



**QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS**

**BANK SUPERVISION DEPARTMENT**  
**28 March, 2024**



## QUARTERLY LETTER

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### Introduction

This year marks the 50<sup>th</sup> Anniversary of the Central Bank of The Bahamas, whose mission continues to be to foster an environment of monetary stability and ensure a stable and sound financial system. Over the past fifty years, the Central Bank has demonstrated its commitment to remaining resilient, and adapting its regulatory frameworks and practices in step with changes in both the domestic and international environments.

In February 2024, the Central Bank welcomed the news that The Bahamas was removed from the European Union (“EU”)’s list of non-cooperative jurisdiction for tax purposes. The EU found that The Bahamas successfully addressed deficiencies in the enforcement of economic substance requirements. The Central Bank remains committed to working with all SFIs and stakeholders to ensure that our capacity to maintain this posture is sustained for the long-term.

### AML Empirical Research Conference

The Central Bank successfully hosted the fifth annual International Research Conference on Empirical Approaches to Anti-Money Laundering and Financial Crime Suppression on 18-19 January 2024, at the Margaritaville Beach Resort in Nassau, Bahamas. We are grateful for the continuous support of the Inter-American Development Bank, which sponsored the conference’s Spanish/English translation services. The conference attracted over 400 participants both in-person and virtually and brought together leading researchers, practitioners, and policy makers to present and discuss research related to anti-money laundering and financial crime.

Plans are underway for the sixth iteration of the conference, scheduled for 16 - 17 January 2025. Conference announcement and Call for Papers were issued on 29 February 2024, with details posted on the conference’s website: <https://bahamasamlconference.centralbankbahamas.com>. Further details will be provided in the coming months.

### AML Supervisory Initiatives and External Engagements

#### *Thematic Sanctions Review*

In an effort to continue to enhance The Bahamas’ Anti-Money Laundering, Counter-Terrorist Financing and Counter-Proliferation Financing regime, and as discussed during our industry briefing, the Central Bank will conduct a thematic review of SFIs’ sanctions screening systems in the upcoming months. This exercise is expected to inform on the effectiveness of the sanctions screening solutions and processes within institutions; and will allow the Central Bank to identify any needed remediation in this area. Further details of the review methodology are forthcoming.

### *Group of Financial Services Regulators (“GFSR”) – Guidance Notes*

The Central Bank continues to work with other domestic regulators on the harmonization of practices that lead to better coordinated supervision while satisfying our respective supervisory objectives. The Group of Financial Services Regulators (“GFSR”), through its Working Group, is finalizing several guidance notes on the following:

- Sanctions Reporting
- Proliferation and Proliferation Financing;
- Treatment of Politically Exposed Persons

With respect to the SFIs Sanctions Reporting, the GFSR is finalizing the proposed Targeted Financial Sanctions Forms. Guidance notes to accompany the relevant forms are expected to be released by Q2-2024.

### *Correspondent Banking*

The Central Bank of The Bahamas is committed to proactive communication with Correspondent Banks. On 1 March 2024, a notice was sent to banks and trust companies, and credit unions requesting updated correspondent bank contact details. In an effort to engage with SFI’s correspondent banking relationship representatives and address any regulatory queries or concerns, the Central Bank encourages SFIs to inform and arrange meetings for their representatives’ proposed visits to The Bahamas. To schedule meetings, please send an email to: [amloutreach@centralbankbahamas.com](mailto:amloutreach@centralbankbahamas.com).

### **National Risk Assessment (“NRA”)**

The update of the NRA is currently underway. Members of the Identified Risk Framework Steering Committee are reviewing the current collated draft document. As part of the exercise, the Central Bank held several targeted high-level sessions with industry representatives from the international and domestic banking and trust sectors regarding the assessment of their respective sectors. The Central Bank will arrange similar sessions with other stakeholders in the near future. Wider industry engagement is anticipated once the NRA has been approved by the Government for public release.

### **Enterprise Application Portal**

We are continuing to make progress with the Enterprise Application Portal (“EAP”), and are grateful for those SFIs that are participating as parallel testers. However, SFI’s, participating in the exercise are reminded to simultaneously submit all supporting documents to the BSD mailbox ([bsd@centralbankbahamas.com](mailto:bsd@centralbankbahamas.com)). This is to allow uninterrupted processing of applications in the event that there are technical difficulties with the portal.

As always, we encourage you to provide any feedback that you may have regarding this exercise via the EAP Help email address.

### **Data Update Form**

The Bank Supervision Department will be conducting a data integrity exercise to ensure that all relevant information concerning approved persons and organizational data is current. SFIs are encouraged to complete the appropriate fields as indicated within the form and file your submissions to [BSD@centralbankbahamas.com](mailto:BSD@centralbankbahamas.com) within the prescribed period.

### **Digital Assets Survey**

The Bank will be issuing a survey early in the second quarter of 2024 to get an update on the number of SFIs that are currently operating or planning to operate or provide services within the digital asset

space. We also will take this opportunity to understand how our recently issued Digital Assets Guidelines are being implemented by the relevant SFIs. We look forward to your participation in the survey.

### **Disaster Preparedness/Business Continuity Planning**

Given the adverse impact of climate change to jurisdictions such as ours, this year is also forecasted to be another active hurricane season. The likelihood of adverse weather events continues to be elevated for this region. SFI's are encouraged to proactively assess their Business Continuity and Disaster Recovery Plans well in advance of the hurricane season to ensure continued readiness.

### **Policy Updates**

We thank stakeholders for their feedback on the "*Guidelines for Assessing Fitness and Propriety for Regulated Functions*". The comments received have been reviewed, and where appropriate, sections of the Guidelines have been revised accordingly. As we conclude our review, we anticipate that the final draft of the Guidelines will be issued within the first week of April 2024.

In closing, the Central Bank looks forward to collaborating with all industry stakeholders throughout the year to achieve our 2024 supervisory objectives.

*Karen Rolle*

**Karen Rolle**

Inspector of Banks & Trust Companies

Any questions regarding this letter should be directed to:

**Inspector of Banks & Trust Companies**

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