

New anti-money laundering and terrorist financing code of practice for BVI funds

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The British Virgin Islands Financial Services Commission has published what law firm Harney Westwood & Riegels says are significant changes to the BVI's anti-money laundering and terrorist financing code of practice.

Harneys' regulatory group says that the measures include a number of positive changes for funds domiciled in the BVI. They include the production of a list of countries and territories that the Commission acknowledges as 'recognised jurisdictions' that are equivalent to the BVI for anti-money laundering purposes.

The firm also expresses satisfaction with the recognition that BVI funds may outsource anti-money laundering compliance, including the money reporting officer function, to administrators or other functionaries in recognised jurisdictions.

The regulator also accepts that a non-BVI administrator in a recognised jurisdiction observing its local anti-money laundering/know your customer regime for a BVI fund is compatible with that fund's own obligations under the code.

It also acknowledges that funds, managers and administrators who deal with customers in recognised jurisdictions may benefit from streamlined KYC requirements.

However, Harneys notes, the new code of practice also imposes significant new obligations, including the need for a BVI fund to have written outsourcing agreements in place with administrators, setting out how a mutual fund's anti-money laundering compliance is to be achieved.

There is also an obligation on managers and administrators to ensure adequate staff training on anti-money laundering compliance, and the requirement to have an independent audit function for know your customer and anti-money laundering compliance.

These changes, strongly influenced by industry consultation and the BVI's recent report from the Caribbean Financial Action Task Force, are particularly welcome, Harneys says, time given the regulator's announcement that it intends to actively enforce the anti-money laundering regime from February 22.

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