



## New Regulatory Code for the BVI

One of the key measures designed to drive home the British Virgin Islands' ("BVI") commitment to responsible and global best practice regulation is the Regulatory Code 2009 ("Regulatory Code"). Following over a year of public and professional consultation, the Regulatory Code is now law and will take effect on 1 February 2010 (with certain transitional provisions to come into effect between 31 March 2010 and 30 June 2010, providing existing licensees with additional time to comply with the additional requirements imposed by the Code). The Regulatory Code has been enacted pursuant to the BVI's Financial Services Commission Act 2001 ("**Financial Services Commission Act**"). The Financial Services Commission Act, along with a host of other commercial legislation set in place the framework for the regulation of the financial services industry in the BVI by the BVI's Financial Services Commission ("FSC").

### **Objective of the Regulatory Code**

The Regulatory Code was drafted to respond to the growing dynamism and complexity of financial services business, by providing a mechanism to enhance— as well as modify as need be— the regulation of those businesses and individuals licensed to conduct financial services business in the BVI.

### **Outline of the Regulatory Code**

Part I of the Regulatory Code sets out a number of "fundamental principles of business" applicable to all financial services in the BVI.

Part II is also of wide application, setting out the requirements that apply to every licensee, regardless of the type of license held.

Part III sets out the additional requirements applicable to bank licensees.

Part IV applies to insurance licensees.

Part V applies to those licensed as trust companies and company managers.

Part VI applies to money service providers (those licensed pursuant to the recently-enacted Financing and Money Services Act 2009).

It is understood that the Regulatory Code will be amended to also apply to licensees (e.g. investment managers, administrators, advisors, custodians) under the new Securities and Investment Business Act (“SIBA”), once that legislation comes into force (which is currently expected to be early 2010).

### **Impact of the Regulatory Code**

The Regulatory Code will have the status of “law” in the BVI, with the same legal force as existing primary commercial legislation. Moreover, the FSC will have the power to take enforcement action against a licensee for non-compliance with the Code.

Appleby will release a comprehensive guide to the Regulatory Code in February 2010 to coincide with the implementation of the Regulatory Code in the BVI. If you would like to receive a copy of this guide when it is released, please [click here](#).

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