



QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS

**BANK SUPERVISION DEPARTMENT
6 October 2023**



QUARTERLY LETTER

Opening Remarks

We are pleased to report that an overwhelming majority of public Supervised Financial Institutions (SFIs) have submitted their recovery plans to the Central Bank. The recovery plan is an important tool that sets out the institutional playbook for recovery options, to address an event that might have material impact on the financial, operational and reputational soundness of an institution. The plan should be viewed as a living document with the requisite governance and testing arrangements in place. The Central Bank will be viewing these plans in the context of the regulatory risk assessment and examination processes, particularly for systemically important institutions, and for SFIs that might be in imminent breach of their respective recovery triggers.

Looking at financial stability from a macro perspective, the Central Bank, in collaboration with the Ministry of Finance, the Securities Commission of The Bahamas, the Insurance Commission of The Bahamas and the Deposit Insurance Corporation, is making progress towards the establishment of a financial stability council. A Memorandum of Understanding is being finalised to complete the arrangements. The Council would be a non-statutory body to monitor emerging risks to financial stability in The Bahamas; and ensure that there is timely communication and coordination during both normal times, and episodes of systemic crises. The multi-agency cooperation will also help to strengthen the analytical framework for the existing financial stability report, particularly with respect to more comprehensive data coverage, the interconnectedness with the regulated sub-sectors, vulnerabilities and threats to financial stability.

Legislation and Guidelines

In keeping with Bank Supervision Department's work agenda, over the next few weeks, we are poised to release in final, the Digital Assets Guidelines, which outline the Central Bank's expectations for exposure to digital asset activities and identification of accepted best practices for effective risk management. To be clear, the Guidelines do not diminish the legal and regulatory standards enforced by the Securities Commission for engagement in such activities, including, where additional licensing requirements are mandated.

The proposed revisions to the Administrative Monetary Penalty legislative framework are nearing completion. To this end, the following documents will be released shortly for industry consultation:

- Draft Amendments to the Central Bank of The Bahamas Act;
- Draft Amendments to the Central Bank of The Bahamas (Administrative Monetary Penalties) Regulations; and
- Revisions to the 2016 Administrative Monetary Penalties Guidelines.

Also to be released in the coming days are the Fit & Proper Guidelines, revised to include, inter alia, a new section, *Reporting and Disclosure of Relevant Information*. Additionally, the Guidelines for the Minimum Standards of Character and Financial References has been consolidated into the Fit & Proper Guidelines. Requirements have also been enhanced to the Confidential Statement, which all directors and executive officers must file with the Central Bank.

Dormant Funds Claims Update

There continues to be room to clarify the administrative processes around dormant funds. The Central Bank is still receiving occasional enquiries, where banks have referred customers directly to the Central Bank to recover or investigate the existence of funds. Pursuant to section 78(1) of the Banks and Trust Companies Regulations Act, 2020 and the [Guidelines for the Administration and Ultimate Disposition of Dormant Bank Accounts](#) (amended 30 June 2021), funds are deemed dormant after 7 years of inactivity. At this time, these funds are to be submitted to the Central Bank of The Bahamas, where they are held for an additional 10 years before remittance to the Public Treasury. *However, where dormant claims or inquiries are initiated, these must be made by the submitting banks on behalf of their clients. In instances where the banks transferred ownership or were dissolved, the administration of the transferred dormant funds are to be transferred to the acquiring bank or liquidator, also preserving the chain of responsibility for future claims.*

In accordance with the Guidelines, all dormant funds claim forms must be accompanied with a cover letter, which should include the full settlement instructions of the bank (not the client). The cover letter should also include a contact, the amount of the claim and the client's account number. The cover letter should accompany the completed claim form and submitted to the following email address - dormantaccounts@centralbankbahamas.com. Once the documents are received and reviewed, the Central Bank will process the claim and return the funds to the respective bank for issuance to the client.

Banks are encouraged to ensure that their clients are properly advised that all claims are to be submitted on their behalf. The Central Bank does not issue claimed dormant funds directly to the banks' customers.

Internal Auditors Attestation

We are pleased to advise that the Internal Auditors’ Attestation mentioned in the Guidelines for Internal Auditors and Audit Committee has been added to the suite of returns available in the ORIMS Portal. As referenced in paragraph 74 of the Guidelines, the Attestation is due to the Central Bank via the ORIMS Portal within 120 days of the end of each calendar year by the Head of Internal Audit.

In addition, all SFIs are required to submit the below information for the Head of Internal Audit and one (1) backup individual to ORIMSHelp@centralbankbahamas.com for access to be granted.

User Access Credentials
First Name:
Last Name:
Entity:
Email:
Telephone (International):
Telephone (Local):
Primary & Secondary FRA

Karen Rolle

Karen Rolle
Inspector of Banks & Trust Companies

Any questions regarding this letter should be directed to:

Inspector of Banks & Trust Companies
Bank Supervision Department
Central Bank of The Bahamas
Nassau, Bahamas
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