

BVI amends AML Regulations to embrace new industries

Insights - 25/08/2022

Virtual assets businesses and the gaming industry will be brought into scope under new amendments to anti-money laundering regulations in the British Virgin Islands (**BVI**).

Following the public consultation on proposed amendments to the BVI's Anti-Money Laundering Regulations (the **AML Regulations**) and Anti-Money Laundering and Terrorist Financing Code of Practice (the **AML Code**), which commenced in July 2022, the BVI has now proceeded to amend the AML Regulations pursuant to the Anti-money Laundering (Amendment) Regulations, 2022 (the **2022 AML Amendment Regulations**), which were gazetted on 19 August.

The 2022 AML Amendment Regulations are the first concrete outcome of the consultation process and are expected to be followed by an amended AML Code shortly.

The amendments made by the 2022 AML Amendment Regulations are aimed primarily at maintaining the BVI's compliance with the evolving international standards established by the Financial Action Task Force (FATF), but are also intended to update and clarify the current application of the legislation – in particular in the wake of the BVI's recent liberalisation measures for the gaming and gambling industry (pursuant to the Gaming and Betting Control Act 2020 (as amended)) and in light of the jurisdiction's increasing popularity as a domicile for persons engaged in blockchain and virtual assets businesses.

The AML Regulations and the AML Code legislate and/or set out, amongst other things, the due diligence procedures that certain BVI businesses and institutions are required to undertake when onboarding new clients, customers, investors or others engaging in business relations prior to offering services – in order to mitigate against the risk of involvement in criminal activities. The 2022 AML Amendment Regulations now bring gambling businesses into the scope immediately, while, as from 1 December 2022, BVI persons engaged in certain virtual asset related businesses will also fall in scope for the first time.

Previously, as many types of crypto and blockchain related businesses did not come within the

scope of existing BVI financial services regulatory legislation, strictly speaking their operations were not subject to the statutory due diligence procedures and controls established by the AML Regulations and AML Code, albeit that many did and do comply with those same rules on a voluntary basis nevertheless and industry consensus and best practice has long been that they should. As from 1 December 2022 compliance shall be legally required for those conducting certain types of virtual assets businesses where transaction values exceed US\$ 1,000.

The application of the AML Regulations to virtual assets businesses and services is an expected pre-cursor to the introduction of more specific virtual assets regulatory legislation in the BVI towards the end of the year. As soon as the form of that new legislation is more widely released (to date it has not been), we will publish further updates. We will also issue a further update when the updated and amended version of the AML Code is released.

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