



**QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS**

**BANK SUPERVISION DEPARTMENT  
19 December 2023**



## QUARTERLY LETTER

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### Introduction

This edition of the quarterly letter highlights some of the key policy developments for the quarter along with some important notices for upcoming events very early in the New Year.

While the Central Bank will unveil its supervisory agenda for 2024 at the upcoming industry briefing, I will foreshadow that in the New Year, the industry as well as the public at large could expect to see more transparency around the various initiatives and work streams within the Central Bank. On the supervisory front, our intent is to create useful messaging appropriately designed for the targeted stakeholder around supervisory observations and trends through published material and other appropriate public platforms. We also plan to engage our SFIs as to what kinds of data/reports may be useful for their purposes.

### AML Empirical Research Conference

The Fifth International Research Conference on Empirical Approaches to Anti-Money Laundering and Financial Crime is scheduled for **18<sup>th</sup> -19<sup>th</sup> January 2024**. The conference will be held at the Margaritaville Beach Resort with options for in-person or virtual attendance. While space is limited, the Central Bank certainly welcomes the attendance of our SFIs. We will accommodate physical attendance on a first come first serve basis. Otherwise, the hybrid option to attend the conference is also open to all. The virtual registration link for the conference is provided below:

[Fifth International Research Conference registration link](#)

Additionally, the option to view the conference at a later date will be available via YouTube.

### Industry Briefing

We look forward to hosting you once again to our annual industry briefing, which will be held early during the first quarter 2024. More details will be provided in the coming weeks.

### Guidelines

#### Digital Assets

The Central Bank's [Digital Assets Guidelines](#) were released in final form on 12 December 2023. The Guidelines delineate the Central Bank expectations for all its SFIs with exposures to digital assets and is closely aligned with the Basel Committee's standards for the Prudential Treatment of Cryptoassets Exposures.

#### Internal Audit

Subsequent to the finalization of the Internal Audit Guidelines, the Central Bank received further suggestions for enhancement from both internal and external stakeholders. We thank all for the recommendations, which we have incorporated, where appropriate, to provide further clarifications. SFIs

were notified of all of these further enhancements on 27<sup>th</sup> November 2023. Below are a few of the highlighted changes:

- Page 2 – Section 6 is amended to include a provision that based on an SFI’s size and the complexity of its operations, it may be appropriate to have its Board of Directors oversee the internal audit function.
- Page 3 – Section 6 is amended by the deletion of subsection (ii) and the substitution as follows: “(ii) To provide independent assurance to senior management and the Board of Directors that risk management, governance and internal control processes are operating effectively.
- Page 14 – Section 60 is amended by the deletion of “All banks and trust companies, money transmission businesses and credit unions” and the substitution as follows: “All institutions licensed, registered and regulated by the Central Bank of The Bahamas”.
- Page 17 Appendix –The Certification has been amended to reflect that the Central Bank requires certain statements to be made by the Head of Internal Audit. Additionally, the following clarifications were made:-
  - Clarification regarding the role of Head of Internal Audit; and
  - Clarification of the period of the Internal Audit’s Annual Certification.

#### **Fit & Proper**

We wish to draw your attention to the revised [Fit and Proper Guidelines](#), which were released for consultation on 18<sup>th</sup> December 2023. The consultation period will run to 31<sup>st</sup> January 2024. We look forward to receiving your feedback on or before the due date.

Have a safe and enjoyable holiday season.

*Karen Rolle*

**Karen Rolle**  
Inspector of Banks & Trust Companies

Any questions regarding this letter should be directed to:

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