

STATEMENT

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RISA BVI & South Square Conference 2025- Jurisdiction Update

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Hon Lorna G.Smith, OBE

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Good day,

It is good to see so many of you here at the beautiful reimagined surroundings of Peter Island Resort. I thank you Brian for inviting me to speak. I saw several of you on the flight out of Antigua this past Sunday. It's a long way to come but I hope you will have some time to enjoy just a little bit of the beautiful offerings we have here.

As you know, we meet at what can only be described as perilous times as the world continues on a path towards serious geopolitical instability. The war in Ukraine rumbles on, there are flashpoints in the middle east in Gaza and now Iran and global alliances which have held firm for so long now look to be under serious threat.

I know that you have been discussing how these events impact the nature of your businesses, but I wanted to lay out where we see the BVI at this juncture, our response to the recent FATF news and how we plan to move forward.

Firstly, as I look out at the room, I am reminded yet again of the degree of sophistication within our financial services professional sector. To host the RISA BVI and South Square Conference and to get the level of attendees reflects the significance of this event and the strength of collaboration within the industry.

I am also pleased to see the strong support the conference has received from so many high-level sponsors.

Today I want to focus on two matters: where we are with the FATF and how we aim to come off the grey list within the minimum possible time, and then how I see the Virgin Islands forging a path forward in these unstable times.

As you will know from the FATF and Government statements, the Virgin Islands was placed under increased monitoring at the FATF plenary last Friday, what is commonly known as the grey list.

This followed our Mutual Evaluation report published in February 2024 after the assessor team had visited the jurisdiction in March 2023. It has been quite a process!

Colleagues in the Financial Services Commission and elsewhere had already been working hard to correct the deficiencies identified in the report over the past year and have succeeded in implementing many actions to the satisfaction of the FATF.

What the FATF looks for above all is a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime. Indeed, the recognition that we have given that is the very first sentence of the FATF's statement on the BVI and reinforced that commitment at both the ICRG and Plenary meetings. Our delegation also reinforced this commitment at the many bilaterals we held with various country representatives.

We were also pleased that the FATF recognised that we had made significant progress in several key areas relating to our framework and that many of the recommendations from the Mutual Evaluation Report have been either addressed or largely addressed. We will now work collaboratively with the organisation to implement our action plan in six areas spanning risk-based supervision of TCSPs, Investment Businesses and VASPs; ensuring that accurate and up-to-date beneficial ownership information is available to competent authorities and breaches to obligations are sanctioned; improving the quality of SARs and ensuring that reporting is in line with risk; systematically pursuing money laundering investigations and prosecutions in line with risk; increasing the seizure and confiscation of criminal proceeds; and operationalising the new asset management framework.

The one common message we received from everyone we met was the importance of consistent engagement both at a regulatory level, which our regulators carry out so admirably and at a political level.

The BVI has always prided itself on its reputation as a robustly regulated jurisdiction and the FATF has recognised that our anti money laundering and countering the financing of terrorism is broadly sound. Given the amount of work

undertaken so far, and the will of the government, the competent authorities and of course all of you in the private sector, I am confident that we will get this done and achieve our objective of being removed from the list within the next two years.

This brings me to how we in the BVI Government see the jurisdiction progressing. The financial services sector is of course critical to our economy, contributing to more than half of our government revenues. It has been good to see how it has diversified over the years and as a government, we will support that diversification.

The growth of the insolvency sector, arbitration, criminal litigation and fintech have all been diversification paths which we will support from both a legislative and regulatory point of view where it is needed.

We see the development of our fintech business as a significant driver of growth. The BVI was one of the first jurisdictions in the world to actively encourage the development of FinTech and expand our digital assets offer. In fact, our creation of a Regulatory Sandbox back in 2021 was truly innovative.

Since then, we have passed the VASP Act as we seek to drive Fintech into the very DNA of the BVI financial services sector. In fact, our marketing and promotions arm, BVI Finance is currently working with the Robert Mactavious Institute and the National University of Singapore to design a practical course to teach FinTech and RegTech at various levels.

In this regard, while this is by no means a promotional speech, I would be remiss not to mention *Fintech on the Seas – The BVI's Digital Assets Summit*, hosted by BVI Finance and taking place from 25–27 June 2025 on Necker Island. I truly hope to see some of you there, as we continue to chart a bold and collaborative course for the virtual assets space.

In March of this year the Financial Services Commission announced the establishment of a VASP Advisory Committee (VASPAC; the Committee) which formalises the membership of a core group of persons from within the private sector with whom the Commission will engage on VASP supported by representatives from the Commission. I am delighted that Iona Wright from Walkers who is speaking later today, has joined that committee.

There are of course other areas where we are following developments to identify where the BVI Advantage could be. Climate finance is one which is critical to the Virgin Islands both in terms of potential business and, given our position on the frontline of climate change, an area which could firmly link to the resilience of the territory and our ability to achieve a sustainable and secure future for our people. We are only at the very nascent stages of exploring the potential in this sector so watch this space!

Again, its great to see all of you today. Thank you to South Square and RISA BVI for sponsoring and organizing this event. I have worked in the Virgin Islands public and private sectors for many years, more than 50 years, and despite the challenges we have faced, we have always navigated them and gone from strength to strength.

Our determination to succeed will never change, nor will our commitment to good governance, robust financial regulation and positive partnerships with the private sector, global financial regulators and other international partners.

I know that all of you are just as committed to working with us and I look forward to the insolvency sector continuing to grow and develop in partnership with us.

Thank you.