



BVI Amendments to the Eligible Introducer Regime

Nerine Trust Company (BVI) Limited **21 October 2015**

On 15th October 2015 the Premier's Office of the BVI announced some proposed amendments to the Eligible Introducer Regime (**EI Regime**). Whilst this move will undoubtedly increase regulatory vigilance in the BVI, it is clearly a response to pressure from the UK Government and other authorities for international financial centres, and especially the Crown Dependencies and Overseas Territories, to establish a central register of beneficial owners.

For these purposes, beneficial owners means the ultimate individual beneficial owners excluding nominees, holding companies and other entities such as trusts, foundations and partnerships.

Fortunately, the BVI Government has proposed a sensible and pragmatic solution that will protect the BVI's reputation and competitive standing as an international finance centre, whilst meeting the G8's fundamental reasons for creating a central register of beneficial owners. The amendments that the BVI has proposed will help clients maintain their valid right to confidentiality and privacy, whilst also allowing the BVI regulatory and enforcement authorities to identify the beneficial owners of entities in a timely manner when required.

How does the existing EI Regime work?

The existing EI Regime has been in place for many years, has worked well, and even today carries a far greater burden of identification and verification of beneficial owners for anti-money laundering and countering the finance of terrorism purposes than exists in G8 countries – one only need look at the United Kingdom, Delaware and Nevada who do not license or regulate corporate service providers (**CSP**) at all.

The EI Regime can be applied by any BVI resident and licensed registered agent to another licensed and regulated CSP in another jurisdiction once they are satisfied that the overseas CSP has

equivalent regulation, policies, procedures and controls to identify and verify beneficial owners to an equivalent standard to the BVI.

Once this has been ascertained, usually through on site testing and remote examination of policies and procedures, the BVI registered agent can incorporate and provide registered office services to the overseas CSP without receiving details of the beneficial owners. This is on the basis that the overseas CSP has already obtained this information and the associated client due diligence, which can be passed to the BVI registered agent on demand.

What is changing?

Beneficial Ownership Information

From 1 January 2016, for all new companies incorporated in the BVI, the local registered agent will now have to hold the following information for the beneficial owners:

- Full name
- Date of birth
- Residential address
- Nationality

There is a 12 month grace period for BVI registered agents to obtain this information for existing BVI companies, and therefore this information must be held by them by 1 January 2017.

Whilst the detail of this amendment has yet to be published, it is widely considered that this information will only be required for beneficial owners with 10% or more interest in the entity, and that the due diligence (proof of identity, proof of residential address etc.) will still be retained by the overseas CSP, who in turn can provide it to the BVI registered agent on demand.

We are also waiting for clarification on the definition of a beneficial owner for those situations where a BVI company is owned by other entities such as a trust, foundation or partnership. For a trust, we expect that economic settlors of assets and beneficiaries who have received benefit from the trust will have to be listed as ultimate beneficial owners. Foundations are likely to follow a similar route with regard to founders and beneficiaries, and partnerships are likely to look at partners with a 10% or more interest.

Register of directors

The other key change is in relation to a register of directors, which we consider to be a result of the most recent Financial Action Task Force recommendations. At present, the local BVI registered agent is required to hold an up to date register of directors at the registered office. However, during 2016 it is expected that the register of directors will also have to be held at the BVI Registry of Corporate Affairs - the key questions to be determined are who will have access to it, will it include former directors, and what will the filing fees be?

What next?

We will be reviewing the detail of the legislation when it is enacted and will provide a further update at that time.

However, it seems very likely that where Nerine Trust Company (BVI) Limited acts as the registered agent and registered office for a BVI company under an eligible introducer agreement with an overseas CSP, we will have to obtain details of the beneficial owners. This information will be held in the BVI by Nerine and we will only share this information with your consent, or as the result of a request for information from a competent authority.

If you have any questions at this time, please do not hesitate to contact your usual adviser.