



ADVISORY

OCTOBER 2026

ADVISORY ON MONEY LAUNDERING THREATS IN THE SECURITIES SECTOR ARISING FROM THE THIRD ITERATION OF JAMAICA'S NATIONAL RISK ASSESSMENT

This Advisory is directed to:

- Nominated Officers
- Chief Executive Officers
- Chief Operating Officers
- Compliance Officers
- Other Principal Officers
- Board of Directors

This Advisory highlights the money laundering threats in the securities sector identified through Jamaica's third National Risk Assessment ("NRA3") and sets out the supervisory expectations for licensees and registrants in responding to those threats. This Advisory should be read in conjunction with the NRA3 Report that was published on the Financial Services Commission's website¹.

1.0 Legislative References

- ☐ Proceeds of Crime Act and Regulations
- ☐ Terrorism Prevention Act and Regulations
- ☐ United Nations Security Council Resolutions Implementation Act
- ☐ Financial Services Commission Act and Regulations
- ☐ Securities Act and Regulations
- ☐ Financial Services Commission's Guidelines on the Prevention of Money Laundering and Countering the Financing of Terrorism and Proliferation ("FSC's AML/CFT/CPF Guidelines")

The legislative framework governing Anti-Money Laundering, Counter Financing of Terrorism and Counter Proliferation Financing ("AML/CFT/CPF") establishes clear obligations for regulated entities and corresponding supervisory responsibilities for Competent Authorities. Regulated entities are required to engage with the Competent Authority to meet their AML/CFT/CPF responsibilities, while Competent Authorities are empowered to implement necessary measures to ensure compliance across the regulated sector.

¹ <https://www.fscjamaica.org/aml-cft-cfp/general-information/>

2.0 NRA3 Assessment of the Securities Sector

The FSC draws the attention of licensees and registrants to the findings of Jamaica’s NRA3, concerning Money Laundering, Terrorism and Proliferation Financing (“ML/TF/PF”) threats and vulnerabilities in the Securities Sector.

NRA3 assessed the Securities Sector as **MEDIUM-HIGH** ML risk, reflecting an increase from **MEDIUM** risk assigned to the sector in NRA2. The assessment recognizes that the sector has strengthened its AML/CFT/CPF controls, supported by the FSC's risk-based supervisory framework. While the sector’s size, complexity and international connectivity continue to present inherent vulnerability factors, the increase in the overall ML risk assessment is primarily attributable to emerging intelligence and law-enforcement information indicating increased exposure to, and potential exploitation of, the sector for ML purposes.

2.1 Basis of the NRA3 Assessment

Consistent with the World Bank National Risk Assessment methodology, the assessment considered both threat and vulnerability inputs. The World Bank methodology distinguishes between the threat posed by proceeds of crime and the vulnerabilities and defensive mechanisms that may permit those proceeds to be laundered.

The Securities Sector vulnerability assessment incorporated supervisory information available to the FSC, including examination findings, institutional risk assessments, internal control assessments, compliance function information, suspicious transaction reporting trends and other supervisory information. These inputs formed part of the evidence used in the World Bank Tool and contributed to the assessment of sector vulnerability.

The vulnerability rating remained broadly stable at Medium between NRA2 and NRA3. The principal change in NRA3, compared with NRA2, was observed in the threat dimension, which increased from Medium to Medium-High.

3.0 Money Laundering Threats and Emerging Typologies

Intelligence and enforcement information from the NRA3 indicated an increased ML threat associated predominantly with unlicensed or rogue securities operators defrauding investors, including through Ponzi-type and other fraudulent investment schemes involving promises of unusually high or guaranteed returns purportedly generated through foreign exchange or cryptocurrency trading.

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NRA3 also identified evidence of fraud proceeds associated with unregistered investment schemes, cyber-enabled fraud and online scams. Indicators of such activity may include urgent investment requests, multiple unrelated investors funding a common account, rapid movement of investor funds, and payments to persons or accounts without a clear economic rationale. Licensees and registrants should remain vigilant for transactions involving persons or entities that may be operating, facilitating, or collecting funds on behalf of unlicensed or fraudulent investment schemes. Licensed entities can be exposed when their accounts or services are used to receive or pool investor funds for unlicensed or fraudulent investment schemes.

Emerging typologies include early redemptions following short holding periods, funds received from multiple unrelated third parties, and customers citing investment returns from an entity appearing on the FSC’s public warning advisories as their stated source of funds.

4.0 Actions Required

Licensees and registrants are reminded to ensure that their AML/CFT/CPF frameworks adequately address the evolving threat environment identified through NRA3.

In particular, licensees and registrants should:

- I. Review and, where necessary, update their institutional ML/TF/PF risk assessments to reflect the threats identified in NRA3;
- II. Strengthen customer due diligence, beneficial ownership verification, source of funds and source of wealth procedures where warranted;
- III. Remain vigilant against tipping-off and ensure that any disclosure or communication concerning suspicious transactions or related regulatory action is handled strictly in accordance with applicable AML/CFT/CPF requirements;
- IV. Ensure that transaction monitoring arrangements can identify unusual subscriptions, redemptions, transfers, third-party funding and other activity inconsistent with customer profiles;
- V. Apply enhanced due diligence where higher-risk customers, products, jurisdictions or delivery channels are identified;

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- VI. Ensure that non-face-to-face business conducted through mobile applications, electronic communications and other digital channels is subject to appropriate controls;
- VII. Report to the Financial Investigations Division (“FID”) where they know or believe, or have reasonable grounds for knowing or believing, that a transaction or attempted transaction involves criminal property, as soon as reasonably practicable and within the statutory timeframe;
- VIII. Screen customers and counterparties against the FSC's public warnings on unlicensed entities; and
- IX. Ensure that the updated institutional risk assessment is approved by the Board of Directors and that staff are trained on the NRA3 typologies.

5.0 Regulatory and Inter-Agency Response

The FSC continues to strengthen its AML/CFT and Market Conduct functions and has enhanced its collaboration and cooperation with the Financial Intelligence Unit at the FID through the identification and referral of relevant matters and, where appropriate, support for joint investigative activities led by the FID.

The FSC has also and will continue to utilize media and public advisories on its website to warn members of the public about suspected unlicensed securities dealers and fraudulent investment activities.

The FSC will assess licensees' and registrants' implementation of these expectations in the course of its supervisory engagements and may request evidence that institutional risk assessments have been updated.

6.0 Conclusion

The FSC reminds all licensees and registrants that the NRA3 findings reflect both vulnerability and threat information.

The increase in the Securities Sector's risk rating was principally driven by the increased threat dimension identified through intelligence and law-enforcement information, including the emerging use of unlicensed investment schemes, cybercrime, fraudulent cryptocurrency activity and online investment solicitation.

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Licensees and registrants are expected to take these developments into account when assessing customer and institutional risk and when designing and implementing AML/CFT/CPF controls.

For Further Information

Please contact the Financial Services Commission at Telephone Numbers: 876-906-3010-2 or by email to amlunit@fscjamaica.org.