. SVG has also ensured that FIs and DNFBPs are aware of the relevant results of the national ML/TF risk assessments.
127. Minor deficiencies still remain, with not all financial sectors having been subject to ML/TF risk assessment, although these are not material, and a small number of NAP actions remaining incomplete. Further, action has not been taken with regard to CPF requirements. The AT considers that moderate improvements are required for IO.1.

SVG is rated as having a substantial level of effectiveness for IO. 1.

Chapter 3. LEGAL SYSTEM AND OPERATIONAL ISSUES

3.1. Key Findings and Recommended Actions

Key Findings

Immediate Outcome 6:

- a) Financial intelligence and other relevant information are accessed and used by the FIU's Investigations Department (FIU-ID) and the RSVGPF to a large extent in investigations to develop evidence and trace criminal proceeds related to ML, associated predicate offences and TF, as well as to support supervisory functions. The IRD can access the same information as the FIU, and makes requests for information, albeit to a lesser extent. However, the CED's use is limited and requires improvement to support its functions at the country's borders.
- b) The FIU is the CA charged with receiving SARs and has demonstrated that it is receiving such reports. SARs are received from the FIs and to a lesser extent the DNFbps and are accurately completed. However, the subjective details provided in the SARs submitted require additional specificity and qualitative narrative.
- c) The FIU has signed a MOU with the CED which authorizes it to receive reports relative to the physical cross-border movement of currency and BNIs, however, the CED has not provided this data in a timely manner and as such effective analysis of this data is hampered.
- d) Strategic analysis products have been used to develop policies on a national level. However, there are limited strategic analysis products produced by the FIU and therefore limited use of such products by LEAs and other CAs for their specific operational needs. Nonetheless, LEAs have used strategic analysis dissemination to

aid in investigations mitigating ML risks related to drug trafficking and inform targeted training.

- e) There is a high level of co-operation between the FIU and other CAs, both formally and informally. This is facilitated through quarterly NAMLC meetings, supporting legislation (FIU Act) and MOUs, as well as the secondment of police officers to the FIU. As a result, there have been demonstrable outcomes.
- f) The information and intelligence shared from the FIU is stored and protected both by the FIU and other agencies.

Immediate Outcome 7:

- a) SVG utilises several different avenues to identify and investigate potential ML cases. With one exception, all ML investigations have been identified through cash seizures and parallel investigations. While other mechanisms exist, such as SARs, currency declarations/disclosures (details in IO8), and proactive perusal of the morning report by FIU investigators, these have produced little to no ML investigations. The utility of SARs to identify and investigate potential ML cases has been impacted by the quality of reports, and improvements are required in this regard (see also analysis in IO6 and IO4).
- b) The information provided by the jurisdiction demonstrates that investigation and prosecutions are consistent with the jurisdiction's threats and risk profile to a large extent.
- c) SVG has demonstrated the ability to investigate and prosecute stand-alone and third-party ML cases. There were two instances of self-laundering and no instances of cross-border predicate offences.
- d) ML sanctions applied against convicted persons are effective, proportionate or dissuasive, the use of fines is adequate, and the custodial sentences are appropriate based on the ECSC guidelines. SVG mainly uses only confiscation as part of its sentencing regime.
- e) SVG has applied alternative measures in cases where ML was pursued but not possible. ML investigations are always considered a priority before pursuing civil proceedings.
- f) The deficiencies highlighted in C. 31.1a and 31.2 may affect the LEAs' ability to effectively investigate the related predicate offences to their full extent, as the provision to obtain information through the use of a legally obtained production order for predicate offences is not covered.

Immediate Outcome 8:

- a) Confiscation is pursued as a policy objective for LEAs and the judiciary in SVG. The jurisdiction has demonstrated its ability to use the most available provisions, to confiscate the proceeds of crime.
- b) SVG has seized a wide range of assets including cash, vehicles, real estate and other personal items pursuant to domestic and foreign predicate offences. However, there was one instance of the confiscation of proceeds located abroad from domestic predicate offences. There were no other cases during the period under review which yielded any assets being found abroad. Further, it was apparent that there is no well-defined policy in place regarding the confiscation of instrumentalities. The absence of a policy led to varying practices, where, in certain instances, they were without a legal basis to effectuate the confiscation of instrumentalities.
- c) SVG does not have adequate measures in place to manage seized or confiscated assets. Thus, significant improvements in policies regarding management and the preservation of value are required.
- d) SVG has a system of declaration and disclosure based on written and oral declaration/disclosure over the relevant period at all legal ports of entry (airports and seaports). There is no system in place to declare or disclose cash/BNIs over the prescribed threshold when leaving the country nor is there a system in place to retain the information collected from oral disclosures made. Given the inherent risks associated with the geographical makeup of the jurisdiction, detection and confiscation of currency and BNIs over the period were considered low at all legal ports of entry.
- e) SVG obtains confiscation from matters relating to drug trafficking, fraud, theft and ML which is consistent with the risk profile.

Recommended Actions

Immediate Outcome 6:

- a) SVG should improve the use of financial intelligence and relevant information by the CED to support their investigative functions, by improving the utility of the FIU to better support their operational needs. Ensure that the CED and FIU implement an effective process for the timely submission receipt and analysis of the cross-border currency/BNIs declaration/disclosure reports with the FIU.

- b) The FIU should effectively analyse the cross-border currency/BNI declaration/disclosure reports, for operational and strategic purposes when received from CED.
- c) SVG should continue to provide training to FIs and DNFBPs to increase the quality of SAR reporting.
- d) The FIU should continue to develop its operational analysis function to promote actionable intelligence that is disseminated and results in more successful outcomes.
- e) The FIU should develop more strategic analysis products, to include emerging trends and patterns or higher ML/TF risk, that can be beneficial to LEAs and other CAs.

SVG should:

Immediate Outcome 7:

- a) Address the technical deficiencies in Recommendation 31 by enacting necessary legislative provisions.
- b) Enhance opportunities for the identification of ML investigations emanating from SARs by providing additional training to the FIs and DNFBPs (See also RAs (c) in IO6 and (f) in IO4).
- c) Enhance the capacity of investigators and prosecutors in the identification and prosecution of all types of ML cases (3rd party, stand-alone, self-laundering, and complex cases) in line with the risk, threats and context of SVG, by providing training and assistance to investigators and prosecutors. SVG should increase parallel ML investigations related to all higher risk predicate offences to ensure continued alignment of investigations and prosecutions with SVG's risk profile.
- d) Increase the use of the intelligence derived from the cross-border declaration/disclosure system for the identification of potential ML investigations.

Immediate Outcome 8:

- a) Enhance the implementation of its cross-border declaration system in order to detect and confiscate cash and BNIs upon arrival and departure and collect information for both written and oral declarations/disclosures over the prescribed threshold.
- b) Devise and implement mechanisms for proper record keeping and retrieval of comprehensive statistics regarding the declaration system for both CED and the FIU.
- c) Devise and implement a clear policy to prioritise and pursue confiscation of instrumentalities of crime.

- d) Improve the policies and mechanisms regarding management and the preservation of seized assets.

128. The relevant Immediate Outcomes considered and assessed in this chapter are IO.6-8. The Recommendations relevant for the assessment of effectiveness under this section are R.1, R. 3, R.4 and R.29-32 and elements of R.2, 8, 9, 15, 30, 31, 34, 37, 38, 39 and 40.

3.2. Immediate Outcome 6 (Financial Intelligence ML/TF)

3.2.1. Use of financial intelligence and other information

129. According to case examples, statistics, and interviews, CAs have good access to financial intelligence and other relevant information. This information is utilised to assist in AML/CFT investigations, trace criminal proceeds linked to ML and associated predicate offences, and foster international cooperation to a good degree. There are no impediments to accessing financial intelligence and other relevant information in SVG. Generally, there is a high level of trust demonstrated in the capacity of the FIU by other CAs and reporting institutions which was evident during the interviews. Considering SVG's context (the hybrid nature of the FIU), the FIU is the largest repository of financial intelligence and the main user of that financial intelligence. Therefore, the AT placed more weight on the good and fluid access of the FIU investigators and their use in progressing investigations as demonstrated in case study 3.1 and further described in 3.3.

FIU

130. The FIU is responsible for analytical, law enforcement, and supervisory functions, making it the biggest source of financial intelligence and the main user of that intelligence. The FIU has access to a wide range of information from several sources supported legislatively through the POCA and the FIU Act (see analysis in c.29.3). Several MOUs are negotiated between the FIU and other CAs to facilitate the exchange of information. The FIU obtains information through SARs from FIs and DNFBBPs, currency declarations, SAR quarterly reports (terrorist property) and requests made of and by the FIU, both locally and internationally. Additional data sources include access to the databases of the FSA, MCA, RSVGPF, CIPO, IRD, Immigration, and NIS, as well as from other government ministries. The types of information requested from these entities include but are not limited to company information, employment information, criminal records, tax information, and travel information. The FIU also has the power to request additional information even without a SAR being submitted beforehand, giving them the ability to service requests for information from local and international CAs, and analyse other sources of information like currency declarations.

131. The FIU holds a wealth of financial intelligence and relevant information sourced and collected to support its analytical and investigative functions. This information is obtained via request for information to local CAs, as well as via Director's letters to relevant FIs and DNFbps. The FIU can request this information through an online electronic reporting platform which came into effect in May 2020 and through written hand delivered mail. The FIU also obtains financial intelligence and relevant information from foreign FIUs through the use of the Egmont Secure Web (ESW), and from other regional and international partners through mechanisms such as Interpol and ARIN-CARIB (see analysis in IO2). Table 3.1 shows the number of requests made by the FIU, i.e., requests for information for its purposes or to support other CAs' activities. Based on the data, the FIU has consistently requested financial and other relevant information from various sectors and CAs.

Table 3.1. Number of requests for information made by the FIU

Source of Information	2018	2019	2020	2021	2022
Banks	172	243	175	122	286
Offshore Banks	52	40	25	26	1
Credit Unions	87	99	79	41	167
Building Societies	15	24	7	10	22
MSBs	35	48	40	18	30
Insurance	11	1	12	1	1
Registered Agents	5	26	16	27	0
Car dealers	1	0	0	0	0
Furniture Store	1	0	0	0	0
Beverage Company	8	1	13	0	0
Correa's Hazel Inc	0	2	0	0	0
Courier	1	1	0	0	0
National Insurance Services (NIS)	26	26	11	7	23
Passport and immigration	23	38	19	9	18
Customs	22	29	14	7	16
RSVGPF	1	1	1	1	13
FSA	34	54	54	44	31
CIPO	14	29	16	15	10
Ministry of Foreign Affairs	13	0	8	2	2
Maritime Department	2	1	1	2	4
Ministry of Agriculture and Fisheries	1	2	1	2	1
Telecommunications Providers	0	8	0	3	0
AG Chambers	1	0	1	2	2
International Business Societies	0	0	1	0	0
High Court Registrar	7	0	0	1	2
Tourism Authority	2	0	0	0	0
Accountant General	0	4	1	0	0

Source of Information	2018	2019	2020	2021	2022
Ministry of National Security	2	2	0	0	0
Eastern Caribbean Supreme Court	0	0	4	0	0
BRAGSA	0	0	0	1	0
Electoral Office	0	0	0	0	13
Valuation Department	1	0	0	0	0
Registry Dept	0	1	1	0	0
FIU(Supervision)	0	0	0	0	48
Ministry of Trade	0	0	0	0	8
Ministry of Education	0	0	0	0	1
Public Service/Consumer Affairs	0	0	0	0	1
Cabinet Secretary	0	1	0	0	0
Total	537	681	500	341	700

132. The FIU-ID has utilised the financial intelligence produced by the analytical department in the investigation of ML cases, as illustrated in the case study in Box 3.1. The AT found that the number of requests made by the FIU to FIs and DNFBPs was proportional to the risk and significance of the FIs, evident in the volume of requests made to banks and MSBs. The small number of requests for information made by the FIU to the DNFBPs is attributed to the low-risk products and services offered by some entities, which are not attractive vehicles for ML. Consequently, there is a lower likelihood of the need for relevant information from the DNFBPs to support investigations. In those circumstances, given the lower materiality of some of the DNFBPs when compared with the financial sector, this was not heavily weighted by the AT.
133. The FIU is also able to utilise investigative tools such as production orders, on all ML and TF matters under the POCA and the ATFPA to obtain information for the conduct of its functions and other CAs. During the relevant period, the FIU successfully applied for 22 production orders on behalf of itself and other CAs, related to ML, tax evasion and detained cash. The AT team noted that there are no investigative tools used for TF-related cases as no such instances have occurred. However, this is in line with the TF risks of the jurisdiction.
134. When requests are made to the relevant sectors, a timeframe of seven days to respond is stipulated in the request. Both the FIU and reporting entities indicated that the turnaround time for responses is usually within 24-72 hours after receiving the request. Any delays in transmitting the data were mainly attributed to the volume of information required. In the event of an urgent request, the response is provided within 24 hours of receipt. The FIU has also made requests of other CAs, as well as to government ministries such as the Ministry of Agriculture and other members of the private sector such as courier services (see Table 3.1). They are given the same timeframe as the reporting entities to respond. This is generally fulfilled, with delays attributed to the type and amount of information requested. The AT noted that in comparison to some of the other CAs, the number of requests to the RSVGPF were low, however, this is because the police officers seconded to the FIU generally have informal access to information held by the police service, including criminal records, and as such this information is not always

formally recorded. These findings indicate that the FIU efficiently acquires financial intelligence and relevant information, without encountering any procedural impediments.

Box 3.1. Use of Financial Intelligence

On May 9th 2008, the FIU received a SAR from a local bank indicating that the subject exchanged €4,000.00 for XCD. During the analysis of the initial report, several other SARs were received on the subject and his wife from an MRSP and banks. A total of 13 SARs were analysed, along with, transaction histories, and source of funds declarations. Analysis revealed that the Subject and his wife were receiving monies via MRSPs and negotiating Euro currency on a regular basis at different banks. The analysts found that the quality of the SARs was satisfactory, with accurate BIO data and relevant supporting documents attached to aid in analysis. A dissemination was then made to the Investigations Department of the FIU.

The Financial Investigators obtained additional information via Production Order from the reporting entities, and analysis and investigations revealed:

- between March 2011 and November 2015, the Subject received a total of XCD 140,955.79 via MRSP, from (19 different senders from six different jurisdictions;
- between December 2010 and January 2015, the Subject negotiated €77,180.00, BDS 600.000, US 5,785.00 which is equivalent to XCD 283,409.24 at the bank;
- between October 2009 and December 2011, the Subject's wife received a total of XCD 74,914.81 via MRSP from 15 different senders from six different jurisdictions; and
- between September 2009 and September 2014 negotiated €49,700.00, US 388.00 and £25.00, which is equivalent to XCD 175,697.61 at the bank.

The Subject and his wife were interviewed, and it was revealed that the monies received and exchanged were done on behalf of three men known to law enforcement for being involved in drug trafficking.

The Subjects were charged with 16 counts of the money laundering offence of possession of criminal property in accordance with section 125(1)(c) of the POCA. On May 24, 2019 the husband pleaded guilty to the charges, while the charges against the wife were withdrawn. The Subject was fined the sum of One Hundred and Fifty Thousand Eastern Caribbean Dollars (XCD 150,000.00) in default he would serve one year in prison.

The total value of funds involved in this investigation was approximately XCD 674,977.45 (US 252,800.54).

LEAs

135. LEAs and other investigative authorities have demonstrated that they are accessing and utilising financial intelligence and relevant information from the FIU to a large extent, except for CED. This is evident due to the number of requests made as shown in Table 3.2. The figures below, however, do not include informal requests. The types of information requested by the CAs include financial information, company information, and information from other jurisdictions. Other than the FIU itself, the main user of the intelligence produced is the RSVGPF, which uses the information to assist with ongoing investigations. This is highlighted in the table below which reflects that the RSVGPF made the highest number of requests each year.

Table 3.2. Request for Information to the FIU from LEAs

Request for Information TO the FIU	2018	2019	2020	2021	2022
RSVGPF	18	17	7	40	29
Customs	3	2	0	0	0
IRD	0	0	0	2	1
Total	21	19	7	42	30

136. The FIU also acts as an intermediary between LEAs and the different reporting entities. The AT found that LEAs generally rely on the expertise of the FIU and its relationship with the reporting entities to gather information on its behalf. This is easily facilitated given the level of cooperation that exists between the CAs and seconded officers at the FIU. Evidence of the Police and other LEAs requesting and using financial intelligence and relevant information, which in some instances resulted in demonstrable outcomes, were provided to the assessors in the form of qualitative (case examples) and quantitative data (statistics as reflected in Table 3.2). For example, the RSVGPF and ODPP rely heavily on the FIU for obtaining financial intelligence and relevant information to assist with their functions, especially pertaining to gathering evidence for tracing proceeds of crime, pursuing potential ML cases and interceptions. The FIU would provide a financial profile on relevant cases to help the ODPP determine which direction a potential ML case will go (i.e. whether criminal or civil). This type of information will include any form of property that may be held by the defendant. The RSVGPF has used information from the FIU to identify targets and provide evidence as seen in Box 3.2, and information from the FIU has given the RSVGPF leads to intercept vessels believed to be involved in drug trafficking activities (Box 3.3).

Box 3.2. Use of Financial Intelligence by RSVGPF for evidential purposes

On June 22, 2022, the FIU received a request for banking information that could be used in Court proceedings (evidence) from a Police Station.

The Police were investigating a report of theft as reported by the victim against Suspect A and Suspect B. The victim alleged that monies were withdrawn from his account at a financial institution in SVG between April 15, 2021, and April 5, 2022, by the suspects without his permission. The Police provided specific dates for the mentioned period on which the alleged offence occurred along with additional details.

A Director's letter requesting banking information for the victim was sent to the financial institution by a Financial Investigator at the FIU. Upon receipt of the information, it was analysed by the Financial Investigator to determine whether it corresponded with the dates provided by the police. Having analysed the information, it was determined that the information did correspond with the dates.

An Application for a Production Order was made before the Court on July 11, 2022, presented by a Legal Officer at the FIU. The Production Order was granted on July 15, 2022, compelling the financial institution to provide such records within the specified timeframe listed in the Order. The financial institution produced the requested records on July 26, 2022. These records along with the Production Order were handed over to the Police investigator by the FIU. This matter is ongoing as the Police have not located the suspects.

CED

137. The CED does not regularly access financial intelligence and other relevant information. CED more often provides information to the FIU. However, CED provided that they have used financial information requested from the FIU to assist in cases of suspected under invoicing. The AT is of the view that given the risk and threats to the country's borders in relation to drug trafficking and cash smuggling, the use of financial intelligence by the CED is limited and can be improved. The AT considers this deficiency to be mitigated by the fact the RSVGPF and the FIU support the CED in investigating and mitigating these cross-border criminal activities.

IRD

138. The IRD possesses the authority to access locally available information via the Tax Administration Act (TAA) and also can acquire information from the FIU if necessary. The department relies on the FIU to acquire information from external sources. For example, the FIU assisted the IRD in tracing funds located overseas for a major taxpayer, who was severely delinquent with payments, through the use of international cooperation. Table 3.2 indicates that the IRD made only three requests to the FIU, which is in line with the observation that the

majority of their clients are local and pose a lower risk, thereby making it possible to obtain the required information locally by applying the TAA. Additionally, for tax purposes, the IRD engages in information exchange with international counterparts as described in IO2. The AT does not view the limited use of requests for financial intelligence and relevant information by the IRD as a deficiency.

139. Both the ECCB and the FSA have accessed information regarding the quality and quantity of suspicious activity reports, as a means of assessing the reporting mechanisms of the various regulated entities during their compliance inspections, which is demonstrated in case study 3.3.

Box 3.3. Relevant information used by the FSA

As part of its verification process to assess an RA's level of compliance, the FSA requested information regarding the RA's reporting behaviour in relation to SARs to inform its onsite examination planning and scoping. The information obtained from the FIU on the reporting behaviour of the entity (number and quality of reports) was used during the onsite to verify whether SARs were being appropriately filed by the RA in accordance with legislative requirements.

140. Overall, the AT finds that there is good use of financial intelligence and relevant information by some CAs in SVG and there is particularly good use by the main investigators of ML and TF at the investigative department of the FIU.

3.2.2. STRs received and requested by competent authorities

141. The FIU is the CA authorised to receive SARs and this is done through an online platform, as well as hand-delivered reports. According to the SOP for receipt, processing, and handling of sensitive information and requests (2018), once acknowledged and accepted, the analytical department will risk assess and prioritise the reports' viability for further action. During the onsite, it was noted however that some entities in the low-risk sectors did not have access to the platform, but, if necessary, could report to the FIU via hand-delivered mail, for which an efficient and secure processing system is in place.
142. Between 2018 and 2022, SVG received a total of 683 SARs for suspicion of ML. As seen in Table 3.3 below, FIs (specifically MSBs) filed the majority of reports, which is in line with the risk and materiality of the sector. Following the FIU provision of training to the MSBs on improving the quality of suspicious activity reporting, the number of SAR submissions decreased. Comparative analysis done by the AT demonstrated a notable enhancement in the

quality of reports. There was marked improvement in the quality, as they were more comprehensive and offered more value.

143. During the review period, the AT observed a significant reduction in SARs filed by offshore banks. This decline can be explained by a decrease in the number of entities operating in this sector. The AT also noticed that various sectors, such as cooperative societies, jewellers, and friendly societies, did not file any SARs, which is consistent with the NRA's findings. This is because these sectors are considered low-risk, and the DNFBP sector was not regulated until recently. The AT viewed this as a minor deficiency given the sector's risk and materiality.
144. In general, the FIU found that the quality of the SARs over the period showed improvement and the objective data was sufficient to allow for analysis. However, it noted that the subjective details of the reports still needed some improvement. Based on the sample of reports reviewed, the AT agreed with this view.

Table 3.3. No. of SARs by Reporting Sector

Reporting Sector	2018	2019	2020	2021	2022
Banks	19	16	47	9	20
Credit Unions	24	4	7	5	8
Offshore Banks	20	0	0	0	0
Lawyers	0	0	0	0	0
Accountants	0	0	0	0	0
Real Estate	0	0	0	0	0
Jewellers	0	0	0	0	0
Money Service Business	284	58	58	45	18
Insurance	0	0	1	0	2
Building Societies	0	0	0	1	0
Friendly Societies	0	0	0	0	0
Cooperative Societies	0	0	0	0	0
Trust Companies	1	0	1	0	0
Securities	0	0	0	0	1
Registered Agents	0	0	4	1	23
Foreign Exchange	0	0	0	0	4
Total	348	78	118	61	78

145. Feedback is an essential component of the FIU's work. The FIU provides feedback to reporting institutions, by suggesting improvements that could be made to the report and that they may be requested to provide additional information. Previously, feedback was communicated to institutions quarterly, via letter, following a review of their files. The letter, which was delivered via hand-delivered mail, would highlight trends observed and provide guidance. However, the online platform now features built-in parameters that require specific information before reports can be submitted, and feedback is sometimes provided in real-time via the portal. On a wider scale, the FIU also provides feedback to reporting institutions via training sessions. Examples

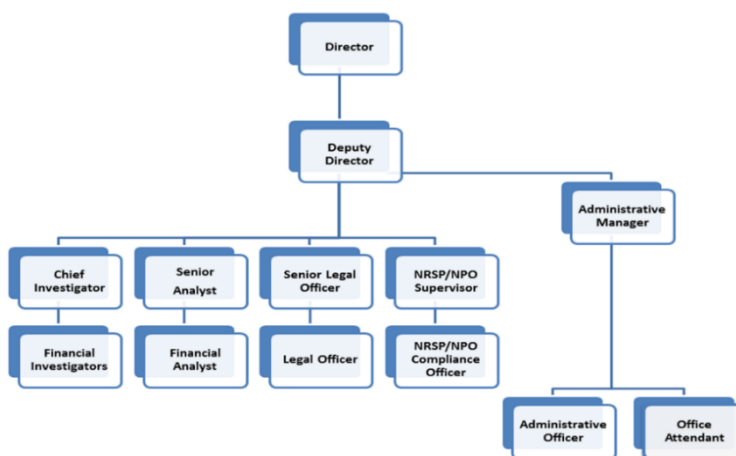
of such is the targeted training of the largest reporting sector, MSBs, to improve the quality of the SARs submitted, as well as several joint trainings with the FSA.

146. As previously stated, SARs are submitted to the FIU via two channels, hand delivery and the online platform introduced in May 2020. Regardless of the delivery channel, the SARs undergo review by the Administrative Department of the FIU. Once acknowledged and accepted, the analytical department will then risk assess and prioritise the reports to determine if further action is necessary. A SAR scoring matrix is used to achieve this and is used in conjunction with other criteria such as local knowledge and historical data, which affect the variation of the score. Reports which score twelve or more will be further analysed by the Analytical Department. The Analytical Department will then recommend the case for further investigation or marked closed for intelligence and then submit the file for review to the Director who then ultimately decides whether further analysis or investigations are needed.
147. The FIU also receives SAR quarterly reports from reporting entities, which is used as a mechanism to identify potential terrorist property. All reporting entities are expected to file these reports each quarter. These reports are received by the administration department of the FIU and then forwarded to the Analytical Department for further analysis as needed. In line with the TF risks of SVG, no terrorist property has been identified. An assessment of the figures provided indicated that some sectors have not filed these reports, or some that have not filed one for each quarter based on the number of entities and the number of reports filed. This is viewed as a minor deficiency which can be quickly addressed by ensuring compliance among the delinquent entities.
148. In addition to receiving SARs from FIs and DNFBPs, the FIU also receives reports from the IRD for any tax payments made in cash, exceeding XCD5000.00 or its foreign equivalent. This initiative was launched with the signing of the MOU between both agencies in January 2020. Since then, the IRD has filed two reports with the FIU. A similar arrangement is in place for the CED, where reports should be filed to the FIU for cash payments exceeding XCD10,000.00 or its foreign equivalent as agreed upon in the MOU between FIU and CED signed in September 2020.
149. The FIU is also responsible for receiving cross-border currency/BNI declarations by travellers or through mail and cargo. This information is relayed to the FIU if there are any suspicious occurrences or if there are undeclared or falsely declared currency/BNIs, and in the case of traffickers (exporters of produce) a list is provided to the FIU intermittently. However, as detailed in IO8, this has been limited, as the FIU has only received records related to 2019 and 2022. Given that the data is not submitted in a timely manner, the effective analysis of this information by the FIU is unlikely. The lack of opportunity to conduct operational and strategic analysis on this information presents a weakness in the AML/CFT regime at the country's borders.

3.2.3. Operational needs supported by FIU analysis and dissemination

150. SVG-FIU is a hybrid model FIU and pursuant to the FIU Act, is responsible for receiving, analysing, obtaining and disseminating information on ML/TF matters under the POCA and ATFPA. In addition to the core functions as stipulated under R. 29 carried out by the Analytical Department, the FIU also carries out law enforcement and supervisory functions. These functions are carried out by the legal, investigative and supervisory departments of the FIU (organisational chart below). Investigations into ML/TF matters are handled by police officers from the RSVGPF who are seconded to the FIU to carry out these functions.
151. The FIU is staffed with three analysts who conduct strategic and operational analysis, four financial investigators who are police officers, two legal officers, three supervisory staff, and three administrative staff. All staff members are adequately qualified and experienced to conduct their functions and continuously receive relevant training in relation to ML/TF. The senior analyst, who is also a police officer, and 2 of the financial investigators are certified by the Association of Certified Anti-Money Laundering Specialists (ACAMS). The FIU continually pursues relevant training for the staff members to build the capacity to conduct operational and strategic analysis. To support the analysts, the FIU utilizes an online platform as well as a comprehensive database with analytical capabilities. The structure of the organization supports the FIU's role as the entity responsible for investigating ML/TF, as well as supporting the operational needs of other CAs. Coupled with the technological tools available, the organization is adequately staffed in all areas to address the volume of work done by the FIU.

Figure 1: Organisational Chart of the FIU



152. The FIU also facilitates training and outreach for other CAs and reporting institutions. The entity also provides information to the supervisory bodies and conducts joint compliance examinations with its partners. The FIU would also support other CAs through the high level of cooperation that exists between agencies, allowing them to have meetings, both formally and informally. Further, the FIU liaises with foreign counterparts - formally and informally - facilitating international exchange of information on AML/CFT matters.
153. The FIU's analysis and disseminations support the operational needs of CAs within SVG to a good extent, as it has contributed to interceptions, supplied leads to help ongoing investigations, identified trends, and assisted with the pursuit of relevant court cases, both criminal and civil, ultimately leading to confiscation in some matters. This is also made possible through the legislative provisions in the FIU Act, POCA and ATFPA. CAs that have benefited from the FIU's dissemination include the FIU-ID, as seen in case example 3.1, the police, IRD, and foreign FIUs. Further, financial intelligence resulting from FIU analysis is shared with regional and international counterparts.
154. Disseminations during the review period totalled twenty-two and resulted from the analysis of SARs filed as seen in Table 3.4. Disseminations were made locally to the RSVGPF, FIU-ID and IRD, and some were made to foreign jurisdictions. These disseminations were as a result of the analysis of 87 SARs over the review period. The conversion rate from SARs to actionable intelligence was consistent at 13% each year, for 2018 and 2019. but saw a drastic decrease to a total of one dissemination for 2020 and 2021 (conversion rate 0.8% and 0% respectively) despite SARs being filed in these years (see table 3.3). This was partly due to the emergence of COVID-19 and the eruption of the La Soufrière volcano. Further, authorities state that the number of filings was a result of increased remittances for aid to families in SVG. A rebound to a 40% conversion rate was achieved in 2022, once the instability caused by the pandemic and volcanic eruption eased. The largest number of disseminations was ten in 2019 to the FIU-ID which represent 13% of the total amount received that year (78). The AT noted that of the 22 disseminations, only one led to a successful ML investigation.
155. As previously stated, the FIU is the largest user of its financial intelligence products. As such, during the relevant period, the Analytical Department spontaneously disseminated 16 intelligence reports to the FIU-ID, as seen in Table 3.4. These disseminations are augmented by discussions between the Analytical and FIU-ID, where the findings are further explained and follow-up discussions are held, if necessary, or to request additional information and therefore give very good support to their operational needs. However, the conversion rate of SARs to ML Investigations is low as only one Intelligence report led to a successful ML Investigation. Other disseminations, after further investigation by the FIU-ID, were forwarded to the RSVGPF, as they assisted in identifying targets for the Force. Box 3.5 is an example of one of these cases. The identification of targets has assisted the RSVGPF with its operational needs.

Box 3.4. FIU Dissemination led to identification of target by RSVGPF

After intelligence dissemination from the Analytical Department to FIU-ID, information was further disseminated to the Intelligence Unit of the RSVGPF on the 7th November, 2022, on Subject A. The Subject was suspected of laundering monies through a business on behalf of persons in the community.

The Subject made several deposits at financial institutions that were rounded figures and deposited frequently into the subject's various accounts, increasing deposits in 2019 by XCD 299,060.71. There was a further increase in deposits in 2020, 2021 and 2022. The deposits fell outside the expected level of deposits for this size of business, based on the listed activities of the subject's registered business. Prior to 2019, total deposits amounted to less than XCD 30,000. This significant increase in deposits does not match the activity of the business nor the economic conditions that were present during this time. Subject A operates a cash intensive business ideal for co-mingling illegitimate funds. The Subject makes regular deposits to their accounts and transfers funds between the accounts frequently. This could be done in an attempt to conceal the true origin of these funds.

Based on the dissemination, the RSVGPF, Narcotics and the Rapid Response Units executed several search warrants in the subject's community in November 2022, in search of controlled drugs, cash and illegal firearms. Illegal firearm and several pounds of cannabis were recovered. RSVGPF continued to focus its resources on the community. On the 25th August 2023, the Rapid Response Unit executed a search warrant focused on a shop owned and operated by subject A's friend. The Subject's friend was not present at the time of the search; however, an individual was met behind the shop counter. A quantity of cash and cocaine were recovered. The occupant of the shop informed the RSVGPF that Subject A was the person who brought the cash to the shop, however when questioned the Subject denied this.

The occupant of the shop was subsequently charged with possession of controlled drugs and pleaded guilty to the charge.

Table 3.4. No. of Disseminations from SAR Analysis

Competent Authority	No. of Spontaneous Disseminations from SAR Analysis to CAs				
	2018	2019	2020	2021	2022
RSVGPF	1	0	0	0	0
Customs	0	0	0	0	0

Competent Authority	No. of Spontaneous Disseminations from SAR Analysis to CAs				
IRD	1	0	0	0	2
FIU Investigations Department	0	10	1	0	5
Grenada FIU	1	0	0	0	0
Bahamas FIU	1	0	0	0	0
Total Number of SARs Involved in disseminations	45	10	1	0	31
Total no of dissemination reports	4	10	1	0	7

156. FIU's analysis and disseminations have also helped the RSVGPF, by responding to requests for information from the police and by spontaneously disseminating information. The RSVGPF has had successful interceptions as seen in case 3.5 and cash seizures as seen in case 3.7 below, emanating from spontaneous disseminations of information from other sources other than SARs.

Box 3.5. FIU Information Assisting RSVGPF with Interception

On August 8th, 2019, The FIU received information from a foreign counterpart that a vessel believed to be involved in illegal activity was heading to SVG. This information was then relayed to the Coastguard of the RSVGPF which intercepted a motor vessel with two Suspects "A" and "B".

Upon interception, the Coastguard recovered a sum of USD27,060.00 floating in the water next to the motor vessel. Both subjects were arrested and interviewed, and they denied ownership of the funds. Forensic analysis was done on the vessel and on recovered mobile devices through the use of the relevant search warrant. The RSVGPF requested the assistance of the FIU in obtaining financial information such as incoming and outgoing wires at MSBs, and accounts at the FIs. A production order was successfully applied for by the FIU.

Analysis done by the FIU on the information obtained revealed minimal balances and foreign currency exchange transactions. In addition to that, further information was obtained from the relevant government agencies to add value to the analysis and financial profile of the subjects. Based on the investigation/analysis, it was determined that the suspects were not the ultimate beneficiary of the cash found but were acting as couriers. Subject A was charged with possession of criminal property and was convicted.

While he served no custodial sentence, the funds were confiscated and Subject A fined XCD18,000.00 or default of payment would result in imprisonment (2 years 4 months).

157. As a result of operational analysis done by the FIU, the IRD has received two spontaneous disseminations related to tax crimes, that are considered relevant to the operational needs of the IRD. During interviews, the IRD informed the AT that the disseminations were in the

preliminary stages of investigation. They further stated that these disseminations were considered tax leads and would trigger an audit report into the person's tax affairs or may result in the forced registration of a person if they were not found to be a part of the IRD's records.

158. The FIU has produced strategic analysis products for use by CAs. One example of this is where the analysis of SARs from the MSB sector guided law enforcement to specific geographical areas that were more prevalent for the receipt of monies believed to be related to drug trafficking activities. The FIU used this information to provide targeted training to the Domestic Banks and MSBs in that area. However, there were limited strategic analysis products geared towards LEAs. The FIU also produced 23 quarterly reports to the NAMLC. These reports include statistics related to SARs, including any trends or patterns observed related to ML/TF matters. Further, the FIU has also produced four legal opinions which contributed to policy making decisions. Subject matters of such opinions included the Medical Cannabis Industry Risk Assessment and activities of companies and their New Payment services in SVG. The AT found that these legal opinions were well researched and detailed and provided good guidance to policy makers. One example of the outcomes of these opinions includes the implementation of the NPO Regulations.
159. During the on-site, all CAs, especially the RSVGPF and the FIU-ID conveyed that there is a high level of satisfaction with the information and intelligence products requested from the FIU. The information was considered to be of high quality, accurate, relevant and timely in most instances. This was reflected in the intelligence products and cases provided to the AT, an example of which is the case study in Box 3.4. Not only did it identify targets for the RSVGPF, but they were also able to find and seize illicit items, such as firearms, cash and controlled drugs.

3.2.4. Cooperation and exchange of information/financial intelligence

160. There is a high level of co-operation and exchange of information between the FIU and all CAs in SVG, which is evidenced by case examples and the requests for information (RFIs) sent to and from the FIU as illustrated in previous tables and cases. At the highest level, the FIU is a member of the NAMLC, and exchanges information with the other CAs on operational matters at the quarterly meetings. In addition to an informal relationship with most CAs, there are legislative provisions within the FIU Act and the FIU has signed several MOUs with different CAs to facilitate the exchange of information. MOUs have been established with IRD, CIPO, FSA, ECCB, CED, and Immigration. Each MOU is customised to the services provided by each department and covers the type of information that will be shared, why the information is being shared, and how the information will be kept confidential and stored.
161. On a large scale the FIU has provided several of their counterparts in other agencies with training on AML/CFT. One such example was the recent training of the Investigations and Intelligence Unit of the IRD on investigative and surveillance techniques. It has also provided training to the RSVGPF and CED. By providing training to the other CAs, the FIU is able to increase the AML/CFT knowledge and capabilities of their counterparts.

162. Due to the sensitive nature of the information being shared, especially from the FIU, suitable arrangements are in place with each department to ensure that the information shared is not compromised. Such measures include appointing designated persons in each agency and having designated areas to store the information with access limited only to specific persons. With the introduction of the online reporting platform in May 2020, the exchange of information is done via this platform, as each agency was trained and given access to the platform to facilitate use.
163. In relation to the storage of SARs and other sensitive information, the unit has an online platform that can store the information electronically and this information is also linked to the FIU's analytical software system, with both platforms being secure. In terms of accessing files on the system, a staff member is only able to view and work on matters assigned to them by the Director and the Supervisory Department does not have access to these platforms. All files within the FIU are presently being digitised. In addition, there are fireproof cabinets for the storage of hardcopy documents within a secured vault which has limited access for personnel.
164. To ensure the safeguarding of sensitive information, the staff adheres to a stringent protocol of never leaving such information unattended and instead storing it within secure, locked cabinets. As a further level of security, only the director, deputy director and the admin manager have access to all of the offices. Entry into the office requires a passcode, and the building is equipped with a security system for added protection.

Box 3.6. FIU Intervention led to Interception by the Police

On 27th November, 2021, the FIU received information from regional counterparts that a vessel was leaving another island with a sum of money that was believed to be the proceeds of crime. Acting on the information received, members of the RSVGPF went to the intended port of arrival and intercepted the vessel. Upon being intercepted, a crew member aboard the vessel threw a package overboard. The police recovered the package, and it contained a sum of Euro currency. A further search of the vessel revealed more cash. A total of EUR69, 000 was seized by the police and subsequently detained by the FIU. The matter is currently before the Court at the cash forfeiture stage.

Box 3.7. Coordination and Cooperation between the FIU and the Police

In September 2022, Police Officers from a Police Station, with the assistance of the Officers of the FIU, conducted investigations into two individuals of Brazilian and Spanish nationality who were arrested on suspicion of the offence of theft. This report relates to the use of a debit card

to purchase items at a business establishment without the consent of the owner of the card. A search warrant was executed at the rented home of the individuals where several electronic devices were seized in connection with the offence. The investigators then consulted the FIU Analytical Department to assist with determining if the cards found were real. The Analytical Department, in close consultation with the FIU Investigations department, took steps to authenticate the BIN numbers on various cards and determined that the cards came from legitimate financial institutions. Further, open-source tools were used to conclude the analysis.

At the conclusion of the investigation, no charges were laid against the individuals and their items were returned.

Overall Conclusions on IO. 6

165. Based on the AT's evaluation of IO. 6 and relevant Recommendations, financial intelligence and other relevant information are readily accessible in SVG and all CAs are making use of this, except for the CED. The FIU serves as the largest repository of financial intelligence and is trusted by reporting institutions and other CAs. Access to information is facilitated through legislative support and MOUs, and the FIU can request information through various means, including an online reporting platform and foreign FIUs.

166. The AT observed that requests for information were commensurate with risk and materiality, with fewer requests made to DNFBPs due to their lower risk profile. The FIU has produced strategic analysis products that contribute to policy-making decisions, however, strategic products for use by other CAs are limited and as such is not widely used by CAs to result in more successful outcomes. Overall, the availability and accessibility of financial intelligence and relevant information in SVG is a positive factor in the effectiveness of the country's AML/CFT regime.

SVG is rated as having a substantial level of effectiveness for IO. 6.

3.3. Immediate Outcome 7 (ML investigation and prosecution)

3.3.1. ML identification and investigation

167. The legislative framework is in place to support ML investigations and prosecutions and the powers and responsibilities available for LEAs to pursue ML (see R. 3, 30, 31). The RSVGPF

can initiate ML investigations as the entity charged with preventing and detecting all crimes in SVG in accordance with the Police Act of 1947.

168. SVG has a hybrid FIU, with police officers from the RSVGPF seconded to the FIU (s.3(2)(d), FIU Act) who retain all their powers as members of the RSVGPF. Four of the seconded officers, form the FIU-ID, and are responsible for identifying and conducting investigations into potential ML cases (under the POCA). These seconded police officers at the FIU have received extensive ML training, both regionally and internationally. Several of the officers are also ACAMS certified. The FIU-ID consists of four investigators including a Chief Financial Investigator. Additionally, at the time of drafting this report, the Deputy Director of the FIU is also a police officer. At the time of the onsite, the AT found the department adequately resourced to pursue ML investigations in line with the risk and context of the jurisdiction. The Legal Department of the FIU, which has two legal officers, works along with the ODPP, which is responsible for ML prosecutions.
169. SVG has adopted an all-offences approach to ML, therefore a financial investigation is considered for crimes of an acquisitive nature. In practice, the FIU initiates most ML investigations while the RSVGPF investigates other predicate offences. This is the general framework of the parallel financial investigations processes. ML investigations are prioritised based on factors such as value of the benefit of the crime, whether the person is known to LEAs, the associated risks and the general circumstances of the offence. Additional consideration is given to whether the subject of the investigation can substantiate the source of funds in the case of cash seizures. Further, the investigators of FIU-ID and officers with the RSVGPF use financial intelligence to support ML Investigations (see analysis in IO6).
170. During the review period 2018-2022, SVG conducted a total of twelve ML investigations (see Table 3.5). These ML investigations were identified through the use of several mechanisms. The number of investigations showed a consistent pattern, with the maximum total of investigations being three per year, with minimal fluctuations as seen in the table below. Of the twelve investigations, eight were related to drug trafficking, three related to theft and one related to robbery. This indicates that ML investigations are being conducted in line with the risks identified in the NRA.

Table 3.5. ML Investigations

Year	2018	2019	2020	2021	2022
No. of ML Investigations	1	3	3	3	2

171. As part of a new SOP established in March 2023 to guide the co-operation between the FIU and the ODPP, the new Proceeds of Crime investigation form was introduced. This tool is meant to be a mandatory inclusion as a part of case files to help support ML investigations and

prosecutions. However, the effectiveness of this measure could not be determined as it was only instituted at the time of the onsite.

172. When predicate offences of an acquisitive nature are being investigated by the police, the latter will first contact the FIU informally, and then formally in writing stating the facts of the case and allowing the FIU to conduct a parallel financial investigation as seen in case study 3.8. It was noted that during the review period there were seven parallel investigations conducted in SVG. The mechanism of the RSVGPF and the FIU for parallel investigations functions efficiently. Of the parallel investigations pursued, three were related to drug trafficking, one related to robbery, and three were related to theft. These investigations were in line with the risks identified in the NRA. Parallel investigations account for seven out of twelve of the total investigations (58%). The authorities were found to be conducting parallel financial investigations in line with the risks of drug trafficking and related ML offences, when the context of SVG is taken into consideration.

Box 3.8. Parallel Investigation

Agencies involved: RSVGPF (RRU), FIU

The police in Union Island were investigating a report of a robbery which occurred on 6th October, 2020 involving EUR3,000.00 being stolen. On Thursday 8th October, 2020, an identified suspect was met heading towards the wharf in Union Island by members of the Rapid Response Unit. A bag which the suspect was carrying was searched and a red plastic bag taped with transparent tape was discovered. The police officers opened the taped package which revealed EUR currency in two parcels. The officers also found a quantity of XCD and USD in a wallet. The cash was subsequently counted and amounted to EUR26,500.00, XCD2,456.10 and USD81.00.

The police officers contacted the FIU and alerted them. The FIU initiated an ML investigation into the subject. As a result, the subject was subsequently charged for the money laundering offence of possession of criminal property to wit EUR26,500.00 pursuant to section 125(1)(c) of the POCA. On December 7, 2021 at the Serious Offences Court he pleaded guilty to the offence.

173. Another mechanism in place that is used to identify potential ML investigations is through the “morning reports of crimes” which are published daily by the RSVGPF and circulated to the various departments and the FIU. These are reports which contain information on crimes that have been committed within the jurisdiction. The FIU investigators proactively peruse the report for cases of interest that may likely lead to ML investigations and may reach out to the case officer, to offer guidance and assistance. A redacted sample of the morning report reviewed by the AT revealed some cases of fraud and deception, which is in line with one of the main ML risks identified in SVG. The AT found that the information was adequate to aid in

identifying potential ML Investigations. However, no ML investigations were triggered from these reports at the time of the on-site visit. Factors that contribute to the absence of identification via this means include, 1) suspects have not been identified, 2) the FIU was contacted before the morning report was released and 3) the suspects were taken to court the next day after they were charged, and the FIU is not aware until the morning report is released, which is sometimes slightly delayed.

174. ML investigations are also initiated from the analysis of SARs submitted to the FIU by reporting entities. Intelligence reports are disseminated to the FIU-ID, RSVGPF, CED, IRD, or foreign FIUs and other international partners. One such example is case 3.1 in IO6. The AT found that a limited number of ML investigations were identified via this mechanism, as only one ML investigation was initiated from disseminations as identified in IO6. Deficiencies related to the utility of SARs negatively impact the effectiveness of this mechanism to identify ML investigations (see analysis in IO6 and IO4).
175. ML investigations are also identified from any cash seizures that may have been done. In addition to the cash being seized under suspicious circumstances, other factors are considered in this instance, such as whether the person is known and the risk that exists. Based on the information provided, seven ML investigations were a result of bulk cash seizures, which indicates that this mechanism is also efficient in identifying ML investigations effectively. Three of these investigations were also parallel investigations. However, the FIU noted that there has been a recent decline in cash seizures. The authorities provided an example of this scenario as detailed in case study 3.9.

Box 3.9. ML Investigation from Cash Seizure

On Thursday, August 8th 2019, two individuals were intercepted by the Coast Guard while on a motor vessel. The Coast Guard recovered the sum of USD27,060.00 floating in the water next to the motor vessel owned by one of the individuals, which they believed to be proceeds from drug trafficking. The money was seized.

The FIU was contacted, and an ML investigation was initiated. Investigations were conducted by the FIU and the owner of the boat was subsequently charged for the money laundering offence of possession of criminal property to wit USD27,060.00 pursuant to section 125(1)(c) of the POCA.

On the 27, September, 2021, upon completion of a full trial at the Serious Offences Court, the individual was convicted for the offence of money laundering. He was subsequently fined XCD18,000 and in default, serve a sentence of sixteen months imprisonment. There were no charges laid related to drug trafficking.

176. While there is a declaration/disclosure system in place for cross-border movement of cash and BNIs that can help to identify potential ML cases, the deficiencies identified in IO8 apply (see analysis in IO8). SVG has had low levels of detection of non-disclosures/false disclosures over the review period. Taking into consideration SVG's susceptibility to drug trafficking and cross-border movement of cash associated with these activities, the AT considers this a major deficiency.

3.3.2. Consistency of ML investigations and prosecutions with threats and risk profile, and national AML policies

177. SVG has successfully pursued ML investigations and prosecutions, in line with the threats, risk profile and national AML policies of the jurisdiction. This finding is based on interviews conducted and information - including qualitative and quantitative information - reviewed by the AT.
178. As previously mentioned, in March 2023, SVG established a new SOP to guide the co-operation between the FIU and the ODPP, as the main CAs responsible for ML investigations and prosecutions. The SOP sets out the strategy and procedures for handling these matters. SVG authorities posited that the SOP is meant as a formalisation of an already established process. In addition to the SOP, the DPP has issued recommendations to the police (June 2020) concerning drug investigations and prosecutions, whereby the FIU is to be notified from the start of investigations so that an ML investigation can ensue simultaneously. Based on the quantitative information provided, it is noted that there were two parallel investigations in 2020, zero in 2021 and one in 2022. Factors like the pandemic and the volcanic eruption may have affected these numbers, with a simultaneous decrease in the overall numbers of reported acquisitive crimes in SVG (as seen in Table 3.6), which most significantly affected crimes with low ML risks (theft, robbery, fraud). The general approach to ML investigations and prosecutions is to consider ML investigations for acquisitive crimes, and where needed, civil proceedings are also considered and appropriately pursued.
179. The ODPP is staffed with 10 counsels, two of whom are drafters. Two persons have had limited exposure to ML/TF matters. The office has received limited training on AML/CFT and require additional training as most of the staff are junior staff members, having joined the organization recently. However, the legal officers attached to the FIU, significantly support the DPP in ML prosecutions and they have been extensively trained in handling ML prosecutions.
180. During the review period, crimes related to the identified risks in the NRA reported to the RSVGPF totalled 6,687 as seen in Table 3.6, while Table 3.7 shows the status of the reported cases. While specific statistics of how many of the reported predicates were investigated, it is understood that not all reports become investigations or lead to parallel ML investigations. Factors considered for the initiation of parallel investigations include the value of the crimes, quantity and whether the subject is a known target to law enforcement. When looking at the higher risks identified for the jurisdiction, as seen in Table 3.6, there is a fair proportion of

parallel investigations with most related to both drug trafficking and theft converting to parallels and one related to robbery. This is in line with the risks of the jurisdiction.

Table 3.6. Total number of Predicates reported to the RSVGPF

Predicate offence	Year					Total per predicate
	2018	2019	2020	2021	2022	
Drug Trafficking	5	16	10	7	7	45
Fraud	18	28	2	1	0	49
Robbery	133	118	62	41	68	422
Theft	1375	1370	1346	959	1121	6171
Total no of predicates per year	1531	1532	1420	1008	1196	6687

Table 3.7. Status of Predicates reported to the RSVGPF

Status	Year					Totals
	2018	2019	2020	2021	2022	
Convicted	110	128	138	91	113	580
Pending Trail	51	140	104	72	45	412
Dismissed	54	93	10	10	9	176
						1168

181. SVG's ML risk was rated as Medium in the NRA mainly due to the threats of drug trafficking activities and to a lesser extent fraud, deception and offences against property such as theft, burglary and robbery. The authorities have posited that the ML investigations are mostly drug related and in line with the country's risk profile, and this is demonstrated in the information provided. Based on the case examples provided, the AT noted that the cases which were investigated and prosecuted were in line with the threats identified in the NRA. For the period under review, SVG had seven successful ML prosecutions resulting in six convictions, while one is awaiting adjudication. (see case example in Box 3.6). ML charges were withdrawn in two cases.

3.3.3. Types of ML cases pursued

182. SVG has demonstrated that it is investigating and prosecuting different types of ML cases such as stand-alone and third-party cases, to a large extent. Table 3.8 shows the types of ML investigations pursued and prosecuted. For the period 2018-2022, a total of five stand-alone cases and seven third-party cases, were pursued. SVG identified six cases of self-laundering. Convictions were achieved in four of the five stand-alone cases, while four of the seven third-party cases resulted in convictions and one is partly heard, which demonstrates the capacity of

the prosecutors (legal officers of the FIU) to adequately pursue these cases. Some third-party cases were also stand-alone.

183. In the cases provided to the AT, there were no instances nor evidence that there was the involvement of legal persons. There were also no cases initiated from a foreign predicate offence. During interviews, authorities admitted that there is a challenge when pursuing ML investigations where the predicate offence was committed outside of the jurisdiction. This is due to difficulty in obtaining information as to whether the property was derived from criminal conduct to the required standard of proof, and difficulties in obtaining certain types of information due to the varying systems in the foreign jurisdictions. The NRA identified third party ML as one of the means used by drug traffickers to launder funds in the jurisdiction. Of the seven third-party cases identified, six were related to drug trafficking and one related to theft. Individuals arrested were found to have limited assets and identified as couriers rather than the persons benefitting from the crimes. Given the risk and context of SVG, identification of third-party laundering cases related to drug trafficking, the AT found this consistent with the findings of the NRA.

Table 3.8. ML Cases Pursued

Year	2018	2019	2020	2021	2022
Third Party	1	2	2	2	0
Stand Alone	0	2	1	2	0
Self Laundering	0	3	1	1	1

3.3.4. Effectiveness, proportionality and dissuasiveness of sanctions

184. There is a wide range of sanctions which include custodial and non-custodial sanctions as provided for in the POCA for ML convictions. According to the provisions in the POCA, ML offences carry the penalty of imprisonment for a term of five years or a fine of XCD500,000 or to both on summary conviction; or on indictment, to imprisonment for a term of 20 years or a fine without limit or to both. The sanctions as contained in the legislation are proportionate and dissuasive (see R.3).
185. SVG applies the Sentencing Guidelines of The Eastern Caribbean Supreme Court, which includes specific guidance on offences of dishonesty. This guidance covers the ML offences. The considerations for sentencing include the value of the proceeds of crime, the seriousness of the underlying predicate, the role of the defendant in the laundering, the sophistication and duration of the ML, and several mitigating and aggravating factors, such as discounts for guilty pleas and credit for time served in custody while awaiting trial. The offences are then each categorised using a matrix that identifies the appropriate range of sentences for each offence and offender.
186. In all cases involving prosecution of ML offences where convictions were obtained, confiscation orders were also obtained and form part of the basis of the sentencing regime, which SVG

considers to be non-custodial sentences (or penalties). However, the AT does not consider confiscation as a criminal sentence. Based on the cases provided, SVG has confiscated 100% of the proceeds as a non-custodial sanction with custodial sanctions mainly being issued as time served or in lieu of defaulted payment. See Table 3.9 below for sanctions applied. Of the six convictions, custodial sentences were only given in two instances while the other persons convicted served no jail time. A fine was only given in one instance. The categorisation of most of the convictions based on the sentencing guidelines recommends penalties on the lower end of the scale, giving the range of non-custodial to an average of one year and six months as options. Based on these findings, the sanctions applied in SVG are appropriate for the offences committed and are adequately effective, proportionate, and dissuasive. For example, Case 1 in Box 3.10 shows the defendant being sentenced to six months time served and the money found was confiscated.

Table 3.9. Sanctions Applied

Offence	Custodial	Non Custodial Penalties
ML Offence	6 months time served	-
ML offence	8 months time served (plead guilty)	-
Possession of criminal property(ML offence)	no custodial sanction (plead guilty)	-
ML offence	no custodial sanction	18k fine - default of payment would result in imprisonment, 2yrs 4 months in total
Drug offences/ML offence	no custodial sanction	-
ML Offence	no custodial sanction	XCD 150,000 fine - default of payment would result in imprisonment, 1yr in total

Box 3.10. ML Convictions and Sanctions

Case 1

Defendant was convicted for the money laundering offence of possession of criminal property pursuant to s. 125(1)c of the POCA, and a Confiscation Order was made against him in the sum of the XCD10,880.00 and USD20.00. The confiscation order was satisfied, and his custodial sentence was that of time served (six months), as he was on remand since his arrest in January 2020. On June 16th, 2020, the defendant was found

guilty of the money laundering offence and a Confiscation Order was made against him in the sum of the XCD10,880.00 and USD20.00.

Case 2

On September 8th, 2021, the Chief Magistrate granted, without objection, the confiscation of USD 27,060.00 to the Confiscated Assets Fund with a default term of two years imprisonment. Further, the defendant was fined the sum of XCD 18,000.00, of which XCD7,000.00 was to be paid by December 10th, 2021 and in default six months imprisonment would be served. XCD11,000.00 was to be paid by May 6th, 2022 and in default, 10 months' imprisonment. A balance of XCD800.00 was left unpaid as of October 2022.

3.3.5. Use of alternative measures

187. SVG has used other criminal justice measures in cases where a ML investigation has been pursued but it was not possible to prosecute or secure a ML conviction including in circumstances where the evidence obtained does not give rise to the threshold of beyond a reasonable doubt, which is needed to successfully prosecute criminal cases including ML. Where it is determined that the criminal standard of proof cannot be met, civil proceedings, such as cash forfeiture and detention, are used to pursue any cash that may be recoverable (see IO8 for more details). This allows the authorities to ensure that the accused is unable to benefit from any illicit activity that may have been committed. The AT was informed that because the investigators and legal officers at the FIU operate in both the civil and criminal realms, they can determine most times which route will be best. Additionally, the DPP has advised in some cases that it would be better to pursue civil proceedings as well. Over the period SVG has successfully pursued five civil proceedings.

Box 3.11. Civil Proceedings – Alternative Measures

On July 23rd, 2019, a police officer, acting on information received concerning the subject TG, went to a port in SVG. He requested a search of TG's bag and car. The search revealed a package containing USD30,000.00, which TG said was meant for their partner FG. TG also indicated that they did not know what the package contained. TG claimed the money but gave conflicting information.

On November 11, 2019, at 11: 15 a.m. FIU investigators interviewed TG and MR. MR indicated that they have been saving US dollars since March 2019 to purchase a boat from

FG. MR stated that they run a Restaurant and Bar and operate a supermarket. On November 11, 2019, at approximately 11:45 a.m., the FIU investigators proceeded to a location in SVG where they met HJ and FG and requested an interview. HJ, in a statement after being cautioned, indicated that sometime before or after carnival, MR gave him a “little, brown handle bag” and told him that someone from Bequia would come and collect it. He stated that he did not search it and that MR did not tell him what was in the bag. HJ indicated that sometime in the morning to 1 p.m. on the same date, a lady approached him and informed him that she came to collect the package that was left for FG. HJ ended the interview by informing the officers that he had nothing further to add.

Investigations revealed that FG had been previously arrested and charged both in SVG and Martinique for drug trafficking.

Following the conclusion of the investigations, the ODPP was consulted. The ODPP recommended civil recovery proceedings against the seized cash as the evidence obtained was not sufficient to meet the threshold of beyond a reasonable doubt to prosecute and convict for ML.

Overall Conclusions on IO. 7

188. In SVG, ML investigations and prosecutions are mainly handled by the FIU, the DPP and to a lesser extent the RSVGPF. Operating in the remit of the legal framework, the jurisdiction has successfully investigated and prosecuted stand-alone and third-Party ML investigations. SVG has also demonstrated that ML investigations and prosecutions are being pursued based on the threats and risks identified for the jurisdiction. However, the mechanisms in place to identify ML investigations are not effectively identifying ML Investigations, as some of the mechanisms in place have not yielded any results or minimal results therefore affecting the level of investigations and prosecutions pursued. Further deficiencies identified in R.31 affect the level of identification, investigation and prosecution of ML cases. However, the sanctions being applied against convicted persons are adequate, with appropriate custodial sentences and the use of fines.

SVG is rated as having a moderate level of effectiveness for IO. 7.

3.4. Immediate Outcome 8 (Confiscation)

3.4.1. Confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective

189. SVG has a robust legal framework for confiscation and provisional measures which allows for criminal sanctions and civil recovery as set out in the POCA and ATFPA, (see Rec 4). Pursuit of criminal proceeds and instrumentalities and property of equivalent value is strongly encouraged and practised in the jurisdiction. Based on interviews, case examples and additional data, the confiscation of criminal proceeds and property of equivalent value is a policy objective by the relevant authorities within the jurisdiction. However, the confiscation of instrumentalities of crime is not currently pursued in line with national objectives.
190. Recommendations (June 2020) and a Guidance Note (February 2021) were issued by the DPP to the RSVGPF to institute changes that would help in depriving criminals of illicit funds, such as the inclusion of the FIU on all drug related matters and the handling of seized conveyances during a criminal investigation. LEAs also have a range of investigative tools for the investigation, detention and confiscation of proceeds of crime and instrumentalities. In March 2023, a new SOP was developed to guide interagency cooperation between the FIU and the ODPP and it also includes the new Proceeds of Crime investigation form. This tool is meant to be a mandatory inclusion as a part of case files to help support ML investigations and subsequent confiscation, if applicable. Considering the implementation of the form was close to the end of the onsite, the effectiveness of this measure could not be assessed.
191. The Attorney General is responsible for civil recovery matters, while the ODPP is responsible for criminal prosecutions and confiscation matters. Further, the FIU is the agency which handles ML/TF related matters, and as such would play a role in both criminal and civil matters, working along with the AG and ODPP with the FIU legal officers appearing on their behalf; and RSVGPF where required.
192. Given SVG's all-offences approach, a decision to pursue confiscation is considered for crimes of an acquisitive nature, taking into consideration additional factors, but the decision to pursue confiscation ultimately rests with the ODPP. When considering a case for confiscation, the ODPP along with the FIU, and the police where necessary, would consider factors such as the background of the offender, the benefit derived from the criminal conduct, and whether there is physical cash that can be readily confiscated. The ODPP would also receive or request a financial report on the defendant from the FIU to determine whether there are assets to be confiscated.
193. Civil recovery and forfeiture matters are pursued where it has been determined that there is not enough basis for ML. It is also sometimes pursued in the course of satisfying an MLA request from a foreign jurisdiction.
194. The FIU legal officers and the police officers in the investigations department have received training from external providers (RSS-ARU and NCSC) on aspects of financial confiscation and civil recovery. During the onsite, representatives of the judiciary also indicated a 2-day

workshop on confiscation was held with the judiciary. No information on the level of training received by the ODPP has been provided by SVG.

3.4.2. Confiscation of proceeds from foreign and domestic predicates, and proceeds located abroad

195. SVG is confiscating proceeds of crime and property of equivalent value to a moderate extent, however, they did not confiscate any instrumentalities of crimes. During the review period, SVG had approximately seven confiscation matters and four civil recovery matters, which are either completed or pending before the Court.

196. A total of seven POCA applications for confiscation valued at USD 3,925,791.08 were made to the Court following convictions for six ML cases and one drug offense case. Five confiscation orders are valued at USD 386,612.14 with two cases pending before the court. This is demonstrated in Table 3.10 below.

Table 3.10. POCA Confiscation Proceedings

	Case Name	Date of Conviction	Date of Order	Convicted Offence (and predicate if known)	Restraint	3rd party interest or legal fees	Declaration of the benefit amount
1	AG	March 9, 2012	Pending	ML	YES	YES	USD 3,539,178.94 (XCD 9,449,607.77)
2	CJ	June 16, 2020	July 17, 2020	ML	No	No	USD 4,094.91 (XCD 10,880.00 & USD20.00)
3	DG	March 31, 2021	April 6, 2021	ML	No	No	USD 36,020.00
4	CP	August 26, 2021	September 8, 2021	ML	No	No	USD 27,060.00
5	AS	December 7, 2021	February 9, 2022	ML	No	No	USD 24,537.04 (€26,500.00)
6	BH	December 15, 2017	April 29, 2022	Drugs	YES	No	USD 288,158.62 (XCD 769,383.52)
7	BH	November 25, 2022	Pending	ML	YES	No	USD 6,741.57 (XCD 18,000.00)
Total							USD 3,925,791.08 (XCD 10,481,862.18)

197. The funds recovered were placed into the Confiscated Asset Fund and then further repatriated to the relevant jurisdiction. As part of the asset-sharing arrangements with the countries assisted, SVG also retained some of the funds confiscated in some of these matters in an amount totalling approximately USD2,261,135.00.

Confiscation of proceeds from domestic predicates located abroad:

198. SVG was able to identify, trace, and confiscate proceeds related to domestic predicate offences located abroad as provided for under the POCA. One example of identifying and tracing proceeds relates to the case of AG. The authorities successfully located and catalogued the subject's assets and proceeds of crime using multiple investigative/asset tracing tools in the POCA, including Production Orders. However, the confiscation application of the assets is pending, due to appeals made by the defendant. For context, in 2012, following a conviction for the offence of ML, an application for a confiscation order to the value of USD 3,539,178.94 was made to the Court, however, this matter remained pending at the time of the conclusion of the on-site visit. The assets in this case involved real property, including motor vehicles and real estate along with cash. Assets such as motor vehicles, the value of which can be easily depreciated, were liquidated following the granting of a management order. Please see below case example 3.12.

Box 3.12. Identifying and Tracing Criminal Proceeds Located in Foreign Jurisdiction

On April 4th, 2008, members of the RSVGPF and the FIU searched a vessel in the territorial waters of SVG. During the search of the vessel, several vacuum sealed bags were found containing what appeared to be US currency. Based on the findings, three adults, including AG, were arrested and taken into custody. The individuals were questioned regarding the case and denied knowledge. Two were subsequently charged with ML offences under the POCA.

The cash was later counted and amounted to USD1,733,463.00 (XCD4,628,346.20). Upon further investigation AG was subsequently arrested in relation to the recovery of the cash and was interviewed. He was subsequently charged with ML offences.

On March 9th, 2012, the subject was convicted of the offences as charged at the Serious Offences Court Kingstown. The sentencing was remitted to the High Court. The Defendant was sentenced to ten (10) years imprisonment on Monday 22nd July 2013. The Defendant subsequently appealed his conviction on December 2nd, 2013. The Appeal was heard on September 26th, 2016. The Court of Appeal dismissed the appeal and upheld the conviction by judgment issued on April 5th, 2017.

Assets (below) were found in SVG and St. Lucia, however, confiscation was postponed pending the Defendant's appeal at the Privy Council. The confiscation benefit to be realised was XCD

9,556,193.27. Investigations were also conducted to ascertain whether he had any assets in St. Lucia, Bermuda and Trinidad and Tobago, but no assets were found.

The following properties were seized:

- Cash balance on annuity policies
- 4 vehicles
- 2 Dwelling houses
- Furniture
- Parcel of land
- 1 Yacht

199. The AT noted that there were not many examples of SVG confiscating proceeds located abroad for domestic predicates, however, it was explained by the jurisdiction that they make inquiries at the earliest opportunity in possible cases but none of the cases during the review period yielded any assets being found abroad.

Confiscation of proceeds from foreign predicates:

200. Additionally, SVG has identified, traced, seized and confiscated proceeds derived from foreign predicate offences. This is largely demonstrated through the assistance provided to foreign jurisdictions by conducting investigations and analysis to trace, identify, and confiscate assets and proceeds of crime related to predicate offences. SVG was able to successfully seize and recover assets on behalf of their foreign counterparts as demonstrated below.

Box 3.12. Confiscation from Foreign Predicate Offence

Case 1

2018 -These required SVG to register and enforce external confiscation orders against two relatives who were convicted of making false declarations and transferring the proceeds of their crime to FIs in SVG. Over GBP52,000.00 was estimated to be their cumulative benefit from their conduct and the Confiscation Orders were made in that respect.

Case 2

2019 - This required SVG to register and enforce an external order that was received from a foreign CA against funds held at a former local financial institution. The monies in the accounts were obtained using a pyramid scheme. Both subjects were convicted for fraud and related offences. The amount received was USD1,328,900.83.

Case 3

2019 & 2021- This matter required SVG to register an external order received from a foreign CA and enforce it against a financial institution in SVG, the value of which represented the subject's benefit from his unlawful conduct, namely fraud. The subject spearheaded a 'Ponzi Scheme' where they made fraudulent offers and sales of high-yield securities. Innocent investors, lured by false promises of low-risk and guaranteed returns, invested about USD68 million dollars in an offshore banking institution which was an offshore bank based in SVG. The value of the assets recovered amounted to just over XCD3 million (USD 1,104,200.00).

Case 4

2020 & 2021 - The first MLA concerned a request for restraint of a sailing vessel located in St Vincent in the name of the subject on the grounds that he was convicted following a guilty plea to criminal charges. In processing the first MLA, an application for a Restraint Order was granted on November 17, 2020. A valuation of the vessel amounted to XCD142,000.00 00 (USD52,265.00). On May 17, 2021, a confiscation order against the subject in the sum of GBP212,026.30 (USD273,515.00) was granted however the amount that might be realised was less than his proceeds of crime conduct and as a result the Confiscation Order was made in the sum of GBP56,880.10. A second Supplementary Request was sent concerning registration and enforcement of the Confiscation Order. To this end, on July 19, 2022, an Order was granted to give effect to the external order obtained against the subject. At the of the on-site visit, the sale of the vessel was being finalised.

Confiscation of proceeds from domestic predicates:

201. SVG has pursued the confiscation of criminal proceeds of cash and property of equivalent value using the various legislative and provisional tools that enable the tracing and identification of these assets. The confiscation of proceeds is an integral part of SVG's fight against ML. The authorities have demonstrated that they are seizing and confiscating proceeds in the form of cash and property of equivalent value from domestic predicates. For the period, seizures and confiscations were cash, motor vehicles (cars, bikes and boats), real estate and personal

property. The data presented in Table 3.10 above and Box 3.13 below demonstrate that the authorities are identifying, tracing, seizing and confiscating proceeds from domestic crimes to a moderate extent and in keeping with the ML/TF risks. The AT noted that although no assets (other than cash) were seized or confiscated during 2020 and 2021, SVG was confiscating cash assets during those years (See Table 3.11).

Table 3.11. Overview of criminal assets seized, and the decision taken.

Year	Description of item	Final Action
2018	One (1) Toyota Altezza value – EC \$25,000 One (1) Suzuki Escudo value - EC\$38,000.00	Property Freezing Order Application (civil) was made, and the Order was granted
2019	One (1) Toyota Rav 4value EC\$28, 800.00 Residential Property at Lowmans Hill- Lot 1 Plan A9/39valued at EC\$534,000; and Four (4) Storey Building at Lowmans Hill- Lot 1 valued EC\$763,000	Property Freezing Order Application was made, and the Order was granted for the civil recovery proceedings. this matter is still pending before the Court.
2020		
2021		
2022	<p>Electronics</p> <ul style="list-style-type: none"> (i) One (1) PLENY Foldable Exercise Bike; valued at USD119.00. (ii) One (1) Goplus 2.25 Electric Treadmill; valued at USD249.99. (iii) One (1) KitchenAid KFPO722ER 7 Cup Food Processor Empire Red, valued at USD90.01. (iv) One (1) KitchenAid Artisan Tilt-Head Stand mixer; valued approximately USD429.95. (v) One (1) ELO 8-piece Cookware pot set; valued at USD269.95. (vi) One (1) black 2019 Newest Flagship HP 15.6 laptop; valued at USD1,158.00. (vii) One (1) black Samsung Galaxy Tab S3 9.7 inch; valued at USD447.99. (viii) One (1) grey Samsung Galaxy Tab S3 keyboard cover, valued at USD69.99. (ix) One (1) white iPhone; valued at USD1,250.00. (x) One (1) Conair foot spa; valued approximately USD21.93. <p>Accessories</p> <ul style="list-style-type: none"> (i) One (1) Michael Kors MK-6513 watch; valued at USD350.00. (ii) One (1) Michael Kors MK-5865 watch; valued at USD174.99. (iii) One (1) silver bracelet; valued USD32.99. (iv) One (1) Michael Kors handbag; valued at USD178.00. (v) One (1) Michael Kors handbag; valued at USD175.00. (vi) One (1) black Kenneth Cole handbag; valued at USD300.00. (vii) One (1) DL leather handbag; valued approximately USD32.99. (viii) One (1) "My best friend is a bag" bag; valued approximately USD95.00. 	In February 2022, a Property Freezing Order Application was made, and the Order was granted for the civil recovery proceedings against the properties. This matter is still pending before the Court.

Year	Description of item	Final Action
	(ix) One (1) brown Kattee handbag; valued approximately USD47.99. (x) One (1) Brinch Model: BW-214 laptop bag; valued approximately USD39.99. (xi) One (1) Grey FreeBIZ laptop bag; valued approximately USD43.99.	
	Wooden hull boat Fiberglass pirogue M.V. Ocean Active (Cargo Ship) BMW X5 P 224	A Confiscation Order was granted against the defendant and an Enforcement Receiver was appointed to sell the vessels that were seized.

202. The cases in Box 3.13. illustrate two case examples of effective confiscation of criminal proceeds in the form of cash.

Box 3.13. Confiscation Case Examples

Case 1:

This case was completed on August 26th, 2021 with an ML conviction. On September 8, 2021, the Court granted a confiscation order during uncontested proceedings, for the sum of USD27, 060 or in default, two years imprisonment. The cash which was seized from the defendant in 2019 as part of the ML case was placed in an interest-bearing account. For the ML case, the Defendant was fined XCD18,000 (USD6,625) with default imprisonment terms.

Case 2:

The defendant was charged with possession of criminal property, to wit the sum of EUR25,600 (XCD77,244). These monies were recovered when the defendant was intercepted in Union Island. On December 7 th, 2021, the defendant pleaded guilty and the Crown made an application for Confiscation. The Court granted a Confiscation Order on December 14th, 2021, without contest, in the sum of the particular benefit.

Confiscation of Instrumentalities

203. SVG's approach to pursuing instrumentalities of crime has lacked consistency. It was apparent that there is no well-defined policy in place regarding the confiscation of instrumentalities. The absence of a policy led to varying practices, where, in certain instances, they were without a

legal basis to effectuate the confiscation of instrumentalities. Paradoxically, in other cases, a decision has been made to opt for the confiscation of the defendant's broader assets, rather than specifically targeting the instrumentalities involved, primarily due to the realization that the aggregate value of these assets exceeded that of confiscating the instrumentality itself. This inconsistent approach raises questions about the effectiveness and coherence of the country's strategy specifically regarding the confiscation of instrumentalities.

Civil Recovery

204. SVG has commenced actions using its civil recovery powers to freeze and recover property during the review period, as demonstrated below in Table 3.12. SVG used its civil recovery powers to freeze a total of USD 693,736.41 (XCD 1,852,276.21) SVG has only been able to recover USD 60,015.22 (XCD 160,240.64) with the remaining pending before the Court. There is however still a significant amount of assets pending before the Court. There was one matter that resulted in civil recovery of assets that arose from foreign predicate offences and there was an average of one civil recovery action per year.

Table 3.12. Civil Recovery

Date of case	Case Name	Nature of Case	Amount Frozen	Amount Recovered	Value of Assets Pending before the Court	Foreign or Domestic
May 2018	CM	Fraud/ ML	USD 37,078.65 (XCD 99,000)	USD 36,704.12 (XCD 98,000)		Foreign
January 2019	AL	Drugs	USD 498,664.56 (XCD 1,331,434.37)		USD 498,664.56 (XCD 1,331,434.37)	Domestic
January 2021	KA	Drugs	USD 152,415.45 (XCD 406,949.25)	USD 23,311.10 (XCD 62,240.64)		Domestic
March 2022	ED	Theft/ ML	USD 5,577.75 (XCD 14,892.59)		USD 5,577.75 (XCD 14,892.59)	Domestic
Total			USD 693,736.41 (XCD 1,852,276.21)	USD 60,015.22 (XCD 160,240.64)	USD 504,242.31 (XCD 1,346,326.96)	

205. Table 3.13 below gives the breakdown of detention and forfeiture orders per year. This table represents monies forfeited after the court found that the cash in question was recoverable cash, that is, it came from or was intended for use in crime. The AT noted that SVG had success in detaining and forfeiting cash under the POCA. During the review period, there were 86 cash detention orders and 66 forfeitures which equates to a 77% success rate.

Table 3.13. Cash Detention and Forfeiture Orders 2018-2022

Year	Number of Detention Orders	Value	DISCONTINUED BY OFFICER	Released by the Court	Number of forfeiture Orders	Value
2018	25	\$344,563.31	4	1	20	\$166,865.78
2019	26	\$378,444.07	6	2	18	\$172,317.24
2020	19	\$590,344.26	7	3	12	\$229,648.70
2021	7	\$31,182.47	3	1	10	\$149,406.95
2022	9	\$89,505.74	3	0	6	\$104,132.48

Management of seized and confiscated assets:

206. Regarding the management of seized assets, SVG's legislation makes provision for the management of seized and confiscated assets (see analysis in R.4). Additionally, tangible assets such as motor vehicles and vessels are stored at designated police stations at the Coast Guard Base or private marinas. At the time of the onsite, SVG was in the process of determining a more secure and viable arrangement, such as designated location for storage and for asset managers/receivers to be designated to assist with the cost of receivership.

3.4.3. Confiscation of falsely or undeclared cross-border transaction of currency/BNI

207. The CED is the agency responsible for the declaration and disclosure of cross-border movements of cash and BNIs declared or undeclared. In the event of cash/BNIs being seized, the FIU will be contacted to secure the seized instrument and to perform further investigations.

208. Customs officers and police officers stationed at the Argyle International Airport use passenger profiling techniques as a way to identify suspicious passengers. Additionally, the CED relies on information from CARICOM IMPACS and JRCC in the investigations of cross-border movement of persons and cash.

209. Prior to December 2019, SVG utilised a written declaration system in the form of the Immigration/customs form for the declaration of cross-border currency and BNIs. In December, 2019, SVG stopped the use of the Immigration/customs form at the main port of entry in SVG (Argyle International Airport) but maintained the use of the form at the other ports of entry (air and sea) located in the Grenadines. The physical Immigration/customs forms are retained by the CED, however, there is no system in place to store or record oral disclosures of XCD10,000 or more. If currency/BNIs are seized, the CED maintains a register with the relevant information which will also be shared with the FIU for further investigation.

210. Based on the statistics presented (Table 3.14), a large number of immigration/customs forms were collected at the other ports indicating frequent travel between the islands, but there were no declarations of currency or BNIs. Argyle International Airport became fully operational in February 2017, with minimal detection of non-disclosures at the airport prior to December 2019. SVG further stated that since the implementation of the oral disclosure system, no disclosures over the prescribed threshold of XCD10,000.00 or foreign equivalent were made. Despite the numbers, there were ten cases of non-disclosure detected, all of which occurred before the implementation of the oral disclosure system, with two detected at the Argyle International Airport. Taking into consideration the risk and context of SVG, including the geographical location and makeup and the particular high risk attributed to drug trafficking and cash smuggling (see Chapter 1) related to drug trafficking, the absence of proper record keeping and monitoring of declarations or disclosures represent a gap in identifying and mitigating potential ML/TF threats at the country's borders that are associated with the physical cross-border movement of currency and BNIs.

Table 3.14. Total Number of Written Passenger Declarations (Immigration /Customs Form)

Year	Port of Entry	Total Number of Immigration/Customs forms
2018	Bequia	4807
	Mustique	Records not found
	Union Island	982
	Canouan	4278
2019	Bequia	4270
	Mustique	Jun-Dec 3676
	Union Island	2717.
	Canouan	-
2020	Bequia	855
	Mustique	4736
	Union Island	2464
	Canouan	-
2021	Bequia	855
	Mustique	4736
	Union Island	2464
	Canouan	-
2022	Bequia	2617
	Mustique	7194
	Union Island	2886
	Canouan	-

211. SVG has not implemented a system for the declaration or disclosure of cross-border movements of currency and BNIs for persons leaving the country at any of the airports or seaports. No

information was provided that any such cases were detected. As a result, the detection and confiscation of falsely / not declared or disclosed cross-border movements of currency and BNIs are hampered, highlighting another avenue for ML/TF threats at the country's borders.

212. Further, with the absence of record retention of disclosures made via the oral system, SVG's ability to facilitate co-operation requests from the international community as it pertains to the cross-border movement of cash and BNIs is potentially impeded. However, the AT has not been provided with any information that suggests requests of this nature were received during the review period.
213. The AT views the deficiencies in the declaration and disclosure system as a fundamental deficiency but was weighted less heavily given the overall confiscation regime of SVG is commensurate with the risk profile.

3.4.4. Consistency of confiscation results with ML/TF risks and national AML/CFT policies and priorities

214. SVG's NRA identified its ML risks as medium and that the biggest threat emanated from drug trafficking. It was also concluded that fraud and offences against property such as theft were the predominant generators of illicit proceeds. There were approximately six confiscation matters that have either been completed or are currently before the court, during the relevant period. All these individuals apart from one were convicted for money laundering offences, while the other was convicted for the offence of drug trafficking. In five of the aforementioned confiscation matters, the individuals were charged and convicted for possession of criminal property, namely bulk cash. The suspected predicate offence in these cases was drug trafficking. The priority of the country's AML/CFT measures is to remove the benefit derived from criminal conduct and as demonstrated by Confiscation Orders obtained to the value of approximately XCD335,000.00 for the review period. The value of assets that are currently pending before the Court is XCD7,947,906.58.
215. Additionally, SVG had four civil recovery matters emanating from two drug matters, one fraud/ML matter and one theft/ML matter. Civil recovery orders during the relevant period totalled XCD160,240.64 (USD60,015.22). These confiscation results are in line with SVG's identified risk.
216. The ODPP, in collaboration with the FIU, after a review of any file, makes a determination as to the appropriate cases for confiscation. The general policy is that confiscation is to be considered where there have been acquisitive offences committed. Other considerations are: the background of the offender, the benefit derived from the criminal conduct, and whether this benefit also includes cash, which can be readily confiscated. The confiscation results described above are consistent with this policy.

Overall Conclusions on IO. 8

217. SVG has a sound legal framework for freezing and confiscation of criminal property. Confiscation is pursued as a policy objective for LEAs and the judiciary, and the jurisdiction has demonstrated its ability to use the most available provisions to confiscate the proceeds of crime.
218. SVG has seized a wide range of assets including cash, vehicles, real estate and other personal items pursuant to domestic and foreign predicate offences. However, the authorities presented limited evidence to demonstrate that they are identifying, tracing, seizing and confiscating proceeds located abroad with respect to domestic predicates (although none of the cases during the period under review yielded any assets being found abroad). Further, SVG did not consistently pursue the confiscation of instrumentalities of crimes, and it was clear that there was no clear policy in place.
219. SVG does not have adequate measures in place to manage seized or confiscated assets. Thus, significant improvements in policies regarding management and the preservation of value are required.
220. Confiscation results are in line with the country's ML and TF risk profile as well as relevant confiscation policies. However, fundamental improvements are needed within the cross-border currency/BNI declaration and disclosure system, including the lack of a system to detect currency and BNIs for persons leaving the jurisdiction and poor record keeping. However, the overall confiscation regime of SVG is commensurate with the risk profile but requires major improvement.

SVG is rated as having a moderate level of effectiveness for IO.8.

CHAPTER 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION

4.1. Key Findings and Recommended Actions

Key Findings

Immediate Outcome 9:

- a) SVG has technical deficiencies in the law relative to the requirements of R.5.
- b) There were no investigations or prosecutions of TF, which is consistent with the assessment of the TF risk detailed in the NRA. The FIU, ODPP and the Judiciary have sufficient resources to deal with TF cases should they arise.
- c) SVG has mechanisms in place for the identification of TF, including intelligence sources. At the time of the on-site visit, no TF cases had been identified by the FIU through its analysis of SARs received and disseminated in the form of intelligence reports, which is also in line with the low level of TF risk identified in the NRA.
- d) At the time of the on-site visit, the RSVGPF did not demonstrate that it had an effective plan in place to identify and investigate terrorism and its financing, relying instead on the support of regional and international partners for assistance in the event of such an occurrence.
- e) Technical deficiencies in regard to production orders, and interception of communication (criterion 31.1, 31.2) may negatively impact the identification and investigation of TF.
- f) SVG has recently implemented a Multi-Agency Standard Operation Procedure (SOP) for Countering Terrorist Financing, setting out best practices in countering TF, including how relevant CAs should cooperate if a TF case arises. This still relies on the RSVGPF to identify and disclose relevant information to the FIU in a timely

manner, whose ability to do so needs improvement. Moreover, the SOP for CFT is dated March 27, 2023, and there are no TF cases to date, therefore its effectiveness cannot yet be assessed.

- g) The FIU has received significant training on the investigation and prosecution of TF during the period. However, TF specific training for other LEAs such as the RSVGPF, ODPP, CED, IRD, and Judiciary was extremely limited.

Immediate Outcome 10:

- a) SVG has mechanisms to implement TFS pursuant to UNSCR 1267, its successor resolutions and UNSCR 1373, and there is national guidance for implementing TFS on the FIU website. Shortcomings remain - delays in dissemination have occurred due to staffing constraints within the MOFA, or if the request was received near to, or on, the weekend.
- b) Relevant CAs appear to have a basic understanding of their responsibilities in relation to TF TFS. The FIU's website has the UN lists publicly available for all reporting entities.
- c) FIs interviewed maintain a good understanding of TFS obligations (although less specifically in relation to TF) and DNFBBPs demonstrated varying levels of understanding depending on the sub sector and size of the entity. Screening programs are implemented at varied levels among FIs and DNFBBPs.
- d) SVG conducted a risk assessment of NPOs following which mitigating measures were implemented, including the enactment of the AML and TF (NPO) Regulations (2023). The recency of the enactment of the law and the absence of full implementation and oversight mechanisms have a cascading impact on the effectiveness of the regime. Significant work is required, specifically for the implementation of a risk based supervisory framework for NPOs and outreach to increase awareness with regard to TF risks and vulnerabilities to demonstrate effectiveness in mitigating TF risk in NPOs.
- e) The NPOs interviewed have demonstrated that they have some measures in place to promote transparency and accountability, including conducting transactions through regulated FIs and keeping of records.
- f) SVG's legislation is not adequate to fully implement requirements under FATF Recommendation 6. There is no provision to freeze without delay and without prior notice, the funds, or other assets of designated persons and entities, should the need arise.

- g) SVG has measures consistent with the low risk of TF identified in the jurisdiction, albeit that many of these are recent and have only just been operationalised, with the notable exception of the lack of appropriate mechanisms to freeze without delay.

Immediate Outcome 11:

- a) SVG does not have any legislation, procedure(s) or mechanism(s) in place to implement requirements provided under FATF Recommendation 7 to combat PF.
- b) No actions have been instituted by CAs for PF-TFS in SVG. Although it is not required of them, the ECCB's AML/CTF/CPF Risk Based Supervision Framework includes measures for assessing the extent to which Domestic Banks incorporate PF risk into their institutional and entity level risk assessments. Given the recency of this measure (January 2023) the AT was unable to assess the effectiveness of this aspect of the ECCB's supervision.
- c) The ECCB has a good understanding of the requirements of PF-TFS and has issued two newsletters to Domestic Banks to raise awareness. The FIU has also delivered training on PF.
- d) FIs are aware of the consolidated UN sanctions list and use them in their customer on-boarding processes and on-going monitoring but are unable to execute any asset freezing mechanism based on the lack of legislative provisions. The level of awareness of PF-TFS and the use of customer screening against sanctions lists varied across the DNFBP sector, based on the sub-sector and size of the entity.
- e) Due to the absence of a legislative regime to treat with PF in relation to PFS, there is no obligation on FIs and DNFBPs to report on compliance with TFS in relation to PF requirements. The ECCB incorporated TFS in relation to PF as part of its supervisory functions, but, due to the lack of legislation, cannot sanction for non-compliance for failure to screen against the sanctions list for PF.

Recommended Actions

Immediate Outcome 9:

- a) SVG should address the technical deficiencies in Recommendation 5 by enacting necessary legislative provisions.
- b) SVG should address the technical deficiencies in Recommendation 31 by enacting necessary legislative provisions.

- c) The RSVGPF should undergo more targeted TF training to enhance their ability to identify and investigate TF cases, including making relevant disclosures to the FIU in a timely manner, where appropriate. SVG should ensure that periodic training is provided on CFT to the ODPP, CED, IRD and the judiciary; and others (e.g. the FSA) where applicable, to enhance CAs' ability to detect, investigate and prosecute TF, and make use of available tools, including TFS and alternative processes, to deprive terrorists of their assets and instrumentalities.
- d) SVG should implement and follow the best practice as set out in its CFT SOP, should there be an occurrence of an incident.

Immediate Outcome 10:

- a) SVG should address all the technical deficiencies identified under recommendation 6 to ensure they are able to freeze without delay in case the need arises.
- b) MOFA should ensure that it has adequate resources to monitor incoming requests relating to TFS to ensure that these requests are carried out in a timely manner.
- c) SVG should implement its risk based supervisory framework for NPOs and increase the FIU's resources to effectively perform supervision, monitoring and outreach obligations.
- d) SVG should continue to provide training and outreach sessions with the NPO sector and their donors to enhance their knowledge of the potential vulnerabilities of NPOs to TF abuse, and related risks, and the measures to mitigate the same.

Immediate Outcome 11:

- a) SVG should immediately take effective measures, including legislative changes and establish necessary procedures or mechanisms in order to fully implement requirements provided in FATF R. 7, as well as to ensure that the mandatory freezing requirements within the frame of TFS apply to all natural and legal persons (including FIs & DNFBPs) and that all natural and legal persons are prohibited from directly or indirectly making any funds, financial assets or economic resources available for use by individuals or entities designated in the UN lists.
- b) SVG should train and raise awareness of relevant CAs, FIs and DNFBPs, including by developing detailed guidance for the obliged entities in the implementation of TFS related to PF.

- c) Supervisors should ensure that regulated entities are complying with any new legislative measures taken by SVG to meet FATF R. 7, issuing appropriate and proportionate sanctions where appropriate.

221. The relevant Immediate Outcomes considered and assessed in this chapter are IO.9-11. The Recommendations relevant for the assessment of effectiveness under this section are R. 1, 4, 5–8, 30, 31 and 39, and elements of R.2, 14, 15, 16, 32, 37, 38 and 40.

4.2. Immediate Outcome 9 (TF investigation and prosecution)

4.2.1. Prosecution/conviction of types of TF activity consistent with the country's risk-profile

222. SVG has to some extent criminalised the acts of TF in line with the FATF Standards and other instruments (see R.5). Further, the jurisdiction has conducted a risk assessment of TF, with input from various CAs, and determined that the overall risk of TF is low, which is a reasonable conclusion in the AT's view. (see Chapter 2 for more detailed information).
223. The ODPP is the CA for the prosecution of TF cases, specifically, the DPP and Assistant DPP are responsible for prosecuting serious criminal matters which include TF matters. Over the assessed period, there were no prosecutions or convictions for TF which is consistent with SVG's risk profile. If a TF case should arise, the ODPP can use the Multi-Agency SOP on CTF (CTF SOP) to seek cooperation from other CAs, including case meetings with the AGC, RSVGPF and FIU to discuss further action.
224. During the review period, the key ODPP staff were trained by RUSI, along with other entities, on countering PF which included very minimal elements of TF. The ODPP staff received some training in TF albeit, not specifically in TF. The ODPP is looking to train additional counsel in TF matters. Accordingly, the ODPP is sufficiently prepared to deal with TF cases should they arise.
225. As there were no TF prosecutions over the assessed period, the judiciary did not issue any judgments for TF. However, the AT noted that the judiciary is trained, and has experience dealing with serious cases such as ML. During the relevant period, High Court Judges attended an AML/CFT training session on the conduct of ML and TF cases. Additionally, during the onsite, the judiciary confirmed that it would prioritise TF matters should they occur, as they would other serious cases such as ML. Thus, the AT determined that the judiciary is sufficiently prepared to deal with TF cases.
226. The AT observed that the ODPP and the judiciary have sufficient resources to deal with TF matters should they arise. The ODPP has the two most senior prosecutors available to deal with TF matters, namely, the DPP and the assistant DPP who both have significant experience in prosecuting serious cases including ML. They will also have the support of the legal officers in the FIU who are trained in TF matters as these officers can appear alongside the ODPP in court

matters. The most senior judge in the judiciary has extensive history of adjudicating offences such as ML.

227. Although the ODPP and the judiciary have not had any training specifically on TF during the relevant period (just broader AML/CFT outreach), the AT is of the view that they would be prepared to deal adequately with TF matters. Nevertheless, continuous training on TF would be beneficial.

4.2.2. TF identification and investigation

228. The key agencies primarily responsible for the investigation of TF are the FIU and the RSVGPF. The CTF SOP identifies the FIU as the lead agency for TF. In this role, the FIU is to act as the central depository for relevant TF-related information and perform analysis to determine if the information received is actionable. The FIU, including the RSVGPF officers on secondment, has significant training in TF. However, other CAs such as the CED, IRD and general RSVGPF not seconded to FIU (party to the CTF SOP) who may need to assist with the identification and investigation of TF have not received any TF-specific training. At the time of the onsite, no TF cases had been identified by the FIU through the analysis of SARs and dissemination of reports of intelligence reports.
229. The FIU can obtain and access relevant financial intelligence and other information required for TF investigations through the use of a Director's Letter in accordance with the FIU Act. While the established timeframe for responding to the FIU's requests is seven days, both the FIU and the FIs highlighted during the onsite that response times are within 24-72 hours after receiving the request via the e-reporting portal. The AT recognises the value of this immediate turnaround in TF related matters. Additionally, institutions are required to submit SAR Quarterly Reports to the FIU, to assist in the identification of potential TF-related assets. The new CTF SOP also allows the FIU to have direct access to some databases for this purpose. However, deficiencies identified in criteria 31.1 and 31.2, regarding production orders, and interception of communication are also applicable to TF and may affect the effective identification and investigation in these instances.
230. At the time of the on-site visit, the RSVGPF did not demonstrate that there was an effective plan in place to identify and investigate terrorism and its financing. During discussions, an emphasis was placed on the dependence on the support of regional and international partners for assistance in the event of such an occurrence. The CTF SOP sets out that the role of the police would be to provide intelligence related to terrorism and TF monthly to the FIU. In the event of an actual threat, the RSVGPF, through the COP or a designated senior officer, will transmit the information to the FIU via the e-reporting portal. Matters of this nature will be prioritised with an expected turnaround of 24 hours after receipt.

4.2.3. TF investigation integrated with - and supportive of - national strategies

231. There were no TF investigations in SVG during the relevant period, however, SVG recently implemented a CTF SOP as its national TF strategy. This SOP sets out best practices for SVG

should a TF matter arise. It also contains procedures to be followed by relevant authorities in relation to the best practices in countering TF and how to work together in combating TF and terrorism. The FIU has a similar CTF SOP. The AT concluded that while the CTF SOP is supportive of SVG's national strategy, it has only been recently operationalised and its effectiveness cannot be assessed.

4.2.4. Effectiveness, proportionality and dissuasiveness of sanctions

232. In the period under review, there were no TF prosecutions and convictions. This was consistent with SVG's TF risk profile but as a result, the AT could not determine whether sanctions or measures applied against natural and legal persons convicted of TF offences are effective, proportionate and dissuasive in practice. There are no sentencing guidelines regarding TF in SVG.

4.2.5. Alternative measures used where TF conviction is not possible (e.g. disruption)

233. The ATFPAs and mechanisms are in place for the use of alternative measures where a TF conviction is not possible. Such measures are revocation of licenses and forfeiture of terrorist cash in civil proceedings, however, there have been no instances where SVG has been able or was required to apply such measures, therefore the effectiveness could not be assessed.

Overall Conclusions on IO. 9

234. SVG has mechanisms in place for the identification of TF, including intelligence sources. However, the FIU and the RSVGPF did not identify or investigate TF activities over the assessed period; consequently, there were no offenders prosecuted by the ODPP and the judiciary did not adjudicate cases where effective, proportionate, and dissuasive sanctions could have been applied. These circumstances are in line with the low-risk TF profile of the country.
235. However, the deficiencies identified in criteria 31.1 and 31.2, with regard to production orders and interception of communications are also applicable to TF.
236. The FIU, ODPP and the Judiciary have sufficient resources to deal with TF cases should they arise. However, at the time of the on-site visit, the RSVGPF did not demonstrate that there was an effective plan in place to identify terrorism and its financing, instead heavy reliance was placed on the support of regional and international partners for assistance in the event of such an occurrence.
237. During the onsite, SVG implemented a CTF SOP which sets out best practices in countering TF and how relevant CAs should cooperate if a TF case arises. The CTF SOP has recently

been operationalised and as there have been no cases or suspected cases of TF, the AT was unable to assess its effectiveness. Furthermore, it relies on the RSVGPF to identify and disclose relevant information to the FIU in a timely manner, whose ability to do so needs improvement.

238. The FIU received significant training on the investigation and prosecution of TF during the period. However, TF-specific training for other CAs such as the RSVGPF, ODPP, CED, IRD, and Judiciary was limited. Specifically, the RSVGPF would benefit from targeted training to enable it to effectively detect TF and comply with the Multi-Agency CTF SOP.

SVG is rated as having a low level of effectiveness for IO. 9.

4.3. Immediate Outcome 10 (TF preventive measures and financial sanctions)

4.3.1. Implementation of targeted financial sanctions for TF without delay

239. The regime set out by the ATFPA has shortcomings that have the potential to impact SVG's ability to fully implement TFS for TF without delay and adopt measures that apply to potential domestic designations. The MOFA is responsible for monitoring and assessing the status of compliance of UNSCRs relevant to CFT at the national level in partnership with the FIU. SVG has a documented national procedure "The Guidance for Implementing Targeted Financial Sanctions" that can be found on the FIU's website, along with the lists of designated persons.
240. With respect to requests by other countries that may impose unilateral sanctions in addressing similar threats, the AGC, upon receipt of such requests from the MOFA, would transmit the information to the FIU which in turn will direct the request to the relevant CAs on the NAMLC. The NAMLC then meets and makes the necessary decisions in accordance with the UNSCR requirements and would take effect without delay, which stipulates a 24-hour period. However, if it is determined, after careful review that such sanctions are politically motivated and targeted, the Ministry along with the relevant entities of the NAMLC, would acknowledge but will not undertake any actions, as implementation is based on the State's discretion.
241. During the period under review, thirty-four (34) requests to freeze under UNSCR 1267 and 1373 were received and transmitted by the MOFA. Twenty-three (23) of those were issued to the FIU within twenty-four (24) hours, whilst the remainder took between 3 to 5 days. The delays were due to the MOFA being short-staffed or there was a weekend which would have affected transmission. The AT noted that these requests included the names of multiple individuals. These sanctions lists are immediately updated on the FIU website and alerts go out to all regulated entities. Additionally, supervised entities are required to file reports on whether they held assets of an entity on a UNSC sanctions list, however, no entity reported holding or dealing with such assets over the assessed period.

242. During the on-site visit, the AT discussed the implementation of TFS with a wide range of FIs, the representatives of which appeared to have a good understanding of the TFS process and the procedures to screen and detect its designated individuals and entities, whilst DNFBPs appeared to have varying levels of understanding depending on the sub-sector and size of the entity. For example, RAs had the most comprehensive understanding of TF risk and TFS, whereas the jewellers had the least awareness of TF-related TFS. Domestic Banks, Insurance, Securities Licensees and MSBs confirmed that they screened directly against the UN lists using automated systems, while Credit Unions, Friendly Societies, Building Societies and DNFBPs used manual systems.

4.3.2. Targeted approach, outreach and oversight of at-risk non-profit organisations

243. The FIU was designated the SA for NPOs in 2020. The AML and TF (NPO) Regulations 2023 (NPO Regulations) came into effect on March 31, 2023 and as a result, the NPO sector was not subjected to AML/CFT targeted risk-based supervision and monitoring for the period under review.

244. An electronic database of NPOs is maintained by the CIPO. The CIPO removes NPOs from the Companies Register for non-compliance with the Companies Act and for the period 2019 - 2022, 15 NPOs were removed from the Register (due to causes unrelated to TF). The NPO's information held by the CIPO, as part of incorporation, is readily accessible to the public for inspection at the CIPO upon payment of the requisite search fee. There are 272 FATF-defined NPOs in SVG.

245. Pursuant to the FIU Act, there are mechanisms in place for investigation, information gathering and international cooperation for NPOs. The FIU has the power to request information and share information with other CAs and foreign counterparts. It also has the power to request information from NPOs. As at the date of the onsite, the FIU had not made any requests to any foreign counterparts in relation to NPOs. The FIU also has the power to investigate, however, the FIU has not conducted any investigations with regard to NPOs as of the date of the on-site visit. Mechanisms for the use of information gathering have been used to request information from other CAs for the NPO Risk Assessment.

246. SVG has assessed the vulnerability of the NPO sector to determine which NPOs are likely to be misused by terrorists and terrorist organisations. The NPO Risk Assessment Working Group comprised members of the public sector (the FIU as coordinating agency, ODPP, AGC, CED and CIPO) and private sectors (NPOs, Domestic Banks, MSBs and credit unions). The threat and inherent vulnerability of TF to the jurisdiction has been assessed as low, as SVG has not had any incidents of terrorism nor has there been any evidence of TF abuse (Chapter 2 refers for more details on the NPO Risk Assessment).

247. NPOs' understanding of the TF risks, vulnerabilities and obligations derives from participation in the NPO Risk Assessment, attending workshops held by the World Bank and FIU, as well as sensitisation and outreach sessions on the findings of the NPO Risk Assessment. The NPOs

interviewed had varying levels of understanding of TF risks but all had some measures in place to promote transparency and accountability, including conducting transactions through regulated FIs and keeping records. During the period under review, the NPOs were not subjected to any AML/CFT obligations as the NPO Regulations came into force on March 31, 2023. The FIU has not applied any AML/CFT sanctions to NPOs during the period under review, but it did not have any regulatory powers to do so.

248. The deficiencies identified in the NPO Risk Assessment underlined the need for increased CFT outreach and awareness-raising workshops among the NPO sector and their donors to enhance their knowledge of potential vulnerabilities of NPOs to TF abuse and risk, and the measures to mitigate said abuse and risks.
249. The FIU has demonstrated its commitment to having continuous consultation with the NPO sector to promote accountability, integrity and public confidence in the administration and management of NPOs. SVG has also recognised that the de-risking of NPOs by the financial sector is an issue and has started work to address same. Subsequently, training was also provided to FIs in relation to the de-risking of NPOs as part of the FIU's Annual AML/CFT training over the periods 19th - 20th and 24th – 25th February 2020. There were 68 participants from FIs across various sectors. Additionally, a consultation workshop was held on March 2, 2023 where the findings from the NPO Risk Assessment were communicated to the NPO sector. The workshop also addressed the implementation of the CFT obligations and the then draft NPO Regulations, training needs and guidance. All training materials are published on the FIU's website and are easily accessible.
250. Guidance documents were produced by the FIU in respect of the NPOs' CFT obligations, however, publication has been delayed due to the absence of legislation (recently in force) and the need for training with the NPO sector.
251. As this will be a new area of responsibility for the FIU, it will require additional resources to perform its duties effectively concerning outreach, risk-sensitive supervision, monitoring, and investigation for the NPO sector (see section 6.2.3).

4.3.3. Deprivation of TF assets and instrumentalities

252. SVG has legislative provisions in place to support identified, investigated, seized, confiscated or forfeited TF assets or instrumentalities in SVG under various sections of the POCA and ATFPA (see analysis in R.4.2 and R30.2) although these were not applied over the assessed period. In addition, SVG has no provisions for freezing without delay and prior notice as per the deficiencies as indicated in the analysis of criterion 6.5. The effectiveness of the legislation and mechanisms for the deprivation of TF assets and instrumentalities could therefore not be assessed.

4.3.4. Consistency of measures with overall TF risk profile

253. The actions taken by SVG are consistent with the TF risk profile of the country which was assessed as low. Initiatives include the NPO Risk Assessment which considered the external

threats (regional and international) of TF and terrorism, the impact of such activities on SVG, and the creation of the CTF SOP. The measures have been designed to be preventive and disruptive should any act of TF or terrorism occur, but are new and have not been tested /operationalised. In addition, provisions for freezing without delay and prior notice are absent (see analysis of c. 6.5) and although the overall risk profile for TF is low, this nevertheless presents a notable deficiency.

Overall Conclusions on IO. 10

254. SVG has developed the framework to implement UNSCRs 1267 and 1373. However, the legislation does not provide for freezing without delay which is a fundamental deficiency. During the period under review, SVG did not issue any domestic designations. However, the jurisdiction received and acted on several foreign requests to freeze assets by sending out notifications or communicating to FIs and DNFBPs, persons' accounts subject to TFS.
255. No assets were identified, or freezing measures used in accordance with UNSCRs 1267 and 1373, and no TF funds have been restrained. This is consistent with the overall TF risk profile of the country, although mechanisms to freeze without delay, as described above, are lacking.
256. SVG has taken some measures to mitigate the TF risks posed by NPOs, including the enactment of the AML and TF (NPO) Regulations (2023). However, significant work is required, specifically for the implementation of a risk-based supervisory framework for NPOs. Fundamental improvements are required.
257. In summary, while the lack of TF assets and instrumentalities being seized and confiscated may be in line with the country's risk profile, the lack of ability to freeze without delay and prior notice remains a significant issue. Based on the latter, fundamental improvements are required.

SVG is rated as having a low level of effectiveness for IO. 10.

4.4. Immediate Outcome 11 (PF financial sanctions)

4.4.1. *Implementation of targeted financial sanctions related to proliferation financing without delay*

258. SVG did not implement TFS concerning UNSCRs relating to the prevention, suppression and disruption of PF over the assessed period. The country did not have any laws or measures in place to address Recommendation 7 as outlined in the TC Annex. The necessary legal authority and CAs responsible for implementing and enforcing TFS have not been established and

identified in accordance with the relevant UNSCRs. As a result, there have been no matters relating to PF and no assets or funds have been frozen under PF-related UNSCRs. SVG does not have any laws, regulations or any other measures in place for dual-goods control that may contribute to the fight of PF.

4.4.2. Identification of assets and funds held by designated persons/entities and prohibitions

259. No funds or other assets of designated individuals and entities have been identified as there are no obligations in place to do so. Although not mandatory in the absence of legislation, it is worth noting that all supervisors, as a part of their onsite examination process, test institutions' systems to ensure compliance with the requirements for targeted financial sanctions, including for designated persons relating to PF.

4.4.3. FIs, DNFBPs and VASPs' understanding of and compliance with obligations

260. Based on the interviews held during the on-site visit, FIs' and DNFBPs' understanding of and compliance with obligations to implement UN TFS related to PF are generally limited.
261. The ECCB's AML/CTF/CPF Based Supervision Framework includes measures for assessing the extent to which Domestic Banks incorporate PF risk into their institutional and entity-level risk assessments. However, this is a recent measure (January 2023) and therefore the AT was unable to assess the effectiveness of this aspect of the ECCB's supervision.
262. Additionally, the FIU conducted a training session for NRSPs during the relevant period that included PF. The training, which included information on what is PF, was practical and had built-in testing mechanisms to gauge the understanding of participants as well as practical examples that connected their AML/CFT obligations to the functions of their relevant businesses. The FIU acknowledges that the concept of PF was slightly more challenging for the NRSPs to understand but with the practical examples and previous RUSI training which the NRSPs attended, they had a better understanding of the concept of PF. By the end of the onsite, CAs advised that no VASPs were operating in SVG.

4.4.4. Competent authorities ensuring and monitoring compliance

263. Due to the absence of a legislative regime to treat with PF in relation to targeted financial sanctions, there is neither any CA identified for monitoring compliance nor is there an obligation on FIs and DNFBPs to report on compliance with TFS in relation to PF requirements. Nonetheless, the ECCB incorporated TFS in relation to PF as part of its supervisory functions. However, given the lack of legislation, the ECCB cannot sanction non-compliance for failure to screen against the sanctions list for PF. The authorities did not demonstrate mechanisms for interagency cooperation, outreach efforts and guidance for implementation of the UN TFS related to PF and no sanctions have been applied given the lack of these measures. Supervision of VASPs does not occur as the VABA is not in force and no VASPs had been identified as

operating in SVG. Accordingly, the authorities were unable to demonstrate effective supervision of and compliance with PF obligations.

Overall Conclusions on IO. 11

264. SVG has not implemented TFS in relation to the prevention, suppression and disruption of PF. The overall level of compliance vis à vis PF TFS by all natural and legal persons cannot therefore be determined. The ECCB recently (January 2023) incorporated TFS in relation to PF as part of its supervisory activities but has no legislative power to issue sanctions for non-compliance. Fundamental improvements are required.

SVG is rated as having a low level of effectiveness for IO. 11.

CHAPTER 5. PREVENTIVE MEASURES

5.1. Key Findings and Recommended Actions

Key Findings

- a) SVG has a small but diverse financial industry, with Domestic Banking being the most materially important sector. Understanding of their ML/TF risks across FIs and DNFBPs varies according to the nature of the sector. Domestic Banks, international banks, MSBs, insurance and securities have a good understanding of their ML risks, although this is more limited for TF risks, which is commensurate with the low level of TF risk identified in SVG. The level of understanding of their ML/TF risks is more varied across credit unions, FAs/FMs and the DNFBP sector.
- b) Domestic Banks, international banks, securities, Insurance and MSBs have relatively strong AML/CFT measures commensurate with their understanding of the risks. Other FIs and RAs had less comprehensive systems and controls, with not all FAs/FMs, credit unions and MFLBs conducting risk assessments of their customers. NRSPs also have less robust measures to mitigate the risks, including those emanating from higher-risk activities.
- c) Generally, all FIs and DNFBPs apply basic CDD measures. Larger FIs have more robust CDD requirements to identify and verify beneficial ownership, conduct ongoing monitoring and apply EDD controls through the use of screening software that perform PEP and sanctions screening. Smaller FIs and DNFBPs have less robust measures which are proportionate to the size, nature and complexity of their business. FIs and DNFBPs confirmed that they do not enter into client relationships where CDD is unavailable. Record keeping requirements and procedures for both FIs and DNFBPs were consistently understood and are also covered in training sessions conducted by the various sectors.

- d) FIs and DNFBPs demonstrated less developed understanding of the risks posed by legal persons and arrangements and indicated that they would not accept customers under circumstances where the customer, or associated party including BO, is a complex legal structure.
- e) FIs and DNFBPs generally apply enhanced or specific measures for PEPs, correspondent banking (where relevant), new technologies, wire transfer rules (where relevant), TFS relating to TF, and higher-risk countries identified by the FATF. Larger FIs also require either the Board of Directors' and/or senior management's approval prior to establishing a relationship with PEPs or their associates. DNFBPs require senior management's approval prior to establishing a relationship with PEPs or their associates. Smaller FIs and DNFBPs demonstrated less understanding of the circumstances that would prompt EDD, focussing instead more on PEPs rather than considering other higher risk scenarios.
- f) FIs and DNFBPs, especially the larger and high-risk entities, are aware of their reporting and tipping off obligations which form part of their compliance manuals. The level of awareness and understanding varies among the smaller DNFBPs. Awareness of reporting and tipping off obligations is based on training provided by the FIU and internal training.
- g) FIs and RAs apply internal controls and procedures (including at financial group level) to ensure compliance with AML/CFT requirements. However, the NRSPs have not started comprehensively applying internal controls and procedures, as the sector is still implementing its internal policies and procedures.

Recommended Actions

SVG should ensure that:

- a) FIs (other than Domestic Banks, international banks, Insurance, MSBs and securities) and DNFBPs implement appropriate risk mitigation measures including the completion and/or updating of their institutional risk assessments and internal policies and procedures.
- b) DNFBPs continue to develop and implement appropriate internal controls including independent AML/CFT audits and any resulting recommended actions.
- c) FIs (other than Domestic Banks) and DNFBPs continue to develop and implement EDD preventive measures relating to PEPs, new technologies, TFS-TF and ML/TF

risks associated with higher risk countries, consistent with their ML/TF risk profiles. Domestic banks should continue to sustain their efforts with regard to the preventive measures above.

- d) FIs (other than Domestic Banks, international banks, Insurance, MSBs and securities) and DNFBPs continue to receive guidance and training on their sectoral ML/TF risks and AML/CFT obligations, including the risks posed by legal persons and arrangements, in order to improve their AML/CFT policies, procedures, controls and compliance with CDD and EDD requirements, BO obligations, ML/TF risk assessments, AML/CFT audit requirements, reporting and tipping off obligations and to assist the completion and implementation of their institutional and client risk assessments.
- e) FIs and DNFBPs receive guidance and training on TF risks and reporting obligations and implement appropriate mitigating measures.
- f) MSBs and DNFBPs continue to improve the utility of SARs. Moreover, MSBs should be expressly required to report to the FIU when there is a suspicion of ML/TF (C.16.17 deficiency).
- g) Authorities conduct further sustained outreach to FIs and DNFBPs to reiterate and enhance the reporting and tipping off requirements.

265. The relevant Immediate Outcome considered and assessed in this chapter is IO.4. The Recommendations relevant for the assessment of effectiveness under this section are R.9-23, and elements of R.1, 6, 15 and 29.

5.2.Immediate Outcome 4 (Preventive Measures)

266. In terms of risk and context, not all sectors are of equal importance in SVG. As a result, the AT did not place the same weight on the implementation of preventive measures (both positive and negative) equally across sectors. Relative sector weights are shown in Table 1.2 (Chapter 1) and further information on the reasons for the rating assigned to the different sectors are detailed in Chapter 1.

267. SVG is not considered a regional or global financial centre. The products and services offered by FIs and DNFBPs are geared mainly to nationals and persons residing and working in SVG. The ECCB, ECSRC, FSA and FIU supervise FIs and DNFBPs against the standards set out in domestic legislation and their own supervision manuals. Most FIs, especially the larger and the higher risk entities, adopt the necessary preventive measures, including internal controls and procedures. For Domestic Banks, the implementation of these measures is due to the supervisory risk-based framework and robust approach to supervision by the ECCB. Insurance, MSBs and RAs have also been subject to effective supervision by the FSA. For other FIs, and DNFBPs, many of which are new to supervision, the range of preventative measures varies.

268. In weighting the importance of the various FI and DNFBP sectors in SVG, the AT considered the size of the sectors, extent of cross-border activities, customer profiles, number of entities in the sector, cash intensity of transactions and the ML/TF risks of the various sectors. The weighting assigned to the different elements was considered in the overall rating that was assigned by the AT2.
269. Considering the materiality and risk in SVG's context, the implementation of preventive measures was weighted most heavily for Domestic Banks. MSBs, insurance, FAs/FMs, registered agents, lawyers and real estate agents were weighted as moderately important. Other FIs such as securities, credit unions, friendly societies, MLBS, micro payment service providers, and DNFBPs such as jewellers and accountants were weighted as less important. There are currently no casinos in SVG, and notaries and other independent legal professionals are included in the term "Lawyers". There are no VASPs currently identified in SVG and these are therefore also weighted as less important.
270. The findings for IO.4 are based on interviews with a range of private sector representatives, input from supervisors on sectoral compliance, a review of AML/CFT policies, ML/TF risk assessments, onsite/offsite reports and data from the NRA.

5.2.1. Understanding of ML/TF risks and AML/CFT obligations

271. The AML & TF Regulations and Code set out clear requirements for all FIs and DNFBPs to identify, assess and understand their ML/TF risks, which is in line with the FATF requirements. The AT found there is generally a good understanding of ML/TF risks and AML/CFT obligations by FIs, based on the NRA and sectoral risk assessments conducted by SVG and the individual entities, as well as trends and typologies information presented by supervisors through outreach. For DNFBPs, the level of understanding of the ML/TF risks and AML/CFT obligations varied more by subsector. RAs, accountants and legal professionals showed a better understanding of ML/TF risk compared to the real estate and jeweller sectors' vulnerabilities which can be exploited. Smaller DNFBPs (sole proprietors) demonstrated less awareness of the NRA findings. However, supervisors have issued extensive guidelines, held training workshops and also provided guidance directly to individual entities to assist FIs and DNFBPs in conducting a comprehensive internal risk assessment and better understand their risks. DNFBPs are gradually improving their knowledge due to measures implemented to increase the awareness of ML/TF risks.

FIs

272. FIs generally have a good understanding of their exposure to ML risks. They implement processes and procedures to identify, assess and document these risks. The majority of FIs interviewed have undertaken risk analyses, based on various risk factors including customers,

² In addition to the FI and DNFBP sectors prescribed as such under the FATF Standards, the regulatory framework of St. Vincent and the Grenadines covers car dealerships, which are subject to similar regulatory controls as the DNFBPs within the scope of the FATF definition, but the analysis of which is beyond the scope of the evaluation.

products, geographic exposure, and distribution channels. In addition, FIs determine risk mitigation measures for identified inherent risks, and use monitoring systems to determine the adequacy of controls implemented to mitigate risks. In most cases, these risk assessments are conducted on an annual basis. Overall, domestic and international banks, MSBs, domestic insurance and building societies, credit unions, and friendly societies have a good understanding of ML risks. Fund administrators also had a broad understanding of ML risks but no understanding of the ML risks specific to SVG. Awareness of TF risks is relatively less developed across all sectors.

273. The implementation of a risk-based approach (RBA) is still relatively new, and models are being improved. Not all FIs have completed customer risk assessments of their existing customer base and understanding is least developed among credit unions, friendly societies, MLBSs and FAs and FMs, most of which have not yet fully risk rated their clients.
274. Overall, the understanding of risks is most developed in Domestic Banks. They have also implemented comprehensive business-wide risk assessments and ML/TF risks inform their decision on expansion of business operations and whether to enter new markets. In many cases, banks have developed a client risk rating mechanism. MSBs and domestic insurance companies also confirmed that they had conducted client risk assessments appropriate to the nature, size and complexity of their businesses and were applying an RBA to managing and mitigating ML/TF risk. Credit unions, friendly societies, building societies, FAs and FMs are still developing their understanding, with SVG risks not having been fully assessed as part of the client risk assessment process, including (but not limited to) risks around legitimate cannabis activities, new technologies, and TF risk. Further, although Table 5.1 states that MLBSs have completed their client risk assessments, evidence gathered during the onsite suggests this process was ongoing.

Table 5.1. FIs with customer ML/TF risk assessments in place

Sector Type	ML/TF Risk Assessment in Place
Domestic Banks	100%
International Banks	100%
Money Service Businesses	100%
Domestic Insurance Companies	38% (Life Insurers)
FAs and FMs	Unknown
Securities	Unknown
Friendly Societies	0%
Credit Unions	50%
Building Societies	0%
VASPs	N/A
MLBSs	100% (as per AML/CFT Questionnaire)

275. The FSA, FIU and ECCB provided training to help FIs enhance their understanding of the RBA and AML/CFT measures and this has contributed to a better understanding and implementation of AML/CFT requirements.

276. The understanding of ML/TF risks across the private sector will be further developed as SVG updates its sectoral risk assessments. This will augment the mitigating measures taken by FIs and DNFBSs and strengthen the effectiveness of their systems and controls.

DNFBPs

277. Overall, the level of understanding on the ML/TF risks and AML/CFT obligations amongst the DNFBSs varies by the subsector and nature, size and complexity of the entities. This was derived from their participation in the NRA, attending workshops held by the World Bank and FIU, providing relevant information and statistics that fed into the NRA and sensitisation and outreach sessions on the findings of the NRA.

278. RAs, accountants and lawyers demonstrated a good understanding of ML/TF risks having participated in the NRA and were able to articulate how they have incorporated the NRA findings into their risk assessments framework. However, despite being able to describe the ML/TF risks during the interviews, not all RAs, accountants and lawyers have completed and implemented a comprehensive risk assessment.

279. Real estate agents and jewellers participated in the NRA, and have received guidance from the FIU and the World Bank on AML/CFT risks. However, they demonstrated a less comprehensive understanding of the ML/TF risks, nonetheless, this knowledge and understanding is proportionate to the specific risks of their sectors and the nature, size and complexity of their business.

280. As at the time of the onsite visit, not all DNFBSs had fully undertaken a ML/TF risk assessment to further understand their ML/TF risks. Table 5.2 identifies the status of ML/TF risk assessments conducted by DNFBSs.

Table 5.2. DNFBSs with customer ML/TF risk assessments in place

Sector Type	ML/TF Risk Assessment in Place
Registered Agents	50%
Lawyers	13%
Real Estate Agents	15%
Dealers in Precious metal and Stones (Jewellers)	0%
Accountants	40%

281. The FSA and FIU provided training to help DNFBSs develop their understanding of the RBA, AML and CFT measures and this has contributed to a better understanding and implementation of the requirements. The understanding of ML/TF risks across the DNFBSs will be further

developed as the FIU updates its sectoral risk assessments. This will strengthen the mitigating measures taken by DNFBPs and improve the effectiveness of their systems and controls.

5.2.2. Application of risk mitigating measures

FIs

282. Larger FIs (Domestic Banks, MSBs, securities, insurance and international banks) categorise their customers based on risk (usually low, medium, and high) that require varied CDD measures and monitoring procedures in accordance with the level of risk identified. Mitigating measures broadly appear commensurate with the risks identified (i.e. more scrutiny is carried out by FIs in higher risk cases, such as obtaining additional information, escalation procedures while on-boarding higher risk clients, and stricter monitoring rules). The understanding and sophistication of implemented measures based on risk are most developed in larger institutions, particularly Domestic Banks, which have relatively strong AML/CFT measures commensurate with their understanding of the risks. Understanding is least developed among credit unions, building societies and friendly societies, most of which have not yet fully risk rated their clients.
283. The FSA and ECCB have highlighted common deficiencies concerning the risk mitigating measures used by FIs, such as insufficient profiling of the customer, lack of verification of the identity of the beneficial owners for corporate customers, and expired original identification documents. The ECSRC has also observed similar deficiencies around the validity of documentation and lack of periodic review as part of the ongoing monitoring of clients.
284. Larger FIs have in place a risk mitigation policy that includes AML/CFT policies and procedures. These aim at effectively identifying, managing and mitigating ML/TF risks posed by the business; including risks connected to customers, products/services, geographical location, and distribution channels. Policies and procedures include customer acceptance, updating of customer data, monitoring and reporting of SARs, handling of high-risk customers, businesses, products/services, delivery channels, and customers based in high-risk geographic areas. Smaller FIs, for example, MFAs, lack these key elements.
285. All FIs are subject to an annual external AML/CFT compliance audit, and the compliance function must report to the Board or Board Committee.

DNFBPs

286. DNFBPs interviewed have demonstrated varying levels of knowledge of risk mitigation measures and, in some subsectors, the implementation of internal policies and procedures commensurate with their risk and ML/TF risk assessments have not been fully completed.
287. The FIU has provided guidance at a sectoral and entity level as well as facilitated workshops to ensure that comprehensive and robust internal systems and controls are developed and internal ML/TF risk assessments conducted.

288. The RAs have completed and implemented internal policies and procedures; however, the FSA observed that these are not consistently comprehensive across the sector and require review and updating. As a result of its onsite examinations and offsite reviews, the FSA noted this deficiency as well as the limited conduct of AML/CFT risk assessments and issued AML/CFT Institutional Risk Assessment Guidelines in November 2022. Though these guidelines were recently issued, during the onsite RAs indicated that the Guidelines are helpful and are being utilised to update their AML/CFT risk assessment.
289. During the onsite, the NRSPs indicated that their implementation of risk mitigation measures was either recent or a work in progress and the RAs indicated that they have fully implemented risk mitigation measures commensurate with entity and sectoral risk. The DNFBPs had a good understanding of their CDD obligations based on the measures outlined in practice.
290. Some DNFBPs' understanding of ML/TF risks associated with customers, high-risk jurisdictions and product/services resulted in the implementation of a risk-based approach to execute CDD and EDD measures, which include obtaining an additional government issued ID, source of funds and source of wealth data from clients.

5.2.3. Application of CDD and record-keeping requirements

FIs

291. Generally, FIs have CDD measures relative to the size of their business. They have all implemented adequate risk-based mitigation measures concerning CDD, record-keeping, and monitoring, but larger FIs have more robust CDD requirements to identify the beneficial ownership and ongoing monitoring. FIs are aware that they should refuse or terminate client relationships if the CDD process cannot be completed, but did not always demonstrate awareness of the obligation to file a SAR in such cases.
292. Deficiencies regarding basic AML/CFT obligations have been identified by the ECCB and FSA in their supervisory inspections (e.g. regarding proper keeping of identification documents, and due diligence requirements). However, both supervisory agencies confirmed that these weaknesses have been remediated through follow up inspections and ongoing monitoring.
293. The largest FIs use transaction monitoring systems to identify abnormal or unusual patterns of activity. The alert generator thresholds are more stringent for high-risk situations as identified by FIs through their risk profiling. Additional scenarios are also developed according to the risk level of the client. Similarly, the understanding and sophistication of implemented measures are relatively better developed in larger FIs as well as those belonging to international financial groups.
294. FIs encounter very few complex legal structures when identifying beneficial ownership. Most customers are natural persons or sole traders. Identity is verified through government issued ID cards, however FIs confirmed that they would also ask for more information from their customers if they felt unsatisfied with the information and documents presented during the

account opening or update process. They also would discontinue the business relationship if they were unable to ascertain beneficial ownership.

295. Where there are legal structures, FIs are still required to identify the ultimate BO. FIs demonstrated a good understanding of the information that could be requested of the CIPO, but most confirmed that they would not proceed in the case of a highly complex legal structure. This does not necessarily demonstrate a risk-based approach to mitigating the risks posed by legal persons and arrangements, and indicates that FIs still need to develop their understanding of the ML/TF vulnerabilities around legal persons and arrangements.

DNFBPs

296. DNFBPs have demonstrated good knowledge of their CDD obligations. The application of CDD measures, which includes verification, varied across sectors based on the outlined customer identification and the beneficial ownership measures implemented. Other than RAs, the DNFBPs interviewed indicated that they faced challenges in introducing CDD requirements, as these measures are new and seem onerous to the clients. Notwithstanding the challenges, clients have complied with the CDD requirements. Notably, all sectors interviewed indicated that if CDD could not be completed, the transaction and business relationship would be discontinued. However, they did not always demonstrate that they were aware of the obligations to file a SAR in such cases.
297. The FIU has gathered evidence about the adequacy of CDD conducted by NRSPs, although it has only conducted three AML/CFT examinations, as onsite examinations commenced in February 2023. These included a review of the NRSPs' compliance with regulatory requirements for customer identification and verification, for which the NRSPs were rated as largely compliant (LC). The FIU noted an improvement in the application of CDD measures when older files were examined compared to the newer files subsequent to registration. Similarly, for the RAs, the FSA has noted CDD deficiencies through onsite inspection that have been remediated during the supervisor's follow-up process, specifically around the ongoing monitoring and the updating of clients' CDD information.
298. DNFBPs encounter very few complex legal structures when identifying beneficial ownership, with most customers being natural persons or sole traders. Identity is verified through government issued ID cards. The majority of DNFBPs indicated that if the legal structure is complex, they would not accept the business. In the rare instances where complex legal structures are accepted, DNFBPs said that they would conduct the necessary due diligence to get to the ultimate BO. If they are unable to ascertain the BO, they would not continue with the business relationship.

Record Keeping - FIs and DNFBPs

299. Record keeping requirements and procedures for both FIs and DNFBPs were consistently understood and are also covered in training sessions conducted for the various sectors and are

included in their internal policies and procedures. Interviewees indicated that record-keeping for AML/CFT exceeded the stipulated seven years retention period.

5.2.4. Application of EDD measures

300. Domestic and International Banks as well as the MSBs, securities and insurance sectors had strong understanding of the circumstances that would prompt EDD, as did RAs and lawyers. Smaller FIs and DNFBPs demonstrated less understanding focussing instead more on PEPs rather than considering other higher risk scenarios, such as nature of the customer's business or the purpose of the transaction.

FIs

PEPs

301. Larger FIs apply EDD controls through the use of screening software that performs PEP and sanctions screening. Smaller FIs indicated that they check names against the PEP Guidance published on the FIU's website. Larger FIs also require either the Board of Directors and/or senior management's approval prior to establishing a relationship with PEPs or their associates. Smaller FIs demonstrated less understanding of the circumstances that would prompt EDD, focussing more on PEPs rather than considering other higher risk scenarios, such as the nature of the customer's business or the purpose of the transaction.

Wire transfers

302. FIs conducting wire transfers confirmed that they collect all relevant originator and beneficiary information and take additional steps to assess the risk of each transfer. Domestic and international banks do not provide correspondent services in SVG, but are respondent banks, which comply with the requirements of their correspondent banks in conducting transactions and apply appropriate risk mitigation measures. However, there are instances of some wire transfers having incomplete or missing originator information as per the ECCB's inspection findings.

New technologies

303. Exposure to new technologies in SVG is generally low, but FIs in general demonstrated a good level of understanding of the ML/TF risks associated with new technologies and implemented additional measures to ensure risk mitigation. Such measures include formal review stages while developing any new products and services connected to new technologies and embedding AML/CFT requirements during the process.

Higher risk countries

304. FIs also demonstrated a consistent understanding of ML/TF risks associated with higher risk countries. During the onsite interviews, FIs were able to describe the sources of information they used to determine higher geographical risk (which includes the FATF's lists of higher risk jurisdictions), how these were applied and the EDD measures that would be implemented as a

result. For larger FIs, higher risk countries are also embedded within their automated monitoring tools and assist in the assessment of customer risk and sanction screening.

Targeted Financial Sanctions relating to TF

305. FIs - especially the smaller entities - had a weaker understanding of TFS relating to TF, but this is commensurate with the low risk of TF identified in the NRA. Notwithstanding the above, FIs are aware of their TFS reporting obligations and have implemented internal systems to meet the sanctions screening requirements against the UN, UK, EU, OFAC and other sanctions lists.

DNFBPs

PEPs

306. DNFBPs have demonstrated good awareness and understanding of identifying PEPs. They utilise the PEP Guidance published on the FIU's website which provides appropriate guidance on who is considered to be a PEP and the level of CDD required for these persons. All PEPs are considered high-risk by DNFBPs which seek to identify PEPs at the onboarding stage when new customers are being processed, and requires senior management approval before establishment of the business relationship, evidence of source of wealth/funds, risk assessment of the PEP to determine the level of CDD which will be executed, and three forms of identification. If through its ongoing monitoring of its clients an existing customer is identified as a PEP, the EDD measures are applied.
307. The results of the analysis of the risk-based questionnaires (2022 and 2023) demonstrate that approximately 50% of the RAs verify source of funds/wealth information for their high-risk clients. The source of funds is verified using bank statements, audited financial statements, sales agreement contracts, and receipts. The analysis also reflects that EDD measures for high-risk clients are applied to PEPs, which includes more frequent updating of customer information, ongoing monitoring of the business relationship and obtaining more detailed information on customer's background, reputation and the nature of the business relationship for all parties involved.

New technologies

308. DNFBPs have not demonstrated that they have identified, understood and assessed the ML/TF risks relative to the development of new products, new business practices, and the use of new or developing technologies for both new and pre-existing products.

Higher risk countries

309. DNFBPs interviewed were knowledgeable about high-risk jurisdictions / FATF's list of high-risk countries. During the on-site interviews, the majority of DNFBPs indicated that if a country is on the list of high-risk countries, they will not engage the client. RAs have indicated that they may retain customers from high-risk countries, depending on the country, and undertake EDD measures for these potential customers or transactions.

Targeted Financial Sanctions relating to TF

310. Of the DNFBPs interviewed, particularly the accountants, RAs and lawyers who are also RAs, have TFS relating to TF awareness and explained the TFS measures implemented. Overall, tools such as commercial databases (World Compliance, Google), OFAC and UN list and the FIU's e-reporting portal are utilised for screening against the UN list, however only the RAs have access to the FIU's e-reporting portal. Client screening is primarily conducted at onboarding and varies on an ongoing basis. The other DNFBPs understanding of TF risks was less developed, but adequate considering the low level of TF risk facing the jurisdiction.
311. DNFBPs, other than RAs, have only recently started developing and implementing internal policies and procedures. Therefore, the extent of compliance and proportionality of EDD measures applied by DNFBPs, specifically for PEPs, new technologies, TFS relating to TF and higher risk countries identified by the FATF, could not be fully assessed.

5.2.5. Reporting obligations and tipping off

312. FIs and DNFBPs, especially the larger and high-risk entities, are aware of their reporting and tipping off obligations which form part of their compliance manual. Chapter 3, Table 3.3 reflects the number of SARs that were submitted by FIs and DNFBPs from 2018 to 2022.

FIs

313. FIs, especially the larger entities, are aware of their reporting and tipping off obligations which form part of their AML/CFT policies and procedures.
314. FIs maintain risk-based monitoring systems relative to their size, number of customers, complexity, geographical exposure and type of transactions. Where significant or abnormal transactions were detected, they would seek to verify the source of funds. There are no reporting thresholds in SVG, but some FIs indicated they would automatically screen (and potentially report) transactions above EC 8000.
315. FIs have user access to the FIU's e-reporting portal to submit the required SAR details, including relevant background documentation. The FIU noted that the quality of SARs is improving and the level of defensive reporting has reduced, particularly from the MSB sector. FIs also noted that the e-reporting portal provides instant feedback to allow for the inputting of information which may be inadequate or missing. FIs also stated that they might be contacted sometimes by the FIU to obtain more information on the SARs filed.
316. SARs filed across all the sectors within FIs are relatively low in number, but this is consistent with the materiality of the reporting entities that operate in SVG. Domestic Banks and MSBs are the largest contributors of SARs and this is in line with the level of transactions and the overall risk and context of SVG, which identified MSBs as having the highest vulnerability to ML.

DNFBPs

317. All DNFBPs are required to report a suspicious activity or transaction to the FIU. The AT's analysis of statistical data indicated that there was low SARs reporting for the DNFBP sector and no SARs filed by the NRSPs. The NRSPs are in the process of implementing the required preventive measures which aim to increase detection and reduce the risk of ML activity.
318. The FIU conducted training with the NRSP sector to ensure that the institutions within the sector are aware of the legislation regarding the reporting of SARs. Guidance was also provided regarding the quality of SARs, and detailed descriptions of the form used to report SARs. Further, instructions and examples were provided on how to comprehensively complete a SAR and case examples were also provided to give realistic illustrations of the relevance of the data required.
319. RAs and lawyers who are RAs demonstrated good knowledge of reporting requirements. Other DNFBPs have good awareness but the level of understanding varies among the smaller DNFBPs. In the context of tipping off, there have been no identified instances in DNFBPs. The DNFBP sector interviewed demonstrated varied levels of awareness of the legal prohibition and some have included tipping off guidance and/or obligations in their AML/CFT policies and staff training. Further, the awareness of reporting and tipping off obligations is based on training provided by the FIU and internal training.
320. No TF related SARs have been reported by DNFBPs. RAs, the lawyers who are also RAs and accountants utilise TFS screening tools, OFAC lists, the FIU's e-reporting portal and the FATF's list of high-risk jurisdictions for positive TF matches. The other DNFBPs demonstrated a more varied understanding of their TF vulnerabilities and reporting obligations and were in the process of implementing internal policies and procedures to manage and mitigate TF risk.

5.2.6. Internal controls and legal/regulatory requirements impeding implementation

FIs

321. In general, FIs demonstrated a good understanding and implementation of internal controls and procedures. This was apparent, in particular by larger banks and other FIs that are part of expanded affiliated groups such as insurance licensees. FIs are subject to internal and external audits. While there are some gaps as revealed by ECCB and FSA inspections (e.g. failure to promptly update compliance manuals, and EDD related deficiencies), there is also an ongoing improvement in compliance levels.
322. Where applicable, FIs have AML/CFT group-wide programs in place to cover branches and subsidiaries operating within and outside SVG. Financial secrecy does not impede implementation of the AML/CFT requirements; therefore, FIs can and do share information within the group for AML/CFT purposes. For example, specific instances were cited by insurance licensees and MSBs where information was shared within financial groups for transaction monitoring and reporting purposes.

323. Such programs establish and maintain appropriate systems and controls for compliance with the regulatory requirements to mitigate their vulnerability to financial crime.

DNFBPs

324. The understanding and application of internal controls varied across the DNFBP sector which is consistent with the nature, size and complexity of their business. The RAs have been subjected to supervision by the FSA and have adopted and implemented AML/CFT internal control mechanisms. The other DNFBPs have not fully adopted and implemented AML/CFT internal control mechanisms, which increases the sector's ML/TF vulnerability. However, these entities are working closely with the FIU to build a comprehensive AML/CFT framework.
325. All entities interviewed were in the process of developing / addressing deficiencies in their compliance programme, however, NRSPs were given a deadline - which was outside of this review period - to complete the development of their compliance programme and conduct internal risk assessments. At the time of the onsite visit, the status of completion of the DNFBP sector's internal risk assessment can be seen in Table 5.2 at section 5.2.1 above.
326. From the onsite interviews with the DNFBPs, except for the accountants and RAs, AML/CFT staff training is sought mainly from the FIU. The accountants and RAs have internal training programmes. The results of the analysis of the RAs' risk based questionnaires (2022 and 2023) demonstrated that the RAs have an internal training programme for staff, training in AML/CFT is usually conducted bi-annually or annually (however training for the directors and nominees were not as consistent as for other staff) and the RAs are not fully compliant with the requirement to have employee assessment/evaluation for AML/CFT/CFP as approximately 45% of the RAs do not have this in place.
327. With the exception of the accountants, the DNFBPs interviewed reflected that their compliance programmes were not subject to an independent audit as per legislative requirements. The RAs are non-compliant with these obligations and the other DNFBPs are in the process of developing and implementing same.

Overall Conclusions on IO. 4

328. FIs and DNFBPs demonstrated that they had assessed and understood their exposure to ML and, to a lesser extent, their TF risks. FIs and RAs established policies, procedures and internal controls to adequately address these risks, even where they are not yet subject to risk-based supervision. NRSPs are in the process of establishing policies, procedures and internal controls to adequately address their risks, and some have already completed and implemented these. Understanding of TF risks was less developed for smaller FIs and DNFBPs, but adequate, considering the low level of TF risk facing the jurisdiction.

329. Domestic Banks, international banks, MSBs, insurance and securities licensees had a strong understanding of ML risks and implemented AML/CFT measures commensurate with this understanding. Other FIs had more varied levels of controls, with not all FAs and FMs, friendly societies, credit unions and MFLBs having completed their customer risk assessments. However, given the good understanding of risk demonstrated by the domestic banking sector, which is the most material sector and therefore carries additional weighting, these deficiencies were considered less material by the AT.
330. The level of understanding of ML/TF risks and AML/CFT obligations amongst the DNFBBPs was more varied by the subsector, nature, size and complexity of the entities. RAs, lawyers and accountants have a sound understanding of their ML/TF obligations and risks although they have not all completed their client risk assessments. Smaller DNFBBPs, such as real estate agents and jewellers have a lesser understanding of ML/TF risks and are still in the process of developing risk mitigating measures.
331. Generally, FIs and DNFBBPs apply basic CDD measures. Larger FIs have more robust CDD requirements and generally apply enhanced or specific measures for PEPs, correspondent banking (where relevant), new technologies, wire transfer rules (where relevant), TFS relating to TF, and higher-risk countries identified by the FATF. However, understanding of higher risk scenarios that may prompt enhanced measures was less consistent among DNFBBPs. Notably, FIs and DNFBBPs consistently demonstrated less developed understanding of the risks posed by legal persons and arrangements and indicated that they would not accept customers under circumstances where the customer, or associated party including BO, was a complex legal structure. However, the AT considered this deficiency in the context that SVG is not a significant company formation centre. Furthermore, FIs and DNFBBPs all reported a very small minority of customers being legal persons or arrangements, with most being natural persons and almost no complex legal structures.
332. FIs and DNFBBPs, especially the larger and high-risk entities are aware of their reporting and tipping off obligations which form part of their compliance manuals. The level of awareness and understanding varies among the smaller DNFBBPs such as jewellers and real estate agents. At this time, DNFBBPs do not undertake internal or external audits as a third line of defence, as implementation of their internal policies and procedures is still ongoing.
333. Considering the deficiencies above, which mostly apply to smaller FIs and DNFBBPs, and the additional weighting given to domestic banking, the AT concluded that SVG has achieved IO4 to some extent but that major improvements are required.

SVG is rated as having a moderate level of effectiveness for IO. 4.

Chapter 6. SUPERVISION

6.1 Key Findings and Recommended Actions

Key Findings

- a) FIs and DNFBPs, other than securities licensees, are subject to strong licensing and registration processes upon entry that include F&P testing mechanisms to prevent criminals and their associates from holding controlling interest. However, the ECSRC does not have adequate F&P measures at entry and on an ongoing basis as it does not conduct police checks or conduct ongoing F&P or upon change of shareholder, director or BO.
- b) FIs and DNFBPs are subject to effective mechanisms to identify operators that are unlicensed and Supervisors take adequate action, including enforcement action where appropriate and proportionate.
- c) The ECCB has a robust understanding of the ML and TF risks of the sector that it supervises, and between the different sectors and types of institutions. The FSA has a good understanding of the ML and TF risks of the FI and RA sectors for which it has conducted ML/TF risk assessments; however, the ML/TF risk assessments for licensed fund administrators/managers, MPSPs and VASPs are incomplete. The FIU has a good understanding of AML/CFT risks associated with NRSPs it supervises, and this will develop as it collects further information. The ECSRC demonstrated a good understanding of the ML and TF risks relevant to the securities sector as outlined in the NRA, but as the securities sector is not yet subject to risk-sensitive supervision (as acknowledged by the ECSRC during the onsite) the AT is unable to assess the effectiveness of the ECSRC's understanding of risk in its approach to supervision.
- d) The ECCB has established a strong AML/CFT framework for supervision of FIs following a risk-based approach. The FSA also demonstrated that it deploys effective risk-sensitive supervision to the vast majority of its regulated entities, using a framework and manual informed by the NRA and sectoral risk assessments it conducted. However, certain sectors such as VASPs, MPSPs, FMs and FAs have not yet been subject to risk assessment or risk-sensitive supervision (although SVG has not yet identified any VASPs operating in the jurisdiction and there is only currently one (1) MPSP). The ECSRC has undertaken no risk-based supervision or

onsite examinations during the relevant period, although it has reviewed independent audits conducted by its licensees and provided feedback with remedial actions.

- e) Notwithstanding that the provisions for the supervision of NRSPs only became effective in February 2022, the FIU has developed and is now implementing a strong supervision framework based on its risk assessment methodology.
- f) The FSA is the only supervisor to have taken enforcement action - other than issuing remedial actions - for a breach of AML/CFT obligations. It has revoked the licence of an international bank. In line with its ladder of intervention, the ECCB has issued formal remedial actions (through LoCs, MoUs and Directives), but no other types of sanctions, including where deficiencies were only partially or largely addressed and subsequently reissued to high-risk entities. In March 2023, supervisory authorities were granted the power to issue administrative fines for non-compliance with AML/CFT obligations (legislation was passed during the onsite). None have applied criminal sanctions.
- g) The ECCB demonstrated the positive impact of its remedial actions and the improvements in the understanding of risk of FIs over the period. Most deficiencies (89%) were found to be remediated when assessed through follow-up inspections. The FSA and ECSRC also noted improvements in compliance by FIs and RAs under their supervision. The FIU has also noted improvements in the NRSPs' understanding of the ML/TF obligations through the quality of the risk-based questionnaire submission and the increase in the registration of entities. However, the FIU commenced onsite supervision of the NRSP sector in March 2022 and is still in the process of collecting data through the monitoring of the implementation of the recommended actions to observe improvements in compliance with AML/CFT obligations.
- h) All supervisors, other than the ECSRC, have engaged in targeted and risk-based outreach and guidance to the sectors under their supervision. The ECCB has provided frequent outreach and guidance to Domestic Banks. The FSA and FIU have worked together and consistently provided guidance and other information on AML/CFT to FIs and DNFBPs during the period under review. The ECSRC has not provided outreach or guidance but has provided feedback directly to licensees from its offsite reviews.
- i) Resources at the ECCB and FIU are adequate based on their current demands; other supervisory authorities must begin risk-based supervision of sectors previously not subject to onsite supervision. These have either acknowledged that their current capacity is not adequate (the ECSRC) or that resources may be required (including technological) for sectors which involve new technologies (FSA).

Recommended Actions

SVG should ensure that:

- a) A risk-based supervisory regime is implemented for FAS, FMs, MLBSs, MPSPs and securities and VASPs (to the extent that any VASPs exists).
- b) The ECSRC implements adequate F&P measures, including police checks, at point of entry and on an ongoing basis, but also upon a change of person holding, or being the beneficial owner of a significant or controlling interest or holding a management function in an entity regulated by the ECSRC.
- c) Supervisors prioritise post-inspection follow-up as part of their supervisory processes and effectively apply the ladder of intervention and where appropriate, apply dissuasive sanctions to those institutions that have not complied with their remedial actions or whose actions are in breach of the AML/CFT requirements.
- d) Additional resources (human, financial and technological) are provided for the FSA and ECSRC to enhance the capacity of the current staff to undertake risk-based supervision of supervised sectors previously not subject to onsite supervision.
- e) The FIU continue to implement its risk based supervision for the NRSPs.
- f) The ECSRC issue guidance on the AML/CFT measures for its supervised entities and establish a programme of effective outreach. The FIU continue to provide guidance and outreach to the NRSPs to increase their understanding of ML/TF risks and implementation of AML/CFT preventive obligations.
- g) All FIs and DNFBPs receive guidance and outreach on TFS implementation (see IO.10, IO.11 and IO.4).

334. The relevant Immediate Outcome considered and assessed in this chapter is IO.3. The Recommendations relevant for the assessment of effectiveness under this section are R.14, 15, 26-28, 34, 35 and elements of R.1 and 40.

6.2. Immediate Outcome 3 (Supervision)

335. In terms of risk and context, not all sectors are of equal importance in SVG (see Chapter 1, Table 1.2). As a result, the AT did not place the same weight on AML/CFT supervision (both positive and negative) equally across sectors. The AT's views of the relative importance of each sector, based on risk and context are set out in IO4, and informed the overall conclusions about the implementation of supervisory measures in respect of those sectors. Although legislation exists to cover notaries, other independent legal professionals and casinos as AML/CFT reporting entities (if needed), there are no casinos, and notaries and other independent legal professionals

are included in the term “lawyers.” Further, the, FSA has taken reasonable measures to identify VASPs in the jurisdiction by posting notices on its website and in local newspapers, but none had been found by the time of the onsite. The FATF defined DNFBPs are the NRSPs and RAs in SVG.

6.2.1. Licensing, registration and controls preventing criminals and associates from entering the market

ECCB

336. The ECCB has substantial controls in place to prevent criminals from holding or being the BO of a significant or controlling interest or holding a management function in an FI.
337. The ECCB is responsible for licensing Domestic Banks and Non-Bank Financial Institutions (NBFIs) pursuant to the provisions of the Banking Act 2015 (together “Domestic Banks”) (NBFIs operate similarly to Domestic Banks but have specific conditions attached to their licence). Resources are adequate for licensing. The Policy and Licensing Unit comprises four staff members, including a Deputy Director. These officers are not the same as the prudential and AML supervision team.
338. When assessing a license application, the ECCB requires documents for identity, proof of address, employment information, fines and criminal sanctions. Applicants are required to complete a Personal Questionnaire for all significant shareholders, directors and officers. A police record of not less than six months and a Curriculum Vitae must be provided to help assess that the persons are fit and proper. The ECCB also uses a screening tool to identify PEPs and higher-risk individuals and organisations. It further conducts credit checks in jurisdictions where the applicant has been resident, and requests information from relevant regulators and Interpol based on the risk profile of the applicant. This helps establish that applicants or their associates are not criminals.
339. The ECCB must be notified of a change of shareholder, director or BO, or person with a controlling interest and will conduct F&P before approval is given. It will also conduct F&P on these persons upon the annual renewal of a license, which is effectively on an ongoing basis, and will also conduct F&P upon a trigger event such as receipt of intelligence, adverse media or issues identified through onsite inspection.
340. Breaches in licensing or registration requirements are detected through due diligence checks, as required by the Banking Act 2015. However, the ECCB recorded no cases of criminals and their associates having a controlling interest in any of the SVG licensed FIs. The ECCB has also not provided any examples of preventing unlicensed activity, however its measures in this regard are adequate. A Multilateral Memorandum of Understanding (MMOU) has been established between the ECCB and Regional Financial Authorities for the purpose of providing a framework for cooperation in AML/CFT supervision, including for the purposes of collecting information for F&P.

Table 6.1. The ECCB’s Fit and Proper Licensing Applications Questionnaire for Directors/Senior Management/BOs/Controllers and Compliance Officers

Domestic Banks	2022	2021	2020	2019	2018
Received	6	0	2	0	2
Approved	1 (3 were approved in 2023 and 2 are being processed)	0	2	0	2

The FSA

341. The FSA has substantial controls to prevent criminals from holding, or being the BO of a significant or controlling interest or holding a management function in a FI and RA. The FSA is responsible for licensing international banks, MSBs, FAs, credit unions, building societies, friendly societies, domestic insurance companies, RAs and MSBs. The FSA was given the responsibility to register Micro Financing and Lending Businesses and Mobile Payment Service Providers (“MPSPs”) in August 2022. Upon enforcement of the 2022 VABA, the FSA will become responsible for registering VASPs. The VABA had not yet come into force by the end of the onsite visit. The MSB (Amendment) Act commenced in December 2022, and includes a six-month transition period for MPSP registration.
342. The FSA has formalised its Standard Operating Procedure (SOP) dated March 17, 2023 for the Conduct of Fit and Proper Assessment on all BOs, Directors, Shareholders and Management for all sectors. Due diligence checks are conducted on all BOs and individuals with a significant or controlling interest as well as those holding a management function in FIs and RAs. These due diligence checks are done at: (i) application stage, before licensing and registration and initial appointment in any of the aforesaid positions; (ii) on a periodic basis; and (iii) on an ongoing basis, following the appointment. Control includes legal and beneficial ownership.
343. Information is verified through intelligence gathering using an external due diligence service provider, open-source internet searches on platforms such as Google and the provision of intelligence by other CAs. Applications made for persons domiciled in SVG must have the Police Certificate of Character. For persons overseas, applications must be accompanied by a Police Certificate of Character from that jurisdiction. For insurance officials, a letter of approval or no objection is requested from the home regulator. The outcomes of the due diligence checks are then used to determine the fitness and propriety of each applicant. In the event of a positive hit, the entity will be notified that the particular individual/applicant did not meet the FSA’s fitness and propriety criteria and the application would be denied. This is an effective mechanism to ensure that criminals and their associates are not holding positions of control in any FSA licensed or registered entity.
344. Where there are changes to controlling persons such as directors, BOs and senior management personnel, entities are required to notify the FSA for appropriate approval to be granted. Applicants must provide a completed Personal Particulars Form and due diligence checks are

undertaken in the usual way. Licenses are subject to annual renewal, and failure to achieve a satisfactory level of compliance would result in the non-renewal or delay in renewal of the licence in question.

345. For RAs, a licensee who holds a valid licence for a period of five consecutive years may apply for a renewal for an extended period not exceeding fifteen years from the date of application, however to date, the RAs have not exercised this option. If the RA is also licensed as a “Financial Fiduciary”, this process involves providing a Certificate of Compliance (Form ATL 12) issued by an independent auditor. This gives further evidence that the RA is fit and proper.
346. The FSA also implements control mechanisms such as the use of intelligence, open-source information and public enquiries to monitor the market for unlicensed activity. It has disrupted and intervened where entities have been conducting licensed activity without a licence. For example, in 2022 the FSA has prevented a MSB from conducting unlicensed activity by issuing a cease-and-desist letter.

Box 6.1. FSA Intervention – MSB operating without a licence

The FSA received information that an entity was purporting to act as MSB in SVG.

The FSA issued a public notice that the MSB was not issued a licence under the Money Services Business Act No. 27 of 2005 (the MSB Act) as amended by Act No. 25 of 2022 and is therefore NOT authorised to conduct Money Services Business in St. Vincent and the Grenadines.

The FSA further held a meeting with the entity and a cease-and-desist letter was issued.

The entity no longer operates in the jurisdiction.

347. The FSA also has a MOU in place with the CIPO, allowing the latter to share information about newly registered companies with the FSA where their activities suggest that they should be subject to the FSA’s supervision.
348. Table 6.2 sets out the numbers of fit and proper licensing applications that the FSA receives per sector. No applications were received between 2019 and 2022 for MFLBs, Friendly Societies, Credit Unions, Payment Service Providers or VASPs.

Table 6.2. The FSA's Fit and Proper Licensing Applications for Directors/Senior Management/BOs/Controllers and Compliance Officers received and processed per sector

Entity Type	2022	2021	2020	2019	2018
International Banks					
Received	0	2	6	1	0
Approved	0	2	4	1	0
Rejected	0	0	2	0	0
MSBs					
Received	8	12	2	4	5
Approved	6	11	2	5	
Rejected	0		3 directors/BO pending approval in 2023	0	0
Building Society					
Received	1	0	1	0	0
Approved	1 - Legal and Compliance	0	1 – Chief Risk and Compliance	0	0
Rejected					
Insurance Companies					
Received	19	7	7	10	7
Approved	19	7	7	10	7
Rejected	0	0	0	0	0
Credit Unions					
Received	22	29	25	28	33
Approved	22	29	25	28	33
Rejected	0	0	0	0	0
Registered Agents					
Received	0	7	15	3	2
Approved	0	7	15	3	1
Rejected	0	0	0	0	1

349. The FSA has rejected applications for IBs, RAs and Mutual Funds during the period 2017- 2021 as a result of not being fit and proper and/or inadequate financial standing. In 2019 the FSA rejected an application for a public mutual fund because the client did not proceed with the due diligence requirements.

Box 6.2. Licences denied by the FSA

Case Study 1 - Class A International Bank Licence

- In April 2020, the FSA received an application for a Class A International Bank licence.
- The application was denied.
- The proposed director and 100% shareholder was a PEP by virtue of being an Ambassador, and was similarly affiliated with licensed entities in other jurisdictions.
- Background checks conducted by an external and independent service provider also reported a number of adverse matters and other infractions associated with the PEP. In addition, enquiries with overseas Regulatory Authorities revealed that the individual was the subject of an ongoing criminal investigation and his company had been sanctioned (with administrative penalties) and struck off for legislative breaches. The application was therefore denied.

Case Study 2 - RA Licence

- In September 2018 an application was submitted to the FSA for a Registered Agent & Trustee licence. The application was rejected.
- The applicant had a single shareholder who was also named as one of the two directors. Comprehensive background checks, using information from an external/independent service provider, were conducted. Given the findings and an assessment of the shareholder/director's honesty, integrity and reputation, it was found that the applicant did not meet the fitness and propriety requirements of the FSA.
- The FSA had regard to numerous derogatory results around the Subject's online business and other matters, including the following:
 - The business with which the subject was involved, used several jurisdictions labelled as tax havens as a "black box" to hide assets and transactions from the Internal Revenue Service (IRS) and other U.S. regulators, and law enforcement.
 - The Subject had been interviewed during an investigation by the United States Senate, Permanent Subcommittee on Investigations Committee on Homeland Security and Governmental Affairs, privately as part of uncovering "Tax Haven Abuses: The Enablers, the tools and Secrecy"; the subject was named as one of the participants of such activity.
 - The Subject brought a case against penalties assessed in the preparation and filing of three (3) foreign tax refund claims which were not rendered in their favour.
 - A voluntary petition for bankruptcy in the name of the subject was filed.

The ECSRC

350. The ECSRC deployed limited measures to prevent criminals from holding or being the BO of a significant or controlling interest or holding a management function in a regulated entity, at the point of entry, but there is no legislation in force to require F&P. The ECSRC supervises two broker-dealer licensees and has two staff assigned to licensing. They are separate from the staff responsible for AML/CFT supervision. Upon licensing, the ECSRC reviews audited financials, the names of all directors, shareholders and officers (with character references and qualifications), the identity of the BOs and whether the company is subject to disciplinary action. The ECSRC also conducts open-source research and requests information from the regulators of the countries in which the licensee operates, where relevant. The ECSRC has not yet denied a licence in SVG.
351. Although there is no legislation in force to require F&P, in practice, the ECSRC conducts partial F&P tests at the point of market entry and annually during licence renewal. Applicants must complete a questionnaire declaring if they have ever been suspended, dishonest, disqualified or declared bankruptcy. Information is requested on the type of clients with whom the applicant is proposing to do business, the manner of business, the name(s) of the applicant's attorneys and auditors, details of any group structure, where applicable, the ownership and control and address of each person directly and indirectly, including BOs and those with a controlling influence. A valid address is also required. Due diligence is done on the information and the physical premises are inspected to assist in the verification of the applicant. However, police checks are not conducted, and the ECSRC does not conduct F&P upon a change of shareholders, directors and/or senior management changes (although it must be informed of such changes). Neither does it assess the fitness and propriety of directors, shareholders and officers on an ongoing basis (although F&P (without a police check) is done upon renewal of the license). The AT does not consider this an effective mechanism to prevent criminals or their associates from holding or being the BO of a significant or controlling interest or holding a management function in a regulated entity.
352. The ECSRC has measures to prevent unlicensed activity, including internet research and information from licensees. During the onsite, the ECSRC confirmed that at least one entity has stopped operations following its enquiries as demonstrated by the case study below.

Box 6.3. The ECSRC's Prevention of Unlicensed Activities

- In 2020, the ECSRC issued a cease and desist to an entity purporting to conduct securities business in SVG.
- In a routine online search, on 10 March 2020, the ECSRC discovered a website for an entity apparently undertaking securities business in SVG. Enquiries revealed that the

entity was indeed incorporated as a BC in St Vincent but was not licensed by the ECSRC.

- Cooperation was sought from the FSA pursuant to the MOU in place, and the ECSRC also sought confirmation from the Australian Securities and Investments Commission about its involvement with the company, as the website contained reference to the Australian Securities and Investments Commission.
- The ECSRC issued a market advisory for the protection of unsuspecting investors along with a cease-and-desist letter addressed to the registered agents for the attention of the entity. It was potentially committing an offence and liable for criminal prosecution and or regulatory sanctions under the Securities Act 2001 of SVG.
- The entity subsequently stopped its operations.

The FIU

353. The FIU is the supervisor for casinos, real estate agents, dealers in precious stones and metals, lawyers, notaries, other independent legal professionals, accountants and car dealers³, referred to in SVG as NRSPs. Although legislation exists to cover notaries, other independent legal professionals and casinos as AML/CFT reporting entities if needed, there are no casinos, and notaries are part of the lawyers sector in SVG. NSRPs are required, to be registered with the FIU. TCSPs are referred to as RAs in SVG, and they are required to be licensed with the FSA. In March 2022 the FIU commenced the registration of the NRSP sector.

354. The registration of NRSPs takes into consideration relevant information such as name and address of the business, BOs, partners and principals as well as financial data. During the review of the accepted NRSP application, the Supervisory Department consults the updated registered companies lists from the CIPO, Ministry of Foreign Affairs, Trade and Commerce (licensing of jewellers) and the Inland Revenue Department (registration for tax purposes) to verify the registration and licensing status of the NRSP. In cases where the NRSP has been “removed or struck off” of the Companies Register, or failed to renew its licence, a letter is prepared outlining the requirement of the NRSP to be registered with CIPO, or be licensed with the Ministry of Foreign Affairs, Trade and Commerce or Inland Revenue Department for the application to be processed.

355. As part of the registration, the FIU conducts comprehensive fit and proper tests on all directors, senior managers, compliance officers and BOs of the business / company. For verification of

³ The risk-based supervisory framework of St. Vincent and the Grenadines includes car dealers, which are assigned a vulnerability rating of medium high, the highest rating among the DNFBP/NRSP sector. As mentioned in Chapter 2, car dealerships will not be given weight in determining the ratings for this Immediate Outcome.

the application form and the fit and proper questionnaire an Internal Memorandum is sent to the FIU's Investigative Department requesting a background check to be conducted on directors, senior managers, compliance officers and BOs of NRSPs, to verify the information collected, this is done before registration status is granted to the NRSP. All fit and proper questionnaires are accompanied by a police record, two forms of identification, proof of address, the curriculum vitae and qualifications for the person. Fit and proper tests take into consideration the reputation and character of the person, and their probity, competence and soundness of judgement, and whether the interests of the NRSP are, or likely to be, threatened by the person holding the position.

356. NRSPs are mandated by law to inform the FIU, as soon as reasonably practicable, and in any event within 14 days, of any material changes which includes change in BO, director, senior management, compliance officer and changes to any information submitted during the registration process. Furthermore, fit and proper tests are conducted on an ongoing basis (3-6 months, based on the risk profile of the NRSP) as well as, upon trigger events such as adverse media, intelligence and complaints. Registration can be rescinded if the BOs, director, senior management or compliance officer is no longer fit and proper to hold the relevant position within the entity as seen in the case example in Box 6.4. below:

Box 6.4. Removal of Compliance Officer

- The FIU's Supervisory Department issued a letter on the 14th October, 2022 to the firm requesting the temporary suspension of the AML/CFT Compliance Officer, who was appointed on 9th August 2022, pending the outcome of criminal proceedings.
- The Compliance Officer was arrested and charged on 11th October, 2022 for committing fraud. The fraud committed was not in relation to the employment /duties / scope of work of the Compliance Officer.
- The FIU's Investigative Department, upon receipt of the morning report from the RSVGPF on the 11th October 2022 would have noticed the name of the Compliance Officer and the offence and brought it to the attention of the FIU's Supervisory Department. This was also detected by the Supervisory Department via the national newspapers.
- The entity elected to terminate the services of the compliance officer on 14th October, 2022 and appoint another Compliance Officer.

357. The FIU, through its rigid F&P testing, identified two further cases where a director/BO/CO/senior official had a criminal record. While both entities were registered, the

entities were rated as high risk and thus placed on increased monitoring for AML/CFT compliance.

358. Jewellers are required to be licensed (trade and imports) with the Ministry of Public Service, Consumer Affairs and Sports (previously Ministry of Foreign Affairs and Trade) which will share information with the FIU about its licences. This collaboration ensures that the FIU is aware of the jewellers in the jurisdiction who should be registered for AML/CFT purposes. As with the FSA, the CIPO will share information with the FIU about newly incorporated businesses so that the appropriate action can be taken which may include the FIU contacting the entity to request that it register for AML/CFT purposes. Furthermore, open-source searches (telephone directories, Facebook, Instagram, advertisement etc.) are conducted by the FIU for new NRSPs and those that are in breach of their obligations. Further, other NRSPs and FIs have provided the names of unregistered NRSPs to the FIU.
359. FIs (banks and credit unions) share information with the FIU, where clients fail to provide a copy of the FIU registration certificate during the due diligence process. The FIU requested that registration certificates form part of the CDD and ongoing due diligence process and that FIs advise the NRSPs of the obligation to register with the FIU, once the breach is identified. During the period of the mutual evaluation assessment, a total of six new entities were registered with the FIU after being advised to do so by FIs. Table 6.3 below reflects the number of entities which came to the attention of the FIU's Supervisory Department via the mechanisms mentioned above.

Table 6.3. Sources of information For the FIU about unregistered activity

Type of Collaboration	Number of Entities
Financial Institutions	6
Commerce and Intellectual Property Office	25
Ministry of Foreign Affairs and Foreign Trade	21*
Staff of the Financial Intelligence Unit	10
Other Non-Regulated Service Providers	6

* includes car dealers

360. Table 6.4 below reflects the NRSP registration data. Applications rejected were due to the entities no longer conducting the relevant activities, or where the activities of the entity do not fall within the scope of relevant activities stipulated under the AML/TF Regulations and NRSP Regulations. For the outstanding applications, most entities would have submitted documents for registration and the FIU is in the process of reviewing them. 12 entities to date have however not submitted any documents after being issued reminders, warning letters, notices and notice of directives. Table 6.14 below shows the increase in NRSP registrations after being issued letters and notices.

Table 6.4. NRSP Registration data as at March 17, 2023

Sector	Real Estate Agents	Lawyers/Notaries	Accountants/Auditors	Jewellers	Casinos	Total
Received	24	53	11	8	0	118
Approved	14	32	5	4	0	68
Rejected	6	6	5	0	0	20
Outstanding Applications	10	19	3	4	0	43
Total Size of Sector	30	57 Chambers 74 Lawyers	13	8	0	30

361. The table below sets out the numbers of F&P applications received per sector. No applications were received between 2018 and 2021 for the NRSPs as that sector commenced registration in March 2022.

Table 6.5. The FIU's Fit and Proper Questionnaire for Directors/Senior Management/BOs/Controllers and Compliance Officers received and processed per sector for the year 2022

Sector	Real Estate Agents	Jewellers / Dealers in Precious Materials	Lawyers	Accountants	Casinos
Received	37	8	89	16	0
Approved	37	8	89	16	0
Rejected	0	0	0	0	0

6.2.2. Supervisors' understanding and identification of ML/TF risks

The ECCB

362. The ECCB has a strong understanding of the ML/TF risks within the financial sector and Domestic Banks. This is derived from its offsite and onsite supervisory activities, participation in the NRA and the conduct of an updated 2022 Sectoral Risk Assessment of Domestic Banks. The latter determined that the sector was medium risk. The methodology was reasonable and the conclusions were sound.

363. The ECCB seeks to ensure that risks are adequately identified to ensure appropriate supervisory action and mitigating measures are instituted. Accordingly, it utilises a risk matrix to prioritise FIs for inspections, based on their AML/CFT risk profile. The methodology included the review of qualitative and quantitative information from licensed financial institutions as well as informed by the findings of the NRA and the updated Sectoral Risk Assessment of Domestic Banks.

364. The ECCB demonstrated a strong understanding of the ML/TF risks in the financial and other sectors as a whole, between different sectors and types of institution, and of individual institutions. For example, the ECCB’s 2022 Sectoral Risk Assessment of Domestic Banks addressed the specific AML/CFT risks posed by legal cannabis activities in SVG. It concluded that the interconnectedness of the medical cannabis industry to other sectors in the financial economy, the increased exposure through international financial flows, and the involvement of the banking sector through the provision of products and services to customers within and outside the jurisdiction make related products and services to cannabis inherently high risk.
365. The ECCB worked very closely with the only Domestic Bank that currently accepts clients engaged in legal cannabis activities, assigning it a risk rating of ‘above average.’ As a result of the ECCB’s understanding and identification of the specific risk associated with this entity, it has applied more frequent and intense supervision entity, conducting three onsite inspections to it in the last six years (lower risk entities would have received only one to two inspections during the same period). The ECCB required the Domestic Bank to produce a comprehensive compliance framework, including a risk assessment of this exposure, the mitigating measures to manage the risk of legitimate funds being mingled with illegitimate funds, and a protocol to manage correspondent banking relationships. The AT considers these measures to be appropriate and proportionate to the identified risks posed by the entity’s activities, and notes that the ECCB continues to monitor these risks. Three Domestic Bank will be subject to a further onsite examination in 2023.
366. Table 6.6 hereunder provides a summary of the risk ratings for Domestic Banks in SVG:

Table 6.6. AML/CFT Risk Rating of ECCB Regulated Entities as at 31 December 2022

Risk Rating	Number of Domestic Banks
High	0
Above Average	2
Moderate	1
Low	3

367. The ECCB also administers an annual self-assessment questionnaire to licensed financial institutions. As part of ECCB’s ongoing assessment of the ML/TF/PF risk profile for Domestic Banks, a relationship manager is assigned to all ECCB regulated entities in SVG. The ECCB conducted two in 2018, four in 2019 and two in 2022 (three onsite inspections were undertaken of one higher risk Domestic Bank, as described above).

The FSA

368. The FSA has a good understanding of the ML/TF risks of the FI sectors and RAs, having participated in the NRA and conducted sectoral risk assessments in 2023. The conclusions in these risk assessments were reasonable and followed a good methodology. There has been no

full assessment of FAs, FMs and MPSPs, although the numbers of licensees in these sectors are low in number -twelve (12) FMs/FAs and one (1) MPSP. The risk assessment for VASPs also needs to be completed, although no VASPs have been identified in the jurisdiction. The FSA intends to complete all sectoral risk assessments in 2023, and is being assisted by the ECCB as part of a wider project to update the NRA.

369. The FSA maintains its understanding of the ML/TF risks of its regulated sectors through the findings of the NRA, findings from past supervisory activity, the AML/CFT Questionnaires and the entities' most recent risk assessment. The FSA's risk-based approach and methodology are outlined in its Risk-Based Supervisory Framework and include the review of both qualitative and quantitative information from the regulated sectors, using a modified version of the World-Bank RBA tool. In assessing ML/TF risk, the FSA considers the AML/CFT systems and controls of the entities, including board and management oversight, the frequency, quality and timeliness of reporting, and tracking the rectification of identified deficiencies. The FSA utilises a risk matrix to prioritise entities for inspections, based on a rating of low, moderate, above average or high. The following table reflects the risk ratings which the FSA has applied to its sectors.

Table 6.7. AML/CFT Risk Rating of FSA Regulated Entities by Sector as at 31 December 2022

Sector	High	Above Average	Moderate	Low
IBs			1	
Credit Unions			2	2
MSBs			3	1
Building Societies			1	
Friendly Societies				16
Insurance				21
MFLSs			1	3
MPSPs		1		
RAs		2	12	

ECSRC

370. The ECSRC has taken some steps to identify and maintain an understanding of the ML/TF risks in the securities sector, including between different sectors and types of institutions and the risk profile of products and services was generally assessed as low. However, the securities licensees in SVG are not yet subject to risk-sensitive supervision.

371. The securities sector was rated as medium risk in the NRA. The ECSRC provided information necessary for the completion of the module in the World Bank tool via email to the Banking and Securities Working Group during the conduct of the NRA. A low-risk rating was assigned on the basis that the sector is small relative to other sectors, the persons who invest are already customers of commercial banks, clients are mostly domestic and not new to the sector, and are already utilising services within the financial services sector.

372. The AT notes that the NRA analysis has some limitations: it relies on mitigating measures (such as customers being supervised by other supervisory authorities) rather than considering the inherent risks of securities by themselves. As the securities sector is not yet subject to risk-sensitive supervision (as acknowledged by the ECSRC during the onsite) the AT is unable to assess the effectiveness of the ECSRC's understanding of risk in its approach to supervision.

FIU

373. The FIU has a good understanding of ML/TF risks of the NRSP sector due to its active involvement in the NRA process. The supervision framework for NRSP sectors is outlined in the Supervisory Department's SOP which was informed by the NRA results. The Supervisory Department commenced a sectoral and entity level risk assessment in October 2022 which is still ongoing for the jewellers and accountants. Risk Based Questionnaires (RBQs) were used to ascertain the level of risk, determine each entity's vulnerability and ensure that the FIU's limited resources would be allocated based on the risk. The FIU has collected 10RBQs each for the real estate agents and lawyers, three RBQs for accountants and four RBQs for jewellers. It has also utilised offsite surveillance, STR typologies from the FIU's Investigative / Analytical department, data from other CAs and have risk assessed a total of 15 real estate agents, 57 lawyers, five accountants and four jewellers in order to complete heat maps of these sectors.
374. This process, which included identifying the inherent risk, mitigation efforts and residual risks determined the frequency, scope and intensity of supervisory efforts such as onsite and offsite examinations and how resources are allocated. The risks at the entity level are based on risk assessments at the sector level where classes of entities can be clearly identified and defined based on specific characteristics such as class of activities, business model or structure, profile of customers and geographic risks.
375. The World Bank Risk Ranking Excel Tool was modified and used to inform the Supervisory Risk Assessment Framework and to provide guidance for the conduct of a risk assessment of the NRSP sectors and individual entities. Reports were generated depicting the level of risk within the NRSP sector as well as for each registered entity and highlighted policies, procedures and systems to mitigate said risks.
376. The methodology used by the FIU to conduct the NRSP sectoral risk assessments is robust and the conclusions are reasonable. The sectoral risk assessments and entity level risk assessments conducted thus far provide a solid basis towards the understanding and identification of risk. The FIU has completed the risk assessments for the real estate agents (medium) and lawyers (medium) and is near completion of the jewellers and accountants (as at the onsite, the report was being finalised). The updated risk assessments are consistent with the NRA ratings.
377. From the risk assessments completed, three (3) higher risk entities were identified for onsite examinations. These commenced at the end of February 2023 and at the time of the onsite visit, three (3) AML/CFT onsite examinations were completed⁴.

⁴ One of the entities is a car dealer.

378. The FIU has identified comprehensive measures to maintain its understanding of the ML/TF risks in the NRSP sector for its risk sensitive supervision. In addition to the measures described above, the following measures are in the process of being implemented:

- The use of the internal ML/TF risk assessments conducted by the entities on their business to provide additional institutional risk information will inform their risk profiling activities. This will ensure that the FIU is up to date and informed of the risks within the respective sectors.
- Use of the internal/ external audit reports of entities and as a source of information to determine the effectiveness of the compliance programme of NRSPs and their level of compliance with the AML/CFT legislation, which will also indicate their level of vulnerability to ML/TF.

379. The implementation of these measures was impacted due to NRSPs still being in the process of completing institutional risk assessments and internal policies and procedures.

6.2.3. Risk-based supervision of compliance with AML/CFT requirements

The ECCB

380. The Financial Sector Supervision Department of the ECCB is currently staffed with 38 members. There are 20 certified AML Specialists in the department and three trained MEVAL Assessors. Eight team members are assigned to the AML Supervisory Unit, with oversight provided by a Deputy Director. A specific AML/CFT Relationship Manager and backup Relationship Manager are assigned for each Domestic Bank in SVG. Persons are appropriately trained and qualified and resources are adequate for AML/CFT supervision.

381. The ECCB has established a strong AML/CFT framework for supervision of FIs following a risk-based approach. It determines the level of risk of its licensed financial institutions through information gathered from the prudential return (which includes data pertaining to AML/CFT inherent risks), qualitative information derived from the submission of risk focused information, and findings from onsite examinations and other CAs. This is an efficient mechanism to allow the ECCB to arrive at specific risk ratings for Domestic Banks and this informs the type, frequency and intensity of AML/CFT supervision entities receive, for example, an onsite inspection may be conducted every 36 months where an entity is low risk; moderate, 24 months; above average, 18 months; and high, 12 months. Consistent with this methodology, Domestic Banks that manage high risk customers/relationships (as identified in the NRA) are assessed and tested as priority with the highest risk entity having received three inspections since 2017.

382. The conduct of all on-site inspections was impacted by the COVID 19 pandemic in 2020 to 2021, with inspections postponed as a result. However, the ECCB monitored the activities of the Domestic Banks through desktop reviews using information submitted by the institutions through their quarterly monitoring reports.

383. The intensity of offsite and onsite controls is commensurate with the risks posed by the Domestic Banks. As set out in the ECCB’s AML/CFT Supervision Manual, the ECCB assesses the Domestic Banks’ policies, procedures and processes for the management of ML/TF risk, including SAR reporting and compliance with TFS. Tests are conducted to determine whether licensed FIs undertake sanctions screening as part of their CDD processes. The results of independent audits are also considered by the ECCB. Table 6.8 reflects the number of onsite examinations conducted by the ECCB during the period under review. The conduct of on-site inspections was impacted by the COVID 19 pandemic in 2020 to 2021.

Table 6.8. Number of onsite examinations conducted by the ECCB

Sector	2018	2019	2020	2021	2022	Total
Domestic Banks	2	4	0	0	2	8

The FSA

384. The FSA is implementing an AML/CFT Supervisory Framework, that is informed by the NRA and subsequent sectoral risk assessments. However, certain sectors such as MLBSs, MPSPs, FMs and FAs have not yet been fully subject to risk sensitive supervision, although there are only four MLBSs and one MPSP.
385. There are three Departments responsible for prudential and AML/CFT supervision for the international and non-bank financial services sectors in SVG. Their functions also include F&P assessments of key persons (ultimate BOs, shareholders, directors and senior management of financial entities).
386. Staff are appropriately qualified, and at the time of the on-site examination, there were two AML Specialists and an additional seven staff enrolled and pursuing the CAMS designation. There are currently three trained MEVAL Assessors and staff have received AML/CFT training. Although materiality is currently low, with 12 FMs and FAs, four MLBSs, one MPSP, and no VASPs identified in the jurisdiction, technological resources will be required to appropriately monitor the risks in these sectors as they grow. The FSA may therefore need additional resources to implement risk-based supervision of FMs and FAs and for the new sectors of MPSPs and VASPs. This is consistent with SVG’s NAP that identifies resource and capacity building as a key objective for all CAs.
387. The FSA uses a risk matrix to determine the intensity of its supervisory oversight of supervised sectors/entities. Factors such as customer risk, geographic risk, product types of clients, nature of transactions, human resources and services risk, delivery channel risk and transactional risk and STR reporting are considered, and a preliminary examination is conducted of whether the institution has developed an effective AML/CFT compliance program. The scope of the on-site examination activities will depend on the risk profile of the institution and the examiner’s preliminary findings on the vulnerabilities faced by the institution and the controls needed matrix to mitigate them. For entities with an overall ML/TF risk rating of low, an onsite

examination is conducted every 36 months; moderate, every 24 months; above average, every 18 months; and high, every 12 months. The FSA's risk matrix is an effective tool to allocate risk and assess the frequency, intensity and scope of examinations conducted, with the sectors subject to more intense onsite supervision since 2020 in line with the risks identified in the NRA (for example, RAs). The FSA's inspection calendar for 2023 includes one international bank, two credit unions, one MSB, two life insurance entities and six registered agents.

388. The FSA also conducts a variety of desk-based off-site activities to ensure supervised institutions comply with the relevant AML/CFT legislation. Offsite monitoring is further used to track the regulated entity's progress in addressing AML/CFT deficiencies cited during on-site examination. Due to the COVID-19 pandemic and volcanic eruptions, in 2020 and 2021 respectively, the FSA increased its number off-site surveillance of entities deemed to be of a higher risk, in lieu of onsite examinations, which were suspended.

Table 6.9. Number of onsite inspections conducted by the FSA

Sector	2018	2019	2020	2021	2022	Total
FAs	0	0	0	0	0	0
FMs	0	0	0	0	0	0
Domestic Insurance Companies	2	3	1	0	1	7
International Banks	3	1	0	0	0	4
Credit Unions	1	3	1	0	2	7
Building Societies	0	0	1	0	0	1
Friendly Societies	16	0	0	0	0	16
Money Services Business	1	1	1	0	1	4
VASPs	0	0	0	0	0	0
MLBSs	0	0	0	0	0	0
MPSPs	0	0	0	0	0	0
Registered Agents	1	4	6	1	2	14

The ECSRC

389. The ECSRC regulates the Securities' licensees in SVG but has not risk assessed these entities using a risk methodology to drive onsite inspections. During the onsite, the ECSRC acknowledged that it would need to increase capacity to do so. It currently only has seven staff and covers eight jurisdictions in the Eastern Caribbean Region.
390. The AT was not provided with written information about ECSRC's framework to AML/CFT supervision and monitoring. However, the ECSRC confirmed in the onsite interview that it has engaged in some level of supervisory oversight with its two broker-dealer licensees in SVG. In 2019, these entities were required to provide independent audits to the ECSRC. These were reviewed by the supervisor and feedback given, alongside suggested remedial actions. However, the AT does not consider that this demonstrates risk-sensitive supervision.

The FIU

391. The FIU's Supervisory Department is responsible for the regulation and supervision of the NRSP and NPO sectors, however during the period under review, the risk sensitive supervision of the NPO sector did not commence. Currently, the Supervisory Department is adequately staffed with three staff members for the AML/CFT regulation and supervision of NRSPs. They are all AML Specialists and have received the FATF Standards Training with one trained as a 4th Round MEVAL Assessor.
392. The registration of the NRSP sector started in March 2022, as such, supervisory activity is at an embryonic stage, with focus being placed on completing the registration of the NRSPs, conduct of sectoral and entity level risk assessments and provision of guidance for the implementation of internal risk assessments and compliance programme. The implementation of this initial phase allows the FIU to progress on to the conduct of effective onsite examinations, monitoring of implementation of recommended actions and other supervisory functions.
393. The annual supervisory inspection plan and calendar are prepared in January (with priority given to the higher risk sectors) and is updated as the year progresses based on the changes in the risk profile of the institutions. Inspections are conducted based on risk and the factors taken into consideration when making the selection are the NRA Report, Sectoral/ Entity Risk Assessment, Trends and Typologies report (locally, regionally and internationally) and institutional ML/TF Risk Assessment, among others. These factors also inform the FIU's strategies, prioritisation and resource allocation procedure as it relates to establishing the intensity, objectives and frequency of the supervisory activities (e.g. onsite / offsite examinations), staffing, outsourcing, training and related budgeting requirements.
394. According to the FIU's risk-based supervisory framework, the frequency of onsite examination is informed by the following schedule:

Table 6.10. Frequency of FIU's onsite examination

Risk Rating	Description	Frequency
Low	Measures to combat ML/TF risks are strong in relation to the level of activity and nature of business conducted by the entity. There is a high level of effectiveness with the applied AML/CFT Compliance Program with only minor improvements required.	Once every 24-36 months
Medium	Measures to combat ML/TF risks are satisfactory but with some levels of weakness in relation to the level of activity and nature of business conducted by the entity. Even with these deficiencies, there is a substantial level of effectiveness with the applied AML/CFT Compliance Program with moderate improvements required.	Once every 18 months
High	Measures to combat ML/TF risks are weak which can potentially result in a significant threat or	Once every 12 months

Risk Rating	Description	Frequency
	consequence to the entity. There is a low level of effectiveness with the applied AML/CFT Compliance Program with significant to fundamental improvements required.	

395. The FIU has improved implementation of its risk-based approach to supervision. A Supervisory Risk Assessment Framework is utilised to inform the frequency and scope of its supervision activities. Information from the desk-based questionnaires and entity level risk assessments are fed into the modified/tailored WB's risk-based tool. The tool produces a risk profile of each, with a risk map of individual entities in relation to each entity in the sector, indicating the higher risk entities. Based on the results of the risk assessments, the FIU will conduct different types of onsite examinations: full scope; targeted scope; follow-up examination; and thematic examination, depending on the risk profile of the entity.
396. The FIU Supervisory Department's Standard Operating Procedures contains compliance examinations procedures which comprehensively outline the steps undertaken in conducting an onsite and offsite examination including planning and scoping, request and review documents / information, interview questions and includes draft external letters (reports).
397. Prior to the commencement of registration of the NRSP sector in March 2022, the FIU undertook training and outreach sessions to further sensitise the sector on its AML/CFT obligations, provided guidance and training for the entities to formulate and implement their institutional AML/CFT framework, conducted desk-based reviews from the questionnaires collected at registration and commenced the risk assessment for the sector.
398. The FIU commenced the conduct of onsite examinations in February 2023 and three examinations were completed as at March 2023. These examinations took a two-pronged approach whereby the entity's compliance with their AML/CFT obligations were assessed via a desk-based review and an on-site visit. The desk-based review entails an assessment of the AML/CFT compliance programme and other supporting documentation. The on-site component entailed a physical review of the premises and an in-depth interview of key staff such as the Financial Controller, Compliance Officer and Supervisor.
399. Training is also tailored to address AML/CFT obligations where there is low compliance or poor understanding by entities such as the conduct of CDD/ EDD, PEPs and suspicious transaction reporting (based on interaction with the sector, the desk-based review at registration and risk assessments). Training administered also provided guidance on AML/CFT obligations for new registrants (conduct of an ML/TF risk assessment, the development of a compliance programme, the implementation of CDD/EDD measures etc). Additionally, the information and exercises in the training were sector specific and based on their ML/TF risks, trends and typologies. The AT found the training to be tailored to the identified risk of the sectors, comprehensive and adequate, given the identified risks.

400. Overall, the AT found the supervision implemented by the FIU for the short period was risk focused with targeted measures for high-risk sectors and entities.

6.2.4. Remedial actions and effective, proportionate, and dissuasive sanctions

The ECCB

401. The ECCB imposes remedial actions and sanctions in accordance with its ladder of intervention, based on the nature and gravity of the breach. It has a number of sanctions at its disposal, including issuing a written warning; issuing directives to the institution to cease and desist specific activities; issuing directives to any person or any member of the board or management concerning the development; intervening in the institution; or revoking the licence, as well as remedial actions. Like other supervisors, the ECCB did not have the power to issue administrative fines for non-compliance with AML/CFT obligations until March 31, 2023.
402. During the period under review, the ECCB has executed four LoCs, one MOU and one Directive based on deficiencies identified following its examinations at licensed financial institutions in SVG. Entities are given the opportunity to provide feedback and agree on the timelines issued to address the identified deficiencies.

Table 6.11. Remedial Actions Issued by the ECCB 2018-2022

Financial Institutions	ML/TF Risk Rating	Dates of Examination	Remedial Action Document Issued	Quality of Policies and Procedures	Quality of Institutional Risk Assessments and RBA	Date of next onsite examination
LFI A	Above Average	December 2017, May 2019, March 2022 2019	LoC	Minor improvements required	Improvements required	2023
LFI B	Moderate	March 2019, April 2022	2020 LoC	Satisfactory	Satisfactory	2025
LFI C	Above Average	May 2019	Directive	Satisfactory	Improvements required	2024

Financial Institutions	ML/TF Risk Rating	Dates of Examination	Remedial Action Document Issued	Quality of Policies and Procedures	Quality of Institutional Risk Assessments and RBA	Date of next onsite examination
LFI D	Moderate	July 2018	2019 MoU	Minor improvements required	Improvements required	2025
LFI E	Low	May 2019	2020 LoC	Satisfactory	Satisfactory	2023
LFI F	Low	July 2018 (this entity was acquired by another in November 2019)	2019 LoC	Satisfactory	Satisfactory	2026

403. The ECCB monitors remediation and conducts follow-ups to ensure that the Domestic Banks address the required actions. The process for tracking remediation post onsite inspection is set out in the AML/CFT Offsite Supervision Procedures Manual. Of the five Domestic Banks that have been required to implement a formal remediation plan through LoCs, one has completed its remedial action plan, two remedial are pending execution and two entities continue to work on addressing action items as outlined in an MOU.
404. Notably, 11% of remedial action items were duplicated from previous inspection reports and reissued to the same entities, the two highest risk Domestic Banks. The ECCB continues to closely supervise these entities to improve compliance with AML/CFT obligations.
405. Other than LoCs, MOUs and directives, the ECCB has not used further sanctions where remedial actions are assessed as largely or partially satisfied. This approach may not be entirely dissuasive, given the repeat issues and the materiality of the sector. Nevertheless, even in the absence of other types of sanctions for repeated non-compliance, the majority of ECCB's regulated FIs have remediated in full, and the remainder have demonstrated progress by largely or partially satisfying the action. The ECCB can therefore demonstrate that its remedial actions and sanctions are moderately dissuasive and effective.

The FSA

406. During the period under review, the FSA has demonstrated the use of effective and dissuasive sanctions by revoking an international banking license, issuing a cease-and-desist letter (see box 6.1 above) and applying remedial actions to credit unions, RAs and insurance entities.
407. The FSA has the power to cancel or suspend an entity's licence where the entity has committed a serious breach of AML/CFT obligations. It can also issue directives, seize management and control, wind up or investigate the affairs of an entity and enforce any other that are necessary for the FSA to exercise its functions. Like other supervisors, the FSA acknowledges that the ability to issue administrative sanctions has been hampered by the absence of legislation before 31 March 2023.

408. The FSA also has a documented Supervisory Manual which outlines remediation and follow up actions in Section 3.5. Measures include requiring amendments to the AML/CFT/CPF Manuals, warning letters, directives and orders to engage outside independent professionals to review AML/CFT/CPF systems and recommend corrective actions.
409. Where the FSA identifies inadequate AML/CFT internal controls and systems, the entity is informed of the breaches and required to take remedial measures, as the Authority considers necessary via a comprehensive report to the entity. Remedial action(s) with due dates for completion are included. Where the violations are minor, the entity will be encouraged to take immediate corrective action during the onsite. No further action will be warranted if these are remedied before the examination is completed. However, where there are more serious breaches, stronger sanctions are applied, and a LoC or MOU may be agreed between the FSA and the entity. The FSA may also place an entity into ‘enhanced monitoring’ to ensure that recommendations and required actions are rectified within prescribed timeframes.
410. Since 2018, the FSA issued LoCs to 11 entities: two domestic insurance licensees and nine RAs. The inspection reports reviewed by the AT suggest that repeat findings have been detected through the FSA’s follow up inspections, but the FSA has not made use of sanctions other than remedial actions. The FSA indicated that it has not had cause to impose sanctions other than remedial actions since 2018, on the basis of proportionality, where there have been repeat findings, the entities have made some progress towards remediating the deficiency, and hence no further action was warranted. The AT considers this reasonable, given that the FSA has previously made use of sanctions other than remedial actions during the period under review.

Box 6.5. Licence revoked by the FSA – Class A International Bank

- In August 2018, the FSA revoked the international banking licence of an international bank which had been operating as a Class A licensed entity for approximately 20 years.
- In the 2016 onsite inspection, it was observed that the bank had breached several AML/CFT requirements in accordance with the AML & TF Regulations. As a result of these weaknesses the bank was placed under enhanced supervision and closer scrutiny. Due to continued non-compliance, the FSA proceeded to issue directives to pursuant to Section 8 (1)(a) of the FSA Act in January 2018 as follows:
 - a) Close all sub-accounts for which it did not possess CDD information for a period of more than 12 months commencing from the date the account was opened at the Bank and whose relationship existed prior to 31st December 2016.

- b) Make all necessary arrangements to ensure that the Department responsible for updating CDD information was both properly and permanently staffed to ensure that its ongoing CDD procedures were effective.
 - c) Desist from the practice of allowing accounts to be prefunded and conducting transactions prior to the establishment of the business relationship.
 - d) Implement the required level of risk mitigating and enhanced due diligence measures to monitor clients and transactions emanating from high-risk countries.
- However, before the bank completed these directives, the FSA was alerted that the then Chief Executive Officer and Chief Business Officer were indicted under US FATCA legislation for fraud and money laundering, Therefore, an investigation was launched, and the top Executive of the Bank was summoned to a meeting in St. Vincent. Coming out of that and a series of other meetings, an independent Examiner was appointed in April 2018 pursuant to section 26 of the FSA Act.
 - Based on the findings of the examination, a Controller of the Bank was subsequently appointed in accordance with section 21(2) (e) of the International Banks Act.
 - The FSA further revoked the bank's licence on 7 August 2018 on the grounds that the bank failed to meet these directives and was found to be unable to meet its obligations.

The ECSRC

411. The ECSRC has imposed very limited sanctions to its licensed entities during the period under review, although it did impose a cease and desist to an unlicensed entity for purporting to conduct securities activities (see Box 6.3 above). Two SVG supervised entities (the whole sector) were required to conduct independent audits of their AML/CFT frameworks in 2019. The ECSRC reviewed and sent letters to the licensees noting infractions and requesting remediation. Both licensees have subsequently submitted annual compliance reports, completing all remedial tasks to the satisfaction of the ECSRC, although However, no client files were reviewed and there was no onsite inspection to test the adequacy of this remediation action. The AT was therefore unable to assess how dissuasive and proportionate these actions were.

The FIU

412. The FIU's onsite supervision of NRSPs is relatively new (analysis under 6.2.2 and 6.2.3 refers) and as such, the FIU has applied remedial actions during the period under review as per its onsite examinations but has not had the opportunity to apply any sanctions or remedial actions. During the period under review, the FIU has only issued sanctions for failure to register.
413. The FIU's Standard Operating Procedures for the Supervisory Department outlines the procedures for the imposition of remedial actions and other sanctions. These include public sanctions (published on the FIU's website, Newspaper or Gazetted in accordance with Schedule 4 of the POCA, with details of sector, name of the entity, type of breach, type of sanction imposed etc) and also, the publication of enforcement actions taken against entities. These measures act as a dissuasive measure to deter non-compliance.
414. At the end of the onsite examination, a meeting is held with the NRSP's management and compliance officer to discuss the examination findings, expected corrective actions, recommended rating, and next steps which can include:
- NRSP is placed under closer supervision,
 - an additional onsite inspection is conducted,
 - recommendations are made and these must be complied with before stipulated deadlines, and
 - administrative penalties, directives or criminal sanctions are applied.
415. Upon finalisation of the findings and compliance rating, a comprehensive feedback letter is forwarded to the NRSPs outlining areas of deficiencies, recommendations in relation to best practices to be implemented, and specified dates by which the deficiencies must be remedied. Based on the findings, management is alerted if a meeting with the Board of Directors or upper management will be required.
416. As at the time of the onsite visit, the FIU had issued three feedback letters to NRSPs to remedy the identified breaches, which were considered minor, and monitoring of the implementation of the corrective action was ongoing. The AT reviewed the FIU's examination reports, including the comprehensiveness, scope and depth of materials, and found that the reports were thorough and of good quality. Based on the nature of the identified breaches, the AT is of the view that the remedial actions were proportionate, however as the FIU were still in the process of monitoring the implementation of the recommended actions, the AT could not conclude whether the actions were dissuasive.
417. Specific to the NRSPs registration process, the FIU has a tiered sanctioning approach as shown in Table 6.12 below. NRSPs that were non-compliant with the transitional provisions of the NRSP Regulations, were issued reminder notices, warning letters, Notice of Intention to impose a Directive, and Notice of Intention to impose enforcement action. In response to those actions, the Supervisory Department received an influx of applications, submission of supporting documentation and feedback from entities as it pertains to registration and the number of

registrants increased from 16 to 48 as seen in Table 6.14. Table 6.13 provides a breakdown of the entities which were issued a Notice of Intention to impose an enforcement action.

418. The FIU has not imposed any sanctions for the failure of an NRSP to register due to the absence of a legal framework for administrative penalties prior to March 31, 2023 and therefore cannot ascertain the effectiveness of such remedial measures.

Table 6.12. NRSP Tiered Sanctioning Approach

Contravention	Sanctions/Remedial Action Applicable
Failure to register	Written warning (after the issuance of minimum of 3 Reminder Letters)
Continued failure to register after written warning	Where the entity failed to register after the issuance of the Warning Letter, a Notice of Intention to impose administrative penalty is issued.
Continued Failure to register after imposition of Administrative Penalty	Criminal sanction

Table 6.13. NRSP Enforcement Action Notices Issued as at November 11th 2022

Real Estate Agents	Lawyers/Notaries	Accountants/Auditors	Jewellers	Total
6	21	5	7	39

Table 6.14. Comparative Table Depicting NRSP Registration Increase

Period	Real Estate Agents	Lawyers/Notaries	Jewellers	Accountants	Total
Transitional Period (March - July 8, 2022)	4	11	0	1	16
After July 8th, 2022	8	16	4	4	32
Total	12	27	4	5	48

419. The FIU has been largely unable to utilise sanctioning measures for AML/CFT breaches given that it has conducted a limited number of examinations. Furthermore, administrative penalties were not available during the period under review. Nevertheless, measures utilised thus far by the FIU are proportionate and dissuasive and the effectiveness of the process by which the FIU assesses compliance and provides feedback, including issuing remedial actions, is reasonable.

6.2.5. *Impact of supervisory actions on compliance*

The ECCB

420. The ECCB assesses the AML/CFT compliance of Domestic Banks through its review of risk-based information received monthly, quarterly and annually; conduct of onsite inspections and follow up assessments; monitoring activities. institutions' progress in addressing remedial action items; and discussions held with regulated entities and other CAs.
421. Reports from the onsite examinations for the period 2018 - 2022 of Domestic Banks identified the most common deficiencies.

Table 6.15. Deficiencies identified through onsite inspection

Type of deficiency	Percentage of Domestic Banks identified with the deficiency through onsite inspection (all were subsequently remediated)
Inadequate AML/CFT Policies & Procedures	66%
Inadequate risk based monitoring and reviews of customers	50%
Weaknesses in corporate governance (for example, lack of clear board reporting on AML/CFT, lack of AMLCO or MLRO)	50%
Inadequate AML/CFT training for board, management and staff	50%
Inadequate policies and procedures for internal reporting including for unusual activities	50%
Inadequate procedures for verification of customers source of funds/wealth	33.3%
Inadequate policies and procedures for CDD at onboarding	33.3%
Inadequate institutional risk assessments	16.6%
Inadequate transaction monitoring for large transactions	16.6%
Inadequate sanctions screening policies and procedures	16.6%
Lack of independent audit	16.6%

422. The ECCB noted the commitment by Domestic Banks to address remedial action items, given the improvement in AML/CFT policies and procedures being documented and implemented, as well as a number of other significant improvements as per Table 6.16 above. The ECCB identified that 66% were fully satisfied, while 34% were either largely satisfied or partially satisfied.
423. Of the remedial action items that were not fully satisfied, 11% were reissued to the highest risk Domestic Bank. For example, following the issuance of the 2019 LoC to this entity, the ECCB implemented its follow-up process in accordance with Section 4.5 of the ECCB's AML/CFT Offsite Supervision Procedures Manual. This was the only entity that received a finding of non-compliant (1), and the assigned examiner tracked the Bank's compliance utilising the LoC follow-up document. Updates were also captured in the Domestic Bank's monitoring report. The majority (18 out of 23) of the 2019 LoC items were fully satisfied while a few were partially satisfied. The Domestic Bank submitted an action plan for the remediation of the outstanding

items for the ECCB's consideration and approval. Following the 2022 examination, the partially satisfied LoC items were reviewed and formed a part of the 2022 MoU.

424. Through regular monitoring activities, the ECCB noted challenges in the comprehensiveness of Domestic Banks' ML/TF Institutional Risk Assessment and ongoing monitoring systems and procedures. To address this trend, risk management frameworks and ongoing monitoring formed a part of targeted examinations of Domestic Banks and the AML/CFT newsletter included information on how to conduct institutional risk assessments and manage high risk relationships. The ECCB has also provided targeted training on risk assessments to augment the impact of its supervisory actions on compliance.

The FSA

425. The FSA measures the effect of its supervision activities on compliance by conduct of examinations and review of comprehensive documents have been provided by the entity within the specified timeframe. During the period of the COVID-19 pandemic, the FSA increased the number of its offsite reviews of all supervised entities, providing a further opportunity to assess compliance with remedial actions and requirements.
426. The FSA has identified trends including inadequate CDD, particularly for high-risk customers, inadequate on-going monitoring, and no or limited risk assessments. Where a particular trend is observed, the FSA has issued guidance and collaborated with the FIU to engage in outreach and training. For example, AML/CFT Institutional Risk Assessment Guidelines have been published on the FSA's website. Further, in relation to RAs, the FSA observed that in the past, entities concentrated on collecting CDD information at onboarding, with limited risk assessments or ongoing monitoring performed. The FSA has examined the training registers, reviewed certificates of participation and interviewed Compliance Officers to assess their level of understanding of the compliance function and the level of work/testing that is required. The FSA noted an improvement in compliance in these areas.
427. Similarly, the reports from the onsite examination of credit unions between 2017 and 2019 show findings around corporate governance, lack of training and failure to conduct AML/CFT risk assessments. The FSA was able to test that these deficiencies were sufficiently addressed by reviewing the relevant AML/CFT Manuals and documents submitted to the Board of Directors and approving the appointment of compliance officers. At the end of 2021, all the credit unions and MSBs had corrected most of these deficiencies.

The ECSRC

428. The ECSRC demonstrated, to a limited extent, that its actions have had an effect on compliance by the securities' licensees that it supervises.
429. The ECSRC required its two SVG licensees to conduct independent audits of their AML/CFT frameworks in 2019. The ECSRC reviewed these audits and sent letters to the licensees noting

infractions relating to CDD, and requesting remediation. Both licensees have subsequently submitted annual compliance reports, completing all remedial tasks to the satisfaction of the ECSRC.

430. During the onsite, the ECSRC confirmed that its two licensees continue to make positive progress in terms of the remedial actions that they were taking. However, there was only a moderate effect on compliance given that this has not been independently tested by the ECSRC. However, given that the audits were conducted between 2019 and 2021, and no further onsite visits, the ECSRC was unable demonstrate whether sustained and continuous improvements were observed from subsequent supervisory activities.

The FIU

431. The FIU’s Supervisory Department recently commenced the registration of the NRSPs (March 2022). As such, a comparative assessment was conducted between the risk-based questionnaires submitted pre-registration (2020) and post-registration (2022) to determine whether there were any improvements or changes in NRSPs’ policies and procedures due to the training conducted and guidance provided. Improvements in the quality and quantity of the risk-based questionnaires were noted by the FIU. Most of the responses to the post-registration RBQs demonstrated a better understanding of entities’ AML/CFT obligations and compliance function compared to the pre-registration questionnaires where several questions were responded to with a “no” or left unanswered, indicating a lack of policies or procedures or limited understanding of their obligations. The increase in the number of RBQs from 23 to 43 can be seen in the comparative table below:

Table 6.16. Comparative Table on the Completion and Submission of Risk-Based Questionnaires before and after registration

	Real Estate Agents	Law Firms	Jewellers	Accountants	Total Submissions
Pre-Registration submission of Risk-based Questionnaire	4	4	3	5	23
Post-Registration submission of Risk-based Questionnaire	7	16	6	3	43

432. NRSPs who were issued reminder notices, warning letters, notice of intention to impose a directive and notice of intention to impose an enforcement action for failure to register, took the necessary action, resulting in an influx of applications, submission of supporting documentation and feedback from entities as it pertains to registration. This is evidenced by the increase of registrants from 19 as at 8th July 2022 to 60 as at 11th November 2022 as seen at section 6.2.4 above Table 6.14 Comparative Table Depicting NRSP Registration Increase.

433. Interviews with the NRSP sector demonstrated its willingness to implement the FIU's recommendations as a result of the onsite and desk-based reviews. The NRSPs that have been subjected to onsite examinations and desk-based reviews started their remedial actions in addressing the identified deficiencies prior to it being formally communicated (feedback letter) to them by the FIU.

6.2.6. Promoting a clear understanding of AML/CFT obligations and ML/TF risks

434. All supervisors, except for the ECSRC in SVG provide a wide range of guidance and undertake varying outreach activities to regulated entities. Supervisors utilise various channels to facilitate training and raise awareness amongst regulated entities, except for the ECSRC, who has not conducted outreach to its regulated entities in SVG. These include training sessions, workshops, outreach, guidance and virtual platforms such as WebEx and online learning platforms. Supervisors also provided specialized trainings either internally or through third party experts. Also, the ECCB further makes the ACAMS Enterprise Program available to its licensees.
435. Training is provided based on new legislation and guidance documents, the risks identified in the NRA, gaps identified during onsite examinations and supervisory activities, and upon request by regulated entities. For example, during onsite inspection the FSA noted deficiencies around lack of client risk assessments and limited conduct of institutional risk assessments and subsequently issued institutional risk assessment guidelines (January 2023). Similarly, the ECCB noted through its onsite examinations, issues around client risk assessments and provided training to Domestic Banks on this topic during the period 12 – 14 September 2022.
436. The FSA, FIU and the NAMLC held extensive outreach and workshops (see Chapter 2, section 2.2.6 above) to disseminate and sensitise regulated entities of the findings of the NRA and their AML/CFT risks. The NRA was uploaded to the websites of the FSA and FIU and the FIU conducted meetings with all regulated entities to ensure that the risks identified and assessed through the NRA and sectoral assessments were communicated and understood.
437. Training sessions, workshops and guidelines provided by the FIU over the period 2018 to 2022 covered a wide range of topics such as “identifying the AML/CFT obligations”, compliance with AML/CFT legislation, the “ML/TF NRA, preparation of internal risk assessments”, as well as high risk topics including PEPs, suspicious reporting, CDD and risk assessments. In addition to general sessions for FIs and DNFBPs, sector-specific sessions were held for all NRSP sectors, NPOs, friendly societies, insurance, microfinanciers, banks, credit unions, MSBs, money remitters and building and loan societies. Furthermore, the FSA and ECCB have published AML/CFT newsletters with topics such as: ‘Targeted Financial Sanctions: Obligations of Financial Institutions’, ‘Proliferation Financing Red Flags,’ ‘institutional risk assessments’ and, ‘the management of high-risk relationships. All relevant AML/CFT information is publicly available on the FSA, ECCB and FIU’s websites. All training, topics, guidance documents, advisories, legislative updates, sectors and participants are reflected in tables 6.17 – 6.19 below.

438. The FSA, ECCB and FIU also remind regulated entities in SVG of their obligations in meetings, formal communication, onsite examinations and the reports of findings as it relates to AML/CFT compliance. TFS is included where relevant. Although the ECSRC has not conducted outreach or produced guidance, it has provided supervisory feedback based on a desk-top review of independent audits produced by its licensees and reports that this has helped promote a better understanding of AML/CFT obligations.
439. Supervisors in SVG have collaborated effectively to help promote understanding of AML/CFT obligations. The FSA delivered workshops and seminars with the FIU, as has the ECCB. The FIU delivered training to the ECSRC's securities licensees.
440. During the onsite, Domestic Banks were able to recall that they had received training from the ECCB and confirmed that this had helped strengthen their AML/CFT compliance frameworks. FIs and RAs also referenced the joint training from the FSA and FIU, which they found instructive. Table 6.17. sets out the number of participants and types of sectors that received this training.

Table 6.17. FSA training: Topics and Sectors

Date	Financial Institutions	Topic
July to September 2021	Insurance, Building Societies, MSBs, Credit Unions	NRA Findings
January 2022	Registered Agents	NRA Findings
November 2022	Insurance, Building Societies, MSBs, Credit Unions, MFLBs, RAs, Friendly Societies, MPSPs	Simplified Due Diligence Guidelines Risk Assessment Guidelines
February 2023	MSBs, RAs	Suspicious Activity Reports, Forex and high risk areas

Table 6.18. Joint FSA and FIU training: Topics, Sectors and Participants

Date 2022	Financial Institutions	Category	Facilitators	Participants
May - June	Various Insurance Entities and Credit Unions	Insurance and Credit Unions et al	FIU, FSA	247
May	Money Service Business	Credit Union et al	FIU, FSA	60
May	Friendly Societies	Credit Union et al	FIU, FSA	35
June	Building Societies	Credit Unions et al	FIU, FSA	31
September	Micr0-Financing Entities and MPSPs	Credit Union et al	FIU, FSA	19

441. Notably, the FIU has made substantial efforts to educate, guide and provide regulatory updates to all regulated entities with particular focus on the newly regulated entities. During the onsite, the private sector unanimously gave positive feedback about the FIU's training and confirmed

that they felt that the FIU was always available for ad hoc queries and guidance. A list of the FIU's activities can be seen in Table 6.19 below:

Table 6.19. Training, Guidance Documents, Advisories and Legislative Updates issued by the FIU

Date	Training / Workshops / Guidance etc
March 2019	The Legislative Regime, Duties of Compliance Officer/ML Reporting Officer, Customer Due Diligence (CDD) Requirements, Identification Information, Effective Record Keeping, Staffing, Training & Education, Tipping Off, Internal Risk Assessment and Trends and Typologies, Suspicious Activity Reports (SAR), SAR Narrative, Affidavit of Authenticity, National Risk Assessment - for Money remitters, insurance companies, FIs/Banks, Credit unions, and building and loan facilities
March 2019, February 2020, June 2021, March 2022 and June 2022.	Workshops on conducting internal ML/TF risk Assessments, Developing a compliance program to mitigate ML/TF risks, Implementation of CDD, EDD and ongoing monitoring policies and procedures, Effective SARs reporting, Conduct AML/CFT training of staff (inclusive of owner/ directors/ management), Conduct internal and external (audits) and Maintaining adequate records
August 2019	Non-Regulated Service Providers (NRSPs) Guidelines-
August 2020	Advisory for Financial Institutions & NRSPs- Covid-19 & Its Impact on Financial Crimes-
2020	Covid-19 Advisory - Fraud Alert
May 2021	Politically Exposed Persons (PEP) Guidance
2021	Offences & Penalties Guidance Table
October 2021	Non-Regulated Service Providers (NRSPs) Guidelines
October 2021	Anti-Money Laundering & Terrorist Financing Compliance Programme Structural Guidelines
October 2021	Customer Due Diligence Guidelines
2022	Anti-Money Laundering and Terrorist Financing (Non-Regulated Service Providers) Regulations 2022
May 2022	RUSI Countering the Financing of Proliferation Workshop

442. Although the FIU has outreach mechanisms in place, the assessors noted that the NRSPs require the need for more supervisory outreach in order to increase their understanding of ML/TF risks and implementation of AML/CFT preventive obligations such as circumstances which will trigger EDD measures and ML/TF risks associated with legal persons and arrangements.

Further, all FIs and DNFBBs can benefit from guidance and outreach on TFS implementation (see IO.10, IO.11 and IO.4).

Overall Conclusions on IO. 3

443. Overall, there is a moderate level of effective AML/CFT supervision in SVG, based on the level of ML/TF vulnerabilities and threats posed. FIs and DNFBBs, other than securities licensees, are subject to strong licensing and registration processes upon entry and on an ongoing basis that include F&P testing mechanisms to prevent criminals and their associates from holding controlling interest. The ECSRC does not have adequate F&P measures as it does not conduct police checks upon entry or ongoing F&P even upon change of shareholder, director or BO. The AT takes into account that the securities sector is not material (there are only two securities licensees in SVG) when weighting this deficiency.
444. The ECCB has a robust understanding of the ML and TF risks of the sector that it supervises, and between the different sectors and types of institutions. The FSA has a good understanding of the ML and TF risks of the FI and RA sectors for which it has conducted ML/TF risk assessments; however, the ML/TF risk assessments for licensed fund administrators/managers, MPSPs and VASPs are incomplete. The AT notes that there are 12 FMs/FAs, one MPSP, and SVG has not yet identified any VASPs operating in the jurisdiction. This is relevant to the weighting of this deficiency.
445. The FIU also has a good understanding of AML/CFT risks associated with NRSPs it supervises, and this will develop as it collects further information. The ECSRC demonstrated a good understanding of the ML/ TF risks relevant to the securities sector as outlined in the NRA, but as the securities sector is not yet subject to risk-sensitive supervision (as acknowledged by the ECSRC during the onsite) the AT is unable to assess the effectiveness of the ECSRC's understanding of risk in its approach to supervision.
446. The ECCB has established a strong AML/CFT framework for supervision of FIs following a risk-based approach. The FSA also demonstrated that it deploys effective risk-sensitive supervision to the vast majority of its regulated entities, using a framework and manual informed by the NRA and sectoral risk assessments it conducted. However, certain sectors such as VASPs, MPSPs, FMs and FAs have not yet been subject to risk assessment or risk-sensitive supervision, although as noted above, these may not be material sectors and this deficiency was weighted as such. The ECSRC has undertaken no risk-based supervision or onsite examinations during the relevant period, although it has reviewed independent audits conducted by its licensees and provided feedback with remedial actions. Notwithstanding that the provisions for the supervision of NRSPs only became effective in February 2022, the FIU has developed and is now implementing a strong supervision framework based on its risk assessment methodology. Some supervisors have acknowledged that their current

capacity is not adequate (the ECSRC) or that resources may be required (including technological) for sectors which involve new technologies (FSA).

447. The FSA is the only supervisor to have taken enforcement action - other than issuing remedial actions - for a breach of AML/CFT. It has revoked the licence of an international bank. In line with its ladder of intervention, the ECCB has issued formal remedial actions (through LoCs, MoUs and Directives), but no other types of sanctions, including where deficiencies were partially or largely completed and reissued to high-risk entities. Supervisory authorities have only recently been granted the power to issue administrative fines for non-compliance with AML/CFT obligations (legislation was passed during the onsite). None have applied criminal sanctions. The AT considers this approach reasonable given that the ECCB and FSA are responsible for most of regulated entities and can each demonstrate improvements in compliance by FIs and RAs under their supervision. The FIU has also noted improvements in the NRSPs understanding of the ML/TF obligations through the quality of the RBQ submission and the increase in the registration of entities. However, the FIU commenced onsite supervision of the NRSP sector in March 2022 and is still in the process of collecting data through the monitoring of the implementation of the recommended actions to observe improvements in compliance with AML/CFT obligations.
448. All supervisors, other than the ECSRC, have engaged in targeted and risk-based outreach and guidance to the sectors under their supervision. The ECCB has provided frequent outreach and guidance to Domestic Banks. The FSA and FIU have worked together and consistently provided guidance and other information on AML/CFT to FIs and DNFBPs during the period under review. The ECSRC has not provided outreach or guidance but has provided feedback directly to licensees from its offsite reviews.
449. Considering the factors above, the deficiencies around the lack of risk assessment and supervision of FMs and FAs and the lack of supervisory oversight of the securities sector, balanced against the greater weighting attributed to the domestic banking sector (the most material sector) the AT concluded that although SVG achieves IO. 3 to some extent, major improvements are still needed.

SVG is rated as having a moderate level of effectiveness for IO. 3.

Chapter 7. LEGAL PERSONS AND ARRANGEMENTS

7.1. Key Findings and Recommended Actions

Key Findings

- a) SVG has mechanisms that identify and describe the different types, forms, and basic features of legal persons and arrangements. Information on the creation and types of different legal persons and arrangements is publicly available and can be readily accessed.
- b) The CIPO maintains the register for domestic and external (foreign incorporated) companies, and the FSA maintains the register for business companies (BCs), LLCs, segregated cell companies (SCC) and trusts.
- c) At the time of the on-site, SVG had not completed a comprehensive ML/TF risk assessment of legal persons. The NRA and supplemental risk assessments consider certain key professions involved in the activities of legal persons, but there is no comprehensive understanding of how companies or legal arrangements can or are linked to ML/TF threats or likely to be abused by criminals.
- d) Given the lack of risk assessment, the AT was unable to determine whether measures to prevent the misuse of legal persons and arrangements were risk-based and commensurate with the ML/TF risks and vulnerabilities presented.
- e) The CIPO maintains basic information in respect of domestic and external companies which is readily accessible to CAs. The CIPO does not verify or retain BO information other than for shareholders and directors. There is no legal obligation to use a RA or lawyer to create a domestic company. The deficiencies in C.24.6 are applicable.
- f) The FSA maintains basic information in respect of BCs, LLCs and SCCs which is also readily accessible to CAs. Neither CIPO nor the FSA verify or retain

information on BO, other than for shareholders and directors. However, BCs, LLCs and SCCs must use a RA to register at the FSA, who is legally required to verify and retain BO information. Basic and BO information can also be accessed by CAs in a timely manner from FIs and DNFBPs who verify the data they receive. Information was found to be adequate, accurate and current.

- g) The FSA maintains a registry of trusts registered under the Trusts Act, and adequate, accurate and current basic and BO information on legal arrangements can be accessed in a timely manner in the same way as legal persons, although SVG has no examples of requests being made. The FSA further maintains a registry of trusts registered under the Trusts Act.
- h) The CIPO has no legal basis to issue proportionate or dissuasive sanctions for failures to provide BO information. Of the supervisors, only the ECCB has applied proportionate and dissuasive sanctions for breaches for failures regarding BO. SVG was therefore unable to demonstrate that sanctions are effective and proportionate for FIs other than Domestic Banks.

Recommended Actions

- a) SVG should complete a comprehensive risk assessment to identify, assess and understand the vulnerabilities and the extent to which all legal persons created in the country can be, or are being misused for ML/TF.
- b) SVG should deploy mitigating measures commensurate with the risks identified in its assessment to identify, assess and understand the vulnerabilities and the extent to which all legal persons created in the country can be, or are being misused for ML/TF.
- c) SVG should develop and implement measures to ensure that CAs can access accurate and current BO information on domestic companies.
- a) SVG should ensure that proportionate and dissuasive sanctions are available to all CAs and enforced for breaches of basic and BO information requirements.

450. The relevant Immediate Outcome considered and assessed in this chapter is IO.5. The Recommendations relevant for the assessment of effectiveness under this section are R.24-25, and elements of R.1, 10, 37 and 40.

451. Understanding the risk and context in SVG, as outlined in Chapter 1, holds paramount significance in assessing the achievement of this Immediate Outcome to a moderate extent. It

is imperative to bear in mind the nuances of SVG's risk landscape and broader context while delving into the contents of this chapter. This contextual backdrop provides crucial insight and perspective, offering a lens through which the findings and evaluations in this chapter should be interpreted and understood.

7.2. Immediate Outcome 5 (Legal Persons and Arrangements)

7.2.1. Public availability of information on the creation and types of legal persons and arrangements

452. SVG's legislation recognises different types of legal persons including domestic companies, exempt companies, business companies (BCs), limited liability companies (LLCs) and segregated cell companies (SCCs). Although there is no centralised source of publicly available information on the creation and types of legal persons and arrangements in SVG, the platforms of the FSA and CIPO provide access to the information.
453. The CIPO is responsible for the incorporation of domestic and external legal persons (foreign incorporated companies) and the maintenance of records related to domestic companies. Foreign owners may hold an interest in an SVG domestic company through the external companies' regime governed by the Companies Act. In practice, such companies usually have head offices elsewhere, particularly within the region, with branches or subsidiaries in SVG. There are 361 external companies in SVG, most of which are conducting relevant financial business, and thus obliged to comply with AML/CFT including BO requirements.
454. The FSA is responsible for the maintenance of records for international companies. Information about legal persons is publicly available through these two channels. It is a mandatory requirement for all external companies to appoint a lawyer within SVG, who is subject to the AML & TF Regulations.
455. SVG is not a significant international company formation centre (as set out in Chapter 1) . In 2021, there were 3437 BCs and 1353 LLCs. BCs, LLCs and SCCs are required to appoint a RA in accordance with section 68 of the Business Companies Act and section 12 of the LLC Act. They are subsequently registered by the Registrar of BCs and LLCs. at the FSA. Neither the CIPO nor the FSA is mandated to verify the information that they receive, and they do not maintain information about BOs other than shareholders and directors. However, the CIPO thoroughly reviews applications for incorporation to ensure that all statutory requirements are met, including verifying the identity of names provided as part of the basic information, and does not register companies when they are not met. These reviews consist of cross-referencing information already held at the CIPO and making further inquiries and requests before registration. The FSA Registry receives applications for registration of companies only from licenced Service Providers, and RAs, and so relies on verification of information from the RAs. The FSA also does not register companies unless the requirements are met.

456. Trusts are registered by the Registrar of Trusts at the FSA pursuant to the Trusts Act (formerly referred to as the ‘International Trusts Act’, this includes domestic trusts as one “Trusts Act”). In SVG a trust may be created by an instrument in writing and the application must be made through a registered trustee (usually a RA who is also licensed as a Registered Trustee). Different types of trusts may be registered, for example Charitable, Purpose or Spendthrift Trusts. Trusts may be revocable or irrevocable. The Registrar of Trusts of the FSA does not verify the information that it receives, and does not maintain information about BOs.
457. The CIPO and the FSA both hold information on their websites about the creation and types of legal persons and arrangements for which it holds the registers, including the legislation and guidance relevant to each. Additional information regarding international financial services and products is also available through InvestSVG’s website. The public may also obtain information directly from the FSA via email inquiry at info@svgfsa.com.

7.2.2. Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal entities

458. SVG has not yet conducted a comprehensive assessment of the ML/TF vulnerabilities of all types of legal entities which operate in the jurisdiction.
459. The NRA and updated sectoral risk assessments in 2022 and 2023 considered ML/TF risks relating to RAs and legal professionals. Both identified BCs and LLCs as a customer risk, but the risk assessments did not consider the inherent vulnerabilities of these structures. Neither did they describe the materiality of LLCs and BCs in the risk and context of all legal persons in SVG. The NRA and supplemental risk assessments therefore considered certain key professions involved in the activities of legal persons, but these analyses are not sufficiently detailed to ensure common knowledge of all the risks of abuse on the part of all the CAs.
460. SVG has also conducted a risk assessment of the NPO sector to determine which NPOs are subject to abuse by terrorist and terrorist organisations. SVG has demonstrated a good understanding of the TF risk associated with NPOs, but there was no substantial analysis regarding legal persons and arrangements.
461. Notwithstanding the above, the FSA reports that it engages in entity level risk assessments of RAs on a periodic basis to help identify and assess the vulnerabilities of legal persons and legal arrangements, by means of annual assessments which are conducted for each institution, based on the findings of their last onsite report. During the onsite, the private sector understood the need for scrutiny to be applied to legal entities and for the natural persons behind these entities to be identified. Most FIs and DNFBPs reported that they rarely encountered complex legal structures when onboarding clients, but would take the necessary steps if they did. However, lawyers and RAs also described legal persons as automatically high-risk, regardless of type, which does not demonstrate risk-based understanding.
462. Overall, SVG has limited knowledge of the ML and TF risks associated with BCs and LLCs through its assessments of RAs and lawyers and requires a much more comprehensive understanding of the ML/TF risk associated with all types of legal persons.

7.2.3. Mitigating measures to prevent the misuse of legal persons and arrangements

463. SVG has implemented some measures to mitigate the misuse of legal persons and arrangements for ML/TF purposes, but in the absence of a national legal persons and arrangements risk assessment, these measures cannot be assessed as commensurate with the risks.
464. Individual or domestic companies must provide information to CIPO on the directors and officers at the point of registration. However, this does not necessarily encompass all BO information and, as the amendments to the legislation for BO have not yet been finalised, the CIPO has no legal obligation to collect and maintain BO information. Further, there is no legal obligation for a lawyer or RA to create a domestic company, meaning that there is no service provider operating as an additional gatekeeper for checking and verifying BO information.
465. BCs, LLCs and SCCs must have a RA in SVG, through which all applications to the relevant registrars at the FSA must be made. There is no residency or nationality requirement for managers, members and/or officers of an SVG formed international company.
466. To mitigate the vulnerability of international legal persons being misused by criminals to facilitate flows of illicit finance, international companies must apply to the FSA through a licensed RA, who is subject to AML/CFT obligations, including identification and verification measures in relation to BOs. Further, the FSA monitors and ensure that RAs are not misused for ML/TF purposes, probing CDD/KYC policies and procedures through its offsite and onsite examination. Supervisors also use training and outreach to ensure that NRSPs comply with BO obligations. For example, the FIU has held interactive outreach sessions with the NRSP sector in February 2020 and January 2022 which covered internal policies and controls for assessing customer risk referencing legal persons and arrangements and implementation of measures to enhance the transparency and availability of BO information of legal persons and arrangements.
467. To mitigate the vulnerability of trusts being misused by criminals to facilitate flows of illicit finance, trusts in SVG must also disclose the identity of the beneficiaries as part of the registration process with the Registrar of Trusts at the FSA. Trusts must apply to the FSA through a registered trustee (usually a RA), who will also be subject to AML/CFT obligations, including identification and verification measures in relation to ultimate BOs. The beneficiary of a trust must also be identifiable by name or ascertainable by reference to a class or a relationship to some person, whether or not living at the time of the creation of the trust or at the time which, under the terms of the trust, is the time by reference to which members of a class are to be determined. The settlor of a trust may also be the beneficiary of the trust. A protector may be appointed, however, a protector of a trust cannot also be the trustee of the same trust. The application for the registration of a trust must be accompanied by the Trust Deed or Deed of Settlement. The RAs are expected to obtain and maintain updated CDD information on all the relevant parties to the trust. The application process takes up to one week.

468. The FIU is the designated supervisory authority for the NPO sector. The NPO Regulations for the regulation and supervision of NPOs was enacted and came into force on March 31, 2023, and the effectiveness of supervision therefore cannot yet be assessed. The FIU and CIPO are parties to a MoU dated January 30, 2020 and a joint SOP for the CIPO dated March 23, 2023 that covers the registrations of NRSPs and NPOs, the enforcement of AML/ CFT obligations and information sharing. The latter document is very recent, and the effectiveness could not be assessed.
469. In the absence of a comprehensive risk assessment of legal persons, and the recency of some of the other measures, the AT was unable to determine overall if the measures outlined above were risk-based and commensurate with the ML/TF risks and vulnerabilities presented.

7.2.4. *Timely access to adequate, accurate and current basic and beneficial ownership information on legal persons*

470. SVG utilises a combination of measures to ensure that basic and BO information on legal persons is available in a timely manner and the information is accurate and current. CAs can access basic information on legal persons from a variety of sources, including the registers of legal persons held by CIPO, from regulated entities, from legal persons directly and from other CAs. The FIU and FSA maintain registers with information received from regulated entities they supervise.

Shareholder and basic information held by CIPO

471. Basic information on legal persons can be accessed immediately via the CIPO website, which hosts a search engine via which searches of the registry may be conducted. LEAs can also obtain information from CIPO by written requests for information and can also make in-person visits to obtain information from CIPO. The AT noted the excellent coordination and cooperation between the FIU and CIPO in this regard.
472. The average time for accessing the various types of information held at CIPO by CAs is within 72 hours of the request being made. The AT noted that in most instances, the information is provided to the investigators, regulators and other personnel of the requesting CAs on the same day. For the period under review, there have not been any impediments to obtaining basic information from the CIPO.
473. The CIPO recently implemented The One Stop Shop initiative designed to facilitate the effective management and execution of Online Business Registration. This allows the different CAs to obtain access to data in a timely manner by accessing the portal. However, the CIPO's information is limited to shareholder and director information and may not include information about the BO.

BO information held by FIs and DNFBSs

474. There is no general requirement for BCs, LLCs and other legal persons to hold information on their BO. CDD information, including information on BOs, is required to be held by FIs and

- DNFBPs if a company carries one or more of the activities under Schedule 1 of the AML & TF Regulations for e.g. lending, foreign exchange etc.
475. Basic and BO information can be accessed by CAs from regulated entities through the use of provisional measures i.e., director's letter of request, production order, Customer Information Order, and Disclosure order. Basic and BO information may also be obtained by all supervisors through the use of requests for information i.e. formal requests for information.
476. Regulation 10 of the AML & TF Regs requires that Service Providers obtain and verify CDD information on every customer, third party and BO. This information is also obtained when there has been a change in a customer's identification information, their BO, third parties or BO of the third parties. Regulation 11 also mandates that service providers apply these CDD measures and ongoing monitoring at the varying stages of a customer relationship and on a risk sensitive basis. Paragraph 10 at page 120 of the AML & TF Code also requires that where a legal person is deemed to present a higher level of risk, additional identification information should be obtained as deemed appropriate.
477. Paragraphs 13 and 14 at pages 125-127 of the AML & TF Code also prescribe that Service Providers are required to collect all stipulated information necessary to identify and verify a trust, its trustee, settlor, beneficiaries or class of beneficiaries in case of discretionary trusts, protector and enforcer where applicable, natural persons exercising effective control over the trust and objects of a charitable or purpose trust. All directors and shareholders as related to legal persons, as well as beneficiaries, settlors and other parties to a trust, must be named and identified. The purpose of a company or trust must be clearly stated so that it is understood by the FSA.
478. The AT found that CAs demonstrated that they have no difficulties in obtaining the required information from the FIs and DNFBPs and this information is adequate, accurate and current. The authorities noted that the information is readily available within 24 hours of a relevant request.
479. Information obtained is usually current and accurate, as Service Providers are required to verify a customer's BO information at the formation stage and supervisors perform on-site examinations to ensure that accurate basic and BO information is being maintained by the entity. However, there is no requirement to use a service provider such as a lawyer or RA to create a domestic company and this presents a deficiency. Notwithstanding, the AT considers this minor, given that the shareholders and directors of domestic companies are commonly also the BOs.

Box 7.1. Timely access to BO information - FSA to Registered Agent

On January 22, 2021 the FSA received a Request for Information on Beneficial Ownership of a company registered in SVG from the Mauritius CA. On February 10, 2021, the FSA sent out a request to the RA of the company requesting beneficial

ownership information in relation to said company. On February 11, 2021, the FSA received a response to the request for information from the RA providing the relevant information. The FSA was able to respond to the Mauritius CA on the following day (February 12, 2021). In the case example given, it took one day for the CA to obtain the relevant requested information from the service provider.

BO information accessible by competent authorities

480. When a request for BO information is made to the FIU by a domestic or foreign CA, this prompts the FIU to determine whether the legal person is registered with CIPO or the FSA.
481. Where appropriate, a Director's letter follows to request the relevant information. The FSA then submits a request to the LP concerned or the relevant registered agent and responses are usually received within the stipulated 7 days' timeframe. The information received from the FSA has been complete, accurate and current. In some instances, requests are made directly to the registered agents and the information received is accurate and reliable since they are required to perform due diligence checks. In the case example at Box 7.1 above, it took one day for the CA to obtain the relevant requested information.
482. An MOU was signed between the FIU and FSA on 5 September 2019 (updated 27 November 2020) to facilitate information sharing between the supervisors. MOUs were also signed with the Inland Revenue Department (IRD) and CIPO (on 5 May 2022 and 30 January 2020 respectively). These are aimed at promoting information sharing and cooperation on ML investigations which aid in the access to BO information. During the onsite, the IRD confirmed it receives information on legal persons from CIPO every six months. The ECCB also utilises a MOU signed on 13 April 2018 to facilitate information sharing among regional regulators, which includes the FIU and FSA.
483. Financial investigators at the FIU may also visit CIPO's office and conduct a physical search of its records to obtain the requested information. This involves searching the CIPO's register, which comprises hard copy records and the company register on a computer system. If the requested information is found, copies would be made available to the investigators.
484. Information is usually obtained in a timely manner and within the stipulated time frame of 7 days. This is especially the case when the search is conducted by the officers themselves. Shareholder information can be obtained from a perusal of the Annual Returns for each reporting period if shares were issued. This applies to all For Profit companies (not NPOs).

7.2.5. Timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements

485. SVG has measures in place to ensure that adequate, accurate and current basic and BO information on legal arrangements can be accessed in a timely manner in the same way as legal

persons, although there are no instances of this happening in practice. The FSA further maintains a registry of trusts registered under the Trusts Act. An MOU was signed between the FIU and FSA on 5 September 2019 (updated 27 November 2020) intended to facilitate cooperation between both entities, including BO information regarding legal arrangements. As no examples have been given by SVG of requests for information about legal arrangements (as no requests have been received), the effectiveness of these mechanisms cannot be determined by the AT.

7.2.6. Effectiveness, proportionality and dissuasiveness of sanctions

486. SVG has a range of sanctions which are applicable to failures around the provision of BO information, but these are not effective and proportionate for every CA.

The CIPO

487. There are currently no sanctions within the Companies Act that can be imposed by CIPO where requests for information are made pursuant to section 526 of the Companies Act. The CIPO's mandate is to provide a registration framework rather than to check and enforce against the accuracy of the information that it receives. Nevertheless, the CIPO will conduct random checks on individuals where registration is sought by Directors who are resident in high-risk countries to ensure that there are no money laundering convictions or any other relevant fines or penalties.

488. NPOs are required to file Audited Financial Statements in accordance with Regulation 20 of the Companies Act. While CIPO does not actively monitor the financial filings of NPOs to verify that funds are raised and disbursed in a manner consistent with the NPOs' objectives, the CIPO engages in a striking off procedure where NPOs are delinquent in filing the required documents. This action promotes accountability as detailed breakdowns are often given of their income and expenditure with comparatives of the previous year but is not risk-based.

489. The CIPO collaborates with the FIU and supports its investigative mandate. To this end, the CIPO concluded an MOU with FIU, and finalised a Standard Operating Procedure setting out their mutual engagement in March 2023.

490. The CIPO can impose penalties where false or misleading reports are submitted under the Companies Act but had not sanctioned any entities by the date of the onsite.

The FSA, FIU, ECCB and ECSRC

491. The POCA provides that a supervisory authority may by written notice, require that a service provider provide or produce specific information or documents which can include basic and BO information. However, if a service provider fails to fully comply with the written notice, it will be subject to a search warrant issued by the Magistrate Court.

492. The POCA also empowers a CA to take enforcement action against a service provider that has inter alia, contravened any of its AML/CFT obligations; failed to comply with a directive issue,

provided false, inaccurate or misleading information to the supervisory authority and or has refused or failed to co-operate with the supervisory authority on compliance visit.

493. Under the POCA (sections 10, 11 and 13) and the FSA Act (section 37), supervisory authorities may issue public statements, give directions to comply with specific instructions; remove controlling shareholders, directors and senior management officials; or regular reports; bar individuals from employment within any regulated sector; replace or restrict powers of managers, directors, or controllers, suspend or revoke licences. As of 31 March, 2023, this includes the power to issue administrative fines for non-compliance with AML/CFT obligations. This has not yet been deployed by any supervisor.

The FIU

494. Pursuant to s4(3) of the FIU Act 2001 as amended, a person who fails or refuses to provide information that has been requested in accordance with s2(b) of the same, is guilty of an offence and liable on summary conviction to a fine not exceeding fifty thousand dollars or imprisonment for a term not exceeding two years or to both such fine and imprisonment. However, this has not yet been used, as there have been no known instances of non-compliance.

495. The FIU has not made any findings relating to lack of BO information from onsite inspections conducted during the period under review.

The FSA

496. Section 22(2) of the FSA Act 2011, states that a financial or registered entity that fails to comply with the Authority's request for information commits an offence and is liable on conviction, to a fine of XCD 100,000 or imprisonment for one year or to both. There have been no instances of non-compliance under this provision.

497. The FSA has not observed any infractions or made any findings relating to a lack of BO information from onsite inspections conducted during the period under review. However, other CDD deficiencies have been noted, and remedial action has been required to address these issues, via directives and MOUs with accompanying timelines for corrective actions to be undertaken.

498. In August 2018, the FSA also revoked the international banking licence of an international bank after it was observed that the bank had breached several AML/CFT requirements in relation to CDD information.

499. The FSA has observed improvement in compliance in these areas. In the past, RAs concentrated on collecting CDD information at onboarding with limited risk assessments or ongoing monitoring performed. The FSA has seen an improvement in RAs conducting effective risk-based ongoing monitoring. The technical deficiencies identified in R.10.4 and R 10.5 do not have a cascading impact on the overall effectiveness of this core issue. They have been mitigated to some extent by the outreach and training conducted by the FSA and FIU on the practical implementation of collecting and verifying BO information, including the need

for identification of the individual who may ultimately control and/or have a controlling interest in an individual, legal person or arrangement (see also Chapter 6, Section 6.2.6).

The ECCB

500. The ECCB is the only supervisor that has issued sanctions specifically for failures around BO. The ECCB monitors BO compliance by conducting risk-based examinations, including assessing whether information is accurate and current. During the period 2017 – 2022, the ECCB conducted nine (9) risk-based AML/CFT/CPF examinations in SVG (as seen below). All examinations included an assessment of LFIs’ obligations to maintain beneficial ownership information on customers.

501. Remedial actions (LoCs, MoUs and a Directive) were levied in accordance with the ECCB’s ladder of enforcement., and all deficiencies in relation to BO have been fully remediated. This suggests that the measures were effective and dissuasive, albeit that the ECCB has not issued other sanctions such as a written warning; directives to the institution to cease and desist specific activities; directives to any person or any member of the board or management concerning the development; intervening in the institution; or revoking the licence.

Table 7.1. ECCB Risk Based Examinations of LFIs 2017-2022

	2017	2018	2019	2020	2021	2022
Number examinations conducted	1	2	4	-	-	2
Deficiencies in relation to maintenance of Beneficial Ownership information	0	1	2	-	-	2
Remediation of deficiencies	0	1	2			2

The ECSRC

502. The ECSRC has taken no enforcement actions against regulated securities entities during the period under review. The ECSRC has issued no remedial action documents based on BO deficiencies identified through onsite inspection. However, its two SVG licensees were required to conduct independent audits of their AML/CFT frameworks in 2019. The ECSRC reviewed and sent letters to the licensees noting infractions relating to CDD, and requesting remediation.

503. In summary, SVG has not reported any instances where requested BO information has not been provided to CIPO, and no sanctions have been applied. The ECCB is the only CA that has issued sanctions for failures around BO, and these appear effective and dissuasive.

Domestic Banks are the most material sector in SVG and thus this carries additional weighting. However, the FSA has not observed any deficiencies and neither the FSA nor the CIPO have issued any sanctions for failing to comply with BO obligations under the AML & TF Regs.

504. The AT therefore was not able to determine whether these sanctions have proven effective, proportionate or dissuasive for sectors other than Domestic Banks.

Overall Conclusions on IO. 5

505. SVG has publicly available information on the creation and types of legal persons and arrangements.

506. SVG has not completed a risk assessment of legal persons and arrangements. SVG has some knowledge that some forms of incorporation pose higher risks than others through the risk assessments of RAs and lawyers, but there is no comprehensive understanding of how companies or legal arrangements can or are linked to ML/TF threats or likely to be abused by criminals.

507. In the absence of risk assessments, and the recency of some of the other measures, the AT was unable to determine overall if the mitigating measures outlined above were risk-based and commensurate with the ML/TF risks and vulnerabilities presented.

508. The CIPO maintains basic information in respect of domestic and external companies which is readily accessible to CAs. The CIPO does not verify or retain BO information other than for shareholders and directors. There is no legal obligation to use a service provider to create a domestic company and the deficiencies in C.24.6 apply. However, the AT considers these deficiencies minor, given that the shareholders and directors of domestic companies are mostly also the BOs.

509. The FSA maintains basic information in respect of international companies which is also readily accessible to CAs. The FSA does not verify or retain information on BO, other than shareholders and directors. However, international companies must further use a RA to register at the FSA, who also has a legal obligation to verify and retain BO information.

510. CAs also rely on FIs and DNFBBs to provide information on legal persons other than domestic companies. SVG has demonstrated that information requested by CAs is adequate, accurate and current, including for BO. In practice therefore, SVG can generally ensure that BO information is retrieved in a timely manner through this mechanism, even without full BO information being available on the registries housed at CIPO and the FSA.

511. Adequate, accurate and current basic information on legal arrangements can be accessed in a timely manner in the same way as legal persons. The FSA maintains a registry of trusts registered under the International Trusts Act by RAs, but does not verify data or retain

information on BO. Although information may be shared, there have been no instances of requests for information about legal arrangements in SVG.

512. There are no proportionate and dissuasive sanctions available to CIPO and only the ECCB has applied any sanctions for breaches of BO obligations. Other than for Domestic Banks, the AT was therefore unable to determine whether the sanctions are effective and proportionate.
513. Although there are some notable deficiencies in IO5, the AT takes into account the risk and context of SVG. As set out in Chapter 1, it is not a significant company formation centre and only has a small international business sector. Although there are deficiencies around the collection and verification of BO information for domestic companies, this poses a low risk given that the shareholders and directors are commonly the same as the BOs. Extra weight is placed on Domestic Banks, supervised by the ECCB, as the most material financial sector, which has received appropriate and proportionate sanctions for breaches of BO. The AT considers that the country has achieved IO5 to some extent, with major improvements needed.

SVG is rated as having a moderate level of effectiveness for IO. 5.

Chapter 8. INTERNATIONAL COOPERATION

8.1. Key Findings and Recommended Actions

Key Findings

- a) SVG has an effective system for international cooperation, with minor deficiencies. MLA can be rendered, there is cooperation in extradition and information is exchanged in a timely and constructive manner. There were no TF related MLA requests made or received by SVG during the relevant period, which is consistent with its TF risk profile.
- b) SVG has provided timely and constructive MLA across a range of international requests during the period under review. The assistance provided included serving of documents, providing information on and /or criminal records of subjects under investigation and their associates, applying for court orders, and providing documents relating to companies, including BO information. On occasion, lengthy processing times were mainly due to the demanding nature of the request, legal hurdles and change in personnel at registered entities.
- c) SVG provides international cooperation through (i) formal requests under the Mutual Legal Assistance in Criminal Matters Act and the Extradition Act and (ii) informal sharing of information by CAs with their regional and international counterparts.
- d) SVG has sought MLA from international partners with the majority of the Mutual Legal Assistance Requests (MLARs) emanating from the FIU. Considering the number of transnational offences connected to the jurisdiction, SVG has proportionately utilised formal channels to seek assistance.
- e) SVG prioritises requests based on their nature and information provided. The FIU and FSA have demonstrated that they are responding to requests in a timely manner

and information is being shared with foreign counterparts on request and spontaneously.

- f) The AGC, as the central authority for MLA, has a case management system in place. The DPP is the central authority for extradition. The case management systems allow for tracking and follow up to be consistently undertaken but not for recording feedback. However, the feedback from the Global Network does not reflect any difficulties in SVG's provision of international cooperation. The responses received show that the jurisdiction responded to requests in a timely manner.
- g) The AGC's formal feedback mechanism was not fully utilised during the relevant period. However, the FIU, through its informal mechanisms, obtained feedback from foreign counterparts on the assistance provided.
- h) SVG has adequate mechanisms in place to respond to foreign requests for co-operation in identifying and exchanging basic and BO information of legal persons.

Recommended Actions

- a) SVG should use its formal feedback mechanisms through the AGC or alternatively, formalise the FIU's feedback mechanisms.
- b) SVG should continue to make outgoing formal requests for MLA to support the investigation and prosecution of ML and associated predicate offences, where appropriate.
- c) SVG should address the technical deficiencies in Recommendation 31.

514. The relevant Immediate Outcome considered and assessed in this chapter is IO.2. The Recommendations relevant for the assessment of effectiveness under this section are R.36-40 and elements of R.9, 15, 24, 25 and 32.

8.2. Immediate Outcome 2 (International Cooperation)

8.2.1. *Providing constructive and timely MLA and extradition*

Mutual Legal Assistance

515. SVG's CAs provided timely and constructive MLA to foreign authorities. Feedback from the FATF Global Network on the provision of MLA by SVG's CAs reflect that there is a good

- level of co-operation and satisfaction with the timeliness, quality and comprehensiveness of MLA provided for ML related requests. There were no TF-related MLA requests.
516. The MACMA governs the provision of MLA in SVG. The AGC is designated as the Central Authority for these purposes and is responsible for the receipt, coordination and management of the dissemination of incoming and outgoing MLARs.
517. The AGC has an MLAR SOP which sets out the procedure for processing MLARs. In keeping with this SOP, MLARs are given top priority and incoming MLARs are processed within 24 hours of receipt and forwarded to the FIU immediately for execution, in a sealed envelope, under confidential cover. The incoming MLARs are accessed and processed by the AG and his secretary in the AGC to ensure confidentiality. Through its in-house database, the AGC keeps a record and monitors the progress of MLARs. The AG's secretary keeps a digital copy of all responses and a record of all requests in MS EXCEL format. This system allows the AGC to track and record the progress of all outstanding MLARs. The hard copy requests are stored in a secure filing cabinet to which only the AG and his secretary have access.
518. Upon the FIU Director's receipt of the MLAR, the request is assigned to the legal officers or financial investigators who have all signed an Oath of Secrecy which prevents them from disclosing information which comes to them in the course of performing duties at the FIU. The FIU SOP speaks to prioritising requests and includes guidance on how to prioritise multiple requests received around the same time. The AT noted that the SOP requires the Director's notification and further instructions if there may be a delay or deviation in meeting the timely request or actions as outlined in the SOP and found this to be consistent with the MLARs processed during the relevant period. Delays noted were out of the FIU's control and did not have an impact on processing of MLARs.
519. During the period, SVG fulfilled approximately 40 requests and the time taken for the response, in some instances, was influenced by the complexity of the request. Requests were made from Barbados, Antigua and Barbuda, Kenya, Trinidad & Tobago, St. Lucia and Grenada. During the same period, no TF-related request was received. The suspected criminal activity for the majority of the requests is aligned with predicate offences highlighted in the NRA, such as drug trafficking and fraud.
520. Table 8.15 below breaks down the requests received and shows the suspected criminal activity of those requests, the nature of requests, the assistance requested and the outcome of the requests. The highest number of requests received by SVG in one year during the period under review is 15 (2018) and eight MLA requests by foreign territories were unfulfilled. However, the AT noted that the number of cases fulfilled was deemed reasonable.

⁵ Though not reflected in the table, 7 MLA requests were received by SVG in 2019, all of which were fulfilled.

Table 8.1. Mutual Assistance in Criminal Matters requests from foreign jurisdictions for the period 2018 to 2021 provided by the FIU

Year	Requests Received	Requests Processed	Requests Unfulfilled	Suspected Criminal Activity	Processing Period	Nature of Request	Outcome Reason for non-completion/ Delay
2018	15	10	5	Money laundering, Fraud, Wire Fraud, Deception, Embezzlement	2 weeks - 4 months	<p>A copy of a Forfeiture Order</p> <p>Notarized Statement concerning the seizure and forfeiture by the Court</p> <p>Beneficial ownership information on a company, incorporation documents</p> <p>Request for service on local law firm concerning civil lawsuit</p>	<p>10 Completed</p> <p>3 unfulfilled: Not processed as the financial records sought were not available.</p> <p>1 unfulfilled: Not processed. The entity to be served was struck off the register and no longer had a registered agent in SVG on which documents could be served.</p> <p>1 unfulfilled: Not processed. Offshore Bank surrendered its banking license and its operations locally were simply administrative. No production orders could be complied with.</p>
2020	10	9	1	Drug Trafficking, Money laundering, Fraud, Fraud by false representation, conspiracy to commit fraud by false representation, false accounting, money laundering and conspiracy to commit a money laundering offence, Aggravated laundering, tax evasion, Fraud by misrepresentation, false accounting, conspiracy to commit money laundering, conspiracy to commit false representation, criminal mismanagement,	3 weeks - 16 months	<p>Bank account information for a joint account concerning divorce proceedings</p> <p>Request for service of documents on company</p> <p>Request for service of documents on company</p>	<p>Delays: The delay was due to legal hurdles in relation to the bank no longer operating in the jurisdiction and technical difficulties in producing the data or due to defective submission in response to Production Order from the telecommunications agency.</p>

Year	Requests Received	Requests Processed	Requests Unfulfilled	Suspected Criminal Activity	Processing Period	Nature of Request	Outcome Reason for non-completion/ Delay
				misappropriation, money laundering, forgery of securities, fraudulent bankruptcy, obtaining a false certificate by fraud and breach of the duty to report, Wire Fraud			
2021	8	6	2	Drug Trafficking and Money Laundering, Fraud, Wire fraud, tax fraud, money laundering and conspiracy, Tax evasion	1 week - 10 months	Banking records for accounts Incorporation documents Production Order for telephone records Production Order for banking records Application for Restraint order	Delay: The delay was due to telecommunication agency, several persons contracted COVID-19, difficulty getting documents from overseas, the records were voluminous and there were issues with page numbering. Further, the inadequacies of the first Affidavits when produced, meant that they had to be returned for corrections. 1 unfulfilled: Not processed. Financial records were not available. 1 unfulfilled: unfulfilled on the basis that the request was not related to MLorTF; FIU not the appropriate authority to process the request.

521. MLARs are processed within a 30 to 45 day period based on the existing FIU SOP, however the length of time is often dependent on the complexity of the matter. However, it was apparent that in rare instances, the nature and complexity of some requests resulted in a longer processing period. The processing of MLA requests encountered obstacles due to various reasons, as outlined in Box 8.1 below, rendering their completion unattainable. Where an MLAR cannot be processed due to insufficient information, this is indicated to the Requesting State via email and once the further information is provided, the MLAR is then processed. In some instances, this requires the Requesting State to formally submit a supplemental request if the missing information is material to the processing of the request. In instances where the request could not be fulfilled due to one of the reasons described in Box 8.1, a response will be sent to the Requesting State outlining the reason the Request cannot be processed and therefore facilitated by the AGC.

Box 8.1. Reasons for Delay or Unfulfillment

Case 1:

In 2020, one request had a 16-month delay because the instructions from the requesting jurisdiction were for a large volume of documents to be scanned and uploaded on CD-ROMs. The documents had to be labelled individually and electronically as well as transcribed for labelling in the Affidavit of Authenticity which spanned 519 records. Additionally, the pandemic started that same year.

Case 2:

The delay was occasioned by the lack of clarity in the instructions from the Requesting State for information on the maturity of the funds in the fixed deposit which were the subject of the request.

Case 3:

A request which concerned formerly registered offshore banks experienced delays due to the surrender of its licence, which ultimately resulted in requests involving that institution not being able to be processed.

Case 4:

A request which concerned formerly registered offshore banks experienced delays because that institution was undergoing Liquidation Proceedings, and the Liquidators were not resident in SVG.

Case 5:

The request could not be processed as no banking information was available because locally the bank was no longer operational in SVG. The Bank no longer had a physical presence in SVG, however, through the use of its liquidators in Barbados, the MLA was able to be processed using a Production Order which would be served on the law firm of the bank locally and then for onward transmission to the overseas liquidators.

Case 6:

The request could not be processed because the subject of the request could not be located to obtain a statement after checks with the Immigration Department, Electoral Office or the Office of the Prime Minister to ascertain whether the subject is in the State.

522. Challenges identified in providing information were related to the nature of the information being requested, however, the feedback indicated that SVG is responsive and provides updates throughout the execution of requests. The case example below in box 8.2 is evidence of the quality of the information and useful assistance provided by SVG.
523. In considering the above, the AT found that SVG has provided timely and constructive assistance to requesting states. The AGC acknowledges receipt within two days of receipt of the requests, and typically forwards them to the FIU. The execution time of the assistance provided for the review period ranges from one week to 16 months. Information provided by the CAs indicates that the time it took to execute a request was influenced by the nature of the MLA requested. Approximately 60% of the requests were completed in less than two months. The AT noted that the delayed processing times in some cases was mainly due to the nature of the request, the unavailability of sufficient information, and waiting for further clear instructions on the assistance requested.
524. During the period under review, SVG received periodic feedback from requesting states on the assistance provided. As described in its SOP for processing MLARs, the AGC sends a feedback form to the country/agency which sent the MLAR. However, the AT noted that regular feedback regarding MLAs was received informally through the FIU and not via the AGC. The feedback received via this medium was more effective than the formal mechanism of the AGC.
525. It is also worth noting that as a matter of practice, MLA court applications are prioritised and generally disposed of as soon as filed and orders are usually made within 24 hours of making such applications.

Box 8.2. External Confiscation Order

In 2017 there were two (2) successfully registered External Confiscation Orders from the UK, stemming from the same incident. The FIU assisted the UK in identifying bank accounts locally with more than GBP30,000.00 in fraudulently obtained funds. In this case, the UK and SVG entered into an asset sharing agreement as there were no victims to be compensated.

Extradition

526. The ODPP is responsible for receiving and executing extradition requests in SVG. During the relevant period, there were five requests for extradition received from the United States of America, Canada, The United Kingdom and Grenada. Of the five, one was refused by the

Court, and another was withdrawn by the Requesting State, having determined that there was not enough evidence to proceed against the subjects. (See Table 8.2 below).

Table 8.2. Extradition requests to SVG for the relevant period

	2018	2019	2020	2021	2022
Canada	-	1	-	-	-
United States of America	-	1	1	-	-
Grenada	-	1	-	-	-
United Kingdom	1	-	-	-	-

527. The extradition requests in table 8.2 involved offences ranging from offences against the person, offences against property, sexual offences and one drug offence, which also allowed for a possible application for confiscation. Additionally, one fugitive, whose request has been received and a provisional warrant for their arrest granted, is pending, as the subject is awaiting sentence from the High Court in relation to crimes committed in SVG. There was also one other extradition request received, however, this was never fully processed as the Requesting State withdrew the request.

528. Once an extradition request is received by the ODPP, immediate contact is made in reply to verify information and/or amend information in the extradition bundle sent by the Requesting State. Once the ODPP is satisfied that there is prima facie evidence to substantiate the charges alleged, or that there is enough evidence to prove that the fugitive was indeed convicted and in SVG, then the necessary application for a provisional warrant is made to have the fugitive arrested and subsequently an Extradition Hearing is made. Once this application for the warrant of arrest is made, it takes approximately three months for the whole process to be completed before the Court makes an Order of whether or not the fugitive should be extradited. The AT is of the view that extradition requests take a bit longer than indicated but the requests are still executed in a timely manner, as evidenced by the case examples in box B.3 below.

Box 8.3. Extradition Timelines Case Examples

Case 1: Extradition Timeline

- October 28, 2019 - SVG received request for extradition of fugitive through Diplomatic Channel
- January 10, 2020 - Authority to proceed issued by the Governor General
- January 13, 2020 - Warrant of Apprehension of fugitive issued
- June 27, 2022 - Warrant of Apprehension executed
- September 1, 2022 - Extradition Hearing commenced
- September 15, 2022 - Order of Committal
- October 5, 2022 - Warrant for Return issued

Case 2: Extradition Timeline

- October 19, 2020 - SVG received request for extradition of fugitive through Diplomatic Channel
- November 25, 2020 - Authority to Proceed issued by Governor General
- December 2, 2020 - Warrant of Apprehension of fugitive issued
- December 2, 2021 - Extradition Hearing commenced
- April 28, 2022 - Extradition request denied

Case 3: Extradition Timeline

- October 27, 2019 – SVG received international notice issued by INTERPOL.
- October 30, 2019 – Crown filed application for provisional arrest warrant. Matter is heard by Chief Magistrate. Warrant of arrest issued and executed.
- October 31, 2019 – taken to Serious Offences Court and remanded in Custody
- November 8, 2019 – Application for bail filed.
- November 11, 2019 – Bail application heard and granted.
- February 21, 2020 – Discharged from Custody. No official extradition request from Grenada.

Case 4: Extradition Timeline

- April 3, 2017 - Letter from US Department of Justice requesting the arrest of AG on a provisional warrant of arrest pursuant to Article 9 of Extradition Treaty.
- April 7, 2017 - Crown filed application for provisional arrest warrant. Matter is heard by Chief Magistrate. Provisional warrant of arrest issued.
- December 27, 2018 - AG apprehended pursuant to provisional arrest warrant. On that same date, the ODPP received email correspondence for the Office of International Affairs, and U.S Department of Justice requesting that AG be

released as they were withdrawing their initial request for a provisional arrest warrant. SVG acceded to this request and AG was accordingly released from custody.

Case 5: Extradition Timeline

- August, 2019 – Extradition request received.
- September 2, 2019 – Warrant of arrest issued.
- January 17, 2020 – Order of committal made by Chief Magistrate
- February 4, 2020 – Warrant of return issued by Her Excellency, the Governor General

529. It is the practice, however, that should a fugitive (national or non-national) commit an offence within SVG, and is also being requested by another State for alleged crimes or conviction, then, he would first be prosecuted and sentenced at the most practicable opportunity in SVG, before being extradited to the Requesting State. The most practicable opportunity varies depending on the nature and complexity of the matter, and the status of the court's list. However, as mentioned above, extradition hearings are fast tracked and completed within a three-month window from the date the request was received and the date the application for the warrant of arrest is made. The AT is of the view that SVG provided constructive and timely assistance in relation to the extradition requests and that based of the feedback received from jurisdictions, the quality of assistance was good.

8.2.2. *Seeking timely legal assistance to pursue domestic ML, associated predicates and TF cases with transnational elements*

530. Outgoing MLA requests are prepared and handled by the Central Authority using very similar procedures as the incoming MLARs. CAs requested MLA at the earliest opportunity, to the extent needed to build their case, where there are reasonable grounds to believe that information is available outside of SVG to pursue domestic ML cases, including the investigation of civil cash forfeiture matters and civil recovery matter. SVG makes informal inquiries before sending a formal MLA to avoid time wasting and fishing expeditions in cases where MLA seemed possibly useful.

531. During the period under review, CAs made 33 requests for international co-operation in the form of MLA. Positive information was received from these requests which led to the prosecution and conviction of two ML cases and has enabled the FIU to conclude its investigation into potential ML cases and investigation into related predicate offences. The information received also assisted in the investigation of civil cash forfeiture and civil recovery investigations. Further, there is always ongoing dialogue between SVG and the requested State

when requests are made, and it is during this time that both parties agree to assist in speeding up the process of fulfilling the request.

Table 8.3. Seeking timely legal assistance to pursue domestic ML, associated predicates and TF cases with transnational elements

Year	Requests Made	Requests Granted	Requests Refused
2018	5	4	1
2019	7	7	0
2020	4	4	0
2021	6	6	0

532. Table 8.3 shows the instances where SVG sought assistance from jurisdictions to pursue local cases. During the period, 2 domestic ML cases required international cooperation and assistance with investigations of civil cash forfeiture and civil recovery matters. Assistance was also sought regarding the true identity of the subject. The AT noted that SVG, in light of the number of transnational offences, has proportionately utilised formal channels to seek assistance. Moreover, in instances where SVG has made use of MLA requests and received quality responses, there have been successful cash detention investigations, ML investigations and criminal recovery investigations.

533. There have been no MLARs for terrorist financing matters since there has been no evidence of any such cases arising in the jurisdiction, which is in keeping with the findings of the NRA. The AT is of the view that SVG sought timely assistance to pursue domestic ML and associated predicates.

8.2.3. Seeking other forms of international cooperation for AML/CFT purposes

534. The CAs in SVG have sought other forms of international cooperation to exchange financial intelligence and other information for AML/CFT purposes. CAs regularly seek international co-operation, other than via MLA or extradition. CAs utilise informal channels to seek relevant information in an appropriate and timely manner from other foreign counterparts. Informal co-operation has been largely effective in exchanging information, advancing investigations related to ML and supporting operational activities with other foreign agencies.

FIU

535. The FIU frequently utilised the Egmont Secure Web (ESW) to request information with its counterparts until 2019. As shown in table 8.4, during the period 2018 to 2022, the FIU sought assistance from its foreign counterparts 36 times to support its analytical and investigatory functions, however since 2020 these requests are extremely low, and this low number can be easily justified for the years 2020 and 2021 (due to the COVID-19 pandemic & the volcanic eruption) but not for the year 2022.

536. The FIU has used the information received from abroad to support its operational analysis and to assist with ongoing investigations into ML and associated predicate offences. These requests are centred around obtaining information on subjects that are being investigated for offences under the POCA. Examples of the type of information requested include, identity details, customs records, immigration records, criminal history, known associates, assets held, BO information and financial records.

Table 8.4. Outgoing Egmont Requests January 2018 to October 2022

Year	Number of Requests	Countries
2018	25	Belgium, Czech Republic, Dominica, Grenada, USA, UK, Cayman, Antigua and Barbuda, Barbados St Maarten, Russia, Ukraine, Brazil, Belize, Argentina, Israel, Bahamas, Andorra, BVI
2019	6	Colombia, Barbados, The Netherlands, Trinidad and Tobago
2020	2	USA & UK
2021	2	St Lucia, and Trinidad and Tobago
2022	1	St Maarten

537. There exists an informal communication channel between members of the respective FIUs across the Caribbean region. The exchanges that take place regard both the request for information and the dissemination of information and are usually via secure electronic messaging applications. These informal exchanges act as a precursor to a formal request to allow the sharing of actionable information or priority information within minutes, therefore bypassing the time-consuming formal channels in the first instance.

Box 8.4. Egmont Requests

Example One

On 12 January 2020, an individual was stopped by the police during a random search at the Grenadines Wharf. The police officers stationed at the wharf had kept him under observation after he disembarked the ferry. The police officer attempted to search the individual however he made attempts to evade the police. Upon arresting the individual, he was asked his name and address which he gave as CJ of Grenada, he however did not have any form of identification on his person. A search of his person revealed that he had in his possession XCD10,880.00 and USD20.00.

An Egmont request for information was sent to FIU Grenada, including the need for: biographic data of the Subject, travel history, employment history, any known associates or if suspected to be involved in criminal conduct. The FIU subsequently received an Egmont response from FIU Grenada, which indicated that the subject was not a Grenadian national. Based on the information received SVG was able to identify his true nationality. He was shortly after charged for ML and was subsequently convicted.

Example Two:

On Monday 6th August, 2018, at about 4:30 am, members of the Narcotics Unit were on duty at the Argyle International Airport, SVG, when LIAT flight number 726 landed from Trinidad. The officer observed DW disembark the aircraft and kept him under observation. The Officer had previous knowledge of DW being arrested in Antigua for drug possession and his association with persons who are suspected by law enforcement to be involved in drug trafficking. The officers approached him and asked to see his travel documents; it was observed that he had recently travelled to Venezuela.

The officers requested a search of his luggage, to which he consented. The officer carried out a search on his bags in his presence. Nothing illegal was found. DW was asked to empty his pockets, he removed a quantity of USD from his right back pants pocket and right front pants pocket. The officer counted the monies in DW's presence, and it amounted to USD 3,927.00 (equivalent to XCD10,485.00), made up of predominantly One Hundred Dollar bills. When questioned as to why he did not declare the money to Customs Officials he stated that he thought he had to declare over USD 10,000.00.

As a result, an Egmont request was sent to Antigua requesting conviction records and records of known associates. The information was received via Egmont and subsequently requested via MLA for evidentiary purposes. The monies were forfeited after a forfeiture hearing where the information received was exhibited.

538. ARIN-CARIB is another informal network utilised by SVG to share to assist in investigating and prosecuting ML and associated predicate offence. ARIN-CARIB is made up of law enforcement and legal practitioners specialising in the recovery of the proceeds of crime and the prosecution of related criminal offences, including money laundering and trafficking of drugs, firearms and people. There is a point of contact (POC) in each jurisdiction to provide assistance and guidance during any investigation. If the point of contact cannot process a request, information will be provided on the department that could assist. SVG's POCs are the FIU and the ODPP.

539. The network has been utilized during cash seizure investigations, by requesting a wide range of information and avoids the formal differences in judicial practices. Where necessary, a formal MLAR would then be sent. Table 8.5 shows how often SVG utilised ARIN-CARIB for obtaining information.

Table 8.5. ARIN-CARIB Requests Made by SVG

Year	Country	Number of Requests
2018	USA	1
2019	St Maarten	1
2020	France (2), Montserrat & Jamaica	4
2021	0	0
2022	0	0

RSVGPF

540. RSVGPF seeks external assistance from agencies such as INTERPOL, with specific requests being made by the investigator. INTERPOL is also utilised by SVG as it provides investigative support in combating terrorism, cybercrime and organised crime. The Criminal Investigations Department (CID)/ Major Crimes Unit (MCU) has responsibility for liaison with overseas LEAs and acts as a single point of contact for requesting and receiving intelligence via INTERPOL.

Table 8.6. Outgoing Interpol Requests January 2018 to October 2022

Year	Number of Requests
2018	0
2019	0
2020	40
2021	47
2022	20

541. The RSVGPF also utilises CARICOM IMPACS and its various divisions including the Joint Regional Communication Centre (JRCC). A request to the JRCC is often utilised in an effort to gather intelligence on an individual's travel history or to identify the subject of an investigation's current location. These requests are usually made via email to the JRCC supervisor and a response is usually received within a few hours of the request being made. The response to the request would include information such as the Subject's passport number, date of travel, airline used and the ports of entry and departure.

FSA

542. The FSA requests information through the various agreements signed with overseas supervisors, including the Multilateral Memorandum of Understanding among Regional

Regulatory Authorities for the exchange of information and co-operation and consultation. This MMOU was signed by the FSA on February 4, 2020. The FSA does not need bi-lateral agreements to request information from countries and this is demonstrated in the case example referenced below in Box 8.5. Requests for information by the FSA are made on a case-by-case basis.

543. The FSA regularly seeks the assistance of foreign regulatory authorities as part of its supervisory functions including during the conduct of fit and proper checks and due diligence assessment of applicants for licensed activities such as international banking, mutual funds and international insurance. Regulator to regulator requests are sent to relevant jurisdictions to verify information provided by an applicant, to determine the ownership structure of an applicant, whether the applicant was in good standing in the jurisdiction from which it originates, whether any sanctions were previously applied against the applicant or whether there are any supervisory concerns. The home regulator would normally respond appropriately. Table 8.7 shows the number of requests made by SVG and to which jurisdictions in each year during the relevant period.

Table 8.7. Regulator to Regulator Requests Sent 2018-2022

Year	Number of Requests Made	Countries	Time taken to process requests
2018	7	USA, Ireland, Ukraine, Canada, Malta	14-30 days
2019	9	Australia, Ireland, Lithuania, USA, Poland, Republic of Bulgaria, UK	21 -30 days
2020	14	Kyrgyz Republic, Poland, Hungary, Canada, USA, Labaun, Cayman islands, Republic of Bulgaria, Sweden, South Africa, Mauritius	21 -30 days
2021	14	Mauritius, Poland, USA, Singapore, Bermuda, Canada, South Africa, Qatar	
2022	16	Australia, USA, Mauritius, Ireland, India, Dubai, UAE	14-30 days

Box 8.5. FSA's Request for Information from Foreign Regulators

In April 2020, an application was filed with the FSA for the approval of an international banking licence for a Class A International Bank. The proposed director and 100% shareholder was a foreign politically exposed person and was similarly affiliated with licensed entities in other jurisdictions. Background checks with an external and independent service provider also reported a number of adverse matters and other infractions touching and concerning the principal person. In addition, background checks were conducted with the Regulatory Authorities of two jurisdictions via letters

of request for information, in relation to several financial entities with which the said individual was affiliated. Responses to these requests for information revealed that the individual was the subject of an ongoing criminal investigation within one of the jurisdictions and his company had been sanctioned (administrative penalties) and struck off for legislative breaches. These factors, among others, were taken into consideration in making the ultimate decision to decline the application for a licence.

ECCB

544. A Multilateral Memorandum of Understanding has been established between the ECCB and Regional Financial Authorities for the purpose of providing a framework for mutual cooperation in AML/CFT supervision, including for the purposes of collecting information for fit and proper assessments. Accordingly, the ECCB, as a multi-jurisdictional Supervisory Authority for AML/CFT/CPF, has requested information from competent authorities in the other Eastern Caribbean Currency Union Member Countries in order to facilitate F&P assessments.
545. No information was provided regarding whether and if the ECSRC, CED and IRD have sought international cooperation with a view to exchanging financial intelligence and other information for AML/CFT purposes with their foreign counterparts.

8.2.4. Providing other forms of international cooperation for AML/CFT purposes

FIU

546. The FIU is mandated (FIU Act and SOP) to provide information and ensure proper prioritisation and the timely processing of all requests as well as the monitoring of the request's processing stages. The FIU has made a policy decision to treat all requests for information as a top priority and to respond to them in a timely and formal manner.
547. The FIU received a total of 212 requests from foreign counterparts. As mentioned above, the Egmont platform, Interpol and ARIN-CARIB are mechanisms for international cooperation. The FIU also shared information on the basis of FIU to FIU exchange of information or LEA to LEA exchange of information through informal channels. The Interpol Requests which come to the attention of the FIU are done through the Major Crime Unit (MCU) or Criminal Investigations Department (CID). Interpol falls under the department in the RSVGPF that includes the CID, MCU and the Criminal Records Office. This department falls under the supervision of a Superintendent of Police. Interpol requests for information which foreign agencies send to Interpol would appear under this heading. This does not mean that the requests are made from the MCU or to the MCU. Interpol requests from foreign law enforcement agencies are usually in relation to beneficial ownership and these requests are then forwarded

to the FIU to conduct inquiries. On completion, the FIU would send the response to the Office in charge of CID/MCU/CRO/Interpol.

Table 8.8. Incoming Egmont Requests January 2018 to October 2022

Year	Number of Requests	Countries
2018	38	Poland, Czech Republic, Japan, USA, UK, Albania, Syria, Antigua, Bangladesh, Ukraine, Germany, Trinidad, Hungary, Malta, Belize, Demark, Paraguay
2019	51	Russia, Hungry, USA, Latvia, Hellenic, China, UK, Luxembourg, Senegal, Guernsey, Lechtenstin, Germany, Italy, Malta, Belarus, Croatia, Antigua and Barbuda, New Zealand, Grenada
2020	60	Bosnia, Russia, UK, USA, France, Grenada, Philippines, Lithuania, Macedonia, Trinidad, Spain, Italy, Germany, Panama, Uganda, Latvia, Austrac, Sepblac, Greece, San Marino
2021	35	Turkey, Russia, Lithuania, Norway, Malta, Azerbaijan, Germany, Malta, Syria, Malaysia, India
2022	28	Cayman, Indonesia, Malta, Ukraine, Montenegro, Russia, Luxembourg, UK, Germany, Slovakia, Switzerland, Venezuela, Trinidad and Tobago, Bulgaria, Italy

RSVGPF

548. RSVGPF provided assistance to foreign counterparts through INTERPOL in many cases as it is depicted in Table 8.9 below.

Table 8.9. Incoming Interpol Requests January 2018 to October 2022

Year	Number of Requests
2018	11
2019	13
2020	18
2021	34
2022	17

549. Pursuant to its SOP, all requests received by the FIU should be completed within 45 days or less, Egmont requests included. However, these requests are usually processed within a 30-45 day window. The FIU SOP dictates that once a request is received, it is immediately logged by administrative staff, then passed on to the Director for distribution to the relevant officers to execute. The AT deemed that the level of FIU exchanges for other forms of cooperation in the context of SVG was appropriate during the period. Additionally, there were 42 spontaneous disclosures made by the FIU during the period under review.

550. SVG is also a part of an informal communication channel between members of the respective FIU's across the Caribbean region. The exchanges that take place are regarding both the

request for information and the dissemination of information and these exchanges usually take place via secure messaging applications. The reason for these informal exchanges is usually to act as a precursor to a formal request that would follow the informal communication. SVG stated that the benefit of informal communication is that it allows the sharing of actionable information or priority information within minutes bypassing the time-consuming formal channels. SVG responded to 13 informal requests for information from FIU's in the region. Table 8.10 below shows the number of requests by year and the nature of information exchanged.

Table 8.10. Informal communication between FIU Members in the Caribbean Region (2018-2022)

Year	Number of Requests Received	Information Exchanged
2018	1	Conviction Records
2019	7	Conviction Records
2020	4	Criminal Record and Biological Data
2021	1	Arrest Information
2022	0	

FSA

551. The FSA also exchanges information for tax purposes with world-wide partners pursuant to the International Cooperation (Tax Information Exchange Agreement) Act (IC Act). The CA for the Exchange of Information for tax purposes pursuant to DTCs or TIEAs and any other agreements or instruments (including multilateral agreements) is the Minister of Finance. However, the Minister has designated the FSA to carry out the administrative functions of the CA, with the exception of receipt, preliminary review upon receipt from, and eventual transmission of the request to the requesting party. This has been the prevailing practice as the FSA was delegated responsibility for all OECD related matters including the execution of requests for information from a requesting party. The administrative arrangement in place for delegation between the Minister of Finance and the FSA pursuant to the IC Act was formally documented on January 2, 2014.
552. Upon the receipt of a request, the CA shall determine whether the request is in compliance with the agreement or arrangement. When the request is received by the FSA, the assigned personnel at the FSA is responsible for reviewing the request to ensure that it meets the standard required by the TIEA or MCAA. Based on the preliminary review, the FSA will determine whether sufficient information is given to understand the request and whether the information is of a nature that can be provided, having regard to the TIEA existing between the Requesting Party and SVG as well as the relevant laws of SVG.
553. The FSA's Executive Director, Deputy Executive Director, Manager IFS and Legal Counsel are responsible for ensuring that the exchange of information for tax purposes is carried out efficiently. SVG developed an Exchange of Information Manual in 2014 (updated 2022) which outlines the steps for the processing of exchange of information requests in a timely manner.

554. While requests are to be responded to within 90 days, the entire process outlined above spans on average an approximate period of five to 40 days, depending on the volume of information requested. SVG has not to date declined a request for information for tax purposes. SVG has responded to the following requests for information for tax purposes during the period under review. The FSA has received feedback from jurisdictions which indicated that the assistance provided by the FSA has assisted in the correct tracing of assets for the purposes of tax evasion investigations. The total number of EOI requests received and addressed during the review period are detailed in Table 8.11 below:

Table 8.11. FSA Exchange of Information Requests 2018-2022

Year	Number of Request Received	Countries	Time taken to process requests
2018	2	Greece, The Netherlands	16-20 days
2019	7	France, Sweden, Germany, Switzerland, The Netherlands	8-50 days
2020	9	The Netherlands, Germany, United Kingdom, Switzerland,	19-55 days
2021	12	Sweden, The Netherlands, France, Germany	5-60 days
2022	14	France, Czech Republic, Republic of Poland, Republic of Latvia, India	23-85 ays

CED

555. SVG is a part of the Caribbean Customs Law Enforcement Council (CCLEC) MOU which allows for information sharing between customs and excise agencies throughout the region. This CCLEC MOU permits the CED to submit a formal request for information through the CCLEC Office which can be used to exchange information and assist other member countries in furthering information and investigations. No information was provided to the AT to demonstrate that the CED utilised the CCLEC MOU during the review period.

IRD

556. SVG is a signatory to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and the Comptroller of Inland Revenue is the designated CA for the Automatic Exchange Of Information (AEOI). The IRD submits financial account information to the CAs in partner jurisdictions, annually to 114 partner jurisdictions.

557. The Exchange of Information (EOI) for Tax Purposes regime operates separately from AEOI, and includes the exchange of information on request and spontaneous exchanges e.g where during the course of an audit, the auditors discover a transaction that may be subject to tax in another jurisdiction. SVG's EOI obligations are contained in Tax Information Exchange

Agreements (TIEAs) with 21 partner jurisdictions and CARICOM Double Taxation Convention Agreement. SVG is party to the Income Tax (Double Taxation Relief) (Caribbean Community) Agreement. The purpose of the Agreement inter alia is to prevent double taxation as well as fiscal evasion with respect to taxes on income, profits or gains and capital gains. Art. 24 of the Agreement permits the exchange of taxpayer information among the CAs of the Member States as is necessary for the carrying out of the Agreement and the domestic laws of Member States concerning taxes covered by the Agreement.

558. Additionally, SVG is a party to the OECD Multi-Lateral Convention on Mutual Administrative Assistance in Tax Matters (“the Convention”) and the IRD is the CA for the purposes of this Convention. This Convention provides for the methods of assistance utilised among Member States to combat instances of tax avoidance and tax evasion. Regarding automatic exchange, following an exchange cycle, partner jurisdictions have the opportunity to request clarification on the financial account information.

Other Supervisors

559. No information has been provided regarding whether and if the ECSRC provided international cooperation, exchanging financial intelligence and other information, for AML/CFT purposes to their foreign counterparts.

8.2.5. International exchange of basic and beneficial ownership information of legal persons and arrangements

560. CAs are able to obtain basic and BO information on BCs, LLCs and SCs registered in SVG. CAs are also able to obtain basic information on domestic companies from the CIPO. The CIPO holds records of basic information which are public, searchable and can be copied upon payment of the prescribed fee. Basic information and related documents can be obtained in a timely manner. SVG does not have a central repository for BO information, however, CAs can obtain BO information from the CIPO where available (in so much as the director or shareholder is the BO) as well as from regulated entities, through the FSA and FIU. The FIU has the power to request information on legal persons directly, however there is no legal obligation for legal persons to maintain / retain BO information. LEAs are able to obtain information from the CIPO and FSA utilising written requests for information and can also make in-person visits to obtain information from the CIPO. The AT noted that there is good coordination and cooperation among the FSA, FIU and CIPO regarding obtaining and sharing information.
561. In respect of the FSA, 74 requests for information and assistance were received during the period 2018 to 2022. Of the 74 requests, 43 of them were in relation to BO information. The case example Box 8.6 (below) for an example of such cooperation provided by the FSA).

Box 8.6. Mauritius' Request for Assistance

A request for assistance was made pursuant to the determination of an application for Full Service Dealer - excluding Underwriting - licence. The applicant was the director of a company registered by the SVG FSA. Due Diligence and beneficial ownership information in relation to the company was requested as well as any adverse information in relation to the company.

- September 6, 2022

Application was received by the FSA via electronic mail. FSA acknowledged receipt of the request on the same day. FSA's database was searched to verify/ confirm that the subject company is a registered entity in St. Vincent and the Grenadines. The file in respect of the company was pulled to determine whether there is any adverse information in relation to the company. The request was inputted into the FSA's database and recorded on a physical file. At this stage the request is listed as pending.

- September 12, 2022

A letter was sent to the Registered Agent of the company requesting due diligence and beneficial ownership information in respect of the company. A deadline of seven (7) days is given for response by the Registered Agent.

- September 16, 2022

The Registered Agent responded to FSA's request for information and provided copies of the relevant requested documents.

- September 20, 2022

The FSA responded to the Mauritian Authorities, providing the relevant information which was requested.

The FSA's database and physical file were updated to reflect that the request has been completed.

562. The FIU, CIPO, and FSA have adequate mechanisms in place to respond to and make requests to foreign counterparts for co-operation in identifying and exchanging basic and BO information of legal persons (BCs, LLCs and SCCs, although BO information may not always be available for domestic companies. There is no obligation on legal persons to maintain BO

information, however, CDD requirements imposed on FIs and DNFBPs provide CAs with timely access to basic and BO information.

563. Informal feedback from international partners as well as notifications on the outcome of cases involving the information provided support the AT's conclusion that the quality of the information is accurate, adequate and current.

Overall Conclusions on IO.2

564. Overall, SVG has an effective system in the area of international co-operation, with some minor deficiencies. The AG is the central authority for the purposes of MLA and the ODPP is responsible for extradition. SVG has provided timely MLA during the period under review. Throughout the review period, SVG regularly received MLA requests each year through the Central Authority, with the exception of 2022.
565. During the review period SVG fulfilled approximately 40 MLA requests and the time taken to respond is determined by the complexity and information requested by the foreign jurisdiction. During the same period, no TF-related request was received. During the relevant period, there were five requests for extradition from the United States of America, Canada and Grenada, and the UK.
566. The Central Authority has provided timely and constructive assistance to requesting states. Generally, the Central Authority responds to requesting states within two days of receipt of the request. The execution time of the assistance provided for the review period ranges from 1 week to 16 months.
567. The CAs in SVG seek international cooperation to pursue ML cases and associated predicate offences. During the period the FIU made over ten requests to jurisdictions to obtain information. SVG authorities have sought other forms of international co-operation to exchange financial intelligence, law enforcement and other information with their foreign counterparts for AML/CFT purposes, however no information has been provided regarding whether and if the CED or ECSRC have sought any information for AML/CFT purposes with their foreign counterparts. Nonetheless, this AT deemed this to be of minor significance, given that the FIU serves as the primary CA for initiating and responding to international requests.
568. The FIU, CIPO, and FSA have adequate mechanisms in place to respond to and make requests to foreign counterparts for co-operation in identifying and exchanging basic and BO information of legal persons (BCs, LLCs and SCCs), although BO information may not always be available for domestic companies as the CIPO only holds information on shareholders and directors, and service providers are not required to create a domestic

company. The AT considers this a minor deficiency given that it is rare for a domestic company to have a BO that is not either a shareholder or director (see analysis in chapter 7). There is no obligation on legal persons to maintain BO information, however, CDD requirements imposed on FIs and DNFBPs provide CAs with timely access to basic and BO information.

569. Improvements are needed, which include ensuring that the formal mechanisms in place to obtain feedback regarding requests for MLA or other forms of international cooperation and extradition are utilised.

570. In light of the above, the AT concluded that IO.2 is achieved to a large extent, with moderate improvements needed.

SVG is rated as having a substantial level of effectiveness for IO.2.

TECHNICAL COMPLIANCE

1. This section provides a detailed analysis of the level of compliance with the FATF 40 Recommendations in their numerical order. It does not include descriptive text on the country's situation or risks and is limited to the analysis of technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report.
2. Where the FATF requirements and national laws or regulations remain the same, this report refers to analysis conducted as part of the previous Evaluation in 2010. This report is [available on the CFATF website](#).

Recommendation 1 – Assessing risks and applying a risk-based approach

The requirements of R.1 were incorporated into the FATF Standards in 2012 and therefore, were not assessed in the 3rd Round of Mutual Evaluations.

Criterion 1.1 – (*Partly met*) SVG has identified and assessed some of the ML/TF risks for the country but did not include all relevant financial sectors in this analysis. SVG's NRA reflects the identification and assessments of most of the country's ML/TF risks. However, FAs and FMs were not included in the NRA and no subsequent ML/TF risk assessment was undertaken of this sector. Using the World Bank Methodology, the NRA also had an appropriate process to assess TF risk.

Criterion 1.2 – (*Met*) SVG has an authority or mechanism to co-ordinate actions to assess risks. SVG designated the NAMLC under a legislated mandate “to identify and assess the money laundering and terrorist financing risks to which the State is exposed.” (POCA, section 119 (1) (a)).

Criterion 1.3 – (*Met*) SVG has measures to keep the risk assessment up-to-date. The NAMLC is required to periodically review and update the national risk assessments pursuant to Section 119(1)(b) of the POCA.

Criterion 1.4 – (*Met*) SVG has mechanisms to provide information on the results of the risk assessments to all relevant CAs, FIs and DNFBCs. SVG utilised websites, its NAMLC forum and training sessions to provide information on the results of the NRA. The Summary NRA Report is a public document that can be accessed on the [internet](#). A multifaceted approach to sharing information on the results of the NRA was adopted. The results of the NRA were published on the websites of the [FIU](#) and the FSA and shared with all members of the NAMLC which comprises all relevant CAs. CAs also embarked on several training sessions with the NRSPs and FIs between March–May, 2022, during which an overview of the findings of the NRA and sector-specific findings relevant to them were provided. Findings were also presented as part of the annual AML/CFT training sessions conducted in March 2022 for NRSPs by the FIU's supervisory department and in May and June 2022 for FIs by the FIU and

the FSA. During the training, FIs and NRSPs were given an overview of the findings of the NRA and sector-specific findings relevant to them.

Criterion 1.5 – (Mostly met) Based on its understanding of its risks, SVG has applied a risk-based approach to allocating resources and implementing measures to prevent or mitigate ML/TF, although minor deficiencies remain. SVG created the NAP to address and mitigate risks identified in the country’s NRA with prioritised risk-based actions to address gaps or weaknesses in the AML/CFT/CPF framework. This has allowed SVG to allocate resources to where the ML/TF risks are greatest. In addition to the NRA, a sectoral assessment was conducted on the NPO sector and SVG has also produced a Multi-Agency SOP on CFT signed by all CAs. Agencies such as the FSA, FIU, and RSVGPF also have ML/TF policies in place to address some of the risks identified in the NRA. Updated sectoral risk assessments have been completed by the FSA, ECCB and FIU and CAs have conducted joint training and guidance. However, the NRA does not include a risk assessment of FAs and FMs. Updated sectoral risk assessments do not include MPSPs and VASPs and therefore a risk-based approach to prevent or mitigate ML could not be applied to these entities.

Criterion 1.6 – (Not applicable) SVG has not exempted any FIs and DNFBPs from taking actions in accordance with the FATF Recommendations.

Criterion 1.7 – (Met) FIs and DNFBPs are required to apply enhanced measures in instances where higher risks are identified by SVG. (Regulation 14(2) of the AML and TFR). Additionally, Regulation 13(2) of the AML and TFR requires that FIs and DNFBPs document their risks and incorporate information on higher risks into their risk assessments.

Criterion 1.8 – (Met) Regulation 16 (1) of the AML and TF (Amendment) Regulations 2023 states that a Service Provider (a) is not required to apply CDD measures referred to in Regulation 6 in the circumstances mentioned in regulation 11(1) where he has reasonable grounds for believing that the customer, product, transaction or country falls within sub-regulation 4, 5 or 6; and (b) may apply simplified due diligence measures except for those circumstances under sub-regulation 7. The measures described are aligned to the NRA.

Criterion 1.9 – (Mostly met) The analysis for R.26 and R.28 is applicable to this criterion. Reg 36 of the AML and TF Regulations identifies all the supervisory authorities, and section 152 of the POCA describes the objectives, functions and powers of the supervisory authorities in relation to AML/CFT obligations. One of the functions is to monitor the compliance of service providers with their AML/CFT obligations. FIs and DNFBPs are required to take appropriate steps to identify, assess, and manage AML/CFT risks by virtue of Paragraph (viii) of the Guidance Notes to the AML & TF Code which states that “Paragraph 2(1) of the Code requires the risk assessment to be documented”. When undertaking on-site compliance visits, as part of its assessment of a service provider, the supervisory authority will require documented evidence that a ML and TF risk assessment has been undertaken. The AT however notes that the reference to paragraph 2(1) is incorrect and a legislative amendment is required. The above measures require the SAs to ensure that FIs and DNFBPs implement their

obligations under R.1, however the deficiencies in C1.10 are applicable to this criterion. There are no SRBs in SVG.

Criterion 1.10 – (Mostly met) (a) (Met) SVG has measures in place to ensure that FIs and DNFBPs take appropriate steps to identify, assess, and understand their ML/TF risks (for customers, countries or geographic areas; and products and services, transactions or delivery channels). Section 23(1) of the AML & TF Code stipulates that service providers must conduct and document risk assessments for prescribed purposes.

(b) (Met) Section 23(1) of the AML & TF Code contains a general requirement that service providers must conduct and document risk assessments “appropriate for the risks faced”. Section 23(2) on page 147 of the AML & TF Code outlines the areas of which the risk assessment should take particular account, namely the service provider's organisational structure, including the extent to which it outsources activities; its customers; the countries with which its customers are connected; products and services; and how it delivers its products and services. Part vii of the AML & TF Code stipulates that ‘the risk assessment will enable a service provider to design systems and controls that are appropriate for the risks that it faces.’

(c) (Partly met) Section 23(3) on page 147 of the AML & TF Code requires that service providers review and update the risk assessment if there are material changes as specified in subparagraph (2). Such material changes are limited to the service provider's organisational structure (including how it outsources activities), types of customers, and the countries to which the customers are connected, products and services, and how the service provider delivers the products and services. Other material changes are not considered (for example changes to national level threats and vulnerabilities) and this does not equate to a broader requirement to review and keep the risk assessment up to date.

(d) (Partly met) There are some mechanisms to ensure that FIs and DNFBPs provide risk assessment information to CAs, but these are limited to supervisory authorities. Page 152, Paragraph (viii) of the AML & TF Code provides that, when undertaking on-site compliance visits, the supervisory authority will require documented evidence that a ML/TF risk assessment has been undertaken. Schedule 4, Paragraph 3(1) of the POCA, 2013 sets out a broader power allowing supervisory authorities to request information and documents from financial institutions. This provision is not limited as to what can be requested, and therefore supervisors may request the production of risk assessments from entities. However, this power is specific to supervisory authorities and does not apply to all CAs, although LEAs have broader powers to access information from FIs and DNFBPs.

Criterion 1.11 – (Met) SVG has measures in place to ensure that FIs and DNFBPs have policies, controls and procedures to enable them to manage and mitigate the risks that have been identified, monitor the implementation of those controls and take enhanced measures to manage and mitigate the risks where higher risks are identified.

(a) (Met): Service providers are required to comply with Regulation 20 of the AML & TF Regulations 2014 which states that ‘a service provider shall establish, maintain and implement appropriate risk-sensitive policies, procedures, systems and controls to prevent and detect ML

and TF. The Board of the service provider is also required to ensure that appropriate and effective AML/CFT policies, procedures, systems and controls are established, documented and implemented...”. (Page 148 (c) (i) of the AML & TF Code). The definition of ‘Board’ at page 87 of the AML & TF Code is sufficiently wide in scope to include all senior management - directors, partners, those fulfilling functions equivalent to a director, and specifically under Paragraph 11, page 10 of the AML & TF (Amendment) Regulations 2023, senior management.

(b) (Met) Service providers are required to ‘.....establish, maintain and implement appropriate risk-sensitive policies, procedures, systems and controls to prevent and detect money laundering and terrorist financing, including policies, systems and controls relating to g) the monitoring and management of compliance with, and the internal communication of its policies, systems and controls to prevent and detect money laundering and terrorist financing, including those specified in paragraphs (a) to (f)’. (Regulation 20 of the AML & TF Regulations 2014).

(c) (Met) Regulation 14(2) of the AML & TF Regulations 2014 identifies conditions for which a service provider shall, on a risk sensitive basis, apply enhanced due diligence measures and undertake enhanced ongoing monitoring, to include any other situation which by its nature can present a higher ML/TF risk.

Criterion 1.12 – (Mostly met) SVG has measures in place to permit FIs and DNFBPs to take simplified measures to manage and mitigate risks, if lower risks have been identified, and criteria 1.9 to 1.11 are mostly met. Under paragraph 8, pages 5-8 of the AML & TF (Amendment) Regulations 2023 service providers can only apply simplified due diligence after they have assessed the ML / TF risk and, having done so, have reasonable grounds for believing that the ML/TF risk is low, and they also must have no suspicion of ML/TF. The analysis in C1.9 to C1.11 which is applicable here, along with the identified deficiencies refer.

Weighting and Conclusion

SVG has minor shortcomings in its risk assessments and risk mitigation measures (see analysis for C1.1, 1.5, 1.9, 1.10 and 1.12) in that it has not completed an AML/CFT risk assessment for all relevant financial sectors, therefore, has not fully applied a risk-based approach to allocating resources and implementing measures to prevent or mitigate ML/TF based on an understanding of relevant risks. There are some mechanisms to ensure that FIs and DNFBPs provide risk assessment information supervisory authorities and does not include all CAs. However, given the lower materiality of these sectors and LEAs’ broad powers to access information from FIs and DNFBPs, this is given less weighting.

Recommendation 1 is rated Largely Compliant.

Recommendation 2 - National Cooperation and Coordination

Recommendation 2 (formerly R.31) was rated LC in the 3rd round MER. The deficiencies related to the FIU not having specific authority to obtain appropriate law enforcement and other governmental information needed to develop intelligence and analysis, the NAMLC not having a statutory role for policy coordination, and domestic regulatory authorities not having uniform bases upon which to cooperate among each other and with law enforcement. Subsequently, amendments were made to FIU Act and the POCA, and MOUs established to address the identified deficiencies.

Criterion 2.1 – (Mostly met) SVG has national AML/CFT policies informed by the risks identified. The NRA was conducted and approved by SVG’s Cabinet. A NAP was also developed and approved by SVG’s Cabinet to address and mitigate risks identified in the country’s NRA. This sets out prioritised risk-based actions to address gaps or weaknesses in the AML/CFT/CPF framework.

Criterion 2.2 – (Met) Pursuant to section 119(1)(c) of the POCA, the NAMLC is the designated entity to coordinate national ML/TF policies.

Criterion 2.3 – (Met) At the policymaking level, section 118 of the POCA establishes the NAMLC, which is a coordinating entity that comprises the relevant key stakeholders - Director General of Finance and Planning, the Director of Public Prosecutions, the Attorney General, the Commissioner of Police, the Comptroller of Customs, the Executive Director of the FSA, the Director of the FIU, the Chairman of the FSA and such other persons as the Ministry may appoint. In the latter regard, the IRD Controller and the Chief Immigration Officer were appointed. Pursuant to section 119 of the POCA, the NAMLC’s functions include the identification and assessment of the ML/TF risks to which the State is exposed, the coordination of AML/TF policies and advising the Minister in relation to the formulation of policies and on legislation and regulations concerning ML and TF. The CAs have a shared mandate to develop AML/CFT policies and engage in activities. At the operational level, MOUs have been executed among the CAs to share information (FIU & CIPO; FIU & IRD; FIU & Immigration; IRD & CED; and FIU & FSA). The FIU and the FSA are also parties to a MMOU for collaboration on AML/CFT related matters in the ECCU member countries.

Criterion 2.4 – (Not met) There are no cooperation or coordination mechanisms in relation to the proliferation financing of weapons of mass destruction.

Criterion 2.5 – (Met) Data protection and privacy rules are compatible with AML/CFT requirements and do not inhibit co-operation and co-ordination. Thus, CAs can access and share information in relation to their respective functions and activities. Data protection rules are covered under the Privacy Act CAP 163 of 2009.

Weighting and Conclusion

SVG has national AML/CFT policies that are informed by the risks identified in the NRA, however there are no requirements for these to be regularly reviewed. There are no cooperation or coordination mechanisms in relation to the proliferation financing of weapons of mass destruction. The deficiencies were weighted as minor as the AT considered that the most fundamental aspects of the Recommendation were addressed.

Recommendation 2 is rated Largely Compliant.

Recommendation 3 - Money laundering offence

This Recommendation was formerly R.1 and R.2. R.1 was rated PC and R.2 was rated C in the 3rd round MER. The deficiencies noted were that certain offences in Sec. 41 of and the definition of ‘property’ in the POCA are not consistent with the relevant Articles of the Vienna and Palermo Conventions. Further, self-laundering by way of simple possession of proceeds was not criminalised, and racketeering, human trafficking and migrant smuggling were not predicate offences. Subsequently, amendments were made to the POCA to criminalise ML according to the Articles of the Vienna and Palermo Conventions. Amendments to the POCA allowed the jurisdiction to adopt an all-crimes approach that rectifies the other deficiencies highlighted previously.

Criterion 3.1 – (Met) ML is criminalised on the basis of the Vienna Convention (Article 3(1)(b)&(c)) and the Palermo Convention (Article 6(1)). All the prescribed offences are found in S.123 (1)(a-d) and S.125(1) of the POCA with the ancillary offences under Article 3(1)(c)(iv) of the Vienna and 6(1)(b)(ii) of Palermo Conventions provided for in the definition of the ML offence in S.2 of POCA. The ML offence means (a) an offence under S.123, 124 and 125 of the POCA; (b) an attempt, conspiracy or incitement to commit an offence specified in (a); or aiding, abetting, counselling or procuring the commission of an offence specified in paragraph (a).

Criterion 3.2 – (Met) SVG has adopted an all-crimes approach to ML predicates. The ML offence is built upon dealings with criminal property (POCA, S.123-125). Any property constituting the benefit of someone’s criminal conduct is criminal property (POCA, S.121). “Criminal conduct” is defined in the POCA, S. 2, to mean conduct which constitutes an offence or would constitute an offence if it had occurred in the State. Further, section 10 of the Anti-Terrorist Financing and Proliferation Act No. 14 of 2015, as amended in 2017, also criminalises ML but as it relates to terrorist property.

Criterion 3.3 – (Not applicable) An all-offence approach is adopted in SVG in relation to predicate offences for ML. This is on the basis that the definition of “criminal conduct” is not limited to a particular offence or offences but is based on conduct which constitutes an offence or would constitute an offence if it had occurred in the State pursuant to the POCA, S.2.

Criterion 3.4 – (Met) The ML offence extends to any type of property regardless of its value, that directly or indirectly represents the proceeds of crime. (Section 121(1)(a) of the POCA). Property is defined in S.2 of the POCA to mean property of every kind, whether situated in the State or elsewhere, and includes:(a) money; (b) all forms of real or personal and heritable or moveable property; and (c) things in action and other intangible or incorporeal property. Criminal property is property that constitutes a person’s benefit from criminal conduct or it represents such a benefit, in whole or part. whether directly or indirectly. Value is irrelevant to the definitions of property and criminal property.

Criterion 3.5 – (Met) Pursuant to the POCA, S.121, criminal property constitutes a person’s benefit from criminal conduct. It does not require that a person be convicted of an offence. Further, British (Privy Council) case law interpreting comparable provisions of the POCA of England and Wales (*see Anwoir [2009] 1 WLR 980* and also *Bholah [2011] UKPC 44*), which have been applied and is binding in SVG, concluded that the criminal origin of the property can properly be proved inferentially and without direct evidence of a specific predicate crime.

Criterion 3.6 – (Met) According to S.2 of the POCA, ML means any conduct which (a) constitutes a money laundering offence, or (b) would constitute an offence specified in paragraph (a) if done in the State. “Criminal conduct” is defined in S.2 to mean conduct which constitutes an offence or would constitute an offence if it had occurred in the State. Predicate offences occurring abroad would therefore constitute criminal conduct in SVG.

Criterion 3.7 – (Met) POCA, S. 123 and S. 125 create the offences of concealing, disguising, converting, transferring and bringing in or removing criminal property. These are all applicable to persons who engage in criminal conduct.

Criterion 3.8 – (Met) S.7(4) of the Criminal Code CAP 171 provides that in determining whether a person has committed an offence, a court,(a) shall not be bound to infer that he (the defendant) intended or foresaw a result of his actions by reason only of it being the natural and probable consequence of those actions; but (b) shall decide whether he did intend or foresee that result by reference to all the evidence, drawing such inference from the evidence as appears proper in the circumstances.

Criterion 3.9 – (Met) ML offences carry the penalty of imprisonment for a term of 5 years or a fine of XCD 500,000 or to both on summary conviction, or on indictment, to imprisonment for a term of 20 years or to a fine without limit or to both (sections 123(4), 124(3), and 125(4) of the POCA).The high value of fines and the lengthy time frame for imprisonment that can be imposed satisfy the criterion of being proportionate and dissuasive.

Criterion 3.10 – (Met) S.165 of POCA refers to ML offences which are committed with the consent or connivance of any director, manager, secretary, or other similar officer of the body corporate. The officer and the body corporate are liable to be proceeded against and punished accordingly. Additionally, section 3 of the Interpretation and General Provisions Act No. 23 of 1976, stipulates that the definition of ‘person’- “includes any company or association or body of persons, corporate or unincorporate. Thus, the same financial sanctions mentioned in c.3.9, also apply to legal persons. These sanctions are deemed proportionate and dissuasive.

Criterion 3.11– (Met) The ancillary offences to ML are factored into the definition of a ML offence and includes (a) an offence under Sections 123-125, (b) an attempt, conspiracy or incitement to commit an offence specified in sub section (a), or aiding, abetting, counselling or procuring the commission of an offence specified in paragraph (2) (POCA, S.2).

Weighting and Conclusion

Recommendation 3 is rated Compliant.

Recommendation 4 - Confiscation and provisional measures

R.4 (formerly R.3) was rated LC in the 3rd round MER. Two deficiencies were cited in the MER, i.e., one focused on the lack of effectiveness of the regime whilst the other stated that there was no explicit requirement in the law to void contractual or other actions that would prejudice CAs' ability to recover assets. Subsequent amendments to R.4 also require countries to have mechanisms for managing and disposing (when necessary) of property that was frozen, seized or confiscated.

Criterion 4.1 – (Met) By virtue of the POCA, 2013 as amended (Part II), SVG has mechanisms that enable confiscation, whether held by the defendant or third parties.

(a) (Met): *Property Laundered:* In criminal proceedings, the Court is permitted to make a confiscation order based on an application by the DPP or of its own volition in circumstances where the defendant benefited from his conduct (general and particular) (s.15 of the POCA). In accordance with s.9 of the POCA, the value obtained from criminal conduct includes any property obtained by the person as a result of or in connection with his criminal conduct. Property laundered (obtained from unlawful conduct or property used in or in connection with an unlawful conduct and cash can also be subjected to civil recovery proceedings, respectively (ss. 61 and 107-111 of the POCA, 2013, amended). Other legislation such as the Tax Administration Act (s.63) and the Customs (Control and Management Act) (s.108) make provision for confiscation for offences captured under those enactments, including false declaration and non-payment of taxes.

(b) (Met) Proceeds (including income or other benefits derived from such proceeds), liability for confiscation and how it should be treated by the Court are contained in various sections of the POCA (ss.15(3), 17 and 18 of the POCA, 2013, as amended). Recoverable cash and property as an instrumentality used in, or intended for use in ML, or predicate offences can be subject to civil recovery proceedings (ss. 113 and 61 of the POCA, 2013 as amended). Further, in criminal confiscation proceedings, all realisable property held in the name of the defendant, or third parties, are subject to confiscation, should the defendant fail to satisfy a confiscation order and following an application by the DPP to the Court for the appointment of an enforcement receiver (s.48 of the POCA, 2013 as amended). There is no limitation on the

realisable property that can be confiscated to satisfy the Order. This is therefore interpreted to include instrumentalities used in or intended for use in ML or predicate offences.

(c) (Met) Terrorism and TF, including providing property for use in TF, terrorist acts or by terrorist organisations are criminal offences as they fall within the definition of unlawful conduct (ss.2 and 63 of the POCA, 2013, as amended). Therefore, properties in relation to these offences can be confiscated under the provisions of the POCA. Further, confiscation of TF and terrorism related properties is permissible through criminal and civil proceedings in accordance with ss. 33 (2) and 38 (2) of the ATFFPA, 2015, as amended.

(d) (Met) Section 15 (3)(a) of the POCA stipulates that if the court determines that a defendant has benefitted from his general or particular criminal conduct, it shall determine the amount to be recovered (recoverable amount) from him. Should the prosecution prove that the defendant has a “criminal lifestyle” (general criminal conduct), the court is required to consider, as part of the confiscation proceedings, whether the defendant benefitted from such conduct and make specific assumptions, *inter alia*, property transferred to the defendant at any time after the relevant date was obtained by him and any property held by the defendant at any time after the conviction was obtained by him (s. 19 (1) of POCA, 2013 as amended). In granting the confiscation order, the court is required to consider factors such as the total value of all realisable property then held by the defendant (s.17 (2) of POCA, 2013 as amended). The foregoing is interpreted to mean that property of corresponding value is required for consideration as all realisable property is inclusive of legally obtained properties. All realisable property, including property of corresponding value, can be realised to satisfy a confiscation order (s.48 of POCA, 2013 as amended).

Criterion 4.2 (Met): SVG has provisions which enable CAs to:

(a) (Met) identify, trace and evaluate property that is subject to confiscation. These include search warrants, production and account monitoring orders and customer information orders (ss.132-149 of the POCA, 2013, as amended).

(b) (Met) carry out provisional measures, such as freezing or seizing, to prevent any dealing, transfer or disposal of property subject to confiscation. These include restraint and freezing orders under various sections of the POCA (ss. 44 and 75(3)) and ATFFPA (ss.30 and 46). Seizure and detention requirements are also contained in the Customs Control (Management) Act 1999 as amended (ss. 125-128).

(c) (Met) take steps that will prevent or void actions that prejudice the country’s ability to freeze or seize or recover property that is subject to confiscation During the restraint order phase (pre-judgement), law enforcement can take possession of property restrained to preserve its value or removal from the state (s.43 (6) of POCA, 2013, as amended). Section 46 (3) of the foregoing legislation notes that whilst a restraint order is in effect and registered with the Registrar, any dealing with or disposition on lands or interest in land without the written consent of the DPP or approval of the Court shall be void. Sections 10, and 11 of the POCA speak to the transfer of property for no consideration or for a consideration being treated as a gift, and tainted gifts obtained through general criminal conduct. Further, ss. 61 – 69 of the

POCA makes provisions for recoverable property, except where a person obtains it in good faith.

(d) (Met) Investigative Orders such as production Orders, account monitoring orders, customer information orders and search and seizure warrants are all tools that are available for LEAs to take appropriate actions relative to confiscation (Part V, ss 132-138 of the POCA). These orders based on the applicable sections in law are granted for the purpose of an investigation. Two of the grounds that must be satisfied prior to the granting of the orders by the court include the fact that the person is subject to a criminal or civil recovery investigation. In accordance with s.2 of the POCA, 2013 as amended, the definition of criminal investigation includes an investigation as to whether the person has benefitted from criminal conduct and the extent and whereabouts of the benefit; and an investigation into the extent and whereabouts or realisable property for satisfying the confiscation order made against the person.

Criterion 4.3 (Met): The protection of the rights of bona fide third parties is protected in circumstances involving confiscation (criminal and civil) by virtue of various sections of the POCA (including s.62 and 69) and at s.125 of the Customs Act. Persons, including bona fide third parties affected by a restraint order may make an application to the Court to discharge or vary the restraint order (s.44 (2) of POCA, 2013, as amended). Similar provisions exist when there is a freezing order in cases involving civil recovery (for example, ss.94 and 95- associated or joint ownership of property).

Criterion 4.4 (Met) Various sections of the POCA provide for the appointment of management and enforcement receivers to manage and dispose of properties during and post confiscation (criminal and civil) (including ss.47, 48 and 79 of the POCA). Section 125 of the CCMA makes provision for the Comptroller of Customs to take certain actions, including disposal of property.

Weighting and Conclusion

Recommendation 4 is rated Compliant.

Recommendation 5 - Terrorist financing offence

R.5 (formerly SR. II) was rated LC in the 3rd round MER. Three deficiencies were highlighted in the MER: Schedule II of the United Nations (Anti-Terrorism Measures) Act (UNATMA) did not cover the Convention on the Physical Protection of Nuclear Material (1980) and the International Convention for the Suppression of Terrorist Bombings (1997), which limited the scope of the criminalisation of TF; offences under section 3(4) of the UNATMA did not apply to individual terrorists; and the POCA did not cover TF offences. To address these deficiencies, SVG repealed the UNATMA and replaced it with the ATFPA, 2015. SVG has passed a new

Anti-Terrorism Act 2023 which aims to cover some of the deficiencies noted however the Act is not yet proclaimed⁶.

Criterion 5.1 – (Partly met) The definitions of TF and TF offence as stated in s2, and S6-10 of the ATFPA 2015 and its subsequent 2017 amendment make provisions for criminalising TF in accordance with Article 2 of the International Convention for the Suppression of the Financing of Terrorism. However, there are no provisions to cover the indirect provision or collection of funds nor for the partial or impartial use of funds provided or collected.

Criterion 5.2 – (Partly Met) Section 6-10 of the ATFPA makes it an offence if a person invites another to provide, receives, or provides property with knowledge and intention that the property should be used, or has reasonable grounds to suspect that it may be used for the purposes of terrorism. “Person” includes any individual or group, undertaking, entity, organisation, or body of persons (S. 3). ‘Property’ means property of every kind, whether situated in the State or elsewhere and includes money, all forms of real or personal and heritable property or movable property and things in action and other intangible or incorporeal property (S. 2). However, there are no provisions to cover the indirect provision or collection of funds, nor for the partial or impartial use of funds provided or collected.

Criterion 5.2 bis – (Not Met) There are no measures to address this criterion.

Criterion 5.3 – (Met) Based on the definition of “property” section 2 of the ATFPA, TF offences extend to any funds or other assets, as defined, whether from a legitimate or illegitimate source.

Criterion 5.4 – (Met) The TF offence established under Section 8 of the ATFPA does not require that the funds (property) or other assets were actually used to carry out or attempt to carry out a terrorist act or linked to a specific terrorist act.

Criterion 5.5 – (Met) Section 7(4) of the Criminal Code makes it possible for the intent and knowledge required to prove the TF offence to be inferred from objective factual circumstances. In practice, the intent and knowledge required to prove an offence, have been inferred from objective factual circumstances as shown in the jurisprudence of the case *R. v Anwoir* [2008].

Criterion 5.6 – (Met) TF offences are punishable by imprisonment for a term of 7 years or a fine of XCD 500,000 or both on summary conviction; or imprisonment for a term of 20 years or to an unlimited fine or both on conviction on indictment.(Section 31(5) of the ATFPA). These sanctions are deemed proportionate and dissuasive.

Criterion 5.7 – (Met) There is no express provision precluding parallel criminal, civil or administrative proceedings with respect to legal persons if there is another form of liability available. Criminal sanctions are available for legal persons without prejudice to the criminal

⁶ The AT acknowledges the enactment and proclamation of subsequent legislation, which will be duly referenced during reviews for the re-assessment of Recommendation 5.

liability of natural persons. Section 2 of the ATFPA states that a ‘person’ includes an individual, group, undertaking, entity, organisation or body of persons. As such, the financial penalties that apply to natural persons are also applicable to legal persons. The sanctions are deemed proportionate and dissuasive.

Criterion 5.8 – (Met)

(a) (Met) Section 2 of the ATFPA defines ‘terrorist financing offence’ to mean an attempt to commit an offence under sections 4 to 20 of the ATFPA.

(b) (Met) Section 2 of the ATFPA Act defines a “terrorist financing offence” to include aiding, abetting, counselling or procuring the commission of a TF offence.

(c) (Met) Section 2 of the ATFPA Act provides that a person who organises or directs another person to commit an offence under section 6 is guilty of an offence.

(d) (Met) Section 2 of the ATFPA defines “terrorist” and “terrorist organisation” to include those who contribute to the commission of TF offences.

Criterion 5.9 – (Met) SVG has adopted an all-offences approach regarding predicate offences; therefore, the offence of terrorist financing is covered as predicate offences to ML (The analysis of criteria 3.2 and 3.3 refers). Additionally, section 2 of the ATFPA provides that a TF offence means an offence under any of sections 6 to 10, which would include the ML offence.

Criterion 5.10 – (Met) Section 80(1) of the ATFP Act provides that an offence under this Act may be constituted by conduct wholly or partly outside the State by a person.

Weighting and Conclusion

There are no provisions to cover the indirect provision or collection of funds nor for the partial or impartial use of funds provided or collected. TF offences do not include financing the travel of individuals for TF purposes. These deficiencies are regarded as moderate shortcomings.

Recommendation 5 is rated Partially Compliant.

Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing

Recommendation 6 (formerly SR.III) was rated NC in SVG’s 3rd Round MER due to the almost complete absence of statutory provisions implementing the relevant UNSCRs. SVG subsequently enacted the Anti-Terrorist Financing and Proliferation (Amendment) Act of 2017 and published the Guidance/Procedure for Implementing Targeted Financial Sanctions 2017, as noted in the 14th FUR of May 2018.

Criterion 6.1- (Partly met). (a) (Met) -The NAMLC is the CA responsible for proposing designations to the 1267/1989 Committee and the 1988 Committee on recommendations made by the FIU (Section 59B (1) of the Anti-Terrorist Financing and Proliferation (Amendment) Act (ATFPAA)).

(b) (Not met) -There are no mechanisms used by the FIU for identifying targets for designation.

(c) (Mostly met) – Section 59B (2) of the ATFPAA states that the Committee will make proposals where “there are reasonable grounds to believe that the proposed persons met the criteria set out in Security Council Resolution 1898(2011) or Security Council Resolution 1988(2011).” There is no requirement for the existence of a criminal proceeding before a proposal can be made to the UNSCR Committees. The above measure uses reasonable grounds as the basis for the determination of proposed designations. However, it is noted that the UNSCR citation of 1898(2011) is incorrect: it should be 1989(2011).

(d) (Met) - Section 59B (3) of the AFTPAA provides that a proposal made by the Committee shall be made in accordance with the procedures and standard forms adopted by the relevant UNSCR Committee.

(e) (Not met) - Section 59B (4) of the AFTPAA requires the FIU to provide the Committee with as much relevant information as possible on the proposed person to assist the Committee in preparing a statement of case for the relevant United Nations Security Council Committee. There is however no definition in the Act detailing what “relevant information” means, although page 4 of the published FIU’s Guidance on Targeted Financial Sanctions indicates that necessary information for verifying and confirming persons listed in the UNSCRs or External Request includes the name of the individual or organisation, date of birth/registration/incorporation, place of birth/registration/incorporation, names of directors (where applicable), passport number, address, telephone number, citizenship, ethnicity, name of parents/siblings, nature of terrorist activity, and any other relevant information. The above measures would only be applicable for external designations i.e., designation requests from another country under UNSCR 1373 and therefore do not include UNSCR 1267 as required. The section is silent on whether SVG’s status - as the designating state - may be made known.

Criterion 6.2– (Largely met). (a) (Met) –Section 56 of the ATFPA authorises the Committee, after consulting with the Minister of National Security, to make interim domestic designations. Pursuant to section 57(1) of the ATFPA, after 30 days of the interim designation, the Committee, after consultation with the Minister of National Security, will make a final designation if the necessary conditions are fulfilled. Subsection 59A(2)(b) of the AFTPAA empowers the Committee, upon receiving an external request, to make a designation of a person who meets the criteria for designation under UNSCR 1373.

(b) (Partly met) - Section 58(1) of the ATFPA provides that the Committee, after consultation with the Minister, may make a final designation *mutatis mutandis* of a person where the Committee reasonably believes that the person is a terrorist or has been involved in terrorist activity; or is owned or controlled directly or indirectly by a person who the Committee

reasonably suspects is or has been involved in terrorist activity; or is acting on behalf of or at the direction of a person who the Committee reasonably suspects is or has been involved in terrorist activity. While the above sets the criteria for designation, the mechanism for identifying targets for designation is not specified.

(c) (Met) - To facilitate a prompt determination on receiving a request, section 59A (2) of the ATFFPA requires the Committee to make a final designation where it is reasonably suspected that the designee is involved in terrorist activity, meets the criteria for designation under UNSCR 1373 or has funds or economic resources in the State which is identified in the request, and proceedings for an offence have started in the country from which the external request was made, and not concluded. The above complies with the requirements of the sub-criterion.

(d) (Met) - Under the ATFFPA, the burden of proof is “reasonably suspects” for both domestic designations and designations upon an external request. (Subsections 59A(2)(a) and (c) of the ATFFPA). There is no requirement for the existence of a criminal proceeding before a proposal can be made for domestic designations, but designations upon an external request may be undertaken when proceedings for an offence have been commenced in the requesting country and not concluded (subsection 59A(2)(d) of the ATFFPA).

(e) (Not met) - There is no provision in the ATFFPA that mandates that when requesting another country to give effect to the actions initiated under the freezing mechanisms, to provide as much identifying information, and specific information supporting the designation.

Criterion 6.3 (a) (Met) – Section 59B (1) of the ATFFPA stipulates that the FIU is responsible for making recommendations for proposals for designations to the Committee. By section 72(5) of the ATFFPA the FIU can require any person in or resident in SVG to provide such information as the FIU may reasonably require for the purpose of:

(a) establishing for the purposes of the ATFFPA

(i) the nature and amount or quantity of any funds or economic resources owned, held or controlled by or on behalf of a designated person,

(ii) the nature and amount or quality of any funds, economic resources or financial services made available directly or indirectly to, or for the benefit of, a designated person, or

(iii) the nature of any financial transactions entered into by a designated person.

(b) monitoring compliance with or detecting evasion of the ATFFPA; or

(c) obtaining evidence of the commission of an offence under the ATFFPA.

The above provisions empower the FIU to collect information from any person or resident in SVG on designated persons i.e., persons who have already been determined to be designated. These measures do not, however, deal with collecting or soliciting information to identify persons and entities that, based on reasonable grounds, or a reasonable basis to suspect or believe, meet the criteria for designation.

6.3 (b) (Met) - Sections 56(2a) and 58(5) of the ATFPAA provide that interim and final designations should operate without notice to the designated persons. The ATFPAA requires the Committee to give written notice to the designated person only after the designation has been made.

6.4 (Met) Section 60(5) of the ATFPAA provides that the Committee must publicise designations within twenty-four hours on the webpages of the Government, the FIU, the FSA, and the Ministry of Foreign Affairs. Additionally, the designation must be published in the Gazette and two weekly newspapers in SVG.

Criterion 6.5 (a) (Partly met) – Section 63(1) of the ATFPAA prohibits a person from dealing with funds or economic resources owned, held, or controlled by a designated person if he knows or has reasonable cause to suspect that he is dealing with such funds or economic resources. “Dealing with”, as per section 63(2) of the ATFPAA, means to allow use, alteration, access, transfer or exchange of both funds and economic resources. Prohibition of such dealing is effectively freezing funds or economic resources. As defined in section 2(3) of the ATFPAA, ‘person’ is defined to include any individual, group, undertaking, entity, organisation or body of persons. The above measure would require all natural and legal persons within the country to freeze the funds or other assets of designated persons and entities. The requirement, however, does not include the condition “without delay and without prior notice.”

(b) - (i) (Met) Section 63(1) of the ATFPAA effectively requires persons in SVG to freeze the funds or economic resources owned, held, or controlled by a designated person. There is no requirement in the ATFPAA that funds or economic resources that need to be frozen should be linked to a particular terrorist act, plot or threat. **(ii) (Met)** Subsections 63(2a) and (2b) as amended by section 10 of the ATFPAA provide for funds and economic resources to include funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities. **(iii) and (iv) (Not met)** There are no provisions for funds and economic assets to include the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities, as well as funds or other assets of persons and entities acting on behalf of, or at the direction of, designated persons or entities.

(c) (Mostly met) – Sections 64(1) and 66(1) of the ATFPAA prohibit a person from making funds, financial services or economic resources available (directly or indirectly) to a designated person. Sections 65(1) and 67(1) of the ATFPAA prohibit a person from making funds, financial services or economic resources available to any person for the benefit of a designated person. The above prohibition will include any person or entity within SVG, as ‘person’ includes any individual, group, undertaking, entity, organisation, or body of persons as defined in section 2(3) of the ATFPAA. The prohibition against any person for the benefit of a designated person would cover persons and entities acting on behalf of, or at the direction of, designated persons or entities. The above measures, however, do not extend the prohibition to entities owned or controlled, directly or indirectly, by designated persons or entities as required by the sub-criterion.

(d) (Partly met) - Section 60(5) of the ATFPAA provides that the Committee must publicise designations within twenty-four hours of the making of the designation on the webpages of the Government, the FIU, the FSA, and the Ministry of Foreign Affairs. Additionally, the designation must be published in the Gazette and two weekly newspapers in SVG.

Pages 3-6 of the FIU's Guidance on Targeted Financial Sanctions require the freezing of all funds and assets of designated persons and entities as well as the prohibition against any dealing with such persons and entities. FIs and NRSPs are required to check official websites for updates and immediately (no later than the end of the business day upon which the designation was published) conduct a verification process against its client list and information to ascertain whether any UN/local designated entity or person is within its client base and immediately freeze any existing account of any designated person or organisation. Such findings and actions are to be immediately communicated to the FIU, and the freezing must include any account, funds or other assets held on behalf of a designated terrorist or terrorist organisation by virtue of their ownership or control including funds or assets which are not tied to any particular terrorist act, plot or threat.

The above measures provide guidance on the obligations and actions to be taken by FIs and DNFBPs under freezing mechanisms. SVG has not established that this Guidance is enforceable and as such it is not adequate for compliance with the requirements of this criterion.

(e) (Not met) - Section 71 of the ATFPA requires a relevant business i.e., FIs and DNFBPs to report to the FIU if it knows or has reasonable cause to suspect that it holds an account of a designated person or has entered into dealings or an agreement or been approached by or on behalf of a designated person and to also report the details of funds or economic resources held by the person. The above provision only requires the reporting of the holding of accounts or entering into dealings or agreements and does not include reporting on freezing of assets or actions taken in compliance with the prohibition requirements of the relevant UNSCRs, including attempted transactions.

(f) (Not met) - There are currently no provisions for the protection of the rights of bona fide third parties acting in good faith in the provisions dealing with targeted financial sanctions in the ATFPA.

Criterion 6.6 (a) (Met) – Section 59C(1) of the ATFPA, as amended by section 7 of the ATFPAA, stipulates that the Committee shall, on the recommendations made by the FIU, make proposals to the relevant committee of UNSCR 1267 and its successor resolutions for the delisting of persons who no longer meet the criteria for designation, as set out in UNSCR 1989(2011) and UNSCR 1988(2011) and respective related resolutions. The above measure establishes a requirement for the Committee to submit delisting proposals regarding designated persons and entities to the relevant UN sanctions committee. Section 59D (4) of the ATFP (Amendment) Act provides for the publication of the names of persons who have been removed from the consolidated list.

(b) (Met) – Section 61 of the ATFPA empowers the Committee to vary or revoke a designation on the application of the designated person or on its own initiative, after consulting with the Minister of National Security, if the designation no longer meets the criteria of sections 56, 58 or 59A of the ATFPA. Section 61(3) of the ATFPA provides for the publication of any revocations. Section 59D (3) of the ATFPA provides that the Committee will review the consolidated list every three months and publicize the name of any person removed from the list. Sections 59D (5) and (6) impose an obligation on FIs and DNFBPs to review the names and the consolidated list and unfreeze the funds and assets of the names that were removed. The above provisions comply with the requirements of the criterion.

(c) (Met) – With regard to designations pursuant to UNSCR 1373, sections 78(1), 79(1), (2) and (4) set out procedures to allow, upon request by the designated person or entity, the review of a final designation decision made by the Committee before the Court.

(d) (Not met) – There are no measures or procedures to facilitate a review of designations by the 1988 Committee in accordance with any applicable guidelines or procedures adopted by the 1988 Committee, including those of the Focal Point mechanism established under UNSCR 1730. Further, there are no provisions for publication of this procedure.

(e) (Not met) – There are no measures or procedures for informing designated persons and entities on the Al-Qaida Sanctions List of the availability of the United Nations Office of the Ombudsperson, pursuant to UNSCRs 1904, 1989, and 2083 to accept de-listing petitions. Further, there are no provisions for publication of this procedure.

(f) (Not met) – There are no measures for publicly known procedures to unfreeze the funds or other assets of persons or entities with the same or similar name as designated persons or entities, who are inadvertently affected by a freezing mechanism upon verification that the person or entity involved is not a designated person or entity.

(g) (Mostly met) – SVG has one mechanism for communicating de-listings and unfreezings to FIs and the DNFBPs, namely, the Committee must publish the names of persons and entities who have been removed from the relevant lists, according to Section 59D(4) of the ATFPAA, although there is no requirement for this to happen immediately upon such action being taken. While Section 59D(5) and (6) set out the obligations that FIs and DNFBPs must comply with concerning a de-listing or unfreezing action, neither the Committee nor the FIU provides guidance to FIs and other persons or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations to respect a de-listing or unfreezing action.

Criterion 6.7 (Not met) - There are no provisions for access to frozen funds in accordance with the procedures set out in UNSCR 1452 and successor resolutions, as well as UNSCR 1373.

Weighting and Conclusion

The regime under the ATFFPAA, as it relates to targeted financial sanctions, is inadequate to meet the requirements of Recommendation 6. There are no mechanisms in place to allow for the identification of targets for designation. There are no provisions mandating SVG to give effect to actions initiated under the freezing mechanisms of other jurisdictions. The freezing provisions fail to mandate that the freezing of assets must happen without delay and without prior notice. The FIU's Guidance on Targeted Financial Sanctions is not enforceable means and therefore, cannot be relied on to meet the requirement of providing guidance on freezing obligations. There are no provisions for the protection of the rights of bona fide third parties, to facilitate review and publication, to inform a designated person, and to have publicly known procedures to unfreeze or seek access to frozen funds.

Recommendation 6 is rated Partially Compliant.

Recommendation 7 – Targeted financial sanctions related to proliferation

The obligations relating to R.7 were introduced when the FATF Recommendations were revised in 2012 and were therefore not included in SVG's 3rd Round Mutual Evaluation.

Criterion 7.1 – 7.5 (Not met) There are no measures to address criteria 7.1-7.5.

Weighting and Conclusion

Recommendation 7 is rated Non-Compliant.

Recommendation 8 – Non-profit organisations

SVG was rated LC with regard to the requirements of this Recommendation (formerly SR. VIII) in its 3rd MER. The remaining deficiencies were: no systematic review appeared to have been undertaken of laws and regulations pertaining the NPO sector, and NPOs were subject to limited monitoring for compliance with AML/CFT preventive measures. By 2018, the authorities were in the final stages of review of NPO Regulations to be annexed to the AML/CFT Regulations to address these deficiencies. In June 2016, the FATF amended R.8 and its Interpretive Note significantly to better align their implementation with the risk-based approach and to clarify the subset of NPOs which should be made subject to supervision and monitoring.

Criterion 8.1- (Met) (a) – (Met) In 2021, SVG undertook a NPO risk assessment using the World Bank Tool which identified approximately 272 NPOs falling within the FATF definition of NPOs. The NPO risk assessment identified the subset of NPOs that are at risk for TF abuse

and the features and types of NPOs by virtue of their activities or characteristics are likely to be vulnerable for TF abuse.

(b) – (Met) The 2021 NPO TF Risk Assessment identified the nature of threats posed by terrorist entities to the NPOs as well as how terrorist actors abuse those NPOs.

(c) – (Met) In furtherance of the risk assessment conducted, SVG has reviewed the laws and regulations in place to ensure that NPOs are properly regulated, supervised and are not misused for TF and developed the Anti-Money Laundering and Terrorist Financing (Non-Profit Organisations) Regulations, 2023 (NPO Regulations).

(d) – (Met) Regulations 14, 15 and 19(g) of the NPO Regulations specify measures which are to be used to periodically reassess the NPO Sector for potential vulnerabilities to terrorist activities and identify any emerging risks. These mechanisms will provide both financial and programmatic information necessary for the development of a risk profile of each registered NPO.

Criterion 8.2 (Mostly Met) (a) – (Met) SVG's policies to promote accountability, integrity, and public confidence in the administration and management of NPOs are contained in the NPO Regulations and the POCA. Section 158(1) of the POCA and Regulation 3(1) of the NPO Regulations designate the FIU as the supervisory authority for the NPO sector. Regulations 3-8,10-11,13,19-25 and 27 of the NPO Regulations adequately provide for the accountability, integrity and public confidence in the administration and management of NPOs.

(b) – (Mostly Met) The FIU, with the support of the World Bank, undertook outreach and educational programmes to raise and deepen awareness among NPOs about the potential vulnerabilities of NPOs to TF abuse and TF risks, and the measures that NPOs can take to protect themselves against such abuse. The FIU also engaged directly with the NPO sector by means of consultations, emails, and telephone calls to raise awareness about these issues. Additionally, Regulation 19 (f) of the NPO Regulations requires the FIU to undertake outreach and educational programmes with NPOs as required in this criterion, and Regulation 16 of the NPO Regulations requires NPOs to make their officers aware of TF legislation and to provide them with training to identify potential TF-related transactions. However, SVG has not conducted any outreach and educational programmes with the donor community to raise awareness about potential vulnerabilities of NPOs to TF abuse and TF risk.

(c) – (Met) Regulation 19(e) of the NPO Regulations requires the FIU to collaborate with NPOs to develop and improve best practices to address terrorist financing risks and vulnerabilities and protect non-profit organisations from terrorist financing abuse.

(d) – (Partly Met) The FIU encouraged the NPO sector to conduct transactions via regulated financial channels such as the banks and credit unions through training sessions, in which their use was presented as a measure to mitigate the risk of TF as it promotes greater transparency and accountability of funds. However, there is no requirement or guidance documents which encourages NPOs to conduct transactions via regulated financial channels, wherever feasible.

Criterion 8.3 – (Partly met)

SVG has taken some steps to promote effective supervision or monitoring such that they are able to demonstrate that risk-based measures apply to NPOs at risk of terrorist financing abuse. The NPO Regulations ensure that, under Regulation 10(c), NPOs must take reasonable measures to establish the identity of donors, beneficiaries and associate NPOs where there is a reasonable risk of terrorist financing. Regulation 13 requires NPOs to maintain records.

The FIU is the AML/CFT supervisor for NPOs and, using a risk based approach, determines the level of supervision required for the sector. Regulation 19(a) requires the FIU to apply a risk-based approach to the supervision or monitoring of NPOs; however, there is no institutional or operative framework to implement this general provision. The methodology behind this risk-based approach was not disclosed, and the AT therefore could not determine whether the approach takes into account the NPOs that hold the significant proportion of the financial resources under control of that sector or the substantial share of the sector's international activities.

Criterion 8.4 – (Met)

(a) (Met) - SVG has measures for monitoring compliance of NPOs by the CA (the FIU), including risk-based measures. Under the NPO Regulations, the FIU has powers to conduct risk based supervision and/or monitoring of NPOs, under Regulation 19 (a). Powers include requiring information (Regulation 20), obtaining a search warrant (Regulation 21), conducting compliance visits (Regulation 22) and instituting investigations (Regulation 26).

(b) Met – The NPO Regulations also include provisions for enforcement where NPOs or persons acting on behalf of NPOs are in violation of their obligations under the NPO Regulations and other laws. NPO Regulations allow the FIU to apply sanctions, including Enforcement Actions and Administrative Penalties against NPOs.

Criterion 8.5 (a) – (Met) CAs are able to access information on NPOs from the CIPO, where the NPOs are registered and from the FIU which supervises the NPOs and as such would hold relevant information on the NPOs. Co-operation, co-ordination and information exchange are facilitated through the establishment of various MOUs between the CAs.

(b) — (Met) Police officers at the FIU, who still retain their powers as granted to them under the Police Act, 1947 are able to investigate Terrorist activity and Terrorist financing which falls under the FIU, as per the FIU Act. These officers have the investigative expertise and capability to examine those NPOs suspected of either being exploited by, or actively supporting, terrorist activity or terrorist organisations, under the provisions in the ATFPA (see rec. 5). The staff of the FIU have received extensive training in respect of TF investigations and with respect to TF related to NPOs.

(c) – (Met) Full access to information on the administration and management of particular NPOs (including financial and programmatic information) may be obtained during the course of an investigation pursuant to regulations 3(2), 4, 5, 14, 15, 20, 21 and 26 of the NPO Regulations, as well as LEA powers and responsibilities identified in R. 30 and 31.

(d) – (Met) Appropriate mechanisms to ensure that, when there is suspicion or reasonable grounds to suspect that a particular NPO: (1) is involved in TF abuse and/or is a front for fundraising by a terrorist organisation; (2) is being exploited as a conduit for TF, including for the purpose of escaping asset freezing measures, or other forms of terrorist support; or (3) is concealing or obscuring the clandestine diversion of funds intended for legitimate purposes, but redirected for the benefit of terrorists or terrorist organisations, are facilitated under Regulation 19(h) of the NPO Regulations. The Multi-Agency SOP on CFT, states that the Supervisory Department -the NPO Supervisor- shall formally transmit a written correspondence without delay, to the chief Investigator in instances of suspicion of TF.

Criterion 8.6 – (Met) SVG’s central authority for international requests for information is the Office of the Attorney General (Recs. 38 & 40). Requests for information regarding NPOs suspected of TF or involvement in other forms of terrorist support would be addressed in the same manner as other requests for international cooperation. Section 149 and Schedule 3 of the POCA state that SVG can respond to external requests or external orders prohibiting dealing with the relevant property.

Weighting and Conclusion

SVG has identified the NPOs that fall within the FATF definition of NPOs and those which are most vulnerable to TF abuse. Additionally, SVG has identified threats posed by terrorist entities to the NPOs. Legislation has been enacted for the regulation and supervision of NPOs and there are mechanisms to periodically reassess the NPO Sector for potential vulnerabilities to terrorist activities and identify any emerging risks.

SVG’s policies to promote accountability, integrity, and public confidence in the administration and management of NPOs are contained in the NPO Regulations and the POCA. However, whilst the FIU has held outreach and educational programmes to raise awareness among NPOs about the potential vulnerabilities of NPOs to TF abuse and TF risks, similar programmes were not undertaken with the donor community. Also, even though the FIU has encouraged the NPO sector to conduct transactions via regulated financial channels via training and outreach sessions, there is no requirement or guidance documents which encourages NPOs to conduct transactions via regulated financial channels, wherever feasible.

Although the FIU must apply a risk based approach to the supervision or monitoring of NPOs, the methodology behind this risk based approach is not disclosed, and the AT therefore cannot determine whether this takes into account the NPOs that hold the significant proportion of the financial resources under control of that sector or the substantial share of the sector’s international activities.

This represents a minor deficiency in the context of SVG.

Recommendation 8 is rated Largely Compliant.

Recommendation 9 – Financial institution secrecy laws

This recommendation was rated partially compliant ‘PC’ in the 3rd round MER. Recommendations and comments referenced that each provision of confidentiality and limitation of access to information in sector specific legislation, in particular Section 15 (4) of the Registered Agents and Trustees Act, should be removed from law. It was also stipulated that the Attorney General should provide a legal opinion on the meaning of “confidential” information in light of the repeal of the Confidentiality Act 1996, in particular, the extent to which such repeal restored the common law definitions of bank secrecy and confidentiality. These actions were completed by SVG.

Criterion 9.1 – (Met) No legislative or other mechanism prohibits the sharing of information or facilitates financial secrecy that hinder the implementation of the FATF Recommendations. SVG undertook a review of sector specific legislation and deleted all references to confidentiality or limitations in access to information. Section 6 of the FIU Act states that no civil or criminal liability action may be brought or financial sanction taken against any person, or director or employee of a financial institution who in good faith transmits information or submits reports to the FIU. Further, no proceedings for breach of banking or professional confidentiality will be instituted where reports are submitted to the FIU in good faith.

Section 8, of the Tax Administration Act permits the sharing of information between the Inland Revenue Department and the following for designated purposes: Customs and Excise Department; Minister of Finance; employees of the Ministry of Finance and Economic Planning designated by the Director General Finance and Planning; tax authorities of a foreign country, in accordance with an international agreement; law enforcement agencies; a court in proceedings to establish a taxpayer’s tax liability or responsibility for an offence under a tax law or a criminal offence; and agencies of Government department with which the Comptroller has an established MOU (the IRD has established MOUs with the FIU, CIPO and the Customs and Excise Department).

The granting of specific powers to the Comptroller of Inland Revenue to request and obtain information (Sections 29 (1), 28 (15), 29 (2), 29 (5) Tax Administration Act). Pursuant to Section 153, POCA, a supervisory authority shall take such steps as it considers appropriate to cooperate with the FIU, law enforcement agencies in the State and any other supervisory authorities. Cooperation includes the sharing of documents and information, which the supervisory authority is not prohibited from disclosing by way of any law.

Section 5 (2), FSA Act states that in discharging its functions under the Act, the FSA shall take such steps as it considers appropriate to cooperate with the Central Bank or any other regulatory authority and the FIU.

Weighting and Conclusion

Recommendation 9 is rated Compliant.

Recommendation 10 – Customer due diligence

Recommendation 10 (formerly R.5) was rated NC in SVG’s 3rd MER due to significant deficiencies. These included no provisions covering TF, no prohibition against keeping anonymous or fictitious name accounts and a full range of CDD (only identification verification) was not required for business relationships and one-off transactions. Additionally, there was no explicit requirement to verify the identity of the ultimate natural persons who control an entity, insufficient requirements for the identification of legal arrangements, insufficient ongoing CDD requirements and enhanced CDD and no requirement to apply CDD requirements to existing customers. Since SVG’s previous MER, the FATF Standards for CDD have substantially changed.

Criterion 10.1 (Met) - Regulation 19 of the AML & TF Regulations prohibits a service provider from establishing or maintaining numbered accounts, anonymous accounts or accounts which it knows, or has reasonable grounds to suspect are fictitious. The term service provider is defined in Regulation 3 of the AML & TF Regs as being specified in Schedule 1 of the AML & TF Regulations. Schedule 1 lists persons who carry on regulated business and specified financial activities covering the FATF list of financial institutions’ activities except for acceptance of deposits and other repayable funds from the public and money and value transfer services. However, these activities are included in regulated business carried out by institutions which include all FATF FIs licensed under financial statutes in Schedule 3 of the AML & TF Regulations. Consequently, service providers include all FIs. The above provision complies with the requirement of the criterion.

Criterion 10.2 (Mostly met) - Regulation 10 of the AML & TF Regulations requires a FI to obtain CDD information on every customer, third party and beneficial owner and verify the identity of these persons. Beneficial owner is defined in regulation 4 of the AML & TF Regulations as a person who is an ultimate owner of or who exercises ultimate control over the management of a legal person, partnership or legal arrangement. **(a) and (b)(Met)** – Sub-regulation 11 (1)(a) of the AML & TF Regs stipulates that CDD measures are to be carried out before a FI establishes a business relationship or carries out an occasional transaction. An occasional transaction is defined in regulation 5 of the AML & TF Regs as a single transaction or two or more linked transactions that amount to XCD 2,500 (USD 919.00) or more in the course of a money service business or XCD 10,000 (USD 3,676.00) or more for any other single or linked transactions. The above levels are more stringent than the FATF requirement of USD 15,000. The above provisions comply with the requirements of sub-criteria (a) and (b).

(c) (Not met) – SVG has no measures for occasional transactions that are wire transfers in the circumstances covered by Recommendation 16 and its Interpretive Note.

(d) and (e) (Met) - Sub-regulation 11 (1) (b) of the AML & TF Regulations requires FIs to apply CDD measures where there is suspicion of ML or TF or where there are doubts regarding the veracity or adequacy of documents, data or information previously obtained under CDD

measures or when conducting ongoing monitoring. The above provisions comply with the requirements of sub-criteria (d) and (e).

Criterion 10.3 (Met) – Regulation 10 of the AML & TF Regs requires a FI to obtain CDD information on every customer, third party and beneficial owner and verify the identity of these persons. Regulation 6(3) of the AML & TF Regs stipulates that where a FI is required to verify the identity of a person, it shall verify that person's identity using documents, data or information obtained from a reliable and independent source. Section 3 of the Interpretation and General Provisions Act defines a “person” as including any company or association or body of persons, corporate or unincorporate. The definitions in this Act are applicable to all written laws in SVG. The above requirements will cover all customers whether permanent or occasional, and whether natural or legal persons. Under the AML & TF Regulations, this also includes legal arrangements.

Criterion 10.4 (Mostly met) – Sub-regulation 6(2)(a) of the AML & TF Regulations stipulates that CDD measures include where the customer is not an individual, measures for verifying that any person purporting to act on behalf of the customer is authorised to do so, identifying that person and verifying the identity of that person. Consequently, the requirement of regulation 11 of the AML & TF Regs for FIs to apply CDD measures would include the above obligation of sub-regulation 6(2)(a). The legislation does not expressly refer to measures applicable for a customer who is an individual.

Criterion 10.5 (Mostly Met) – Sub-regulations 6 (1) (d) and (e) of the AML & TF Regulations state that CDD measures include identifying each BO of the customer and third party, where either the customer or third party, or both are not individuals and taking reasonable measures on a risk-sensitive basis to verify the identity of each BO of the customer and third party so that the FI is satisfied that it knows the identify of each BO. As indicated, Regulation 6(3) of the AML & TF Regs stipulates that where a FI is required to verify the identity of a person, it shall verify that person's identity using documents, data or information obtained from a reliable and independent source. However, the definition of BO under the legislation does not expressly refer to persons who may be controlling a customer who is an individual.

Criterion 10.6 (Met) – Sub-regulation 6 (1) (f) of the AML & TF Regs defines CDD measures to include obtaining information on the purpose and intended nature of the business relationship with the customer. Paragraph 5 (1) (a) of the AML & TF Code states that the relationship information obtained by a service provider shall include information concerning the purpose and intended nature of the business relationship.

Criterion 10.7 (Met) - Regulation 11(5) of the AML &TF Regulations prescribes that a FI shall conduct ongoing monitoring of a business relationship. “Ongoing monitoring” of a business relationship is defined in regulation 7 of the AML & TF Regulations as **(a) (Met)** scrutinising transactions undertaken throughout the course of the relationship including where necessary, the source of funds, to ensure that the transactions are consistent with the service provider’s knowledge of the customer and the customer’s business and risk profile, and **(b)**

(Met) keeping the documents, data or information obtained for the purpose of applying CDD measures up to date and relevant by undertaking reviews of existing records.

Criterion 10.8 (Met) – Sub-regulations 6(1) (e) and (f) of the AML & TF Regulations define CDD measures to include taking reasonable measures to understand the ownership and control structure of the legal person, partnership, foundation, trust or similar arrangement; and obtaining information on the purpose of the intended nature of the business relationship or occasional transaction, respectively. Since FIs must apply CDD measures under regulation 11 of the AML & TF Regulations, these measures would include the requirements of sub-regulation 6(1)(e) and (f) above. The above provisions comply with the requirements of the criterion. Paragraph (vi) on page 124 of the Guidance Notes requires a FI to fully understand the legal form, structure and ownership of a legal person and obtain sufficient additional information on the nature of the business and the reason for seeking the product or service.

Criterion 10.9 (Met)

(a)(Met) - Paragraph 10 (2) of the AML & TF Code requires a FI to identify and verify a legal person by obtaining information including its name and date of incorporation, registration or formation. Regarding trusts, paragraph 13(1) of the AML & TF Code requires information on the name and date of establishment. Under the AML & TF Regulations, these requirements now include legal form and proof of existence under paragraph 11.

(b) (Met) - Sub-paragraphs 10(2) (g) and (h) of the AML & TF Code require the names of the directors of the legal person and identification information on directors with authority to give instructions regarding the business relationship and transactions. The AML & TF Regulations paragraph 11 set out the acceptable methods of verification of identity of a legal person and the powers that bind or regulate the legal person to include a certificate of incorporation or registration, a certificate of good standing and latest audited financial statements. Sub-paragraph 13 (1) (a) of the AML & TF Code requires identification information on the trustees, settlors, beneficiaries, class of beneficiaries, protectors or enforcers of a trust. This includes obtaining the powers that regulate and bind a trust.

(c) (Met) - Paragraph 10 (2) of the AML & TF Code requires a FI to identify and verify a legal person by obtaining information on the registered office or the address of the head office of the legal person. The AML & TF Regulations, paragraph 11, require information on the mailing address of the trustees including the registered office and, if different, a principal place of business.

Criterion 10.10 (Partly Met) (a) (Met) - Sub-regulations 6 (1) (d) and (e) of the AML & TF Regs state that CDD measures include identifying each BO of the customer and third party, where either the customer or third party, or both are not individuals and taking reasonable measures on a risk-sensitive basis to verify the identity of each BO of the customer and third party. Beneficial owner is defined in regulation 4 of the AML & TF Regs as a person who is an ultimate owner of or who exercises ultimate control over the management of a legal person, partnership or legal arrangement. Additionally, sub-paragraph 10 (2) (i) of the AML & TF Code requires a FI to obtain identification information on individuals who are the ultimate

holders of 15% or more of a legal person. Consequently, the above measures would require obtaining information on the identity of any natural person who ultimately owns 15% or more ownership interest in a legal person thereby complying with the requirement of the sub-criterion.

(b) and (c) - (Not met) – There are no provisions for alternative measures as outlined in the requirements of sub-criteria (b) and (c).

Criterion 10.11 (Mostly met) (a) (Mostly met) Sections 13 (1) and 14 of the AML/CFT Code require that a service provider identifies and takes reasonable measures to verify the identity of beneficial owners through the identity of the settlor, the trustee(s), the protector or enforcer of the trust, each beneficiary or class of beneficiaries of the trust, and any other natural person(s) exercising ultimate effective control over the trust. However, it does not expressly reference control through a chain of control/ownership.

(b) (Met) Under section 13 of the AML/CFT Code, a service provider is required pursuant to section 13(2) for a discretionary trust or a trust with one or more types or classes of beneficiaries to obtain information concerning the type or class of beneficiary that is sufficient to enable the identity of a beneficiary to be established at the time the beneficiary receives any property or benefit from the trust or exercises a vested right, also pursuant to 13(3) for a charitable trust to obtain information on the objects of the trust.

Criterion 10.12 (Met) (a) (Met) Regulation 6(2) (b) of the AML/TF Regulations provides that CDD includes, in the case of a service provider which carries on insurance business, measures for identifying each beneficiary under any long-term or investment-linked policy issued or to be issued by the service provider and verifying the identity of each beneficiary. **(b) (Met)** The AML & TF (Amendments) Regulations 2023 provide that a FI should obtain sufficient information to establish the identity of the beneficiary at the time of the payout for where a beneficiary is designated by characteristics or by class or by other means.

(c) (Met) The AML & TF (Amendments) Regulations 2023 provide that verification of the identity of the beneficiary should occur at the time of the payout.

Criterion 10.13 (Partly Met) Regulation 14 of the AML & TF Regulations ensures that where a beneficiary of a life insurance policy who is a legal person or arrangement presents a higher risk, the service provider should undertake enhanced CDD measures, including reasonable measures to identify the identity the beneficiary at the time of payout, appropriate CDD be applied. However, the AML & TF Regulations (Amendments) 2023 do not require the service provider to identify the beneficial owner of the beneficiary at the time of payout.

Criterion 10.14 (Mostly met) Regulation 11(3) of the AML&TF Regulations provides that a service provider may complete the verification of the identity of a customer, third party or beneficial owner after the establishment of a business relationship if:

- (a) it is necessary not to interrupt the normal conduct of business;
- (b) there is little risk of money laundering or terrorist financing occurring as a result; and

(c) verification of identity is completed as soon as reasonably practicable after contact with the customer is first established.

The provision above does not however satisfy c. 10.4(2) which requires verification that the ML/TF risks are effectively managed and this therefore results in c 10.4(c) being deficient.

Criterion 10.15 (Partly met) Regulation 16(8)(a) of the AML & TF Regulations provides that simplified due diligence measures include verifying the identity of the customer and the beneficial owner after the establishment of the business relationship. However, the AML & TF Regulations do not contain an express requirement that service providers should be required to adopt risk management procedures concerning the conditions under which a customer may utilise the business relationship prior to verification.

Criterion 10.16 (Mostly met) Subregulation 11 (1)(c) of the AML & TF Regulations requires that a service provider should apply CDD measures to existing customers at other appropriate times, as determined on a risk-sensitive basis and at least once in each five-year period. The AML & TF Regulations do not however expressly require a service provider to apply CDD requirements on the basis of materiality.

Criterion 10.17 (Met) Under Regulation 14(2) (g) of the AML & TF Regulations, a service provider shall on a risk-sensitive basis, apply enhanced due diligence measures and undertake enhanced ongoing monitoring in any situation that by its nature can present a high risk of ML/TF.

Criterion 10.18 (Met) The AML & TF Regulations and the AML & TF Code prescribe that enhanced due diligence be applied on a risk sensitive basis. Regulation 16(8)(a) of the AML & TF Regulations sets out the simplified due diligence measures where lower risks have been identified. SDD is only applicable where specific higher risk scenarios do not apply, for example, where there is a suspicion of ML/TF.

Criterion 10.19 (a) (Met) – Sub-regulation 12(1) of the AML & TF Regulations requires that if a service provider is unable to apply CDD measures before the establishment of a business relationship or before the carrying out of an occasional transaction in accordance with the Regulations and the Code, the service provider shall not establish the business relationship or carry out the occasional transaction.

(b) (Met) Sub-regulation 12(4) prescribes that a service provider shall consider where sub-regulation (1) – (3) applies, whether he is required to make a ML disclosure or a TF disclosure.

Criterion 10.20 (Met) There are measures to ensure that service providers mitigate the risk of tipping off by permitting service providers not to pursue the CDD process, but instead to file a STR, if they reasonably believe that the CDD process will tip off the customer under Regulation 11(5a) of the AML & TF Regulations.

Weighting and Conclusion

SVG has addressed most of the requirements that are required for Recommendation 10. The deficiencies that remain are minor and relate to the lack of: legislative provisions for occasional transactions that are wire transfers in the circumstances; measures for verifying that any person purporting to act on behalf of the customer is authorised to do so; legislative provisions to ensure that the definition of BO includes persons who may be controlling a customer who is an individual; provisions requiring the identity of the natural person(s) (if any) exercising control of the legal person or arrangement and provisions to identify the relevant natural person who holds the position of senior managing official where no natural person is identified; measures requiring the verification and identification of beneficial owners through the identity of the settlor, the trustee(s), the protector or enforcer of the trust, each beneficiary or class of beneficiaries of the trust, and any other natural person(s) exercising ultimate effective control over the trust through a chain of control/ownership; express requirements that service providers should be required to adopt risk management procedures concerning the conditions under which a customer may utilise the business relationship prior to verification; requirements for the service provider to identify the beneficial owner of the beneficiary upon a life insurance payout. However, the fundamental requirements related to the conduct of CDD are in place.

Recommendation 10 is rated Largely Compliant.

Recommendation 11 – Record-keeping

This recommendation was rated Largely-compliant ‘LC’ (formerly R.10) in the 3rd Round MER. Recommendations and comments related to clarifying in the Regulations the provisions to keep records longer than the minimum period when required by the FIU, consistent with the Guidance Notes; explicitly require FIs to retain business correspondence; review and remove potentially conflicting record keeping requirements between the POCA/Regs and the Drug Trafficking Offences Act; and review record keeping arrangements by some FIs that operate and keep records outside of SVG to ensure adequate compliance supervision and efficient access by CAs.

Criterion 11.1 – (Met) Regulation 21, AML & TF Regulations, stipulates that service providers shall keep the records as specified in Regulation 22 (1), details relating to each transaction carried, and such other records specified by the AML & TF Code in a form that enables them to be made available on a timely basis to the supervisory authority, the FIU or law enforcement authorities in the State, and for at least the minimum retention period as prescribed by sub-regulation 3 (5), AML & TF Regulations and paragraphs 36 (1) and 37 (1), AML & TF Code, which is seven (7) years, which can be extended by FIU or the service provider’s supervisory authority (sub-regulation 3 (6), AML & TF Regulations and paragraph 36 (2), AML & TF Code). The period of 7 years is more stringent than the FATF requirement

of 5 years. Further, Regulations 21 and 22 of the AML & TF Regulations specify the records required to be kept. For the purposes of record keeping, SVG does not differentiate between domestic and international transactions but retains records of each transaction which includes domestic or international.

Criterion 11.2 – (Met) Regulation 22, AML/TF Regulations and paragraphs 37 and 38, AML & TF Code specify the records required to be kept by a service provider which include all records obtained through CDD measures, account files and business correspondence and results of any analysis undertaken for at least the minimum retention period. The minimum retention period defined at Regulation 3(5) of the AML and TF Regulations requires that the records be kept for a period of seven (7) years beginning from the date a business relationship ends, or for seven (7) years from the date that an occasional transaction was completed. The retention period of 7 years is more stringent than the required time of 5 years.

Criterion 11.3 – (Met) Regulations 21(1) and 22 (2) of the AML & TF Regulations state that records must contain sufficient details relating to each transaction carried out by the service provider in the course of any business or occasional transaction to enable the reconstruction of individual transactions and in a form that enables them to be made available on a timely basis, when lawfully required, to the supervisory authority, the Financial Intelligence Unit or law enforcement authorities in the State. Paragraph 37 (3) of the AML & TF Code requires the kept records to contain sufficient details to enable a transaction to be understood and enable an audit trail of the movements of incoming and outgoing funds or assets movements to be readily constructed.

Criterion 11.4 – (Met) Regulation 21, AML & TF Regulations stipulates that Service Providers shall keep the records as specified in Regulation 22, and such other records specified by the Code in a form that enables them to be made available on a timely basis to the supervisory authority, the FIU or law enforcement authorities in the State. Sub-regulation 23 (1) requires Service Providers to ensure that their records are readily accessible to the service provider in the State and enables the supervisory authority, internal and external auditors and other CAs to assess the effectiveness of systems and controls that are maintained by the service provider to prevent and detect money laundering and terrorist financing. In addition, where records are kept other than in legible form, they must be kept in such a manner that enables them to be readily produced in the state in legible form.

Weighting and Conclusion

Recommendation 11 is rated Compliant.

Recommendation 12 – Politically exposed persons

Recommendation 12 (formerly R.6), was rated as non-compliant ‘NC’ in the 3rd Round MER as there was no requirement to conduct additional and enhanced CDD measures, or obtain

senior management approval, for new and or existing PEP relationships. Since its previous MER, the FATF Standards in this area have been expanded to include domestic PEPs and SVG has amended its PEP requirements.

Criterion 12.1 (Met) SVG has measures in place to ensure that in relation to foreign PEPs, in addition to performing the CDD measures required under Recommendation 10, FIs put in place risk management systems to determine whether a customer or beneficial owner is a PEP, obtain senior management approval for establishing (or continuing for existing customers) such business relationships, take reasonable measures to establish the source of wealth and source of funds of customers and beneficial owners identified as PEPs; and conduct enhanced monitoring on that relationship. The definition of the politically exposed person (PEP) under Regulation 8 of the AML/TF regulations includes foreign PEPs. A foreign PEP means a person who has been entrusted with a prominent public function by a country other than the State.

(a) (Met) Section 6 (1) of the AML/TF Code, 2017 requires a service provider to establish, maintain and implement appropriate risk management systems to determine whether a customer, third party or beneficial owner is a foreign PEP.

(b) (Met) Section 6 (2) of the AML/TF Code requires that a service provider shall ensure that no business relationship is established with a foreign PEP, or where the third party or beneficial owner is a foreign PEP unless the prior approval of the board or senior management has been obtained. In addition, under sections 6 (3) and 6 (4) of the AML/TF Code, where a service provider has established a business relationship with a customer and the customer, a third party or beneficial owner is subsequently identified as a foreign PEP, the business relationship shall not be continued unless the approval of the board or senior management has been obtained.

(c) (Met) Section 6 (5) of the AML/CFT Code requires a service provider to take reasonable measures to establish the source of wealth and the source of funds of customers, third parties and beneficial owners identified as foreign PEPs.

(d) (Met) Regulation 14 (2) (d) of the AML/TF Regulations requires a service provider, on a risk-sensitive basis, to apply enhanced due diligence measures and undertake enhanced ongoing monitoring where a customer, third party or beneficial owner is a PEP.

Criterion 12.2 (Met) SVG has measures in place to ensure that in relation to domestic PEPs or persons who have been entrusted with a prominent function by an international organisation, in addition to performing the CDD measures required under Recommendation 10, FIs take reasonable measures to determine whether a customer or a beneficial owner is such a person; and in cases where there is a higher risk business relationship with such a person adopt the measures in criterion 12.1(b) to (d). **(a)-(Met)** Section 7 (1) of the AML/TF Code requires a service provider to take reasonable measures to determine whether a customer, third party or beneficial owner is: a) a domestic PEP; b) a person who is, or has been, entrusted with a prominent function by an international organisation; or c) a family member or close associate of a person referred to in sub-subparagraph (a) or (b). Further, section 7 (2) of the AML/TF

Code requires a service provider to apply enhanced due diligence measures or undertake enhanced ongoing monitoring in relation to a person specified in subparagraph (1)(a), (b) or (c). (b)-(Met) The measures in c.12.1 (b) to (d) apply.

Criterion 12.3 (Met) SVG has measures in place to ensure that FIs are required to apply the relevant requirements of criteria 12.1 and 12.2 to family members or close associates of PEPs. Section 6 (6) of the AML/TF Code Sub. section (1) to (5) requires Service Providers to apply the measures outlined in this section to a person who is a family member or close associate of all PEPs. In addition, sections 7(1) (c) and 7 (2) of the AML/TF Code require Service Providers to apply the relevant requirements of criteria 12.1 and 12.2 to family members or close associates of all types of PEPs.

Criterion 12.4 (Mostly met) SVG has some measures to ensure that in relation to life insurance policies, FIs take reasonable measures to determine whether the beneficiaries and/or where required the beneficial owner of the beneficiary are PEPs. However, there are no measures to ensure that where higher risks are identified, FIs inform senior management before the payout of the policy proceeds. Regulations 14 (2) (d) of the AML/TF Regulations require a service provider, on a risk-sensitive basis to apply EDD measures and undertake ongoing monitoring where a customer, third party or beneficial owner is a PEP.

Weighting and Conclusion

There are no provisions ensuring that, where higher risk is identified, Service Providers are required to inform senior management before the payout of life insurance policy proceeds. However, lower weighting is placed in relation to 12.4 given the limited application of this requirement.

Recommendation 12 is rated Largely Compliant.

Recommendation 13 – Correspondent banking

Recommendation 13 (formerly R. 7) was rated NC in SVG's 3rd MER due to no requirements to perform additional and enhanced CDD on correspondent banking relationships, assess the AML/CFT controls of respondent institutions, obtain senior management approval before establishing correspondent account relationships and for the provision of correspondent payable through accounts. Additionally, the domestic banking sector provided correspondent banking facilities to offshore banks in breach of ECCB's prudential guidelines. These deficiencies were addressed by the enactment of the POCA Regulations as indicated in the 9th FUR December 2014.

Criterion 13.1 (a) (Mostly met) – Regulation 28(1)(d) and (e) of the AML & TF Regs requires a SVG bank that is or proposes to be a corresponding bank to apply CDD measures on

respondent banks using a risk-based approach that takes into account, the respondent bank's domicile, ownership and management structure, customer base, its business including the nature of services provided by the respondent bank to its customers and determine from publicly available sources the reputation of the respondent bank and the quality of its supervision. Similar relationships are provided for under Regulation 30 of the AML & TF Regulations 2014. Additionally, while the measures comply with most requirements, they do not include whether the respondent institution has been subject to a ML/TF investigation or regulatory action.

(b) (Met) Regulation 28(1)(f) of the AML & TF Regs requires the SVG bank to assess the respondent bank's anti-money laundering and terrorist financing systems and controls to ensure that they are consistent with the requirements of the FATF Recommendations. Similar relationships are provided for under Regulation 30 of the AML & TF Regulations 2014

(c) (Met) Regulation 28(1)(g) of the AML & TF Regs requires the SVG bank to not enter a new correspondent banking relationship without the prior approval of senior management. Similar relationships are provided for under Regulation 30 of the AML & TF Regulations 2014

(d) (Met) Regulation 28(1)(h) of the AML & TF Regs requires the SVG bank to ensure that the respective anti-money laundering and counter terrorist financing responsibilities of each party to the correspondent relationship are understood and properly documented. Similar relationships are provided for under Regulation 30 of the AML & TF Regulations 2014

Criterion 13.2 (Met) - Regulation 29 (1) of the AML & TF Regs requires a correspondent bank, which requires customers of a respondent bank, with direct access to its services, whether by way of payable through accounts or by other means, to ensure that it is satisfied that the respondent bank:

(a) undertakes appropriate CDD and where applicable EDD in respect of the customers that have direct access to the correspondent bank's services; and

(b) is able to provide relevant CDD information and verification evidence to the correspondent bank upon request.

The above provisions comply with the requirements of the criterion.

Criterion 13.3 (Met) - Regulation 28 (1) (a) - (c) of the AML & TF Regs requires a SVG bank that is or proposes to be a correspondent bank to:

- not enter or maintain relationships with any respondent bank that is a shell bank;

- not maintain relationships with any respondent bank that itself provides correspondent banking services to shell banks; and

- take appropriate measures to ensure that it does not enter into, or continue, a correspondent banking relationship with a bank that is known to permit its accounts to be used by a shell bank.

Weighting and Conclusion

Recommendation 13 is rated Largely Compliant.

Recommendation 14 – Money or value transfer services

Recommendation 14 (formerly SR.VI) was rated PC in SVG’s 3rd MER due the lack of AML/CFT compliance monitoring and supervision of business conducted outside of the banking sector. This deficiency was addressed by the enactment of the AML & TF Regulations as indicated in the 9th FUR December 2014.

Criterion 14.1(Met) – The definition of a Money Service Business at section 2 (d) of the Money Service Business (Amendment) Act 2022 is in alignment with the FATF definition of MVTS. Section 4 (1) of the Money Services Business Act (MSBA) provides that any person (natural or legal) carrying out money services business (MSB) in SVG must obtain a licence. Section 3 of the Interpretation and General Provisions Act defines a “person” as including any company or association or body of persons, corporate or unincorporate. The definitions in this Act are applicable to all written laws in SVG. The above provisions fully comply with the criterion.

Criterion 14.2 (Partly met) -Section 4 (2) of the MSBA provides that a person who carries on a MSB without the requisite license, commits an offence and is liable on summary conviction to a fine of XCD10,000 (USD3,703.) or to imprisonment for a term of one year; and in the case of a continuing offence, to a fine of XCD1,000 (USD370) for each day the offence continues. The FSA may also terminate the unlicensed MSB in accordance with the winding up procedure under the Companies Act (Section 4(3) of the MSBA). The above measures provide sanctions for persons carrying out MVTS without a licence. As already indicated the term “person” includes a legal person resulting in sanctions being also applicable for legal entities. While the sanctions can be considered dissuasive for natural persons, they are not for legal entities. While there is no formal mechanism for identifying unlicensed MSB activities, any unlicensed MSB activities will easily come to the attention of the FSA, by persons making a report to the FSA, whether formally or informally. The FSA under section 9 of the Financial Services Authority Act (FSAA) will conduct its own investigation to determine the legitimacy of the information received. The above does not constitute a proactive measure for identifying unlicensed MSB activities.

Criterion 14.3 (Met) – Regulation 36 of the AML & TF Regs designates the FSA as the supervisory authority for MSBs which are subjected to monitoring for AML/CFT compliance. MSBs are Service Providers as defined at Schedule 1 of the AML & TF Regs, and includes at section (1) (a) of Schedule 1 of the AML & TF Regs as persons which carry on a regulated business. A regulated business is defined in section 2 of the POCA as a business for which a regulatory licence is required). Section 2 of the POCA further defines a regulatory licence as

a licence specified in the AML & TF Regs as a regulatory licence. Schedule 3 of the AML & TF Regs list a registration under the MSB Act as a “regulatory licence”.

Criterion 14.4 (Met) - Section 2 of the MSBA defines an MSB to include “the business of operating as an agent of a business which conducts MSB.” As such, an agent must also be licensed. Further, in the application form, the applicant must provide the name and address of any person who is an agent of the applicant. The FSA, as the regulator and supervisory authority maintains records of the agency offices of the licensed MSBs in SVG. This list is accessible by CAs. The above measures comply with the requirements of the criterion.

Criterion 14.5 (Met) - Section 2 of the MSBA defines MSB as including the business of operating as an agent or franchise holder carrying out MSB services. As such, a MSB and persons who conduct business as MSB agents are deemed to be Service Providers and therefore must comply with the requirements of the AML & TF Regs, particularly, Regulation 20, which requires Service Providers to establish, maintain and implement appropriate risk-sensitive policies, procedures and systems and controls to detect ML and TF. The above measures comply with the requirements of the criterion.

Weighting and Conclusion

The sanctions applied to MSBs can be considered dissuasive for natural persons, however they are not for legal entities. The mechanism in place for identifying unlicensed MSBs activities is not formalised.

Recommendation 14 is rated Largely Compliant.

Recommendation 15 – New technologies

This Recommendation was rated Partially Compliant ‘PC’ in the 3rd round MER. Recommendations and comments related to a lack of regulatory requirements to have policies or measures in place specifically to prevent misuse of technological developments for ML or FT, including non-face to face business relationships and transactions. The FATF requirements on new technologies have changed. SVG enacted the Virtual Asset Business Act in May 2022 to provide a regulatory regime for virtual asset service providers, however this legislation is not yet in force.

Criterion 15.1 (Met) Paragraph 23 (1) of the AML & TF Code provides that a service provider shall carry out and document a risk assessment for the purpose of assessing the ML and TF risks it faces, determining how best to manage those risks; and designing, establishing, maintaining and implementing AML/CFT policies, procedures, systems and controls that comply with the requirements of the Regulations and Code and that are appropriate for the risks that it faces. Paragraph 23 (2) states that the risk assessment referenced in Paragraph 23

(1) shall take particular account of, inter alia, the Service Providers' products and services and how the service provider delivers its products and services. Paragraph 6, page 4 of the AML & TF (Amendments) Regulations 2023 addresses the identification and assessment of ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products.

Criterion 15.2 (Met) SVG has measures in place to ensure that FIs undertake risk assessments and take appropriate measures to manage and mitigate these specific risks. Regulation 13 of the AML & TF Regs, as amended by the AML & TF (Amendments) Regulations 2023, introduces a requirement to identify and assess the risks that may arise in relation to the development of new products and new business practices prior to the launch or use of new products, practices and technologies. Regulation 13, AML & TF Regulations requires Service Providers to undertake institutional risk assessments, by applying a risk sensitive approach to determining the extent and nature of the CDD measures to be applied to a customer, third party and beneficial owner and its ongoing monitoring of a business relationship. Paragraph 23 (3) of the AML & TF Code and Regulation 13 (2) (c) of the AML & TF Regs require periodic updating of CDD information and adjustments to the risk assessment premised on these updates or material changes.

Criterion 15.3 (Not Met) (a) (Not met) SVG has not identified and assessed the money laundering and terrorist financing risks emerging from virtual asset activities and the activities and operations of VASPs. The FSA intends to complete a sectoral risk assessment of VAs and VASPs to identify and assess the ML and TF risks emerging from these activities and operations, using the World Bank Tool.

(b) (Not met) SVG has taken measures to mitigate the inherent risks to VASPs with legislation to license and regulate the sector. However, the legislation is not yet in force. The FSA is awaiting the completion of the risk assessment that will enable the application of a risk-based approach to ensure that measures to prevent or mitigate ML and TF are commensurate with the identified risks.

(c) (Mostly Met) Schedule 1 of the AML and TF Regulations was amended in 2023 to include VASPs under the definition of 'service providers'. They therefore must comply with all relevant ML/TF legislation, including the obligation to identify, assess, manage and mitigate ML/TF risks. The deficiency at C1.10 is applicable here.

Criterion 15.4 – (a) (Not Met) SVG has no measures to ensure that VASPs are required to be licensed or registered.

(b) (Not Met) SVG has no measures to ensure that criminals or their associates are prevented from holding or being the beneficial owner of, a significant or controlling interest, or holding a management function, in a VASP. Section 10 of the VABA prescribes measures in this regard however is not yet in force.

Criterion 15.5 – (Not Met) SVG has no measures to ensure that natural or legal persons that carry out VASP activities without the requisite licence or registration have appropriate sanctions applied to them. Section 4 of the VABA prescribes measures in this regard however is not yet in force.

Criterion 15.6 – (a) (Not met) SVG has no measures to ensure that VASPs are subject to adequate and risk-based supervision or monitoring. There is no CA for VASPs. The AML & TF Regulations (Amendment) 2023 define persons conducting virtual asset services as ‘Service Providers’. The FSA is responsible for the AML/CFT supervision of VASPs registered in SVG pursuant to section 152 of POCA. However, SVG has no legal mechanism for VASPs to be registered with the FSA, as the VABA is not in force.

(b) (Not Met) SVG has no measures to ensure that supervisors have powers to supervise or monitor and ensure compliance by VASPs with ML/TF obligations. There is no designated supervisory authority for VASPs.

Criterion 15.7 – (Partly met) SVG has partial measures in place to ensure that CAs and supervisors establish guidelines, and provide feedback, which would assist VASPs in applying national measures to combat ML and TF. The FIU has published Guidance on Customer Due Diligence, Politically Exposed Persons, Targeted Financial Sanctions and Suspicious Activity Reporting, which are applicable to VASPs in applying national measures to combat ML and TF. However, targeted sector-specific guidelines and/or feedback has not yet been provided to VASPs.

Criterion 15.8 – (Not met) SVG has no measures to ensure that there is a range of proportionate and dissuasive sanctions available for VASPs that fail to comply with AML/CFT requirements pursuant to the AML & TF (Administrative Penalties) Regulations 2023. **(a) (Not Met)** Schedule 1 of the AML & TF Amendment Regulations 2023, are subject to administrative penalties.

(b) Not met) The VABA is not in force.

Criterion 15.9 – (Partly Met) SVG has limited measures in place to ensure that VASPs are required to comply with the requirements set out in Recommendations 10 to 21. Schedule 1 of the AML & TF Regulations was amended in 2023 to now include VASPs under the definition of ‘service provider’ and they must comply with all relevant ML/FT legislation, including the obligation to identify, assess, manage and mitigate ML/TF risk. However, there is no requirement for (a) VASPs to conduct CDD for occasional transactions above USD/EUR 1 000 and (b) originating or beneficiary VASPs to obtain and hold required and accurate beneficiary or originator information on virtual asset transfers, and submit the above information to the beneficiary VASP or financial institution (if any) immediately and securely, and make it available on request to appropriate authorities.

Criterion 15.10 – (Met) SVG has measures in place to ensure that the TFS communication mechanisms, reporting obligations and monitoring referred to in criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e) and 7.4 (d) apply. VASPs are required to comply with the full range of preventive

measures applicable in the ATFFPA as they are now Service Providers under the AML & TF (Amendment) Regulations 2023.

Criterion 15.11 – (Partly met) SVG has some measures to ensure international cooperation in relation to money laundering, predicate offences, and terrorist financing relating to virtual assets, on the basis set out in Recommendations 37 to 40. The deficiencies in R 37 to 40 are also applicable here. Further, SVG has no measures in place to ensure that supervisors of VASPs have a legal basis for exchanging information with their foreign counterparts, as there is no supervisor for VASPs. The VABA is not yet in force. The analysis and conclusions under R.40.1 are applicable here.

Weighting and Conclusion

Recommendation 15 (formerly Recommendation 8) was rated as PC in the 3rd Round MER because there were no regulatory requirements to have policies or measures in place specifically to prevent misuse of technological developments for ML or TF, including non-face to face business relationships and transactions. Measures to address non-face to face relationships were included in POCA Regulation 15 and this NC recommendation was closed. Recommendation 15 now incorporates VASPs.

Recommendation 15 is given a moderate weighting given the lack of VASPs identified in SVG, although a full risk assessment of the sector has not yet been completed. Notwithstanding the immateriality of identified virtual asset activities, the VABA is not in force and VASPs are not subject to supervision and enforcement of AML/CFT requirements in SVG.

Recommendation 15 is rated Partially Compliant.

Recommendation 16 – Wire transfers

Recommendation 16 (formerly SRVII) was rated as NC in the 3rd Round MER as there was a partial implementation of SR VII standards by banks and money transmitters and no wire transfer requirements. At the time of its 14th FUR in 2018, there were no outstanding deficiencies for this recommendation. The FATF requirements on wire transfers have however changed.

Criterion 16.1 (Partly met)

Regulation 33(1) of the AML & TF Regulations requires the PSP of the payer (originator) to ensure that every transfer of funds is accompanied by full originator payer information. Regulation 31 (1) (a) and (b) of the AML & TF Regulation defines “full originator information”, which is (a) the payer’s address and (b) the payer’s date and place of birth or the

customer identification number or national identity number or a unique identifier should the payer not have an account. Further, Regulation 33(3) requires the PSPs to verify the payee's information.

(b) There are no provisions to obtain the required beneficiary information.

Criterion 16.2 (Partly met) - Regulation 34 of the AML & TF Regulations requires the full originator information for batch file transfers and not in the individual transfers bundled together. There is no provision for the maintenance of full beneficiary information nor is there a requirement for both this information to be fully traceable in the beneficiary's country. Further, Regulation 34(3) does not require the individual transfers bundled within it.

Criterion 16.3 (Not applicable) - SVG has no provisions for a de minimis threshold.

Criterion 16.4 (Met) - Section 33 (5) (C) of the AML & TF Regulations requires the payer's PSPs to verify customer information should there be a suspicion of ML, TF or other financial crimes.

Criterion 16.5 (Met) - Section 33 (7) of the AML & TF Regulations requires the PSP to include the payee information in a domestic wire transfer.

Criterion 16.6 (Partly met) – Regulation 33 (8) of the AML & TF Regulations requires the payer's (PSP) to make available to the payee's (PSP) information on the full originator's information within 3 working days of their request. Section 21 (1) of the AML & TF Regulation 2014 requires that records be kept in a form that enables them to be made available on a timely basis when lawfully required by the supervisory authority, the Financial Intelligence Unit or law enforcement authorities in the state. However, Section 22 of the AML & TF Regulation 2014 does not expressly refer to the beneficiary account number or a unique transaction reference number, permitting the transaction to be traced back to the originator or the beneficiary, but rather refers to 'a record containing details relating to each transaction carried out by the service provider in the course of any business relationship or occasional transaction'. Further, there is no provision under the AML & TF Regulation 2014 that law enforcement authorities should be able to compel immediate production of such information.

Criterion 16.7 (Partly Met) - Section 33 (6) of the AML & TF Regulations states, the payer's PSP is required to maintain records of full originator information for at least 7 years. There are however no provisions for the maintenance of beneficiary information.

Criterion 16.8 (Partly met) - Section 34 (4) of the AML & TF Regulations requires the payee's (PSP) to take actions such as rejecting the transfer, requesting full originator information and taking further courses of action should the information be incomplete. There are no provisions for the ordering financial institution (payer's PSP) to take such actions for incomplete information.

Criterion 16.9 (Partly met) - Regulation 35(2) of the AML & TF Regulations 2014, an intermediary payment service provider shall ensure that any information it receives on the payer that accompanies a transfer of funds is kept with that transfer. This provision does not

describe the nature of the information that must be mandatorily provided, i.e. all originator and beneficiary information.

Criterion 16.10 (Met) - Regulation 35(6) of the AML & TF Regulations 2014 states that an intermediary payment service provider that uses a system with technical limitations which prevent the information on the payer from accompanying the transfer of funds shall keep records of all the information on the payer that it has received for a period of at least 7 years.

Criterion 16.11 (Met) - Regulation 35(4) of the AML & TF Regulations 2014 where, in receiving a transfer of funds, the intermediary payment service provider becomes aware that information on the payer required under this part is incomplete, the intermediary payment service provider may only use a payment system with technical limitations if the intermediary payment service provider (either through a payment or messaging system, or through another procedure that is accepted or agreed upon between the intermediary payment service provider and the payment service provider of the payee) provides confirmation that the information is incomplete.

Criterion 16.12 (Not met) – There are no provisions for FIs to have risk-based policies and procedures for determining (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information (b) the appropriate follow-up action.

Criterion 16.13 (Partly met) - Regulation 34 (2) of the AML & TF Regulations requires a payment service provider of the payee to put in place effective procedures for the detection of any missing or incomplete full originator information. The AML & TF Regulations 2014 do not however refer to post-event monitoring or real-time monitoring where feasible.

Criterion 16.14 (Not met) – There are no requirements for cross-border wire transfers of USD/EUR 1,000 or more, where beneficiary FIs should be required to verify the identity of the beneficiary, if the identity has not been previously verified, and maintain this information in accordance with R. 11.

Criterion 16.15 (Not met) - There are no provisions for beneficiary FIs to have risk-based policies and procedures for determining (a) when to execute, reject, or suspend a wire transfer lacking the required originator or required beneficiary information (b) the appropriate follow-up action.

Criterion 16.16 (Met) – MVTS (MSBs) providers are considered as regulated business under the AML/TF Regulations Schedule 1. MVTS providers are subjected to the requirements under the AML/TF regulations including wire transfers as such the analysis of the relevant criteria of R.16 should also be applicable to MVTS providers.

Criterion 16.17 (Not met) – Sections 126 and 127 of POCA requires that a person reports promptly to the FIU when there is a suspicion that a person is engaging in ML. Section 15(1) requires an obligation to report promptly to the FIU suspicion that a person has committed or attempted to commit a TF offence. However, in the case of an MVTS, there are no explicit provisions under (a) and (b) of this criterion, although compliance Officers (including MLROs) within the MVTS would have a legal obligation to report.

Criterion 16.18 (Partly Met) - Sections 63-67 of the ATFPA and 63 2(a) and 2(b) ATFPA (Amendment) Act 2017 outline the obligations of FIs in relation to the freezing of funds and prohibition from conducting transactions with designated persons. There are however no requirements that outline the requirements in the context of processing wire transfers.

Weighting and Conclusion

Recommendation 16 carries additional weighting given that SVG's NRA Report identifies MVTS as being popularly used for cross-border transactions and the most vulnerable to ML/TF within the other Financial Services sector.

There are no requirements that every transfer of funds is accompanied by full beneficiary information. There are no requirements for cross-border wire transfers of USD/EUR 1,000 or more, where beneficiary FIs should be required to verify the identity of the beneficiary, if the identity has not been previously verified, and maintain this information in accordance with R. 11. There are no provisions for beneficiary FIs to have risk-based policies and procedures for determining (a) when to execute, reject, or suspend a wire transfer lacking the required originator or required beneficiary information (b) the appropriate follow-up action.

There are no explicit requirements that a MVTS must report to the FIU where it has a suspicion of ML or TF.

Recommendation 16 is rated Partially Compliant.

Recommendation 17 – Reliance on third parties

This Recommendation was rated non-compliant 'NC' in the 3rd round MER. Recommendations and comments were that there is no mandatory requirement to immediately obtain CDD information from introducers; no requirement to ensure that documentation can and will be available promptly on request, without limitation; the list of eligible introducers listed in the Regulations and the POCA Schedule 1 goes beyond the FATF list of FIs and DNFBPs, and should be limited as is intended in the Guidance Notes; and insufficient provisions that ultimate responsibility for customer identification and verification lies with the SVG FI.

Criterion 17.1 – (Met) SVG has some measures in place to ensure that if FIs are permitted to rely on third parties to perform elements (a) to (c) of the CDD measures set out in Recommendation 10 or to introduce business, the ultimate responsibility for CDD measures should remain with the FI relying on the third party.

(a) (Met) Regulation 17 (1) of the AML & TF Regulations 2014 permits reliance on an introducer or intermediary to apply customer due diligence measures with respect to a service provider's/financial institution's customer, third party or beneficial owner. Regulation 17 (4)

stipulates that the service provider/financial institution remains liable for any failure to apply the CDD measures. Paragraph 9, page 8 of the AML & TF (Amendment) Regulations 2023 ensures that this includes information about the nature of the business.

(b) (Met) Regulation 17 (2) (c) of the AML & TF Regulations states that a service provider must obtain adequate assurance in writing from an intermediary or introducer that they will provide customer due diligence information that is on record, to the service provider at the service provider's request, without delay.

(c) (Met) Regulation 18 (1) (a) of the AML & TF Regulations 2014; Para 21 (1) (a) AML & TF Code 2017, state that a condition for reliance on an introducer or intermediary/third party is that before relying on the same to apply CDD measures with respect to a customer, a service provider must satisfy itself that the third party is regulated and has procedures in place to conduct CDD. In carrying out a risk assessment to determine whether it is appropriate to rely on an intermediary or introducer, a service provider/financial institution should consider the adequacy of the supervisory regime to combat money laundering and financing of terrorism to which the intermediary or introducer is subject.

Furthermore, the AML & TF Code imposes additional requirements if the intermediary or introducer is a regulated person or foreign regulated person.

Criterion 17.2 – (Met) SVG has measures to ensure that when determining in which countries the third party that meets the conditions can be based, FIs have regard to information available on the level of country risk under Paragraph 9, page 8 of the Anti-Money Laundering and Terrorist Financing (Amendments) Regulations 2023. A condition for reliance on an introducer or intermediary pursuant to Regulation 18 (1) (b) of the AML & TF Regulations is that a service provider/financial institution must assess the risk of relying on the intermediary or introducer with a view to determining-(i) whether it is appropriate to rely on the intermediary or introducer; and (ii) if it considers it is so appropriate, whether it should take additional measures to manage that risk.

Criterion 17.3 – (Met) SVG has some measures to ensure that, where FIs rely on a third party that is part of the same financial group, relevant CAs may also consider that the requirements of the criteria above are met in the following circumstances: the group applies CDD and record-keeping requirements, in line with Recommendation 10 to 12, and programmes against ML and TF in accordance with Recommendation 18. There are also provisions under Paragraph 9, page 8 of the Anti-Money Laundering and Terrorist Financing (Amendments) Regulations 2023 to allow CAs to supervise the implementation of those CDD and record keeping requirements at group level, and that any higher country risk is adequately mitigated by the group's AML/CFT policies.

Service Providers may place reliance on a third party that is a part of a financial group. Regulation 17 of the AML & TF Regulations apply to all FIs that are part of the same financial group. Additionally, the Guidance Note to the AML & TF Code states that in carrying out a risk assessment, the service provider/FI will need to consider, inter alia, the extent to which the intermediary or introducer itself relies on third parties to identify its customers and to hold

evidence of identity or to conduct other due diligence procedures, and if so who those third parties are and whether specific relationships are fully managed by an introducer.

Weighting and Conclusion

Recommendation 17 is rated Compliant.

Recommendation 18 – Internal controls and foreign branches and subsidiaries

Recommendation 18 is a combination of former Rs. 15 (which was rated PC) and 22. R.15 was rated LC in the 3rd MER as there was a lack in the requirements for FIs to have comprehensive policies and consider revising the compliance audit, training of employees for high-risk areas in ML/TF, lack of fit and proper criteria to ensure high standards. These deficiencies were addressed by amendment to the AML/TF Code, the issuance of Guidance Notes and the AML/TF regulations. The FATF requirements on this recommendation have also changed.

Criterion 18.1 (Met) SVG has measures to ensure that FIs implement programmes against ML/TF, which have regard to the ML/TF risks and the size of the business, and which include compliance management arrangements, screening procedures to ensure high standards when hiring employees, and ongoing employee training programme and an independent audit function to test the system. (a) (Mostly met) - Regulation 25 of the AML & TF Regs requires FIs to appoint an individual approved by the supervisory authority as its AML/CFT reporting officer, whose principal function is to receive and consider internal ML/TF disclosures to determine whether a STR should be reported to the FIU. Regulation 26 requires the appointment by FIs of an AML/CFT Compliance Officer whose principal function is to oversee and monitor the FI's compliance with POCA, all enforceable ML/TF legislation, the AML & TF Regs and the AML/TF Code. Regulation 27 provides that the AML/CFT Reporting Officer and the AML/CFT Compliance Officer should have the appropriate skills and experience and otherwise be fit to act as such, possess sufficient independence to perform the role objectively, have sufficient seniority to undertake the responsibilities, have sufficient resources, including time to perform the functions and have unfettered access to all business lines, support departments and information necessary to carry out the function. The Compliance Officer should be appointed at the management level under Paragraph 13, page 20 of the Anti-Money Laundering and Terrorist Financing (Amendments) Regulations 2023.

(b) (Met) - Sub-regulation 20(1)(d) of the AML & TF Regs requires FIs to have policies, systems and controls relating to the screening of employees. Sub-paragraph 33(1)(c) of the AML & TF Code requires a FI to vet the competence and probity of employees at the time of their recruitment and at any subsequent change in role and ensure that their competence and probity is subject to ongoing monitoring. The above measures comply with the requirements of the sub-criterion.

(c) **(Met)** - Regulation 24 of the AML & TF Regs requires FIs to provide appropriate AML/CFT training to its employees. Training should cover areas such as the institution's AML/CFT policies, procedures, systems and controls and the AML/CFT laws, Regulations, Code and Guidance. Employees should also be trained on how to detect possible incidents of ML/TF by their customers. The above measures comply with the requirements of the sub-criterion.

(d) **(Met)** – Sub-regulation 20(4)(a) of the AML & TF Regulations requires FIs to maintain adequate procedures for monitoring and testing the effectiveness of their AML/CFT policies and procedures and the training provided. Paragraph 25 of the AML & TF Code further requires a FI to establish and maintain an adequately resourced and independent audit function to test compliance with the policies, procedures, systems and controls established under the AML & TF Regs and AML & TF Code. The above measures comply with the requirements of the sub-criterion.

Criterion 18.2 (Met) – SVG has measures to ensure that financial groups implement group wide programmes against ML/TF which should be applicable to and appropriate to all branches and majority owned subsidiaries of the financial group under Regulation 18A of the AML & TF Regulations (2023) There are requirements for FIs to maintain ML/TF policies and procedures, to have group wide ML/TF programs, to include the sharing of information at group-level compliance, audit, and/or AML/CFT functions and adequate safeguards on the confidentiality and use of information exchanged.

Criterion 18.3 (Met) – SVG has measures to ensure that FIs are required to ensure that their foreign branches and majority owned subsidiaries apply AML/CFT measures consistent with the home country requirements, where the minimum AML/CFT requirements of the host country are less strict than that of the home country, to the extent that the host country laws and regulations permit. Sub-regulations 2(2) of the AML& TF Regulations require a specified financial business to ensure that its branches and subsidiaries in foreign countries comply with AML & TF Regs and the AML & TF Code to the extent the laws of the countries permit. Sub-regulation 2(3) of the AML & TF Regs requires a specified financial business to ensure that sub-regulation 2(2) is complied with where the foreign country in which its branch or subsidiary is situated does not apply, or insufficiently applies, the FATF Recommendations.

Sub-regulation 2(4) of the AML & TF Regs stipulates that if the foreign country in which a branch or subsidiary of a specified financial business is situated has more stringent AML/TF standards, the specified financial business shall ensure that the more stringent requirements are complied with by its branch or subsidiary.

Sub-regulation 2(5) of the AML & TF Regs states that where the laws of a foreign country do not permit a branch or subsidiary of a specified financial business to comply with sub-regulation 2(2), the specified financial business shall - (a) notify the supervisory authority in writing; and (b) to the extent that the laws of the foreign country permit, apply alternative measures to ensure compliance with the FATF Recommendations and to deal effectively with the risk of money laundering and terrorist financing. The definition of specified financial

business includes all FIs operating in SVG, and the above measures will be applicable to all FIs. The above measures comply with the requirements of the criterion.

Weighting and Conclusion

Recommendation 18 is rated as Compliant.

Recommendation 19 – Higher-risk countries

Recommendation 19 (formerly R.21) was rated ‘NC’ in the 3rd MER. The deficiencies were that there were no requirements to examine, as far as possible, the background and purpose of complex, unusual or unusual patterns of transactions as far as possible and to establish such findings in writing. There was no requirement to keep records of findings of the examination of the background and purpose of complex, unusual, or unusual patterns of transactions, to be available to help CAs and auditors in implementing unusual transaction detection and analysis. Further, the reporting entities’ focus was almost exclusively on cash transactions.

Criterion 19.1 – (Met) Regulation 14(2)(b) of the AML & TF Regulations 2023 requires a service provider to, on a risk sensitive basis, apply enhanced due diligence measures and undertake enhanced ongoing monitoring in instances where a person or a transaction is from or in a country that has been identified as having a higher risk by the FATF or the CFATF.

Criterion 19.2 - (Met)- Pursuant to Part 5A (Directions), of the AMLTFR, the National Anti-Money Laundering Committee (“the Committee”) (established under POCA S.118), can by Direction or Exemption identify countermeasures that may be utilised by a particular service provider, any description of service provider or all service providers when (a) the FATF or the risk of ML/TF/PF and (b) independently of any call by the FATF, to apply countermeasures proportionate to the risks.

Criterion 19.3 – (Met) Section 4(2) (g) of the FIU Act requires, without limiting the foregoing and notwithstanding any other law to the contrary that the Financial Intelligence Unit— shall inform financial and business institutions of their obligations under measures that have been or might be taken to detect, prevent and deter the commission of offences under the Proceeds of Crime and Money Laundering (Prevention) Act, 2001. The legislative provisions are sufficiently broad and capture the FIU’s obligation to advise FIs of concerns about weaknesses in the AML/CFT systems of other countries which address this criterion.

Weighting and Conclusion

Recommendation 19 is rated Compliant.

Recommendation 20 – Reporting of suspicious transaction

This Recommendation (formerly R.13 and SR. IV) was rated ‘PC’ and ‘NC’, respectively in the 3rd MER. The deficiencies included the two-part threshold which did not meet the reporting requirement of R.13 and the laws did not make provision for the filing of TF related STRs. As noted in the 12th FUR, SVG was considered as substantially addressing the deficiencies in the MER to the level of LC.

Criterion 20.1 – (Met): A person or Money Laundering Reporting Officer (MLRO) who knows or suspects or has reasonable grounds for knowing or suspecting that a person is engaged in ML is required to disclose the information or other matters as soon as practicable and in any event within 14 days after it comes to him to the FIU (ss.126 and 127 of the POCA, 2013 as amended). SVG applies an all-offences approach for ML. The definition of ML includes any conduct which constitutes a ML offence (s.2(1) of the POCA, 2013, as amended). The foregoing therefore means that the requirement to report for ML also includes a report on criminal activities/ predicate offences which may give rise to ML. Section 15 (1) of the ATPFA contains similar provisions to those of the POCA and requires the reporting of TF related transactions.

Criterion 20.2 (Met): Service Providers (FIs) are required to report to the FIU attempted transactions and business that has been refused, regardless of the amount or value of the refused business where the foregoing give rise to knowledge, suspicion, or reasonable grounds for knowledge or suspicion of ML or TF (s.29(1)(f) of the AML/CFT Code). The AML/CFT Code was made by the NAMLC in accordance with section 169 of the POCA, 2013 as amended and is considered by the legislation as enforceable and subordinate legislation that has full legislative effectiveness (s.169 (5) of POCA, 2013 as amended). The AML/CFT Code therefore complies with the requirement of paragraph 22 of the FATF Methodology which mandates that the requirements of R.20 must be set out in law. Further to the provision in the AML/CFT Code, s.15 (1) of the ATPFA makes provision for the reporting of attempted transactions.

Weighting and Conclusion

Recommendation 20 is rated Compliant.

Recommendation 21 – Tipping-off and confidentiality

Recommendation 21 (formerly R.14), was rated as NC in the 3rd Round MER as the UNATMA and POCA did not prohibit tipping-off of the filing of SARs related to terrorist financing and POCA sec 45 did not explicitly prohibit tipping off of the fact of filing of the SAR itself. As noted in the 14th FUR, these deficiencies were addressed by amendments to the POCA and ATPFA.

Criterion 21.1 (Met) Section 131 of POCA and Section 16 of the ATFPA provide that where a person (institution, director, officer or employee) of a service provider makes a protected disclosure or an authorised disclosure, the disclosure: (a) shall not be treated as a breach of any law, rule of law or agreement restricting the disclosure of information and (b) shall not give rise to criminal or civil proceedings. In addition, under section 6 of the FIU Act, no proceeding for breach of banking or professional confidentiality may be instituted against any person (institution, director, officer or employee) of a FI who, in good faith, submits suspicious transactions or SARs to the FIU. No civil or criminal liability action may be brought nor any professional sanction taken against any person (institution, director, officer or employee) of an FI who in good faith transmits information or submits reports to the FIU.

Criterion 21.2 (Met) Section 129 POCA makes provision against Tipping Off including for STRs (relevant disclosure). Tipping off is also prohibited and an offence in section 18 of the ATFPA when a report is filed with the FIU or reporting officer within a financial institution. Under section 18 of the ATFPA tipping off is also prohibited and is an offence when a report is filed with the FIU or reporting officer with an FI. ‘Person’ includes directors, officers and employees.

Weighting and Conclusion

Recommendation 21 is rated Compliant.

Recommendation 22 – DNFBPs: Customer due diligence

Recommendation 22 (formerly R.12), was rated as NC in the 3rd Round MER as there was no regulation or supervision of casinos, infrequent and insufficiently detailed monitoring of CDD compliance of RAs, no arrangements for systematically spot checking CDD compliance by DNFBPs (NRSPs) and insufficient training of lawyers and more complex international business relations. As noted by the 14th FUR some of these deficiencies were being addressed through more frequent onsite examinations. Since then, the FATF requirements on DNFBPs: CDD have changed.

Criterion 22.1 (Mostly met) – (a) (Mostly met) Service Providers are subject to the AML/CFT obligations of the AML & TF Regulations. Regulation 3 of the AML and TF Regs defines Service Providers as specified in Schedule 1 of the AML & TF Regs. As per Regulation 6 of the AML and TF (Amendment) Regs a service provider includes under Schedule 1 Paragraph 1 (d)(ii) of the AML & TF Regs persons who provide gambling services (including internet gambling and floating casinos) or operate a casino and clients involved in transactions equal to or above the sum of XCD 7500 (US 3000). This provision requires casinos to comply

with the obligations of the AML and TF Regs which includes CDD measures. The analysis for Recommendation 10, along with the identified deficiencies, is applicable.

(b) (Mostly Met) - In accordance with Regulation 6 of the AML and TF (Amendment) Regs, Schedule 1 Paragraph 1 (d)(i) of the AML and TF Regs lists a person who, by way of business acts as a real estate agent, acts as a real estate agent, when involved in transactions concerning the buying and selling of real estate as a service provider who is therefore subject to the obligations of the AML & TF Regulations including CDD measures. The analysis for Recommendation 10 along with the identified deficiencies is applicable.

(c) (Mostly Met) - In accordance with Regulation 6 of the AML and TF (Amendment) Regs, Schedule 1 Paragraph 1 (d)(iv) of the AML and TF Regs lists a high value dealer – deals and trades in .precious stones and precious metals, and receives, in respect of any transaction, a sum equal to or above the sum of XCD10,000 (USD 4,000) or its foreign equivalent, whether the transaction is executed in a single operation or in several operations that appear to be linked. - as a service provider who is therefore subject to the obligations of the AML and TF Regs including CDD measures. The threshold of USD 4,000 is more stringent than the FATF requirement of USD 15,000. The analysis for Recommendation 10 along with the identified deficiencies is applicable.

(d) (Mostly met) In accordance with Regulation 6 of the AML & TF (Amendment) Regulations, Schedule 1 Paragraph 1 (e) of the AML & TF Regulations (2023) lists as a service provider a lawyer, notaries, other independent legal professional, and accountant is in line with the FATF definition of same. Consequently, lawyers, notaries, other independent legal professionals and accountants are subject to the obligations of the AML & TF Regulations. including CDD measures as indicated in the analysis for Recommendation 10 along with the identified deficiencies for the listed services.

(e) (Mostly met) - The definition of TCSPs (referred to by SVG as RAs) at Schedule 1 (a) of the AML and TF (Amendment) Regulations (2023) meets the FATF definition of TCSPs. Consequently, TCSPs / RAs are subjected to the provisions of the AML & TFR. including CDD measures as indicated in the analysis for Recommendation 10, along with the identified deficiencies.

Criterion 22.2 – (Met) - All DNFBPs are clearly defined in schedule 1 of the AML and TFR Reg (2023) and is required to comply with the provisions of AML and TF Regulations and the AML and TF Code. R.11 is rated compliant.

Criterion 22.3 – (Mostly met) - The analysis of the PEPs requirements of R.12, along with the identified deficiencies, is applicable to DNFBPs.

Criterion 22.4 – (Partly met) - The analysis of the new technologies’ requirements of R.15, along with the identified deficiencies, is applicable to DNFBPs.

Criterion 22.5 – (Met) - The analysis of the third-parties’ requirements of R.17 (rated Compliant) is applicable to DNFBPs.

Weighting and Conclusion

The deficiencies identified for R.10 (LC), R.12 (LC) and R. 15 (PC) apply equally to DNFBBs and impact the rating.

Recommendation 22 is rated Largely Compliant.

Recommendation 23 – DNFBBs: Other measures

Recommendation 23 (formerly R.16) was rated as NC in the 3rd Round MER as there was minimal SAR reporting and no compliance supervision of most DNFBBs. To address the deficiency of minimal SAR reporting, SVG published updated SAR guidance and has been able to demonstrate that the deficiency has been addressed through the increase in the number of SAR being reported. Also, as noted in the 14th FUR, pursuant to R.36(b) of the AML and TF Regulations 2014, the FIU was designated as the supervisory authority for DNFBBs/NSRPs for AML/CFT purposes.

Criterion 23.1 (Met) (a) (Met) In accordance with the AML and TF (Amendment) Regs 2023, Schedule 1 Paragraph 1 (e) of the AML & TF Regulations, a Service Provider includes lawyers, notaries, other independent legal professionals and accountants. Service Providers are subject to the analysis of the suspicious transaction reporting requirements of R.20 which was rated Compliant.

(b) (Met) In accordance with the AML and TF (Amendment) Regs 2023, Schedule 1 Paragraph 1 (d)(iv) of the AML and TF Regs lists dealers in precious metals and stones as a service provider is in line with the FATF definition of DNFBBs. Service Providers are subject to the analysis of the suspicious transaction reporting requirements of R.20 which was rated Compliant.

(c) (Met) As per Schedule 1 (a) of the AML and TF (Amendment) Regs 2023, Service Providers include Trust and Company Service Providers referred to in SVG as Registered Agents and are in line with the FATF definition of TCSPs. Service Providers are subjected to the analysis of the suspicious transaction reporting requirements of R.20 which was rated Compliant.

Criterion 23.2 (Met) The analysis of C23.1 is applicable. DNFBBs are subject to the requirements for internal controls in R.18 which was rated Compliant.

Criterion 23.3 (Met) The analysis of C23.1 is applicable. DNFBBs are subject to the requirements for higher risk countries in R.19 which was rated Compliant.

Criterion 23.4 (Met) The deficiencies in the analysis of C23.1 is applicable. The analysis of the requirements for tipping off and confidentiality in R.21 (rated Compliant) is applicable here.

Weighting and Conclusion

Recommendation 23 is rated Compliant.

Recommendation 24 – Transparency and beneficial ownership of legal persons

Recommendation 24 (formerly R. 33) was rated as PC in the 3rd Round MER. Comments were that bearer shares in BCs were not properly immobilised since some were in the hands of custodians that have not been approved by the IFSA. Regarding BCs, IFSA onsite inspection procedures were not sufficient to ensure that adequate, accurate and complete information about beneficial owners was being collected and maintained by registered agents. For local companies, the Companies Registrar did not have legal authority to ensure that adequate, accurate and complete information about beneficial owners was available to them or to law enforcement authorities. For local companies, there was no restriction on the use of nominee shareholders and directors in the Companies Act nor was it possible for the Companies Registrar to determine if nominees were being used.

Criterion 24.1 – (Met)

SVG has mechanisms in place that identify and describe the different types, forms and basic features of legal persons. SVG’s legislation recognises different types of legal persons, including domestic companies, exempt companies, business companies (BCs), limited liability companies (LLCs) and segregated cell companies (SCCs). Although there is no single source of publicly available information on the creation and types of legal persons and arrangements in SVG, the platforms of the FSA and CIPO provide access to the information.

These websites provide detailed information on the various types of business structures available in SVG and the incorporation and registration process of each type. The incorporation process and the basic features for these entities are set out in the Business Companies (Amendment and Consolidation) Act, Chapter 149 of the Revised Laws of Saint Vincent and the Grenadines, 2009 (“BC Act”) and the Limited Liability Companies Act, Chapter 151 of the Revised Laws of Saint Vincent and the Grenadines, 2009 (“LLC Act”)

Criterion 24.2 – (Not met)

A comprehensive assessment of the ML/TF risk associated with all types of legal persons in SVG had not been completed by the time the onsite concluded.

Criterion 24.3 – (Partly met)

SVG requires domestic and external companies to be registered with the CIPO under their respective legislative remits. Section 494 of the Companies Act requires that the Registrar shall maintain a Register of Companies. Section 5 of the Companies Act provides for the formalities for the registration of a domestic company. The documents must include the

proposed name, the name of the directors, address of the company and the declaration by an Attorney on behalf of the incorporators along with the prescribed fee. Once the Registrar is satisfied, a certificate of incorporation will be issued. Section 495 allows for public access to the domestic register upon payment of the prescribed fees, and the company file is available for access by the public for a fee of XCD 5.00. The registered company file at the office will contain the Articles of Incorporation, Notice of Registered office, Notice of Directors, Notice of Consent to act as Director, Request for name search, Notice of appointment of Secretary, By-Laws along with the yearly filing of Annual Returns and Financial Statements

SVG requires BCs, LLCs and SCCs to be registered with the FSA. Section 183, International Business Companies (Amendment & Consolidation) Act requires the Registrar to maintain a Register of Business Companies in respect of BCs incorporated or continued under the Act. The registers maintained by the FSA include information pertaining to the name, address, registered agent, directors and shareholders, legal status and any changes or updates in relation to these details. However, basic regulating powers of LLCs are not included.

There is public access to the records and basic regulating powers of BCs and LLCs upon the making of a written request with proper justification to the Registrar. There is no other mechanism which provides for public access to basic information.

Criterion 24.4 – (Partly met)

Domestic and business companies are required to maintain the information set out in criterion 24.3, with a register of their shareholders or members, but this does not apply to all categories of legal persons.

Section 177 (2), the Companies Act requires domestic companies to prepare and maintain a register of members showing— (a) the name and the latest known address of each person who is a member; (b) a statement of the shares held by each member; (c) the date on which each person was entered on the register as a member, and the date on which any person ceased to be a member. Subsection (3) provides that a company shall prepare and maintain a register of its directors and secretaries and a register of its directors' holdings in accordance with sections 178 to 180. Subsection (4) provides that a public company shall prepare and maintain a register of substantial shareholding in the company in accordance with sections 181 to 185. Sections 182 and 184, the Companies Act require substantial shareholders to notify the company of their position, they are also required to give notice to the company if they cease to be a substantial shareholder.

Section 70 of the BC Act requires a BC to keep certain company documents at the office of its registered agent including its registers of shareholder/members and register of directors or copies thereof. The shareholder register will include the type or category and percentage of shares allocated to each member. Section 73 of the BC Act requires that the registers shall be kept in hard copy or either wholly or in part as electronic records.

Friendly societies are required to register with the Registrar under section 4 of the Friendly Societies Act 2021 and keep identity information such as its members, and a register of their directors and trustees pursuant to section 18 of this same Act.

However, no information is provided for LLCs, and External Companies on the maintenance of the information set out in criterion 24.3. Public registers lack information on status, officers (where appropriate) addresses and filings (including trust deeds and amendments), and also on maintaining a register of shareholders or members, containing the number of shares held by each shareholder and categories of shares (including the nature of the associated voting rights) nor confirmation of maintenance within SVG at a location notified to the company registry.

Criterion 24.5 – (Partly met)

SVG has some mechanisms that ensure that the information referred to in criteria 24.3 and 24.4 is accurate and updated on a timely basis, but not for all types of legal persons.

Domestic companies must notify the Register of a change in the directors or a change in the name or address of a director pursuant to section 178 of the Companies Act. Records are updated when the company files their documents and notices such as Annual Returns and Financial Statements with the office. Penalty is enforced for late filing of Annual Returns monthly.

Section 77 of the Companies Act, states that a change of directors of a company must be done within 15 days and this notice sent to the Registrar on the prescribed form. The Registrar has the power to strike the company from the register for failure to comply.

Section 29 of the BC Act inserted a new section 54A which requires a BC to file a notice in respect of each member entered in its register where there is a change in the members (becoming or ceasing to be a member) or the name or address of a member. The penalty for failure to make the requisite filing is XCD 20,000.00. Section 41 inserted section 91A which requires a registered agent to file a notice of appointment of directors within 10 days of appointment. The above penalty applies.

However, no information is provided on mechanisms that ensure information in criteria 24.3 and 24.4 is accurate and updated on a timely basis for other forms of legal persons.

Criterion 24.6 – (Partly met)

SVG uses one or more of the following mechanisms to ensure that information on the BO of an external company, BC, LLC and SCC is obtained by that company and available at a specified location in their country, or can be otherwise determined in a timely manner by a competent authority, but this does not apply to domestic companies.

(a) There is no legal requirement for CIPO or the FSA to hold or verify BO information for the legal persons on their registries, but they do hold information about the directors,

shareholders and members pursuant to Section 77 of the Companies Act and 29 of the BC Act. Similarly, there is no requirement for LLCs and SCCs to maintain BO information at the FSA.

(b) There is no legal requirement for domestic companies, BCs, LLCs or SCCs to maintain BO information.

(c) There is a legal requirement for Service Providers to maintain and verify BO information about their customers pursuant to the AML&TF Regulation 10 (b). These obligations apply before the service provider establishes a business relationship with the customer or carries out an occasional transaction (Regulation 11). Regulation 23 of the AML & TF Regulations 2014 provides that a service provider shall ensure that its records (including information on BO) are kept in a manner that allows for ongoing monitoring and periodic updating.

BCs, LLCs and SCCs are required to use a Service Provider (an RA) to register with the FSA. The FSA supervises compliance with BO obligations through its risk-based supervision of RAs. External companies are required to use a Service Provider (lawyer) to register with CIPO. The FIU supervises compliance with BO obligations through its risk-based supervision of lawyers.

However, there is no obligation for a domestic company to use a Service Provider to be incorporated at the CIPO, and this presents a deficiency.

Criterion 24.7 – (Not Met) There is no obligation for CIPO or the FSA to maintain accurate and current BO information on their registries. Regulation 11 (2) of the AML & TF Regulations requires service providers to conduct CDD to existing customers at appropriate times on a risk-sensitive basis and in any event at least once every 5 years, but there is no express provision requiring that BO information should be accurate and as up to date as possible.

Criterion 24.8 – (Partly met) There is no requirement under the Companies Act to maintain records of beneficial ownership of companies. However, basic information is held by entities, and limited measures are in place to ensure that legal persons co-operate with CAs to some extent. Section 17 of the Registered Agent and Trustee (Licensing) Act requires a licensee (Registered Agent and Trustee of international financial institutions) to maintain at its principal place of business within the State, such books or records as accurately reflect the business of international representation of the licensee. Entities registered or licensed in the international financial services sector (BCs, LLCs, Trust, International Banks, International Insurance) must have a licensed registered agent and trustee in the jurisdiction. Section 34 of the International Business Companies (Amendment & Consolidation) (Amendment) Act 2018 provides that a business company shall have a registered agent in the State, who shall be a person who holds a relevant licence. Section 8 of the International Banks Act requires a licensee to have a physical presence in the State, which shall include a designated registered agent that the FSA received notification of and who is not an officer of the licensee. The FSA may request information from Registered Agents and Trustees pursuant to section 22 of the FSA Act. Failure to comply with the request of the FSA, without a reasonable excuse, would result in the person being liable under section 22(2) of the FSA Act. The FIU, as the supervisory authority of DNFBPs/NRSPS, has the power to request information from the relevant entities or require

the production of documents (inclusive of basic and beneficial ownership information) under Schedule 4, section 3 of the POCA. A search warrant may be issued by the Magistrate's Court on behalf of the FIU as a supervisory authority) to NRSPs / DNFBPs who failed to comply with the aforementioned request.

There is no specific requirement that a DNFBP be authorised by the company and accountable to CAs for providing basic information and available beneficial ownership information and giving further assistance to the authorities. There are no other comparable measures specifically identified by SVG to provide all basic information and available beneficial ownership information and fully co-operate with CAs.

Criterion 24.9 – (Mostly met) Service providers are required to keep records pertaining to beneficial ownership or customer identification and records containing the details relating to its business for a minimum retention period of seven years after the day on which the account is closed (Regulation 21 of the AML & TF Regulations). Records are kept indefinitely by the CIPO and therefore kept even when the company ceases to exist. However, there is no requirement for company itself to maintain records.

Criterion 24.10 – (Met)

CAs in SVG have the powers necessary to obtain timely access to the basic and beneficial ownership information held by the relevant parties.

The FIU (the legal and investigative departments) can attain basic and beneficial ownership information from NRSPs/DNFBPs via the issuance of a Director's Letter pursuant to Section 4(2) b of the FIU Act Amendment Act No. 7 of 2013, the FIU may, where it appears to the Director that there are reasonable ground to suspect that a relevant offence has been committed or that information is required for analysis of suspicious transactions reports, require the production of information from persons engaged in a relevant business activity.

Additionally, a production order issued under section 133 and 134 of the POCA can be used to access basic and beneficial ownership information from DNFBPs/ NRSPs.

The FSA, as a CA, has powers to obtain timely access to beneficial ownership information on legal persons information. The FSA may request information from Registered Agents and Trustees pursuant to section 22 of the FSA Act. Failure to comply with the request of the FSA, without a reasonable excuse, would result in the person being liable under section 22(2) of the FSA Act.

Criterion 24.11 – (Met) SVG has employed mechanisms to ensure that bearer shares or bearer share warrants are not misused for ML or TF. Bearer shares have been abolished in SVG pursuant to sections 14 and 15 of the International Business Companies (Amendment & Consolidation) (Amendment) Act 2018. All existing Business Companies which held bearer shares up to 2018 are required to convert their bearer shares to registered or ordinary shares. The obligation may be enforced pursuant to section 8 of the FSA Act. The FSA maintains a register of companies which have issued bearer shares prior to the 2018 amendments.

Criterion 24.12 – (Not met)

(a) and (b) SVG does not have a mechanism for disclosure to any relevant registry, and for this information to be included in the relevant register and there is no specific licensing requirement for nominee/alternate directors or nominee shareholders.

(c) N/A

Criterion 24.13 – (Partly met)

Section 10 of Schedule 4 of POCA enables a supervisory authority to take enforcement action against a relevant service provider for, inter alia, contravention of any of its AML/CFT obligations. This includes the obligation to collect and verify BO information from customers as per Regulation 10(b) of the AML & TF Regulations.

Enforcement actions include issuing a directive (section 11-Schedule 4), appointment of an Investigator (section 12-Schedule 4), Public Statement (section 13- Schedule 4).

Legal persons are not obliged to obtain and hold up-to-date BO information, nor to provide this to CIPO or the FSA upon incorporation. Therefore, sanctions are not available for failure to do so. Section 511 of the Companies Act permits CIPO to strike off a company from the register for failure to file basic information, but the sanctioning regime is neither proportionate nor dissuasive for natural and legal persons that fail to comply with the requirements in R.24.

Criterion 24.14 – (Partly met)

(a) (Partly met) Basic information in the company registry is publicly available, however, it is not publicly accessible online; information is available at a cost. Access by foreign CAs to basic information held by the Companies Registry is facilitated. Section 8 (1) (d) of the Tax Administration Act authorises the sharing of information with tax authorities of a foreign country pursuant to an international agreement.

The Comptroller of Inland Revenue as the designated CA for the automatic exchange of information is obliged to exchange financial account information received from financial institutions to the US and the OECD on an annual basis. SVG is party to the Income Tax (Double Taxation Relief) (Caribbean Community) Agreement. The purpose of the Agreement inter alia is to prevent double taxation as well as fiscal evasion with respect to taxes on income, profits or gains and capital gains.

(b) (Met) SVG can exchange basic information on shareholders with foreign CAs. The FSA conducts information exchanges. The FIU receives MLA requests for shareholder/beneficial ownership information from regional and international law enforcement agencies. The FIU obtains the shareholder/beneficial ownership records that are held by CIPO, upon receipt the FIU would respond to the MLA request via the MLAT process. St. Vincent and the Grenadines provides for mutual assistance in Criminal matters between Commonwealth and non-Commonwealth countries and St. Vincent and the Grenadines by way of the Mutual Assistance in Criminal Matters, Act No.46 of 1993. The Act covers requests for general assistance in obtaining evidence, locating or identifying persons, obtaining articles or things by search and

seizure if necessary, arranging attendance of persons, securing transfer of persons, serving documents, restriction on use of evidence, immunities and privileges. Assistance in serious offences covers tracing property, certain orders and obtaining orders in nature of Restraining Orders.

SVG has been party to a Bi-Lateral Treaty on Mutual Legal Assistance in Criminal Matters with the United States of America since 1998. This Treaty has been the basis for the facilitation of numerous Mutual Legal Assistance Requests between both countries.

(c) (Partly met) The FSA engages in frequent exchange of information in relation to beneficial ownership information with both domestic and foreign partners or CAs pursuant to the International Tax Cooperation (Tax Information Exchange Agreements) Act, and the FSA Act. Requests pursuant to the MACMA and via Letter Rogatory are received and addressed by the Attorney General (AG). The FSA would request the beneficial ownership information from the relevant registered agent of the company in question pursuant to either section 22 of the FSA Act or section 8 of the International Tax Cooperation (Tax Information Exchange Agreements) Act. The information is provided by a registered agent within the period stipulated in a letter of request for information (1-7 days) depending on the urgency and volume of requests. However, there is no legislative requirement for the compilation of data regarding beneficial ownership under the Companies Act.

Criterion 24.15 – (Not met) Presently, the FIU applies the guidance as provided by the Egmont Group regarding feedback between FIUs. In circumstances where a foreign FIU or LEA specifically requested feedback via the attachment of a feedback form or other means, such feedback is provided. However, no legislative requirements exist to facilitate monitoring the quality of assistance SVG receives from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad. No information was provided in relation to other CAs.

Weighting and Conclusion

SVG, in accordance with its law, can establish various types of legal persons and provide processes for the creation of those legal persons and for obtaining and recording basic information. The deficiencies that exist have been treated as moderate taking into consideration the framework that exists in SVG. These deficiencies include that the jurisdiction has not fully assessed its ML/TF risks associated with all types of legal persons and Registries at the CIPO and FSA are not required to hold or verify BO information. Service providers are required to collect and verify BO information for their customers, but domestic companies do not require a service provider to register in SVG. There are no provisions or requirements for the information to be accurate and updated on a timely basis. Additionally, there is no general requirement for legal persons to hold information on their beneficial ownership. Further, the sanctioning regime is neither proportionate nor dissuasive for natural and legal persons.

Recommendation 24 is rated Partially Compliant.

Recommendation 25 – Transparency and beneficial ownership of legal arrangements

Recommendation 25 (formerly R.34), was rated as NC in the 3rd Round MER. Comments were that with respect to ITRs, no laws, regulations or other enforceable means require registered trustees to identify beneficial ownership of trusts (e.g. the settlor, trustee, beneficiaries and protector of the trust) and allow IFSA access to such information. Regarding ITRs, IFSA does not conduct sufficient inspections of registered trustees so as to ensure that beneficial owners of trusts have been identified. Regarding local trusts, no laws, regulations or other enforceable means are in place to: (i) ensure that beneficial owners are identified; (ii) provide a mechanism so that CAs have access to adequate, accurate and complete information about beneficial owners of local trusts; and (iii) prevent misuse of local trusts for purposes of ML and FT. For both ITRs and local trusts, there are no restrictions on use of companies as settlors, trustees or beneficiaries.

A trust in SVG, whether domestic or international, must be registered in SVG pursuant to the Trust Act. A trust may be created by an instrument in writing. Different types of trusts may be registered pursuant to the Trust Act (previously International Trust Act), for example Charitable, Purpose or Spendthrift Trusts. Trusts may be revocable or irrevocable. The application must be made through a licensed Registered Trustee in SVG. However, registration under the Act does not affect the validity of a trust and is not mandatory. A trust is valid and enforceable in SVG if at least one of its trustees is a Registered Trustee licensed under the SVG Registered Agent and Trustee (Licensing) Act, who would have AML/CFT obligations in respect of the Trusts which they manage. Therefore, only trusts, whether established within or outside of SVG with at least one Registered Trustee, are eligible to be registered under the Trust Act.

Criterion 25.1 – (Partly met)

(a) (Met) Identity information in relation to trusts are required to be kept and maintained by the Registered Trustee who is also a “service Provider” under section 1(a) of Schedule 1 of the AML& TF Regulations 2014. The AML Obligations outlined within these Regulations are applicable to Trusts. The Trusts Act also imposes record keeping obligations on trustees relating to the trust deed and other documents containing the terms of trust, records of trustee decisions, records of trust property and documents in relation to the appointment, removal and discharge of trustees (section 21F). The Act makes it clear that each trustee of the trust is required to keep the documents or copies thereof and the trustee must hand over the records to serving trustees when the trustee demits office. Regulation 10 (b) requires service providers to also verify the identity of beneficial owners which includes registered trusts. Additionally, Section 17 of the Registered Agent & Trustee (Licensing) Act requires licensees to maintain at its principal place of business in the State, books and records pertaining to its business of international representation. Section 2 of the Act defines “international representation” as including acting as a local trustee or fiduciary of a trust. A trustee is required to ensure that it keeps and maintains up to date information on all parties to a trust. Paragraph 13 (1), AML &

TF Code provides that where a service provider (registered trustee) is required to identify a trust, it shall obtain relevant details on the trust, trustees, settlor, beneficiaries and protector. Paragraph 14 (1), AML & TF Code provides that where a service provider is required to verify the identity of a trust, it shall verify the name and date of the establishment of the trust, the identity of each settlor, and protector or enforcer of the trust.

‘Beneficial owner’ is defined in section 4 of the Trust Act as each settlor, trustee or beneficiary of a trust; where all individual beneficiaries have not been determined, the class of persons for whom the trust is established, and any individual who has control over the trust.

(b) (Not met) The legislative remit is unclear as to whether trustees are able to hold basic information on other regulated agents of, and service providers to, the trust, including investment advisors or managers, accountants, and tax advisors. Regulation 10, AML/TF Regulations requires a service provider (a Trustee is a service provider in accordance with Schedule 4 of the AML & TF Regulations) to obtain customer due diligence information on every customer, third party and beneficial owner. Regulation 6 (1) (e), AML/TF Regulations define CDD measures to include ‘taking reasonable measures, on a risk-sensitive basis, to verify the identity of each beneficial owner of the customer and third party.

(c) (Met) In accordance with Regulation 21 (1) (b), AML & TF Regulations, Trustees must keep the required information for the minimum retention period of seven (7) years from the date a business relationship ends, or for seven (7) years from the date that an occasional transaction was completed.

Criterion 25.2 – (Met) In accordance with paragraph 13 (1) (b) of the AML & CFT Code, trustees are required to provide current and updated information to the Registrar. Guidance, embedded in the Code, provides for the information to be accurate and up to date. Additionally, there is a general requirement in Regulation 11 (2) of the AML & TF Regulations for Service Providers to conduct CDD on existing customers at appropriate times on a risk sensitive basis and in any event at least once every 5 years. CDD must be applied when, inter alia, there is a change in the beneficial ownership of a customer or the beneficial ownership of third parties.

Criterion 25.3 – (Not met) There is no specific requirement for Trustees to disclose their status to FIs and DNFBPs when forming a business relationship or carrying out an occasional transaction.

Criterion 25.4 – (Met) No specificity in the FSA Act or any laws relative to trustees regarding a lack of prohibitions by law or enforceable means in providing CAs with any information relating to the trust, or legal impediments preventing trustees from providing financial institutions and DNFBPs, upon request, with information on the beneficial ownership and the assets of the trust to be held or managed under the terms of the business relationship. Trustees are required to comply with requests for information notices from the FSA pursuant to section 22 of the FSA Act. The type of information which can be requested has a wide range under this section and includes information in relation to the trust generally as well as beneficial ownership and Trust assets. A person who fails to comply with section 22(1) can face the penalties outlined in Section 22(2) which includes a fine of 100,000 dollars, one year

imprisonment or both. section 55A and 55B of the Trust Act gives the Registrar the power to obtain information and reports and require the production of documents. Section 57 of the Trust Act also provides for the Comptroller of Inland Revenue to request information.

Criterion 25.5 – (Met) CAs have wide ranging information gathering powers. The FIU, pursuant to S.4(2)(b) of the FIU Act 2002 as amended, empowers the FIU to require the production of information, including basic and BO information, from FIs or a person engaged in a relevant business activity. Pursuant to Sections 140 and 141 of POCA and Regulations 36 and 37 of the AMLTFR, an application may also be made for a Customer Information Order. An application for information may also be made pursuant to Section 146A & B of the POCA, for a Disclosure Order. The RSVGPF and CED, may apply for a Production Order requiring a registered trustee to produce records. Additionally, S22 of the FSA Act 2011 and Schedule 4 of the POCA empowers the FSA to make a request to a Registered Trustee, for the provision of certain information and documents, which may include its basic and BO information.

Criterion 25.6 – (Partly met)

(a) (Met) SVG has mechanisms in place for facilitating access by foreign CAs to basic information through the use of MLA. The Registrar of Trusts is the same as the Registrar of Business Companies pursuant to Section 53 of the Trust Act (now known as the Trust Act). Under section 55 of the Act, it provides that the Registrar shall register trusts in the Registrar of trusts and shall open and maintain a file in respect of the registered trust. The Register is therefore in the custody of the Registrar of Trusts at the FSA where all basic information on Trusts is kept. The provisions for co-operation with CAs in other countries described under R.37 and R.40 also apply to the exchange of information on trusts and legal arrangements.

(b) (Partly met) The basis for CAs to exchange available information on the trusts or other legal arrangements is unclear although, the FSA engages in frequent exchange of information in relation to beneficial ownership information with both domestic and foreign partners or CAs pursuant to the International Tax Cooperation (Tax Information Exchange Agreements) Act, and the FSA Act. There is however no provision in law that shows that the jurisdiction rapidly obtains information but in practice depending on the urgency and volume of request, will give registered and licensed entities between 1-7 days to respond.

(c) (Met) Requests pursuant to the MACMA, and via Letter Rogatory, are received and addressed by the Attorney General (AG). Where these types of requests pertain to a FSA registered or licensed entity, the FSA would assist with the compilation of the requested information. The FSA would request the beneficial ownership information from the relevant registered agent of the company pursuant to either section 22 of the FSA Act or section 8 of the International Tax Cooperation (Tax Information Exchange Agreements) Act. The information is provided by a registered agent with the period stipulated in a letter of request for information (1-7 days) depending on the urgency and volume of the request.

Criterion 25.7 – (a) (Met) The sanctions outlined in the AML & TF Regulations for failure to comply with the requirements of the said AML & TF Regulations can be imposed against service providers outlined in Schedule 1. **(b) (Met)** The AML & TF (Administrative Penalties)

Regulations 2023 enable supervisory authorities to impose administrative penalties against service providers who fail to carry out their obligations under the AML & TF Regulations.

Criterion 25.8 – (Partly met) Failure to comply with a request of the FSA under section 22 of the FSA Act may result in criminal sanctions outlined section 22 (2). However, it is indeterminable whether sanctions for failing to grant to CAs’ timely access to information regarding trust arrangements are proportionate and dissuasive. The findings of Recommendation 35 are also applicable here.

Weighting and Conclusion

While some of the requirements of the criteria have been met, SVG has no specific requirement for Trustees to disclose their status to FIs and DNFBPs when forming a business relationship or carrying out an occasional transaction and there are no provisions in law that shows that the jurisdiction rapidly obtains information. Additionally, it is indeterminable whether sanctions for failing to grant to CAs’ timely access to information regarding trust arrangements are proportionate and dissuasive.

Recommendation 25 is rated Partially Compliant.

Recommendation 26 – Regulation and supervision of financial institutions

Recommendation 26 (formerly R. 23) was rated NC in SVG’s 3rd MER due to generally inadequate supervision for AML/CFT across all sectors, no AML/CFT inspections/supervision of the international mutual fund and insurance sectors, no AML/CFT supervision of MSB and possible existence of one unauthorised activity, lack of authorization and AML/CFT supervisory regime for money lending businesses, lack of detailed AML/CFT inspection procedures for the non-domestic bank sectors, insufficient supervisory resources and understaffing to conduct effective ongoing supervision across all sectors, particularly in the non-domestic banking sector, infrequent focus on inherently high-risk business areas and ownership structures of some offshore institutions reduce transparency and may limit ability of regular review fit and proper criteria. As indicated in the 14th FUR of June 2018, these deficiencies were addressed by the provision of increased resources and staffing to FSA, implementation of revised supervisory procedures and programs including onsite and offsite functions and extension of the supervisory regime.

Criterion 26.1 – (Met) - ‘Service Provider’, as defined in section 2 of the POCA and the AML & TF Regulations (Amendments) 2023, includes FIs, VASPs and DNFBPs. Section 151 of the POCA provides that the AML & TF Regulations shall designate a person or body as the supervisory authority for regulated Service Providers and one or more persons or bodies. This includes the ECCB for Domestic Banks, the FSA for International Banks, Domestic Insurance Companies, FMs and FAs, MSBs, Credit Unions, Cooperative Societies, Friendly Societies, Building Societies, MFLBs and MPSPs and the ECSRC for Securities Licensees.

Criterion 26.2 - (Met) - Core Principles financial institutions are required to be licensed in SVG (See Section 3 of the Banking Act, Section 3(1) of the International Banks Act (IBA), Section 13 of the Insurance Act, Section 11 of the International Insurance Act). Other financial institutions, including those providing a money or value transfer service or a money or currency changing service, must also be licensed or registered (see Section 4 of the Money Services Business Act, Section 22 (1) of the Mutual Funds Act, Section 4 of the Cooperative Societies Act (CSA) and Section 7 of the Securities Act 2001 (SA).

SVG does not approve the establishment of shell banks. The ECCB's List of Documentation and Information required for Application for Banking Licences Pursuant to Part II of the Banking Act (2015) of the Eastern Caribbean Currency Union' effectively excludes the establishment of a shell bank.

Criterion 26.3 - (Mostly met)

Most CAs and supervisors in SVG take the necessary legal or regulatory measures to prevent criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, in a financial institution. The ECSRC has no measures for F&P, although there are only two securities licensees in SVG.

ECCB

Subsection 8(2)(e), 20, 22, 25, 97 and 98 of the BA sets out the Licensing and F&P requirements for Domestic Banks. The ECCB asks relevant applicants to complete a Personal Questionnaire for all significant shareholders, directors and officers. Additionally, they are to provide a police record of not less than six months and a Curriculum Vitae must be provided to help assess that the persons are fit and proper. The ECCB also uses a screening tool to identify PEPs and heightened risk individuals and organisations. It further conducts credit checks in jurisdictions where the applicant has been resident, and requests information from relevant regulators and Interpol based on the risk profile of the applicant.

Sections 2, 8, (2) (e), Section 25 of the BA requires F&P assessments to be undertaken whenever there is a change of directors, beneficial owners or officers. F&P is also conducted upon the renewal of the license, which is annual, and upon a trigger event such as intelligence, adverse media or an issue identified through inspection.

FSA

Licensing and F&P requirements are found within Section 14(e) of the IA, Regulation 4 of the International Insurance Regulations (IIR). Section 4 (3) of the IBA, Section 2 of the IBA Section 53 of the Cooperative Societies Act (CSA) subsection 53(4) of the CSA, sub-sections 53 (4a) and (4b), Section 18 of the MSBA, sub-section 18(2) of the MSBA, section 21 (3), of the MSBA, Section 21 (3) of the MBSA, Section 22 (1) of the Mutual Funds Act and the FSA has also created a Standard Operating Procedure (SOP) for the Conduct of Fit and Proper Assessment on all Beneficial Owners, Directors, Shareholders and Management (SOP 26) for all sectors.

Due diligence checks are conducted on all beneficial owners and individuals with a significant or controlling interest and those holding a management function in FIs and RAs. These checks are done at (i) application stage, before licensing and registration and initial appointment in any of the aforesaid positions, (ii) on a periodic basis, and (iii) on an ongoing basis, following the appointment. Control includes legal and beneficial ownership and starts at the 15% threshold. The FSA takes into consideration the reputation and character of the applicant, inclusive of all shareholders, directors, partners and senior management, as well as probity, competence and soundness of judgement. Information is verified through intelligence gathering using an external due diligence service provider, open-source internet searches on platforms such as Google and the provision of intelligence by other CAs. Applications made for persons domiciled in SVG must have the Police Certificate of Character. For persons overseas, applications must be accompanied by a Police Certificate of Character from that jurisdiction. For insurance officials, a letter of approval or no objection is requested from the home regulator.

ECSRC

Licensing and requirements are found within the Securities Act 2001 under each type of activity set out in Section 48(4) (Broker Dealers), Section 51(4) Limited Service Broker Dealer, Section 54(4) Investment Advisers, Section 57(4) Custodians and Section 102(4) Collective Investment Schemes. However, there are no measures for F&P tests to be carried out.

Criterion 26.4 (Partly met) –SVG has some measures to ensure that FIs are subject to (for core principles institutions) regulation and supervision in line with the core principles, where relevant for AML/CFT, including the application of consolidated group supervision for AML/CFT purposes; however, no information has been provided to demonstrate that the ECSRC complies with the relevant IOSCO Principles. SVG also has measures (for all other FIs) for regulation and supervision or monitoring, having regard to the ML/TF risks in that sector.

(a) (Partly met) The FSA utilises internationally acceptable prudential standards to assess the condition and financial soundness of institutions which it supervises (IFRS, CAMELS, PEARLS, BASEL I and some components of BASEL II, IACS-ICPs). The FSA has legislative provisions for implementing specific core principles.

Core Principles Domestic Banks are subject to regulation by the ECCB in accordance with legal and regulatory requirements set by the Banking Act, which align with the relevant Core Principles. Information about the ECCB's supervision of Domestic Banks has been provided in the relevant Basel Committee on Banking Supervision (BCBS) Principles 1-3, 5-9, 11-15, 26, and 29 referencing appropriate citations of the Banking Act. No information has been provided regarding whether the ECSRC complies with the relevant IOSCO Principles.

No information has been provided to demonstrate that the ECSRC complies with the relevant IOSCO Principles.

(b) (Met) Regulation 36 of the AML & TF Regs designates the FSA as the supervisory authority for regulated persons, including FIs that are not core principles institutions. The POCA defines a “regulated person” as a person who holds a regulatory licence. A “regulatory licence” is defined in section 2 of POCA as a licence specified in the AML & TF Regs as a regulatory licence. Schedule 3 of the AML TF Regs lists the various types of regulatory licences.

The FSA implements a risk-based approach to AML/CFT supervision and is responsible, pursuant to section 152 of POCA for monitoring compliance of regulated persons with their AML/CFT obligations and taking appropriate actions for breaches of, or non-compliance with their AML/CFT obligations, having regard to the ML/TF risks in that sector.

Criterion 26.5 (Partly met) – SVG has not provided information about the ECSRC regarding the requirements of criterion 26.5. The FSA has recently implemented an AML/CFT Risk Based Supervision Framework as set out at Section 1.1 the AML/CFT risk-based supervisory methodology. The framework facilitates the development of ML/TF risk profiles for each sector and institutions supervised by the FSA and sets out the frequency and intensity of AML/CFT supervision, based on risk.

The ECCB has implemented a risk-based AML/CFT supervision framework which focuses on its two pronged approach to supervision, consisting of offsite surveillance and examinations.

The ECCB has also developed a risk rating tool to assist in determining the ML/TF/PF profile of its LFIs. The assessment process includes a review of the AML/CFT governance framework, products and services, customers and entities, geographies as well as information derived from the National Risk Assessments. The ECCB’s AML/CFT Risk-Based Supervision Framework sets out the basis of the frequency and intensity of off and onsite AML/CFT supervision based on assigned ML/TF risk ratings.

Criterion 26.6 (Partly met) - The authorities have advised that as part of the ML/TF risk assessment done by the FSA, an assessment is undertaken of non-compliance with local and international laws, regulations, codes and guidance (Section 2.1 of the AML/CFT RBS Framework). The ML/TF risk is assessed on the basis of the inherent ML/TF risks the sector and/or institution faces and the quality of the AML/CFT controls within the sector and/or institution. The FSA’s AML/CFT RBS Framework provides for the conduct of sector and/or institutional risk assessments which informs the supervision plan. The above measures comply with the requirements of the criterion.

The ECCB has AML/CFT Offsite Supervision Procedures that address both examinations and the offsite surveillance process. The offsite supervision requires the conduct of the ML/TF Risk Assessments and results in the risk rating of LFIs. The ECCB implemented a prudential return for completion and submission by LFIs. The return gathers quantitative information necessary for the conduct of the ML/TF Risk Assessment as well as statistics pertinent to the supervision of ML/TF risk. LFIs are required to submit the information to the ECCB on a quarterly basis and will result in the ML/TF/PF profiles being updated quarterly.

The ECCB has also implemented an annual AML/CFT Self-Assessment questionnaire to be completed by LFIs, the assessment provides qualitative information of the AML/CFT Compliance programs instituted at licensed entities, including submission of any ML/TF risk assessment conducted at the respective entity.

No information has been put forward about the framework used by the ECSRC to review the assessment of the ML/TF risk profile of its securities licensees (including the risks of non-compliance) periodically, and when there are major events or developments in the management and operations of the financial institution or group. However, in 2021 it requested independent audits of the two broker-dealers that it supervises in SVG and produced an analysis of their compliance.

Weighting and Conclusion

Recommendation 26 (formerly R.23) was found NC in the 3rd Round MER. There were serious deficiencies around the scope of AML/CFT supervision for entities conducting relevant financial business. SVG has made a number of legislative changes since that date, and there are significant improvements. However, F&P is not conducted by the ECSRC. No information has been put forward about how the ECSRC determines the frequency and intensity of on-site and off-site AML/CFT supervision of financial institutions or groups or reviews the assessment of the ML/TF risk profile of a financial institution or group (including the risks of non-compliance) periodically, and when there are major events or developments in the management and operations of the financial institution or group. Although there are serious deficiencies relating to the Securities Sector, the AT takes into consideration the materiality of these deficiencies, as there are only two (2) Securities Licensees operating in the jurisdiction.

Recommendation 26 is rated Largely Compliant.

Recommendation 27 – Powers of supervisors

Recommendation 27 (formerly R.29), was rated as PC in the 3rd Round MER. Comments and recommendations included the following: There were no explicit links between the application of supervisory and administrative sanctioning powers in the financial laws and the AML/CFT legislation. There were no powers or mechanisms to supervise, inspect and enforce AML/CFT compliance with respect to building societies and money lending operations. Except for international banks and money services business, no explicit provisions for other regulators (functionally the ECCB, International Financial Services Authority (IFSA) Ministry of Finance), to supervise, inspect and enforce compliance by FIs of the POCA, Regs and the United Nations Anti-Terrorism Measures Act (UNATMA), particularly the power to initiate enforcement proceedings under these laws. AML/CFT compliance obligations under the International Banks Act and Money Services Business Act do not extend to the POCA Regs, limiting the scope of monitoring and enforcement. Section 19 (9), International Banks Act restricts access to the names, titles and confidential information about customers' accounts to

the Executive Director of IFSA who does not have the power of delegation with respect to this function. No supervisory powers in either the AML/CFT legislation or the financial and regulatory laws, to enforce, sanction, or initiate proceedings for, violations of the AML/CFT legislation per se. Limited access to records by the Registrar of Credit Unions.

Criterion 27.1 – (Met) SVG classifies FIs as regulated service providers, externally regulated service providers and regulated persons, which are all deemed to be service providers (Schedule 1 of the AML and TF Regulations). Pursuant to Regulation 36 of the AML and TF Regulations the Supervisory Authorities (SAs) for FIs are the ECCB, FSA and the ECSRC. The SAs supervise or monitor and ensure compliance of their licensees with AML/CFT requirements per Regulation 36 (c) and (d) of the AML & TF Regulations and Section 152 and Schedule 4, POCA. Pursuant to Schedule 4, Section 11 – Directives – (2)(b) of the POCA, all SAs can impose a prohibition, restriction or limitation on the business or activities of the service provider for AML/CFT purposes. Additionally, Section 37 of the FSA Act empowers the FSA to cancel or suspend an entity’s licence where the entity has committed a serious breach of AML/CFT laws. to supervise and regulate the operations of financial entities and to monitor and ensure compliance.

Criterion 27.2 – (Met) Regulation 36 (a), (c), and (d) designates the FSA, ECCB and ECSRC as SAs for FIs (regulated service providers, externally regulated service providers and regulated persons). Section 5 of Schedule 4, POCA provides that a supervisory authority may, for the purpose of monitoring, assessing and enforcing compliance by a relevant service provider with its AML/CFT obligations, enter and inspect the business and activities of the service provider, including its policies, procedures, systems and controls.

Section 26 of the FSA Act enables the FSA to conduct examinations to determine whether the AML Laws have been and are being complied with. The FSA’s supervisory function is in the form of off-site surveillance and onsite examinations. Onsite and offsite supervision are conducted on a risk-based supervisory approach.

Criterion 27.3 – (Met) Section 152 (3) of the POCA provides for a supervisory authority’s information gathering, enforcement and other powers, including the power to require information and production of documents (Schedule 4 of the POCA). Failure to comply with such requests, amounts to an offence (Section 9 (1) of Schedule 4, POCA). Section 22 of the FSA Act further authorises the FSA to request by notice in writing to a financial or registered entity, an affiliate of a financial or registered entity or a former financial or registered entity, among others, such books and records as are deemed necessary. Failure to comply with such requests, amounts to an offence (section 22 (2)). Section 74 of the Banking Act provides for the disclosure and access to books and records by a Central Bank Examiner for inspection and investigation for the purposes stated therein.

Criterion 27.4 – (Mostly Met) Section 10, Schedule 4, POCA authorises a supervisory authority (designated under Reg 36 of the AML & TF Regs) to take enforcement action against a financial institution if it has identified contravention of these AML/CFT obligations. Schedule 4 (Powers and Duties of SAs), Sections 11, 12 and 13 of the POCA authorise the

supervisory authority to issue directives, appoint an investigator or issue public statements. The directives that SAs can issue includes the prohibition, restriction or limitation on the business or activities of service providers for AML/CFT purposes. Regulation 3 of the AML & TF (Administrative Penalties) Regulations 2023 empowers supervisory authorities to: “(1) ... impose an administrative penalty on a relevant service provider where the supervisory authority is satisfied that the relevant service provider has committed a contravention.; (2) A supervisory authority may not impose an administrative penalty on a relevant service provider in respect of a contravention committed more than 2 years prior to the date on which a supervisory authority sends a notice to the relevant service provider under regulation 4 or 5.” Additionally, Section 37, FSA Act empowers the FSA to cancel or suspend an entity where the entity has committed a serious breach of AML/CFT obligations. The FSA also has enforcement powers under Section 8, FSA Act.

The identified deficiencies in the assessment of R.35 are applicable.

Weighting and Conclusion

The deficiencies identified for R.35 are applicable and impact the rating.

Recommendation 27 is rated Largely Compliant.

Recommendation 28 – Regulation and supervision of DNFBCs

Recommendation 28 (formerly R.24) was rated as NC in the 3rd Round MER. The deficiencies related to no regulation or supervision of casinos, gaps/inconsistencies in the Registered Agents and Licensed Trustees Act, gaps in the oversight of registered agents, the confidentiality provisions of Registered Agents Act are a potential impediment to effective supervision, inadequate supervision of the immobilisation of bearer shares, weak arrangements for supervising large overseas activities of Registered Agents, and no effective arrangements for overseeing and enforcing AML/CFT obligations of other DNFBCs. SVG has since designated the FIU as the supervisory authority for DNFBCs for AML/CFT purposes (POCA Regulation 36).

Criterion 28.1 (Met) (a) (Met) Section 32 of the Gambling Lotteries and Betting Act (GLBA) requires individuals to apply for the grant of a permit to The Gaming Authority for the conduct of activities (which includes casino activities) outlined in Sections 30(1) (a) and (b) of the GLBA Act. These activities include the business of receiving or negotiating bets and the operation of a betting office. The GLBA does not allow for the grant of a permit for internet-based casinos. Further, casinos are subject to the registration for AML/CFT supervision under the NRSP Regulations.

(b) (Met) Pursuant to the GLBA, the Gaming Authority comprises the Commissioner of Police, the Comptroller of Inland Revenue and two other persons. All applications for licenses are considered by the Gaming Authority before approval is granted. Further, the CIPO has the

responsibility for the incorporation of companies, and where the activities of the company are that of NRSPs, the CIPO will inform the company of the registration requirements under the NRSP Regulations as well as inform the FIU of same (SOP between the FIU and CIPO). The FIU subsequently engages the NRSP in order to fulfil its AML/CFT obligations. Regulation 11 (1) of AML and TF (Non-Regulated Service Providers) Regulations require a person who directs or controls the business of an applicant, including a director or senior officer and a compliance or reporting officer be subject to a fit and proper test. Regulation 11(2) and (3) of the AML & TF (Non-Regulated Service Providers) Regulations, take into consideration the reputation and character of the person and lists the factors that are considered in deciding whether a person is fit and proper. This includes the probity, competence and soundness of judgement and whether the interest of the NRSP is, or is likely to be, threatened by the person holding the position, which is carried out during the registration process and is an entry control mechanism. Pursuant to Regulation 5(2)(b) of the NRSP Regulations, the FIU has the power to refuse registration which is also a preventative measure. Regulations 7 and 8 of the AML and TF (NRSP) Regulations require NRSPs to provide written notice to the FIU of any change in director, senior officers and beneficial owners. The FIU's approved Standard Operating Procedures for the Supervisory Department stipulates that ongoing due diligence on individuals and entities is conducted every 3 - 6 months as part of its ongoing monitoring procedure.

(c) (Met) Section 151 (b) of the Proceeds of Crime Act states the Financial Services Authority and the Financial Intelligence Unit are the supervisory authority or supervisory authorities for externally regulated Service Providers and non-regulated Service Providers. Further, Regulation 36 of the AML & TF Regulations identifies the Financial Intelligence Unit as the designated supervisory of non-regulated Service Providers. Regulation 2 (iii) of the AML and TF (NRSP) Regulations defines the providers of gambling services (including internet gambling and floating casinos) or operators of a casino common gaming house as non-regulated service providers. Section 152 (2)(a) of the POCA outlines the functions of a SA, which includes monitoring the compliance of relevant Service Providers with their AML/CFT obligations. Section 152(2) (b) requires SAs to take enforcement action against relevant Service Providers for non-compliance with their AML/CFT obligations.

Criteria 28.2 (Met)- Regulation 36 (b) of the AML & TF Regulations designates the FIU as the supervisory authority for NRSPs and the FSA as the supervisory authority for the FATF defined TCSPs, deemed to be Registered Agents (RAs) in SVG. Section 152 (2) of the POCA states that the function of a supervisory authority is to monitor for compliance with AML/CFT requirements and to take appropriate enforcement action for breaches for non-compliance.

Criterion 28.3 (Met) Schedule 1 of the AML and TF Regulations 2023 defines Services Providers which are in line with the FATF definition of DNFBPs. Casinos, real estate agents, DPMSs, lawyers, notaries, other independent legal professionals and accountants are referred to in SVG as Non-Regulated Service Providers (NRSPs). Regulation 36 (b) of the AML and TF Regulation states that the FIU is the designated supervisory authority for NRSPs and the FSA is the designated Supervisory Authority for the TCSPs which are deemed registered agents and are treated as a financial institution.

Criterion 28.4 (Mostly Met)

(a) (Met) Supervision of the DNFBP sector is designated under Regulation 36 of the AML & TF Regulations, where the FIU is the SA for NRSPs, and the FSA is the SA for RAs. The FIU and FSA have adequate powers under section 152 (2) and Schedule 4 of the POCA to perform its functions, including the powers to monitor for compliance for AM/CFT obligations, to require information and production of documents, compliance visits, issue directives (which includes the prohibition, restriction or limitation on the business or activities of service providers for AML/CFT purposes), enforcement, and appoint an investigator among other things.

(b) (Met) Regulation 11 of the NRSP regulations requires that fit and proper tests are conducted at the point of registration on a person who effectively directs or controls the business of an applicant, including a direct or senior officer and compliance or reporting officer appointed under the AML/TF Regulations. Regulation 11(2) and (3) of the AML and TF (Non-Regulated Service Providers) Regulations, takes into consideration the reputation and character of the person and lists the factors that are considered in deciding whether a person is fit and proper. This includes the probity, competence and soundness of judgement and whether the interest of the NRSP is, or is likely to be, threatened by the person holding the position, which is carried out during the registration process and is an entry control mechanism. Pursuant to Regulation 5(2)(b) of the NRSP Regulations, the FIU has the power to refuse registration. Regulations 7 and 8 of the AML & TF (NRSP) Regulations require NRSPs to provide written notice to the FIU of any change in director, senior officers and beneficial owners. The FIU's approved Standard Operating Procedures for the Supervisory Department stipulates that ongoing due diligence is conducted every 3 - 6 months on individuals and entities as part of its ongoing monitoring procedure.

Section 5(1) of the Registered Agent and Trustee Licensing Act ("RATLA") requires an application for licensing be made to the FSA in the prescribed Form 1 contained in Schedule 2 of the RATLA accompanied by a Personal Questionnaire. The details of the application are contained in Schedule 5 of the RATLA. Before approval is granted, the FSA takes into consideration the reputation and character of the applicant, inclusive of all shareholders, directors, partners and senior management, as well as probity, competence and soundness of judgement, whether the interest of the RAs are, or are likely to be, threatened by the person holding the position. This assessment is carried out during the licensing process which is an entry control mechanism. Section 11 of the RATLA, where a change occurs in the particulars of a licensee as specified in the Schedule, the licensee shall, as soon as possible thereafter, inform the International Finance Inspector in writing of the change via the Notice of Change of Particulars. The FSA can refuse, suspend or revoke a licence pursuant to Sections 5, 8 and 9 of the RATLA. The FSA's Standard Operating Procedures stipulates that ongoing fit and proper assessments are conducted on an ongoing basis, following any changes in any of the holders of the positions or any significant changes. and once every two years.

(c) (Mostly met) – Supervisors have an appropriate range of sanctions in line with R.35. Section 152 (2)(b) of POCA authorises the FIU and FSA to take appropriate enforcement action

for breaches of non-compliance with AML/CFT obligations. Further, under Schedule 4 of the POCA, section 10, the FIU and the FSA, as the SAs for NRSPs and RAs (DNFBPs) are entitled to take enforcement action under the Schedule against a relevant service provider for failure to comply with AML/CFT requirements. Also, in Schedule 4, Section 11 – Directives – (2)(b) of the POCA, all SAs can impose a prohibition, restriction or limitation on the business or activities of the service provider for AML/CFT purposes. The analysis of the requirements for Sanctions R.35 is applicable here along with the deficiencies identified.

Criterion 28.5 (a) (Met) The FIU SOP for the Supervisory Department outlines that the Department shall conduct a sectoral and entity-level risk assessment to determine the frequency, scope and intensity of supervisory efforts such as onsite and offsite examination and how resources are allocated. Similarly, the FSA’s AML/CFT Risk Based Supervisory Framework outlines the methodology the FSA applies for determining its AML/CFT risk-based supervisory approach to determine the frequency, scope and intensity of its onsite and offsite examinations.

(b) (Met) As outlined in the SOPs, the FIU takes into account the ML/TF risk profile of those NRSPs, which is used to guide the on-site and offsite examination schedule. This is further used to determine the adequacy of the NRSPs’ systems, policies, and procedures to manage risks. Similarly, for the RAs, the FSA’s AML/CFT Risk Based Supervisory Framework takes into account the ML/TF (inherent) risks present and the quality of the AML/CFT controls (such as the ML/TF risk assessment, the AML/CFT policies and procedures and the internal controls) associated with the sectors and/or institutions’ ML/TF risk profiles (as established by the FSA); the ML/TF risk present in SVG (based on the NRA); and the characteristics and risk profiles of sectors and the individual institutions that operate in these sectors.

Weighting and Conclusion

There are appropriate measures for controlled entry and monitoring of changes with key personnel both at registration/licensing and on an ongoing basis. The deficiencies identified for R.35 (LC) are applicable and impact the rating.

Recommendation 28 is rated Largely Compliant.

Recommendation 29 - Financial intelligence units

This recommendation was rated ‘LC’ in the 3rd round MER. The deficiencies related to (i) insufficient legal authority with regard to general access to law enforcement information to obtain information from other governmental bodies to support its intelligence analysis and (ii) the ability of the FIU to obtain additional information from reporting parties is subject to a threshold requirement that allows for reporting entities to reject additional requests on the basis

that the information sought is not sufficiently correlated to a particular stated offence. These deficiencies were remedied by Act No. 7 of 2013.

Criterion 29.1 – (Met) Section 3 of the FIU Act established the FIU and its functions are outlined in section 4. Section 4(1) of the FIU Act establishes the FIU as the agency responsible for receiving, analysing, obtaining and disseminating information which relates to or may be related to ML/TF offences under the POCA and the ATFPA. Further, the FIU, in accordance with s. 4(2)(a) of the FIU Act, shall receive all STRs pursuant to the provisions in the POCA and the ATFPA.

Criterion 29.2 – (Met) (a) (Met) The FIU is the central agency for the receipt of STRs relative to ML and TF offences filed by reporting entities (s.4 FIU Act).

(b) (Met) The FIU has legal access to currency declaration reports as stated in c.32.6.

Criterion 29.3 – (Met) (a) (Met) The FIU is able to obtain and use additional information from reporting entities to perform its analysis when there is suspicion that a “relevant offence has been committed” or that information is required for the analysis of STRs (S4.(2)(b)(i) FIU Act, as amended). The FIU is also able to access open-source information to support analysis as per its SOP on tactical analysis.

(b) (Met) Pursuant to section 3 (d) of the FIU Act, which speaks to the appointment of police officers to the organisation, the FIU is able to access information maintained by the RSVGPF, as these officers have retained all their powers. Further, pursuant to section 4(2)(b) and 4(4) of the FIU Act as amended, and the signed MOUs between the FIU and other CAs, the FIU has access to a wide range of financial, administrative and law enforcement information.

Criterion 29.4 – (Met) The FIU conducts both operational and strategic analysis.

(a) (Met) The FIU conducts operational analysis. There is a 2019 SOP which speaks to the conduct of operational analysis. The SOP sets out the procedures to be followed in relation to the tactical targeting and analysis of STRs, and case development. It also outlines the analysis techniques involved in utilising STR data in combination with other sources of information available to the FIU.

(b) (Met) The FIU conducts strategic analysis in accordance with their SOP on Strategic Analysis

Criterion 29.5 – (Met) The FIU is authorised by section (4)(1) of the FIU Act and established MOUs, to disseminate information and the results of its analysis to CAs including the RSVGPF and the DPP. Additionally, the FIU utilises a secure database which is a dedicated, secure and protected channel to disseminate information. When required, the FIU also sends and receives information via password-protected documents attached to emails.

Criterion 29.6 – (Met) The FIU has the following adequate measures to protect information:
(a)(Met) All employees sign an oath of confidentiality and there is an SOP for the receipt, processing and handling of sensitive information and requests. This SOP outlines the procedures to be followed by FIU staff in relation to the management of data, specifically the

receipt, processing and handling of sensitive information and requests by the FIU. Section 7 of the FIU Act makes it an offence for any person who obtains information in any form as a result of his connection with the FIU and makes an unauthorised disclosure. Further, all police and customs officers assigned to the FIU are required to adhere to the officer's duty of confidentiality (s. 166(1) of the POCA).

(b) (Met) Employees are subject to detailed background checks prior to taking office. All employees sign an oath of confidentiality, and there is an SOP for the receipt, processing and handling of sensitive information and requests. The access to information granted to staff is limited to what is relevant to them, given their role and function. All staff receive training internally from the respective departments within the FIU. This practice allows for staff members to understand their responsibilities in handling and disseminating sensitive and confidential information.

(c) (Met) Access to the FIU is restricted to staff and CAs in limited cases and controlled by fingerprint and keypad access. The Unit uses an e-reporting portal to receive SARs and make requests for information securely. The system has built-in access controls and is restricted to authorised FIU personnel only.

Criterion 29.7 – (Met) The Director exercises significant operational independence of the FIU and has the authority to, inter alia, decide on STRs to be analysed and reports to be disseminated.

(a) (Met) The responsibility of the day-to-day administration of the affairs of the FIU is vested in the Director. The FIU falls administratively under the purview of the Minister of Finance which does not have a direct bearing on the Unit's operations. The FIU Director, who is the CEO of the FIU, is appointed by the Minister of Finance. (s.3, FIUA). The Director has the autonomous decision to analyse, request (s.4(2)(b) as amended) and/or forward or disseminate specific information (s.4(2)(d) and (e)). **(b) (Met)** The FIU can make arrangements or engage independently with foreign counterparts on the exchange of information (s.4(2)(f) FIUA). Regarding arrangements with domestic CAs, the FIU has independently entered into MOUs with CED, CIPO, FSA and IRD, thus demonstrating its ability to do so.

(c) (Met) The FIU is a separate and independent part of the Ministry of Finance, with distinct core functions from that of the Ministry (C. 29.1 refers).

(d) (Met) The Director of the FIU exercises independent authority in respect of staffing, with the Minister acting upon the recommendation of the Director. The Director submits the budget proposal in accordance with s.9 of the FIUA and is thereafter issued a subvention to be used according to the stated activities and needs of the Unit. The FIU Director also has independent authority over supplemental 20% of resources allocated annually to the FIU from the amount remaining in the Confiscated Assets Fund.

Criterion 29.8 – (Met) The FIU has been a member of the Egmont Group since 2003. <https://egmontgroup.org/members-by-region/>

Weighting and Conclusion**Recommendation 29 is rated Compliant.****Recommendation 30 – Responsibilities of law enforcement and investigative authorities**

SVG was rated ‘PC’ for R. 30 (formerly R. 27). The technical compliance deficiency that existed at the time was the authority for applying POCA investigative and prosecutorial techniques and measures that are not explicitly included in the law. SVG was considered to have sufficiently addressed the deficiency in its 12th FUR.

Criterion 30.1 – (Met): In accordance with section 12 (b) of the Police Act, 1947, as amended, the RSVGPF is the agency responsible for preventing and detecting crimes and offences. Therefore, the RSVGPF is responsible for ensuring that all crimes, including ML, associated predicate offences and TF, and all criminal offences in SVG are properly investigated. Through the police officers that are seconded within the FIU in accordance with ss.3(2)(d) of the FIU Act, 2001 as amended, the Unit is responsible for investigating ML and TF.

Criterion 30.2 (Met): All officers of the RSVGPF, the agency charged with the responsibility of investigating all crimes in SVG, can pursue parallel financial investigations where the need arises, regardless of where the predicate offence occurred. However, most ML cases are handled by the FIU. The MOU between CED and FIU has provisions for the CED to refer cash seizure matters to the FIU for investigation.

Criterion 30.3 (Met): Through the use of investigative tools such as search warrants, production and customer information orders, The RSVGPF, FIU and CED are authorised to identify, trace, and freeze and seize suspected proceeds of crime, or property that is, or may become subject to confiscation, or is the proceeds of crime (see analysis in c.4.2).

Criterion 30.4 (Met): Pursuant to the Tax Administration Act (Sections, 83(2), 27-29) the IRD has the power to conduct criminal and financial investigations related to tax offences specified under any tax law. The power to bring charges and prosecute for criminal offences under the TAA (section 83(3)) is given to the DPP, subject to sanction by the Comptroller of IRD.

Criterion 30.5 (N/A): The officers within the RSVGPF, including those working at the FIU, are charged with the responsibility of investigating corruption offences. There are no designated agencies, the sole purpose of which is to investigate corruption offences.

Weighting and Conclusion**Recommendation 30 is rated Compliant.**

Recommendation 31 - Powers of law enforcement and investigative authorities

SVG was rated Compliant for R. 31 (formerly R.28). R. 31 expands the powers of LEAs and investigative authorities.

Criterion 31.1 – (Partly met) (a) (Partly met) FIU: Section 4(2)(b) of the FIU Act authorises the FIU to request information pertaining to a “relevant offence” from FIs and persons engaged in a relevant business activity. While the provision cited in the FIU Act does not include a legal basis to obtain records held by other natural or legal persons, officers attached to the FIU can also obtain information via Production Order pursuant to s.133 & 134 of POCA.

Law enforcement (police and customs officers) may apply for a Production Order requiring any person (legal and natural) specified in the order to produce records. Production Orders can only be relative to criminal recovery (confiscation), civil recovery, detained cash and money laundering investigations (s.134(1)(a) of the POCA, as amended) and not for investigations into predicate offences and TF offences.) IRD: s.28(1) and (4) of the Tax Administration Act empowers the Comptroller or his authorised representative to enter any business premises and obtain a copy of a record or seize a record.

(b) (Met) FIU, RSVGPF & CED: Pursuant to s. 137 of the POCA, No. 38 of 2013 as amended by Act No. 18 of 2017, a law enforcement officer (police and customs officers) may make an application to a judge or a master for a search and seizure warrant under section 138. However, authority to do so applies only to civil recovery, detained cash and ML investigations. Search and seizure warrants for investigations into predicate offences, including TF, are provided pursuant to the DPMA (s.24), s. 29, 35 and 36 of the Cyber Crime Act No. 20 of 2016 and the Criminal Procedure Code (S 41 & 42). IRD: Sections 28(1), (2) and (4) of the TAA empowers the Comptroller or his authorised representative to enter any business premises or dwelling at a time stated and for the purposes specified in a warrant issued by a magistrate and seize a record or other relevant items for the authorised purpose.

(c) (Met) FIU, RSVGPF & CED: Sec. 12 of the Police Act Cap. 280 authorises police officers to take witness statements, which are admissible in court or any other trial. Pursuant to section 143 (1) of the Criminal Procedure Code, police officers have the power to record witness statements when conducting investigations into ML, TF, and related predicate offences. Pursuant to S 29(1)(b) and 29(2)(d) of the Tax Administration Act, the IRD has the power to examine a person at a designated place and for an officer of a bank or FI to give evidence before the Comptroller.

(d) (Met) FIU, RSVGPF & CED: Pursuant to section 41 of the Criminal Procedure Code (applicable to all criminal offences, including ML and TF), a police officer can be granted a search warrant to enter and search any place and if such property or any part thereof be found, such officer shall seize it and bring it before a Magistrate’s Court to be dealt with according to law. Further, provisions are made for customs officers under S. 89-91 of the CCMA. IRD: S.28 (1), (2), and (4) of the Tax Administration Act empowers the Comptroller or his authorised

representative to enter any business premises without notice or dwelling at a time stated and for the purposes specified in a warrant issued by a magistrate and copy and seize a record or other relevant items for the authorised purpose.

Criterion 31.2 – (Partly met)

(a) (Partly met): There is no legislation that governs these types of operations for the CAs in SVG, however undercover operations are guided by the policy of the operational commanders within the RSVGPF and applies to the officers of the RSVGPF and the FIU. There are no policies for the CED.

(b) (Not met) There are no measures that facilitate the interception of communications as an investigative technique.

(c) (Met) Pursuant to Section 41 of the Criminal Procedure Code, a police officer (FIU, RSVGPF, CED) can be granted a search warrant to enter and search any place and if such property or any part thereof be found, such officer shall seize it and bring it before a Magistrate's Court. S.41 gives officers the authority to enter premises and seize items such as electronic devices, but it does not give them the authority to access the said electronic devices. To gain access to the devices mentioned in the warrant, SVG utilizes the case Shankiel Myland v COP et al as a legal basis.

(d) (Met) Commissioner of Police vs A Gellizeau et al, is a demonstration of the use of control delivery.

Criterion 31.3 – (Met)

(a) (Met) Pursuant to s.4(2)(b) of the FIU Act, the Director may require the production of information from FIs and persons engaged in a relevant business activity. LEAs can also obtain account information via customer information orders pursuant to S.140-141 POCA, as amended.

(b) (Met) LEAs have an established process to identify assets without prior notification to the owner. By virtue of S.147-148 of the POCA, ex-parte applications can be made before a judge in chambers for a production order, search and seizure warrant, and a customer information order.

Criterion 31.4 – (Met) The exchange of financial information between the FIU and LEAs in SVG is facilitated through s. 4(2)d - e of the FIU Act, which states information shall be provided to the Commissioner of Police in relation to the commission of an offence. The exchange of information between the FIU and other CAs is facilitated through MOUs signed between each CA and the FIU. Each MOU has provisions governing cooperation, intelligence and information sharing and gathering for each party in line with their mandates and functions.

Weighting and Conclusion

LEAs have some of the relevant powers for conducting investigations into ML, TF and associated predicate offences. However, there are limited provisions for the use of undercover

operations, and intercepting communications for the purpose of investigating ML, most associated predicate offences and TF.

Recommendation 31 is rated Largely Compliant.

Recommendation 32 – Cash Couriers

SVG was rated ‘LC’ for R. 32 (formerly SR. IX) on the 3rd MER. The deficiencies included the penalties (administrative and civil) were effective, proportionate or dissuasive. The new requirements for the 4th Round are in criteria 32.2 and 32.10 and are related to the declaration of currency or BNIs and the existence of safeguards which ensure the proper use of information collected through the declaration/disclosure system.

Criterion 32.1 – (Partly met) SVG has a declaration system that includes written and oral declarations. Section 81 of the CCMA requires persons entering and exiting to make a declaration. A declaration is defined at section 2 as “any information to customs whether verbally, in a document, or in electronic form by a person or their agent relating to particular importations or exportations or in transit”. Section 26 (1) (b) of the CCMA requires declaration via post. The declaration system however does not function optimally.

Criterion 32.2 - (Met) Foreign currency exceeding XCD 10,000.00 (US 2700.00.00) is a restricted item for import and exports under the CCMA except where the currency is declared in the prescribed form to the comptroller of customs. Therefore, written declarations are required for all travellers with foreign currency exceeding XCD 10,000.00.

Travellers are required to answer all questions as the proper officer may put to them in respect to their baggage and anything contained therein or carried on them as part of the declaration process (s.81(2) of the CMMA). There is no explicit obligation for the traveller to answer the questions truthfully, however, this can be implied as sections 81 (4) and 108 (1) (b) make it a criminal offence to make a false declaration.

Criterion 32.3 - (N/A) Travellers are required to answer all questions as the proper officer may put to them in respect to their baggage and anything contained therein or carried on them as part of the declaration process (s.81(2) of the CMMA). There is no explicit obligation for the traveller to answer the questions truthfully, however, this can be implied as sections 81 (4) and 108 (1) (b) make it a criminal offence to make a false declaration.

Criterion 32.4 - (Met) CAs are authorised to question the person entering or leaving SVG (s.81(2)). The law does not place any restrictions on what point the person should be questioned and the types of questions that can be asked. The section of the law is broad and is interpreted by the assessors to include that the questioning can also occur at the time of a false declaration/disclosure. The authorities have advised that in practice, following the discovery of a false declaration, the individual is referred to the customs department for questioning and to obtain additional information on the origin of the currency and BNI.

Criterion 32.5 - (Partly Met) The penalties for false declaration are contained in s.82 and 108 of the CCMA and are not considered to be proportionate and dissuasive. For breaches to s.82, the traveller is liable to a fine of XCD 5000.00 (USD 1,840.00) or three times the value of the goods involved (s.81(4) of the CMMA). In accordance with s. 81 (3) of the Act, the goods are also liable for forfeiture. In accordance with s. 108, a person who makes a false declaration under s.108, including making of a false statement, is liable on conviction to a fine not exceeding XCD 5000.00 (USD 1,840.00) and the goods in relation to the document forfeited. The fine is not considered to be a deterrent due to their insignificance.

Criterion 32.6 - (Met) A 2020 MOU signed between the FIU and the Customs and Excise Department makes provision for the exchange of information, including that related to monetary declarations. The MOU also states that this information is made readily available to the FIU or any other relevant body if necessary.

Criterion 32.7 (Met) The 2020 MOU, along with staff of Customs and Immigration being members of the NAMLC (s.118 of POCA) and s. 3 (2)(d) of the FIU Act, which makes provision for Customs Officers to be seconded to the FIU, are all mechanisms geared towards ensuring adequate co-ordination among CAs related to the implementation of R. 32 as part of the broader AML/CFT framework of the country.

Criterion 32.8 (Met): CAs are able to stop or restrain currency or BNIs for a reasonable time in order to ascertain whether evidence of ML/TF may be found in cases by virtue of the following:

(a) (Met) A law enforcement officer (defined in the POCA and the ATFPA to include police and customs officers) can stop, seize, detain, and restrain cash and BNIs in cases where there is a suspicion of ML/TF (s.44(1), 109 and 110 of POCA and 29 and 30 of the ATFPA). Law enforcement can seize and detain cash for a period of 72 hours and can apply to a Magistrate for a detention order to further detain the cash for a period of three months. Cash seized can be detained for a maximum period of two years by a Magistrate once reasonable grounds are provided to justify its detention.

(b) (Met) Customs and Police Officers can seize and detain anything liable for forfeiture under a custom enactment (s.125 of the CCMA). The foregoing includes falsely declared and disclosed goods, including currency of XCD 10,000.00 (USD 2,700.00). The goods can be seized for a period of seven days by a police officer and must be delivered to the Comptroller of Customs unless, in certain circumstances, delivery is not practicable.

Criterion 32.9 - (Met) To facilitate international cooperation as per R.36-40, records are retained on the following;

(a) (Met) Pursuant to the MOU between the FIU and CED, records are to be kept for declarations/disclosures of over XCD 10,000 (USD 2,700) whether or not they are deemed suspicious.

(b) (Met) Where there is a false declaration: records of all false disclosures where the currency was seized and detained are retained in accordance with the MOU between Customs and the FIU

(c) (Met) There is a suspicion of ML/TF: All false declarations/disclosures that are suspected to be related to ML/TF are submitted to the FIU for officers at the Unit to conduct investigations as per the MOU between the FIU and CED Section 4(2) (c) of the FIU Act, requires the FIU to retain a record of all information it receives for a minimum of five years after the information was received. Physical records are maintained by the CED as stipulated in the MOU (2020) between Customs and the FIU.

Criterion 32.10 - (Met) A person appointed or employed to carry out functions under the CCMA or any other customs enactment has an obligation to maintain secrecy and is prohibited from disclosing information, documents, etc without the authorisation of the Comptroller (s.6 of the CCMA). Criminal penalties are available and are applicable to persons who breach s.6 of the CCMA. There is nothing within the CCMA or otherwise to suggest that the declaration/disclosure system and the requirement for secrecy restrict trade payments between countries and the movement of capital. Further, the FIU and Customs have a duty to maintain confidentiality and control in relation to the information exchanged based on the 2020 MOU.

Criterion 32.11 – (Met) (a) Persons transporting currency or BNIs that may have a nexus with ML may be subject to penalties for these offences of five years imprisonment or a fine of XCD 500,000.00 (USD 184,033) or both- summary conviction and imprisonment for a term of 20 years or an unlimited fine, or both (POCA, ss.123, 124 and 125) (see R.3). Similar penalties exist in the ATFPFA at ss.6,7,8 and where there is a suspicion that the funds are related to TF and the person was convicted for an offence under the legislation (see R.5). This is in addition to the possible penalties for providing a false declaration (see 32.8 (b)).

(b) Seized currency can be subject to civil and criminal forfeiture/confiscation as set out in R. 4. The cash forfeiture regime is applicable to the currency and BNIs should it be determined that they are the proceeds of crime or intended for use in unlawful conduct (s.113 and 33 of the POCA and ATFPFA respectively). Further, cash can be forfeited in accordance with ss.81 and 108 of the CCMA.

Weighting and Conclusion

SVG has in place a robust regime to address the physical cross-border movement of cash and BNIs as required by the provisions of R.32. The single deficiency identified is the sanction for false declaration of currency and BNIs, which was not considered to be fully proportionate and dissuasive by the AT. This was however deemed a minor deficiency.

Recommendation 32 is rated Largely Compliant.

Recommendation 33 – Statistics

Recommendation 33 (formerly R.32) was rated LC in SVG’s 3rd MER. The deficiencies included inadequate and untimely statistics obtained by insurance supervisors with respect to, inter alia, life and investment linked insurance policies as well as insufficient financial statistics received and generated by the financial sector supervisor to assist them in risk profiling FIs for ML/FT risks, including with respect to their money remittance business, back-to-back loans, etc. The FIU’s statistics on ML and FT vulnerabilities and trends were lacking, and for law enforcement, most AML/CFT statistics are maintained by the FIU and the crime trend statistics on predicate offences are not analysed alongside or synthesised with AML/CFT-specific trends.

Criterion 33.1 – (Met)

The FIU keeps and maintains comprehensive statistics on the matters listed in (a)-(d), which is guided by the FIU SOP. This information is reflected in the quarterly reports to the NAMLC and reports to other local, regional and international counterparts. These statistics are also contained in the Unit’s quarterly and annual reports submitted to the Minister of Finance pursuant to section 8 of the FIU Act.

(a) (Met) The FIU has an internal SOP which supports the collection and collation of statistics within the agency, which includes SARs STRs, received and disseminated; **(b) (Met)** The ODPP compiles statistics as it relates to all ML prosecutions. This information is also shared with the NAMLC. There are no TF prosecutions. Investigation statistics are kept and maintained by the FIU; **(c) (Met)** The FIU keeps and maintains statistics of property frozen; seized and confiscated; and **(d) (Met)** Mutual legal assistance or other international requests for co-operation made and received are maintained by the FIU. In relation to MLA, the AGC as the central authority also keeps statistics on MLARs. In relation to other international requests, the FSA keeps and maintains statistics on regulator-to-regulator international requests for information.

Weighting and Conclusion

Recommendation 33 is rated Compliant.

Recommendation 34 – Guidance and feedback

Recommendation 34 (formerly R. 25) was rated as PC in the 3rd Round MER. Recommendations included a need for updated guidance with more attention to sector-specific issues, especially for DNFBPs. Subsequently, the AML and TF Codes, which include Guidance Notes, were issued.

Criterion 34.1 – (Mostly Met) The FSA Act mandates the FSA to issue guidelines. Guidelines are issued for the purpose of (a) establishing codes of conduct to guide the financial services sector; (b) modernising the financial services sector; (c) promoting international standards and best practices; (d) the detection, prevention and the deterrence of money laundering; and (e) the detection of funds allocated or used for the financing of terrorism. The FSA has issued Simplified Due Diligence (SDD) Guidelines to guide non-banking financial entities in conducting appropriate customer due diligence (CDD) measures which will aid in the detection, reporting, and investigation of suspicious transactions. The FSA is required to consult with financial entities when making substantial modification to its guidelines. The FSA will issue a directive to a financial entity which fails to comply with guidelines issued by the Authority. The FSA has also circulated FIU issued Guidance to all financial entities, on SAR Reporting, Politically Exposed Persons and Customer Due Diligence.

The NAMLC may issue guidance concerning compliance with the requirements of POCA, the AML & TF Regulations and the Codes and concerning such other matters as it considers relevant to its functions. The Financial Intelligence Unit shall inform financial and business institutions of their legal obligations under measures that have been or might be taken to detect, prevent and deter the commission of offences under the POCA (2001). In March 2021, the ECCB introduced its AML/CFT Newsletter. The objective of the newsletter is to provide guidance on regulatory initiatives and raise awareness on emerging ML/TF/PF risks. Further, the ECCB, in collaboration with the ACAMS, facilitated a series of webinars geared towards raising awareness and building capacity of LFIs in the area of AML/CFT. The webinars consisted of topics such as- ‘The AML Model Risk Management’, ‘Raising Awareness-Human Trafficking and Trade-Based Money Laundering in the Region’, and ‘A Closer Look- Managing Risk with PEPs and Correspondent Banking Relationships’. The ECCB issued AML Guidance Notes in May 1995 to assist financial institutions in developing programmes to combat money laundering. No information was provided for the ECSRC.

Weighting and Conclusion

While most Supervisors provide and issue guidance and feedback in the form of newsletters, no information was provided specifically for other CAs providing feedback to FIs and DNFBPs. Additionally, no information was provided with regard to the ECSRC.

Recommendation 34 is rated Largely Compliant.

Recommendation 35 – Sanctions

Recommendation 35 (formerly R.17) was rated as NC in the 3rd Round MER. The underlying deficiencies were that the regulatory laws lack the full range of administrative sanctions for non-compliance with the POCA and the POCA Regulations do not have effective, proportionate and dissuasive administrative fines and criminal penalties; there was a lack explicit linkages between sanctions and non-compliance with the POCA and the POCA

Regulations; there was a lack of explicit authority for regulators to recommend to CAs that a potential criminal matter be initiated with respect to serious violations of POCA and the POCA Regulations; the POCA and the POCA Regulations did not provide legal authority for regulators to impose sanctions for non-compliance and with the exception of the IFSA in limited cases. CAs, including the ECCB and the Ministry of Finance, had not imposed any administrative sanctions against financial institutions for non-compliance with AML/CFT measures, even when authorised by law to do so. Subsequently, to address these deficiencies, legislative amendments were made to the POCA, AML & TF Regulations and TFR.

Criterion 35.1 – (Met) SVG has measures in place to ensure that there is a range of proportionate and dissuasive sanctions, whether criminal, civil or administrative, available to deal with natural or legal persons that fail to comply with the AML/CFT requirements of Recommendations 6, and 8 to 23. CAs can issue administrative fines for non-compliance with AML/CFT obligations and impose a range of disciplinary and financial sanctions under the AML & TF (Administrative Penalties) Regulations 2023. The POCA also empowers supervisory authorities to take enforcement action for breach of AML/CFT obligations and failure to comply with direction, failure to cooperate, breach of conditions etc. has various criminal and administrative sanctions against service providers for non-compliance. Under the POCA (Sections 10, 11 and 13) and section 37 of the FSA Act, supervisory authorities can revoke licenses and/or registrations; issue public statements and directions to comply with specific instructions; remove controlling shareholders, directors and senior management officials; order regular reports; bar individuals from employment within any regulated sector; and replace or restrict powers of managers, directors, or controllers.

Criterion 35.2 – (Partly met) SVG has measures in place to ensure that sanctions are not only applicable to FIs and DNFBPs but also to their directors. However, this does not extend to other officers, employees or persons having senior functions. This criterion was rated NC in the 3rd Round MER. Under Schedule 4, section 11(2)(c) and (d) of the POCA, Supervisory Authorities have the power to remove and replace directors, officers, employees or persons having functions in relation to the service providers; or require that an individual not perform a specified function or functions for; not engage in specified employment by; not hold a specified position in the business of; the service provider.” Paragraph (g)(vi), page 90 of the AML & TF Code ensures that breaches of the Act, the Regulations and the Code, could also result in the directors of the service provider being prosecuted for a criminal offence. However, this is only applicable to directors, and not to other officers, employees or persons having senior functions.

Weighting and Conclusion

Recommendation 35 carries additional weight as using proportionate and dissuasive sanctions is a key part of any jurisdiction’s mitigation of ML/TF risk. There are no criminal sanctions for persons with senior functions other than directors.

Recommendation 35 is rated Largely Compliant.

Recommendation 36 – International instruments

Recommendation 36 (formerly R.35 and SRI) was rated LC and NC respectively, in the 3rd round MER. R.35 deficiencies related to the non-ratification of the SFT and Palermo Conventions, non-implementation of Sec. 5 of the Palermo Convention and the SFT Convention was not fully implemented with regard to the application of offences in UNATMA to terrorist acts, terrorist organizations and individual terrorists. The UNATMA did not include two of the conventions which define terrorist offences under the annex to the SFT Convention. Special Recommendation I deficiencies related to non-implementation of the legal framework to comply with UNSCRs 1267 and 1373 and the finding that the UNATMA did not include two of the conventions listed in the annex to the SFT Convention. Subsequently, the SFT and Palermo Convention were ratified, and the Anti-Terrorist Financing and Proliferation Act replaced the UNATMA.

Criterion 36.1 – (Mostly met). SVG acceded to the Vienna Convention on 27th April, 1999. The Palermo Convention was signed on 24th July, 2002 and ratified on 29th October 2010. The Terrorist Financing Convention was signed on 31st December, 2001 and ratified on 28th March, 2002. SVG has not signed on to the Merida Convention.

Criterion 36.2 – (Mostly met) The Vienna Convention is implemented under the Drug Trafficking Offences Act Cap. 173(Art 15-S34, S35), the Proceeds of Crime Act (Art. 5- S15, S160,S168), Fugitive Offenders Act Cap. 175 (Art. 6), Internationally Protected Persons Act Cap. 195(Art. -S3, Art. 8 - S4). The Palermo Convention is implemented under the POCA which creates ML offences and provides for confiscation proceedings as well as mutual legal assistance. It is also implemented under the Fugitive Offenders Act for the purposes of extradition proceedings. It is further implemented under the Witnesses (Special Measures) Act 2013 for the purposes of protection of witnesses. SVG has not signed on to the Merida Convention, however has implemented some aspects.

Weighting and Conclusion

The jurisdiction has not signed on to the Merida Convention but has implemented some aspects. However, corruption was not scoped as a higher-risk issue and therefore this deficiency was considered to be minor.

Recommendation 36 is rated Largely Compliant.

Recommendation 37 - Mutual legal assistance

Recommendation 37 (formerly R.36 & SR. V) was rated LC in SVG's 3rd MER. The deficiency in R. 36 was that bilateral treaties on mutual legal assistance did not have the force of law and with regard to SR. V, the legal basis for conducting investigations and related prosecutorial measures for TF on behalf of foreign law enforcement was not specified in law.

Criterion 37.1 – (Mostly met) SVG’s Mutual Assistance in Criminal Matters Act Cap 177 (MACMA) provides a legal basis to facilitate mutual assistance in criminal matters within and external to the Commonwealth. Assistance to the Commonwealth under the MACMA includes obtaining evidence (s. 7), locating or identifying persons (s. 8), obtaining articles or things by search and seizure if necessary (s. 9), arranging attendance of person (s. 10), securing transfer of prisoners (s. 11) and serving documents (s. 12). Other forms of assistance include tracing property (s. 15) as well as restraining and confiscation orders (ss.16 and 17). As it pertains to non-Commonwealth countries, section 30 of the MACMA stipulates that regulations are required to give effect to a treaty, however the authorities have not provided evidence that such regulations were made. Notwithstanding, section 6 of the MACMA states that the Act does not impede other forms of cooperation (formal and informal) between SVG and other Commonwealth countries or between SVG and any other organisation. Bilateral treaties on mutual legal assistance therefore still do not have the force of law. The POCA sets out the obligation and avenue for MLAs at Sections 149,150 and Schedule 3 of the POCA. Additionally, SVG is not precluded from using other investigative tools in POCA such as Production Orders (S.133), Restraint Orders (s.42), Property Freezing Order (s.65), Search and Seizure Warrants (s.137), Customer Information Orders (s.140) and Account Monitoring Orders (144) to process Requests once the Request comes to the attention of the FIU. The AGO as the central authority has in its SOP for MLARs, that all requests are forwarded to the FIU within 24 hours and the FIU SOP for MLARs states that SVG will execute requests as a matter of priority and within 45 days of receipt. Therefore, SVG can rapidly provide MLA. Additionally, SVG faces limitations in its ability to offer the broadest scope of MLA due to its inability to secure specific orders related to predicate offences.

Criterion 37.2 – (Partly met) Section 4 of the MACMA stipulates that the Governor-General may, by order published in the Gazette, designate any person or authority as the central authority for the State. In accordance with that provision, the Director of Public Prosecutions was designated SVG’s central authority by way of a Designation Order (Mutual Assistance in Criminal Matters (Central Authority Designation) Order). SVG has however stated that the Attorney General is the central authority in SVG and that Schedule 3 (1) of the POCA is relevant, as it identifies the Attorney General as the person with the authority to receive external requests. The external requests that the Attorney General will receive pursuant to POCA appear to be restricted to applications for restraint orders and applications to give effect to external orders. These specific applications do not however span the full scope of assistance that may be facilitated under the MACMA. No documentary evidence was therefore provided on the processes adopted by the Director of Public Prosecutions to prioritise the requests received and the case management system used by the Office of the Director of Public Prosecutions to monitor progress of the execution of the requests. In practice, the AG office receives all MLAs and has a case management system in place.

Criterion 37.3 - (Met) The mandatory and discretionary conditions for refusal of a request for assistance are neither unreasonable nor unduly restrictive and are present in many national laws on mutual assistance. Examples of conditions include offences of a political character, the request relating to conduct for which a person was already convicted or acquitted by a court or

tribunal in SVG, is in contravention of the rule of law or human dignity, and implementation would require unlawful action by SVG. (s. 19 of the MACMA).

Criterion 37.4 - (Met) SVG does not refuse requests solely on the basis that the offence includes fiscal matters or on the grounds of secrecy or confidentiality requirements on FIs or DNFBPs, with the valid exception of a request to obtain privileged material (s. 134 (4) (a) of the POCA). Privileged material is defined under section 132(1) of the POCA as (a) communications between a professional legal adviser and his client or any person representing his client made in connection with the giving of legal advice to the client; (b) communications between a professional legal adviser and his client or any person representing his client or between such an adviser or his client or any such representative and any other person made in connection with or in contemplation of legal proceedings and for the purposes of such proceedings; and (c) materials enclosed with or referred to in such communications and made: (i) in connection with the giving of legal advice, or in connection with or in contemplation of legal proceedings and for the purposes of such proceedings. Material held with the intention of furthering a criminal purpose is not deemed privileged.

Criterion 37.5 - (Met) Section 10 of the MACMA states that the Central Authorities and the CAs of the requesting and requested countries shall use their best efforts to keep confidential a request and its contents and the information and materials supplied in compliance with a request except for disclosure in criminal proceedings and where otherwise authorised by the Central Authority of the other country. This requirement for confidentiality is also stipulated in the POCA and the FIU Act.

Criterion 37.6 - (Partly met) Section 19 (3) (a) of the MACMA provides SVG with the discretion to refuse a request on the basis of dual criminality. The legislation neglects to specifically state if this discretion is for coercive or non-coercive actions, thus it is implied that it applies to both. Therefore, because dual criminality is a ground to refuse a request, albeit discretionary, this criterion cannot be fully met.

Criterion 37.7 - (Partly met) Dual criminality is not a mandatory requirement but rather a (discretionary) ground on which SVG may refuse a request for assistance. The requirement is deemed satisfied regardless of whether both countries place the offence within the same category of offence or denominate the offence by the same terminology, provided that both countries criminalise the conduct underlying the offence. Additionally, the lacunae discernible within Sections 5.1 and 5.4 have a consequential impact on this criterion, as they render the application of dual criminality untenable for offences not covered in c.5.1 and 5.4.

Criterion 37.8 - (Partly met) Where SVG agrees to provide assistance to a State with regard to identifying, locating or assessing the value or amount of property, SVG shall use its best endeavours to give the assistance requested and, in doing so, may invoke such powers and procedures as may be prescribed for the purposes of this section (s. 26 of the MACMA.) There is no prohibition against CAs' implementation of the POCA and Police Service Act in support of requests for mutual legal assistance. **(a)** Production Orders (ss. 133, 134 and 136 of the POCA), search and seizure of information, documents or evidence (ss 137, 128 and Schedule

3 of the POCA) and the taking of witness statements are available powers. However, the deficiencies in R 31 will cascade into this criterion. **(b)** The deficiencies in C 31.2 with regard to investigative techniques will cascade into this criterion.

Weighting and Conclusion

SVG has dual criminality as an option to refuse a request, albeit discretionary. Conflicting legislation affects the clarity of the processes in place for timely prioritization and execution of MLA request. However, the AGC has a case management system in place. Further, the external requests that the AG will receive pursuant to the POCA appear to be restricted to applications for restraint orders and applications to give effect to external orders. The deficiencies in R. 5.1, 5.4 and 31 apply and have a cascading impact on this rating.

Recommendation 37 is rated Partially Compliant.

Recommendation 38 – Mutual legal assistance: freezing and confiscation

Recommendation 38 was rated Compliant in SVG’s 3rd Round MER.

Criterion 38.1 (a-e) - (Met) SVG has the authority to take expeditious action in response to foreign requests for assistance to identify, freeze, seize and confiscate laundered property and proceeds from, instrumentalities used or intended for use in ML, predicate offences and TF, and property of corresponding value. Sections 16, 17 and 27 of the MACMA provide for SVG’s pursuit of confiscation and restraining orders based on mutual legal assistance requests. The POCA (ss. 133, 134, 136, 149 and Schedule 3) and ATFPA (ss. 46, 33 and Part IV) are also relevant in satisfying this criterion.

Criterion 38.2 - (Met) Neither the MACMA nor the POCA (section 65 and Schedule 3) requires that conviction be a prerequisite for mutual legal assistance. Schedule 3, s. 10 gives the AG the power to apply to the court to give effect to an external order on behalf of other states. S.11 gives the conditions for the court to give effect to these applications. S. 61(1)(a)(i-ii) of the POCA enables the Civil Recovery Authority to recover in civil proceeds before the Court, a property which is, or represents - (i) property obtained through unlawful conduct; or (ii) property that has been used in, or in connection with, or is intended to be used in, or in connection with, unlawful conduct. S. 61(2) ensures that the powers conferred by this Part, which are exercisable in relation to any property, including cash, are exercisable whether any proceedings have been brought for an offence in connection with the property.

Criterion 38.3 - (Partly met) (a) The authorities have referred to a Treaty with the USA as the basis for complying with this criterion; however this treaty was in existence during the 3rd Round mutual evaluation process, and it was deemed that the treaty did not have the full force of law, as regulations were required to be made under the MACMA to give it effect. No regulations have however been made to date. **(b)** Provisions in the POCA (Schedule 3, para

16-20) allow the appointment of receivers by the court to manage and when necessary dispose of property frozen, seized or confiscated, based on applications from other countries.

Criterion 38.4 - (Not met) The authorities have referred to a Treaty with the USA as the basis for complying with this criterion however the deficiency cited in c. 38.2 and c. 38.3 applies. There is no legislative mechanism that addresses all aspects of this criterion.

Weighting and Conclusion

SVG has provisions for mutual assistance to foreign counterparts to identify, freeze, seize and confiscate criminal assets. The treaty with the USA requires the full force of law as regulations were required to be made under the MACMA. No regulations have however been made to date, as recommended in the 3rd round MER.

Recommendation 38 is rated Partially Compliant.

Recommendation 39 – Extradition

Recommendation 39 was rated Compliant in SVG’s 3rd Round MER.

Criterion 39.1 – (Partly Met) (a) - The Fugitive Offenders Act (FOA) is applicable to this Recommendation. In relation to ML offences, section 167 of the POCA stipulates that offences under that Act and the Drug Trafficking Act are extraditable offences under the FOA. In relation to TF offences, Section 83 of ATFA indicates that offences under that Act and the Drug Trafficking Act are extraditable offences under the FOA. **(b)** No documentary evidence of case management measures was provided. Further, no provision or evidence was provided that relates to the jurisdiction having clear processes in place for the timely execution of extradition requests or prioritisation. **(c)** Sections 7 and 9 of the FOA identify the grounds which preclude extradition, for example, offences/convictions of a political character, offences punishing or prosecuting on account of race, religion, nationality or political ideas/persuasion and offences of a trivial nature. These conditions are not deemed unreasonable or unduly restrictive.

Criterion 39.2- (Partly Met) (a) Section 20 of the FOA states that the Governor-General shall not refuse the return of a person who is a citizen of, or a permanent resident in, Saint Vincent and the Grenadines solely on the ground that the person is not also a citizen of the country making the request. **(b)** The authorities did not provide direct information that satisfies this criterion.

Criterion 39.3 - (Largely met) To be extradited, a person must have been accused of a relevant offence (s. 5 of the FOA). Section 6 (1) (a) of the FOA stipulates that a relevant offence is an offence against the law of that country which, however described in that law, falls within any of the descriptions set out in the First Schedule and is punishable under that law with imprisonment for a term of twelve months or any greater punishment. The offences therefore

need not be worded the same or placed in the same category. Additionally, the lacunae discernible within Sections 5.1 and 5.4 have a consequential impact on this criterion, as they render the application of dual criminality untenable for offences not covered in c.5.1 and 5.4.

Criterion 39.4 - (Met) SVG has simplified the extradition process by virtue of section 13 of the FOA, which provides that a fugitive may waive committal proceedings. As an additional measure, the authorities have stated that the ODPP has the discretion to submit the extradition documents to the Court by way of a paper committal.

Weighting and Conclusion

There are no case management measures and no provision or evidence for clear processes in place for the timely execution of extradition requests or prioritisation. The deficiencies in R. 5.1, 5.4 and R31 apply and have a cascading impact this rating.

Recommendation 39 is rated Partially Compliant.

Recommendation 40 – Other forms of international cooperation

This Recommendation was rated ‘LC’ in the 3rd round MER. The only deficiency in regard to this Recommendation was that the legal basis for conducting investigations and related prosecutorial measures for FT directly on behalf of foreign law enforcement should be specified in law. This was addressed during the follow up process by the enactment of the Anti-Terrorist Financing and Proliferation Act, No. 15 of 2015.

Criterion 40.1 – (Mostly Met) The relevant CAs in SVG (FIU, RSVGPF, IRD, CED, FSA, ECCB, ECSRC) can rapidly provide the widest range of international cooperation.

FIU: Apart from the POCA and MACMA which provide for a wide range of co-operation both spontaneously and upon request, the FIU Act (section 4 (2) (e)) allows the FIU to provide information relating to the commission of an offence to any foreign FIU. The FIU is also a member of the ARIN CARIB network and the Egmont Group of FIUs, which both allow for spontaneous exchange of information.

FSA: Apart from the provisions within the POCA, the FSA is, pursuant to Section 5(2) of the FSAA, able to cooperate with the ECCB or any other regulatory authority as well as the FIU. Further, pursuant to Section 5(1)(h) of that Act, the FSA can assist in the investigation of any offence against the laws of another State that has requested assistance. The widest possible range of cooperation may be facilitated, and information may be provided spontaneously and upon request. Further, the FSA is a party to a regional MOU among regional regulatory Authorities for the exchange of information and co-operation and Consultation which facilitates international cooperation. SVG has enacted relevant legislation which demonstrates its commitment to international cooperation, namely the Foreign Accounts Tax Compliance Act, Financial Services Authority Act, Automatic Exchange of Financial Account Information

(Common Reporting Standard) Act and the International Cooperation (Tax Information Exchange Agreement) Act.

IRD: SVG is a party to the Convention on Mutual Assistance in Tax Matters which currently has 146 participants globally. The Multilateral Convention on Mutual Assistance in Tax Matters (codified in the Automatic Exchange of Financial Account Information (Common Reporting Standard) Act No. 31 of 2016 enables the provision of administrative assistance in tax matters between SVG and partner jurisdictions under the Convention. The Convention covers a wide range of administrative assistance. The Comptroller of Inland Revenue is the designated CA under the Automatic Exchange of Financial Account Information (Common Reporting Standard) Act No. 31 of 2016.

ECCB: A MMoU was executed among the ECCB and National Regulators in the context of AML/CFT. The FSA and the FIU are parties to the MMoU. The purpose of the MMoU is to provide a framework for mutual cooperation in terms of supervisory compliance with regard to ML/TF.

ECSRC: While the ECSRC has not signed the IOSCO MMoU to facilitate wider international co-operation, it has the power under the revised ECSRC Agreement “to cooperate with other regulatory authorities, both domestic and foreign” and cooperate with other relevant regulatory bodies to ensure compliance by market participants with the Proceeds of Crime Act and any other written law in relation to the prevention of money laundering and combating the financing of terrorism”.

RSVGP: There are no provisions applicable in the law.

CED: No provisions were cited.

Criterion 40.2 – (Mostly met)

(a) (Mostly met) Although the AGC and ODPP were identified as designated CAs in the jurisdiction, requests for information are generally channelled through the different CAs, such as the ODPP, FIU, or FSA. Most CAs have a lawful basis for providing cooperation (see analysis in c.40.1).

(b) (Met) Nothing in law or otherwise prevents the CAs from utilising the most efficient means to co-operate. SVG authorities indicated that this is done mostly by way of emails, but telephone is also used, including digital messaging when necessary.

(c) (Mostly met)

FIU: SVG has been a member of the Egmont Group since 2003. The Egmont Secure Web provides secure gateways for the exchange of information. Additionally, the FIU’s SOP for the Receipt, Processing and Handling of Sensitive Information and Requests details the mechanisms applied when dealing with requests or disseminations.

FSA: The FSA has in place a Standard Operating Procedure for the Processing of Regional & International Requests for information. This SOP clearly outlines the internal processes utilised

for safeguarding the information received. The SOP also speaks to channels of communication. Most requests for information are channelled through the FSA's emails servers which are secure and firewall-protected. Requests may also be received, and responses channelled via international couriers.

IRD: Pursuant to the Automatic Exchange of Financial Account Information (Common Reporting Standard) Act No. 31 of 2016 and the Foreign Account Tax Compliance (Implementation of Intergovernmental Agreement) Act, the IRD is required to report financial account information annually of both natural and entities which are tax resident in partner jurisdictions under the Standard and in the US. Under both the FATCA and the Standard, the IRD transmits information via secure web portals, namely the International Data Exchange System under FATCA and the Common Transmission System under the Standard.

ECCB: Section 8 of the ECCB's AML/CFT/CPF offsite Supervision Procedures outlines the requirements that allow for a clear and secure gateway, mechanism or channel to facilitate and allow for the transmission and execution of requests.

No provisions were cited for the **RSVPF, CED, or ECSRC**.

(d) (Mostly Met)

FIU: The FIU SOP sets out the procedure for the handling of various requests or information received such as MLARs, Egmont and Interpol Requests as well as SARs. The SOP included guidance on the prioritisation of requests and timely execution, while requiring all requests to be dealt with within 45 days.

FSA: While the FSA has described a process for obtaining requested information from FSA-registered or licensed entities in a timely manner, there is no process for the prioritisation or timely execution of requests. No information was provided for any of the other CAs relative to this criterion.

IRD: The IRD's Administrative Procedure Manual for the Receipt, Handling and Processing of Confidential Information Requests (Version 3.0) clearly indicates the processes for handling requests for information. Given high priority, requests are typically dealt with within a five day period, as outlined in the Standard of Procedure.

ECCB: Section 8 of the ECCB's AML/CFT Offsite Supervision Procedures outlines its "International Cooperation and Feedback Standard Operating Procedures". It outlines the processes for the prioritisation and timely execution of requests.

No provisions were cited for the **RSVPF, CED, or ECSRC**.

(e) (Mostly Met)

FIU: The FIU SOP for the receipt, processing and handling of sensitive information and requests, sets out processes for safeguarding the information received.

FSA: The FSA's Standard Operating Procedure for the Processing of Regional & International Requests for Information clearly outlines the internal processes utilised for safeguarding the

information received, including the responsible officers for handling and processing of the requests. The SOP also speaks to channels of communication.

IRD: The IRD’s Administrative Procedure Manual; Receipt, Handling and Processing of Confidential Information Requests (Version 3.0) outlines the processes for handling requests generally. Under this SOP, the Exchange of Information (‘EOI’) Unit is mandated by law to treat requests for information with the highest level of confidence and captioned under “Incoming Sensitive Information”, which is handled primarily by the Legal Department of the IRD.

ECCB: Section 8 of the ECCB’s AML/CFT Offsite Supervision Procedures outlines its “International Cooperation and Feedback Standard Operating Procedures”. In order to safeguard the information received, the ECCB will maintain a copy of the correspondence within its secure electronic document management system.

No provisions were cited for the **RSVGP**, **CE** and **ECSRC**.

Criterion 40.3 – (Met) SVG has executed agreements, with a wide range of foreign counterparts, that allow for the sharing of information which can be used in the investigation of criminal activity (including ML and TF). The Intergovernmental Agreement between SVG and the US facilitates the automatic annual exchange of financial account information between SVG and the US.

Criterion 40.4 – (Mostly met) CE: There is nothing in law or otherwise which prevents or restricts the CE from providing feedback to foreign authorities.

FIU: Pursuant to paragraph 19 of the Egmont Group Principles for Information Exchange, the FIU is required, upon request, to provide feedback relating to the timeliness of the response, the quality of the response, and to what end the information was useful to that FIU and other CAs. Further, the FIU can provide feedback to non-Egmont Group Members, in which case the FIU applies the Egmont Group Principles for Information Exchange. The FIU has developed and utilises a Disclosure Feedback Form to provide feedback.

FSA: As a general practice, the FSA issues a letter of acknowledgement to the CA providing information which details the use and usefulness of the information obtained. However, no authority, policy or framework was provided.

IRD: Upon receipt and perusal of the information requested, the IRD would issue a letter of acknowledgement to the requested CA within two (2) days providing information which details the receipt, use and usefulness of the information obtained, in accordance with the IRD’s Administrative Procedure Manual; Receipt, Handling and Processing of Confidential Information Requests.

ECCB: In accordance with section 8.0 of the ECCB’s AML/CFT Offsite Supervision Procedures the ECCB will require feedback through the completion of its feedback questionnaire to allow authorities to provide an assessment of the usefulness of the information submitted. The request for feedback must accompany the submitted information.

No information was provided regarding the **RSVGPF** and **ECSRC**, and on whether feedback can be provided when requested.

Criterion 40.5 – (Met)

(a) (Met) There are no limitations placed on the provision of information on the ground that the request also involves fiscal matters.

(b) (Met) Except as it pertains to legally privileged material (s. 134 of the POCA), there are no provisions which prohibit the exchange of information or assistance on the basis of secrecy and confidentiality.

(c) (Met) There is nothing in law which prohibits the exchange of information where there is an inquiry, investigation or proceeding underway in SVG.

(d) (Met) There is nothing in law prohibiting the exchange of information based on the nature or status of the requesting counterpart authority being different from that of its foreign counterpart.

Criterion 40.6 – (Mostly met) The EOI Act, S.5(1) establishes safeguards and controls to ensure that information exchanged by virtue of said Act is used for the purpose and by the authorities who requested or for whom it was requested. The disclosure of this information can only be made with the consent of the requested authority. ECCB & FSA: Clause 15(c) of the MMoU requires requesting authorities to specify the purpose for which the information or assistance is sought. Clause 19 stipulates that the Requesting Authority may not use information furnished for any purpose other than that identified pursuant to clause 15(c), without the prior written consent of the Requested Authority. While the FIU is also a party to this MMoU, the requirements are only relevant to AML/CFT supervision of financial institutions (Clause 3). FIU: Paragraph 32 of the Egmont Group's Principles of Exchange stipulates that the exchanged information should be used for the purpose for which it was sought. RSVGPF: As it relates to the police the exchange of information is subjected to Interpol rules while the CED is required to conform with the rules of CCLEC. Both international organisations have controls and safeguards regarding the use of the information exchanged. IRD: S.8(2) requires that the information disclosed must be used for the purpose for which the disclosure was made.

Criterion 40.7 – (Partly met) ECCB, FSA & FIU: The MMoU contains adequate measures to meet the requirements of the criterion. The confidentiality provisions of the FSA are strengthened by virtue of S.16 and S.17 of the FSA Act.

FIU: While S.7(1)(2) of the FIU Act meets the confidentiality requirements, there are no provisions that would enable the FIU to refuse to provide information if the requesting CA cannot protect the information effectively. However, the "Standard Operating Procedure for the Receipt, Processing and Handling of Sensitive Information and Requests" states that in relation to refusal concerning mutual legal assistance requests "it must be noted that the reasons for refusal must not be unduly restrictive or unreasonable and must comply with the requirements as set out in Recommendation 37 of FATF Recommendations 2012."

RSVGPF: S.166(1)(2) POCA speaks to a law enforcement officer's duty of confidentiality in the performance of his duties or the exercise of his functions under POCA. It also criminalises failure to keep information confidential. However, there are no provisions that would enable the RSVGPF to refuse to provide information if the requesting CA cannot protect the information effectively. In the interest of national security, the general practice of the RSVGPF is to not release information to agencies that are not confidential in their operations.

CED: No law or other enforceable means was cited relative to the requirements.

IRD: S.8 of the Tax Administration Act places confidentiality requirements on the Comptroller and his delegates. S.89 of the said act makes it an offence for a person who fails to preserve secrecy under Section 8 and provides a sanction of, upon summary conviction, a fine of XCD20,000 or imprisonment for a term not exceeding one year or both. However, the inability of the requesting CA to protect the information exchanged effectively is not a factor for the refusal to provide information.

Criterion 40.8 – (Mostly met) Section 4(2)(e) of the FIU Act (as amended) provides for the FIU to provide information to foreign FIUs regarding the commission of an offence, suspected offence or STR. Articles 8, 9, and 11 of the Convention on Mutual Assistance in Tax Matters allow the IRD to consult together for the purposes of determining cases and procedures for simultaneous tax examinations, allow representatives of the CA of the applicant State to be present at the appropriate part of a tax examination and take the necessary steps to recover tax claims of the first-mentioned State as if they were its own tax claims. No provisions were cited relative to the CED and RSVGPF.

Criterion 40.9- (Met) The FIU has an adequate legal basis for providing co-operation with a foreign FIU on ML, TF and predicate offences regardless of the type of FIU (s.2, (e) and (f) of the FIU Act, 2001 as amended).

Criterion 40.10 -(Met): In circumstances where a foreign FIU or LEA specifically requested feedback via the attachment of a feedback form or other means, such feedback is provided.

Criterion 40.11 - (Met) (a) and (b) – (Met): Based on the powers that are conferred upon the Unit in section 2 (e) of the FIU Act, which is broad in nature, the FIU is authorised to exchange all information that is accessible or obtainable to it directly or indirectly to it, particularly those under R. 29 any other information which they have the power to obtain or access, directly or indirectly, at the domestic level. The relevant section provides for the FIU to provide information relating to the commission of an offence or a suspected offence or information relating to a suspicious transaction report to any foreign FIU. Further, s.4 (2) (f) authorises the FIU to enter into an agreement and arrangement, in writing with a foreign FIU in an effort to discharge its functions (receipt, analysing, obtain and dissemination of information which relates to or may relate to the proceed of offences). The FIU is a member of the Egmont Group and must adhere to its principles, including the principles for sharing of information on the basis of reciprocity (s.9 of the Egmont Group of FIU, Principles for information exchange between FIUs). Therefore, the sharing of information with Egmont Group Members is done on the basis of reciprocity.

Criterion 40.12 - (Partly met) The FSA is required to assist in the investigation of any offence against the laws of SVG or the laws of another State which has requested information. (s 5 (1) (h) of the FSA Act). Further, S.5(2) of the FSA Act also requires the FSA, in discharging its functions under the Act, to take such steps that it considers appropriate to co-operate with the Central Bank or any regulatory authority and the FIU. However, these provisions are limited to investigations.

S.94 of the Banking Act 2015 empowers the Central Bank to enter into an agreement or arrangement for coordination, cooperation, and the exchange of information with a foreign supervisory authority with the responsibility to supervise financial institutions, financial holding companies, or other similar institutions, and with a foreign resolution authority or other government agency with direct responsibility for matters relating to the resolution of failing or failed financial institutions. While this does not explicitly include activities aimed at sharing supervisory information related to or relevant for AML/CFT matters, the provisions do not prevent coordination, cooperation and information sharing with regard to AML/CFT matters.

There is no similar legal basis for the ECSRC to provide co-operation with their foreign counterparts, consistent with the applicable international standards for supervision, in particular, with respect to the exchange of supervisory information related or relevant to AML/CFT measures.

Criterion 40.13 - (Met) The Multilateral MOU between the ECCB and the regulatory authorities in the ECCU (ECCB, FSA, FIU) provides a mechanism by which information can be shared (para. 3, 6) regionally. The FSA, ECCB and ECSRC are also parties to a regional MMOU among the ECCU regulatory authorities for the co-operation and exchange of information and consultation, which facilitates international cooperation among regional regulators.

Criterion 40.14 (Mostly met) (a) (Met) Paragraph 8 of the ECCB Multilateral MOU (ECCB, FSA, FIU) allows authorities to have close communication concerning the operations of FIs and intend that authorities consult and collaborate regularly regarding supervisory developments and AML/CFT issues relevant to FIs. Paragraph 6 of the MMOU among the regulatory authorities in the ECCU, for which the FSA, ECCB and ECSRC are parties to, allows for the co-operation and exchange of information. There is no limit on the scope of information that can be shared in connection with the oversight of FIs that conduct business in the ECCU.

(b) (Mostly met) The FSA, pursuant to Section 5(2) of the FSAA, is able to cooperate with the ECCB or any other regulatory authority as well as the FIU. However, these provisions are limited to investigations.

Paragraph 6 of the MMOU among the regulatory authorities in the ECCU, for which the FSA, ECCB and ECSRC are parties to, allows for the co-operation and exchange of information. There is no limit on the scope of information that can be shared in connection with the oversight of FIs that conduct business in the ECCU.

Section 35 (4)(a) of the ECCB Agreement Act 1983 permits the Central Bank to provide foreign financial institutions (FFIs), foreign banking supervisors and any other local/foreign supervisory authorities with (i) statements, returns, data and information; and (ii) access to any officer of a foreign authority responsible for the supervision/regulation of a foreign financial institution (FFI) in order to assess the safety and soundness of a foreign financial institution, on a reciprocal basis, subject to an agreement for confidentiality and an MOU. The ECCB is a party to the MMoU among the Regional Regulatory Authorities for the Exchange of Information and Co-operation and Consultation (MMOU). The executed MMOU establishes a framework for the exchange of information among the authorities and comprises confidentiality clauses in Sections 23 to 27.

(c) (Met) Paragraph 10 of the ECCB Multilateral MOU allows Authorities to share information relevant to the maintenance of the integrity and soundness of the AML/CFT policies and procedures related to AML/CFT compliance. Paragraph 11 of the ECCB Multilateral MOU specifically allows Authorities to share among themselves copies of compliance examination reports, the status of the financial institution's AML/CFT system and, where appropriate, the financial institution's compliance programme. Paragraph 6 of the MMOU among the regulatory authorities in the ECCU, for which the FSA, FIU ECCB and ECSRC are parties to, allows for the co-operation and exchange of information. There is no limit on the scope of information that can be shared in connection with the oversight of FIs that conduct business in the ECCU.

Criterion 40.15 - (Mostly met) Section 8 of the MMOU among the regulatory authorities for the Exchange of Information and Co-operation and Consultation, to which the FSA and ECCB are parties, contain provisions which allow the ECCB and FSA to conduct inspections on behalf of foreign counterparts and facilitate or authorise foreign counterparts to conduct inspections themselves. There are no similar mechanisms for the ECSRC.

Criterion 40.16 - (Met) The MMoU between the ECCB and the Regional Financial Authorities (ECCB and FSA) and the MMoU among the ECCU Regulators (ECCB, ECSRC and FSA) contain mechanisms to ensure prior authorisation of the regulatory authority is obtained when information must be disclosed due to a legal or reporting obligation.

Criterion 40.17 - (Met) Police: The RSVGPF is allowed to exchange information with foreign counterparts through regional and international agreements. Information sharing is facilitated by Art.2 of the Interpol Constitution and the ARIN-CARIB, of which SVG is a member. Further, the FIU is a hybrid Unit which consists of police officers who are responsible for conducting ML/TF investigations and the identification, tracing and recovery of assets. Section 2 (e) of the FIU Act makes provision for the FIU to share information in relation to the commission of a crime or suspected commission of a crime. This section is very broad. This section is interpreted to allow for the exchange of information related to ML, associated predicate offence and TF to foreign counterparts. Customs: Customs is a member of CCLEC and is permitted to exchange information with foreign counterparts who are members of the organisation by virtue of its MOU. Art. IV, V and VI allow for customs to share information, including spontaneously.

Criterion 40.18 - (Mostly Met). LEAs in SVG can use their powers, including any investigative techniques available in accordance with their domestic law, to conduct inquiries and obtain information on behalf of foreign counterparts. This is done based on agreements such as those with Interpol, ARIN-CARIB, RSS and the treaty with the USA. However, deficiencies identified in R. 31 have cascading effects on this criterion.

Criterion 40.19 - (Met). There are no legal impediments to SVG LEAs forming joint investigative teams to conduct cooperative investigations and when necessary, establish bilateral or multilateral arrangements to enable such joint investigations. Such arrangements include the Mutual Legal Assistance in Criminal Matters Treaty with the USA and the Interpol agreement.

Criterion 40.20 - (Met). The ECCB MMoU (which includes the FSA) and the MMoU among the ECCU regulatory authorities (FSA, ECCB and ECSRC) allow for the exchange of information between regulatory authorities and FIUs. Further, information can be shared by a requesting authority with 3rd parties with the consent of the requested authority.

Weighting and Conclusion

SVG has demonstrated to a large extent that there are measures in place to facilitate other forms of cooperation by CAs. However, no information was provided relative to the RSVGPF, and on whether feedback can be provided by the CED when requested. Not all CAs have measures to maintain appropriate confidentiality for any request for cooperation and the information exchanged, consistent with both parties obligations concerning privacy and data protection.

There is no legal basis for the ECSRC to provide co-operation with their foreign counterparts, consistent with the applicable international standards for supervision, in particular with respect to the exchange of supervisory information related or relevant to AML/CFT measures. Whilst the FSA has a legal basis to do so, this is limited to investigations.

Recommendation 40 is rated Largely Compliant.

Summary of Technical Compliance – Key Deficiencies

Compliance with FATF Recommendations

Recommendation	Rating	Factor(s) underlying the rating
1. Assessing risks & applying a risk-based approach	LC	<ul style="list-style-type: none"> The NRA did not include a risk assessment of FAs and FMs. Updated sectoral assessments do not include MPSPs and VASPs. Key actions under the NAP have not been completed by prescribed deadlines. The NAP does not reflect a full risk-based approach as not all sectors were risked assessed. Service Providers are not required to consider material changes to national level threats and vulnerabilities when reviewing and updating their risk assessments. Service providers' mechanisms to provide risk assessment information apply to supervisors and do not extend to other CAs.
2. National cooperation and coordination	LC	<ul style="list-style-type: none"> There is no obligation to review national AML/CFT policies regularly. There are no cooperation or coordination mechanisms in relation to the proliferation financing of weapons and mass destruction.
3. Money laundering offences	C	<ul style="list-style-type: none"> All criteria are met.
4. Confiscation and provisional measures	C	<ul style="list-style-type: none"> All criteria are met.
5. Terrorist financing offence	PC	<ul style="list-style-type: none"> There are no provisions to cover the indirect provision or collection of funds, nor the partial or impartial use of funds provided or collected. TF offences do not include financing the travel of individuals for TF purposes. There are no provisions for ensuring that TF offences do not require funds or other assets to be used to carry out, attempt terrorist act(s) or be linked to a specific terrorist act. The criminalisation of TF is not fully consistent with Article 2 of the International Convention for the Suppression of Terrorism on account of SVG's reservation regarding the Convention on the Physical Protection of Nuclear Material and the International Convention for the Suppression of Terrorist Bombings. TF offences do not include financing the travel of individuals. There is no offence for intentionally contributing to the commission of one or more TF offences or attempted offences, by a group of persons acting with a common purpose.
6. Targeted financial sanctions related to terrorism & TF	PC	<ul style="list-style-type: none"> The FIU does not have mechanisms to identify targets for designation. (C6.1(b)) The AFTPAs references UNSCR 1898(2011) obligations rather than UNSCR 1989(2011). The AFTPAs does not define the scope of the relevant information that would inform the basis of a listing. SVG's laws do not specify whether its status as a designating state must be made known when making a listing. The AFTPAs does not mandate that a country requesting designation in SVG must provide as much identifying information to support the designation. The requirement for legal persons and arrangements to freeze funds or other assets is not without delay. Prohibitions against making funds or financial services or economic resources available do not extend to entities owned or controlled directly or indirectly, by designated persons or entities.

Recommendation	Rating	Factor(s) underlying the rating
		<ul style="list-style-type: none"> • Obligations and actions to be taken by Fis and DNFBPs under freezing mechanisms are contained in a Guidance that is unenforceable. • There is no obligation on FIs and DNFBPs to report on the freezing of assets or actions taken in compliance with the prohibition requirements of the relevant UNSCRs, including attempted transactions. • There are no provisions for the protection of the rights of bona fide third parties acting in good faith. • There are no measures or procedures to facilitate review by the 1988 Committee on Designations in accordance with any applicable guidelines or procedures. • There are no procedures for informing designated persons and entities (Al-Qaida Sanctions List) of the availability of the United Nations Office of the Ombudsperson to accept de-listing petitions. • The mechanism to communicate a de-listing and unfreezing to the FIs and DNFBPs does not mandate that the communication must take place immediately upon the de-listing or unfreezing. • There are no mechanisms for providing guidance to anyone that may be holding targeted funds or other assets on their obligations to respect a de-listing or unfreezing action. • There are no provisions for access to frozen funds in accordance with the procedures set out in UNSCR 1452 (and successor resolutions) and UNSCR 1373.
7. Targeted financial sanctions related to proliferation	NC	<ul style="list-style-type: none"> • There are no measures to comply with Recommendation 7
8. Non-profit organisations	LC	<ul style="list-style-type: none"> • SVG has not encouraged and undertaken outreach and educational programmes to raise and deepen awareness among the donor community about the potential vulnerabilities of NPOs to TF abuse and risks. • Legal arrangements, which engage in charitable acts within SVG are not captured under the definition of NPOs, consequently limiting the scope of the NPOs which may be subject to CFT supervision and monitoring. • There is no requirement or guidance document which encourages NPOs to conduct transactions via regulated financial channels, wherever feasible. • There is no institutional or operative framework to implement a risk-based approach. • There is no requirement that the NPO should make best efforts to confirm the identity, credentials and good standing of their significant donors and to respect donor confidentiality, regardless of the risk of terrorist financing. • There is no requirement that NPOs must make documents available upon request to CAs.
9. Financial institution secrecy laws	C	<ul style="list-style-type: none"> • All criteria are met.
10. Customer due diligence	LC	<ul style="list-style-type: none"> • There are no legislative provisions for occasional transactions that are wire transfers in the circumstances covered by Recommendation 16 and its Interpretive Note. • Where the customer is a natural person, there are no measures for verifying that any person purporting to act on behalf of the customer is authorised to do so, identifying that person and verifying the identity of that person. • The definition of BO under the legislation does not expressly refer to persons who may be controlling a customer who is an individual. • There are no provisions to identify the relevant natural person who holds the position of senior managing official where no natural person is identified. • There are no measures requiring the verification and identification of beneficial owners through the identity of the settlor, the trustee(s), the protector or enforcer of the trust, each beneficiary or class of beneficiaries of the trust, and any other natural person(s) exercising ultimate effective control over the trust through a chain of control/ownership. • There are no express requirements that service providers should be required to adopt risk management procedures concerning the conditions under which a customer may utilise the business relationship prior to verification. • There are no requirements for the service provider to identify the beneficial owner of the beneficiary upon a life insurance payout.

Recommendation	Rating	Factor(s) underlying the rating
		<ul style="list-style-type: none"> There are no requirements for a service provider to apply CDD requirements on the basis of materiality.
11. Record keeping	C	<ul style="list-style-type: none"> All criteria are met.
12. Politically exposed persons	LC	<ul style="list-style-type: none"> There are no provisions ensuring that, where higher risk is identified, Service Providers are required to inform senior management before the payout of the life insurance policy proceeds.
13. Correspondent banking	LC	<ul style="list-style-type: none"> Measures for a risk-based approach do not include whether the respondent institution has been subject to an ML/TF investigation or regulatory action.
14. Money or value transfer services	LC	<ul style="list-style-type: none"> The sanctions applied to MSBs can be considered dissuasive for natural persons however they are not for legal entities. The mechanism in place for identifying unlicensed MSB activities is not formalised.
15. New technologies	PC	<ul style="list-style-type: none"> SVG has not identified and assessed the money laundering and terrorist financing risks emerging from virtual asset activities and the activities and operations of VASPs. There is no risk-based approach with regard to VASPs to ensure that measures to prevent or mitigate ML and TF are commensurate with the identified risks. The deficiency at C1.10 is applicable to R. 15. SVG has no measures to ensure that VASPs are required to be licensed or registered. SVG has no measures to ensure that criminals or their associates are prevented from holding or being the beneficial owner of, a significant or controlling interest, or holding a management function, in a VASP. SVG has no measures to ensure that natural or legal persons that carry out VASP activities without the requisite licence or registration have appropriate sanctions applied to them. SVG has no measures to ensure that VASPs are subject to adequate and risk-based supervision or monitoring. SVG has no measures to ensure that supervisors have the powers to supervise or monitor and ensure compliance by VASPs with ML/TF obligations. Targeted sector-specific guidelines and/or feedback have not yet been provided to VASPs. There are only administrative penalties to deal with VASPs. There are no sanctions that are applicable to the directors and senior management of VASPs. There is no requirement for (a) VASPs to conduct CDD for occasional transactions above USD/EUR 1 000 and (b) originating or beneficiary VASPs to obtain and hold required and accurate beneficiary or originator information on virtual asset transfers and submit the above information to the beneficiary VASP or financial institution (if any) immediately and securely, and make it available on request to appropriate authorities. SVG has no measures in place to ensure that supervisors of VASPs have a legal basis for exchanging information with their foreign counterparts, as there is no supervisor for VASPs.
16. Wire transfers	PC	<ul style="list-style-type: none"> There are no requirements that every transfer of funds is accompanied by full beneficiary information. There is no requirement for full beneficiary information to be maintained or to be fully traceable in the beneficiary's country. There is no requirement for the ordering financial institution to include the account number or a unique transaction reference number. There is no provision for LEAs to be able to compel immediate production of such information. Post-event or real-time monitoring is not provided for in SVG's legal framework. There are no requirements for cross-border wire transfers of USD/EUR 1,000 or more, where beneficiary FIs should be required to verify the identity of the beneficiary if the identity has not been previously verified and maintain this information in accordance with R. 11.

Recommendation	Rating	Factor(s) underlying the rating
		<ul style="list-style-type: none"> There are no provisions for beneficiary FIs to have risk-based policies and procedures for determining (a) when to execute, reject, or suspend a wire transfer lacking the required originator or required beneficiary information (b) the appropriate follow-up action. There are no requirements that an MVTS must report to the FIU where it has a suspicion of ML or TF.
17. Reliance on third parties	C	<ul style="list-style-type: none"> All criteria are met.
18. Internal controls and foreign branches and subsidiaries	C	<ul style="list-style-type: none"> All criteria are met.
19. Higher-risk countries	C	<ul style="list-style-type: none"> All criteria are met.
20. Reporting of suspicious transaction	C	<ul style="list-style-type: none"> All criteria are met.
21. Tipping-off and confidentiality	C	<ul style="list-style-type: none"> All criteria are met.
22. DNFBPs: Customer due diligence	LC	<ul style="list-style-type: none"> The deficiencies identified in Recommendations 10, 12 and 15 apply to R. 22.
23. DNFBPs: Other measures	C	<ul style="list-style-type: none"> All criteria are met.
24. Transparency and beneficial ownership of legal persons	PC	<ul style="list-style-type: none"> A comprehensive assessment of the ML/TF risk associated with all types of legal persons in SVG has not been completed. The sanctioning regime is neither proportionate nor dissuasive for natural and legal persons. Basic regulating powers are not recorded in SVG's company registry. The requirement to maintain basic information does not extend to all categories of legal persons. There is no requirement for the CIPO and the FSA to hold or verify BO information for legal persons. There is no legal requirement for legal persons to maintain BO information. There are no provisions or requirements for information to be accurate and updated on a timely basis. There are no requirements to monitor assistance received from other countries in response to requests for basic and BO information or requires for assistance in locating beneficial owners residing abroad.
25. Transparency and beneficial ownership of legal arrangements	PC	<ul style="list-style-type: none"> There are no specific requirements for trustees to disclose their status to FIs and DNFBPs when forming a business relationship or carrying out an occasional transaction. Sanctions are not proportionate and dissuasive.
26. Regulation and supervision of financial institutions	LC	<ul style="list-style-type: none"> F&P is not conducted by the ECSRC. There is no information on what informs the ECSRC's frequency and intensity of on-site and off-site AML/CFT supervision of financial institutions or groups. There is no information on what triggers the ECSRC's reviews of the assessment of the ML/TF risk profile of a financial institution or group (including the risks of non-compliance)
27. Powers of supervisors	LC	<ul style="list-style-type: none"> The deficiencies identified for R.35 apply to R. 27.
28. Regulation and supervision of DNFBPs	LC	<ul style="list-style-type: none"> The deficiencies identified for R.35 apply to R. 28.
29. Financial intelligence units	C	<ul style="list-style-type: none"> All criteria are met.
30. Responsibilities of law enforcement and investigative authorities	C	<ul style="list-style-type: none"> All criteria are met.
31. Powers of law enforcement and investigative authorities	LC	<ul style="list-style-type: none"> Production Orders cannot be obtained for investigations into predicate offences and TF offences. The CED cannot conduct undercover operations. There are no measures that facilitate the interception of communications as an investigative technique.
32. Cash couriers	LC	<ul style="list-style-type: none"> Sanctions for false declaration of currency and BNIs are not fully proportionate and dissuasive.

Recommendation	Rating	Factor(s) underlying the rating
		<ul style="list-style-type: none"> • There are implementation challenges with the disclosure/declaration system
33. Statistics	C	<ul style="list-style-type: none"> • All criteria are met.
34. Guidance and feedback	LC	<ul style="list-style-type: none"> • The ECSRC does not provide and issue guidance and feedback. • No provisions for other competent authorities to provide feedback to FIs and DNFBs
35. Sanctions	LC	<ul style="list-style-type: none"> • There are no criminal sanctions for persons with senior functions other than directors.
36. International instruments	LC	<ul style="list-style-type: none"> • SVG has not signed on to the Merida Convention and therefore the cooperation framework is limited.
37. Mutual legal assistance	PC	<ul style="list-style-type: none"> • The deficiencies in R. 5.1, 5.4 and R. 31 apply.
38. Mutual legal assistance: freezing and confiscation	PC	<ul style="list-style-type: none"> • Arrangements for co-ordinating seizure and confiscation actions with other countries are limited.
39. Extradition	PC	<ul style="list-style-type: none"> • The deficiencies in R. 5.1, 5.4 and R. 31 apply. • There are no clear processes for timely execution of extradition requests or prioritisation.
40. Other forms of international cooperation	LC	<ul style="list-style-type: none"> • There is no legal basis for the ECSRC to provide co-operation with its foreign counterparts, consistent with the applicable international standards for supervision, in particular with respect to the exchange of supervisory information related or relevant to AML/CFT measures. Whilst the FSA has a legal basis to provide other forms of cooperation, it is limited to investigations. • There is no evidence that the RSVGPF can provide other forms of cooperation. • There is no evidence that the CED can provide feedback when requested. • Not all CAs have measures to maintain appropriate confidentiality for any request for cooperation, and the information exchanged, consistent with both parties obligations concerning privacy and data protection.

Glossary of Acronyms⁷

ACRONYM	DEFINITION
AGC	Attorney General’s Chambers
AML/CFT/CPF	Anti-Money Laundering/Combating the Financing of Terrorism/Combating Proliferation Financing
ARIN-CARIB	Asset Recovery Inter-Agency Network for the Caribbean
BC	Business Company
BNI	Bearer Negotiable Instrument
BO	Beneficial Ownership
CA	Competent Authority
CARICOM IMPACS	Caribbean Community (CARICOM) Implementation Agency For Crime And Security (IMPACS)
CCLEC	Caribbean Customs Law Enforcement Council
CCMA	Customs (Control and Management) Act
CDD	Customer Due Diligence
CED	Customs and Excise Division
CIPO	Commerce and Intellectual Property Office
DNFBP	Designated Non-Financial Business and Profession
DPMA	Drug Protection and Misuse Act
DPP	Director of Public Prosecutions

⁷ Acronyms already defined in the FATF 40 Recommendations are not included into this Glossary.

ACRONYM	DEFINITION
EC	Eastern Caribbean
ECCB	Eastern Caribbean Central Bank
ECSC	Eastern Caribbean Supreme Court
ECSRC	Eastern Caribbean Securities Regulatory Commission
EDD	Enhanced Due Diligence
FA	Fund Administrator
FATF	Financial Action Task Force
FI	Financial Institution
FIU	Financial Intelligence Unit
FIUA	Financial Intelligence Unit Act
FM	Fund Manager
FOA	Fugitive Offenders Act
FSA	Financial Services Authority
GDP	Gross Domestic Product
GLBA	Gambling Lotteries and Betting Act
IRD	Inland Revenue Department
JRCC	Joint Regional Communications Centre
LEA	Law Enforcement Authority
LFI	Licensed Financial Institution
LLC	Limited Liability Company
LoC	Letter of Commitment
MOFA	Ministry of Foreign Affairs and Foreign Trade
MER	Mutual Evaluation Report
MFLB	Micro Financing and Lending Businesses

ACRONYM	DEFINITION
ML	Money Laundering
MLAR	Mutual Legal Assistance Request
ML/FT	Money Laundering/Financing of Terrorism
MLRO	Money Laundering Reporting Officer
MOU	Memorandum of Understanding
MPSP	Mobile Payment Service Provider
MSB	Money Service Business
NAMLC	National Anti-Money Laundering Committee
NAP	National Action Plan
NBFI	Non-Banking Financial Institutions
NPO	Non-Profit Organisation
NRA	National Risk Assessment
NRSP	Non-Regulated Service Provider
OECD	Organisation for Economic Co-operation and Development
ODPP	Office of the Director of Public Prosecutions
PEP	Politically Exposed Persons
PF	Proliferation Financing
POCA	Proceeds of Crime Act
RA	Registered Agent
RATLA	Registered Agent and Trustee Licensing Act
RBA	Risk Based Approach
RSVGPF	Royal St. Vincent and the Grenadines Police Force
SA	Supervisory Authority
SAR	Suspicious Activity Report

ACRONYM	DEFINITION
SCC	Segregated Cell Company
SDD	Simplified Due Diligence
SOP	Standard Operating Procedure
SRB	Self-Regulatory Body
STR	Suspicious Transaction Report
SVG	St. Vincent and the Grenadines
TAA	Tax Administration Act
TF	Terrorist Financing
TFS	Terrorist Financing Sanctions
UNSCR	United Nations Security Council Resolution
UNATMA	United Nations Anti-Terrorism Measures Act
VA	Virtual Assets
VABA	Virtual Assets Business Act
VASP	Virtual Asset Service Provider
XCD	Eastern Caribbean Dollar



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Anti-money laundering and counter-terrorist financing measures – St. Vincent and the Grenadines

Fourth Round Mutual Evaluation Report

In this report: a summary of the anti-money laundering (AML) / counter-terrorist financing (CTF) measures in place in St. Vincent and the Grenadines as at the date of the on-site visit [March 20th to 31st, 2023]. The report analyses the level of compliance with the FATF 40 Recommendations as well as the level of effectiveness of St. Vincent and the Grenadines' AML/CTF system, and provides recommendations on how the system could be strengthened.