

<b>The Central Bank of The Bahamas</b> <b>BANK SUPERVISION DEPARTMENT</b>
<b>Quarterly Letter to All Senior Officials 02/14</b>
Email: Email Address Licensee: Name

Dear Senior Official,

As you are aware, on 1<sup>st</sup> June, 2014, the Central Bank (“the Bank”) celebrated its 40<sup>th</sup> anniversary as the institution in The Bahamas tasked with the overarching goal of financial sector stability. This milestone presented an opportunity for us to reflect on the progress we have achieved in building confidence and credibility in our responsibility for monetary policy, financial regulation and supervision, economic analysis and payments system oversight. Our success owes much to the strong dialogue and relationship established with you, our licensee community, and we look forward to your continued support and co-operation as we seek to take on the challenges and opportunities that lay ahead.

In another key transition, we are pleased to announce the appointment of Ms. Karen V. Rolle as the Manager, Bank Supervision Department, effective 1<sup>st</sup> June, 2014. Ms. Rolle has been employed with the Bank since 1994, in varying capacities within the Bank Supervision Department. She is well known to the industry in her former post as Policy Analyst V, Policy Unit. Ms. Rolle brings sound experience, knowledge and leadership skills to the role of Manager, and we look forward to her contribution to the further development of the Bank Supervision Department, and our regulatory practices.

In our previous Quarterly Letter, we advised of the scheduled release of a Basel Readiness Survey, as part of our Basel implementation program. We wish to thank all of those licensees who participated in the Survey. Responses were received from some 67 licensees, representing an overall response rate of 84%. We value the information and feedback provided for this very important strategic exercise, which will assist with the development of the overall Basel framework. As a next step, the Bank is currently reviewing and analyzing the results, and will share the highlights with you, once finalized. Looking ahead, we remain committed to publishing several consultative papers on various areas under Basel II and III in the coming months.

Our work in the area of legislative frameworks continues, including the proposed administrative changes to the ***Dormant Accounts*** regime. At the conclusion of the consultation period, on 20<sup>th</sup> May, 2014, we had received comments from several licensees, which our team has considered and, where deemed appropriate, incorporated into the revised draft documents. However, our work in this regard is ongoing, as feedback from the consultative process has engendered further discussion with licensees and other local regulatory agencies. We hope to conclude these matters, and move the draft legislation on to the final approval phase, before the end of the summer months.

In terms of other legislative initiatives; by now, you may be aware of the passage of Act No. 25 of 2014, which amended section 27 of the Banks and Trust Companies Regulation Act to allow for annual licence fees to be collected by the Bank and remitted to the Treasury. The Amendment Act was brought into effect on 1<sup>st</sup> July, 2014. We are, at present, fine-tuning our internal processes to facilitate this change and, once completed, will be communicating to all our licensees details of the revised operational process, which will involve payments being made directly to the Bank.

We are anticipating the tabling, in the coming months, of the draft **Banks and Trust Companies Regulation (Amendment) Bill, 2014 (the Bill) and the Banks and Trust Companies (Administrative Monetary Penalties) Regulation, 2014 (the Regulations)**. In this regard, we wish to clarify that all returns to the Bank, inclusive of those submitted to our Research and Exchange Control Departments, are captured in the administrative monetary penalties regime, and therefore late submissions will attract a penalty fee—to take effect four (4) months after the enactment of the Bill.

Finally, in light of the Bank's continued focus on strategic initiatives aimed at strengthening the regulatory and supervisory frameworks, in June 2014, the Bank embarked upon a project to enhance its existing infrastructure for the regulatory filings, analytics and reporting. The Online Reporting Information Management System (ORIMS), as the project is called, will allow financial institutions and other respondents to securely submit data, filings and documents to the Bank, via multiple delivery channels, including online forms submissions and file uploads. The solution will include:

- a mechanism for the downloading and subsequent uploading of returns, through a secure web-based platform, and
- built-in validation and integrity checks at the form submission level.

It is anticipated that the ORIMS will be implemented in Q1/2015, and upgraded, in the future, as the need arises. We are confident that the implementation of this new data gathering/reporting platform will streamline the information exchange and offer efficiencies for both the Bank and you, the licensees. We will be providing you with future updates on the progress of the project and, at the appropriate time, will organize familiarization sessions for your staff who are responsible for reporting to the Bank.

Any questions regarding this letter should be directed to:

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Sincerely,



Abhilash D. Bhachech  
Inspector of Banks & Trust Companies

23<sup>rd</sup> July, 2014