

The British Virgin Islands and the FATF "Monitoring List"

On 13 June 2025, the Financial Action Task Force ("FATF") added the British Virgin Islands ("BVI") to its 'Monitoring List', i.e. the list of jurisdictions under increased monitoring in the area of anti-money laundering, countering terrorist and proliferation financing ("AML/CFT/CPF"). This list (sometimes referred to as the FATF's 'grey' list) comprises jurisdictions that are actively working with the FATF to address strategic deficiencies in their AML/CFT/CPF regimes.

For the avoidance of doubt, it should be noted that the Monitoring List is not the same as the FATF 'Call for Action' or 'Non-Cooperative Jurisdiction' list (sometimes referred to as the FATF 'black' list).

This update briefly analyses the limited practical consequences of this addition to the Monitoring List for clients using BVI vehicles.

Practical Consequences

AML/CFT and Enhanced Customer Due Diligence

The FATF does not require enhanced due diligence measures to be applied to jurisdictions under increased monitoring, but it encourages member jurisdictions to take the listing into account when conducting their risk analysis. The measures to be applied will vary, but may result in: (a) a requirement to perform more comprehensive due diligence on the customer / client's source of funds and source of wealth (e.g. further information may need to be provided to financial intermediaries, such as correspondent banks) and / or (b)

increased internal controls on business acceptance and ongoing monitoring.

Based on prior practice, once the Monitoring List is updated, we anticipate that:

- (a) the Financial Crimes Enforcement Network will issue an advisory to US financial institutions to inform them of the update, and to remind them that they should consider the FATF's statements when reviewing their obligations and risk-based policies, procedures, and practices with respect to the jurisdictions on the Monitoring List; and
- (b) the EU Commission will take this addition to the Monitoring List into account when updating its own list of 'high-risk third countries' for AML ("EU AML List"). We will provide a further, specific, client update if that occurs.

AIFMD

By 16 April 2026, AIFMD 2.0 must be implemented by each EU member state and represents a significant update to the existing Alternative Investment Fund Managers Directive. This new iteration introduces a range of additional requirements and restrictions for the marketing and management of alternative investment funds within the EU. Notably, once AIFMD 2.0 is in force, investment funds established in jurisdictions listed on the EU AML List will no longer be permitted to be marketed in the EU under the private placement regime. We will provide further details on the

specific implications of AIFMD 2.0 if BVI is added to the EU AML List.

Tax Implications

The BVI's addition to the Monitoring List should not impact any existing representations or commitments made by tax authorities (as well as regulatory authorities) under agreements with the BVI regarding international mutual tax cooperation. Equally, the listing is not a tax measure so would not, for example, have any impact on dealings with BVI counterparties under the EU's DAC6 tax reporting regime.

Why the addition to the FATF Monitoring List?

The Caribbean Financial Action Task Force ("CFATF") and FATF assess the AML/CFT/CPF regimes for countries globally on an ongoing basis, examining the AML/CFT/CPF regimes for both technical compliance ("Technical Compliance") and effectiveness ("Effectiveness").

The BVI's latest Technical Compliance assessment was published in February 2024 (the "Technical Report")¹. The Technical Report rated the BVI as compliant or largely compliant with 36 out of the 40 FATF Recommendations.²

The BVI's last Effectiveness assessment published in February 2024, while noting that the BVI's AML/CFT/CPF legislative framework is technically compliant, proposed that the jurisdiction take 63 Recommended Actions ("RAs") in relation to Effectiveness during an "observation" period. Since 2024, the BVI has been actively working to address those RAs and has been reporting its progress regularly to the CFATF and FATF.

BVI Government Release

A copy of the 13 June 2025 press release from the BVI Government is available³.

The BVI Government welcomed the FATF's recognition of the significant progress made on implementation of the RAs from the Technical Report and the high-level political commitment the BVI Government has made to ensure alignment with the FATF global standards.

The BVI Government confirmed that it is actively working to progress the target areas set out by the FATF and expects them to be completed over the next two years, reinforcing the BVI's standing as a secure, reputable international finance centre. An updated National Strategic Action Plan, detailing completed actions and remaining milestones, will be published to provide stakeholders with full transparency on the BVI's progress.

Progress made over the last year has included amending or enhancing over 20 pieces of legislation, such as the Anti-Money Laundering and Terrorist Financing Code of Practice (As Revised) and the Proliferation Financing (Prohibition) Act (As Revised).

The BVI has also strengthened its beneficial ownership regime by implementing new regulations for improved global information sharing and migrating data to the secure VIRRGIN platform.

Comprehensive risk assessments, including an updated Terrorist Financing Risk Assessment, an NPO Risk Assessment and a specific legal persons and legal arrangements risk assessment, have been conducted to identify risks, vulnerabilities and emerging threats.

¹ <https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/BVI-CFATF-MER-2024.pdf.coredownload.inline.pdf>

² <https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/BVI-CFATF-MER-2024.pdf.coredownload.inline.pdf>

³ <https://bvi.gov.vg/media-centre/virgin-islands-commits-financial-action-task-force-action-plan>

UPDATE

The BVI has also issued enhanced technical guidance on crucial areas, including ongoing monitoring, introduced business, beneficial ownership, SARs, and the Virtual Asset Service Provider (VASP) travel rule.

The establishment of a new Sanctions Unit in the Attorney General's office, led by a dedicated Sanctions Coordinator, alongside the increased resources allocated to the National AML Coordination Unit, has improved the BVI's capacity to implement targeted financial sanctions and provide stakeholders with essential guidance on compliance.

Further Information

If you would like further information, please reach out to your usual Maples Group contact or any of the persons listed below.

British Virgin Islands

Chris Newton
+1 284 852 3043
chris.newton@maples.com

Ruairi Bourke
+1 284 852 3038
ruairi.bourke@maples.com

Hong Kong

Matt Roberts
+852 6013 7108
matt.roberts@maples.com

Ann Ng
+852 2522 9333
ann.ng@maples.com

Daniel Moore
+852 2522 9333
daniel.moore@maples.com

London

Matthew Gilbert
+44 20 7466 1608
matthew.gilbert@maples.com

Joanna Russell
+44 20 7466 1678
joanna.russell@maples.com

Singapore

Michael Gagie
+65 9723 9872
michael.gagie@maples.com

Cayman Islands

Christopher Capewell
+1 345 814 5666
chris.capewell@maples.com

June 2025
© MAPLES GROUP

This update is intended to provide only general information for the clients and professional contacts of the Maples Group. It does not purport to be comprehensive or to render legal advice.