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SECURITIES INDUSTRY (ANTI-MONEY LAUNDERING, COUNTERING THE FINANCING OF TERRORISM AND COUNTERING FINANCING OF PROLIFERATION) RULES, 2026

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S.I. No. 106 of 2026

SECURITIES INDUSTRY ACT, 2024
(NO. 39 OF 2024)

SECURITIES INDUSTRY (ANTI-MONEY LAUNDERING, COUNTERING THE FINANCING OF TERRORISM AND COUNTERING FINANCING OF PROLIFERATION) RULES, 2026

The Securities Commission of The Bahamas, in exercise of the powers conferred by section 177 of the Securities Industry Act*, 2024*, makes the following rules —

PART I - PRELIMINARY

1. Citation.

These Rules may be cited as the Securities Industry (Anti-Money Laundering, Countering the Financing of Terrorism and Countering Financing of Proliferation) Rules, 2026.

2. Interpretation.

(1) In these Rules —

"account" has the meaning assigned to it under section 2 of the Financial Transactions and Reporting Act;

"Act" means the Securities Industry Act, 2024 *(No. 39 of 2024)*;

"Anti-Terrorism Act" means the Anti-Terrorism Act, 2018 *(No. 27 of 2018)*;

"AML/CFT/CPF" means anti-money laundering, countering the financing of terrorism and countering financing of proliferation;

"Commission" means the Securities Commission of The Bahamas as continued under section 10 of the Securities Industry Act, 2024 *(No. 39 of 2024)*;

"customer" has the meaning assigned to it under section 2 of the Financial Transactions and Reporting Act, and where the context requires includes client or facility holder;

"designated person or entity" means a designated entity as defined under section 2 of the Anti-Terrorism Act;

"facility holder" has the meaning assigned to it under section 2 of the Financial Transactions and Reporting Act;

"financial group" means a group that consists of a parent company or of any other type of legal person exercising control and coordinating functions over the rest of the group, together with the branches and subsidiaries of the group that are subject to AML/CFT/CPF policies and procedures at the group level;

"Financial Intelligence Unit" means the body continued under section 3 of the Financial Intelligence Unit Act, 2023 *(No. 54 of 2023)*;

"Financial Transactions Reporting Act" means the Financial Transactions Reporting Act, 2018 *(No. 5 of 2018)*;

"identified risk" has the meaning assigned to it under section 2 of the Financial Transactions Reporting Act;

"International Obligations (Economic and Ancillary Measures) Act" means the International Obligations (Economic and Ancillary Measures) Act *(Ch. 16)*;

"Investment Funds Act" means the Investment Funds Act, 2019 *(No. 2 of 2019)*;

"IRF Steering Committee" means the Identified Risk Framework Committee established under section 6 of the Proceeds of Crime Act;

"Money Laundering Reporting Officer" or **"MLRO"** means a person appointed pursuant to regulation 5 of the Financial Intelligence (Transactions Reporting) Regulations;

"non-profit association" means an association or organisation that primarily engages in raising or disbursing funds for purposes such as religious, charitable, educational, scientific, historical, fraternal, literary, sporting, artistic, or athletic, purposes not for profit;

"occasional transaction" has the meaning assigned to it under the Financial Transactions Reporting Act;

"Proceeds of Crime Act" means the Proceeds of Crime Act, 2018 *(No. 4 of 2018)*;

"regulated person" means a registrant or a person registered under Part V of the Act but for the purposes of rules 3 and 4 excludes an investment fund;

"suspicious transaction report" means a report made pursuant to section 25 of the Financial Transactions Reporting Act; and

"**targeted financial sanctions"** means sanctions imposed against a person or entity pursuant to section 3A of the International Obligations (Economic and Ancillary Measures) Act, to freeze or restrain money, assets or property and any prohibition on making money, assets or property available, directly or indirectly, to or for the benefit of that person or entity.

(2) In these Rules, references to "money laundering, financing of terrorism and financing of proliferation" or "AML/CFT/CPF", where used in relation to the assessment, management or mitigation of risk, shall be construed to include all identified risks as defined under section 2 of the Financial Transactions Reporting Act.

(3) These Rules are in addition to, and do not derogate from, any obligation of a regulated person or of any other person under the Financial Transactions Reporting Act, the Anti-Terrorism Act, the International Obligations (Economic and Ancillary Measures) Act or any other enactment concerning money laundering, financing of terrorism and financing of proliferation.

PART II – INTERNAL CONTROLS

3. Internal control requirement.

(1) In compliance with the requirements of section 20 of the Financial Transactions Reporting Act, a regulated person shall appoint a compliance officer, who shall be the senior personnel responsible for establishing, implementing and maintaining policies, procedures and controls related to identified risks —

(a) to deter the use of a facility for identified risks;

(b) to ensure the timely detection and reporting of suspicious activity related to an identified risk; and

(c) for the prompt investigation of suspicious activity related to an identified risk.

(2) A regulated person shall on a regular basis verify compliance with internal policies, procedures and controls relating to identified risks.

4. Money Laundering Reporting Officer.

(1) Save where the function is outsourced, a regulated person shall appoint a person to act as its Money Laundering Reporting Officer who, if that person is an individual, must be qualified and sufficiently senior in the structure of the entity to command the necessary authority to carry out the functions and duties.

(2) A regulated person shall, where the function of the Money Laundering Reporting Officer is outsourced, satisfy itself that the outsourced Money Laundering Reporting Officer has sufficient authority and experience to enable it to carry out the necessary functions and duties.

(3) A Money Laundering Reporting Officer has responsibility for overseeing and managing the making of suspicious transaction reports regarding a transaction or any proposed transaction relating to the proceeds of criminal conduct or which constitutes an offence under the Proceeds of Crime Act, or which is an identified risk.

(4) A regulated person shall —

(a) register the Money Laundering Reporting Officer with the Financial Intelligence Unit;

(b) ensure that the Money Laundering Reporting Officer, as well as any person appointed to assist the Money Laundering Reporting Officer, has timely access to systems, customer records and relevant information required to discharge their duties;

(c) notify the Commission of the name of the Money Laundering Reporting Officer and any change thereto; and

(d) include in the notification required under subparagraph (c), a statement that the Money Laundering Reporting Officer is a fit and proper person.

5. Suspicious transactions reporting.

(1) An employee of a regulated person must report their knowledge or suspicion of customers who are engaged, or who are attempting or proposing to engage in, money laundering, financing of terrorism or financing of proliferation to the appointed Money Laundering Reporting Officer.

(2) When assessing a report received from an employee under paragraph (1), a Money Laundering Reporting Officer shall determine whether information or other matters contained in the report give rise to

knowledge or a suspicion that a customer is engaged in, money laundering, financing of terrorism or financing of proliferation.

(3) Where, upon an assessment under paragraph (2), the Money Laundering Reporting Officer knows, suspects or has reasonable grounds to suspect that a transaction, attempted transaction or proposed transaction involves the proceeds of criminal conduct, money laundering, the financing of terrorism or the financing of proliferation, the Money Laundering Reporting Officer shall ensure that a suspicious transaction report is filed with the Financial Intelligence Unit in accordance with the Financial Transactions Reporting Act.

(4) In establishing and operating its systems for the detection of suspicious transactions and suspicious activity, a regulated person shall have regard to —

(a) indicators of suspicious activity; and

(b) any guidance concerning the detection or reporting of suspicious transactions issued by the Commission or the Financial Intelligence Unit,

and shall incorporate the relevant indicators into its monitoring systems and into the education and training provided under rule 38.

6. Group-wide programmes.

(1) A regulated person that is a member of a financial group shall implement group-wide programmes against money laundering, the financing of terrorism and the financing of proliferation which are applicable and appropriate to all branches and majority-owned subsidiaries of the financial group, and shall include —

(a) the policies, procedures and controls required under rule 3;

(b) policies and procedures for sharing information within the financial group where required for the purposes of customer due diligence and the management of money laundering, financing of terrorism and financing of proliferation risk;

(c) the provision, to group-level compliance, audit and anti-money laundering functions —

(i) of customer, account and transaction information from branches and subsidiaries where necessary for those purposes, including information and analysis of transactions or activities which appear unusual; and

(ii) where relevant to the management of risk, the fact that a suspicious transaction report or its underlying information has been submitted;

(d) the provision by the group-level functions referred to under subparagraph (c), to branches and subsidiaries, of the information referred to under that subparagraph where relevant and appropriate to the management of risk; and

(e) adequate safeguards on the confidentiality and use of information exchanged within the financial group, including safeguards to prevent tipping-off.

(2) Where a regulated person has a branch or majority-owned subsidiary in another country, the regulated person shall ensure that the branch or subsidiary applies—

(a) measures consistent with these Rules and the Financial Transactions Reporting Act to the extent that the laws of that country permit; and

(b) where the laws of that country prevent the application of those measures, apply appropriate additional measures to manage the risks and inform the Commission of the same.

PART III - RISK RATING

7. Self-assessment for risk.

(1) A regulated person shall assess its risk for vulnerability to breaches of the Proceeds of Crime Act and the Anti-Terrorism Act, in relation to —

(a) any client and his country or jurisdiction;

(b) the country or jurisdiction in which the regulated person operates; and

(c) the regulated person's products, services, transactions and delivery channels, business practices and technology,

and shall take appropriate measures to manage and mitigate those risks, taking into account any national risk assessment and any regulatory guidance issued by the Commission.

(2) A regulated person shall conduct the risk assessment required under paragraph (1) —

(a) before the launch of a new or existing product or business practice;

(b) before the use of new, existing or developing technologies; and

(c) where the regulated person is part of a group, when there is a major event or development in the management or operation of the group.

(3) The risk assessment shall be a part of a comprehensive risk management system approved by senior management which shall be consistent with the scope of the regulated person's activities and incorporate continuous identification, measurement, monitoring and controlling of risks.

8. Requirement for risk rating framework.

(1) A regulated person shall assess the risk profile of each new customer relationship or product before establishing a business relationship with the customer or issuing the product.

(2) A regulated person's risk rating framework shall —

(a) categorise customer relationships and products so that the level of risk associated with each customer relationship or product is identifiable;

(b) categorise customer relationships and products to take account of risk factors related to the particular customer relationship or product including —

(i) customer type or profession;

(ii) country of domicile;

(iii) complexity of ownership;

(iv) complexity of legal structure;

(v) source of business;

(vi) type of assets;

(vii) type, size and volume of transactions;

(viii) level of cash transactions;

(ix) adherence to customer activity profile;

(c) establish the level of management able to approve the regulated person entering into customer relationships at the various levels of risk rating categories;

(d) establish Know Your Customer and due diligence information requirements appropriate for the risk profile of the customer relationship or product including simplified due diligence and enhanced due diligence procedures;

(e) require the periodic review of the customer relationship or product to —

(i) ensure that the categorisations are current and appropriate;

(ii) enable the regulated person to determine whether any adjustment should be made to the risk rating;

(f) require the re-categorisation of a customer relationship or product offered by the regulated person in the event of a change in the risk profile of a customer relationship or product; and

(g) require the documentation of the basis for the risk rating applied to a customer relationship or product and of any changes in the risk rating of a particular customer relationship or product.

PART IV –VERIFICATION OF CUSTOMER IDENTITY

CUSTOMER DUE DILIGENCE

9. General customer due diligence requirements.

(1) A regulated person shall verify the identity of each customer, new and existing, and of a person acting on behalf of a customer.

(2) In verifying the identity of a customer, a regulated person shall use reliable, independent source documents, data or information taking into account the outcome of any relevant risk assessment.

(3) When verifying the identity of a customer, a regulated person shall —

(a) satisfy itself that the —

(i) customer is the person they claim to be; or

(ii) person acting on behalf of a customer is the person they claim to be and is properly authorised to act on behalf of the customer; and

(b) ensure that sufficient information is obtained —

(i) on the nature of the business that the customer expects to undertake; and

(ii) concerning any expected or predictable pattern of transactions.

(4) For the purpose of verifying the identity of a customer, a regulated person shall ensure that verification is carried out on an ongoing basis to ensure that all information concerning the customer's identity is kept up to date.

(5) A regulated person shall—

(a) apply customer due diligence measures to customers with which it has an existing business relationship on the basis of materiality and risk; and

(b) conduct due diligence on such existing relationships at appropriate times,

taking into account —

(i) whether and when customer due diligence measures were previously undertaken; and

(ii) the adequacy of the documents, data and information previously obtained.

10. Establishment and use of business relationship pending verification.

(1) A regulated person shall, when commencing a business relationship —

(a) record the purpose and reason for establishing the business relationship and the anticipated level and nature of activity to be undertaken; and

(b) adopt risk management procedures concerning the conditions under which a customer may utilise the business relationship prior to verification, which shall —

(i) permit verification of the identity of a customer or beneficial owner to be completed after the establishment of the business relationship only where deferral of the verification is essential in order not to interrupt the normal conduct of business and the verification is completed as soon as reasonably practicable;

(ii) include limits on the number, types or amount of transactions that may be performed before the completion of verification; and

(iii) include the monitoring of large or complex transactions carried out outside the expected norms for that type of relationship.

(2) A regulated person shall not, where satisfactory evidence of identity is outstanding in relation to a prospective or existing customer —

(a) issue documents of title;

(b) remit income to the customer, but may reinvest such income; and

(c) conduct any other transaction over the relevant facility except by an order of the court.

(3) A regulated person shall, where the regulated person considers a customer to be high risk, confirm the customer's source of wealth.

11. Authenticity and certification of customer documents.

A regulated person shall, where a customer provides a document that is unfamiliar to the regulated person, take reasonable steps to verify that the document is authentic.

12. Failure to complete verification.

(1) Where —

(a) a prospective or an existing customer fails or is unable to provide adequate evidence of identity; or

(b) a regulated person is not satisfied that a transaction in which it is or may be involved is legitimate,

the regulated person shall —

(i) determine whether —

(aa) other steps should be taken to verify the customer's identity;

(bb) it is appropriate to proceed or continue with the business relationship; and

(ii) file a suspicious transaction report to the Financial Intelligence Unit.

(2) A regulated person shall, where a business is discontinued, return funds held to the order of the prospective customer to the source from which the funds came, and not to a third party, unless directed to do otherwise by an order of the court.

13. Circumstances requiring customer identity verification.

A regulated person shall verify the identity of customers or persons conducting transactions —

(a) before a prospective customer becomes a facility holder;

(b) in the case of an existing customer, before conducting any further business or transactions by the customer;

(c) before any occasional transaction involving an amount of cash that exceeds fifteen thousand dollars;

(d) before a transaction is conducted involving an amount of cash that exceeds fifteen thousand dollars where it appears to the regulated person that the person conducting the transaction is doing so on behalf of any other person;

(e) as soon as practicable after the regulated person —

(i) becomes aware that two or more occasional transactions are or have been structured to avoid lawful verification procedures in respect of the person or persons conducting the transactions and the aggregate amount of cash involved exceeds fifteen thousand dollars;

(ii) has knowledge or a reasonable suspicion that a customer is conducting or proposes to conduct a transaction which involves the proceeds of criminal conduct as defined in section 3 of the Proceeds of Crime Act or is an attempt to avoid the enforcement of the Proceeds of Crime Act; or

(iii) has knowledge or a reasonable suspicion that funds as defined in section 2 of the Anti-Terrorism Act, or financial services, are related to or are to be used to facilitate an offence under the Anti-Terrorism Act.

14. Natural persons.

(1) A regulated person shall, when verifying the identity of a natural person, obtain and document —

(a) the person's —

(i) full and correct name;

(ii) at least two current means of contact which may include —

(aa) personal email address;

(bb) business email address;

(cc) personal mobile telephone number;

(dd) personal landline number;

(ee) business landline number;

(ff) personal mailing address which must include where applicable, the street, post office box number, city, state or province, postal or zip code, landline telephone contact and country;

(gg) business mailing address which must include where applicable, the street, post office box number, city, state or province, postal or zip code, landline telephone contact and country;

(hh) residential mailing address which must include where applicable, the street, post office box number, city, state or province, postal or zip code, landline telephone contact and country; or

(ii) any other means of contact that the Commission may specify;

(iii) date and place of birth; and

(b) the purpose of the account and nature of the business relationship.

(2) A regulated person may, when verifying the identity of a natural person, seek the following additional information —

(a) nationality;

(b) occupation and name of employer and, where the customer is self-employed, the nature of the self-employment;

(c) estimated level of account activity including —

(i) size of account, in the case of investment and custody accounts;

(ii) balance ranges, in the case of current and deposit accounts;

(iii) an indication of the expected transaction volume of the account; and

(iv) source of funds.

15. Corporate customers.

(1) A regulated person shall, when verifying the identity of corporate customers, obtain —

(a) the original or a certified copy of the certificate of incorporation, registration or the equivalent;

(b) a copy of the board resolution authorising the opening of the account or the facility and the signatories authorised to sign on the account;

(c) satisfactory evidence of identity of the account signatories, details of their relationship with the company and, where they are not employees, an explanation of the relationship;

(d) satisfactory evidence of identification of each natural person —

(i) with a beneficial interest of 10% or more in the company, except where the company is a public company;

(ii) with principal control over the company's assets;

(iii) who otherwise exercises control over the management of the company; and

(e) confirmation that the company has not been or is not in the process of being dissolved, struck off the register, wound up or terminated.

(2) A regulated person shall, when opening an account for a company, take all reasonable steps to verify the legal existence of the company and to ensure that any person purporting to act on behalf of the company is authorised to do so.

(3) A regulated person shall review its records when an authorised signatory is changed to ensure that all current signatories have been verified.

16. Partnerships and unincorporated businesses.

(1) A regulated person shall, when verifying the identity of partnerships and unincorporated businesses, obtain —

(a) a copy of the partnership agreement or document establishing the partnership or unincorporated business;

(b) a mandate authorising the opening of the account, or the use of some other facility, and conferring permission on any person authorised to undertake transactions;

(c) satisfactory evidence of the identity of the partners and controllers of the firm or business; and

(d) satisfactory evidence of the identity of the authorised signatories.

(2) A regulated person shall review its records when partners, controllers or authorised signatories change to ensure that the new signatories have been verified.

17. Customers acting through financial and corporate service providers.

Where a financial or corporate service provider licensed under the Financial and Corporate Service Providers Act operates a facility with a regulated person, the regulated person must verify the identity of the financial or corporate service provider and any person on whose behalf the financial or corporate service provider operates the facility.

18. Other legal structures and fiduciary arrangements.

(1) A regulated person shall, when verifying the identity of a trust, fiduciary or nominee structure, make appropriate enquiries into the general nature and purpose of the trust, fiduciary or nominee structure, the source of its funds and obtain evidence of identification for —

(a) the persons providing funds or assets to the structure;

(b) the identifiable or known beneficiaries in the trust;

(c) the beneficiaries of a fiduciary or nominee structure;

(d) any person with signatory powers in relation to the structure;

(e) the persons exercising effective control over the trust, fiduciary or nominee structure including an individual who has power, whether exercisable alone, jointly or with another person, to —

(i) dispose of, advance, lend, invest, pay or apply property to the trust, fiduciary or nominee structure;

(ii) vary the terms of the trust, fiduciary or nominee structure;

(iii) add or remove a person as a beneficiary;

(iv) add or remove a person as a beneficiary to or from a class of beneficiaries;

(v) appoint or remove trustees, fiduciaries or nominees; or

(vi) direct, withhold, consent to or veto the exercise of any of the powers referred to under subparagraphs (i) to (v).

(2) A regulated person shall, where a trustee, fiduciary or nominee whose identity has been verified, is replaced, verify the identity of the new trustee, fiduciary or nominee before the new trustee, fiduciary or nominee is allowed to exercise control over the funds.

(3) A financial institution that introduces a transaction to a regulated person on behalf of a settlor and beneficiary shall verify in accordance with rule 28 the identity of the settlor and the beneficiary.

19. Foundations.

A regulated person shall, when verifying the identity of a foundation, obtain —

(a) the foundation's Charter;

(b) the Registrar General's certificate of registration or, where applicable, a document of equivalent standing in a foreign jurisdiction;

(c) the source of funds and, where a person other than the founder provides funds for the foundation, verification of the identity of the third party providing the funds or for whom the founder may be acting;

(d) identification evidence of the founder, the officers and council members of a foundation as may be signatories for the accounts of the foundation; and

(e) identification evidence of beneficiaries that hold a vested interest in the foundation.

20. Personal representatives of an estate.

(1) A regulated person that enters into a business relationship as a part of the winding up of an estate of a deceased person shall verify the identity of the personal representative of the estate.

(2) Notwithstanding paragraph (1), the identity of the personal representative of the estate is not required to be verified, where securities are to be issued —

(a) from an investment account established with the regulated person in the deceased's name; and

(b) to the personal representative in accordance with the Grant of Probate or Letters of Administration solely for the purpose of winding up the estate.

(3) The securities referred to under paragraph (2) may be issued, on the instruction of the personal representative, to the underlying beneficiaries without verification of their identity.

21. Non-profit associations.

A regulated person shall, when verifying the identity of a non-profit association, obtain —

(a) the nature of the proposed entity's purpose and operations; and

(b) identification evidence of at least two signatories or a person authorised to give instructions on behalf of the entity.

22. Persons acting under powers of attorney and third-party mandates.

A regulated person conducting transactions in accordance with a power of attorney shall verify, where appropriate —

(a) the identity of each donee of the power of attorney;

(b) the identity of the donor of the power of attorney; and

(c) third party mandates.

23. Special considerations.

(1) A regulated person shall exercise additional care in relation to the provision of the following services —

(a) safe custody;

(b) intermediaries;

(c) technological developments; and

(d) occasional transactions.

(2) A regulated person shall, when providing a service referred to under paragraph (1), verify the identity of the facility holder or person carrying out the relevant transaction.

(3) A regulated person offering internet based or telephone products and services shall have secure and reliable methods, appropriate to the risks associated with the particular product or service, of verifying the identity of the customer.

(4) A regulated person shall verify the underlying customers of a financial institution, if a facility holder —

(a) is an intermediary that is not a financial institution within the meaning of rule 28(6); or

(b) is from a country which is listed by the IRF Steering Committee.

(5) A regulated person need not verify underlying customers where a facility holder is an intermediary that is a financial institution within the meaning of rule 28(6).

(6) A regulated person shall monitor facilities and services maintained by or provided to a facility holder or customer under this rule for transactions over fifteen thousand dollars and for any series of transactions which in total exceed fifteen thousand dollars.

24. Verification of underlying customers and related persons.

A regulated person required to verify underlying customers or persons related to a facility holder shall adhere to the standards for verification of identification under this Part as may be appropriate to the nature and structure of the person or entity being verified.

25. Certification of identification documents.

A regulated person shall, where the submission of original documents and information by a customer is impractical or impossible, accept only certified copies of documents and information submitted by the customer in support of verification of identity.

SIMPLIFIED DUE DILIGENCE AND THIRD-PARTY RELIANCE

26. Simplified due diligence measures.

(1) A regulated person may apply simplified due diligence measures to a customer, business relationship or transaction only where —

(a) the regulated person has assessed the risk of money laundering, the financing of terrorism and the financing of proliferation associated with the customer, business relationship or transaction as low in accordance with its risk rating framework under rule 8, consistent with any risk assessment carried out at the national level and any regulatory guidance issued by the Commission;

(b) there is no suspicion of money laundering, the financing of terrorism or the financing of proliferation; and

(c) no higher risk circumstance of the kind referred to under rule 29 or section 13 of the Financial Transactions Reporting Act applies.

(2) A regulated person shall —

(a) document the basis for determining that a customer, business relationship or transaction presents a lower risk, together with the simplified due diligence measures applied; and

(b) comply with any direction issued by the Commission not to apply, or to cease applying, simplified due diligence measures.

(3) Where —

(a) a regulated person knows or suspects money laundering, the financing of terrorism or the financing of proliferation; or

(b) the risk associated with the customer, business relationship or transaction is no longer low,

the regulated person shall —

(i) cease to apply simplified due diligence measures; and-

(ii) apply the due diligence measures otherwise required under these Rules.

27. Reliance on KYC performed by other financial institution.

(1) A regulated person shall maintain adequate documentation to demonstrate that Know Your Customer procedures have been properly implemented and carried out by the regulated person.

(2) Notwithstanding rule 28(1), a regulated person may rely on the Know Your Customer procedures carried out by another financial institution where —

(a) that financial institution is not suspected of breaching the identified risk framework or where the customer is not suspected of having committed an identified risk offence;

(b) the regulated person is unable to readily determine whether or not an occasional transaction involves cash because a customer deposited funds into a facility held for and on behalf of the regulated person by another financial institution; and

(c) the financial institution is a facility holder of the regulated person and conducts a transaction on behalf of its customer using the facilities of the regulated person.

(3) A regulated person relying on the Know Your Customer procedures of another financial institution shall immediately —

(a) obtain written confirmation from the financial institution that it has verified the identity of the customer concerned; and

(b) confirm the existence of the facility provided by the financial institution.

(4) A regulated person may rely on the Know Your Customer procedures of other financial institutions only in relation to transactions conducted by such financial institutions which are facility holders of the regulated person.

(5) Subject to rule 28, a regulated person shall carry out appropriate due diligence and obtain the necessary evidence of identity where a person on whose behalf a transaction is being conducted is introduced to the regulated person for the purpose of forming a business relationship.

28. Reliance on eligible introducers.

(1) A regulated person entering a business relationship shall conduct Know Your Customer procedures on any customer introduced to it by another financial institution unless the financial institution is an eligible introducer able to provide the regulated person with copies of required documentation.

(2) A regulated person relying on the Know Your Customer procedures of an eligible introducer shall obtain —

(a) written confirmation that the eligible introducer has verified the customer's identity in accordance with the national laws of the eligible introducer;

(b) certification from the eligible introducer that any photocopies forwarded are identical to the corresponding originals; and

(c) clear and legible copies of documentation within thirty days of receipt of the written confirmation referred to under subparagraph (a) from the eligible introducer.

(3) Notwithstanding any reliance on an eligible introducer's Know Your Customer procedures, a regulated person shall —

(a) ensure that adequate Know Your Customer procedures are followed and that the documentary evidence of the eligible introducer to be relied on is satisfactory; and

(b) as soon as is reasonably possible, obtain from the eligible introducer the relevant information pertaining to the customer's identity.

(4) A regulated person that does not obtain from an eligible introducer the relevant information and documentation within thirty days of receipt of the eligible introducer's written confirmation shall —

(a) firstly, attempt to verify the customer's identity directly with the customer or suspend the customer's account; and

(b) where after a further reasonable period the regulated person is unable to verify the customer's identity and does not receive the relevant documents, terminate the business relationship.

(5) An eligible introducer is, in relation to a domestic financial institution —

(a) a person registered pursuant to Part VII of the Securities Industry Act;

(b) an investment fund administrator licensed pursuant to the Investment Funds Act;

(c) a bank or trust company licensed by the Central Bank of The Bahamas; or

(d) a company carrying on life assurance business pursuant to section 2 of the Insurance Act.

(6) An eligible introducer is, in relation to a foreign financial institution, an institution that —

(a) exercises functions similar to the functions of a financial institution and is —

(i) licensed pursuant to Part VII of the Securities Industry Act;

(ii) licensed as an investment fund administrator pursuant to section 34 of the Investment Funds Act;

(iii) licensed as a bank or trust company by the Central Bank of The Bahamas;

(iv) carrying on life assurance business pursuant to section 2 of the Insurance Act; and

(b) is based in a country which is not listed by the IRF Steering Committee and —

(i) is subject, in accordance with the laws of The Bahamas, to equivalent or higher anti-money laundering, countering financing of terrorism and countering financing of proliferation standards of regulation; and

(ii) has no obstacles which would prevent the regulated person from obtaining the original documentation.

ENHANCED DUE DILIGENCE AND HIGHER-RISK RELATIONSHIPS

29. Enhanced due diligence.

(1) A regulated person shall apply enhanced customer due diligence measures for categories of customers, business relationships, or transactions that the regulated person —

(a) considers to present a higher risk for activity related to identified risks; or

(b) suspects a customer is from a country which is listed by the IRF Steering Committee.

(2) A regulated person shall, where the regulated person concludes as a part of its risk assessment of a facility holder that the standard identity verification process is insufficient, take additional verification measures with respect to the facility holder.

30. Politically exposed persons.

(1) For the purposes of this rule —

(a) **"foreign politically exposed person"** means an individual who is or has been entrusted with a prominent public function by a foreign country, including a head of state or of government, a senior politician, a senior government, judicial or military official, a senior executive of a state-owned corporation, or an important political party official;

(b) **"domestic politically exposed person"** means an individual who is or has been entrusted with a prominent public function within The Bahamas, including a head of state or of government, a senior politician, a senior government, judicial or military official, a senior executive of a state-owned corporation, or an important political party official;

(c) **"international organisation politically exposed person"** means an individual who is or has been entrusted with a prominent function by an international organisation, including a director, deputy director, member of the board or of senior management, or an individual entrusted with an equivalent function;

(d) **"family member"** means an individual related to a politically exposed person directly or through marriage or a similar form of partnership, including a spouse or partner, parent, child or sibling; and

(e) **"close associate"** means an individual who is closely connected to a politically exposed person, whether socially or professionally, and includes an individual who is in a position to conduct substantial domestic or international financial transactions on behalf of the politically exposed person.

(2) A regulated person shall implement appropriate risk management systems to determine whether a customer or beneficial owner is a politically exposed person, a family member or a close associate.

(3) In relation to a foreign politically exposed person, whether as a customer or beneficial owner, a regulated person shall —

(a) obtain the approval of senior management before establishing the business relationship or, where the customer or beneficial owner becomes such a person after the establishment of the business relationship, before continuing the business relationship;

(b) take reasonable measures to establish the source of wealth and the source of funds of the customer or beneficial owner; and

(c) conduct enhanced ongoing monitoring of the business relationship.

(4) In relation to a domestic politically exposed person or an international organisation politically exposed person, a regulated person shall take reasonable measures to determine whether a customer or beneficial owner is such a person and, where the business relationship with such a person presents a higher risk, shall apply the measures set out under paragraph (3).

(5) Paragraphs (2), (3) and (4) apply, with the necessary changes, to family members and close associates, and to any corporation, business or other entity formed by or for the benefit of a politically exposed person.

31. Customers with bearer shares.

A regulated person shall, where a customer of the regulated person has issued or has the potential to issue bearer shares, conduct in addition to the verification of identity measures required under this Part, enhanced due diligence measures including —

(a) opening accounts for companies capable of issuing bearer shares only where the holders and beneficial owners of such shares are verified in accordance with this Part;

(b) establishing procedures to ensure that the regulated person is notified whenever there is a change of holder or beneficial owner, or both, of such shares including but not limited to —

(i) obtaining an undertaking in writing from the beneficial owner which states that immediate notification will be given to the regulated person if the shares are transferred to another party;

(ii) ensuring that where the regulated person does not physically hold the bearer shares they are held in secure custody by a named custodian which has undertaken to inform the regulated person of any proposed change in ownership of the company or the bearer shares, or of any changes to records relating to such shares and the custodian; and

(iii) depending on its risk assessment of the customer, having the undertakings referred to in sub_subparagraphs (i) and (ii) certified by a public accountant, counsel and attorney, or such other person as may be recognised by the Commission.

ONGOING CUSTOMER DUE DILIGENCE AND MONITORING

32. Ongoing monitoring of business relationships.

(1) A regulated person that has completed the identification procedures and established a business relationship with a customer shall monitor the conduct of the relationship to ensure that it is consistent with the nature of the business stated when the relationship was established.

(2) A regulated person that has accepted 'hold mail' instructions in relation to a facility, notwithstanding the source of the 'hold mail' business, shall obtain evidence of the identity of the facility holder.

33. Updating and re-verification of customer due diligence information.

(1) A regulated person shall re-verify the identity of a customer —

(a) where —

(i) during the course of the business relationship the regulated person has reason to doubt the identity of the customer;

(ii) there is a material change in the way a facility is operated; or

(iii) subparagraph (e)(ii) or (iii) of rule 13 applies;

(b) at a minimum —

(i) every year for high risk accounts;

(ii) three to five years for medium risk accounts; and

(iii) five to ten years for low risk accounts.

(2) Notwithstanding paragraph (1), where a regulated person suspects activities related to any identified risk, the regulated person must re-verify the customer immediately, applying enhanced due diligence measures.

PART V - TARGETED FINANCIAL SANCTIONS

34. Targeted financial sanctions.

(1) A regulated person shall establish and maintain policies, procedures, systems and controls to ensure its compliance with targeted financial sanctions, which shall include the implementation of sanctions against a designated person or entity, pursuant to section 3A of the International Obligations (Economic and Ancillary Measures) Act and section 44 of the Anti-Terrorism Act to —

(a) freeze, without delay or notice to the designated person or entity, funds or other assets —

(i) of designated persons and entities that are owned or controlled by designated persons or entities;

(ii) derived or generated from funds or other assets owned or controlled by designated persons or entities;

(iii) of persons and entities acting on behalf of or at the direction of a designated person or entity;

(b) inform the Attorney-General and the Financial Intelligence Unit that the regulated person holds funds and other assets owned or controlled by a designated person or entity; and

(c) inform the designated person or entity that the funds held by the regulated person have been frozen.

(2) A regulated person shall cooperate with a legal action for the forfeiture or confiscation of any money, asset or property frozen in accordance with the implementation of targeted financial sanctions.

(3) For the purposes of paragraph (1) —

(a) funds or other assets owned or controlled by a designated entity includes money, property, tangible or intangible assets;

(b) owned or controlled includes whole or joint ownership or direct or indirect control.

PART VI - RECORD KEEPING

35. Maintenance of records.

(1) A regulated person shall, in compliance with all relevant laws of The Bahamas, prepare and maintain records of its business relationships and transactions that enable —

(a) competent third parties to assess the regulated person's observance of anti-money laundering, financing of terrorism and financing of proliferation policies and procedures;

(b) transactions effected through the regulated person to be reconstructed; and

(c) the regulated person to satisfy court orders or enquiries from the appropriate authorities.

(2) A regulated person shall keep all records required to be maintained by these Rules for a period of seven years from the date that the customer of the regulated person ceases to be a facility holder.

(3) A customer ceases to be a facility holder of a regulated person from the date of —

(a) the carrying out of a one-off transaction or the last transaction in a series of transactions;

(b) the closing of the account or accounts or the ending otherwise of the business relationship;

(c) the commencement of proceedings to recover debts payable on insolvency.

(4) The seven year period referred to under paragraph (2) commences, where formalities to end a business relationship have not been undertaken but a period of seven years has elapsed since the date of the last transaction, on the date of the completion of the last transaction.

(5) Where a regulated person is a company that is being liquidated, the liquidator shall retain the relevant records of the regulated person for the balance of the prescribed period remaining at the date of dissolution.

(6) A regulated person shall maintain records in such form as would enable the relevant facility holder to be identified and to establish the customer's identity as verified by the regulated person.

(7) Records may be maintained in the form of —

(a) original documents;

(b) microfiche; or

(c) other electronic media.

36. Customer due diligence records.

A regulated person shall —

(a) where a facility holder conducts a transaction through a facility provided by the regulated person; and

(b) where the regulated person in accordance with section 8 of the Financial Transactions Reporting Act verifies the identity of the facility holder and of any non-facility holder in relation to the facility,

maintain the records generated by such verification in accordance with rule 35(2).

37. Transaction, suspicious activity and inquiry records.

(1) A regulated person shall maintain transaction records containing information on the —

(a) nature of the transaction;

(b) details of the transaction, including the amount of the transaction and the denomination of the currency;

(c) date on which the transaction was conducted;

(d) identification verification details of the parties to the transaction;

(e) where applicable, facility through which the transaction was conducted and any other facility directly involved in the transaction; and

(f) the files, business correspondence and records connected to the facility.

(2) A regulated person shall maintain records of —

(a) suspicions raised internally by the Money Laundering Reporting Officer but not disclosed to the authorities;

(b) suspicions which the Financial Intelligence Unit, the Commissioner of Police, or its supervisory authority have advised are of no interest;

(c) findings of inquiries conducted by the regulated person into unusual activity.

PART VII - MISCELLANEOUS

38. Education and training.

(1) A regulated person shall take appropriate measures to make employees aware of —

(a) policies and procedures put in place to detect and prevent money laundering, financing of terrorism and financing of proliferation including the policies and procedures for the identification, record keeping, detection of unusual and suspicious transactions and internal reporting; and

(b) the legislation pertaining to anti-money laundering, financing of terrorism and financing of proliferation.

(2) A regulated person shall provide relevant employees with training in the recognition and handling of suspicious transactions.

39. Consideration of guidelines.

A regulated person shall, when developing policies and procedures related to anti-money laundering, countering financing of terrorism and countering financing of proliferation, pay due regard to the provisions of any guidelines, best practices and policy statements issued by the Securities Commission in relation to anti-money laundering, countering financing of terrorism and countering financing of proliferation.

40. Revocation of Sub. Leg., Vol. VI, Ch. 363.

The Securities Industry (Anti-Money Laundering and Countering the Financing of Terrorism) Rules, are hereby revoked.

Made this 27th day of October, 2026.

Signed
PETER T. CAREY
DEPUTY CHAIRMAN
SECURITIES COMMISSION OF THE BAHAMAS