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Regulatory Update

Caribbean – Q2 2025

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Quick Fire Updates

BVI UPDATES

1. Revised Sanctions Guidelines

The BVI Government issued a [press release](#) on 7 February 2025 in relation to the publication of revised [Virgin Islands Financial Sanctions Guidelines](#) (the **Sanctions Guidelines**). A related [Joint Industry Circular](#) was also published by the BVI Financial Services Commission (BVI FSC) and BVI Financial Investigation Agency (BVI FIA).

The Sanctions Guidelines provide comprehensive guidance for persons, entities (inclusive of financial institutions (FIs)), designated non-financial businesses and professions (DNFBPs) and other regulated entities to meet their obligations under the BVI's financial sanctions framework. They offer clear instructions on sanctions screening, asset freezing obligations, reporting requirements, and the identification of ownership and control risks for businesses and individuals engaging in financial transactions.

The key amendments relate to:

- asset freezing obligations and prohibitions on dealing with assets;
- clarification of the reporting obligations as regards whom reports should be sent to and in what circumstances;
- legislative changes made to the Counter-Terrorism Financing Act, 2021 and the Proliferation Financing (Prohibition) Act, 2021;
- licensing procedures and revisions of the Licence Application Form; and
- updates to the Compliance Reporting Form.

The Sanctions Guidelines provide practical guidance for entities in determining how they should report a potential sanctions breach, including details of the format and method for submission of a report, the types of reporting forms to be utilised and the type of information to be included. The also capture key sanctions reporting obligations for FIs and DNFBPs.

The newly established Virgin Islands Sanctions Unit, within the Attorney General's Chambers, is the primary point of contact for enquiries related to sanctions compliance and implementation and handles the receipt and processing of licensing applications, and compliance reporting associated with sanctions regimes. It is also the point of contact for a petition to the Governor in relation to delisting requests under the UN or UK sanctions regimes.

2. Guidance on an effective approach to ongoing monitoring

The BVI FSC and BVI FIA issued a [Press Release](#) on 24 January 2024 announcing the publication of joint [Guidance on an effective approach to ongoing monitoring](#) (the **Guidance**). The Guidance aims to assist FIs (regulated by the BVI FSC) and DNFBPs (supervised for anti-money laundering (AML), counter-terrorist financing (CFT) and countering proliferation financing (CPF) purposes by the BVI FIA) with their responsibility to conduct ongoing monitoring of customers in order to identify elevated

risks, unusual or suspicious transactions and breaches of financial sanctions. It also notes the importance of complying with the monitoring obligations set out in AML/CFT/CPF laws and regulations.

The Guidance emphasises the need to create a base profile as a prerequisite for ongoing monitoring. This includes collecting proper due diligence on customers, gaining a clear understanding of the customer's business activities and identifying connections that increase risks. It also involves undertaking transaction monitoring for activities that may indicate changes in customer circumstances which are inconsistent with the known customer profile, complex or unusually large or which form an unusual pattern, or represent a higher risk for money laundering (ML), terrorist financing (TF) and proliferation financing (PF).

The Guidance highlights that the FI or DNFBP is responsible for ensuring that any third party, to whom monitoring functions are outsourced, effectively performs that function in compliance with legislation and that measures for testing and mitigating deficiencies have been incorporated into the outsourcing contractor's functions.

It offers a reminder that monitoring requirements should be tailored according to the legal form of the customer, together with detailing trigger events and red flags that may indicate a need for more in-depth monitoring and require further assessment or filing of a suspicious activity report.

3. Revised fees for MLRO, director and senior officer approval

The [Anti-money Laundering \(Amendment\) Regulations, 2025](#) and the [Financial Services \(Fees\) \(Amendment\) Regulations, 2025](#), which came into force retrospectively on 2 January 2025, introduced updated application fees and fees for the appointment of a money laundering reporting officer (MLRO) for relevant entities that are now required to apply to the BVI FSC or BVI FIA (as applicable) for prior approval to appoint an MLRO.

The application and approval fees have now also increased for the appointment of a director or senior officer of a licensee under the Banks and Trust Companies Act (Revised 2020).

4. Extension to initial annual return filing deadline

The BVI FSC issued an [Industry Circular](#) on 14 February 2025 extending the initial annual return filing deadline by nine months for companies whose fiscal or financial year is not a calendar year and were therefore required to make their initial filings on or after 1 October 2024.. The extended period of nine months is calculated from the date such annual returns were initially required to be filed.

5. Beneficial ownership filings implementation update

The BVI FSC issued an [Industry Circular](#) on 7 March 2025 providing an implementation update and FAQs on beneficial ownership filings. The Circular sets out common queries and issues that registered agents are experiencing, such as filing

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errors, fees and penalties, penalties levied and extensions for newly incorporated companies.

A [BO Implementation Timeline for Key Transactions](#) was also published at the same time to provide an updated schedule of the timelines/dates of expected launch dates for key transactions.

6. BOSS System fees

By [Notice](#) dated 19 February 2025, the Ministry of Finance reminded all Corporate Service Providers that the annual cloud and management service fees outlined in Part A of the Schedule to the Beneficial Ownership Secure System (Fees) Regulations 2019 are due and payable on or before **30 June** of each year.

7. BVI FSC Industry Circular - AML/CFT Returns Deadline

The BVI FSC issued an [Industry Circular](#) on 3 February 2025 reminding licensees of the 31 March 2025 deadline for submitting AML/CFT returns for the 2024 reporting period.

The following persons are required to file annual AML/CFT returns:

- a person holding a licence issued pursuant to any of the following-
 - Banks and Trust Companies Act, 1990, section 10(1);
 - Company Management Act, 1990, section 4(3);
 - Financing and Money Services, 2010, section 9(2);
 - Insurance Act, 2008, section 8(2);
 - Insolvency Act, 2003, section 476;
 - Securities and Investment Business Act, 2010, section 6(2);
- a person holding a licence as an insurance manager or insurance intermediary (Insurance Act, 2008, section 40(2));
- a person approved as an approved investment manager (Investment Business Approved Managers) Regulations, 2012, regulation 7 (1)); or
- a person registered as a virtual asset service provider (Virtual Assets Service Providers Act, 2022, section 7(1)).

8. AML/CFT Policy and Strategy

The BVI FSC published a [Press Release](#) on 21 February 2025 announcing the publication of its 2025 AML/CFT/CPF Policy ([2025 Policy](#)) and 2025-2027 AML/CFT/CPF Strategy ([2025 Strategy](#)), which build on the previous 2020 versions and support the Virgin Islands National AML/CFT/CPF Policy and National AML/CFT/CPF Strategy

The 2025 Policy outlines objectives in the key areas of supervision, enforcement, promotion of cooperation and stakeholder awareness and outreach, together with addressing the specific ML, TF and PF risks that impact the work of the BVI FSC as financial services regulator in separately identified AML, CFT and CPF policies. The 2025 Strategy is a three-year roadmap designed to address the objectives identified in the 2025 Policy.

9. Industry circular - Proliferation financing risk

The BVI FSC published an [Industry Circular](#) on 21 February 2025 announcing the release of three informative videos on PF. The videos outline the responsibilities of supervised entities in mitigating PF risk, with a focus on ensuring ongoing monitoring, sanctions screening and proper reporting.

10. CRS lists of reportable and participating jurisdictions

The common reporting standard lists of reportable and participating jurisdictions were published in the [BVI Gazette](#) on 13 March 2025 with Belize added to both lists.

11. BVIFARS Payment User Guide published

The BVI International Tax Authority (the [ITA](#)) published its [User Guide](#) on the BVI Financial Account Reporting System ([BVIFARS](#)) – Payment Functionality, dated 1 January 2025.

The User Guide is available on the ITA's website.

12. BVI Handbook on International Cooperation and Information Exchange

A revised version of the [BVI Handbook on International Cooperation and Information Exchange](#) was published in the BVI FSC website on 21 February 2025, together with a related [Press Release](#).

The Handbook is a guide for regulators and judicial and law enforcement officials, which contains comprehensive measures to ensure the integrity of the BVI's financial and legal institutions. It also reinforces the BVI FSC's and the Government's recognition of cross-border collaboration as essential to addressing the global challenges of ML, TF and PF.

13. Mutual Legal Assistance (United States of America) (Amendment) Act, 2025

The [Mutual Legal Assistance \(United States of America\) \(Amendment\) Act, 2025](#) was published in the BVI Gazette on 18 March 2025 but is not yet in force. Once in force, it will amend section 5 of the Mutual Legal Assistance (United States of America) Act (Revised 2020) to provide that the BVI competent authorities will respond to, and assist with, a request made for mutual legal assistance in a timely manner. Upon receipt of a request, the BVI Mutual Legal Assistance Authority will also take appropriate measures to provide feedback in a timely manner to the authority that submitted the request.

14. BVI FSC Statistical Bulletins and Annual Report

The BVI FSC has published its [Q4 Statistical Bulletin](#) and [Q3 Statistical Bulletin](#) for 2024 which provide statistics information and analysis on financial services activities for the relevant period. The BVI FSC [Annual Report 2023](#) has also now been published.

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15. Financial Services Commission (Amendment) Act 2024

The [Financial Services Commission \(Amendment\) Act, 2024](#) came into force on 19 February 2025, amending the Financial Services Commission Act (Revised 2020) to provide for:

- the cooperation with, and provision of, assistance to foreign non-regulatory authorities;
- the enhancement of prescribed penalties;
- a framework for developing consumer duties;
- the BVI FSC to:
 - adopt a risk-based approach in carrying out its supervisory responsibilities;
 - make decisions in exceptional circumstances;
 - broaden its compliance mandate;
- a duty for licensees and other specified persons to cooperate with the BVI FSC.

The [Financial Services \(Exceptional Circumstances\) \(Amendment\) Act, 2025](#) also came into force on 19 February 2025 to amend the Financial Services (Exceptional Circumstances) Act, 2020 by repealing sections which will have been subsumed in the Financial Services Commission (Amendment) Act, 2024.

16. Legislation to address the 4th Round Mutual Evaluation Report

The following bills and acts to address deficiencies identified in the Caribbean Financial Action Task Force (CFATF) Fourth Round Mutual Evaluation Report in relation to international standards on AML/CFT/CPF, have been published in the [BVI Gazette](#) but are not yet in force:

- **Asset Seizure and Forfeiture (Amendment) Bill 2025** – This Bill aims to introduce key amendments to improve the administration and enforcement of the legislation by broadening the scope of applicable offences, streamlining procedures, strengthening institutional coordination and aligning with international best practices.
- **Criminal Justice (International Cooperation) (Amendment) Act, 2025** - This Act aims to provide enhanced tools for timely and efficient international cooperation, in line with the CFATF recommendations.
- **Customs Management and Duties (Amendment) (No. 2) Act, 2025** - This Act aims to enhance the legislative framework with provisions for timely and effective cooperation by His Majesty's Customs in meeting international obligations.
- **Drug Trafficking Offences (Amendment) Bill 2025** - This Bill aims to address identified deficiencies and enhance the BVI's compliance with international obligations concerning the use of specialised investigative techniques in combating drug trafficking and related criminal activities.
- **Proceeds of Criminal Conduct (Amendment) Bill 2025** - This Bill aims to enhance the existing legislative framework which provides for restraint, forfeiture, mutual legal assistance and asset recovery.

17. BVI FSC Newsletter: Quarter 1 of 2025

The BVI FSC published the latest edition of its [Quarterly Newsletter](#) on 1 April 2025. This edition covers:

- Upcoming compliance inspections
- High levels of compliance in the trustee sector
- VASP Advisory Committee established
- Legislative Update:
 - Financial Services Commission (Amendment) Act, 2024
 - Financial Services (Exceptional Circumstances) (Amendment) Act, 2024
 - Banks and Trust Companies (Amendment) Act, 2024
 - Insurance (Amendment) Act, 2024
 - Securities and Investment Business (Amendment of Schedule 1) Order, 2024
- Certificates of Good Standing
- Registry of Corporate Affairs Notices
- Authorisation and Supervision Division Calendar of Upcoming Filing Requirement Deadlines

18. Mourant Guides and Updates

Mourant has uploaded the following BVI Updates and Guides to our website over the last quarter:

- [BVI Companies: A Guide](#)
- [Strike off, dissolution and restoration under the BVI Business Companies Act](#)
- [Voluntary liquidation under the BVI Business Companies Act](#)
- [Changes to the BVI business companies regime in force](#)
- [BVI Key Filing Dates 2025](#)
- [The BVI beneficial ownership regime](#)
- [BVI beneficial ownership regime: application of new rules to trusts](#)
- [Continuation by a foreign company into the BVI](#)
- [Continuation by a BVI company to a foreign jurisdiction](#)
- [Unrecognised Foreign Judgments and Awards and Liquidation Proceedings in the British Virgin Islands](#)
- [British Virgin Islands Private Trust Companies](#)
- [British Virgin Islands: Trusts](#)
- [BVI: VISTA Trusts](#)

CAYMAN UPDATES

19. Phase 2 of VASP legislation in force

The phase two provisions of the [Virtual Asset \(Service Providers\) Act \(2024 Revision\) \(VASP Act\)](#) came into force on 1 April 2025 to introduce a licensing regime for virtual asset trading platform operators and virtual asset custodians.

The [Virtual Asset \(Service Providers\) \(Amendment\) Regulations, 2025 \(VASP Regulations\)](#) and certain provisions of the [Virtual Asset \(Service Providers\) \(Amendment\) Act, 2024 \(VASP Amendment Act\)](#) also came into force on 1 April 2025.

The [VASP Amendment Act](#) has further amended and clarified various provisions of the virtual asset service providers (VASP) regime by:

- revising the definition of 'operator' to better establish who exerts control and should be licensed under the VASP Act;
- adding a requirement for a VASP to have at least three directors (one of whom must be independent);
- bringing into force waiver provisions under the VASP Act that allow a supervised person to apply for a waiver from registration or licence where the entity meets the waiver requirements; and
- introducing a potential audit requirement for entities registered under the VASP Act, depending on the complexity and the size of the virtual asset services provided.

The VASP Regulations set out the fees for licensing under the VASP Act and provide that local companies wishing to engage in providing virtual asset services will be eligible for a 90% discount on licensing fees.

As relates to the licensing process under phase 2, existing VASP registrants providing virtual asset custody and trading platform services will have 90 days from 1 April 2025 to submit their application and are encouraged to undertake a gap analysis to consider how to prepare for the additional compliance requirements. Once a VASP registrant is licensed, the previous registration will be cancelled. New applicants will apply via the online REEFS platform.

It is envisioned that there will be a further phase three of the VASP framework which could include the innovation sandbox element of the VASP Act and a framework for issuances (eg, ICOs). There may also be further amendments in relation to tokenised funds.

A related [Supervisory Circular](#) was published by CIMA on 30 March 2025 which provides practical information to VASPs with respect to their obligations upon commencement, the licensing process for existing registrants and new applicants, waiver applications for entities licensed or registered by CIMA under another regulatory law, future expectations and fees.

[VASP FAQs](#) to provide further information or clarification are available on CIMA's website. CIMA also intend to publish guidance regarding the licensing and waiver regimes in due course.

20. Amendments to beneficial ownership legislation

The [Beneficial Ownership Transparency \(Amendment\) Act, 2025](#) came into force on 19 February 2025 to amend the Beneficial Ownership Transparency Act, 2023 (BOTA) by:

- clarifying the meaning of "beneficial owner" in relation to the circumstances under which a trustee or senior managing official will be identified as the contact person;
- exempting a company that is registered as a non-profit organisation from the provisions of BOTA;
- clarifying that the corporate services provider must establish and maintain a register in relation to the legal person that has engaged the corporate services provider, with related amendments to provide that 'adequate beneficial ownership information' is information that is sufficient to identify a registrable beneficial owner, the senior managing official or an identified trustee;
- providing that a corporate services provider engaged by a legal person must remove the relevant entry from the legal person's beneficial ownership register where the registrable beneficial owner, senior managing official or an identified trustee is no longer functioning in the respective role; and
- empowering the competent authority to provide search platform access to the Customs and Border Control Service.

The [Beneficial Ownership Transparency \(Amendment\) Regulations 2025](#) came into force on 27 February 2025 to amend the Beneficial Ownership Transparency Regulations, 2024 by:

- providing that where a registrable beneficial owner, the senior managing official or a trustee identified in accordance with BOTA is deceased, the legal person must provide the date of death in writing to its corporate services provider;
- including references (alongside a registrable beneficial owner) to the senior managing official or a trustee identified in accordance with BOTA in provisions relating to additional matters where an identified registrable beneficial owner's particulars are not confirmed;
- amending the provisions in relation to holding an interest in a legal person directly;
- clarifying the provisions relating to required particulars of certain persons as regards a senior managing official or trustee identified in accordance BOTA and persons considered as individuals under section 2(2) of BOTA;
- adding a fine for failure of the legal person to provide requested beneficial ownership information under section 12(8) of BOTA.

21. Additional beneficial ownership guidance

As detailed in our [Regulatory Update – Q1 2025](#):

- the [Beneficial Ownership Transparency \(Access Restriction\) Regulations, 2024 \(LIA Regulations\)](#) came into force on 9 December 2024; and

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- the [Beneficial Ownership Transparency \(Legitimate Interest Access\) Regulations, 2024 \(AR Regulations\)](#) came into force on 28 February 2025.

In order to provide further guidance on these regulations, the Cayman Islands Registry, as the competent authority for beneficial ownership, has published [Guidance on applying for access to beneficial ownership information on the basis of legitimate interest and for the protection from disclosure](#).

This guidance covers:

- applying for legitimate interest access under the LIA Regulations, including:
 - the supporting evidence required for such application
 - the specified beneficial ownership information available following a successful application
 - the procedure following an LIA application
- the right to seek protection under the AR Regulations, including:
 - applying for protection from disclosure
 - the procedure following an application for protection from disclosure
 - revocation of an application
- FAQs.

22. Industry Advisory: defence Against Money Laundering (DAML) / Consent Regime

The Cayman Islands Financial Reporting Authority (FRA) released an [Industry Advisory](#) on 13 January 2025 regarding the new DAML/Consent regime in place from 2 January 2025 in relation to suspicious activity reports (SARs) under sections 133, 134 and 135 of the Proceeds of Crime Act (2025 Revision).

The FRA anticipates the issuance of regulations later in the year in relation to the DAML/Consent regime and, in the interim, the Industry Advisory acts as guidance to SAR filers on how to make a DAML/Consent request and how the regime will operate.

23. CRS lists of reportable and participating jurisdictions

The common reporting standard lists of reportable and participating jurisdictions were published in the [Cayman Islands Gazette](#) on 31 March 2025 with the following effect:

- List of Participating Jurisdictions:** Armenia, Georgia, Kazakhstan, Moldova and Ukraine have been added
- List of Reportable Jurisdictions:**
 - Saint Kitts and Nevis has been added for reports due in 2025 and onwards
 - Cameroon and Mongolia have been added for reports due in 2026 onwards.
 - Tunisia is now included under reports due in 2026 onwards instead of 2025 onwards.

24. Trade and Business Licensing (Amendment of Schedule 1) Regulations, 2025

The [Trade and Business Licensing \(Amendment of Schedule 1\) Regulations, 2025](#) came into force on 27 February 2025. Schedule

1 of the Trade and Business Licensing Act (2021 Revision) has been amended to provide that the non-refundable application fee of CI\$75 relates to each year of the period specified in the relevant licence in accordance with the licence application.

The licence and renewal fees were also amended to provide that they are payable at the time of the grant of the licence for each year of the period that is to be specified in the relevant licence/renewed licence.

25. 2025 Revision laws

The Cayman Legislature has published consolidated 2025 revisions of the following financial services legislation:

- [Anti-Money Laundering Regulations \(2025 Revision\)](#)
- [Banks and Trust Companies Act \(2025 Revision\)](#)
- [Companies Act \(2025 Revision\)](#)
- [Companies Management Act \(2025 Revision\)](#)
- [Criminal Justice \(International Cooperation\) Act \(2025 Revision\)](#)
- [Exempted Limited Partnership Act \(2025 Revision\)](#)
- [Exempted Limited Partnership Regulations \(2025 Revision\)](#)
- [Foundation Companies Act \(2025 Revision\)](#)
- [Limited Liability Companies Act \(2025 Revision\)](#)
- [Limited Liability Companies \(Fees\) Regulations \(2025 Revision\)](#)
- [Local Companies \(Control\) Act \(2025 Revision\)](#)
- [Monetary Authority \(Administrative Fines\) Regulations \(2025 Revision\)](#)
- [Mutual Funds Act \(2025 Revision\)](#)
- [Partnership Act \(2025 Revision\)](#)
- [Private Funds Act \(2025 Revision\)](#)
- [Proceeds of Crime Act \(2025 Revision\)](#)

26. Misuse of Drugs (Amendment) Act, 2024

The [Misuse of Drugs \(Amendment\) Act, 2024](#) came into force on 10 January 2025, to enhance the legislative framework for combatting illicit trafficking activities conducted by air; provide for reciprocal enforcement powers in relation to aircraft suspected of being involved in illicit trafficking activities and designate officers of the Cayman Islands Coast Guard as enforcement officers under the Misuse of Drugs Act (2017 Revision).

27. OECD Harmful Tax Practices Peer Review

The Organisation for Economic Co-operation and Development (OECD) has released the [Harmful Tax Practices - Peer Review results](#) as of January 2025, following the fourth annual monitoring process of the effectiveness in practice of the substantial activities requirements in no or only nominal tax jurisdictions. The Cayman Islands has received the optimum result of "no issues identified" for effectiveness in practice for the year 2023.

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28. Mourant Guides and Updates

Mourant has uploaded the following Cayman Updates and Guides to our website over the last quarter:

- [Top 'take-aways' from the 2025 Mourant Cayman Regulatory Conference](#)
- [Cayman Islands beneficial ownership regime – Steps guide](#)
- [The Cayman Islands beneficial ownership regime](#)
- [Cayman Islands exempted companies](#)
- [Cayman Islands limited liability companies](#)
- [Cayman Islands exempted limited partnerships](#)
- [Cayman Islands Segregated portfolio companies](#)
- [Cayman Islands third party rights legislation](#)
- [Cayman Islands: Private Trust Companies](#)
- [Cayman Islands: Foundation Companies](#)
- [Cayman Islands: Trusts](#)
- [Recent developments in Cayman's international transparency frameworks](#)
- [Continuing obligations of Cayman Islands mutual funds](#)
- [Continuing obligations of Cayman Islands private funds – Exempted limited partnerships](#)
- [Mutual funds in the Cayman Islands](#)
- [Private funds in the Cayman Islands](#)
- [2024 Fund Finance Transactions Report - Cayman & US deals](#)
- [Insolvency Practitioners' Roles and Responsibilities - Jurisdictional Insights - Cayman Islands](#)

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