



**QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS**

**BANK SUPERVISION DEPARTMENT**  
March 26, 2021



## QUARTERLY LETTER

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We end the first quarter of the New Year 2021 with news of the arrival on Bahamian shores of the first batch of COVID-19 vaccines. This hopefully signals the commencement of the gradual return to economic normalcy.

### **Central Bank Digital Currency (Sand Dollars)**

We look forward to receiving your comments on the proposals for legislation to regulate the provision and use of Central Bank Issued Electronic Bahamian Dollars as set out in the draft [Central Bank \(Electronic Bahamian Dollars\) Regulations, 2021](#). The Consultation Paper was posted to our website on February 15, 2021. The consultation period ends on March 31, 2021.

### **Basel II & III Implementation**

We extend our thanks to our many stakeholders for the feedback received on the draft Capital Regulations and Guidelines. Your comments are under review and where persuasive, incorporated into our final draft. We will share our responses to all comments in short order.

### **AML Outreach Team**

The Central Bank is pleased to announce the establishment of its AML Outreach Team, an arm of the AML Analytics Unit within the Bank Supervision Department. The AML Outreach team will be responsible for coordinating Central Bank engagement with domestic and international counterparts for financial crime matters, and assisting with consistent, effective, and efficient implementation of AML/CFT requirements within the jurisdiction. In addition, the team will support the Bank and The Bahamas' international reputation for good AML/CFT risk management practices.

### **A Successful AML/CFT 2<sup>nd</sup> Empirical Research Conference**

Building upon the 2020 inaugural research conference and despite the challenges faced with COVID-19, the Central Bank virtually held the *2<sup>nd</sup> Annual International Empirical Research Conference on AML on Approaches to AML and Financial Crime Suppression* on January 27-29, 2021. The Conference was supported by the Inter-American Development Bank.

The conference attracted over 250 participants both locally and internationally, and was once again a substantial success. One key feature from this conference was the launch of the AML

Research Conference website: <https://bahamasamlconference.com/>, which provides a global reference resource for scholars and practitioners of empirical approaches to Anti-Money Laundering. The website features the authors' papers and presentations from both the 2020 and 2021 conferences.

The Central Bank has been gratified by the remarkable enthusiasm of the world's AML researchers for this conference, and by the quality of presented papers and discussions. We have elected to sponsor this conference as a regular, annual event. The next research conference is planned for January 2022.

## **AML SUPERVISORY UPDATES**

### **Risk Assessment Submissions**

Supervised Financial Institutions (SFIs) are reminded that, further to Section 5 of the *Financial Transactions Reporting Act, 2018* and Section 25 of the *Guidelines for Supervised Financial Institutions on the Prevention of Money Laundering, Countering the Financing of Terrorism and Proliferation Financing* ("AML/CFT/CPF Guidelines"), ML/TF risk assessments are required to be submitted to the Central Bank annually. These assessments should be kept up-to-date through periodic reviews and be updated when risk factors change.

SFIs may submit a separate ML/TF risk assessment or include an assessment of these risks in their enterprise-wide risk assessment, provided that it is sufficiently detailed and meets the requirements outlined in Section 25 of the AML/CFT/CPF Guidelines.

The deadline for submission is April 30 annually for all SFIs, exclusive of electronic money service providers and registered representatives, who are required to submit by September 30 annually. Nominee trust companies are not required to submit a separate risk assessment.

Risk assessments must be submitted via the On-line Reporting and Information Management System (ORIMS) Portal by the Money Laundering Reporting Officer and should be accompanied by evidence that the Board has approved the document(s).

### **Annual Declaration on Sanction Orders**

Further to the various Orders issued under the *International Obligations (Economic and Ancillary Measures) Act*, SFIs are reminded to submit their Annual Declarations within 90 days of the calendar year end. The Declarations should be signed by at least two Directors or alternatively the Compliance Officer/MLRO and one Director, and certify that the SFI's operations remain in compliance with all issued Sanction Orders. SFIs who have not submitted the Annual Declaration for the year ended December 31, 2020 are required to submit via [amlanalytics@centralbankbahamas.com](mailto:amlanalytics@centralbankbahamas.com), prior to the deadline.

### **AML Administrative Monetary Penalties**

Please be reminded that the *Guidance Note on the Administrative Monetary Penalties for Supervised Financial Institutions under The Bahamas' Anti-Money Laundering and Countering the Financing of Terrorism Regime* (“AML AMP Regime”), originally published on December 14, 2018, was recently amended to remove paragraphs 31 to 38. In the process, paragraphs 39 to 40 were inadvertently removed and will be added back to the guidance note. The [notice](#) and [revised guidance notes](#) are posted to the Bank’s website.

### **Correspondent Banking Relationships**

We refer to our Quarterly Letter of November 25, 2016 and take this opportunity to remind SFIs of the importance of providing up-to-date contact information for each Correspondent Banking Relationship maintained, to the AML Outreach Team via [amloutreach@centralbankbahamas.com](mailto:amloutreach@centralbankbahamas.com)

The Central Bank maintains communication with the international correspondent banking community regarding Bahamian AML/CFT developments. An up to date and accurate contact list is essential to this effort.

### **OTHER SUPERVISORY UPDATES**

#### **General Contact Information Updates**

SFIs are reminded of the importance of providing updated contact information, as applicable, for all regulated persons within their institutions, and including the contact information for Money Laundering Reporting Officers. Updates must be provided to the Bank Supervision Department via [BSD@centralbankbahamas.com](mailto:BSD@centralbankbahamas.com)

#### **Hurricane Preparedness Survey Results**

On February 18, 2021, the Central Bank released the results of its Hurricane Preparedness survey administered in 2020. The survey results revealed that SFIs consider themselves reasonably well prepared for a catastrophic storm, but highlighted some areas for improvement. See the full report at <https://www.centralbankbahamas.com/viewPDF/documents/2021-02-19-11-16-08-Hurricane-Preparedness-2020---Summary-Results.pdf>

#### **Restricted SFIs**

We have recently reviewed the statutory and prudential requirements for all restricted banks and trust companies and have assessed the sector’s compliance. We now intend to make changes to the following areas, on which further details will be provided at a later date:

- Money Laundering Reporting Officer (MLRO);
- Annual Risk Assessment;
- Internal Audit; and

- Corporate Governance.

**Returns Timeliness**

Over the past few months the Central Bank has observed an improvement in timeliness of data and document returns, which is a good start. International best practice in this area exceeds 98 per cent on time. The Central Bank will continue to work with industry to move towards best practice.

Return Type	Six Months to Sep 2019		Three Months to Dec 2019		Six Months to Sep 2020		Three Months to Dec 2020	
	Total Returns Expected	On-Time	Total Returns Expected	On-Time	Total Returns Expected	On-Time	Total Returns Expected	On-Time
Document Returns	463	347 75%	143	105 73%	576	292 51%	149	123 83%
Data Returns	310	217 70%	2,180	1,732 79%	4,369	3,388 78%	2,166	1,776 82%
Overall Returns	773	564 73%	2,323	1,837 79%	4,945	3,680 74%	2,315	1,899 82%

*Charles Littrell*

**Charles Littrell**

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

Email: [banksupervision@centralbankbahamas.com](mailto:banksupervision@centralbankbahamas.com)