



Anti-money laundering and counter-terrorist financing measures

SAINT LUCIA

3rd Enhanced Follow-up Report &
Technical Compliance Re-Rating

January 2024

Follow-up Report





The Caribbean Financial Action Task Force (CFATF) is an inter-governmental body consisting of twenty-four member states and territories of the Caribbean Basin, Central and South America which have agreed to implement common countermeasures to address money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. For more information about the CFATF, please visit the website: www.cfatf.org

Citing reference:

CFATF (2024) - *Anti-money laundering and counter-terrorist financing measures* – Saint Lucia, Mutual Evaluation Report

<https://www.cfatf-gafic.org/documents/4th-round-meval-reports>

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SAINT LUCIA: THIRD ENHANCED FOLLOW-UP REPORT 2023

I. INTRODUCTION

1. The mutual evaluation report (MER) of Saint Lucia was adopted in November 2020 during the LIII Caribbean Financial Action Task Force (CFATF) Plenary held virtually and published in January 2021. Since it met the thresholds of having eight (8) or more NC/PC ratings for technical compliance and a low or moderate level of effectiveness for seven (7) or more of the eleven (11) effectiveness outcomes, Saint Lucia was placed under the enhanced follow-up process¹.
2. This FUR analyses the progress of Saint Lucia in addressing the technical compliance requirements of the recommendations being re-rated. Technical compliance re-ratings are given where sufficient progress has been demonstrated. This report also analyses progress made in implementing new requirements relating to FATF Recommendations which have changed since the MER was adopted: Recommendation 15.
3. This report does not analyse any progress Saint Lucia has made to improve its effectiveness.
4. The assessment of Saint Lucia request for technical compliance re-ratings and the preparation of this report was undertaken by the Group of Experts consisting of Mrs. Brenda Sheppard (Financial Expert), CEO of the Financial Services Regulatory Commission, Antigua & Barbuda, Mr. Austin Smith (Financial Expert), Deputy Manager – Risk Analytics and Examinations, Securities Commission of The Bahamas and Ms. Kaywana Jacobs (Legal Expert), Legal Counsel for the Financial Intelligence Unit, St. Vincent & the Grenadines with the support from Ms. Nikima Prince of the CFATF Secretariat.
5. Section IV of this report of this report summarises the progress made to improve technical compliance. Section V contains the conclusion and a table illustrating Saint Lucia's current technical compliance ratings.

¹ Regular follow-up is the default monitoring mechanism for all countries. Enhanced follow-up is based on the CFATF's policy that deals with members with significant deficiencies (for technical compliance and/or effectiveness) in their AML/CFT systems and involves a more intensive process of follow-up.

II. FINDINGS OF THE MUTUAL EVALUATION REPORT & FOLLOW UP

6. Saint Lucia's MER² ratings³ were as follows:

R.	Rating	R.	Rating
1	PC (MER 2021)	21	C (MER 2021)
2	PC (MER 2021)	22	PC (MER 2021)
3	PC (MER 2021)	23	PC (MER 2021)
4	LC (MER 2021)	24	PC (MER 2021)
5	PC (MER 2021)	25	PC (MER 2021)
6	NC (MER 2021)	26	NC (MER 2021)
7	NC (MER 2021)	27	PC (MER 2021)
8	NC (MER 2021)	28	PC (MER 2021)
9	LC (MER 2021)	29	PC (MER 2021)
10	PC (MER 2021)	30	LC (MER 2021)
11	LC (MER 2021)	31	LC (MER 2021)
12	PC (MER 2021)	32	LC (MER 2021)
13	LC (MER 2021)	33	PC (MER 2021)
14	PC (MER 2021)	34	PC (MER 2021)
15	PC (MER 2021)	35	PC (MER 2021)
16	NC (MER 2021)	36	LC (MER 2021)
17	PC (MER 2021)	37	PC (MER 2021)
18	PC (MER 2021)	38	PC (MER 2021)
19	NC (MER 2021)	39	LC (MER 2021)
20	PC (MER 2021)	40	PC (MER 2021)

III. OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

7. In keeping with the CFATF Mutual Evaluation Procedures, this FUR considers progress made up until 26 May 2023. In line with the ME Procedures and FATF Methodology, the Group of Experts' analysis has considered progress to address the deficiencies identified in the MER and

² There four possible levels of technical compliance are: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC). Effectiveness ratings for the 11 Immediate Outcomes are: Low, Moderate (Mod), Substantial or High.

³ Saint Lucia did not seek re-ratings prior to this FUR. Current ratings are indicated based on the original MER.

the entirety (all criteria) of each Recommendation under review, noting that this is cursory where the legal, institutional or operational framework is unchanged since the MER or previous FUR.

8. This section summarises the progress made by Saint Lucia to improve its technical compliance by:
 - (a) Addressing the technical compliance deficiencies identified in the MER, and
 - (b) Implementing new requirements where the FATF Recommendations have changed since the MER was adopted.

4.1. Progress to address technical compliance deficiencies identified in the MER

4.1.1. Recommendation 1 (originally rated PC)

9. In the 4th round MER, Saint Lucia was rated PC with R.1. The technical deficiencies included: no established procedures in place to ensure that the NRA is reviewed and kept up to date. There were no other risk assessments to demonstrate that risks are regularly assessed by the country. There were significant deficiencies relating to supervisors ensuring FIs and DNFBPs implement their obligations to ensure they identify and mitigate risks.
10. **Criterion 1.1:** There were no deficiencies cited in the MER and there are no changes to the AML/CFT regime in this regard. Saint Lucia identified and assessed the ML/TF risks of the country.
11. **Criterion 1.2:** There were no deficiencies cited in the MER and Saint Lucia designated an authority the NAMLOC to oversee Saint Lucia's AML/CFT regime and has the mechanism to co-ordinate actions to assess risks.
12. **Criterion 1.3:** The obligation to update the NRA every two (2) years or as the need arises is referenced in Section 5.0 of its National AML/CFT/CPF Policy of 2019-2022 and its successor. The procedure for updating the NRA is well documented at Section 6.0 of the National AML/CFT/CPF Policy of 2019-2022 as well as the 2023-2026 document. Saint Lucia demonstrates that its NRA is reviewed and kept up to date evidenced by its 2019 NRA and 2022 NRA.
13. **Criterion 1.4:** The 2023-2026 national policy document of Saint Lucia under section 10.0 outlines the dissemination mechanism of the NRA. This document stipulates that the dissemination of the NRA to the competent authorities is to be done within six (6) weeks of Cabinet approval. The NAMLOC will disseminate the NRA to all competent authorities for sharing the results to the relevant sectors. Additional dissemination of the findings can be done by competent authorities through meetings, consultations, trainings and notices through the supervisory authorities, at stakeholder meetings, through letters or posting the findings on the websites of the regulators.
14. **Criterion 1.5:** The NRA 2022 identified areas of deficiencies and recommended actions to be taken to correct those deficiencies identified. The recommendations were then further categorized into achievable objectives both in the national policy and the national action plan for 2023-2026. Further, the national action plan outlines the timely and effective implementation of the objectives which are categorized into: immediate, medium and long-term objectives. The action plan addresses a risk-based allocation of resources and implementation measures to prevent or mitigate ML/TF.

15. **Criterion 1.6:** All FIs and DNFBPs operating in St. Lucia are subject to the requirements of FATF Recommendations.
16. **Criterion 1.7:** (a) Saint Lucia's NRA identifies, inter alia, high ML/TF risks and has measures in place to address instances where and if higher risks are identified. Pursuant to s.17 (3) of the MLPA, as amended in 2021, FIs and DNFBPs (persons engaged in other business activity) are required to perform EDD proportionate to the high risks identified. (b) Pursuant to s.16B(2) (a) (b) of the MLPA, as amended, the FIs or DNFBPs are required to document the risk assessment performed, consider the relevant risk factors, including those identified in the country's NRA and determine the level and type of mitigation to be applied.
17. **Criterion 1.8:** The application of simplified measures is based on specific circumstances, inter alia, where there is a low risk of ML/TF consistent with St. Lucia's ML/TF risk assessment (s.17 of the MLPA (Amendment) Act, 2021). Pursuant to the 2021 amendments to s.17 (b) of the MLPA, FIs and DNFBPs are required to perform reduced or simplified customer due diligence where low risks of ML/TF are identified, consistent with a country's assessment of its ML/TF risks.
18. **Criterion 1.9:** Section 14 B MLPA (Amendment) Act 2021, the ECCB is assigned the responsibility to conduct audits to determine whether suitable measures to counter ML/TF and other offences under the Act have been adopted by the LFI for compliance with the Act. Further, section 5(2)(m) of the MLPA (Amendment) Act 2021 requires the FIA to supervise and monitor FIs and persons engaged in other business activity⁴ to determine compliance with this Act.
19. **Criterion 1.10:** Section 14I(1)(a) to (d) of the MLPA (Amendment) Act 2021 requires a licensed FI and person engaged in other business activity (includes DNFBPs) to conduct a risk assessment of its operations in relation to ML/TF/PF by identifying, assessing and understanding the money laundering or other criminal conduct risks to include: (a) Existing or potential customers; (b) Countries or geographic areas; (c) Products, services or transactions; (d) Deliver channels for products, services or transactions. The same requirements are also required under section 16(B)(1)(a) to (d) of the MLPA (Amendment) Act 2021.
- (a) Section 5 14I(2)(a) and 16B(2)(a) of the MLPA (Amendment) Act 2021 requires a licensed FIs and person engaged in other business activity (includes DNFBPs) to document the risk assessment.
- (b) Sections 14I(2)(b) and 16B(2)(b) of the MLPA (Amendment) Act 2021 requires a licensed FIs and person engaged in other business activity (includes DNFBPs) to consider the relevant risk factors, including the risks identified in the country's national risk assessment, before determining the level of overall risk and appropriate level of any type of mitigation to be applied.
- (c) Sections 14I(2) (c) and 16B(2) (c) of the MLPA (Amendment) Act 2021 requires a licensed financial institution and person engaged in other business activity (includes DNFBPs) to keep these assessments up to date.
- (d) Sections 14I(2)(d) and 16B(2)(d) of the MLPA (Amendment) Act 2021 requires a licensed FIs and person engaged in other business activity (includes DNFBPs) to develop appropriate mechanisms to provide information on the risk assessment to the Central Bank in the case of licensed FIs and persons engaged in other business activities to the Authority.
20. **Criterion 1.11:** (a) Section 16(1)(g) of the MLPA (Amendment) Act of 2021 requires a FI or a person engaged in other business activity to develop and apply internal policies, procedures or

⁴ Persons engaged in other business activity are classified as DNFBPs in Saint Lucia.

controls to combat ML/TF, and develop audit functions to evaluate the internal policies, procedures or controls; Moreover, Part II, regulation 11(1) of the MLPR, states that in developing internal policies, procedures or controls to combat ML/TF/PF under section 16(1)(g) of the MLPA (Amendment) Act 2021, a FI or person engaged in other business activity shall develop internal policies, procedures or controls that are (a) approved by - (i) in the case of a legal person and in accordance with section 16(1)(g) of the MLPA (Amendment) Act 2021, senior management or the board of directors, and (ii) in any other case, the owner or managing director. (b) Section 16(1)(g)(ii) of the MLPA (Amendment) Act 2021, requires FIs and persons engaged in other business activities to monitor the implementation of those controls and to enhance them if necessary. (c) Saint Lucia has measures in place to address instances where and if higher risks are identified. Pursuant to section 17(3) of the MLPA (Amendment) Act 2021, FIs and DNFBPs (person engaged in other business activity) are required to perform EDD proportionate to the high risks identified. Pursuant to section 16B(2) (a) (b) of the MLPA (Amendment) Act 2021 FIs or DNFBPs are required to document the risk assessment performed and to determine the level and type of mitigation to be applied.

21. **Criterion 1.12:** Section 17 (10) of the MLPA requires that reduced or simplified measures may apply where low risk are identified. Section 17(3)(c) of the MLPA (Amendment) Act 2021 states that a FI or person engaged in other business activity shall not perform reduced or simplified customer due diligence where there is a suspicion of ML or other criminal conduct.

Weighting and Conclusion

22. Saint Lucia has taken steps to remedy the deficiencies identified. Following the 2019 NRA, an assessment was conducted in 2022 to update the jurisdiction's understanding of its ML/TF/PF risks. The NRA also informed the 2023-2026 National AML/CFT/CPF Policy and the 2023-2026 National Action Plan which set out the actions to be taken based on the risks identified. Additionally, the MLPA (Amendment) Act 2021 has provided Saint Lucia with the legal framework necessary to meet the requirements for a country to provide the processes and mechanisms needed to produce and coordinate the risk assessment(s); reasonableness of assessment(s); and the alignment of risk-based measures with the risks identified as they relate to FIs and DNFBPs.

Saint Lucia is re-rated Compliant with R.1

4.1.2. Recommendation 2 (originally rated PC)

23. In the 4th round MER, Saint Lucia was rated PC with R.2. The technical deficiencies included: no national AML/CFT policies had been established through this framework. There was also an absence of co-operation or co-ordination mechanisms to combat the financing of proliferation of weapons of mass destruction.
24. **Criterion 2.1:** Saint Lucia's National AML/CFT/CPF policies are informed by the national risk assessment exercise. The National AML/CFT/CPF policy document is reviewed regularly based on the NRA. Saint Lucia conducted an NRA in 2019 and since then re-assessed its M/TF risk in the 2022 NRA; in light of this updated 2022 NRA the 2019 National policy has been updated (i.e. the National AML/CFT/CPF policy 2023-2026) to reflect the findings of the 2022 NRA.
25. **Criterion 2.2:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
26. **Criterion 2.3:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.

27. **Criterion 2.4:** Pursuant to the United Nations Sanctions (Counter Proliferation Financing) Act 2019, the National Co-ordinating Committee on CPF is responsible for co-operation and providing the coordination mechanisms for combatting the financing of proliferation of weapons of mass destruction. Section 3 of the Act sets out the members of the Committee which includes the Ministry responsible for external affairs; the Ministry responsible for justice; the AG's Chambers; CED; the FIA; the FSRA and the RSLPF. Further s.4 sets out its functions which include facilitating necessary information sharing between competent authorities involved in counter-proliferation financing initiatives and co-operation amongst competent authorities in the development of counter-proliferation financing policies and proposed legislation as well as providing a forum for examining any operational or policy issues that have implications for the effectiveness or efficiency of CPF initiatives. In addition, there is a MMOU for Cooperation and Exchange of Information relating to AML/CTF and CPF matters signed by the relevant competent authorities which provides a framework for cooperation, coordination and exchange of information mechanism with respect to PF. The agencies who are party to this MMOU are as follows: AG's Chambers, CED, DPP, ECCB, ECSRC, FIA, FSRA, IRD, RSLPF. Both the NAMLOC and National Coordinating Committee on Counter Proliferation Financing have members from the agencies mentioned above further being able to facilitating collaboration and coordination for AML/CFT/CPF.
28. **Criterion 2.5:** The MMOU between the relevant stakeholders supports co-operation and co-ordination with respect to data protection for AML/CFT purposes. Section 5 of the MMOU state that the agencies will keep confidential to the full extent permitted by their laws, regulations and rules any request for assistance or information, any information received or provided and any matter arising, including information provided voluntarily. Similarly, section 23 of the MMOU between the ECCB has a confidentiality clause which indicates that Authorities will, to the extent required by law, keep information confidential. Section 38 of the amended FSRA Act allows for the Authority to enter into a memorandum of understanding with a regulatory authority, the FIA or a competent authority for the purpose of the exchange of information and section 17 of the FSRA stipulates that the director, employees or officer of the Authority sign an oath of secrecy and should not disclose any information unless lawfully required to do so. There are no data protection and privacy rules and other similar provisions that would inhibit the ability of competent authorities to access and share information in relation to their respective functions and activities.

Weighting and Conclusion

29. Saint Lucia has made significant progress in addressing the deficiencies noted in the MER. Saint Lucia conducted an NRA in 2019 which was updated in 2022. Having assessed the risks in the 2022 NRA, a 2023-2026 National Policy document was developed. The NRAs, National Policy and National Action Plan ought to be reviewed and updated regularly and in any event based on changes to the ML, TF and PF risks. The National Co-ordinating Committee on Counter proliferation financing is responsible for co-operation and providing the coordination mechanisms for combatting the financing of proliferation of weapons of mass destruction.

Saint Lucia is re-rated Compliant with R.2

4.1.3. Recommendation 3 (originally rated PC)

30. In the 4th round MER, Saint Lucia was rated PC with R.3. The technical deficiencies included: deficiencies in the MLPA which existed particularly as it relates to the definition of criminal conduct not being wide enough to encompass predicate offences that are committed in another country; the offences of acquiring or using property not being applicable to the person who committed the predicate offence; the proportionality and dissuasiveness of criminal sanctions

against legal persons. The deficiency in relation to the limit on the definition of criminal conduct given that Saint Lucia's NRA found that a significant amount of criminal proceeds emanates from foreign predicate offences.

31. **Criterion 3.1:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
32. **Criterion 3.2:** There were no deficiencies cited in the MER. However, the definition of "criminal conduct" was amended in the MLPA Amendment Act of 2021: "*criminal conduct*" means —
- (a) *terrorist financing;*
 - (b) *proliferation financing;*
 - (c) *an indictable or a summary offence; or*
 - (d) *an offence triable summarily or on indictment, committed, in or outside Saint Lucia;"*

This definition encompasses a broad range of offences including all predicate offences for ML.

33. **Criterion 3.3 (N/A)**
34. **Criterion 3.4:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
35. **Criterion 3.5:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
36. **Criterion 3.6:** With the added "*committed, in outside of Saint Lucia*", the amended definition of "Criminal Conduct" (S.2 (b) 2021 MLPA) allows for predicate offences of ML to extend to conduct that occurred in another country which constitutes an offence in that country and would have constituted an offence had it occurred in Saint Lucia.
37. **Criterion 3.7:** The ML offences of acquiring or using property which are created at s.30 of the MLPA are limited to property that represents "another person's proceeds of criminal conduct" and therefore does not apply to persons who commit the predicate offence. The ML offences created at s.28 and 29 however apply to persons who commit the predicate offence.
38. **Criterion 3.8:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
39. **Criterion 3.9:** There were no deficiencies cited in the MER however, Saint Lucia has made a change regarding penalties applicable. The MLPA 2023 amendments to s.28 provide that persons committing ML offences are subject to, on summary conviction, a fine of not less than XCD500,000 but not exceeding XCD5 million or to imprisonment no less than 5 years but not exceeding 15 years and on conviction on indictment, a fine no less than XCD1 million but not exceeding XCD10 million. The hefty fines and lengthy prison sentences are considered dissuasive and proportionate due to the nature of the penalties.
40. **Criterion 3.10:** Section 2 of the MLPA defines "person" as including "any entity, natural or juridical, a corporation, partnership, trust or estate, joint stock company, association, syndicate, joint venture, or any other unincorporated organization or group, capable of acquiring rights or entering into obligations" Sections 28 (4), 29 and 30 of the MLPA, where the ML offences are committed by a legal person, they are liable to fines of ranging from no less than XCD0.5 million and not exceeding XCD10 million/USD3,680,665 and imprisonment ranging from no

less than 5 years and not exceeding 15 years (fines and prison terms are based on whether the conviction is summarily or on indictment). Further, under section 27 and section 32 of the MLPA, the mind and management of legal persons are subject to imprisonment. The sanctions for legal persons are therefore proportionate and dissuasive.

41. **Criterion 3.11:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.

Weighting and Conclusion

42. Saint Lucia has taken steps to address the deficiencies identified. The MLPA was amended in 2021 to broaden the definition of “criminal conduct” to include terrorist financing as well as allows for it to extend to conduct which occurred outside of Saint Lucia. The sanctions for ML violations are proportionate and dissuasive. However, the ML offences of acquiring and using criminal property are limited to “*another person’s criminal conduct*” and therefore do not extend to the person committing the predicate offence.

Saint Lucia is re-rated Largely Compliant with R.3

4.1.4. Recommendation 5 (originally rated PC)

43. In the 4th round MER, Saint Lucia was rated PC with R.5. The technical deficiencies included: limited criminal penalties for legal persons that commit offences under the ATA, the penalty was not sufficiently proportionate or dissuasive. Further, the offences under the ATA do not extend to financing the travel of individuals who travel to a State other than their States of residence or nationality for the purpose providing or receiving terrorist training.
44. **Criterion 5.1:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
45. **Criterion 5.2:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
46. **Criterion 5.2 bis:** The ATA (Amendment) Act of 2023 creates the offence of financing travel of individuals who travel outside of Saint Lucia to plan or participate in a terrorist act, to meet with a terrorist group or to provide or receive training or instruction in carrying out a terrorist act. The offence is punishable on conviction on indictment to a fine not exceeding XCD2,000,000/USD736,133 or to imprisonment for a term which may extend to life.
47. **Criterion 5.3:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
48. **Criterion 5.4:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
49. **Criterion 5.5:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
50. **Criterion 5.6:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
51. **Criterion 5.7:** The 2019 ATA amendment clearly defines the word “person” as including “*any entity, natural or juridical, a corporation, partnership, trust or estate, joint stock company, association, syndicate, joint venture, or other unincorporated organization or group, capable*

of acquiring rights or entering into obligations;” Therefore, the offences under the ATA apply to a legal person and these offences are punishable by either “...a fine not exceeding two million dollars (USD736,133) or to imprisonment for a term which may extend to life” (per Section 5 & 6) or to imprisonment for up to 25 years. Further, section 20A of the ATA as amended states that (1) Where a person is under investigation with respect to an offence under this Act, the regulatory authority may suspend a licence or certificate issued to a person for a specified period. (2) Where a person is charged with or convicted of an offence under this Act, the regulatory authority may —(a) suspend a licence or certificate issued to a person for a specified period of time; (b) cancel a licence or certificate issued to a person. (3) An order made under subsection (1) or (2) applies in addition to any other penalty that a person is liable for with respect to an offence committed under this Act and; (4) In this section, “regulatory authority” means an authority responsible for registering, licensing, incorporating and authorizing an entity.” The penalties under the ATA are considered proportionate and dissuasive.

52. **Criterion 5.8:** There were no deficiencies cited in the MER.
53. **Criterion 5.9:** There were no deficiencies cited in the MER and there is no change except for the amendment to the definition for criminal conduct in the MLPA Amendment Act of 2021. Accordingly, TF offences are designated as ML predicate offences.
54. **Criterion 5.10:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.

Weighting and Conclusion

55. Saint Lucia has addressed all the deficiencies cited in the MER via amendments to the ATA.

Saint Lucia is re-rated Compliant with R.5

4.1.5. Recommendation 10 (originally rated PC)

56. In the 4th round MER, Saint Lucia was rated PC with R.10. The technical deficiencies included requirements regarding CDD requirements and specific CDD measures for customers included beneficial ownership information. The measure for the application of CDD to existing customers on the basis of materiality and risk was not mandatory. There were no CDD measures for beneficiaries of life insurance policies and no requirement that requires the FI to discontinue the CDD process and instead be required to file a suspicious transaction report if they reasonably believe that performing CDD will tip off the customer. There were no enforceable measures for identifying and verifying the identity of legal persons or legal arrangements.
57. **Criterion 10.1:** Section 15(2A) of the MLPA (Amendment) Act 2021 prohibits the keeping of anonymous account or accounts in obviously fictitious names a FI or person engaged in other business activity shall not open, accept or maintain accounts for which the name of the holder or controller of the account is unknown or fictitious.
58. **Criterion 10.2:** Section 17(1) of the MLPA (Amendment) Act 2021 states that “A financial institution or person engaged in other business activity shall undertake customer due diligence measures that involves identifying and verifying the identity of a customer when:
(a) establishing business relations with a customer.
(b) carrying out occasional transactions equal to or exceeding USD10,000 or its equivalent in XCD27,000. Section 15 (3) (c) of the MLPA states that where two or more one-off transactions that —

- (i) appear to a person handling the transaction on behalf of the regulated institution to be linked, and (ii) in respect of which, the total amount payable by or to the applicant is XCD10,000 or more;
- (c) carrying out occasional transactions equal to or exceeding USD10,000 or its equivalent in XCD27,000 or wire transfers; in addition, under section 39, 40 and 41 of the MLPR wire transfers are covered by Recommendation 16 and its Interpretative Note.
- (d) there is a suspicion of money laundering or other criminal conduct;
- (e) there is doubt about the veracity or adequacy of previously obtained customer identification data;

59. **Criterion 10.3:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
60. **Criterion 10.4:** Section 15(1) of the MLPA (Amendment) Act 2021 states that a financial institution or person engaged in other business activity shall take reasonable measures to satisfy the financial institution or person engaged in their business activity as to the true identity of a person, including a person acting on behalf of another person, seeking to enter into a transaction with or to carry out a transaction or series of transactions with the financial institution or person engaged in other business activity.
61. **Criterion 10.5:** Section 17(4) (b) of the MLPA requires FIs to identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner which includes using reliable, independent source documents, data or information as per section 17(4)(a) such that the FI is satisfied that it knows who the beneficial owner is. However, there is another section under the MLPA (*section 15 (7) of the MLPA (Amendment) Act 2021*) that creates conflicting obligations, in that the obligation is to take reasonable measures to establish true identity. This would be a minor gap as the identification requirement would be subject to reasonable measures, and therefore would not be absolute.
62. **Criterion 10.6:** Section 17(4)(c) of the MLPA (Amendment) Act 2021 states that the customer due diligence measures to be taken under this section are as follows(c) obtaining information on, examining and understanding as far as possible, the background, purpose and intended nature of the business relationship.
63. **Criterion 10.7:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
64. **Criterion 10.8:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
65. **Criterion 10.9:** section 30(2)(b)(i-v) of the MLPR 2023 states Without prejudice to sub-regulation (1)(a), for customers that are legal persons or legal arrangements, a financial institution or person engaged in other business activity shall (b) identify the customer and verify the identity of the customer by means of the following information: (i) name, legal form and proof of existence, (ii) the constitutional documents that regulate and bind the legal person or legal arrangement, (iii) satisfactory evidence of the identity of the director, manager, general partner, president, chief executive officer or such other person who is in an equivalent senior management position in the legal person or legal arrangement; (iv) any authorized signatories not captured in paragraph (iii), (v) the address of the registered office and, if different, a principal place of business.”
66. **Criterion 10.10:** (a) Section 17 (4) (b) of the MLPA and (a) Section 17(4)(b) of the MLPA requires the identification of the beneficial owner, and taking reasonable measures to verify the identity of the beneficial owner such that the financial institution or person engaged in other

business activity is satisfied that it knows who the beneficial owner is and for legal persons and arrangements this should include financial institutions taking reasonable measures to understand the ownership and control structure of the customer. Further, paragraphs 78 and 79 of the Money Laundering (Prevention) (Guidance Notes) Regulations indicate that, unless a company is quoted on a recognized stock exchange or is a subsidiary of such a company or is a private company with substantial premises and pay roll of its own, steps should be taken to verify the company's underlying beneficial owner/s – namely those who ultimately own or control the company. The MLPA (Amendment) Act 2023 defines the terms “beneficial owner” therefore the natural person on whose behalf a transaction is being conducted including the persons who exercise ultimate effective control over a legal person is now covered.

(b) Section 17 (4) (b) of the MLPA subject to subsection (11) requires FIs and persons engaged in other business activity to identify the BO and take reasonable steps to verify the identity of the BO such that they are satisfied that they know who the BO is, and for legal persons and legal arrangements FIs should take reasonable measures to understand the ownership and control structure of the customer. Additionally, Section 17 (11) requires FIs, and persons engaged in other business activity to verify the identity of the customer and beneficial owner before or during the course of establishing a business relationship or conducting transactions for occasional customers. The amended definition of BO includes a natural person who exercises control of a legal person through other means.

(c) The amendment to the MLPA 2023 (Section 2 (c) defines BO as “a natural person who holds the position of senior managing official, in case where a natural person who is not identified under paragraph (a) and (b) (as noted below): (a) ultimately own or controls a legal person or legal arrangement; or (b) exercises control of a legal person or legal arrangement through means.

67. **Criterion 10.11:** Section 30 (3) of the MLPR 2023 states without prejudice to sub regulation (1)(c) and (2), for customers that are legal arrangements, a financial institution or person engaged in other business activity shall identify and take reasonable measures to verify the identity of beneficial owners by means of the following information: **(a)** in the case of trusts, the identity of the settlor, the trustee, the protector, if any, the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust including through a chain of control or ownership; or **(b)** in the case of other types of legal arrangements, the identity of persons in equivalent or similar positions.
68. **Criterion 10.12:** Section 31(1)(a-c) of the MLPR 2023 states: 31 (1) Without prejudice to the customer due diligence measures required under the Act and these Regulations for the customer and the beneficial owner, a financial institution or person engaged in other business activity shall conduct, on the beneficiary of life insurance and other investment related insurance policies, as soon as the beneficiary is identified or designated and shall do so no later than at the time of the pay out, the following customer due diligence measures: **(a)** in the case of a beneficiary that is identified as a specifically named natural or legal person or legal arrangement, taking the name of the person; and **(b)** in the case of a beneficiary that is designated by characteristics or by class or by other means, obtaining sufficient information concerning the beneficiary to satisfy the financial institution or person engaged in other business activity that it will be able to establish the identity of the beneficiary at the time of the pay out; and **(c)** in the case of a beneficiary under paragraph (a) or (b), verifying the identity of the beneficiary. There is a cascading effect in relation to the definition of beneficial owner under the MLPA (please see criterion 10.5 above).
69. **Criterion 10.13:** Section 31(2) and (3) of the MLPR states (2) a financial institution or person engaged in other business activity shall include the beneficiary of a life insurance policy as a

relevant risk factor in determining whether enhanced customer due diligence measures are applicable and (3) a financial institution or person engaged in other business activity shall take enhanced due diligence measures which must include reasonable measures to identify and verify the identity of the beneficial owner of the beneficiary at the time of pay-out if it determines that a beneficiary who is a legal person or a legal arrangement presents a high risk. There is a cascading effect in relation to the definition of beneficial owner under the MLPA (please see criterion 10.5 above).

70. **Criterion 10.14:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
71. **Criterion 10.15:** section 32(1) of the MLPR states: A financial institution or person engaged in other business activity shall adopt risk management procedures concerning the conditions under which a customer may utilize a business relationship prior to verification under regulation 30.
72. **Criterion 10.16:** Section 17(14) of the MLPA (Amendment) Act 2021 states that all new customers and existing customers on the basis of materiality and risk, and a financial institution or person engaged in other business activity *shall* conduct customer due diligence on existing relationships at appropriate times. Additionally, section 30 (1) (g) of the MLPR 2023 states A financial institution or person engaged in other business activity shall conduct ongoing due diligence on a business relationship including (i) scrutinising transactions undertaken throughout the course of the business relationship to ensure that transactions being conducted are consistent with the financial institution or person engaged in other business activity's knowledge of the customer, the customer's business and risk profile, including where necessary, the customer's source of funds; and (ii) ensuring that documents, data or information collected during customer due diligence is kept current and relevant to customer due diligence, by reviewing existing records on a risk sensitive basis, taking into account whether and when customer due diligence measures have been previously undertaken, the rating applied to various categories of customers, the approved frequency to facilitate the reviews of customer due diligence information with increased frequency of reviews for higher risk categories of customers.
73. **Criterion 10.17:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
74. **Criterion 10.18:** The MLPA (Amendment) Act, 2021, section 17(3) states a FI or person engaged in other business activity shall: (b) perform reduced or simplified customer due diligence: (i) where there are low risks of ML/TF/PF, consistent with a country's assessment of its ML/TF/PF risks, (ii) where adequate checks and controls exist in a country's national AML/CFT/CPF system, (iii) on customers resident in another country, where the country is in compliance with and has implemented the recommendations of the FATF; (c) not perform reduced or simplified customer due diligence where there is a suspicion of ML or other criminal conduct.
75. **Criterion 10.19:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
76. **Criterion 10.20:** Section 17(6A) of the Money Laundering (Prevention) (Amendment) Act, 2021 states: "(6A) If a financial institution or person engaged in other business activity has a suspicion of money laundering or other criminal conduct and reasonably believes that performing customer due diligence under subsection (1) tips-off a customer, that financial institution or person engaged in other business activity shall not perform customer due diligence and shall make a suspicious transaction report in relation to that customer." The

above addresses the requirement for FIs/persons engaged in other business activity to discontinue the CDD process and instead file a suspicious transaction report if they reasonably believe that performing CDD will tip off the customer.

Weighting and Conclusion

77. Saint Lucia has improved its CDD requirements through its amendments to the MLPA. The MLPA now addresses the requirement for CDD requirements to be conducted on existing customers on the basis of materiality and risk, to conduct CDD measures at appropriate times, and the requirement of FIs and DNFBPs to take into consideration CDD measures that have previously been undertaken and the adequacy of data obtained. However, section 15 (7) of the MLPA (Amendment) Act 2021 creates conflicting obligations, in that the obligation is to take reasonable measures to establish true identity. This would be a minor gap as the identification requirement would be subject to reasonable measures, and therefore would not be absolute.

Saint Lucia is re-rated Largely Compliant with R.10

4.1.6. Recommendation 12 (originally rated PC)

78. In the 4th round MER, Saint Lucia was rated PC with R.12. The technical deficiencies included: Saint Lucia not defining PEPs in such a way so as to distinguish between domestic and foreign PEPs and does not include Heads of State (foreign and domestic), senior executives of state-owned corporations (foreign and domestic), important political party officials (foreign and domestic) and persons who have been entrusted with a prominent function by an international organisation. Further, there were no measures which require FIs to determine whether a beneficial owner is a PEP and for FIs to take reasonable measures to determine whether the beneficiaries and/or beneficial owners of the beneficiary are PEPs. In relation to life insurance policies, FIs were not required to inform senior management before pay-out of proceeds where higher risk situations are identified or to consider making a suspicious transaction report.
79. ***Criterion 12.1: (a)*** The MLPA (Amendment) Act of 2021 section 2 contains definitions for domestic, foreign, and international PEPs. Additionally, section 18(1)(2)(3) of the MLPA (Amendment) Act, 2023, states: ***(1)*** In the case of a foreign PEP and a family member or close associate of a foreign PEP, a FI or person engaged in other business activity shall, in addition to the requirements under section 17 and Regulations; (a) put in place risk management systems to determine whether a customer or the beneficial owner is a politically exposed person; (b) obtain senior management approval before establishing, or continuing for an existing customer, a business relationship; (c) take reasonable measures to establish the source of wealth and the source of funds of a customer and the beneficial owner who is identified as a politically exposed person; (d) conduct enhanced ongoing monitoring of a business relationship. ***(2)*** In the case of a domestic politically exposed person and an international politically exposed person and a family member or close associate of a domestic PEP or an international PEP, a FI or person engaged in other business activity shall, in addition to the requirements under section 17 and Regulations (a) take reasonable measures to determine whether a customer or the beneficial owner is a politically exposed person (b) where there is a high risk business relationship with a person under paragraph (a), adopt the measures under subsection (1)(b) to (d). ***(3)*** Subject to subsections (1) and (2), a customer who ceases to hold a post or position that qualified him or her as a PEP shall not be treated as a PEP, after a period of two years following the date on which he or she ceases to hold that post or position”.

(b): Section 18(1)(b) and (2)(b) of the MLPA (Amendment) Act, 2023 states: (1) in the case of a foreign PEP and a family member or close associate of a foreign PEP, a FI or person engaged in other business activity shall, in addition to the requirements under section 17 and Regulations

(b) obtain senior management approval before establishing, or continuing for an existing customer, a business relationship; (2) In the case of a domestic PEP and an international PEP and a family member or close associate of a domestic PEP or an international PEP, a FI or person engaged in other business activity shall, in addition to the requirements under section 17 and Regulations (b) where there is a high risk business relationship with a person under paragraph (a), adopt the measures under subsection (1)(b) to (d).

(c): Section 18(1)(c) MLPA (Amendment) Act, 2023, states: “(1) In the case of a foreign PEP and a family member or close associate of a foreign PEP, a FI or person engaged in other business activity shall, in addition to the requirements under section 17 and Regulations - (c) take reasonable measures to establish the source of wealth and the source of funds of a customer and the beneficial owner who is identified as a PEP; Further, Section 18(2)(b) applies the same standard to local PEPs stating: (2) In the case of a domestic PEP and an international PEP and a family member or close associate of a domestic PEP or an international PEP, a FI or person engaged in other business activity shall, in addition to the requirements under section 17 and Regulations — (b) where there is a high risk business relationship with a person under paragraph (a), adopt the measures under subsection (1)(b) to (d).

(d): Section 18(1)(d) and (2)(b) of the MLPA (Amendment) Act, 2023) states: (1) In the case of a foreign PEP and a family member or close associate of a foreign PEP, a FI or person engaged in other business activity shall, in addition to the requirements under section 17 and Regulations — (d) conduct enhanced ongoing monitoring of a business relationship. (2) In the case of a domestic PEP and an international PEP and a family member or close associate of a domestic PEP or an international PEP, a FI or person engaged in other business activity shall, in addition to the requirements under section 17 and Regulations — (b) where there is a high-risk business relationship with a person under paragraph (a), adopt the measures under subsection (1)(b) to (d).

80. **Criterion 12.2:** Section 2 of the MLPA (Amendment) Act of 2021 contains the definitions for domestic PEPs, foreign, and International as such Saint Lucia have provisions in place to take reasonable measures to determine whether a customer of BO is such a person. The measures outlined in criterion 12.1 (b to d) applies here.
81. **Criterion 12.3:** Section 18(1)(d) and (2)(b) of the MLPA (Amendments) Act 2023 states “(1) In the case of a foreign PEP and a family member or close associate of a foreign PEP, a FI or person engaged in other business activity shall, in addition to the requirements under section 17 and Regulations. (2) In the case of a domestic PEP and an international PEP and a family member or close associate of a domestic PEP or an international PEP, a FI or person engaged in other business activity shall, in addition to the requirements under section 17 and Regulations. The above addresses the deficiency as it requires all categories of PEPs, as per the FATF standard, to be subject to all CDD measures. PEPs, now defined in section 2 in the MLPA (Amendment) Act, 2021, include both domestic and foreign PEPs.
82. **Criterion 12.4:** Section 31 (4-5) of the MLPR states (4) A FI or person engaged in other business activity shall, at the time of the pay-out, take reasonable measures to determine whether the beneficiary and, where required, the beneficial owner of the beneficiary are PEP. (5) Where high risks are detected in relation to a PEP identified under sub regulation (4), the FI or person engaged in other business activity shall inform senior management before the pay-out of the policy proceeds and senior management shall conduct enhanced due diligence on the business relationship with the policyholder and, if necessary, consider making a suspicious transaction report.

Weighting and Conclusion

83. Saint Lucia has addressed the deficiencies noted in the MER through the updating of its legislation in an attempt to focus on all types of PEPs. The amendments to the MLPA both in 2021 and 2023 have successfully captured the relevant requirements as it relates to identification, through the updated definitions of the different categories of PEPs, risk assessments and, where necessary, the legislative requirement of enhanced due diligence of all categories of PEPs.

Saint Lucia is re-rated Compliant with R.12

4.1.7. Recommendation 14 (originally rated PC)

84. In the 4th round MER, Saint Lucia was rated PC with R.12. The technical deficiencies included that there was no information provided about action taken to identify persons operating without a licence and applying sanctions to them. Also, there was no clear provision for the monitoring for AML compliance nor were there measures for MVTs providers to include their agents in their AML/CFT programmes and monitor them for compliance with these programmes.

85. **Criterion 14.1:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.

86. **Criterion 14.2:** Section 4(4) of the MSB Act provides for a sanction on summary conviction to a fine not exceeding XCD50,000 or to imprisonment for a term not exceeding two (2) years or to both. This may be considered proportionate and dissuasive. The standard operations policy mandates that management, in accordance with C.14.2 employ public awareness measures such as the issuance of notices every three months advising that the activity is prohibited unless regulated and supervised by the FSRA as well as advising of fines to be applied for contravening the law. The SOP described in the policy does not include steps to be taken by the FRSA to *proactively* identify natural or legal persons carrying out the activity without registration, however, there are some mechanism in place such as the collaboration between the Registry and the FSRA that would partially mitigate the risk of legal persons operating without a license.

87. **Criterion 14.3:** Section 5(2) (v) of the MLPA (Amendment) Act 2021 assigns the task to supervise and monitor FIs and persons engaged in other business activity for compliance with the Act. Section 9 of the MLPA (Amendment Act) 2021 schedule 2 includes “an entity licensed under the MSB Act, Cap. 12.22” as a financial institution subject to the authority of the FIA.

88. **Criterion 14.4:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.

89. **Criterion 14.5:** Recommendation 14 requires that in all cases, countries should ensure that under their *legal framework*, the MVTs provider remains responsible for its AML/CFT obligations and is accountable for the actions of its agents consistent with established principles of agency law. This mandate is neither in the principal act or regulations but has been communicated by the Authority via a Circular.

Weighting and Conclusion

90. Saint Lucia has passed amendments to its principal legislation to address most of the deficiencies cited for R.14, leaving only 2 minor deficiencies to address. The SOP described in the policy does not include steps to be taken by the FRSA to *proactively* identify natural or legal persons carrying out the activity without registration. There are no provisions in Saint

Lucia to ensure that under their *legal framework*, the MVTs provider remains responsible for its AML/CFT obligations and is accountable for the actions of its agents consistent with established principles of agency law.

Saint Lucia is re-rated Largely Compliant with R.14

4.1.8. Recommendation 16 (originally rated NC)

91. In the 4th round MER, Saint Lucia was rated NC with R.16. The technical deficiencies included significant deficiencies regarding this Recommendation requirement for: business licensed under the MSBA to be captured under the MLPA and the ATA, intermediary and beneficiary financial institutions to take originator and beneficiary identification information, and FIs to prohibit the conduct of transactions with designated persons. The volume of incoming and outgoing remittances was noted as well as the risk rating applied to remittances and the county's terrorist financing risk as per the NRA.
92. **Criterion 16.1:** Section 39(1)(a) & (b) of the MLPR 2023 require FIs to capture accurate information and comply with the originator/beneficiary information requirements of this criterion, for ordering financial institutions. In respect to an intermediary or beneficiary bank sections 40 & 41 of the MLPR require the verification of identity information where necessary and the maintenance of beneficiary information respectively. It also requires the FI to identify cross-border wire transfers that lack required originator or beneficiary information which will inform its decision on whether to execute, reject or suspend a wire transfer based on its risk-based approach. Sections 39 to 45 of the MLPR 2023 detail the obligations of ordering, intermediary or beneficiary financial institutions who facilitate wire transfers.
93. **Criterion 16.2:** Section 39(2) of the MLPR requires an ordering financial institution where several individual wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, to ensure that the batch file contains the required and accurate originator and full beneficiary information, that is fully traceable within the beneficiary country; and that the account number or unique transaction reference number of the originator is included in the wire transfer transaction.
94. **Criterion 16.3 (N/A)**
95. **Criterion 16.4:** Section 39(3) of the MLPR is consistent with the IN to R.16 which requires ordering financial institutions to verify its customer's information where there is a suspicion of ML/TF.
96. **Criterion 16.5:** Section 39(1) of the MLPR requires in the case of domestic and cross-border wire transfers, that an ordering financial institution retain records of payments made with sufficient detail to enable it to establish accurate originator information, and section 39(5) of the MLPR specifically prohibits an ordering financial institution from executing a wire transfer that does not comply with the requirements in this regulation. Further, section 39(4) of the MLPR states that an ordering FI is mandated to maintain all originator and beneficiary information collected in accordance with record keeping requirements under the Act and cannot execute a wire transfer that does not comply with the requirements in the regulation. All aspects of wire transfers as defined in IN to R.16 have been captured.
97. **Criterion 16.6 (N/A)**
98. **Criterion 16.7:** R.11.1 requires financial institutions to maintain all necessary records on transactions, both domestic and international, for at least five years following completion of

the transaction. Section 39(4) of the MLPR requires that the ordering financial institution shall maintain all originator and beneficiary information collected in accordance with record keeping requirements under this Act. Part 3 Section 10(1)(a) of the MLPA states that a financial institution or a person engaged in *other business activity* shall establish and maintain transaction records of a transaction for a period of seven years after the completion of the transaction recorded. Other business activity found in part B of schedule 2, captures money transmission services.

99. **Criterion 16.8:** Section 39(5) of the MLPR states: “An ordering financial institution shall not execute a wire transfer that does not comply with the requirements in this regulation”.
100. **Criterion 16.9:** Section 40 (1) of the MLPR states – “In the case of a cross-border wire transfer, an intermediary financial institution shall ensure that originator and beneficiary information that accompanies a wire transfer is retained with the wire transfer”.
101. **Criterion 16.10:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
102. **Criterion 16.11:** Section 39(1) of the MLPR states – “In the case of domestic and cross-border wire transfers, an ordering financial institution shall retain records of payments made with sufficient detail to enable it to establish (a) accurate originator information and (b) the beneficiary information. Additionally, section 40 (2) of the Money Laundering (Prevention) Regulations states – An Intermediary financial institution shall take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack required originator information or required beneficiary information.
103. **Criterion 16.12:** Section 40(3) of the MLPR requires intermediary financial institutions to adopt and implement risk-based policies and procedures for determining when to execute, reject, or suspend wire transfers lacking required originator or beneficiary information; and the appropriate follow-up actions.
104. **Criterion 16.13:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
105. **Criterion 16.14:** In accordance with section 41(b) of the MLPR “A beneficiary financial institution shall verify the identity of the beneficiary, if the identity has not been previously verified”.
106. **Criterion 16.15:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
107. **Criterion 16.16:** The requirements of sections 38 of the MLPR which states that a financial institution or person engaged in other business activity shall, in accordance with section 17(1)(b) undertake customer due diligence measures under regulations 39 to 41, captures MVTs which are classified as FIs in schedule 2 of the MLPA.
108. **Criterion 16.17:** (a) Section 41(2)(a) of the MLPR specifically references MSB that controls both the ordering and beneficiary side of a wire transfer, requiring them to take into account all the information from both the ordering and beneficiary sides in order to determine whether a suspicious activity report has to be filed; and to file a suspicious activity report in the country affected by the suspicious wire transfer, and make relevant transaction information available to the Authority. (b) section 41(2)(b) of the MLPR requires, in the case of a MSB that controls both the ordering and beneficiary side of a wire transfer, file a suspicious activity report in the

country affected by the suspicious wire transfer, and make relevant transaction information available to the Authority.

109. **Criterion 16.18:** The ATA (Amendment) Act of 2019 at section 6A states the requirement to freeze funds. In addition, section 22G of the ATA states (1) where on being served with a freezing order in respect of a specified entity, a financial institution and a person engaged in other business activity, where appropriate, shall, without delay, freeze all funds in an account that is — (a) owned or controlled, wholly or jointly by the specified entity; or (b) derived or generated from economic resources, owned or controlled, by the specified entity. (2) A FI or a person engaged in other business activity that contravenes subsection (1) commits an offence and is liable, on conviction on indictment, to a fine not exceeding 1 million dollars.

Weighting and Conclusion

110. Saint Lucia has passed amendments to its principal legislation to address the deficiencies cited for R.16.

Saint Lucia is re-rated Compliant with R.16

4.1.9. Recommendation 17 (originally rated PC)

111. In the 4th round MER, Saint Lucia was rated PC with R.17. The technical deficiencies included concerns about how specific the requirement was for FIs to take accountability when they use third parties; the strength of current requirements as the onus on FIs to ‘be mindful’ in such scenarios may not result in requirements being strictly adhered to. In addition, consideration of country risk of third parties and the application of the requirements to use of third-party introducers was not evident. Greater weighting was given to lack of consideration given by competent authorities when FIs rely on third parties that are part of the same financial group.
112. **Criterion 17.1: (a) and (b)** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under these sub-criteria. **(c)** Section 17(8) (c) of the MLPA (Amendment) Act, 2021 states: a financial institution or person engaged in other business activity shall be satisfied that the intermediary or third party is regulated and supervised for, and has measures in place to comply with, the customer due diligence and record-keeping requirements under this Act. The above addresses the requirement for FIs to ensure that third-parties FIs may rely on for CDD or business introductions are subject to the same CDD requirements.
113. **Criterion 17.2:** Section 17(8) (d) of the MLPA (Amendment) Act, 2021 states a financial institution or person engaged in other business activity shall consider information available on the level of risk of the country in which an intermediary or a third party is located.
114. **Criterion 17.3:** Section 49 of the MLPR as amended in 2023 states that reporting entity shall not rely on a third party that is part of the same financial group, unless: **(a)** the group applies customer due diligence and record-keeping requirements in line with this Act and AML/CFT/CPF programmes in line with paragraph 6; **(b)** the implementation of those customer due diligence and record-keeping requirements and AML/CFT/CPF programmes is subject to supervision at a group level by the relevant supervisor; and **(c)** any higher country risk is adequately mitigated by the group’s AML/CFT policies.

Weighting and Conclusion

115. Saint Lucia has addressed all deficiencies noted within MER. Saint Lucia requires that a relying FI satisfies itself that the third parties have implemented measures for compliance with CDD, record keeping and group wide AML/CFT policies FI's are now also required to take into consideration available information on the level of country risk where the third party is located. and that host country must have a supervisory authority that has similar CDD requirements as Saint Lucia.

Saint Lucia is re-rated Compliant with R.17

4.1.10. Recommendation 18 (originally rated PC)

116. In the 4th round MER, Saint Lucia was rated PC with R.18. The technical deficiencies included that FIs were required to implement AML/CFT programmes but not specifically having regard to the size of the business. There was no requirement to have financial groups implement group-wide AML/CFT programmes.

117. **Criterion 18.1:** Section 9 (3) and (4) of the MLPR requires FIs and DNFPBs to keep track of training programs and section 11(2) addresses the need for internal controls, internal audit and continuous training. Further section 16(1)(g) of the MLPA (Amendment) Act 2021 states that FIs are required to develop and apply internal policies, procedures or controls relevant to the size of the business, which are approved by senior management or the board of directors, to combat ML/TF/PF which enables the control and mitigation of the risks identified.

- (a) compliance management arrangements (including the appointment of a compliance officer at the management level) (Section 22 (1) (a) of the MLPR)
- (b) Screening Procedures to ensure high standards when hiring employees (section 16 (1) (o) of the MLPA)
- (c) An ongoing employee training programme (section 29 (1) of the MLPR)
- (d) An independent audit function to test the system (section 16 (1) (g) (ii) of the MLPA (Amendment) Act 2021)

118. **Criterion 18.2:** Where a group whose headquarters is in Saint Lucia operates branches or controls subsidiaries in another jurisdiction, section 48 of the MLPR requires a FI or person engaged in other business activity, to cause AML/CFT/CPF group-wide programmes to be implemented, which must be applicable and appropriate to all branches and majority-owned subsidiaries of the financial group.

119. **Criterion 18.3:** Section 48 (2) (h) and (i) of the MLPR requires FIs to apply appropriate additional measures where a host country's less strict laws do not permit the proper implementation of AML/CFT measures consistent with the home country requirements.

Weighting and Conclusion

120. The MLPA (Amendment) Act as amended in 2021 addressed the gaps under R.18. FIs are now required to implement AML/CFT programmes specifically having regard to the size of the business. The MLPR in 2023, requires financial groups to implement group wide AML/CFT programmes, and for financial groups to apply appropriate additional measures to manage ML/TF risks if the host country does not permit implementation of measures consistent with the home country.

Saint Lucia is re-rated Compliant with R.18

4.1.11. Recommendation 19 (originally rated NC)

121. In the 4th round MER, Saint Lucia was rated NC with R.19. The technical deficiencies included Saint Lucia had no measures which require FIs to apply enhanced measures for countries for which this is called for by the FATF. Saint Lucia also had no provisions to apply countermeasures as well as to proactively update and advise FIs of concerns about weaknesses in AML/CFT systems of other countries.
122. **Criterion 19.1:** Section 17 of the MLPA (Amendment) Act 2021 requires a FI or person engaged in other business activity to perform enhanced customer due diligence, proportionate to the high risks identified, including high risk categories of customers, business relationships or transactions in respect of countries that have not implemented the recommendations of the FATF, business relationships or transactions with natural or legal persons, including FIs, from countries for which enhanced customer due diligence is required by the FATF.
123. **Criterion 19.2:** Saint Lucia is able to apply countermeasures proportionate to the risk (*a*) when called upon to do so by the FATF under section 5(2)(q) of the MLPA (Amendment) Act 2021, the Authority shall advise a FI and a person engaged in other business activity of concerns about weaknesses in the AML/CFT/CPF systems of other countries. Section 17 of the MLPA as amended, FIs and other persons engaged in other business activities are obligated to perform enhanced due diligence, proportionate to the high risks identified, *including* high risk categories indicated by FATF. Further, Part VII Customer Identification and Due Diligence of the MLPA Regulations 2023, obligates the FI to identify the customer for the purposes of carrying out CDD; establish procedures and controls to address all risks and when to perform enhanced due diligence where for instance a customer, transaction or an applicant for business is from a foreign country that has been identified by credible sources as having serious deficiencies in its AML/CFT/CPF regime or a prevalence of corruption. This captures also, beneficiaries of life insurance and PEPS.
- (*b*) independently of any call by the FATF to do so, the FIA have issued circulars to the FIs and persons engaged on other business activities which advised them on countries identified by the FATF as having strategic AML/CFT/CPF deficiencies and higher risk countries. The Authority also publishes on its website, the link to the list of the countries identified by the FATF. Finally, the ECCB also apply countermeasures for FIs through the issuance of quarterly newsletters which are published on the ECCB website.
124. **Criterion 19.3:** Section 4 (q) of the MLPA (Amendment) Act 2021 requires the FSRA to advise a FI and a person engaged in other business activity of concerns about weaknesses in the AML/CFT/CPF systems of other countries. The FIA’s website provides links to FATF’s Advisories webpages on Jurisdictions under increase monitoring and High-risk jurisdictions subject to a call for action as well as UNSC’s Consolidated List of individuals and entities that are subject to assets freeze, terrorists watch list. Evidence of a circular found on FIA’s website sent to FIs sharing FINCEN Alert, with a reminder of their obligation to implement preventative and detective systems to avoid being used to facilitate ML and other financial crimes.

Weighting and Conclusion

125. Saint Lucia has remedied the deficiencies under R.19, by amendments to the MLPA (Amendment) Act 2021 and via other awareness building measures taken.

Saint Lucia is re-rated Compliant with R.19

4.1.12. Recommendation 20 (originally rated PC)

126. In the 4th round MER, Saint Lucia was rated PC with R.20. The technical deficiencies included that there was no requirement for reporting entities to report promptly suspicion that funds may be related to criminal conduct. The requirement to report attempted transactions was not established in law.
127. **Criterion 20.1:** Section 16(k) of the MLPA (Amendment) Act, 2021 states: A FI or a person engaged in other business activity shall report to the Authority any suspicious transaction or attempted transaction relating to ML or other criminal conduct as soon as reasonably practicable, and in any event, within seven days of the date the transaction or attempted transaction is deemed to be suspicious. Further section 16(ka), of the MLPA (Amendment) Act, 2023 which states that a FI shall immediately, report to the Authority a transaction or an attempted transaction relating to TF/PF that is considered to be suspicious.
128. **Criterion 20.2:** Section 15(2)(c) of the MLPA (Amendment) Act, 2021 requires FIs to report all suspicious transactions including attempted transactions, there is no threshold to SARs in the Act. An SAR can be filed on any amount.

Weighting and Conclusion

129. All FIs and Persons Engage in Other Business Activities (DNFBPs) are required to promptly report to the FIA suspicious transactions or attempted transactions relating to criminal activity, inclusive of ML/TF.

Saint Lucia is re-rated Compliant with R.20

4.1.13. Recommendation 22 (originally rated PC)

130. In the 4th round MER, Saint Lucia was rated PC with R.22. The technical deficiencies included dealers in precious metals and previous stones were not covered in the DNFBP regime. Deficiencies identified in R.10, 11, 12, 15 and 17 were also applicable to DNFBPs.
131. **Criterion 22.1:** DNFBPs are required to comply with CDD requirements set out in R.10. The MLPA (Amendment) Act, 2021 has amended Schedule 2 Part B which states:
- (a) A Gaming Operator licenced under the Gaming, Racing and Betting Act, Cap. 13.13, when engaging in transactions equal to or exceeding XCD8,000/USD3,000.
 - (b) A person involved in transactions for a client concerning the buying and selling of real estate.
 - (c) “A dealer in precious metals or stones, when engaging in any transactions equal to or exceeding XCD25,000.
 - (d) Lawyers, notaries, other independent legal professionals and accountants when they prepare for, or carry out, transactions for their client concerning the following activities: (a) buying and selling real estate; (b) creating, operating or managing companies; (c) managing bank, savings or securities accounts; (d) managing client’s money, securities or other assets; or (e) raising contributions for the creation, operation or management of companies.
 - (e) Registered agents and trustees licensed under the Registered Agent and Trustee Licensing Act, Cap. 12.12.
132. **Criterion 22.2:** Under the MLPA, the requirements are applicable to both FIs and DNFBPs. As such Rec 11 applies to DNFBPs. The deficiencies in R.11 applies here.

133. **Criterion 22.3:** DNFBPs are required to comply with the same PEPs requirements as FIs under the MLPA (see analysis of R.12).
134. **Criterion 22.4:** DNFBPs are required to comply with the same new technologies requirements as FIs under the MLPA (see analysis of R.15 C.15.1 & 15.2)
135. **Criterion 22.5:** DNFBPs are required to comply with the same third-party reliance requirements as FIs under the MLPA (see analysis of R.17)

Weighting and Conclusion

136. Persons Engaged in Other Business Activities (DNFBPs) are also subject to the MLPA (CDD requirements provided under Recommendation 10). Record keeping requirements under the MLPA also apply to DNFBPs. However, there is a minor cascading deficiency from Recommendation 11.

Saint Lucia is re-rated Largely Compliant with R.22

4.1.14. Recommendation 23 (originally rated PC)

137. In the 4th round MER, Saint Lucia was rated PC with R.23. The technical deficiencies included there were gaps with respect to reporting promptly, and reporting of attempted suspicious transactions, implementation and communication of countermeasures for higher risk jurisdictions and group-wide internal controls for DNFBPs as outlined under R.18, 19 and 21.
138. **Criterion 23.1:** The requirement to report suspicious transactions is applicable to DNFBPs as FIs under the MLPA (see analysis of R.20).
139. **Criterion 23.2:** DNFBPs are required to comply with the same internal control requirements as FIs under the MLPA (see analysis of R.18).
140. **Criterion 23.3:** DNFBPs are required to comply with the same higher-risk countries requirements as FIs under the MLPA (see analysis of R.19).
141. **Criterion 23.4:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.

Weighting and Conclusion

142. Saint Lucia has remedied the deficiencies under R.23, by amendments to the MLPA (Amendment) Act 2021 and 2023.

Saint Lucia is re-rated Compliant with R.23

4.1.15. Recommendation 27 (originally rated PC)

143. In the 4th round MER, Saint Lucia was rated PC with R.27. The technical deficiencies exist in relation to the powers the FIA had to demonstrate that it had a range of sanctions it can impose based on the severity of AML deficiencies identified through its supervisory activity as part of its remediation and regulation functions. (also refer to R.35). In addition, there were concerns about the inclusion of CFT in the existing FIA powers. The ECCB had been granted new powers specific to AML but the scope, nature and implementation of these were yet to be determined at the time of the onsite.

144. **Criterion 27.1:** Section 5(2) (m) of the MLPA (Amendment) Act 2021 states that the Authority shall supervise and monitor FIs and persons engaged in other business activity to determine compliance with the Act; Also, section 14B (1) MLPA (Amendment) Act 2021, the Central Bank was assigned the responsibility for the supervision of a licensed FI in relation to ML/TF/PF. For the purpose of this section, financial institutions are limited to financial institutions licensed to carry on banking business under the Banking Act, Cap. 12.01.
145. **Criterion 27.2:** Section 6 of the MLPA, gives the FIA the authority to conduct inspections of FIs or persons engaged in other business activity where on the basis of the information, the Authority has reasonable grounds to suspect that a transaction involves the proceeds of a prescribed offence. Moreover, section 10 mandates FIs or persons engaged in other business activities to subject themselves to such an inspection.
146. **Criterion 27.3:** Under section 4 of the MLPA (Amendment) Act 2021, the FIA is authorised to compel production of any information relevant to monitoring compliance with the AML/CFT requirements. Further, sections 6A and 6B of the MLPA (Amendment) Act 2021 gives the FIA the power to issue directions in furtherance of carrying its functions under section 5(2)(m) of the MLPA (Amendment) Act 2021, and where there is failure to comply by a FI or person engaged in other business activity that fails, within the time specified under section 6A(2) of the MLPA (Amendment) Act 2021, to comply with this Act to impose a penalty not exceeding XCD5,000; and in the case of a continuous failure to comply, to a penalty not exceeding XCD5,000 for each day or part of a day that the failure continues. Pursuant to section 14E of the MLPA the Central Bank can issue directions, warnings or orders where the Central Bank is satisfied that a director, manager, senior officer or an individual who manages or controls the licensed FI is not a fit and proper person for preventing ML/TF or other criminal conduct in a licensed FI, and where there is failure to comply has the power to suspend an activity, or suspend or revoke a licence of a licensed FI.
147. **Criterion 27.4:** In addition to the ability of the supervisory authorities to issue warning letters, directives, orders and so forth, section 6A(2) of the MLPA empowers the FIA impose a penalty for non-compliance not exceeding XCD5,000; and in the case of a continuous failure to comply, to a penalty not exceeding XCD5,000 for each day or part of a day that the failure continues. Section 14H of the MLPA empowers the Central Bank to impose a similar penalty for non-compliance. The Central Bank also has the ability to suspend activities as well as licenses, and to revoke licences under section 14E of the MLPA to compel compliance. Under section 39 of the MLPA, the Court may, where it is satisfied upon application by the Director or the DPP that a FI or person engaged in other business activity has failed without reasonable cause to comply in whole or in part with an obligation imposed on the FI or person engaged in other business activity by section 16(1) issue a mandatory injunction against the FI or person engaged in other business activity in such terms as the Court considers necessary to enforce compliance with the obligation.

Weighting and Conclusion

148. Saint Lucia assigned responsibility for the supervision or monitoring of FIs to the various competent authorities with the MLPA (Amendment) 2021. The Central Bank is tasked with the responsibility for the supervision of FIs licensed under the Banking Act without limiting the powers of the FIA, while the FIA has responsibility for the other reporting FIs. The authorities are now able to compel the production of information and apply various penalties and sanctions for the failure to comply.

Saint Lucia is re-rated Compliant with R.27

4.1.16. Recommendation 29 (originally rated PC)

149. In the 4th round MER, Saint Lucia was rated PC with R.29. The technical deficiencies included there is still room for improvement. There were concerns regarding transparency of the process for the appointment of the Director and management. The FIA does not conduct strategic analyses and the Secretariat is functioning as the FIA.
150. **Criterion 29.1:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
151. **Criterion 29.2:** (a) Section 16 (1) (ka) of the MLPA 2023 creates the obligation on a FI or person engaged in other business activity to report to the authority any suspicious transaction or attempted transaction relating to ML or other criminal conduct as soon as reasonably practicable. (b) There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
152. **Criterion 29.3:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
153. **Criterion 29.4:** (a) There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion. (b) Saint Lucia has conducted strategic analysis of Euro related SARs for the period 2017 to 2021 as evidenced by a Report dated 22nd May 2023. The Report demonstrates the use of available and obtainable information to identify money laundering related trends and typologies.
154. **Criterion 29.5:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
155. **Criterion 29.6:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
156. **Criterion 29.7:** (a) Authority is defined under section 2 of the MLPA as ‘the Financial Intelligence Authority. Section 4 (4) stipulates that the ‘Authority shall appoint Director and such other general support personnel as the Authority considers necessary. (b) Pursuant to section 5 (h) of the MLPA 2021 amendment, the FIA has the authority to enter into any agreement or arrangement in writing with any foreign or domestic organization, including a Foreign Financial Intelligence Unit. (c) N/A. (d) There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
157. **Criterion 29.8:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.

Weighting and Conclusion

158. Saint Lucia has taken steps to address deficiencies identified, notably with its 2021 amendment to the MLPA.

Saint Lucia is re-rated Compliant with R.29

4.1.17. Recommendation 34 (originally rated PC)

159. In the 4th round MER, Saint Lucia was rated PC with R.34. The technical deficiencies included that no AML/CFT guidelines have been established and issued by the FIA to FIs. While the

FSRA has issued guidelines to FIs and registered agents and trustees, some of these guidelines were not specific to AML/CFT. No information was available in relation to the feedback provided by the FSRA or in relation to guidelines and feedback provided by SRBs.

160. **Criterion 34.1:** The FIA's Guidance to on Reporting Entities on Suspicious Transaction/Activities Reporting Standards Transaction Monitoring addresses the requirement to develop feedback, through guidance, to FIs and DNFBPs, as the document specifically states that it speaks to both FIs and Persons Engaged in Other Business Activities, in detecting suspicious transactions by detailing how account information should be scrutinized by the organization and what parameters should be used to determine if a transaction is suspicious in nature. The Guidance goes into details on how to establish a reasonable suspicion in determining a suspicious transaction or event has occurred. Lastly, the Guidance covers key elements that must be included in the SAR, such as specific information to be placed in each segment of the report to be provided to the FIA. Please see below the Guidance issued. The above satisfies the requirement for feedback, through the means of guidance, to be provided to FIs and DNFBPs on how an STR should be detailed and reported.

Weighting and Conclusion

161. The FIA has provided FIs and DNFBPs with guidance on identifying and reporting an SAR which contained identification of red flags and best practices when entering/reporting an SAR to the FIA.

Saint Lucia is re-rated Compliant with R.34

4.1.18. Recommendation 35 (originally rated PC)

162. In the 4th round MER, Saint Lucia was rated PC with R.35. The technical deficiencies include the range of sanctions are still not available to supervisors to apply in a proportionate manner when they identify failure to comply with the AML/CFT requirements. In addition, while the Interpretation Act includes provisions for offences under any act coming into force after 2003, which can be applied to senior management, neither the MLPA or the ATA, as Saint Lucia's primary AML/CFT legislation, explicitly feature sanctions that can be extended to legal persons and, including no provision which makes directors or senior management of FIs or DNFBPs liable for their entity's offence/breach.
163. **Criterion 35.1:** With respect to R. 6, freezing of funds for TFS without delay is addressed at section 22G of the ATA as amended in 2021 and requires FIs, DNFBPs and specified entities to freeze funds without delay once served with a freezing order, non-compliance with this order will result in criminal penalty. Section 6 of the ATA creates the offence of provision of financial and economic resources for commission of terrorist act. Violators (including natural and legal persons) are liable to fines not exceeding XCD1 million dollars and imprisonment which may extend to life.
164. Section 6 (A) and 6 (B) of the MLPA as amended in 2021 allows the FIA to issue directions to FIs and DNFBPs for failure to comply with the Act, failure to comply with the directions will result in a fine not exceeding XCD1 million with an additional XCD1000 for everyday or part of a day that the failure to comply continues. Section 14 (E) to 14 (H) of the MLPA as amended in 2021 allows the ECCB to issue directions, warnings, suspend activity, suspend or revoke licence of a licenced FI for failure to comply with relevant sections of the Act.
165. **NPOs (R.8):** Section 37 (1) of the ATA as amended allows the Registrar of Companies to revoke a certificate or refuse to issue a certificate for a charity where information is received,

including criminal intelligence reports, that the charity is making, is likely to make available any resources whether directly or indirectly to a terrorist group. After 30 days of receiving a signed certificate, the applicant or registered charity can appeal to the High Court to review the decision of the Registrar of Companies. This does not demonstrate effective, proportionate or dissuasive sanctions applied to NPOs or persons acting on behalf of NPOs per R.8 (4) (b).

166. **Preventive Measures (R.9 to R.23):** Section 6 (A) and 6 (B) of the MLPA as amended in 2021 allows the FIA to issue directions to FIs and DNFBPs for failure to comply with the Act, failure to comply with the directions will result in a fine not exceeding XCD100,000 with an additional XCD1000 for everyday or part of a day that the failure to comply continues. Section 14 (E) to 14 (H) of the MLPA as amended in 2021 allows the ECCB to issue directions, warnings, suspend activity, suspend or revoke licence of a licenced FI for failure to comply with relevant sections of the MLPA.
167. R.10 – 23 – Failure to comply with the MLPA and its amendments and the MLPA Regulations can result in financial institutions and persons engaged in other business activity liable to fines of not less than XCD100,000 and up to XCD1 million dollars with respect to any contraventions.
168. There are criminal sanctions available. Regulation 50 (1) of the MLPA Regulations stipulate that where an FI or person engaged in other business activity fails to comply with the Regulations, they commit an offence and is liable to a fine not exceeding 1 million dollars. Further, Regulation 50 (2) stipulates that where the FI or DNFBP is a body corporate, a person who at the time of the commission was a director or senior management is liable to be prosecuted as if they had personally committed the offence. Additionally, Regulation 50 (3) provides that where the FI or DNFBP is in contravention of the Act, in relation to a matter provided for in the Regulations, they shall be proceeded against under the Act and not the Regulations, therefore, other criminal sanctions under the Act will apply in those cases.
169. **Criterion 35.2:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.

Weighting and Conclusion

170. Saint Lucia has taken steps to remedy majority of the deficiencies identified under Recommendation 35. However, deficiencies in relation to sanctions under Recommendation 8 applies here.

Saint Lucia is re-rated Largely Compliant with R.35

4.1.19. Recommendation 37 (originally rated PC)

171. In the 4th round MER, Saint Lucia was rated PC with R.37. The technical deficiencies include the absence of dual criminality still results in a mutual assistance request being refused under the MACMA; there is no discretion in this regard as the language imposed is mandatory. Saint Lucia cannot apply all the domestic powers and investigatory techniques that are available to domestic competent authorities to foreign mutual legal assistance requests. Limited information was available in relation to MLA requests through Letters Rogatory which had a cascading effect on the criteria.
172. **Criterion 37.1:** There were no deficiencies cited in the MER however, Saint Lucia amended its Mutual Assistance in Criminal Matters (Amendment) Act, No. 11 of 2023 to allow for

widest possible range of assistance in relation to ML, associated predicate offences and TF investigations and related proceedings.

173. **Criterion 37.2:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion. In addition, Guidelines dated April 2022 have been issued by the Office of the Attorney General relative to the processing of MLATs internally and externally and provides for feedback and follow up mechanisms relative to request for assistance received and disseminated amongst others.
174. **Criterion 37.3:** Pursuant to the amended legislation, Saint Lucia's wide range of MLA which can be provided to other countries is no longer limited to Commonwealth Countries or countries with which Saint Lucia has entered into MLA Treaties incorporated under MACMA.
175. **Criterion 37.4:** Saint Lucia does not refuse a request for MLA on the ground that the offence involves fiscal matters or on grounds of secrecy or confidentiality requirements of FIs or DNFbps. The amended legislation voids the use of Letters Rogatory since non commonwealth countries can make requests for MLA to Saint Lucia.
176. **Criterion 37.5:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
177. **Criterion 37.6:** Section 18 (d) of the MACMA makes it a ground for a mutual assistance request to be refused on the basis that the request relates to the prosecution or punishment of a person in respect of conduct that, if had it occurred in Saint Lucia would not constitute an offence under the Criminal Code. However, 18 (5) allows for a request to be processed where some, but not all of the grounds apply. Dual criminality can be dispensed with in certain situations.
178. **Criterion 37.7:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
179. **Criterion 37.8:** Saint Lucia has the ability under the POCA to obtain the following Orders in response to MLARs: Production and Inspection Orders, Search and Seizure, Restraint and Monitoring Orders once the Applicant can show that either the defendant was convicted of a criminal conduct or that there are reasonable grounds for believing that he defendant committed a criminal offence. Pursuant to section 4 of the Interceptions of Communications Act, the jurisdiction has the ability to intercept communications once there is sufficient information for a Judge to issue such a direction. Additionally, with the MACMA amendment, the powers under MACMA are no longer limited to Commonwealth countries only. However, Saint Lucia has not provided information to justify ability to use a broad range of investigation techniques.

Weighting and Conclusion

180. Saint Lucia has taken steps to address most of the deficiencies highlighted in the MER. The country is no longer limited under MACMA to provide assistance to only Commonwealth countries and this is pursuant to the 2023 amendment to MACMA. Additionally, the competent authorities have documented procedures for the handling and prioritisation of MLARs. Saint Lucia does not have a broad range of investigative techniques to apply to foreign requests. Additionally, dual criminality is still a requirement under MACMA which will impede the country's ability to extensively render MLA.

Saint Lucia is re-rated Largely Compliant with R.37

4.1.20. Recommendation 38 (originally rated PC)

181. In the 4th round MER, Saint Lucia was rated PC with R.38. The technical deficiencies include there was no information available that evidences a multi-agency co-ordinated approach on MLA requests and its seizures. There were no provisions which allow assistance to requests for co-operation on the basis of non-conviction based confiscation proceedings; There is no mechanism in place for the management of property frozen or seized.
182. **Criterion 38.1 (a-e):** Saint Lucia has the ability to identify and seize (Production Orders, Search and Seizure Orders under POCA and MACMA), freeze (Restraint Orders under POCA and Freezing Order under MLPA) and confiscate (Confiscation Order under POCA) property laundered from, proceeds from, instrumentalities used in or intended to be used in money laundering offences, predicate offences and terrorist financing offences. “Criminal conduct” per the MLPA 2021 amendments now cover terrorist financing. The 2023 MACMA amendment provides a broader definition to “criminal matter” therefore allowing it to extend to civil investigations as well.
183. **Criterion 38.2⁵** : While the MACMA amendment defines “criminal matter” to include any civil investigation and civil proceedings relating to seizure or freezing of property, there are no provisions in MACMA which allows for Forfeiture Orders or Civil Recovery Orders to be obtained where requests are in respect of non-conviction-based proceedings.
184. **Criterion 38.3: (a)** There have been no changes on the legislative framework for this criterion. As such the deficiencies outlined in the MER still remains. Saint Lucia still relies on Treaties, which are established on a case-by-case basis, for coordinating seizures and confiscation with other countries. **(b)** There have been no changes on the legislative framework for this sub-criterion. As such the deficiencies outlined in the MER still remains. There is no mechanism in place for the management of property frozen or seized.
185. **Criterion 38.4:** There have been no changes on the legislative framework for this sub-criterion. As such the deficiencies outlined in the MER still remains. Saint Lucia should be able to share confiscated property with other countries, in particular when confiscation is directly or indirectly a result of co-ordinated law enforcement actions.

Weighting and Conclusion

186. Saint Lucia has measures in place to identify, freeze, seize and confiscate property including instrumentalities intended for use in criminal conduct. There are no provisions in MACMA which allows for Forfeiture Orders or Civil Recovery Orders to be obtained where requests are in respect of non-conviction-based proceedings. There are however no measures in place for the management of property frozen or seized. Saint Lucia is reliant on Treaties for coordinating seizures and confiscation with other countries as well as for asset sharing.

Saint Lucia remain a Partially Compliant with R.38

4.1.21. Recommendation 40 (originally rated PC)

187. In the 4th round MER, Saint Lucia was rated PC with R.40. The technical deficiencies included that there was no express provision to allow financial supervisors, outside of the FIA, the authority to conduct inquiries on behalf of foreign counterparts or to authorise/facilitate the

⁵ Proceeds of Crime (Amendment) Bill (2023) will be passed on May 30th, 2023 to address this deficiency for criteria 38.2, 38.3 and 38.4.

ability of foreign counterparts to conduct inquiries themselves in the country and to ensure that financial supervisors obtain prior authorisation of a requested supervisor for the dissemination of information.

188. **Criterion 40.1:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
189. **Criterion 40.2: (a-b)** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under these sub-criteria.
190. **(c)** Saint Lucia can exchange tax information within a pre-established secure framework under the Multi-Lateral Competent Authority Agreement and the Multi-Lateral Convention on Mutual Administrative Assistance in Tax Matters. Automatic exchange of tax information occurs under the Common Reporting Standards facilitated by the OECD's Common Transmission System. For Customs offences, Saint Lucia's CED is a member of CCLEC which is the primary facilitator for building capacity and enhancing cooperation between customs administrations and law enforcement agencies throughout the region and through the use of its database, Saint Lucia is able to share information securely with other members.
191. **(d)** The FIA has a SOP for managing SARs, other investigations and information sharing which includes procedures for dealing with requests sent through Egmont and provides for their prioritisation. The RSLPF SOP indicates that Police to Police and Interpol requests are to be executed within one month unless extenuating circumstances do not permit. The IRD SOP is specific to domestic sharing of information and does not address processes and timelines for other forms of international co-operation. Customs SOP guides that an officer will be assigned to a file within 24 hours. With updates to be provided every 72 hours, once investigation is completed, the officer submits to the DCO or ACE, who once satisfied, should submit a response to the relevant authority within 48 hours. Pursuant to Paragraph 8.0 of the ECCB's AML/CTF/CPF Offsite Supervision Procedures, requests should be dealt with as quickly as possible. Critical and urgent requests must be responded to within 24 hours following its submission. If necessary, a request should be made for an extended deadline where the information is not readily accessible. The requested period of extension should not exceed 30 working days. Non-critical / routine requests should be actioned within 5 working days any requests for extension should not exceed 90 working days. All due diligence requests must be responded to within a maximum of 2 working days. The ODPP has no written procedures setting out timelines and prioritization of requests. However, the informal policy is for direct foreign requests for information to be dealt with as expeditiously as possible. The timeframe for response is dependent upon the nature of the request and the availability (or lack thereof) of the information requested. The ODPP provided two (2) case examples where the response timeframe ranged from four days to one month.
192. **(e): FIA, IRD, ODPP, Customs and RSLPF:** All foreign requests are received under confidential cover, therefore the departments are guided by procedures set out in Saint Lucia Staff Orders Chapter V. Section 5.1 of this Order states public officers and employees are expressly forbidden to give any unauthorized person information relating to the business of the public service. Section 5.2 of the Order states: Confidential and secret correspondence and documents shall always be kept under lock and key and separate from open correspondence and material. Section 5.3 reinforces confidentiality, stating: Permanent Secretaries and Head of Departments shall ensure that no member of their staff, other than officers authorised to do so, is in a position to handle or read confidential or secret documents.
193. **Criterion 40.3:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.

194. **Criterion 40.4:** The FIA SOP states at paragraph 3.9 that feedback is provided to the country which executed the request within two (2) days. RSLPF: The SOP is silent on feedback, however, the RSLPF indicates that feedback is provided upon request as a matter of policy/practice.
195. **Criterion 40.5: (a-d)** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
196. **Criterion 40.6:** The MOU for the Exchange and Sharing of Information on matters relating to ML/TF and PF established among the relevant competent authorities states at Clause 5 (2) that any information exchanged between the Agencies will be used by the recipient only for the purpose of exercising its powers relative to AML/CFT/PF matters. Clause 5 (3) stipulates that except where required by relevant laws, the information received should not be disclosed to any third party without the prior written consent of the Agency providing it. The ECSRC is not a signatory to this MOU. The regional MMOU between the ECCB and National Regulators has similar provisions.
197. **Criterion 40.7:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
198. **Criterion 40.8:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
199. **Criterion 40.9:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
200. **Criterion 40.10:** The FIA SOP indicates in paragraph 3.5 that feedback on the quality and value of information provided must be given to the country executing the request within 2 days of assessing information in response to an Egmont request. Similarly, feedback must be provided within 2 days for any response to informal requests.
201. **Criterion 40.11:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
202. **Criterion 40.12:** The FIA is provided with the legal basis for providing co-operation with their foreign counterparts under section 5(2) (o) of the MLPA (Amendment) Act 2021 the Authority was given authority to receive from or disseminate to a Foreign Financial Intelligence Unit or foreign law enforcement agency, information in relation to AML/CFT/CPF. Moreover, section 6 (1) (c) (i) of the MLPA (Amendment) Act 2021 empowers the FIA to - (i) enter into bilateral or multilateral arrangements with Foreign Financial Intelligence Units or foreign law enforcement agencies to enable joint investigations of ML/TF/PF. Section 35 (4)(a)(ii) and 4(b) of the ECCB Agreement facilitates the sharing of information or to provide access , to any officer of a foreign authority responsible for the supervision or regulation of licensed financial institutions in order to assess the safety and soundness of a foreign financial institution; on a reciprocal basis and subject to an agreement for confidentiality and a MoU subject to the execution of an MoU to facilitate information sharing.
203. **Criterion 40.13:** Under the MLPA section 5(2) (o) and the section 6 (1) (c) (i) and section 35 (4)(a)(ii) and 4(b) of the ECCB Agreement Act financial supervisors have the ability to exchange with foreign counterparts' information domestically available to them, including information held by FIs, in a manner proportionate to their respective needs.

204. **Criterion 40.14:** The FIA is empowered to receive from, and submit to, the Central Bank information in relation to a licensed financial institution under section 5(2)(n) & (p) of the MLPA (Amendment) Act 2021. The current Multi-lateral MMOU dated November 3, 2020 provides for the exchange of regulatory and supervisory information between the FIA, ECCB and ECSRC and other competent authorities.
205. **Criterion 40.15:** Section 35 (4)(a)(ii) and 4(b) of the ECCB Agreement Act facilitates the sharing of information or to provide access, to any officer of a foreign authority responsible for the supervision or regulation of licensed financial institutions in order to assess the safety and soundness of a foreign financial institution; on a reciprocal basis and subject to an agreement for confidentiality and a Memorandum of Understanding subject to the execution of an MoU to facilitate information sharing.
206. **Criterion 40.16:** Clause 5(2) of the MMOU limits the use of information exchanged between financial supervisors and competent authorities only for the purposes of exercising its powers relative to AML/CFT/CPF only, and clause 5(3) states that except as otherwise required by the relevant laws, the information should not be disclosed to any third party without the prior written consent of the Agency providing the information. Clause 19 of the MMOU between the ECCB and Regional National Authorities also requires the Requesting Authority to have written prior notice from the Requested Authority to use the information furnished for any other purposes. Clause 27 of the MMOU between the ECCB and Regional National Authorities requires that in the circumstances, the requesting Authority must promptly notify the requested authority of the information it is compelled to release and the circumstances surrounding its release.
207. **Criterion 40.17:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
208. **Criterion 40.18:** There were no deficiencies cited in the MER and there are no changes by Saint Lucia to the requirements under this criterion.
209. **Criterion 40.19:** Saint Lucia has demonstrated that law enforcement authorities can form joint investigative teams to conduct cooperative investigations into ML, TF and PF pursuant to section 6 (C) (i) of the MLPA (Amendment) Act 2021, this section also allows them to enter into bilateral or multilateral arrangements with foreign FIUs or foreign LEAs to enable these joint investigations.
210. **Criterion 40.20:** The FIA and LEAs are able to exchange information with non-counterparts and the MMOU between the AGC, FIA, RSLPF, DPP, CED, IRD, FSRA and the ECCB refer to inter-agency sharing of information (Section 2 MMOU). S.4 of the MMOU refer to Requests for Information where one agency can request information from another and section 5 (3) of the MMOU indicate that the information may be shared with a third party once they have obtained the written consent of the agency which provided the information. This confirms the ability to have indirect exchange of information with non-counterparts.

Weighting and Conclusion

211. Saint Lucia has made great efforts to remedy the deficiencies noted in the MER. Saint Lucia has made amendments to its Principal Act to ensure that competent authorities, including foreign counterparts, can provide the widest range of international cooperation. Most competent authorities have clear processes for the timely execution of requests or for safeguarding of information received in other forms of international cooperation. The ODPP has no written procedures setting out timelines and prioritization of requests. The MOU for

the Exchange and Sharing of Information on matters relating to ML/TF and PF, the ECSRC is not a signatory to this MOU.

Saint Lucia is re-rated Largely Compliant with R.40

4.2. Progress on Recommendations which have changed since adoption of the MER

4.2.1. Recommendation 15 (originally rated PC)

212. Since the adoption of Saint Lucia MER, R.15 has been amended to reflect the October 2019 amendments to the FATF Standards which extend a range of AML/CFT requirements related to virtual assets (VAs) and virtual asset service providers (VASPs).
213. **Criterion 15.1:** Saint Lucia have identified and assess the ML/TF risks that may arise in relation to the development of new products and new business practices. Saint Lucia conducted an NRA 2022 which identified and assessed the risk associated with VAs and VASPs. The risk assessment satisfies the requirement for the country to identify the risk associated with new technologies in the NRA. Additionally, Section 37 (1) of the MLPA Regulations stipulates that FIs and DNFBPs should assess the money laundering, terrorist and proliferation financing risk that may arise from the development of new products and services and business practices, including new supply channels, and the use of new or developing technologies, relating to both new and pre-existing products.
214. **Criterion 15.2:** The MLPA Regulation section 37 (c) states a FI or person engaged in other business activity shall undertake the risk assessments prior to the launch or use of such products, practices and technologies and take appropriate measures to manage and mitigate the risks.
215. **Revised standard Criterion 15.3:** (a) Saint Lucia has identified and assessed the ML/TF risks emerging from virtual assets activities or operations of VASPs is assessed as low as outlined in its NRA 2022 in accordance with Recommendation 1. (b) VASPs are now required to be registered under the VABA, 2022 and have been amended into the definition of an FI within the MLPA as per the 2023 amendment. As such the requirements under the MLPA apply here. (c) Section 16B (1) of the MLPA requires a FI or person engaged in other business activity shall conduct a risk assessment of its operations in relation to ML/TF/PF by identifying, assessing and understanding the ML or other criminal conduct risks posed which is in line with criteria 1.10 and 1.11 under R.1.
216. **Criterion 15.4:** (a) Section 4 of the VABA requires that person shall not offer or operate a virtual asset business in or from within Saint Lucia without a licence. (i) & (ii) Under section 2 of the VABA, the term ‘person’ includes a sole corporation, a body incorporated or unincorporated, a firm, an association and a partnership. (b) Section 5 (2) (a)(b)(d) and (f) are the requirements for the name and address of the registered office, place of business, person who holds a management position or is authorized to represent the applicant, directors, and BOs or significant shareholders of the applicant for consideration of the application. As per section 6(2)(a) states that an application will be denied unless the FSRA is satisfied that a “person” is fit and proper (definition given includes an assessment of BOs, significant shareholders, directors, or managers of the applicant) to engage in the virtual asset business.
217. **Criterion 15.5:** Section 4(5) of the VABA, 2022 states that the Authority may, if in the public interest, order a person to cease offering or operating a virtual asset business until an application for a licence is determined.” Section 4(7) gives criminal sanctions to persons not licensed with the FSRA as it states a person who contravenes subsection (1) is liable on

summary conviction to a fine not exceeding ten thousand dollars and imprisonment for a term not exceeding two years.

218. **Criterion 15.6:** (a) Section 5(m) of the MLPA Amendment 2021 states that the FIA “shall supervise and monitor financial institutions and persons engaged in other business activity to determine compliance with this Act;” The MLPA Amendment 2023 added virtual asset businesses, as defined by the VABA, 2022, to the list of business types to be defined as FIs. Therefore, all VABs are subject to all ML/TF requirements. The deficiencies noted under Recommendation 26 apply here. (b) Under the MLPA Amendment 2021 supervisors have the powers to supervise or monitor and ensure compliance by VASPs with requirements to combat ML/TF including the authority to conduct inspections, compel production of information and impose a range of disciplinary and financial sanctions including the power to withdraw, restrict or suspend the VASPs license or registration where applicable. Please refer to Rec 27.
219. **Criterion 15.7:** Section 6 (1) (f) of the MLPA gives the FIA the power to issue guidelines to all FIs and DNFBPs in St. Lucia. VASPs, as per the MLPA definition amendment in 2023, has included the Virtual Asset Businesses under the definition of an FI (Schedule 2). The FIA has provided guidance on the identification and production of SARs as it relates to FIs and DNFBPs and in line with recommendation 34.
220. **Criterion 15.8:** (a) & (b) there are two sanctioning sections within the MLPA for noncompliance that applies to FIs section 6(B) requires a FI or person engaged in other business activity that fails, within the time specified under section 6A(2), to comply with this Act, is liable — (a) to a penalty not exceeding one hundred thousand dollars; (b) to a penalty not exceeding one thousand dollars, in the case of a continuous failure to comply, for each day or part of a day that the failure continues, from the date immediately following the period specified under subsection (3)(c). Section 14H requires a licensed financial institution that fails to comply with the sections specified in Part B of Schedule 3, is liable — to a penalty not exceeding one hundred thousand dollars; and (b) to a penalty not exceeding one thousand dollars, in the case of a continuous failure to comply, for each day or part of a day that the failure continues, from the date immediately following the period specified in subsection (4)(c). Further under the MLPA section 14H requires FIs to comply with section 15(2), section 16(1)(a), (b), (g), (h), (i), (j), (n), (o), 16(5) and 16(7), section 17(2), 17(3), 17(6) and 17(9), section 18 and section 19.
221. **Criterion 15.9:** (a) VASPs are required to comply with the requirements set out in recommendation 10 to 21, subject to the qualification of the occasional transaction designated above the threshold of USD1,000. Section 8 of the MLPA (Amendment) Act of 2023 includes in the case of a virtual asset business carrying out financial transactions equal to or exceeding USD1,000 or its equivalent in XCD. The deficiencies noted under Rec 10 -21 applies here. (b) (i) Section 43(1)(a) and (b) of the MLPR 2023 require VASPs to transfer BO and originator information as well as provide the same to the beneficiary VASP. Section 43(1)(a) the state an originating virtual asset service provider shall —(a) when conducting a transfer of virtual assets to a beneficiary, collect and record the following information—(i) accurate originator information, including – (A) the name of the originator; (B) the account number of the originator where such an account is used to process the transaction or, in the absence of an account, a unique transaction reference number which permits traceability of the transaction; and (C)the address of the originator, or national identification number, or customer identification number, or date and place of birth of the originator; (ii) beneficiary information, including – (A) the name of the beneficiary, (B) the account number of the beneficiary where such an account is used to process the transaction or, in the absence of an account, a unique transaction reference number which permits traceability of the transaction. Section 43(1) (b) states that an originating virtual asset service provider shall provide the information under

paragraph (a) to the beneficiary VASP securely and simultaneously with the transfer of virtual assets.

(ii) the steps above apply here for the assessment of BO information and the collection requirement for VASPs. The MLPA Section 6(1)(b) enables the FIA to require from any person, institution or organization the production of any information that the FIA considers relevant to the fulfilment of its functions.

(iii) for other requirements of R.16 (including monitoring of the availability of information and taking freezing action and prohibiting transactions with designated persons and entities) apply on the same basis as set out in R.16; Please refer to the requirements under R.16, C.16.18. The requirements under R.16 have been met.

(iv) as per the MLPR, Section 2(b), a virtual asset service provider includes a financial institution which conducts a virtual asset business. All BO record requirements under sections 42 – 45 of the MLPR are also required for FIs conducting VA business within Saint Lucia, as seen above.

222. **Criterion 15.10:** The ATA 3B (3) – (5) states the delisting process as initiated by the Attorney General to remove a listed entity from the 1267 or 1988 listing and writing to the respective Committee to delist a listed entity once the Attorney General has been satisfied that the listed entity no longer meets the criteria under 3B (1). Section 22E states the immediate freezing of accounts for entities listed on the 1267 and 1988 List and immediate notification made to the Attorney General of all frozen assets. However, there is no requirement for FIs, or Persons engaged in Other Business Activities (DNFBPs) to monitor any listing to ensure that the entity is not offering services to a listed entity. In addition, the deficiencies regarding criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e), 7.3 and 7.4(d) apply.

223. **Criterion 15.11:** Section 17(4) of the VABA 2022 states that “the Authority may cooperate with any local or foreign authority as necessary for the performance and exercise of its duties and powers”. However, nothing has been noted for the management of confiscated assets. Deficiencies noted in Recommendations 37, 38, and 40 apply.

Weighting and Conclusion

224. Saint Lucia has identified, as part of its NRA, the risks of new technologies and have created legislation specifically for VASPs and VAs, the VABA, 2022 and amendments to the MLPA, and the MLPR, to address the requirement to assess the ML/TF risks of VASPs the requirement for VASPs to be licensed and all other AML/CFT obligations. VASPs BOs, directors, and senior management are required to pass a fit and proper test prior to licensing to prevent criminals from having significant or controlling interest over a VASP. However, with cascading effects stemming from recommendation 26, 37, 38, and 40 applies here.

Saint Lucia is re-rated Partially Compliant with R.15

IV. Conclusion

225. Overall, Saint Lucia has made significant progress in addressing the technical compliance deficiencies identified in R. 3, 10, 14, 22, 35, 37, 40 and only minor deficiencies remain and has been re-rated LC, further, Saint Lucia has been re-rated C on R. 1, 2, 5, 12, 16, 17, 18, 19, 20, 23, 27, 29, and 34. Saint Lucia remains partially compliant with R.15 and 38.

226. A summary table setting out the underlying deficiencies for the Recommendations assessed in this report is included at *Annex A*.

227. Overall, in light of the progress made by Saint Lucia since its MER was adopted, its technical compliance with the FATF Recommendations is as follows as of May 2023:

R.	Rating	R.	Rating
1	PC (MER 2021) ↑ C (FUR 2023)	21	C (MER 2021)
2	PC (MER 2021) ↑ C (FUR 2023)	22	PC (MER 2021) ↑ LC (FUR 2023)
3	PC (MER 2021) ↑ LC (FUR 2023)	23	PC (MER 2021) ↑ C (FUR 2023)
4	LC (MER 2021)	24	PC (MER 2021)
5	PC (MER 2021) ↑ C (FUR 2023)	25	PC (MER 2021)
6	NC (MER 2019)	26	NC (MER 2021)
7	NC (MER 2019)	27	PC (MER 2021) ↑ C (FUR 2023)
8	NC (MER 2021)	28	PC (MER 2021)
9	LC (MER 2021)	29	PC (MER 2021) ↑ C (FUR 2023)
10	PC (MER 2021) ↑ LC (FUR 2023)	30	LC (MER 2021)
11	LC (MER 2021)	31	LC (MER 2021)
12	PC (MER 2021) ↑ C (FUR 2023)	32	LC (MER 2021)
13	LC (MER 2021)	33	PC (MER 2021)
14	PC (MER 2021) ↑ LC (FUR 2023)	34	PC (MER 2021) ↑ C (FUR 2023)
15	PC (MER 2021) PC (FUR 2023)	35	PC (MER 2021) ↑ LC (FUR 2023)
16	NC (MER 2021) ↑ C (FUR 2023)	36	LC (MER 2021)
17	PC (MER 2021) ↑ C (FUR 2023)	37	PC (MER 2021) ↑ LC (FUR 2023)
18	PC (MER 2021) ↑ C (FUR 2023)	38	PC (MER 2021) PC (FUR 2023)
19	NC (MER 2021) ↑ C (FUR 2023)	39	LC (MER 2021)
20	PC (MER 2021) ↑ C (FUR 2023)	40	PC (MER 2021) ↑ LC (FUR 2023)

228. Saint Lucia has 30 Recommendations rated C/LC. Saint Lucia will remain in enhanced follow-up based on effectiveness ratings. Saint Lucia next enhanced follow-up report is due November 2024.

Annex A: Summary of Technical Compliance –Deficiencies underlying the ratings⁶

Compliance with FATF Recommendations		
Recommendation	Rating	Factor(s) underlying the rating ⁶
R.1	PC (MER) C (FUR 2023)	
R.2	PC (MER) C (FUR 2023)	
R.3	PC (MER)	<ul style="list-style-type: none"> The ML offences of acquiring and using criminal property are limited to “another person’s criminal

⁶ Ratings and factors underlying the ratings are only include for those recommendations under review in this FUR.

⁶ Deficiencies listed are those identified in the MER unless marked as having been identified in a subsequent FUR.

	LC (FUR 2023)	conduct” and therefore do not extend to the person committing the predicate offence.
R.5	PC (MER) C (FUR 2023)	
R.10	PC (MER) LC (FUR 2023)	<ul style="list-style-type: none"> Section 15 (7) of the MLPA (Amendment) Act 2021) creates conflicting obligations, in that the obligation is to take reasonable measures to establish true identity. This would be a minor gap as the identification requirement would be subject to reasonable measures, and therefore would not be absolute.
R.12	PC (MER) C (FUR 2023)	
R.14	PC (MER) LC (FUR 2023)	<ul style="list-style-type: none"> The SOP described in the policy does not include steps to be taken by the FRSA to proactively identify natural or legal persons carrying out the activity without registration. There are no provisions in Saint Lucia to ensure that under their legal framework, the MVTS provider remains responsible for its AML/CFT obligations and is accountable for the actions of its agents consistent with established principles of agency law.
R.15	PC (MER) PC (FUR 2023)	<ul style="list-style-type: none"> The deficiencies noted under Rec 10 -21 applies under this Recommendation as per Criterion 15.9. There is no requirement for FIs, or Persons engaged in Other Business Activities (DNFBPs) to monitor any listing to ensure that the entity is not offering services to a listed entity. In addition, the deficiencies regarding criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e), 7.3 and 7.4(d) apply. There are cascading effects stemming from recommendation 26, 37, 38, and 40 applies here.
R.16	NC (MER) C (FUR 2023)	
R.17	PC (MER) C (FUR 2023)	
R.18	PC (MER) C (FUR 2023)	
R.19	NC (MER) C (FUR 2023)	
R.20	PC (MER) C (FUR 2023)	
R.22	PC (MER) LC (FUR 2023)	<ul style="list-style-type: none"> Record keeping requirements under the MLPA also apply to DNFBPs. However, there is a minor cascading deficiency from Recommendation 11.
R.23	PC (MER) C (FUR 2023)	
R.27	PC (MER) C (FUR 2023)	
R.29	PC (MER)	

	C (FUR 2023)	
R.34	PC (MER) C (FUR 2023)	
R.35	PC (MER) C (FUR 2023)	<ul style="list-style-type: none"> • There are still deficiencies under Recommendation 8 as the sanctions are not proportionate and dissuasive.
R.37	PC (MER) LC (FUR 2023)	<ul style="list-style-type: none"> • There is still a gap the legislative framework as for dual criminality it can be dispensed with in certain situations. • Saint Lucia has not provided provisions to justify ability to use a broad range of investigation techniques.
R.38	PC (MER) PC (FUR 2023)	<ul style="list-style-type: none"> • There are no provisions in MACMA which allows for Forfeiture Orders or Civil Recovery Orders to be obtained where requests are in respect of non-conviction-based proceedings. • Saint Lucia still relies on Treaties, which are established on a case-by-case basis, for coordinating seizures and confiscation with other countries. • There is no mechanism in place for the management of property frozen or seized. • There are no provisions to share confiscated property with other countries, in particular when confiscation is directly or indirectly a result of co-ordinated law enforcement actions.
		<ul style="list-style-type: none"> •
R.40	PC (MER) LC (FUR 2023)	<ul style="list-style-type: none"> • The ODPP has no written procedures setting out timelines and prioritisation of requests. • The ECSRC is not a signatory to this MOU or the Exchange and Sharing of Information on matters relating to ML/TF and PF.



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January 2024

Anti-money laundering and counter-terrorist financing measures in Saint Lucia

Follow-up Report & Technical Compliance Re-Rating

This report analyses Saint Lucia progress in addressing the technical compliance deficiencies identified in the CFATF assessment of their measures to combat money laundering and terrorist financing of Saint Lucia. The report also looks at whether Saint Lucia implemented new measures to meet the requirements of the FATF Recommendation that have changed since its 4th Round Mutual Evaluation assessment.