



QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS

BANK SUPERVISION DEPARTMENT
6 July, 2023



QUARTERLY LETTER

Opening Remarks

On the occasion of the Golden Anniversary of independence of the Commonwealth of The Bahamas, the Central Bank extends celebratory greetings to all our stakeholders. One of the greatest test emanating from the COVID19 pandemic is our resiliency as a people and as a nation. Resiliency has been a strong testament of our financial services sector over the last few decades, having weathered the wave of change from global reforms by international standard-setting bodies, policies by industrialized nations, and economic upheavals. Climatic change fallout is a new confrontation. All of these events have played a role in shaping the financial sector over the years by honing a more robust supervisory and regulatory infrastructure and introducing new legislation that has poised this sector for growth and innovation. Resiliency though, has still caused a reshaping of the sector's footprint, with pathways for growth in new markets and regions.

Turning to the Central Bank's strategic work agenda, this quarter we released two pivotal guidance notes, ***Money Laundering, Terrorist Financing and Proliferation Financing Risk Assessment Guidance Notes*** and ***Enterprise Risk Management Guidance Notes***, which were foreshadowed to the industry during the Central Bank's Annual Briefing held in February 2023. The Central Bank has also received 93% of recovery plans from supervised financial institutions (SFIs) and will be engaging more directly with SFIs on their submission. On a separate but closely related topic, it appears that we can expect an active 2023 hurricane season. SFIs should ensure their readiness to invoke their business continuity arrangements.

Money Laundering, Terrorist Financing and Proliferation Financing Risk Assessment Guidance Notes

On 1 June, 2023 the Central Bank issued guidance notes for the completion of Money Laundering, Terrorist Financing and Proliferation Financing (ML/TF/PF) Risk Assessments. This guidance is to be used in conjunction with the *Guidelines for Supervised Financial Institutions on the Prevention of Money Laundering, Countering the Financing of Terrorism & Proliferation Financing*, Section 25, to assist SFIs in the development of their AML/CFT/PF self-assessment.

The [Guidance Notes](#) are accessible on the Central Bank's website at www.centralbankbahamas.com, on the main page under Press Releases using the path: Latest News → Press Release. Alternatively, the Guidance Notes may be accessed using the path: Core Functions → Bank Supervision Department → Policies and Guidance Notes.

Enterprise Risk Management Guidance Notes

On 22 June, 2023 the Central Bank issued the ***Enterprise Risk Management ("ERM") Guidance Notes***. The Guidance Notes provide SFIs with the Central Bank's minimum expectations for developing an ERM Framework. As above, the Guidance Notes are accessible via the path: Latest News → Press Release or Core Functions → Bank Supervision Department → Policies and Guidance Notes.

Please note that the due date for submission of the Enterprise Risk Assessment and the ML/TF/PF Risk Assessment by SFIs has been extended to 30 September 2023, unless otherwise advised. SFIs who have already submitted the assessments for 2023 need not re-submit. However, any requirements stated in the guidance note that are not addressed in your submission should be brought to Central Bank's attention.

Enterprise Applications Portal

SFIs participating in the Parallel Run of the Enterprise Applications Portal should anticipate receiving further communication in the coming weeks with respect to the launch of additional application types. We ask that SFIs continue to submit the supporting documents for these applications to bsd@centralbankbahamas.com, in addition to submitting the same to the EAP.

Onsite Examination Preparation

Finally, SFIs that are scheduled for an onsite examination and that have made changes to their information security and system firewalls, are advised to schedule an access test run with the Examination team as soon as you are formally notified of the examination's commencement. The test run allows lead-time to address any access issues prior to the commencement of the examination.

We look forward to our continued collaboration during the second half of the year.

Karen Rolle

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Inspector of Banks & Trust Companies

Any questions regarding this letter should be directed to:

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