



QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS

BANK SUPERVISION DEPARTMENT
17 December, 2021



QUARTERLY LETTER

Industry Briefing

Thank you all for your attendance at the Central Bank's industry briefing, which was held via zoom on Thursday, 9 December, 2021. Topics covered included an overview of the domestic economy, thematic trends from onsite examinations, AML/CFT supervision, policy initiatives, the collateral registry, office of the financial services ombudsman and the Central Bank's 2022 supervisory agenda. The PowerPoint slides and archival video from this briefing will be shared in the coming days.

Third International Research Conference on Empirical Approaches to Anti-Money Laundering and Financial Crime

The third iteration of the AML research conference is scheduled to take place on 20-21 January, 2022 at Baha Mar Convention Center, with Covid-19 safety protocols in place. Virtual attendance is also an option. Interested parties may register by email, no later than 18 January, 2022 via AMLconferences@centralbankbahamas.com. Please provide the following information:

- a) Name/title; and
- b) Institution.

Consultation Papers

The Central Bank has released for a 60-day consultation period, its revised [Guidelines for the Management of Credit Risk](#) and draft [Internal Audit Guidelines](#). We look forward to receiving your comments on or before the due date of 11 February, 2022.

The draft Recovery Planning Guidelines will be released in the coming days.

Compilation of Supervisory Guidance from Central Bank's Past Quarterly Letters

The Central Bank commenced its issuance of a Quarterly Letter from 2005. These letters often include guidance, which is later incorporated into and superseded by legislation, regulation, or formal guidelines. The Bank appreciates that over time, it may have become difficult for the industry to keep track of what remains "live" from the quarterly letters. The Compilation of Supervisory Guidance covers all the past issues that remain outstanding. Therefore supervised

financial institutions (SFIs) need not refer to any quarterly letters prior to December 2021 for supervisory guidance. Furthermore, to the extent the Central Bank wishes to issue new supervisory guidance in future quarterly letters, this document will be immediately updated. This document is accessible on the website via the path: *Bank Supervision / Notes & Notices / Quarterly Letters*.

Supervisory External Engagement Schedule

We are pleased to share with industry our 2022 Supervisory External Engagement Schedule. We will be providing more specific dates for the engagement schedule where only the quarter is indicated and in cases where the date is yet to be determined. All dates however, are subject to change with notification.

Statutory/Regulatory Filing Requirements

We are also publishing a new schedule of the statutory and regulatory filing requirements of all supervised financial institutions. This schedule supersedes that found in the appendix to the Guidelines for the Administration of Monetary Penalties. The appendix will be removed when those guidelines are next updated.

AML/CFT/CPF Training for Board of Directors

SFIs are reminded that, pursuant to Section 19(2)(c)(iii) of the [Financial Transactions Reporting Act, 2018](#), all directors must receive appropriate ongoing training relative to the ML/TF/PF risks of the financial institution's business. The training should be suited to the role of directors and proportionate to the nature and size of the financial institution. Additionally, all agents of money transmission businesses should receive ongoing AML/CFT/CPF training (see Paragraph 182 of the Central Bank's [AML/CFT/CPF Guidelines](#)).

Inspection from Foreign Regulators

We wish to draw attention to sections 32-34 of the Banks and Trust Companies Regulation Act, 2020, which speak to inspections by a supervisory authority other than the Central Bank. These provisions allow for foreign supervisory authorities with responsibilities for regulating a bank or trust company with a branch or subsidiary incorporated inside The Bahamas to conduct an inspection upon written notification to and approval by the Inspector of Banks and Trust Companies. Supervised financial institutions are reminded to be guided by these provisions. In particular:

- 1) SFIs must secure approval for the foreign inspection or examination in The Bahamas prior to the visit. Some institutions have not recently adhered to this requirement. Such failures attract an administrative monetary penalty.

- 2) The Central Bank routinely issues these approvals, but usually requires a short closing conversation with the officials conducting the examination.

Holiday Gifts and Entertainment

Many SFIs and associated parties offer the Central Bank and its employees gifts in various contexts. Although the intent is benign, the Central Bank is currently developing a more formal and restrictive policy in this area. The Central Bank wishes to operate on the basis that no person could credibly believe or assert that its staff have been influenced by offers of gifts or entertainment of any form. The Bank will require its employees to decline such gestures, unless strict protocols are followed.

SFIs are requested therefore to observe the following rules:

- 1) Do not offer tangible gifts (such as bottles of wine or office gadgets) to staff of the Central Bank. If your institution would like to offer a memento to mark a special occasion, such as a branch opening or anniversary of licensing, please be clear that such gifts should be to the Central Bank, not to any Central Bank employee.
- 2) If an SFI is organizing a conference, please refrain from offering tangible gifts to Central Bank speakers. If your business practice is to offer speakers free attendance for themselves or colleagues, this would also be acceptable for Central Bank speakers. Central bankers may also avail themselves of promotional items offered to all conference attendees by the conference promoter, exhibitor booths, and the like.
- 3) Central Bank staff are available to attend business-relevant events such as industry association year-end celebrations, business lunches, dinners and breakfasts with individual supervised financial institutions. However, the Bank prefers that such events be focused strictly on business matters and not be construed as extravagant entertainment.
- 4) When in doubt on these matters, feel free to ask us for clarification.

As a related matter, Central Bank staff sometimes engage in work outside office hours, with prior approval. It is our policy that Bank Supervision Department staff are not allowed to engage in any paid work for supervised financial institutions or parties closely associated with supervised financial institutions. Collaborative unpaid work, such as sitting jointly on an organizing committee for a charitable or industry body, is permitted.

We trust you are enjoying a safe and happy holiday season.

Charles Littrell

Charles Littrell

Inspector of Banks & Trust Companies

Any questions regarding this letter should be directed to:

Inspector of Banks & Trust Companies

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