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## Legal Updates

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### Key updates from the BVI FSC so far in 2025

June 2025

#### Certificate of Good Standing

With effect from 2 January 2025, amendments to the BVI Business Companies Act and Limited Partnership Act introduced stricter requirements for obtaining a Certificate of Good Standing (COGS).

Key Changes:

- **Additional Filings:** Entities must now ensure timely submission of the register of members/register of directors (for companies), register of general/register of limited partners (for LPs), beneficial ownership details, and annual returns (if due).
- **Validity Period:** All COGS will now carry a three-month expiration date. Where filings are not due, COGS will be valid only until the next applicable filing deadline.

Each COGS will confirm compliance status, fee payments, and whether the entity is subject to liquidation, dissolution, or pending transactions such as mergers.

#### Compliance Inspections for 2025-2026

The BVI FSC's Compliance Inspection Unit ("**CIU**") is rolling out a major round of onsite inspections starting in 2025 and running through the first quarter of 2026. These inspections will focus on higher-risk sectors like Trust and Corporate Service Providers ("**TCSPs**"), Investment Businesses, and Virtual Asset Service Providers ("**VASPs**"). The aim is to assess how well firms are managing internal controls, complying with AML/CFT/CPF rules, conducting internal audits, and training their staff.

Regulatory Impact:

- At least 45 entities are scheduled for inspection, highlighting the BVI FSC's continued focus on a risk-based supervisory framework.
- Key inspection priorities will include verifying beneficial ownership, managing third-party relationships, conducting sanctions screening, and reporting suspicious activities.
- Firms will be given three weeks' advance notice and must be prepared to provide all necessary compliance-related documentation.
- Following the inspections, the BVI FSC will issue detailed reports and broader industry guidance, which could shape upcoming regulatory standards and enforcement priorities.

## Trustee Sector Shows Strong Compliance

The BVI FSC has completed a desk-based review of TSPs, representing nearly half of all trusts in the jurisdiction. The review assessed compliance in key areas including customer due diligence ("**CDD**"), sanctions screening, suspicious activity reporting ("**SARs**"), and institutional risk assessments ("**IRAs**").

The results were largely positive. All TCSPs demonstrated full compliance with COD requirements, successfully verifying all relevant trust parties. High adherence was also noted in sanctions screening and SARs, with only minor issues such as the need for more frequent screenings or enhanced internal reporting procedures.

## Legislative Amendments

The BVI has rolled out a series of important legal updates to bring its financial regulatory framework in line with modern standards. Two key pieces of legislation, namely the Financial Services Commission (Amendment) Act, 2024 and the Financial Services (Exceptional Circumstances) (Amendment) Act, 2024, introduce stronger oversight tools and clearer regulatory expectations.

Key Changes:

- **Consumer Duty Introduced** - Replaces "consumer protection" with a higher standard of care in financial services.
- **Mandatory Cooperation** - Licensees must provide documents and support the BVI FSC when requested.
- **Enhanced International Cooperation** - BVI FSC can now share information with a broader range of foreign authorities.
- **Risk-Based Supervision Codified** - Officially adopts a risk-based approach for overseeing licensees.
- **Emergency Powers Streamlined** - BVI FSC can now act swiftly in exceptional situations without prior Ministerial approval.

There are also targeted changes to sector-specific laws-covering banks, insurance, and investments-that further tighten compliance standards and support better risk management across the board.

## Next Steps for Regulated Entities

To remain compliant and prepared for regulatory reviews, licensees should:

- Review and update internal policies and procedures
- Conduct thorough risk assessments
- Ensure staff are trained on new compliance obligations
- Engage with the BVI FSC and industry forums like VASPAC for guidance and updates

## Formation of the Virtual Asset Service Providers Advisory Committee

In March 2025, the BVI officially launched the Virtual Asset Service Providers Advisory Committee ("**VASPAC**"), a collaborative public-private initiative designed to enhance the regulation and supervision of the BVI's growing virtual asset sector. This follows the introduction of the Virtual Assets Service Providers Act, 2022 ("**VASPA**"), which took effect on 1 February 2023 and brought the BVI in line with global regulatory standards.

VASPAC was established after a series of informal discussions with industry stakeholders and is now set to provide structured, ongoing input to help guide regulatory strategy. The VASPAC held its first meeting on 27 March 2025, marking a key milestone in the evolution of virtual asset regulation in the BVI.

***This publication is not intended to be a substitute for specific legal advice or a legal opinion. For specific advice on any of the matters covered above, please contact your usual Loeb Smith attorney or any of the following:***

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