



QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS

BANK SUPERVISION DEPARTMENT
2 April, 2026



QUARTERLY LETTER

Introduction

At the close of 2025, the Central Bank of The Bahamas (“the Central Bank”) outlined several supervisory and policy matters critical to a successful year. Our commitment to engage industry stakeholders and advance our supervisory and policy agenda have continued into the first quarter of 2026.

Firstly, I wish to thank all of the participants who attended the Bank Supervision Department’s Annual Industry Briefing held virtually on 4 February, 2026. We were pleased to share our planned supervisory and regulatory focus, enhancing transparency and supporting the more effective allocation of supervisory resources for 2026. As indicated in our Notice to Industry on 20 February, 2026, the presentation from the industry briefing has been made available on the Central Bank’s website and may be accessed via the following link: [Industry Briefing February 2026](#) or using the path: Core Functions -> Bank Supervision Department -> Notes and Notices -> Speeches and Presentations -> Industry Briefing February 2026.

Further, as indicated in my most recent quarterly engagement with you, this year will be a crucial year for the financial services sector as The Bahamas advance efforts to undergo the Caribbean Financial Action Task Force (CFATF) Fifth Round Mutual Evaluation (MEVAL) exercise. The Central Bank has maintained its active participation in the Identified Risks Framework Steering Committee (IRFSC), participating in regular meetings in preparation for Mutual Evaluation, led by the National Identified Risk Framework Coordinator in the Office of the Attorney General and Ministry of Legal Affairs. Our discussions have been focused on how the Central Bank, and other supervisory and regulatory authorities, have effectively implemented and updated The Bahamas’ AML/CFT/CPF supervisory regime in accordance with the most recent revisions to the FATF Recommendations, including the twelve under review (R.1, 2, 4, 8, 15, 16, 24, 25, 30, 31, 38, and 40), which can be accessed here: [[FATF Recommendations \(Updated October 2025\)](#)]. The evaluation will also assess effectiveness against the eleven FATF Immediate Outcomes, which measure whether a jurisdiction is achieving intended AML/CFT results.

Additionally, the Central Bank, in conjunction with the Office of the Attorney General’s Office and the IRFSC, will issue and publish The Bahamas’ Summary of Findings of the Terrorist Financing National Risk Assessment (TFNRA) 2025 and the Proliferation Financing National Risk Assessment (PFNRA) 2025 in the second quarter 2026.

Along with our efforts surrounding AML/CFT/CPF supervision, the Central Bank has continued to materially advance its prudential supervisory agenda with respect to the Liquidity Risk Management and Large Exposure Frameworks, both discussed below. Nonetheless, we wish to thank industry stakeholders who provide feedback and participate in our Quantitative Impact Studies and subsequent engagements. It is through these interactions with SFIs that we are able to implement revised regulatory requirements with aligned international standards.

AML Empirical Research Conference

As noted during our industry briefing, the Central Bank successfully hosted the Seventh Annual Bahamas Research Conference on Financial Crime, held on 22-23 January 2026, at the Margaritaville Beach Resort, Nassau, Bahamas. The conference remains the global reference resource for AML Empirical Research. This year's event attracted approximately 400 participants both in-person and virtually. The conference featured a dynamic line-up of international presenters and brought together leading academics, researchers, practitioners, and policymakers to present and discuss research papers related to AML and financial crime. In addition to remarks brought by Governor John Rolle, Attorney General, Senator the Honourable L. Ryan Pinder, and Mr. Philip Keefer of the Inter-American Development Bank (IADB), the conference also featured FATF President Elisa de Anda Madrazo and Mr. Esteban Fullin, Executive Secretary of GAFILAT¹, who participated in an engaging panel discussion on "Investigating AML Compliance and Effectiveness". The approved papers and presentations from the conference now available on the [AML Conference website](#).

The Central Bank is grateful to the IADB for its continued co-sponsorship, particularly in the provision of translation services. Both FATF, CFATF and IADB have both pledged their continued support for the Central Bank of The Bahamas' work and efforts in this area.

Plans are underway for the Eighth Annual Bahamas Research Conference on Financial Crime, scheduled for 13-15 January 2027. The Conference Announcement and "Call for Papers" were issued to the conference mailing list and published on the conference website: [Bahamas AML Conference](#) on 23 March 2026. We also invite you to visit the website to access past conference papers and information on the upcoming conference.

FATF High-Risk and Other Monitored Jurisdictions

On 20 February 2026, a [notice](#) was issued to SFIs regarding FATF High-Risk and Other Monitored Jurisdictions. SFIs are reminded that the FATF designation of the Democratic People's Republic of Korea (DPRK), Iran and Myanmar as high-risk jurisdictions remains in effect. The IRFSC requires SFIs to apply enhanced due diligence measures to business relationships and transactions with these jurisdictions, including individuals, companies, financial institutions and those acting on their behalf.

Additionally, SFIs should take note of the jurisdictions under increased monitoring, which are actively working with the FATF to address strategic deficiencies in their AML/CFT/CPF. SFIs should be alert to consider the financial crimes risks associated with these jurisdictions when conducting transactions and maintaining business relationships.

¹ Grupo de Acción Financiera Latinoamérica (Financial Action Task force of Latin America).

Caribbean Group of Banking Supervisors (“CGBS”) Survey on Correspondent Banking Relationships

The Central Bank, on behalf of the Secretariat of the Caribbean Group of Banking Supervisors (CGBS), issued a survey on Correspondent Banking Relationships to SFIs on 23 February 2026. Your participation and input in completing this survey will be greatly appreciated.

Further, to demonstrate its commitment to proactive communication with Correspondent Banks, SFIs are encouraged to inform the Central Bank when representatives from their correspondent banking relationships propose visits to The Bahamas or plan virtual meetings, so that meetings with the Central Bank can be arranged.

Annual AML/CFT/CPF Survey

The second iteration of the *Annual AML/CFT/CPF Survey* was updated and issued on Tuesday, 17 March, 2026. The accompanying Guidance Notes for the Completion of the Annual AML/CFT/CPF Survey for all sectors, including banks & trust companies, credit unions, payment service providers and non-licensee registered representatives, have been revised accordingly, and are now available on the Central Bank’s [website](#).

We take this opportunity to also remind SFIs that their AML/CFT/CPF risk assessments should be aligned with the Risk Assessment framework. As part of this alignment, SFIs must ensure that their assessments are consistent with the principles of the Risk Self-Assessments (para.31-38) outlined within the AML/CFT/CPF Guidelines (March 2026) and the AML Risk Assessment Guidance Notes (2023). This includes, among other things, demonstrating consideration of the threats and vulnerabilities identified in The Bahamas’ National Risk Assessment.

SFIs are expected to submit their responses to the survey on or before 5 May, 2026.

Automatic Exchange of Financial Account Information (Amendment) Act, 2026

In March 2026, The Bahamas has enacted amendments to the Automatic Exchange of Financial Account Information Act, to close further regulatory gaps against the Common Reporting Standards (CRS) obligations for the Organization for Economic Cooperation and Development (OECD). One of these is a mandatory registration requirement, with the Competent Authority, for all financial institutions, regulated or unregulated. If financial institutions do not have reportable accounts for CRS purposes, they will have to submit a “nil return” to the Competent Authority. Other key amendments include an extension of the definition of ‘connected persons’, who are obliged to provide information on an entity’s financial accounts, to include any person with beneficial ownership of at least 10 per cent of an investment fund, as well as any individual or company controlled by another such individual or company. Any director or officer of these entities must now comply with requests for account information. Additionally, the anti-avoidance rules now apply to any person attempting to circumvent obligations imposed under the Act. All reporting financial institutions and relevant persons found to have circumvented the CRS rules will have to supply all related information, including any information they attempted to conceal, as if the circumvention never took place.

Group of Financial Services Regulators (GFSR)

Further to the GFSR issued [Joint Guidance Forms and Notes on Targeted Financial Sanctions Reporting Forms](#), SFIs are reminded to comply with the required deadlines for submission to avoid penalties.

SFIs should note that the Central Bank issued three (3) UN Sanctions Notices for the quarter:

- i. [Security Council Sanctions Committee Established Pursuant to Resolution 1988 \(2011\) Amends 22 Names on Its Sanctions List](#),
- ii. [Security Council ISIL \(Da'esh\) and Al-Qaida Sanctions Committee Removes One Entry from Its Sanctions List](#), and
- iii. [Security Council 1591 Sanctions Committee Adds Four Entries to Its Sanctions List](#).

In addition, the GFSR has initiated plans to publish the 2021–2023 AML/CFT/CPF Report in Quarter 2 of 2026.

Policy Updates

During first quarter 2026, there were updates to several policy guidelines and guidance notes.

AML/CFT/CPF Guidelines

On 19 March, 2026, the revised [Guidelines For Supervised Financial Institutions On The Prevention Of Money Laundering, Countering The Financing Of Terrorism & Proliferation Financing](#) was published to the Central Bank's website. The Central Bank thanks industry stakeholders and industry associations for responding to the quick turnaround and providing critical feedback that contributed to the revision of the AML/CFT/CPF Guidelines. We encourage all SFIs to become familiar with the revisions and the accompanying requirements in order to maintain compliance with the guidelines.

Compliance Officer Guidelines

The Central Bank has completed its draft of the requirements to approve the function of the Compliance Officer. The guidelines will be issued for industry feedback in the second quarter.

Guidance Notes for Politically Exposed Persons (PEPs)

The Central Bank has completed drafting its Guidance Notes for PEPs in which the document expands upon the principles, standards, and requirements outlined within the Central Bank's AML/CFT/CPF Guidelines with respect to identifying, (de)classifying, assessing, and monitoring PEPs. The guidance note also provides practical considerations that should be included within an SFIs risk-based framework when conducting enhanced due diligence for PEPs during the various phases of its relationship with the PEP.

Liquidity Risk Management Framework

The Central Bank has completed its review of submissions from all SFIs that participated in the Post-Quantitative Impact Study (“QIS”) survey related to the proposed Basel III Liquidity Risk Management Framework consultation issued on 7 January 2026. From these responses, we have reviewed the relevant forms and guidance notes to ensure that they appropriately reflect recommendations and feedback submitted. Further engagement is planned with SFIs to confirm the proposed reporting requirements and timetable for implementation.

Large Exposure Framework

The consultation period to provide feedback on the Large Exposure Regulations and Guidelines ended on 14th March 2026. To date, the Bank Supervision Department received feedback from six SFIs. Following this consultation period, selected SFIs will be invited to participate in a focus group to review and complete a draft Large Exposure Quantitative Impact Study (“QIS”) template, scheduled to commence in April 2026.

We wish to remind you that while we have outlined key supervisory and regulatory activities within this communication, SFIs should also routinely visit the Central Bank’s website to keep updated on matters pertaining to the financial services sector.

We look forward to your continued active participation and feedback throughout the year 2026.

Karen Rolle

Karen Rolle

Inspector of Banks & Trust Companies

Any questions regarding this letter should be directed to:

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