



QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS

BANK SUPERVISION DEPARTMENT

3 July, 2026

Amended: 23 July 2026



QUARTERLY LETTER

Introduction

As we transition to the midway point of the year, the Central Bank of The Bahamas remains committed to materially advancing several of the remaining initiatives that were introduced during our annual industry briefing earlier this year and discussed below.

As discussed during our March quarterly letter, The Bahamas will be undergoing its Fifth Round Mutual Evaluation (MEVAL) exercise coordinated and assessed by the Caribbean Financial Action Task Force (CFATF). During the second quarter, the Central Bank and members of the Group of Financial Services Regulators (GFSR) along with the Office of the Attorney General and Ministry of Legal Affairs (OAG) and law enforcement agencies have been documenting our efforts to effectively demonstrate our jurisdictions' capacity to comply with the most recent revisions to the Financial Action Task Force's (FATF) Recommendations. This includes the twelve Recommendations under review (R.1, 2, 4, 8, 15, 16, 24, 25, 30, 31, 38, and 40), and eleven FATF Immediate Outcomes. The GFSR's engagement with the Identified Risks Framework Steering Committee (IRFSC) from the OAG is ongoing ensuring that all of our regulatory and enforcement frameworks satisfactorily align with international standards addressing AML/CFT and financial crime matters.

As a reminder, the CFATF Mutual Evaluation is scheduled to take place in the fourth quarter of 2026.

To this end, the Central Bank will continue to bring attention to the sanction notices issued by the United Nations Security Council. From these, supervised financial institution (SFIs) are reminded of their obligations to immediately implement compliant updates to their client and transactions monitoring systems. Moreover, the quarterly Targeted Financial Sanctions (TFS) reports submitted to the Central Bank, should continue to confirm the review and implementation of applicable sanctions measures.

SFIs can also continue to monitor the Central Bank's website for all supervisory updates on all matters pertaining to AML/CFT/CPF: - [Home → Core Functions → AML/CFT/CPF](#). This section of the website covers our legal and regulatory framework, reports and publications, sanctions listing, data and statistics, and national and international relations.

As the Hurricane Season has begun, SFIs are reminded to review the critical components of their Business Continuity and Disaster Recovery Plans to ensure continued readiness and resilience during this period. Maintaining a sustained level of resilience requires regular stress testing and appropriate adjustments to your recovery plans.

Publication of TFNRA 2024 and PFNRA 2025 Summary Findings

As indicated in our previous quarterly letter the Central Bank, in collaboration with the OAG and the IRF Steering Committee, has released the Summary of Findings of the [Terrorist Financing National Risk Assessment \(TFNRA\) 2024](#) and the [Proliferation Financing National Risk Assessment \(PFNRA\) 2025](#). The assessments identify and evaluate TF and PF risks in The Bahamas, including sectoral vulnerabilities, national threats, and mitigation measures. While no domestic TF/PF activity has been detected, the findings highlight potential exposure points and reinforce existing safeguards. SFIs are expected to review the findings and update risk assessments, policies, procedures, and controls where necessary to ensure continued compliance with FATF standards and national obligations.

FATF High-Risk and Other Monitored Jurisdictions

During the June 2026 plenary cycle, the FATF published its latest updates on **High-Risk Jurisdictions subject to a Call for Action** and **Jurisdictions under Increased Monitoring**. The following jurisdictions remain subject to [FATF Call for Action \(High-Risk Jurisdictions\)](#): Democratic People's Republic of Korea, Iran, Myanmar.

Further, the Bosnia and Herzegovina, and Iraq were added to the list of jurisdictions that have been placed under [Jurisdictions under Increased Monitoring](#). Others on the list are Angola, Bolivia, Bulgaria, Cameroon, Côte d'Ivoire, Democratic Republic of the Congo, Haiti, Kenya, Kuwait, Lao PDR, Lebanon, Monaco, Nepal, Papua New Guinea, South Sudan, Syria, Venezuela, Vietnam, Virgin Islands (UK), Yemen.

In the meantime, Algeria and Namibia, were **removed from Increased Monitoring** following completion of their FATF action plans.

SFIs should continue to be guided by these publications, and apply appropriate **enhanced due diligence (EDD)** and **counter-measures**, where required, in accordance with applicable AML/CFT requirements.

Credit Unions' General Meetings, Declarations and Byelaws

Pursuant to section 127 of the Bahamas Co-Operative Credit Unions Act, 2015, credit unions are reminded that following annual general meetings and special general meetings, any Resolutions passed must be submitted to the Central Bank for review, prior to being affixed to the byelaws of the financial cooperative. After the Central Bank has provided any non-objection, subsequent amendment byelaws, if any, also need to be registered in full with the Central Bank for registration. That said, the right of final appeal can still be exercised to the Credit Union Tribunal, to any objections raised by the Central Bank.

For good order, credit unions are also required to submit to the Central Bank, the prescribed Annual Declaration made by their board at least 30 days prior to their annual general meetings, pursuant to section 21 of the Bahamas Co-Operative Credit Unions Act, 2015.

Payment Service Providers (“PSPs”)

Pursuant to section 15 of the Payments Instruments (Oversight) Regulations, 2017, electronic money service providers (“EMSP”) and money transmission businesses (“MTB”) are reminded that the Central Bank’s prior approval is required in order to formally engage and establish agents of their principal operations. Additionally, the Central Bank’s prior non-objection is required for the establishment of branches and additional agent locations, in accordance with section VIII (K) of the Central Bank’s *General Information and Application Guidelines for Non-Bank Money Transmission Service Providers and Non-Bank Money Transmission Agents*. SFIs should continue to note the careful distinction in their regulatory applications between “agents”, separate entities--contracted to provide payment services on the SFI’s behalf in the SFI’s name--and “branches”, considered as additional locations under direct ownership. Additionally, PSPs are reminded to maintain an updated list of all agents on their website, in accordance with section 15 of the *Payment Instruments (Oversight) Regulations, 2017*.

Changes in the Physical Address of Supervised Financial Institutions

As a condition to the licence or registration granted by the Central Bank, and pursuant to section 10 (1)(a) of the Banks and Trust Companies Regulation Act, 2020, SFIs are required to notify the Central Bank forthwith (in writing and via the Enterprise Applications Portal) of any changes in their principal/physical office in The Bahamas. The Central Bank considers ‘*forthwith*’ to be as soon as practicable, and no more than seven business days, after the formal decision to make a change. This is a regulatory obligation, subject to Administrative Monetary Penalties, in the event of omissions, between \$250 to \$10,000.

Policy Updates

During the second quarter 2026, several policy guidelines and guidance notes were issued for public consultation and feedback. The referenced guidelines and guidance notes are as follows:

- AML/CFT/CPF Guidelines: On 5 May 2026 the [Guidelines for Supervised Financial Institutions on the Prevention of Money Laundering, Countering the Financing of Terrorism & Proliferation Financing](#) were amended to accurately reflect the Central Bank’s standard on record keeping.
- Compliance Officer Guidelines: Public consultation on the *Guidelines to Assess the Fitness and Propriety of Compliance Officers* concluded on 10 June 2026. To date, eight (8) responses were received and are currently under review. The key observations and recommendations will be considered as part of the ongoing development of the framework.
- Guidance Notes for Politically Exposed Persons (PEPs): On 22 May 2026, the Central Bank started a 15-day consultation, on the *Guidance Note on the Treatment of Politically Exposed Persons*. The PEPs Guidance are an extension of the AML/CFT/CPF Guidelines, highlighting essential criteria that SFIs should consider when assessing the risk of PEPs. It seeks to address particularly the risks associated with domestic PEPs, their family members and associates.
- Guidance Notes for Participation in the Regulatory Sandbox: On 22 May 2026, a 15-day public consultation commenced on the *Guidance Note for Participation in the Regulatory*

Sandbox. Once the feedback from the consultation process has been processed, the Central Bank will advise the public on the next steps towards operationalising the Sandbox for proposed applicants.

Large Exposure Framework

During the quarter, a selected number of SFIs were invited to participate in a focus group to review and complete a draft Large Exposure Quantitative Impact Study (“QIS”) template. The QIS required participating SFIs to submit two reporting periods of data in May and June 2026, which covered the periods December 2025 and March 2026, respectively. During the QIS, SFIs submitted feedback and recommendations that continue to inform revisions to the forms that will be eventually adopted. At the conclusion of the QIS industry stakeholders would be apprised of any revisions to the framework, inclusive of the draft regulations and guidelines.

Conclusion

Although 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.

That said, we look forward to the industry’s continued active participation and feedback throughout the year 2026.

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Any questions regarding this letter should be directed to:

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