



Anti-money laundering and counter-terrorist financing measures

SAINT LUCIA

4th Enhanced Follow-up Report &
Technical Compliance Re-Rating

October 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*, 4th Enhanced Follow-Up Report & Technical Compliance Re-ratings.

<https://www.cfatf-gafic.org/documents/4th-round-follow-up-reports/saint-lucia-2>

© 2024 CFATF. All rights reserved. No reproduction or translation of this publication may be made without prior written permission. Requests for permission to further disseminate reproduce or translate all or part of this publication should be obtained from the CFATF Secretariat at cfatf@cfatf.org

SAINT LUCIA: FOURTH ENHANCED FOLLOW-UP REPORT

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.
3. This report does not analyse any progress Saint Lucia has made to improve its effectiveness.
4. The assessment of Saint Lucia's request for technical compliance re-ratings and the preparation of this report were undertaken by the Group of Experts consisting of Ms Sian Ramdass (Financial Expert), Compliance and Outreach Officer, Financial Intelligence Unit of Trinidad and Tobago, Trinidad and Tobago and Mr Duwayne Lawrence (Legal Expert), Head of Advisory Services, Regulatory Affairs Unit, Ministry of Financial Services and Commerce, Cayman Islands with the support from Ms. Sunita Ramsumair, Legal Advisor of the CFATF Secretariat.
5. Section III of this report of this report summarises the progress made to improve technical compliance. Section IV 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 and updated ratings based on its earlier FUR³ are as follows:

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 2021)	26	NC (MER 2021)
7	NC (MER 2021)	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) ↑ C (FUR 2023)
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)	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)
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)

7. Given these results and the effectiveness ratings in the MER, Saint Lucia remained in enhanced follow-up as of the last FUR⁴.

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 Current ratings and the year confirmed are indicated based on the original MER or follow-up re-ratings.

⁴ There are three categories of follow-up based on mutual evaluation reports: regular, enhanced and enhanced (expedited). For further information see the CFATF Mutual Evaluation Procedures.

III. OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

8. In keeping with the CFATF Mutual Evaluation Procedures, this FUR considers progress made up until 17 May 2024. 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 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.
9. 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.

3.1 Progress to address technical compliance deficiencies identified in the MER and FUR⁵

3.1.1. Recommendation 6 (originally rated NC)

10. In the 4th round MER, Saint Lucia was rated NC with R.6. The technical deficiencies included: the regime under the ATA as it relates to targeted financial sanctions is inadequate to meet the requirements of Recommendation 6; there are no mechanisms that permit Saint Lucia to propose designations or entities to the 1267/1989 and 1988 UN Committees; Saint Lucia can designate an entity in accordance with UNSCR 1373 in limited circumstances but there is no legal authority to action requests from other countries to designate an entity; there is no legal authority or guidelines to evidence the mechanisms for identifying targets for designation; while Saint Lucia has the ability to declare certain entities as specified entities, there is no consequence for the listing, that is, no obligation to freeze the assets of the specified entity. As a result, Saint Lucia does not have the legislative authority to freeze the funds of designated entities without delay; there are no competent authorities to implement and enforce targeted financial sanctions; no guidance is provided to FIs and DNFBPs on the obligations in taking freezing action or delisting; and there are no provisions in place to authorise access to frozen funds in accordance with the respective UNSCRs.
11. **Criterion 6.1 (Mostly Met):**
 - (a)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not identify a competent authority or a court as having responsibility for proposing persons or entities to the 1267/1989 Committee for designation. Saint Lucia has since amended the Anti-Terrorism Act (ATA) to make the Attorney General the competent authority for proposing names of entities (which includes persons in accordance with section 2 of the Anti-Terrorism Act, Cap 3.16) to the 1267/1989 Committees for designation (section 3B).
 - (b)(Mostly met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have mechanisms for identifying targets for designation, based on the designation criteria set out in the relevant United Nations Security Council Resolutions (UNSCRs). Saint Lucia has since largely addressed this deficiency. The Financial Intelligence Authority (FIA) is responsible for the submission of information to the Attorney General on targets for designation pursuant to UNSCRs 1267/1989 and 1988. Should any other competent authority possess information that an entity meets the

⁵ Saint Lucia's 3rd Enhanced Follow-Up Report

designation criteria, the competent authority must immediately submit that information to the FIA for forwarding to the Attorney General. (section 3A of the ATA). Competent authorities include the Financial Services Regulatory Authority (FSRA), Customs and Excise Department, Royal Saint Lucia Police Force (RSLPF) and the Ministry responsible for external affairs (section 2 of the ATA). Where the Attorney General receives that information and has reasonable grounds to believe that an entity meets the designation criteria, the Attorney General shall propose a designation to the relevant UNSCR Committee. Mechanisms for the identification of targets include SAR submissions to the FIA, the Inter-Agency Intelligence Committee (IAIC) and the Central Intelligence Unit of the RSLPF. While the scope of the IAIC can include identifying targets for designation, the IAIC SOPs do not explicitly make reference to identifying or investigating targets for the purpose of designation. Additionally, while the members of the IAIC includes representation of the FIA, who is mandated under the ATA to provide information to the Attorney General on entities that meet the designation criteria, the SOPs do not explicitly make reference to referrals to the Attorney General. These systems and mechanisms should be explicitly provided for in the SOPs. The Group of Experts found this to be minor, as the mechanism for identifying targets exist, but should be formalised.

(c)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have measures to apply the evidentiary standard of proof of ‘reasonable grounds’ or ‘reasonable basis’ when deciding whether or not to make a proposal for designation and such propose should not be conditional upon the existence of a criminal proceeding. Saint Lucia has since amended the ATA to require the Attorney General to make a proposal for designation where the Attorney General has “reasonable grounds to believe” an entity meets the listing criteria (section 3B(1)). Such proposals are not conditional upon the existence of criminal proceedings.

(d)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have measures to follow the procedures and standard forms for listing as adopted by the relevant UN Committee. Saint Lucia has since amended the ATA to provide that the Attorney General must ensure that a proposal to the 1267 Committee or the 1988 Committee (a) is submitted in the standard forms for listing that are published by the 1267 Committee or the 1988 Committee (section 3B(2)). Additionally, the Attorney General’s Chambers United Nations Security Council Designation Procedures require that a proposal to the 1267 or 1988 Committee is submitted in the standard forms for listing and in accordance with the procedures established by the 1267 or 1988 Committees.

(e)(Mostly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have measures to provide as much relevant information as possible. Saint Lucia has since amended the ATA to provide that a proposal submitted by the Attorney General to the 1267 Committee, or the 1988 Committee must include information which is sufficient to allow for the accurate and positive identification of individuals and bodies corporate (section 3B(2)(b)). However, there is no provision relating to the information to be provided in relation to identifying groups. Further, section 3B(2)(c) provides that a proposal is accompanied by a statement of case which includes details on the basis of the listing including demonstrating how the entity satisfies the criteria for listing. However, there is no provision which allows for the statement of case to be releasable upon request.

12. **Criterion 6.2 (Partly Met):**

(a)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not differentiate in the ATA on whether the designation was put forward on the country’s own motion or after examining and giving effect to the request of

a country. Saint Lucia has since amended the ATA to make the Attorney General the competent authority for declaring an entity (which includes persons in accordance with section 2 of the ATA) to be a specified entity, on the country's own motion, that meets the specific criteria for designation of UNSCR 1373 (section 3(1A)). Section 3(1B) allows the Attorney General to make a similar declaration at the request of another country, where there are reasonable grounds for believing that the entity satisfies the specific criteria for designation under UNSCR 1373.

(b)(Mostly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not provide mechanisms for identifying targets for designation based on the designation criteria set out in UNSCR 1373. Saint Lucia has since amended the ATA to make the Attorney General the competent authority for declaring an entity (which includes persons in accordance with section 2 of the ATA) to be a specified entity, on the country's own motion, that meets the specific criteria for designation of UNSCR 1373 (section 3(1A)). Section 3(1B) allows the Attorney General to make a similar declaration at the request of another country, where there are reasonable grounds for believing that the entity satisfies the specific criteria for designation under UNSCR 1373. Additionally, the discussion at c6.1(b) on the IAIC is applicable here and the deficiencies apply.

(c)(Mostly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not set out in the ATA the procedures to be followed when receiving a request for designation pursuant to UNSCR 1373. Saint Lucia has since amended the ATA to provide that where the Attorney General has reasonable grounds to believe that an entity, for which a request for designation is made by another country, satisfies the UNSCR 1373 designation criteria, the Attorney General may make a declaration that the entity is a specified entity (section 3(1B)). However, there is no requirement for the Attorney General to make a prompt determination on the request.

(d)(Met) At the time of the MER, the ATA required the Attorney General to apply an evidentiary proof of 'reasonable grounds' when deciding whether to make a designation (section 3) and this is not conditional on criminal proceedings. This sub-criterion remains unchanged.

(e)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not set out in the ATA the procedures to request another country to give effect to the actions initiated under Saint Lucia's freezing mechanism. Saint Lucia has since amended the ATA to provide that if the Attorney General receives information pursuant to subsection (1) from the FIA, that an entity is in another country, the Attorney General may make a request to that country to list the entity pursuant to UNSCR 1373 (section 3(1C)) the ATA. Further, pursuant to section 3(1D) of the ATA, the Attorney General must provide information in line with criterion 6.2(e). However, the obligation under section 3(1C) of the ATA does not arise out of giving effect to actions initiated under freezing mechanisms in Saint Lucia prior to making the request for a foreign entity to designate the person and the request is limited to information concerning an entity located in another country.

13. **Criterion 6.3 (Met):**

(a)(Met) At the time of the MER, Saint Lucia had various mechanisms to collect and solicit information to identify persons or entities suspected or believed to meet the criteria for designation including use of information obtained through interception of communications, information received by the FIA pursuant to the MLPA and surveillance by the RSLPF. This sub-criterion remains unchanged.

(b)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as ex parte applications could only be made to a person who has been identified or whose designation is being considered if the person is preparing to commit or being investigated for an offence under the ATA. Saint Lucia has since addressed this deficiency. Pursuant to the ATA, when an entity has been identified and a proposal for designation under the relevant UNSCRs is being considered, the process is set out in sections 3(1), 3(1A) to 3(1D) and 3A to 3B of the ATA. These provisions allow the Attorney General to operate ex parte when making a designation as they do not require prior notification to be given to the identified entity, neither does the entity need to be present, consulted, or heard prior to its designation by the Attorney General. Further, section 22A of the ATA allows the Attorney General to apply to the court for a freezing order in respect of a designated person and section 22A(2) provides that that application is made ex parte.

14. **Criterion 6.4 (Partly Met):** Saint Lucia did not fully meet the requirements of this criterion at the time of MER, as Saint Lucia did not implement targeted financial sanctions without delay. Saint Lucia has since made amendments to the ATA.

UNSCR 1267- Under Saint Lucia's framework, persons that are listed by the UNSC under 1267 or 1988 are automatically "specified entities" (section 3 of the ATA). When a person is named a "specified entity", the Attorney General must immediately apply to a court for a freezing order for the freezing of assets of that entity (section 22A). This is required to be done immediately in circumstances where property is, among other things, owned or controlled by a specified entity. However, it is unclear how the Attorney General is made aware of additions to the UNSCR lists. Where a person is served with a freezing order, that person shall, without delay, freeze all funds owned or controlled, wholly or jointly, directly or indirectly by the specified entity or derived or generated from economic resources, owned or controlled directly or indirectly by the specified entity (section 22G(1)). It is therefore to be noted that the freezing obligation does not arise by virtue of an entity being declared a "specified entity", rather, the freezing of a specified entity's funds is triggered by the service of a freezing order on a person. It is unclear whether the freezing order obtained is a blanket freezing order or an order for specified funds. The interim steps of – (i) making an application to the court for a freezing order and, (ii) serving the freezing order on a person – which must take place between a person being listed on the 1267 or 1988 Lists and actual freezing of that person's funds do not allow for implementation of targeted financial sanctions "without delay".

UNSCR 1373- In relation to declaring an entity a specified entity in accordance with UNSCR 1373, the interim steps of (i) making an application to the court for a freezing order and (ii) serving the freezing order on a person must also take place before actual freezing of funds takes place. As described, in Saint Lucia's sanctions framework, freezing in accordance with UNSCR 1373 is not triggered by the designation but by the service of a freezing order and does not occur without delay.

15. **Criterion 6.5 (Partly Met):**
 - (a)(Partly Met)** Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have provisions that require all natural and legal persons within the country to freeze, without delay and without prior notice, the funds or other assets of designated persons or entities. Saint Lucia has since amended the ATA to require a person that has been served with a freezing order to freeze, without delay, all funds wholly or jointly owned or controlled, directly or indirectly by the specified entity, as well as all funds derived or generated from funds or other assets owned or controlled, directly or indirectly by a specified entity (section 22G(1)). However, the provision does not require all natural and legal persons within the country to freeze funds or other assets of specified entities, as it only requires those that are served with a freezing order to do so,

and it does not require that no notice be given prior to freezing. Additionally, section 22G(1) is limited to ‘funds’ and does not include ‘other assets’.

(b)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have provisions for the obligation to freeze to extend as described in the sub-criterion. Saint Lucia has since amended the ATA to provide for the requirement to freeze, and extends to the freezing of all ‘funds’ that are (i) owned or controlled, wholly or jointly, directly or indirectly by a specified entity or (ii) derived or generated from funds or other assets owned or controlled, directly or indirectly by a specified entity (section 22G(1)). This requirement to freeze is not limited to funds tied to a particular terrorist act, plot or threat. Section 22H of the ATA provides for the freezing of funds in extreme urgency and applies to ‘funds’ in an account that are (i) owned or controlled by a specified entity, (ii) wholly or jointly owned or controlled, directly or indirectly, by a specified entity or (iii) derived or generated from funds or other assets that are owned or controlled, directly or indirectly by a specified entity. However, the term ‘funds’ as defined under section 2 of the ATA does not extend to all the types of assets covered under the definition of ‘funds or other assets’ in the FATF Standards such as ‘economic resources (including oil and other natural resources)’ and ‘property of every kind, whether tangible or intangible, movable or immovable’.

(c)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia’s legislation did not extend to an entity owned or controlled or persons acting on behalf of a designated entity. Further, no information was provided on whether national or persons within Saint Lucia can make funds or other assets available based on licences, authorisations or notifications. Saint Lucia has since remedied these deficiencies. Pursuant to section 6(1)(b) of the ATA a person shall not, directly or indirectly, provide or make available funds, economic resources, financial or other related services knowing or having reasonable grounds to believe that they will be used by or for the benefit of a (i) terrorist group, (ii) a person owned or controlled by a terrorist group, (iii) a person acting on behalf of a terrorist group. The term ‘terrorist group’ as defined by section 2 of the ATA includes a specified entity and therefore covers designated persons. Further, the terms ‘funds, economic resources, financial or other related services’ covers the range of assets and financial or other related services as required under the FATF Standards. Persons can make funds or other assets available based on licenses, authorizations or notifications in accordance with the relevant UNSCRs as discussed under c.6.7.

(d)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have any mechanisms for providing guidance to FIs on their obligations under freezing obligations. The Eastern Caribbean Central Bank (ECCB) has since periodically issued newsletters, which are posted on its website, to provide guidance to its licensed FIs (LFIs) on their obligations under freezing mechanisms generally and not country specific. Notwithstanding, Saint Lucia has not provided any further information which demonstrates that there are mechanisms in place for providing clear guidance, to FIs and DNFBPs on their obligations in taking action under freezing mechanisms pursuant to Saint Lucia’s regime.

(e)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have provisions or mechanisms in place to require FIs and DNFBPs to report any assets frozen or actions taken in relation to designated entities. Saint Lucia has since amended section 32(4) of the ATA to require an FI and a person engaged in other business activity to report to the FIA (i) funds frozen (ii) any transaction which occurs within the course of its activities, and (iii) any action related to termination of a business or professional relationship with a specified entity. Further, section 32(4)(b) requires the reporting of ‘any transaction which occurs’; however, this

does not cover ‘attempted transactions’. Additionally, section 22G(1)(b) of the ATA provides that a person shall provide the FIA with notice that all funds required to be frozen under the section have been frozen. However, the definition of ‘funds’ is limited and does not cover all types of assets as required by the FATF Standards.

16. **(f)(Met)** At the time of the MER, section 32(5) of the ATA provided that no civil or criminal proceedings would lie against any person for making a disclosure or report in good faith under section 32(1)-(4). This sub-criterion remains unchanged.

17. **Criterion 6.6 (Partly Met):**

(a)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not provide any publicly known procedures for the submission of de-listing requests to the relevant UN Committee. Saint Lucia has since amended section 3B(3) of the ATA to provide for de-listing requests to be made by the Attorney General where the Attorney General is satisfied that an entity no longer satisfies the criteria for listing under UNSCRs 1267 or 1988. Section 3B(4) provides that requests for de-listing should be submitted in the standard form published by the 1267 or 1988 Committees and should include information showing that the entity no longer meets the relevant listing criteria.

(b)(Met) At the time of the MER, the ATA outlined the for review of a designation before the court (section 3(2)). This sub-criterion remains unchanged.

(c)(Met) At the time of the MER, the ATA outlined the procedures to de-list where the person no longer meets the criteria (section 3(4)). This sub-criterion remains unchanged.

(d)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did have procedures to facilitate review by the 1988 Committee in accordance with any applicable guidelines. Saint Lucia has since amended section 3B(5) of the ATA to require the Attorney General to inform, as far as practicable, a specified entity of the availability of the Focal Point for de-listing. However, no information has been provided that Saint Lucia has in place publicly known procedures to facilitate review by the 1988 Committee in accordance with any applicable guidelines or procedures adopted by the 1988 Committee, including those of the Focal Point mechanism.

(e)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have provisions with respect to informing designated entities on the Al-Qaida Sanctions list of the availability to petition the UN Office of the Ombudsperson for a de-listing. Saint Lucia has since amended section 3B(5) of the ATA to require the Attorney General to inform, as far as practicable, a specified entity of the availability of the UN Office of the Ombudsperson for the purpose of petitioning the removal of the name of the specified entity from the 1267 List.

(f)(Met) At the time of the MER, the ATA outlined the procedures to unfreeze funds (section 3(2)-(7), 35A). This sub-criterion remains unchanged.

(g)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did publicly known procedures for communicating de-listings and unfreezings to FIs and DNFBPs. Saint Lucia has since amended section 22I of the ATA to provide that the ECCB and the FIA shall communicate de-listings and unfreezings to all FIs and to other persons as considered necessary, through a medium it considers appropriate. They shall also maintain and make available to the public a list of specified entities as well as entities that have been de-listed. However, it is unclear whether ‘other persons as considered necessary’ includes all FIs and DNFBPs. Further, section 22J of the

ATA provides an obligation on a FI or a person that has been notified of a de-listing, to immediately (a) confirm whether it has frozen funds or other assets of the entity; (b) unfreeze the funds or other assets and reactivate accounts; (c) notify the entity within 48 hours that the assets are no longer frozen. Although section 22J provides obligations on FIs and persons in respect of a de-listing, there is no information that mechanisms are in place for providing guidance to such FIs and persons in relation to these obligations.

18. **Criterion 6.7 (Met):** Saint Lucia did not fully meet the requirements of this criterion at the time of MER, as Saint Lucia did not have provisions in place to authorise access to frozen funds. Saint Lucia has since amended sections 22B and 22C of the ATA to apply to expenses. Section 22B includes all the types of expenses included in UNSCR 1452 and applies to freezing orders which are not made under UNSCR 1267 or UNSCR 1988. These will therefore apply to specified entities designated in accordance with UNSCR 1373. Section 22C addresses freezing orders made in respect of specified entities listed on the 1267 List or 1988 Lists and also include all the types of expenses covered by UNSCR 1452. These expenses include mortgage or rent payments (sec. 22B(a)(i)); allowances for food, medicine and medical treatment (22B(a)(ii)); provision for taxes, insurance premiums and public utilities (22B(a)(v)); reasonable legal expenses (22B(b)); reasonable professional fees (22B(c)); and fees or service charges for routine holding or maintenance of frozen funds or other financial assets or economic resources (22B(d)). Further, section 22C requires notification to the Committee of the intention to authorize access to funds for these expenses, and the absence of a negative decision by the Committee within 48 hours of such notification as is required under UNSCR 1452. For extraordinary expenses, UNSCR 1452 requires notification to the relevant Committee and approval by that Committee. This requirement is addressed by Saint Lucia in section 22C(b).

Weighting and Conclusion

19. Saint Lucia has addressed several of the deficiencies identified during its mutual evaluation and enhanced its framework for targeted financial sanctions related to terrorist financing. Saint Lucia has identified a competent authority for proposing persons to the 1267/1989 Committees based on the relevant UNSCR criteria and require the use of standard forms where required when making proposals. In accordance with UNSCR 1373, the competent authority is empowered to designate persons on the jurisdiction's own motion or at the request of another jurisdiction. Identifying such targets for designation is based on the UNSCR 1373 criteria. Additionally, Saint Lucia has extended the framework to include the imposition of sanctions against persons owned or controlled by or acting on behalf of a designated person. Notwithstanding the progress made by Saint Lucia, deficiencies remain. Saint Lucia does not implement targeted financial sanctions without delay and the freezing obligation does not apply to all natural and legal persons within the jurisdiction. Further, the freezing obligation is applied to 'funds', which does not cover all the asset types under 'funds and other assets' as required by the FATF Standards. This deficiency has a cascading impact throughout r.6. The mechanism in place for the communication of designations to FIs and DNFBPs does not require communications to be sent to all FIs and DNFBPs. While there may be some mechanism in place for providing guidance to FIs licensed by the ECCB on discharging their sanctions obligations, this does not cover all FIs and does not extend to all other persons including DNFBPs. **Saint Lucia is re-rated Partially Compliant with R.6**

3.1.2. Recommendation 7 (originally rated NC)

20. In the 4th round MER, Saint Lucia was rated PC with R.2. The technical deficiencies included no measure to address compliance with recommendation 7.

21. **Criterion 7.1 (Partly Met):** Saint Lucia did not fully meet the requirements of this criterion at the time of MER, as Saint Lucia did not implement targeted financial sanctions without delay. Saint Lucia has since implemented the United Nations Sanctions (Counter-Proliferation Financing) Act Cap 12.30, 2019 (UNSCPFA), which was amended by the United Nations Sanctions (Counter-Proliferation Financing) (Amendment) Act No.17, 2023. This statute empowered the Attorney General, as the competent authority, to make proposals related to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing to the relevant UNSC Committee for an entity (including natural or legal persons under section 2) to be listed. This Act provides for freezing obligations and prohibitions in respect of funds and property related to a listed person provided for under the statute (section 20 and 23). However, these freezing obligations apply only upon being served by the Attorney General with a freezing order in respect of the listed entity (section 20). The ‘Attorney General’s Chambers procedures for applying for freezing orders and/or the vacating or the variation of freezing orders under the United Nations Sanctions (Counter Proliferation Financing) Act, Number 29 of 2019’ establishes the steps required of the Attorney General in applying for a freezing order in relation to persons designated by the relevant UNSC. FIs and other persons are also required to report to the Commissioner of Police and the FIA if it has property of a listed entity and are prohibited from engaging in a business transaction with that listed entity (sections 21 and 22). However, there are limitations in relation to the scope of the freezing obligations, as well as in relation to the application of targeted financial sanctions without delay in order to comply with the relevant UNSCR and successor resolutions. The statutory requirement in Saint Lucia for the Attorney General to apply for a freezing order in respect of a listed person (section 15(1)), the discretion of the court to grant the freezing order (section 15(3)), and the subsequent need to serve the freezing order if it is granted (sections 15(5) and 20), effectively impede the implementation of the relevant targeted financial sanctions without delay. Further, freezing obligations do not apply to all natural and legal persons within the country and freezing obligations do not apply to all the asset types under r.7.

22. **Criterion 7.2 (Partly Met):**

(a)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not require all natural and legal persons within the country to freeze, without delay and without prior notice, the funds or other assets of designated entities or persons. Saint Lucia has since implemented Part II of the UNSCPFA which identifies the Attorney General as the competent authority with responsibility for implementing targeted financial sanctions under Recommendation 7. Section 20 of the UNSCPFA, provides that where a freezing order in respect of a listed person is served on a FI or a person engaged in other business activity, that FI or person engaged in other business shall immediately freeze all funds in an account, among other things, owned or controlled by a listed entity. In urgent cases, section 23 allows the Attorney General to direct a FI or person engaged in other business activity to immediately freeze funds in an account, among other things, owned or controlled by a listed person. The Attorney General may thereafter, within 72 hours apply to the court for the continuation of the freezing order. Under the UNSCFPA, obligation to freeze arises when an FI or other person engaged in business activity is served with a freezing order obtained by the Attorney General, after making an application to the court (section 15(1)). Further, the court has a discretion whether to grant a freezing order in such circumstances (section 15(3), states “a court may make a freezing order”), which does not guarantee implementation of the relevant targeted financial sanction. The discretion of the court to grant a freezing order and the need to serve the freezing order if it is granted, do not indicate that the relevant targeted financial sanctions are implemented without delay. Additionally, section 20 of the UNSCPFA applies to service of the freezing order on FIs and a person engaged in other business activity, it does not apply to all natural and legal persons within the country as required.

Finally, the definition of ‘funds’ under section 2 of UNSCPFA does not cover all the asset types required by the FATF Standard.

(b)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have provisions for the obligation to freeze to extend as described in the sub-criterion. Saint Lucia has since provided for the freezing obligation under section 20 of the UNSCPFA to extend to funds in an account that are (i) owned or controlled by a listed entity, (ii) wholly or jointly owned or controlled, directly or indirectly, by a listed entity, (iii) derived or generated from funds or other assets that are owned or controlled, directly or indirectly by a listed entity, or (iv) owned or controlled by a person acting on behalf of or at the direction of a listed entity. There is no need for those funds to be tied to a particular terrorist act, plot or threat (sec 15(1)(a)(i)). However, the definition of ‘funds’ does not cover all types of funds required by the FATF Standard.

(c)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not ensure that any funds or other assets are prevented from being made available by their nationals. Saint Lucia has since implemented section 25 of the UNSCPFA which provides that a person shall not knowingly provide or make available property, financial or other related services, whether directly or indirectly, to or for the benefit of a listed person. The term ‘property’ is defined in section 2 as including funds and economic resources. The term ‘economic resources’ is also defined in section 2 to mean “assets, whether tangible or intangible, movable or immovable, that are not funds but can be used to obtain funds, goods or services”. Combined, the terms ‘property’ and ‘economic resources’ include the asset types covered by the FATF Standards. Additionally, the term ‘person’ as defined under section 2 includes natural and legal persons. Section 26 of the UNSCPFA provides that a person shall not knowingly attempt to provide or collect property, directly or indirectly, with the intention or knowledge that such property is to be used, in whole or in part by, a listed entity. The obligations under sections 25 and 26 apply unless there is notice in accordance with the relevant United Nations Security Council Resolution.

(d)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have mechanisms for communicating designations to FIs and DNFBPs. Saint Lucia has implemented section 23A(1) of the UNSCPFA which provides that the ECCB and the FIA shall, as soon as is reasonably practicable after a designation of a listed entity is made, communicate the designation through a medium it considers appropriate, to all financial institutions and other persons as considered necessary. However, it is unclear whether the term ‘other persons considered necessary’ includes all other persons or entities including DNFBPs that may be holding targeted funds or other assets. Further, there is no indication that the obligation to make the necessary communication “as soon as is reasonably practicable” meets the FATF requirement of communicating the designation “immediately” to ensure implementation of targeted financial sanctions without delay. Further, the FIA provided training in 2021 on TFS obligations in relation to PF to reporting entities, including financial institutions and DNFBPs; and the ECCB has included general guidance to its LFIs on TFS obligations in relation to proliferation financing in its newsletters. However, no information has been provided indicating what mechanisms are in place for providing clear guidance to financial institutions and DNFBPs and other persons or entities that may be holding targeted funds or other assets.

(e)(Mostly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not require FIs and DNFBPs to report to competent authorities on any assets frozen or actions taken in compliance with the prohibition requirements. Saint Lucia has since implemented section 21 of the UNSCPFA which

provides for the reporting of all funds frozen, and all information related to the property of the listed person to be reported to the Commissioner of Police and the Financial Intelligence Authority. Under section 21(1)(c), the person shall also report to the Commissioner of Police and the Financial Intelligence Authority whether a transaction is being conducted by a person which involved property owned or controlled, directly or indirectly by the listed entity. Further, under section 21(2) where there is an attempted transaction by a listed entity, the person is required to immediately submit a suspicious transaction report to the Financial Intelligence Authority and shall not enter or continue a transaction with the listed entity. However, the obligation to report under section 21(1)(b) relates to 'funds', and the limitation in the definition cascades.

(f)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not adopt measures to protect the rights of bona fide third parties acting in good faith. Saint Lucia has since implemented section 15(4)(g) of the UNSCPFA which allows for the protection of the rights of a bona fide third party acting in good faith.

23. **Criterion 7.3 (Met):** Saint Lucia did not fully meet the requirements of this criterion at the time of MER, as Saint Lucia did not have measures for monitoring and ensuring compliance by FIs and DNFBPs with the relevant laws or enforceable means governing the obligations under this recommendation. Saint Lucia has since amended its Money Laundering (Prevention) Act (MLPA) to allow for supervision and monitoring of FIs' and DNFBPs' obligations under Recommendation 7 by the FSRA. The amendment also allows for administrative penalties where there is a failure to comply with a direction to remedy a breach of the MLPA. In 2023 the MLPA was further amended to make penalties more dissuasive thereby increasing penalties from XCD\$5000 (USD\$1850) for failure to comply with the MLPA to XCD\$100,000 (USD\$37002); and from XCD\$500 (USD\$185) per day for a continuing failure to XCD\$1000 (USD\$370) per day. A failure to pay the imposed fine is liable to criminal prosecution.

24. **Criterion 7.4 (Partly Met):**

(a)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not develop and implement publicly known procedures to submit delisting request to the Security Council. Saint Lucia has since implemented section 14(5) of the UNSCPFA which provides that the Attorney General shall as far as practicable inform a listed entity of the availability of the Focal Point for de-listing for purposes of petitioning the removal of the name of the listed entity from a list maintained by a relevant UN Security Council Committee.

(b)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have publicly known procedures to unfreeze the funds or other assets of persons or entities with the same or similar name. Saint Lucia has since implemented section 19(1) of the UNSCPFA which provides that a person affected or likely to be affected by a freezing order (which includes a person with the same or similar name to a listed entity (sub-section (4)) may, after being served with the freezing order, apply to the court for a review of the freezing order. However, the provision only applies to persons served with the freezing order and does not provide for publicly known procedures for persons inadvertently affected by freezing orders, who did not receive the freezing order, but assets were frozen in accordance with the freezing order, to have their assets unfrozen.

(c)(Mostly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not have procedures to authorise access to funds or other assets, where the country has determined that the exemption conditions are met. Saint Lucia has since implemented section 17(4) of the UNSCPFA which makes provision for access

to funds consistent with article 9(a-c) of S/RES/1718. Section 17(2)(a) provides that in respect of expenses covered by sections 17(4)(a), (b) and (d), the Attorney General shall not make an application for variation unless the Attorney General has notified the relevant UN Security Council Committee of the intention to apply for variation of the freezing order and the Committee has not indicated its objection within 5 working days. Section 17(4)(e) of the UNSCPFA provides for the exemption relating to the satisfaction of judicial, administrative or arbitral lien or judgment, if the lien or judgment was entered prior to the issue of a UNSCR in respect of the listed entity. However, there is no requirement that the payment of such sums would not be for the benefit of a listed entity, or an individual identified by the Security Council or the Committee, or that it has been notified to the Committee as is required by UNSCR 1718.

(d)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not mechanism for communicating de-listings and unfreezings to FIs and DNFBPs. Saint Lucia has since implemented section 23A(2) of the UNSCPFA which provides that the ECCB and the FIA shall, as soon as is reasonably practicable after an entity is de-listed, communicate the de-listing and unfreezing through a medium it considers appropriate to all financial institutions and other persons as considered necessary. The ECCB and the FIA should also maintain and make available to the public an updated list of all de-listed entities. However, no information has been provided which indicates that communicating the information to ‘other persons as considered necessary’ includes all DNFBPs that may be holding targeted funds or other assets as is required. Further, there is no indication that the obligation to communicate a de-listing and un-freezing ‘as soon as is reasonably practicable’ meets the FATF requirement of communicating the designation ‘immediately’. Further, no information has been provided that mechanisms are in place for providing guidance to financial institutions and DNFBPs that may be holding targeted funds or other assets, on their obligations in respect of a de-listing or unfreezing order.

25. **Criterion 7.5 (Mostly Met):**

(a)(Mostly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of MER, as Saint Lucia did not permit additions to the account frozen. Saint Lucia has since implemented section 15(6) of the UNSCPFA allows for the addition of interest or earnings on a frozen account and for payments due under contracts, agreements, or obligations arising prior to the freezing order. However, no provision was referenced that requires that such interest, or other earnings or payments must continue to be subject to the freezing provisions.

(b)(Not Applicable)

Weighting and Conclusion

26. Saint Lucia implemented the UNSCPFA which empowers the Attorney General as the competent authority. There are freezing obligations in respect of funds provided for under the statute. Saint Lucia also has provisions requiring the monitoring of compliance of FIs and DNFBPs with obligations under r.7, inclusive of civil, administrative or criminal sanctions for failure to comply. Notwithstanding, the progress made by Saint Lucia, deficiencies remain. Saint Lucia does not implement targeted financial sanctions in relation to proliferation financing without delay. Further, the freezing obligation is applied to ‘funds’ does not cover all the asset types under “funds and other assets” as required by the FATF Standards. This deficiency has a cascading impact throughout r.7. No information has been provided indicating what mechanisms are in place for providing clear guidance to financial institutions and DNFBPs and other persons or entities that

may be holding targeted funds or other assets. **Saint Lucia is re-rated Partially Compliant with R.7**

3.1.3. Recommendation 15 (originally rated PC)

27. In the 4th round MER, Saint Lucia was rated PC with R.15 and remained PC in the 3rd Enhanced Follow-Up Report. The technical deficiencies included: ensuring that VASPs are subject to adequate regulation and risk-based supervision or monitoring by a competent authority; reporting obligations and monitoring referred to in criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e), 7.3 and 7.4(d) apply to VASPs; and cascading effects from deficiencies noted in Recommendations 37, 38, and 40 apply.
28. **Criterion 15.1 (Met):** As noted in the 3rd FUR, Saint Lucia identified and assessed the ML/TF risks that arose in relation to the development of new products and new business practices. Saint Lucia conducted an NRA in 2022 which identified and assessed the risk associated with VAs and VASPs. The risk assessment satisfied 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. This criterion remains unchanged.
29. **Criterion 15.2 (Met):** As noted in the 3rd FUR, the MLPA regulation section 37 (c) provides that an 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. This criterion remains unchanged.
30. **Criterion 15.3 (Met):** As noted in the 3rd FUR, in relation to sub-criterion (a) Saint Lucia identified and assessed the ML/TF risks emerging from virtual assets activities or operations of VASPs which was assessed as low as outlined in its 2022 NRA in accordance with Recommendation 1. In relation to sub-criterion (b) VASPs are required to be registered under the VABA, 2022 and Saint Lucia amended the definition of an FI within the MLPA as per the 2023 amendment to include VAs. As such the requirements under the MLPA apply here. In relation to sub-criterion (c) section 16B (1) of the MLPA requires that an 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. This criterion remains unchanged.
31. **Criterion 15.4 (Met):** As noted in the 3rd FUR, in relation to sub-criterion (a) section 4 of the VABA requires that persons 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. In relation to sub-criterion (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. This criterion remains unchanged.

32. **Criterion 15.5 (Met):** As noted in the 3rd FUR, this criterion was addressed by section 4(5) and 4(7) of the VABA, 2022. This criterion remains unchanged.
33. **Criterion 15.6 (Met):**
(a)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of 3rd FUR, as Saint Lucia did not ensure that, consistent with the provisions of recommendations 26 and 27, VASPs are subject to adequate regulation and risk-based supervision or monitoring. Saint Lucia has since classified VASPs as an FI (Schedule 2, MLPA) and as such are required to comply with the ML/TF requirements of the MLPA and subject to AML/CFT supervision by the FIA (section 5, MLPA). The FIA has developed and implemented a risk-based approach to supervision of FIs, inclusive of a Risk Based Framework for AML Supervision Manual, which contain adequate measures for ensuring compliance with national AML/CFT requirements.
(b)(Met) As noted in the 3rd FUR, the MLPA Amendment 2021 allowed supervisors to have the power 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. This sub-criterion remains unchanged.
34. **Criterion 15.7 (Met):** As noted in the 3rd FUR, section 6 (1) (f) of the MLPA gave the FIA the power to issue guidelines to all FIs and DNFBPs in St. Lucia and the FIA has provided guidance on the identification and production of SARs as it relates to FIs (which includes VASPs) and DNFBPs and in line with recommendation 34. This criterion remains unchanged.
35. **Criterion 15.8 (Met):** As noted in the 3rd FUR, there are two sanctioning sections within the MLPA for non-compliance which applies to FIs (section 6(B) and section 14(H)). This criterion remains unchanged.
36. **Criterion 15.9 (Mostly Met):**
(a)(Mostly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of 3rd FUR, as the deficiencies under recommendations 10-21 continued to apply here. Recommendations 21 was rated C in the MER and recommendations 12 and 16-20 were re-rated C in the 3rd FUR. The minor deficiencies noted under recommendations 10 (re-rated LC in the 3rd FUR), 11 (rated LC in the MER), 13 (rated LC in the MER) and 14 (re-rated LC in the 3rd FUR) continue to apply.
(b)(Met) As noted in the 3rd FUR, (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; (ii) the steps in section 43(1)(a) and (b) apply 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) other requirements of R.16 apply on the same basis as set out in R.16 which is rated ‘compliant’; and (iv) as per section 2(b) of the MLPR, a VASP 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. This sub-criterion remains unchanged.
37. **Criterion 15.10 (Partly Met):** Saint Lucia did not fully meet the requirements of this criterion at the time of 3rd FUR as the communication mechanisms and reporting and monitoring obligations referred to in criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e), 7.3 and

7.4(d) apply to VASPs. Saint Lucia has since categorized VABs as FIs (Schedule 2, MLPA), which are subject to the requirements in place to address targeted financial sanctions in relation to terrorist and proliferation financing. As such, the analysis of those criteria is applicable (see analysis in r. 6 and 7 above). The deficiencies in criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e) and 7.4(d) applies here.

38. **Criterion 15.11 (Mostly Met):** Saint Lucia did not fully meet the requirements of this criterion at the time of the 3rd FUR, given the cascading effects of recommendations 37, 38 and 40 with the most notable being nothing for the management of confiscated assets. In Saint Lucia, virtual assets are considered to be FIs (Schedule 2, MLPA) and are supervised for AML/CFT by the FIA, as such all obligations under recommendations 37-40 which apply to FIs and the FIA are equally applicable to VABs. Additionally, the definition of ‘property’ in section 2 of the Mutual Legal Assistance in Criminal Matters Act (MLACMA) is sufficiently broad to cover virtual assets, therefore any request for mutual assistance involving property includes virtual assets. Recommendations 37 and 40 were re-rated LC in the 3rd FUR and recommendation 38 remained PC in the 3rd FUR. The minor deficiencies noted in the 3rd FUR for recommendation 40 do not apply to VASPs. However, the minor deficiencies noted in recommendation 37 (see 3rd FUR) and 38 (see analysis below) continue to apply.

Weighting and Conclusion

39. Saint Lucia has taken steps to address the deficiencies identified. In accordance with the Virtual Assets Business Act, the FSRA is the licensing authority for VASPs. Pursuant to the amendment to the MLPA in 2023, virtual assets are now considered as FIs and subject to AML/CFT supervision by the FIA. The FIA has developed and implemented risk-based supervision and monitoring for all FI’s. The Group of Experts found that the FIA can implement risk-based supervision when VABs are licensed. The minor deficiencies in relation to criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e), 7.4(d) and recommendations 10, 11, 13, 14, 37 and 38 continue to apply. The Group of Experts weighted these deficiencies as minor given that there are no VASPs licenced or operating within the jurisdiction. **Saint Lucia is re-rated Largely Compliant with R.15.**

3.1.4. Recommendation 26 (originally rated PC)

40. In the 4th round MER, Saint Lucia was rated PC with R.26. The technical deficiencies included: AML/CFT supervision of FIs not established. This includes monitoring and onsite and offsite inspections taking place on a risk-based approach; fit and proper checks not consistently in place across the licensing authorities; the frequency and intensity of on-site and off-site AML/CFT supervision of FIs or groups are not determined based on R.26.5 (a), (b) and (c); and the assessment of the ML/TF risk profile of FIs or groups (including the risks of non-compliance) not periodically reviewed.
41. **Criterion 26.1(Met):** As noted in the MER, the FIA (FIs or persons engaged in other business activity) and the ECCB (commercial banks) are the competent authority to supervise for compliance with AML/CFT requirements set out in the MLPA. This criterion remains unchanged.
42. **Criterion 26.2 (Met):** Saint Lucia did not fully meet the requirements of this criterion at the time of the MER, as Saint Lucia did not provide a clear prohibition against shell banks being approved or continuing to operate. Saint Lucia has since implemented measures to ensure that the ECCB has the authority to revoke a license if the licensed financial institution fails to commence operations within a period of 12 months following the

granting of the licence (section 14(1)(a), Banking Act), thereby empowering the ECCB to ensure shell banks are not permitted to continue operations. Additionally, section 2 of the International Banks Act (IBA) was amended to include a definition of ‘physical presence’ and ‘shell banks’. Section 5 of the IBA makes provisions that a license may not be granted to an international bank unless it can prove that it has a physical presence in St. Lucia. Section 10 (2) further provides that a licensed financial institution conducting international banking is prohibited from continuing or establishing a business relationship with a shell bank. Sections 36 (3)(a) and (b) of the MLPR also makes provisions for FIs to not enter into or continue any correspondent banking relationships with shell banks and take reasonable measures to satisfy themselves that respondent financial institutions do not permit their accounts to be used by shell banks.

Criterion 26.3 (Partly Met): Saint Lucia did not fully meet the requirements of this criterion at the time of the MER, as Saint Lucia had gaps in the provisions for financial supervisors to take the necessary legal or regulatory measures to prevent criminals from holding (or being the BO) of a significant or controlling interest or holding a management function in an FI. Further fit and proper checks were not consistently in place across the licencing authorities. Based on the MER, the ECCB fully complied with this criterion. However, the deficiencies in laws applicable to the FSRA, relative to identification of beneficial ownership (indirect ownership) (MSBs and Insurance) and ongoing monitoring (Co-operatives societies) and deficiencies relating to the International Mutual Funds Act remains unaddressed. Further, deficiencies in laws applicable to the ECSRC relative to beneficial owner (indirect ownership) and ongoing monitoring remains unaddressed.

43. **Criterion 26.4 (Met):**

(a)(Met) Saint Lucia did not fully address this sub-criterion at the time of the MER, given that FIs were not subject to appropriate AML/CFT regulation and supervision by the competent authority for core principles institutions, including consolidated supervision. Saint Lucia has designated the FIA as AML/CFT supervisory authority for regulation and supervision of FI’s - core principles institutions, including banks (except commercial banks), insurers, securities, other financial institutions (lending, credit unions) and MVTS providers (section 5(2)(m) of the MLPA). The ECCB is designated as the AML/CFT supervisory authority for the regulation and supervision of commercial banks (section 14A - 14M, MLPA). There are adequate provisions for consolidated group supervision including application of anti-money laundering, counter terrorist and proliferation financing measures by the foreign branches and subsidiaries of a financial institution or person engaged in other business activity (sections 48 (1) and 48 (2) of the MLPR).

(b)(Met) Saint Lucia did not fully address this sub-criterion at the time of the MER, as Saint Lucia did not ensure that all other FIs are subject to appropriate AML/CFT supervision and regulation by the competent authority. Saint Lucia has since amended the MLPA to provide that the FIA is designated as the AML/CFT supervisory authority responsible for regulation and supervision of all FIs (other than commercial banks) (section 5(2) MLPA). FIs, other than commercial banks, and FIs providing MVTS (schedule 2, MLPA) are subject to the FIA’s risk-based approach to supervision, regulation and monitoring of compliance with national AML/CFT requirements of the MLPA, having regard to the ML/TF risks in the sector (section 5(2)(m), MLPA and FIA’s Risk Based Framework for AML Supervision Manual).

44. **Criterion 26.5 (Met):** Saint Lucia did not fully address this criterion at the time of the MER, as Saint Lucia did not base the frequency and intensity of onsite and offsite examinations on (a) the ML/TF risk and the policies, internal controls and procedures, (b) the ML/TF risk present in the country, and (c) the characteristics of the FI or group. Saint

Lucia has since addressed this deficiency. The ECCB's AML/CFT/CPF Risk-Based Supervision Framework and Offsite Supervision Procedures and the FIA's Risk Based Framework for AML Supervision Manual takes into account: *(a)(Met)* the ML/TF risks and the policies, internal controls and procedures associated with the institution or group; *(b)(Met)* the NRA and the ML/TF risks present in Saint Lucia; and *(c)(Met)* the characteristics of the FIs or groups in particular the diversity and number of FIs and the degree of discretion allowed to them under the risk-based approach. The ECCB's and FIA's risk-based supervisory approach takes into consideration the MLPA, the NRA, sector and entity risk assessments and links the intensity and frequency of supervision to an institution's overall risk profile as detailed in the respective documented AML/CFT Risk Based Supervisory Framework and Manual. Both the FIA's and the ECCB's supervisory regime are also informed by Risk-Based Questionnaires – a mechanism capable of detecting and responding to changes in the risk profile of entities. Consolidated group supervision measures have been effected to ensure that FI's with headquarters in Saint Lucia operating branches or subsidiaries in other jurisdictions, are subject to AML/CFT/CPF systems and policies adopted by the headquarters (section 48 of the MLPR 2023). For the ECCB, offsite assessments occur quarterly or more frequently, depending on the institution's risk, size, and complexity. For the FIA, the Schedule of Risk-Based Supervision (2021-2025) outlines its approach, focusing on risk areas identified by the NRA. Supervision methods include onsite and offsite inspections, training, and guidance, with the frequency of onsite inspections varying by risk profile, from every 1 to 3 years. These frameworks allow the ECCB and FIA to apply discretion in the frequency and intensity of supervision activities, including onsite and offsite inspections.

45. **Criterion 26.6 (Met):** Saint Lucia did not fully address this criterion at the time of the MER, as Saint Lucia did not review periodically the assessment of the ML/TF risk profile of FIs or groups. Saint Lucia has since ensured that the ECCB and the FIA review the assessment of the ML/TF risk profiles of FIs or groups of FIs periodically and when there are major events or developments in the management and operations of the FI or Group. Section 4.3 of the ECCB's Risk Based Supervision Framework outlines the process of quarterly ML/TF/Risk assessments via the PR14 which ought to be submitted by LFIs quarterly. This ultimately informs the risk ranking of each LFI and in turn determines the continuous risk assessment and frequency of onsite examinations/offsite surveillance. LFI's are also required to complete and submit annually an AML/CFT Self-Assessment Questionnaire which includes an overview of the internal control mechanisms and systems in place in addition to policies and procedures. This process further supports the ECCB in their risk-based approach to supervision and addresses the periodic review of risk profiles of FI's. The FIA's Risk-Based Framework For AML/CFT/CPF Supervision Manual notes that the sector ML/TF/PF risk must be ongoing, given the evolving and changing nature of the risk.

Weighting and Conclusion

46. Saint Lucia has addressed most of the deficiencies cited in the MER. Saint Lucia has prohibited shell banks being approved or continuing to operate. Additionally, the FIA is the AML/CFT supervisor for all FIs (other than commercial banks), and MVTS providers. Further, the MLPR makes provisions for group obligations by the foreign branches and subsidiaries of a financial institution or person engaged in other business activity. The ECCB and the FIA conduct onsite and offsite inspections based on ML/TF risks and characteristics of the FI or group. There remain gaps in the provisions to prevent criminals or their associates from holding significant interest. However, given the materiality of the sectors, the Group of Experts found this to be a minor deficiency. **Saint Lucia is re-rated Largely Compliant with R.26.**

3.1.5. Recommendation 28 (originally rated PC)

47. In the 4th round MER, Saint Lucia was rated PC with R.28 The technical deficiencies included: clarity needed on the license categorised as casinos; the regulatory measures employed by the Gaming Authority needed clarification; unclear rationale for designating financial activities as other business activities (DNFBPs); no rationale for including NPOs and some FIs in Schedule 2 of the MLPA; opacity over which competent authorities oversee fit and proper arrangements, particularly for those DNFBPs that are not licensed or registered (motor vehicles dealership, dealers in precious metals or real estate); deficiencies identified in relation to sanctioning powers available to supervisors; and supervision not conducted on a risk-sensitive basis.

48. **Criterion 28.1 (Mostly Met):**

(a)(Met) Saint Lucia did not fully address this sub-criterion at the time of the MER as it was unclear in the articulation/description of the relevant legislation which category of licence is categorised as ‘casino’ or that a gaming operator is a casino. Saint Lucia has since amended ‘Casino’ to ‘Gaming Operator’ in the MLPA (Schedule 2, Part B – Other Business Activities, MLPA). Pursuant to section 13 of the Gaming, Racing and Betting Act, a person shall not conduct gaming unless the person has been granted the appropriate licence. ‘Gaming’ means offering a game for money or money’s worth, and ‘game’ includes table games, slot machines, on-site gaming and online gaming (section 2, Gaming, Racing and Betting Act). Saint Lucia does not distinguish between ship-based casinos and casinos on land as both requires a license to operate.

(b)(Mostly Met) Saint Lucia did not fully address this sub-criterion at the time of the MER, as the regulatory measures employed by the Gaming Authority are unclear and need further clarification regarding the prevention of criminals from holding (or being the BO of) a significant or controlling interest, or holding a management function or being an operator of a casino. Saint Lucia has not provided information on measures to prevent criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, or being an operator of a casino.

(c)(Mostly Met) At the time of the MER, Saint Lucia was rated at ‘Met’ based on section 6 (1)(h) of the MLPA. However, amendments were made to the MLPA which provides for the FIA to be the authority to supervise and monitor persons engaged in other business activity to determine compliance with the MLPA (section 5(m) of the MLPA). Other business activity means the business activities listed in Part B of Schedule 2, of the MLPA which provides for a Gaming Operator licenced under the Gaming, Racing and Betting Act, when engaging in transactions equal to or exceeding XCD\$8000 (USD\$2960). As a result, based on the threshold in Schedule 2, Part B, not all gaming operators are supervised for AML/CFT compliance. The Group of Experts weighted this deficiency as minor given that the Assessors in the MER weighted the casino sector as less significant, the 2022 national risk assessment rated casinos as medium risk and there is only 1 casino operating in Saint Lucia.

49. **Criterion 28.2 (Met):** As noted in the MER, the FIA is the designated competent authority responsible for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements. This criterion remains unchanged.

50. **Criterion 28.3 (Mostly Met):** Saint Lucia did not fully address this criterion at the time of the MER, as Saint Lucia designated FI activities and NPOs as DNFBPs. Saint Lucia has since amended Schedule 2 of the MLPA to include Casinos (Gaming Operators licensed under the Gaming, Racing and Betting Act and a person that engages in internet gaming and wagering services), Real Estate Agents, Dealers in precious metals and stones when

engaging in any transactions equal to or exceeding XCD\$25,000 (USD\$9250), Attorneys-at-law, Accountants and Trusts and Company Service Providers (Registered agents and trustees licensed under the Registered Agent and Trustee Licencing Act). However, based on the threshold in Schedule 2, not all dealers in precious metals and stones are supervised for AML/CFT compliance. The Group of Experts found this deficiency to be minor given that the Assessors in the MER weighted the dealers in precious metals and stone sector as less significant, the 2022 national risk assessment rated the sector as medium-low risk and the sector is relatively small with only 4 businesses operating in Saint Lucia.

51. **Criterion 28.4 (Mostly Met):**

(a)(Met) As noted in the MER, the FIA has the necessary powers to perform its functions (section 6 of the MLPA). This sub-criterion remains unchanged.

(b)(Mostly Met) Saint Lucia did not fully address this sub-criterion at the time of the MER, as Saint Lucia did not clearly specify which authority oversees that these arrangements are working, particularly for those DNFBPs that are not licensed or registered. Saint Lucia has since largely addressed this deficiency. The FIA has adequate measures to prevent criminals and their associates from being professionally accredited or holding or being the beneficial owner of a significant or controlling interest or holding a management function in DNFBPs (except for casinos) at both the registration stage and on an ongoing basis. Section 6(4) of the Registration of Supervised Entities Act (ROSEA) makes provisions for the FIA now having the responsibility for all DNFBP's including motor vehicle dealers and DPMS, to ensure that measures are in place to prevent criminals or their associates from being professionally accredited or holding a significant controlling interest or managing a DNFBP at the application for registration stage. Further, a person seeking registration may be refused if a director, senior manager, beneficial owner or close associate of the applicant has engaged in criminal conduct within a period of ten years preceding the application. Subsequently, entities are required to re-register with the FIA annually (section 8(1), MLPA) and applications for re-registration also undergo scrutiny and similarly, the FIA may refuse an application if it is identified that a director, senior manager, beneficial owner or close associate of the applicant has engaged in criminal conduct within a period of ten years preceding the application (section 8(4)(b), ROSEA). However, the deficiency in relation to the threshold for supervision for DPMS cascades here, in that, not all DPMS entities may be supervised (see c28.3). A minor deficiency exists as there is no on-going fit and proper tests for trigger events during the one-year period of registration.

(c)(Met) Saint Lucia did not fully address this sub-criterion at the time of the MER, as there was a minimal ladder of sanctions available for less severe breaches of AML/CFT requirements and there were deficiencies identified in relation to sanctioning powers available to supervisors. Saint Lucia has since amended the MLPA to empower the FIA to issue a direction to DNFBPs for AML/CFT non-compliance, and failure to comply with the direction allows for a range of sanctions to be applied to DNFBPs for AML/CFT non-compliance (sections 6A & 6B, MLPA). The FIA's sanctioning power also lies in the ability to refuse to register or to deregister entities under certain circumstances (ROSEA). It is noted that Saint Lucia in the 3rd FUR was re-rated LC for R.35 (deficiency relates to R.8 which is not applicable here) and the analysis is applicable to c.28.4(c).

52. **Criterion 28.5 (Met):** Saint Lucia did not fully address this criterion at the time of the MER, as Saint Lucia did not have any supervision conducted on a risk-sensitive basis as demonstrated through (a) the frequency and intensity of the AML/CFT supervision driven by an understanding of the ML/TF risk, and (b) taking into account the ML/TF risk profiles of specific DNFBPs. Saint Lucia has since addressed this deficiency. The analysis in c.26.5 which deals with the FIA's risk-based supervision of FIs is applicable for the supervision

of all DNFbps. The FIA's documented Risk Based Framework for AML/CFT Supervision details the methodology the FIA applies for determining the frequency, scope and intensity of its onsite and offsite examinations which is based on the risk profile of the entity. The FIA has commenced onsite inspections on Registered Agent and DPMS sectors. Additionally, registration of entities for all other sectors of DNFbps are currently in process. Based on the 'AML/CFT Supervisory Activity for Entities engaged in Other Business Activity' procedure document, accountants, attorneys, dealers in precious metals and stones, motor dealers and realtors have completed registration with the FIA bringing the total number of registered entities to 155 as at July 2024. Further, it is noted that supervision activities in the form of AML/CFT training has commenced and a schedule has been developed for all registered DNFbps which is highlighted in the 'AML/CFT Supervisory Activity for Entities engaged in Other Business Activity' procedure document. A total of 15 sessions conducted over 2021-2022 and additional sessions scheduled for the registered entities over the July/August 2024 period. The FIA's Schedule of AML/CFT Supervisory Activity for Entities engaged in Other Business Activity also outlines a total of 18 Circulars/Guidance being issued over the period 2019-2023.

Weighting and Conclusion

53. The MLPA has also been amended to ensure that DNFbps are appropriately designated under the Act. However, there remains a deficiency in relation to the Casino and DPMS sectors. The Group of Experts found this deficiency to be minor given the materiality of the sectors. Additionally, the FIA now has responsibilities for all DNFbps, except casinos, to ensure that measures are in place to prevent criminals or their associates from being professionally accredited or holding a significant controlling interest or managing a DNFbp. There is a range of sanctions that can be applied for non-compliance of DNFbps, and the FIA is also equipped to refuse to register or to deregister entities under certain circumstances. The FIA has commenced onsite inspections on Registered Agents and the DPMS sectors, and registration of other DNFbp's are currently in process, which is being conducted on a risk sensitive basis. Supervision activities in the form of AML/CFT training has commenced as well as issuance of varying guidance notes. No measures have been implemented by the Gaming Authority to prevent criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, or being an operator of a casino. The Group of Experts found this deficiency to be minor given the materiality of the sector (1 operating casino). **Saint Lucia is re-rated Largely Compliant with R.28.**

3.1.6. Recommendation 33 (originally rated PC)

54. In the 4th round MER, Saint Lucia was rated PC with R.33. The technical deficiencies included: a lack of comprehensive statistics on confiscation and frozen funds; and Saint Lucia did not systematically and proactively maintain, collate, review and monitor statistics on a regular basis.
55. **Criterion 33.1 (Mostly Met):** Saint Lucia did not fully address this criterion at the time of the MER, as Saint Lucia did not have comprehensive statistics on confiscation and frozen funds, as well as Saint Lucia did not systematically and proactively maintain, collate, review and monitor statistics on a regular basis. Saint Lucia has since implemented various mechanism to collect and maintain statistics.

FIA- the FIA is the main agency for the receipt of STRs, ML investigations and cash forfeiture, confiscations and seizures. As noted in the MER, the MLPA mandates the FIA to compile statistics or records. The FIA has since developed a protocol for recording and maintaining statistical data and has employed a data entry clerk to maintain the statistical

data. The FIA provided evidence as to statistics being maintained including statistics related to ML investigations, prosecutions, convictions, as well as assets frozen, seized and confiscated.

ODPP- The Crown Prosecution Services Standard Operating Procedures provides that all case files, which includes ML/TF prosecutions, forfeiture and confiscation orders, must be presented to the Receptionist to make the appropriate entries in the Register and database. This entry includes *inter alia* the case file number, the nature of the case/offence, the court assigned, whether indictable or summary and the adjourned hearing date. To bolster this system, Saint Lucia has implemented an electronic case activity digital system (CADS) at the ODPP which will enable improved digital collection of statistics for all incoming case files and the generation of statistical reports. However, CADS is yet to be populated, and the SOPs developed. The Group of Experts found this to be minor, as the statistics are already being maintained by the ODPP.

RSLPF- the RSLPF has in placed an electronic case management database and maintains statistics on all reported crimes in Saint Lucia including TF investigations. This information from the electronic case management database is used to develop annual crime analysis reports and weekly Commissioner's serious crimes report.

MLAs- the Central Authority, the RSLPF and the FIA all have internal databases to record mutual legal assistance requests, which includes *inter alia* the date of the request, requesting state, requesting agency, nature of the request and related offence.

Weighting and Conclusion

56. Saint Lucia has implemented an electronic case activity digital system at the ODPP which will enable the collection of statistics for all incoming case files, including on ML/TF prosecutions, forfeiture and confiscation orders, and will enable the generation of statistical reports when fully operationalised. However, CADS is yet to be populated, and the SOPs developed. A data entry clerk has been employed by the FIA for compiling statistics (STRs, ML investigations and cash forfeiture, confiscations and seizures), and the FIA has a protocol in place for the recording and maintenance of statistical data. The FIA also provided evidence as to statistics being maintained including statistics related to ML investigations, prosecutions, and convictions as well as evidence of statistics being maintained in relation to assets frozen, seized or confiscated. The RSLPF has an electronic case management system which records all crimes reported to the RSLPF. The FIA, the Central Authority and the RSLPF all have internal databases to collect and maintain records on MLA requests. **Saint Lucia is re-rated Largely Compliant with R.33.**

3.1.7. Recommendation 38 (originally rated PC)

57. In the 4th round MER, Saint Lucia was rated PC with R.38 and maintained the rating of PC in its 3rd Enhanced Follow-Up Report. 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; and there is no mechanism in place for the management of property frozen or seized.
58. ***Criterion 38.1 (a-e) (Met):*** As noted in the 3rd FUR, Saint Lucia has the ability to identify and seize (Production Orders, Search and Seizure Orders under Proceeds of Crime Act (POCA) and MLACMA), 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” in the MLPA 2021 amendments covers terrorist financing and the 2023 MLACMA amendment provides a broader definition to “criminal matter” therefore allowing it to extend to civil investigations as well. This criterion remains unchanged.

59. **Criterion 38.2 (Met):** Saint Lucia did not fully meet the requirements of this criterion at the time of 3rd FUR, as there were no provisions which allowed assistance to requests for cooperation on the basis of non-conviction-based confiscation proceedings. Saint Lucia has since amended the POCA to allow for non-conviction based confiscation proceedings. Saint Lucia has also amended the definition of ‘criminal matter’ in its MLACMA to include civil confiscation, forfeiture or recovery proceedings which will now allow for assistance to be provided to a requesting country in relation to requests for cooperation on the basis of non-conviction-based confiscation proceedings.

60. **Criterion 38.3 (Partly Met):**

(a)(Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of 3rd FUR, as Saint Lucia relied on treaties, which are established on a case-by-case basis, for coordinating seizures and confiscation with other countries. Saint Lucia has since amended the MLACMA which now provides that Saint Lucia may conclude bi-lateral or multilateral agreements or arrangements on cooperation in criminal matters with any state, international organisation or entity and may provide assistance to any state, international organisation or entity in any other form not provided in the Act. Saint Lucia also has treaties in place allowing for coordinating of seizures and confiscation e.g. the Treaty between the Government of Saint Lucia and the Government of the United States of America on Mutual Legal Assistance in Criminal Matters.

(b)(Partly Met) Saint Lucia did not fully meet the requirements of this sub-criterion at the time of 3rd FUR, as Saint Lucia has no mechanisms in place for the management of property frozen or seized. In that regard, section 59B of the Proceeds of Crime (Amendment) Act, No. 18 of 2023 provides that the Attorney General may, with Cabinet’s approval, appoint persons as members of a Property Disposal Committee. Its functions are to review and make recommendations to the Attorney General on applications for money from the ‘Fund’ to be used to execute an anti-crime initiative (sections 59O and 59Q). The ‘Fund’ referred to is the Anti-Crime Initiative Fund under section 22 of the Public Finance Management Act. The Anti-Crime Initiative Fund specifies the monies that are to be paid into the Fund, which include cash forfeited and the proceeds of sale of property forfeited under the Proceeds of Crime Act. The purpose of the Fund is to execute an anti-crime initiative, including crime prevention, law enforcement and other measures for national security. However, Saint Lucia indicated that the Property Disposal Committee is pending as the Fund is still in the process of being operationalised. Further, Saint Lucia did not provide information in relation to the management of frozen property.

61. **Criterion 38.4 (Mostly Met):** Saint Lucia did not fully meet the requirements of this criterion at the time of 3rd FUR, as Saint Lucia officials referenced treaties with the United States the French Republic as measures which allow for asset sharing, as well as the authorities noted that they can enter into agreements on a case-by-case basis with other countries for asset sharing. Saint Lucia has since amended the MLACMA to allow Saint Lucia to provide assistance to, and to cooperate with, any foreign jurisdiction, rather than to Commonwealth countries only. Further, with the amendment to MLACMA, Saint Lucia no longer requires a treaty to be in place to cooperate with foreign jurisdictions and can conclude bilateral agreements or arrangements on co-operation in criminal matters (which includes confiscation) with any state (section 29). However, nothing in the law or treaties speaks to sharing when confiscation is directly or indirectly as a result of co-ordinated law enforcement action.

Weighting and Conclusion

62. Saint Lucia amended its POCA to allow for non-conviction-based confiscation proceedings. It has also amended its MLACMA to allow for requests for cooperation in relation to non-conviction-based confiscation proceedings. Saint Lucia can now enter into bi-lateral and multi-lateral agreements or arrangements for cooperation in criminal matters; such arrangements are not required to be treaties. There are legislative provisions in place to allow Saint Lucia to share confiscated property, however, the legislative provisions do not speak to circumstances in which confiscation is directly or indirectly a result of coordinated law enforcement action. Further, Saint Lucia has made progress in the management and disposal of seized property by establishing the Anti-Crime Initiative Fund and laying the foundation for the Property Disposal Committee. The Committee is not yet in operation as the Fund is not yet fully operationalised and Saint Lucia has not provided information on how frozen property is managed. **Saint Lucia is re-rated Largely Compliant with R.38**

IV Conclusion

63. Overall, Saint Lucia has made significant progress in addressing the technical compliance deficiencies identified in R. 15, 26, 28, 33, 38, with only minor deficiencies remaining, and has been re-rated LC. Further, Saint Lucia has been re-rated PC on R. 6 and 7.
64. A summary table setting out the underlying deficiencies for the Recommendations assessed in this report is included at *Annex A*.
65. 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 September 2024:

R.	Rating
1	PC (MER 2021) ↑ C (FUR 2023)
2	PC (MER 2021) ↑ C (FUR 2023)
3	PC (MER 2021) ↑ LC (FUR 2023)
4	LC (MER 2021)
5	PC (MER 2021) ↑ C (FUR 2023)
6	NC (MER 2019) ↑ PC (FUR 2024)
7	NC (MER 2019) ↑ PC (FUR 2024)
8	NC (MER 2021)
9	LC (MER 2021)
10	PC (MER 2021) ↑ LC (FUR 2023)
11	LC (MER 2021)
12	PC (MER 2021) ↑ C (FUR 2023)
13	LC (MER 2021)

R.	Rating
21	C (MER 2021)
22	PC (MER 2021) ↑ LC (FUR 2023)
23	PC (MER 2021) ↑ C (FUR 2023)
24	PC (MER 2021)
25	PC (MER 2021)
26	NC (MER 2021) ↑ LC (FUR 2024)
27	PC (MER 2021) ↑ C (FUR 2023)
28	PC (MER 2021) ↑ LC (FUR 2024)
29	PC (MER 2021) ↑ C (FUR 2023)
30	LC (MER 2021) ↑ C (FUR 2023)
31	LC (MER 2021)
32	LC (MER 2021)
33	PC (MER 2021) ↑ LC (FUR 2024)

14	PC (MER 2021) ↑ LC (FUR 2023)
15	PC (MER 2021) PC (FUR 2023) ↑ LC (FUR 2024)
16	NC (MER 2021) ↑ C (FUR 2023)
17	PC (MER 2021) ↑ C (FUR 2023)
18	PC (MER 2021) ↑ C (FUR 2023)
19	NC (MER 2021) ↑ C (FUR 2023)
20	PC (MER 2021) ↑ C (FUR 2023)

34	PC (MER 2021) ↑ C (FUR 2023)
35	PC (MER 2021) ↑ LC (FUR 2023)
36	LC (MER 2021)
37	PC (MER 2021) ↑ LC (FUR 2023)
38	PC (MER 2021) PC (FUR 2023) ↑ LC (FUR 2024)
39	LC (MER 2021)
40	PC (MER 2021) ↑ LC (FUR 2023)

66. Saint Lucia has 35 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 2025.

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

Compliance with FATF Recommendations		
Recommendation	Rating	Factor(s) underlying the rating⁶
R.6	NC (MER) PC (FUR 2024)	<ul style="list-style-type: none"> • While IAIC can include identifying targets for designations, the IAIC SOPs should explicitly make reference to identifying or investigating targets for the purpose of designation. (c6.1(b), c6.2(b)) • While the SOPs make no reference of referrals to the Attorney General, the members of the IAIC includes representation of the FIA, who is mandated under the ATA to provide information to the Attorney General on entities that meet the designation criteria. Notwithstanding, this should be explicitly provided for in the SOPs. (c6.1(b), c6.2(b)) • There is no provision relating to the information to be provided in relation to identifying groups. (c6.1(e)) • There is no provision which allows for the statement of case to be releasable upon request. (c6.1(e)) • There is no requirement for the Attorney General to make a prompt determination on the request. (c6.2(c)) • The obligation under section 3(1C) of the ATA does not arise out of giving effect to actions initiated under freezing mechanisms in Saint Lucia prior to making the request for a foreign entity to designate the person and the request is limited to information concerning an entity located in another country. (c6.2(e)) • It is unclear how the Attorney General is made aware of changes to the list. (c6.4) • It is unclear whether the freezing order obtained is a blanket freezing order or an order for specified funds. (c6.4) • The interim steps which must take place between a person listed and the actual freezing of the person’s funds do not allow for implementation of targeted financial sanctions without delay. (c6.4) • The provision (section 22G(1)) does not require all natural and legal persons within the country to freeze funds or other assets of specified entities, as it only requires those that are served with a freezing order to do so, and it does not require that no notice be given prior to freezing. (c6.5(a))

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.

		<ul style="list-style-type: none"> • Section 22G(1) is limited to ‘funds’ and does not include ‘other assets’. (c6.5(a)) • The term ‘funds’ as defined under section 2 of the ATA does not extend to all the types of assets covered under the definition of ‘funds or other assets’ in the FATF Standards such as ‘economic resources (including oil and other natural resources)’ and ‘property of every kind, whether tangible or intangible, movable or immovable’. (c6.5(b)) • Saint Lucia has not provided any further information which demonstrates that there are mechanisms in place for providing clear guidance, to FIs and DNFBPs on their obligations in taking action under freezing mechanisms. (c6.5(d)) • Section 32(4)(b) does not cover ‘attempted transactions’. (c6.5(e)) • The definition of ‘funds’ is limited and does not cover all types of funds as required by the FATF Standards. (c6.5(e)) • No information has been provided that Saint Lucia has in place publicly known procedures to facilitate review by the 1988 Committee in accordance with any applicable guidelines or procedures adopted by the 1988 Committee, including those of the Focal Point mechanism. (c6.6(d)) • It is unclear whether ‘other persons as considered necessary’ includes all FIs and DNFBPs. (c6.6(g)) • Although section 22J provides obligations on FIs and persons in respect of a de-listing, there is no information that mechanisms are in place for providing guidance to such FIs and persons in relation to these obligations. (c6.6(g))
R.7	NC (MER) PC (FUR 2024)	<ul style="list-style-type: none"> • The statutory requirement in Saint Lucia for the Attorney General to apply for a freezing order in respect of a listed person (section 15(1)), the discretion of the court to grant the freezing order (section 15(3)), and the subsequent need to serve the freezing order if it is granted (sections 15(5) and 20), effectively impede the implementation of the relevant targeted financial sanctions without delay. (c7.1) • Freezing obligations do not apply to all natural and legal persons within the country and freezing obligations do not apply to all the asset types under r.7. (c7.1) • The discretion of the court to grant a freezing order and the need to serve the freezing order if it is granted, do not indicate that the relevant targeted financial sanctions are implemented without delay. (c7.2(a))

		<ul style="list-style-type: none"> • Section 20 of the UNSCPFA does not apply to all natural and legal persons within the country as required. (c7.2(a)) • The definition of ‘funds’ under section 2 of UNSCPFA does not cover all the asset types required by the FATF Standard. (c7.2(a), c7.2(b), c7.2(e)) • It is unclear whether the term ‘other persons considered necessary’ includes all other persons or entities including DNFbps that may be holding targeted funds or other assets. (c7.2(d), c7.4(d)) • No indication that the obligation to make the necessary communication ‘as soon as reasonably practicable’ meets the FATF requirement of communicating designations ‘immediately’. (c7.2(d), c7.4(d)) • No information has been provided indicating what mechanisms are in place for providing clear guidance to financial institutions and DNFbps and other persons or entities that may be holding targeted funds or other assets. (c7.2(d)) • The provision (section 19) only applies to persons served with the freezing order and does not provide for publicly known procedures for persons inadvertently affected by freezing orders, who did not receive the freezing order, but assets were frozen in accordance with the freezing order, to have their assets unfrozen. (c7.4(b)) • There is no requirement that the payment of such sums would not be for the benefit of a listed entity, or an individual identified by the Security Council or the Committee, or that it has been notified to the Committee as is required by UNSCR 1718. (c7.4(c)) • No information has been provided that mechanisms are in place for providing guidance to financial institutions and DNFbps that may be holding targeted funds or other assets, on their obligations in respect of a de-listing or unfreezing order. (c7.4(d)) • No provision was referenced that requires that such interest, or other earnings or payments must continue to be subject to the freezing provisions. (c7.5(a))
R.15	PC (MER) PC (FUR 2023) LC (FUR 2024)	<ul style="list-style-type: none"> • The minor deficiencies noted under r.10, 11, 13 and 14 continue to apply here. (c15.9(a)) • The deficiencies in criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e) and 7.4(d) applies here. (c15.10) • The minor deficiencies in recommendations 37 and 38 apply here. (c15.11)

R.26	PC (MER) LC (FUR 2024)	<ul style="list-style-type: none"> • The deficiencies in laws applicable to the FSRA, the MER deficiency relative to identification of beneficial ownership (indirect ownership) (MSBs and Insurance) and ongoing monitoring (Co-operatives societies) and deficiencies relating to the International Mutual Funds Act remains unaddressed. (c.26.3) • Deficiencies in laws applicable to the ECSRC relative to beneficial owner (indirect ownership) and ongoing monitoring remains unaddressed. (c.26.3)
R.28	PC (MER) LC (FUR 2024)	<ul style="list-style-type: none"> • Saint Lucia has not provided information on measures to prevent criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, or being an operator of a casino. (c.28.1(b)) • Based on the threshold in Schedule 2, Part B, not all gaming operators are supervised for AML/CFT compliance. (c28.1(c)) • Based on the threshold in Schedule 2, not all dealers in precious metals and stones are supervised for AML/CFT compliance. (c28.3) • The deficiency in relation to the threshold for supervision for DMPS cascades, in that, not all DPMS entities may be supervised. (c28.4(b)) • There is no on-going fit and proper tests for trigger events during the one-year period of registration. (c28.4(b))
R.33	PC (MER) LC (FUR 2024)	<ul style="list-style-type: none"> • The CADS is yet to be populated, and the SOPs developed. (c33.1)
R.38	PC (MER) PC (FUR 2023) LC (FUR 2024)	<ul style="list-style-type: none"> • Saint Lucia indicated that the Property Disposal Committee is pending as the Fund is still in the process of being operationalised. (c38.3(b)) • Saint Lucia did not provide information in relation to the management of frozen property. (c38.3(b)) • Nothing in the law or treaties speaks to sharing when confiscation is directly or indirectly as a result of co-ordinated law enforcement action. (c38.4)



www.cfatf-gafic.org

October 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 October 2024. The report also looks at whether Saint Lucia has implemented new measures to meet the requirements of the FATF Recommendations that have changed since its 4th Round Mutual Evaluation assessment.