SECURITIES COMMISSION OF THE BAHAMAS

International Priorities & Initiatives

AML/CFT/CPF Industry Briefing

4 December 2025
Baha Mar Convention Center
Grand Hyatt, Baha Mar

SECURITIES COMMISSION OF THE BAHAMAS

International Priorities & Initiatives

AML/CFT/CPF Industry Briefing

Moderated Q & A with the Attorney General

Participants:

- Senator the Hon. L. Ryan Pinder, K.C., Attorney General & Minister of Legal Affairs
- Thea Munroe, Deputy Manager, Office of the Executive Director

SECURITIES COMMISSION OF THE BAHAMAS

International Priorities & Initiatives

AML/CFT/CPF Industry Briefing

COFFEE BREAK

4 December 2025
Baha Mar Convention Center
Grand Hyatt, Baha Mar

SECURITIES COMMISSION OF THE BAHAMAS

International Priorities & Initiatives

AML/CFT/CPF Industry Briefing

Sectoral Risk Assessments
SIA, IFA, FCSPA & Digital Assets

Jerryse Rolle
Manager, Risk Analytics
Securities Commission of The Bahamas

Risk Analytics Department

Risk Analytics Department: Effective 1 December 2025

- Risk Analytics will be responsible for analysing the risk amongst licensees and registrants of the Securities Commission of The Bahamas.

- Risk Analytics will conduct work with a focus on mitigating AML/CFT/CPF risks within the capital markets.

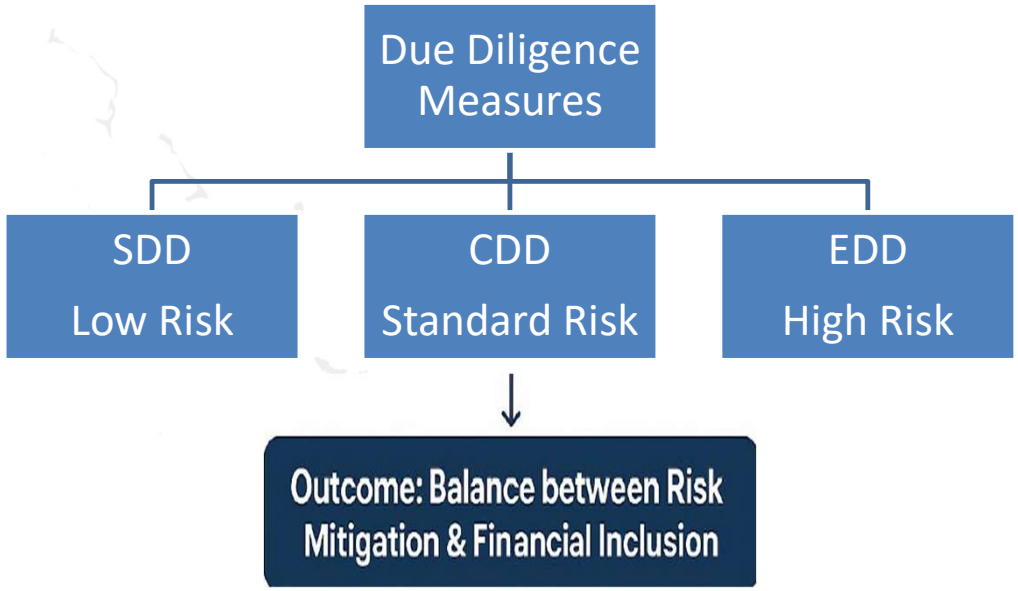
- Key Priorities for the department within the next year include:
  - Risk Assessments (Risk Survey sent out to the Industry November 2025);
  - Analysing data from the capital markets;
  - Operational and Conduct Risks of the Commission's licensees and registrants; and
  - Providing support to the upcoming 2026 CFATF review and any other international related review of the Commission and Jurisdiction at large.

Risk-Based Approach

SECURITIES COMMISSION OF THE BAHAMAS

Risk-Based Approach

- **Tailoring AML strategies to the level of risk**
  - Sufficient & Appropriate Measures that mitigate risk.
  - Risk-Based Policies
  - Financial Exclusion



"Financial exclusion refers to circumstances where individuals or entities, particularly poor or vulnerable groups are **unable to access the formal financial system".**

National Risk Assessment

National Risk Assessment (NRA)

- The NRA is focused on identifying, assessing and understanding the money laundering, terrorist financing and proliferation financing risks within The Bahamas.

Key NRA Reminders

- Strengthens the AML/CFT/CPF Regime of The Bahamas
- Supports the Industry's understanding of the AML/CFT/CPF Risks in the financial and non-financial sectors.
- On-Going Assessment

SECURITIES COMMISSION OF THE BAHAMAS

National Risk Assessment Cont'd

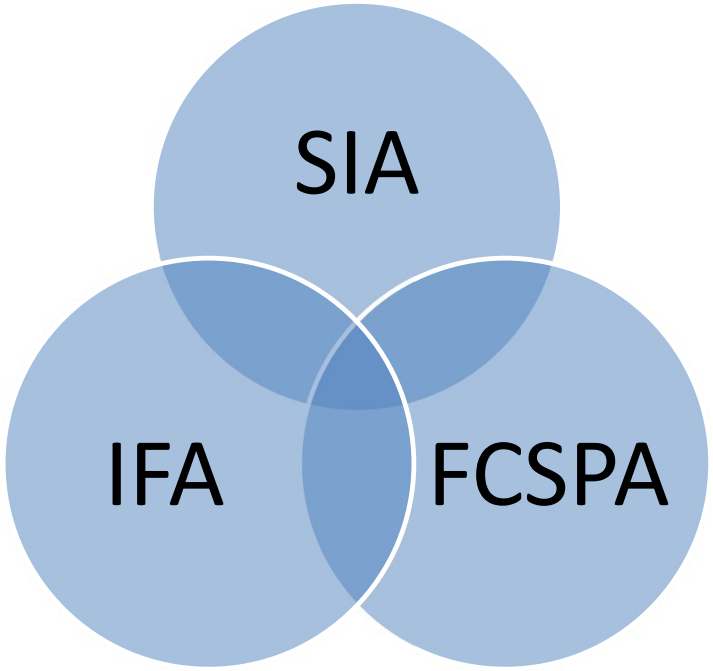
- **Risk Assessment Methodology – World Bank Risk Assessment Toolkit**
  - **Module 4 – Securities Sector**
  - **Module 6 – Other Financial Sectors**
  - **Module 7 – Non-Financial Sectors**

Securities	Investments	Financial & Corporate Service Providers
• Value of Assets Under Management • Cross Border Clients • Range and Complexity of products and services offered	• Diverse Client Base including PEPs • Cross Border Delivery Channels • Use of Legal Persons and Arrangements	• Complex Corporate Structures • Use of Cash • Misuse of Products and Services

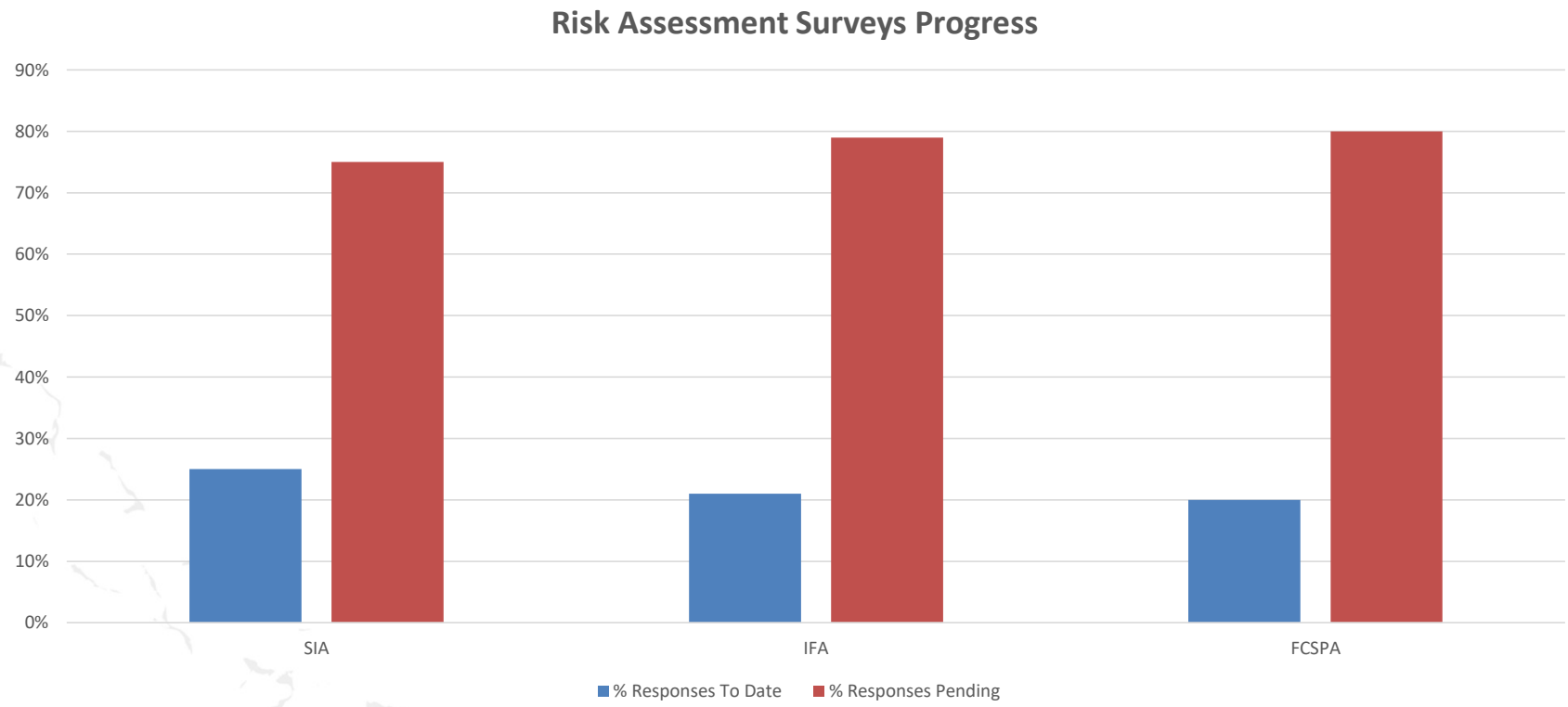
Sectoral Risk Assessments

Key Aspects of the Risk Assessment Surveys – SIA/IFA/FCSPA

- *AML Legal Framework*
- *Integrity of Staff*
- *AML Knowledge of Staff*
- *Availability and Enforcement of Sanctions*
- *Effectiveness of Suspicious Activity Monitoring and Reporting*
- *Availability and Access to Beneficial Ownership Information*



Sectoral Risk Assessments Cont'd



Risk Assessment Survey Due, <u>Friday 12 December 2025.</u>

Sectoral Risk Assessments Cont'd

- **Next Steps**
  - Analyse data from Risk Assessment Surveys. Data will contribute to overall sectoral risk rating.
  - Identify Strengths and Weaknesses
  - Digital Assets Risk Assessment will be launched soon.
  - On-going Assessments of the Capital Markets.

SECURITIES COMMISSION OF THE BAHAMAS

International Priorities & Initiatives

AML/CFT/CPF Industry Briefing

SCB 5th Round Relevant FATF Recommendations and Immediate Outcomes (IOs)

Lesley Pearson
Head of Internal Audit
Securities Commission of The Bahamas

FATF Methodology

- **The Financial Action Task Force (FATF) amended its assessment methodology in 2022**
- **FATF commenced its 5th round of evaluations under this methodology in 2024**

4th Round: ✅
"Rules exist" → Focus on **technical compliance**

5th Round: ✅
"Rules work" → Focus on **effectiveness and outcomes**

Outcomes / Measurable Actions

01 – QUANTITATIVE EVIDENCE

02 – QUALITATIVE EVIDENCE

03 – Comparative or Trend Analysis

04 - Documentation

Characteristics of an Effective System: IO3 & IO4

- Risk based supervision and monitoring, and risk identification, assessment and mitigation.
- Criminals/their associates should be prevented from holding significant/ controlling interest or from being the beneficial owner in an **FIs and VASPs (IO3)** and **DNFBPs (IO4)**.
- Supervisors provide guidance to the **FIs and VASPs (IO3)** and **DNFBPs (IO4)** and have the power to sanction for breaches.
- **FIs and VASPs (IO3)** and **DNFBPs (IO4)** must understand ML/TF risk and apply appropriate preventative measures.
- Supervision and monitoring should improve the AML/CFT compliance levels of **FIs and VASPs (IO3)** and **DNFBPs (IO4).**

IO3 – FIs & VASPs Supervision and Preventive Measures

Core issues

- How well does the country prevent criminals and their associates from owning or controlling FIs or VASPs? How well are breaches to the prevention mechanisms detected and addressed as appropriate?
- How well do the supervisors identify, understand and promote FIs and VASPs understanding of the ML/TF risks and their AML/CFT obligations?
- How well do FIs and VASPs understand the level and nature or their ML/TF risks?
- How well do FIs and VASPs understand and apply AML/CFT obligations and mitigating measures in their business?
- How well do supervisors, monitor or supervise, the extent to which FIs and VASPs are complying with their AML/CFT requirements?
- Can monitoring and/or supervision demonstrate that their actions have positive impact on FIs and VASPs compliance overtime?

Core Issue 3.1 & 4.1

Core Issue 3.1

How well do licensing, registration or other controls prevent criminals or their associates from owning or controlling entities?

Focus
Integrity of market entry controls.

Supervisory Actions

- Implement fit-and-proper checks on all license/registration applicants, including beneficial owners and key personnel.
- Conduct background screening using law enforcement databases, sanctions lists, and adverse media.
- Enforce rejection or revocation of licences for unfit individuals.

Proportionality

Apply risk-based licensing: higher scrutiny for high-risk sectors;

streamlined entry for low-risk,.

Financial Inclusion

Allows small, community-based or fintech providers to enter the formal sector, expanding access while safeguarding integrity.

Evidence

- Fit & proper assessment reports.
- Rejection/withdrawal statistics for license applications.
- Enforcement actions taken (revocations, fines, warnings).

Outcomes

- Only fit and proper persons own, control, or manage FIs/VASPs.
- Criminals and their associates are prevented or removed from ownership/control positions.

Core Issues 3.2 and 4.2

Core Issue 3.2

How well do supervisors understand and assess ML/TF risks across sectors and entities?

Focus
Risk understanding and mapping

Supervisory Actions

- Conduct sectoral and institutional ML/TF risk assessments (update regularly).
- Use data analytics, STR trends, and thematic findings to identify emerging risks.
- Engage in risk-based outreach (circulars, workshops
- Assess institutions' internal risk assessments during onsite and offsite reviews.

Proportionality in Practice

National or sectoral risk assessment showing inclusion-related risk calibration.

Financial Inclusion

Inclusion products (e.g., low-value e-wallets, savings groups) identified as *low ML/TF risk*, avoiding unnecessary burdens.

Evidence

- National/sectoral/institutional risk assessment reports.
- Risk-based supervision frameworks and scoring tools.
- Training materials and attendance records for supervisors.
- Outreach activity logs and feedback summaries.

Outcomes

- Supervisor demonstrates deep and current understanding of ML/TF risks across sectors and individual institutions.

Summary of IOs 3 and 4

Why this matters:

- Informed Resource Allocation
- Evidence-Based Decision Making
- Early Detection of Emerging Risks
- Measuring Effectiveness.

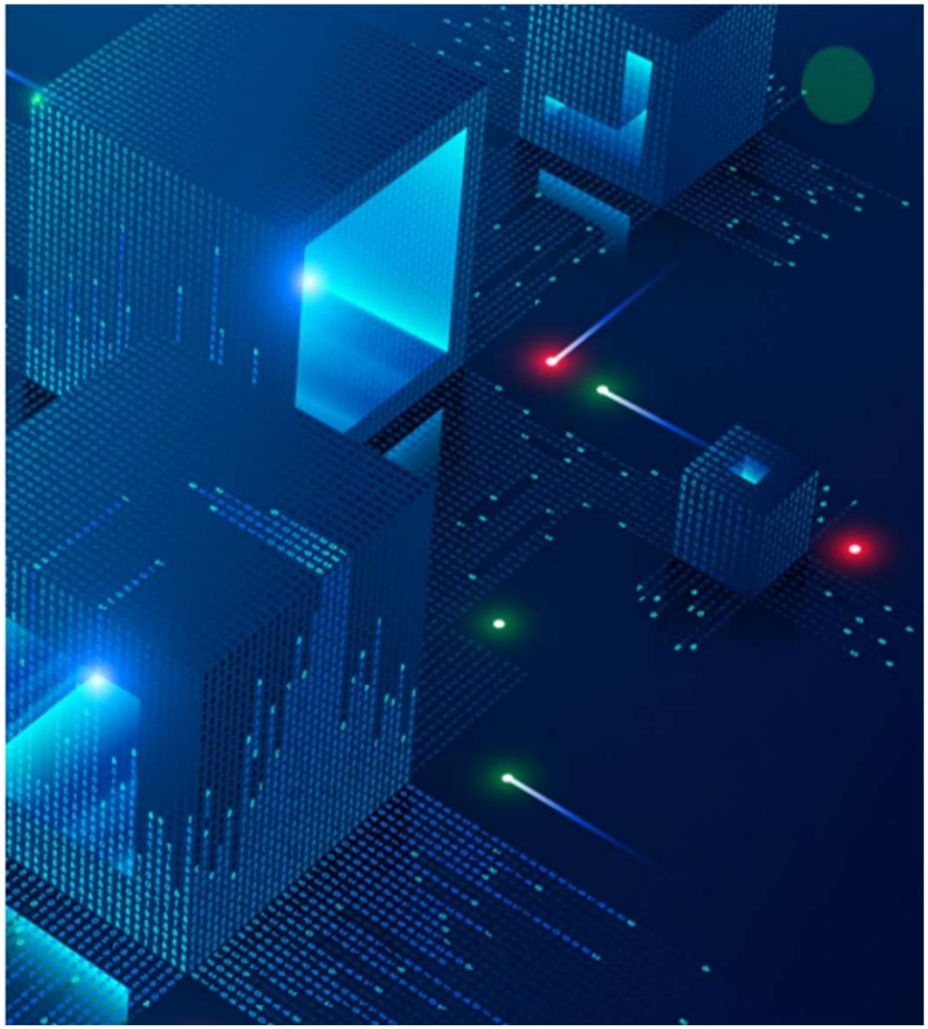
Recommendation 15 – Virtual Assets & Virtual Asset Service Providers

- Countries:
  - Identify and assess ML/TF risks from VAs/VASPs beneficiary
  - License or register
  - Supervise and apply a range of sanctions

- VASPs:
  - Conduct CDD, monitor and report STRs
  - Apply travel rule
  - Comply with TFS
  - New for 5th Round – Proliferation Financing

Recommendation 15

- **Objective**: Countries must implement a full range of AML/CFT measures for VAs and VASPs
- **Key Requirements**:
  - **Risk Assessment**: Countries must assess ML/TF/PF risks related to VAs/VASPs.
  - **Licensing and Supervision**: Countries must license or register, supervise and sanction VASPs.
  - **VASPs Responsibilities**: CDD, monitor and report suspicious transactions, and apply the "travel rule"
- **Changes in the Strategic Review**: Focus on PF identification, assessment, and risk-based measures for PF risks (c.15.3).
- **In accordance with Recommendation 1**:
  - Countries should identify and assess risks from VA activities and VASPs.
  - Implement risk-based measures to mitigate ML/TF/PF risks efficiently.



Recommendation 15 – FATF Guidance

- Updated Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers (October 2021)
- The 2020 Digital Identity
- The 2020 and 2021 First and second12-Month Review of the Revised FATF Standards on VAs and VASPs
- The 2020 FATF Report to the G20 on So-called Stablecoins
- The 2020 FATF Report on VA Red Flag Indicators of money laundering/terrorist financing

24 Recommendation 24 – Transparency and Beneficial Ownership of Legal Persons

Recommendation 24 – Transparency and Beneficial Ownership of Legal Persons

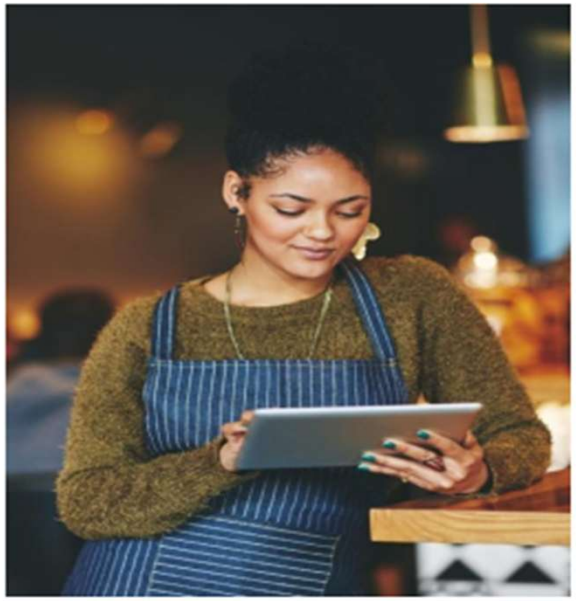
Criminals misuse corporate structures to disguise:

the **identity** of known or suspected criminals

the true **purpose** of an account or property held by a corporate vehicle, and/or

the **source or use** of funds or property associated with a corporate vehicle.

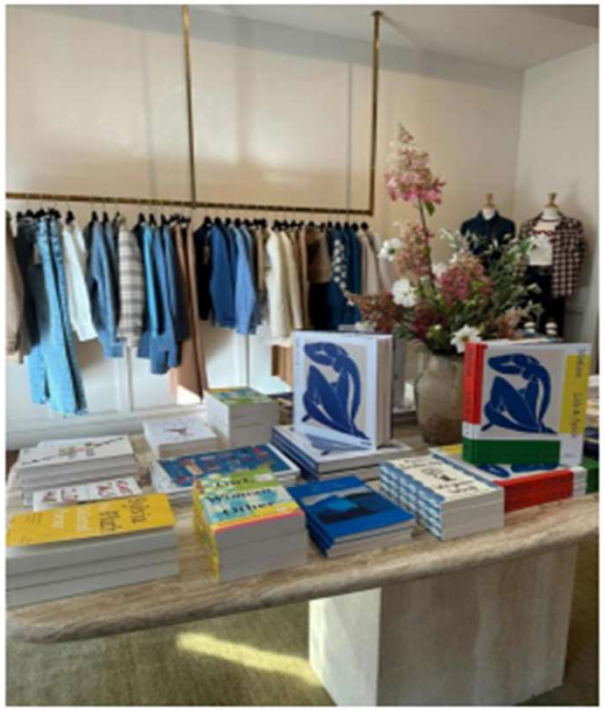
Key Definitions



Beneficial Owner(s)

LP: Natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted

LA: settlor, trustee, protector, beneficiary(ies), natural person(s) with ultimate effective control.



Legal Person(s)

Can establish a permanent customer relationship with an FI and can own property

Risk Based Approach

New Features & 'Sufficient Links'

Legal Persons (R.24)

Must assess risks of foreign-created LPs that have a **sufficient link** to the country.

Key Actions

Identify, assess, and understand risks posed by LAs/LPs including those with **foreign ties**.

Apply **risk-based mitigating measures** proportionate to the scale and nature of the risks

Ensure **risk assessment results** are **widely shared** among competent authorities

Ensure **risk assessment results** are **widely shared** among competent authorities.

Maintain **ongoing dialogue** between the public and private sectors on evolving typologies

Consider making **risk assessment findings** (in full or partially) **public**.

Why it matters

Risk-based policies help focus resources where they're most needed—protecting **both** your financial system **and** international integrity.

Recommendation 24 Key Amendment

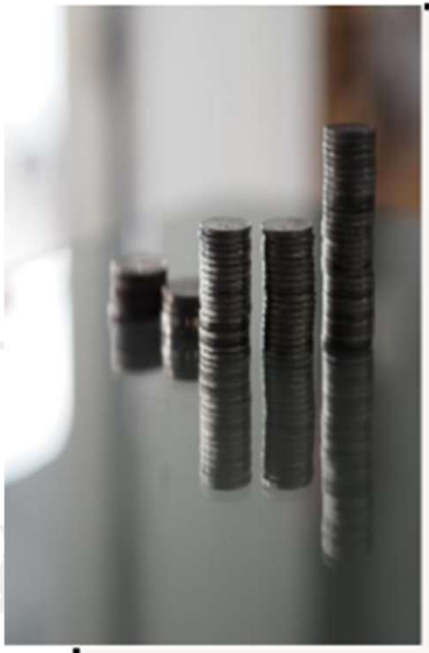
Multipronged approach to collection of Beneficial Ownership information- c. 24.6,25.9

The standards require a multi-pronged approach, i.e. to use a combination of different mechanisms, for collection of beneficial ownership information to ensure it is available to competent authorities in a timely manner. (mandatory implementation for R.24; implementation based on risk, context and materiality for R.25)

KEY TAKEAWAYS:

- **LPs and trustees** should be **required** to maintain accurate adequate and up-to-date BO information.
- **Central registry or alternative mechanism** is **mandatory for LPs:** Countries should decide, on the basis of risk, context and materiality, what form of registry or alternative mechanisms they will use to enable efficient access to information by competent authorities, and should document their decision.

Recommendation 24 Key Amendments



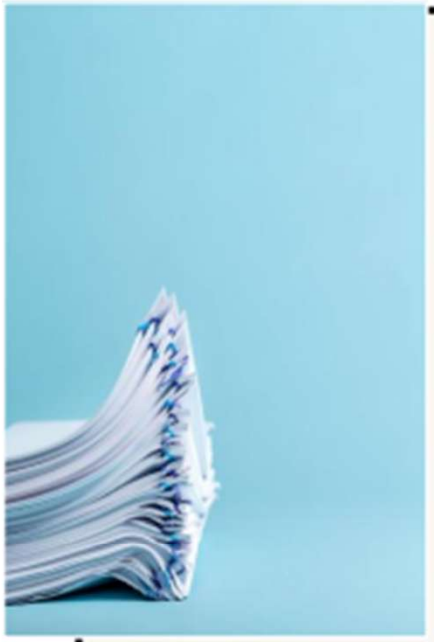
Bearer Shares and Nominee arrangements- c. 24.12, 24.13

The changes include stronger controls to prevent the misuse of bearer shares and nominee arrangements, including prohibiting the issuance of new bearer shares and bearer share warrants and conversion or immobilisation of the existing ones, and more robust transparency requirements for nominee arrangements. (applicable to R. 24)

Obstacles to Transparency

Bearer Shares	Nominee Arrangements
New Bearer Shares- countries must prohibit the issuance of bearer shares and bearer share warrants AND take measures regarding existing bearer shares. In the 4th round, there was a choice between these measures. The 5th round procedures outline a more stringent requirement. Existing Bearer Shares- countries should take measures to prevent and mitigate the risks by a range of conversion/immobilisation measures within a reasonable timeframe.	Tighter controls for nominee arrangements. Three options to enhance controls: 1. Require nominees to disclose their status and their nominator to company and registries; 2. Require nominees to be licensed, disclose status and nominator; or 3. Enforce a prohibition on nominees

Recommendation 24 Key Amendments



Access to adequate, accurate, and up-to-date information- c.24.8- 24.11, 25.8- 25.10

Access to information by competent authorities should be timely, and information should be adequate for identifying the beneficial owner, accurate - based on verification, and up-to-date.

Upcoming Industry Briefing and System Launch

To facilitate implementation of the nominee transparency obligations, the Competent Authority will host a virtual industry briefing on **Wednesday, 10th December 2025 at 10:00 a.m.** using the following link:

Meeting ID: 286 552 597 801 05
Passcode: at7ni6KF

https://teams.microsoft.com/l/meetup-join/19%3ameeting_MGYwNTkxMGQtOWE1MS00YTgzLWI3ZDAtMzgzY2E0NzAxNDFh%40thread.v2/0?context=%7b%22Tid%22%3a%22ee7a07de-4778-4cfe-8e91-8d9038ba72ec%22%2c%22Oid%22%3a%227c9db89f-45ef-4e32-b608-a5967c3b361b%22%7d

This session will introduce sector participants to the updated BOSSs data model and demonstrate the enhancements designed to support compliance with the revised FATF standards.

During the briefing, **BDO,** host and service provider of the BOSSs portals will:

- Demonstrate the BOSSs system changes;
- Review the new fields for recording nominee relationships;
- Explain how the enhancements align with recent legislative amendments;
- Address questions from industry stakeholders.

BDO will also outline the production launch timeline and training schedule.

International Priorities & Initiatives

AML/CFT/CPF Industry Briefing

AML/CFT Obligations

Magan Knowles
Senior Manager, Supervision
Securities Commission of The Bahamas

SCB is responsible for the administration of:

- Securities Industry Act, 2024
- Investment Funds Act, 2019
- Financial and Corporate Service Providers Act, 2020
- Digital Assets and Registered Exchanges Act, 2024
- Carbon Credit Trading Act, 2022

160

Registered firms, Marketplaces, Clearing facilities

42

Investment Fund Administrators

537

Investment Funds

291

Financial & Corporate Service Providers

DARE DIGITAL ASSETS & REGISTERED EXCHANGES ACT

9 Digital Asset Businesses and Token Exchanges

23 Digital Asset Businesses

Current Legislation

AML/CFT/CPF

- Financial Transactions Reporting Act, 2018
- Financial Transactions Reporting Regulations, 2018
- Anti-Terrorism Act, 2018
- Securities Industry (Anti Money Laundering and Countering the Financing of Terrorism) (Amendment) Rules, 2019
- Securities Industry (Anti Money Laundering and Countering the Financing of Terrorism)(Amendment) Rules, 2020
- Financial and Corporate Service Providers (AML/CFT) Rules 2019
- Financial and Corporate Service Providers (AML/CFT) (Amendment) Rules 2020
- Digital Assets and Registered Exchanges (Anti-Money Laundering, Countering Financing of Terrorism and Countering Financing of Proliferation) Rules, 2022

Current Legislation

- **Financial and Corporate Service Providers (AML/CFT) Rules 2019**
  - Implementation of Risk Framework
  - Internal Controls
  - Customer Identification
  - Third parties and Eligible Introducers
  - Record Keeping

- **Securities Industry (AML/CFT) Amendment Rules 2019**
  - Compliance Officer and Money Laundering Reporting Officer
  - Self-risk Assessments
  - Customer Due Diligence
  - Third Party Verification
  - Exemptions to Customer Due Diligence

Current Legislation

- The Digital Assets and Registered Exchanges (Anti-Money Laundering, Countering Financing of Terrorism and Countering Financing of Proliferation) Rules 2022.

  - Implementation of Risk Framework
  - Internal Controls
  - Customer Identification
  - Third parties and Eligible Introducers
  - Record Keeping
  - Education and Training

SECURITIES COMMISSION OF THE BAHAMAS

Ongoing Obligations

The SCB administers the FTRA for all its registrants and licensees; meaning, it ensures that all its registrants and licensees adhere to the provisions of the FTRA. Additionally, as previously mentioned, SCB requires all registrants and licensees to adhere to the provisions of applicable sector-level AML/CFT/CPF Rules. Common ongoing requirements expected by the SCB are:

CDD/EDD REQUIREMENTS	RISK FRAMEWORK	INTERNAL CONTROLS	RECORD KEEPING	EDUCATION AND TRAINING
• KYC Documentation • Transaction Monitoring • UNSCR Declarations	• Self-Risk Assessments • Risk Rating of customers, business relationships, etc.	• STR Filing • Maintenance of compliance functions	• Maintence of records • Seven-year requirement	• Training available for all employees • Special training for identifying suspicious transactions

Registered Firms/Administrators/DABS/FCSP

Securities Industry AML/CFT Rules/FTRA/FTRR/IFA and IFR/DARE AML/CFT Rules/FCSP AML/CFT Rules

- Risk based approach to monitoring facilities [Rule 5A(2)/FTRR Reg 12(3)/s.13FTRA/S.81(1)(c)]
- Risk Management framework in accordance with the Financial Transactions Reporting Act, 2018. [Section 5 of the FTRA, 2018] [Section 81(1)(c) of the Investment Fund Act, 2019]
- AML Training [Reg 6 FITRR/Rule 22 Securities Industry(AML/CFT) Rules/s.19(2)(iii)FTRA 2018]
- KYC [Reg 67, 68 & 17 of the SIR, 2012] [Reg 4,5,6, & 7 of the FTRR, 2018] [Reg 10 of the FTRR2018] [Rule 16 of the Securities Industry Anti-Money Laundering and Countering the Financing of Terrorism, Rules, 2015]
- Complaint register [Regulation 17, 20(1)(a)(b) and 75 of the SIR, 2012] Section 113IFA 2019]
- Appropriate risk management systems in place to identify politically exposed persons (PEPs) [Section 14 of the Financial Transactions Reporting Act, 2018]

Legislative Requirements

What We Expect

Ongoing Obligations

- Risk Management Framework in accordance with FTRA 2018
- AML/CFT/CPF Policies and procedures
- Registered Personnel – CO & MLRO
- Satisfactory complaints handlings
- Satisfactory customer onboarding process; up to date documentation
- Customer risk ratings, EDD procedures
- Regular training in recognition of ML/TF/PF

Supervision Overview/Observations

SCB BY THE NUMBERS

- **50+** Annual Fee breaches
- **10** Material Changes
- **4** Failure to seek approval for changes in Capital Structure
- **50+** Self Risk Assessments Not submitted – primarily FCSPs

Self Risk Assessments

Encompasses evaluation of ML/TF/PF Risks, the control mechanisms in place to mitigate those risks and the implementation of measures to manage residual risks where necessary

Self Risk Assessments

Self Risk Assessment Template Guidance Note

- Section 5 of the FTRA, requires an FI to take into account any risk assessment carried out at a national level and any regulatory guidance issued by its Supervisory Authority.

- Each FI should incorporate a risk assessment carried out at a national level and any regulatory guidance issued by its Supervisory Authority. Such risk assessments may also be incorporated into the FI's AML Manual Policies and Procedures.

- The self-risk assessment should inform and guide the registrant's development and implementation of its AML program. An AML program should include measures to support the following:

  - Comprehensive Risk Management System approved by Senior Management and commensurate with the scope of its activities, incorporating continuous identification measurement, monitoring and controlling of identified risks.
  - Customer Due Diligence and Beneficial Ownership
  - Compliance Officer and Sufficient Staffing
  - Appropriate Internal Controls
  - AML Training

United Nations Security Council Resolution

- GFSR Targeted Financial Sanctions Reporting Form Guidance Notes – June 2025
  - For improvement of regulatory reporting has designed four (4) Forms
  - No Nil reporting
  - Joint licensees are required to submit forms to each regulatory body by whom they are licensed
  - Penalties for Non-compliance

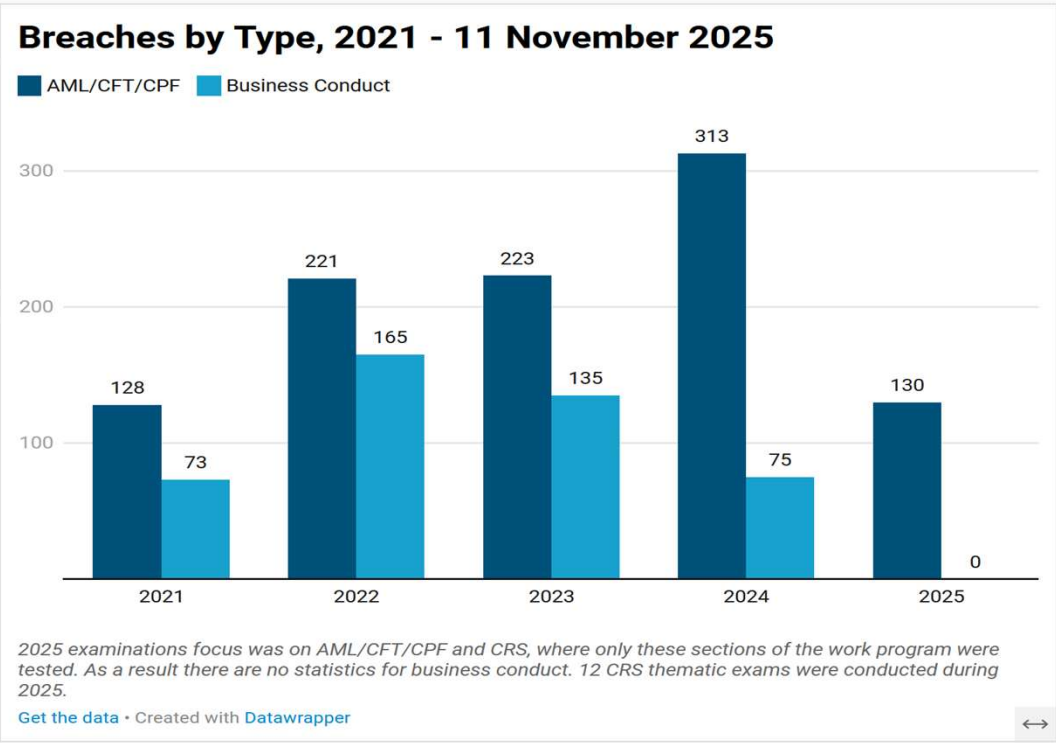
GFSR Countering Proliferation Financing Guidelines

- August 2025
  - Overview of Proliferation Financing
  - Regulatory and Legal Framework
  - Sectoral Guidance
  - FATF Recommendations

SECURITIES COMMISSION OF THE BAHAMAS

Examinations Overview/Observations

	2022	2023	2024	To Nov 2025
No. of Examinations Completed	32	43	60	87
No. of Reports Issued	32	43	54	79
Total Breaches	386	358	388	142



2025 Onsite Deficiencies

- Administrative Filing of IOEAMA (UNSCRs)
- Administrative Filing of the ATA statement that firms do not hold terrorist property
- Risk Assessment and Risk rating deficiencies
- Customer verification and Identification
  - Required information
  - Records maintenance
  - Risk Management Systems

Supervisory Priorities 2026

2026 Supervision Priorities Summarized

- Effective Implementation of new legislation (SIA 2024, DARE 2024)
- Enhanced Operational Capacity – Phase 2 of CORI
  Material changes notifications in use already
- Enhancing Risk-based Monitoring
  - Thematic desk-based reviews
  - Focus on newly licensed entities
- Preparation for 2026 OECD Peer Review – CRS
- Preparation for 2026 CFATF Mutual Evaluation

International Priorities & Initiatives

AML/CFT/CPF Industry Briefing

Proliferation Financing

Countering Proliferation Financing Guidelines 2025

Group of Financial Service Regulators (“GFSR”)

Mechelle Martinborough
Senior Legal Counsel
Securities Commission of The Bahamas

Definition:

The act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical, or biological weapons and their means of delivery and related materials (including both technologies and dual use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.

(FATF Definition)

FATF Updates on Proliferation Financing

FATF Recommendation 1

- There was an amendment to FATF Recommendation making the risk assessment of proliferation financing mandatory.
- "*Countries should… identify, assess, and understand the proliferation financing risks for the country… Countries should take proportionate action aimed at ensuring that these risks are mitigated effectively including designing an authority or mechanism to coordinate actions to assess risks, and allocate resources efficiently for this purpose*.

FAFT Recommendation 2

- There was a consequential amendment to Recommendation 2 to reference CPF in national coordination plan.
- "*Countries should ensure that policy-makers, the financial intelligence unit (FIU), law enforcement authorities, supervisors and other relevant competent authorities, at the policymaking and operational levels, have effective mechanisms in place which enable them to cooperate, and, where appropriate, coordinate and exchange information domestically with each other concerning the development and implementation of policies and activities to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.*

Purpose, Objective & Scope

- Defining proliferation and proliferation financing;
- Explaining PF risks and key indicators;
- Describing the role of the financial services regulators in the jurisdiction in combating PF;
- Describing the key concepts relevant to assessing PF risks;
- Highlighting the regulatory framework that supports CPF; and
- Offering sector guidance for the financial services industry in The Bahamas

UNSC Terms

Key UNSC Terms Related to Understanding Proliferation Financing

Means of delivery includes "missiles, rockets and other unmanned systems capable of delivering nuclear, chemical, or biological weapons, that are specially designed for such use".

Related materials include "materials, equipment and technology covered by relevant multilateral treaties and arrangements, or included on national control lists, which could be used for the design, development, production or use of nuclear, chemical and biological weapons and their means of delivery."

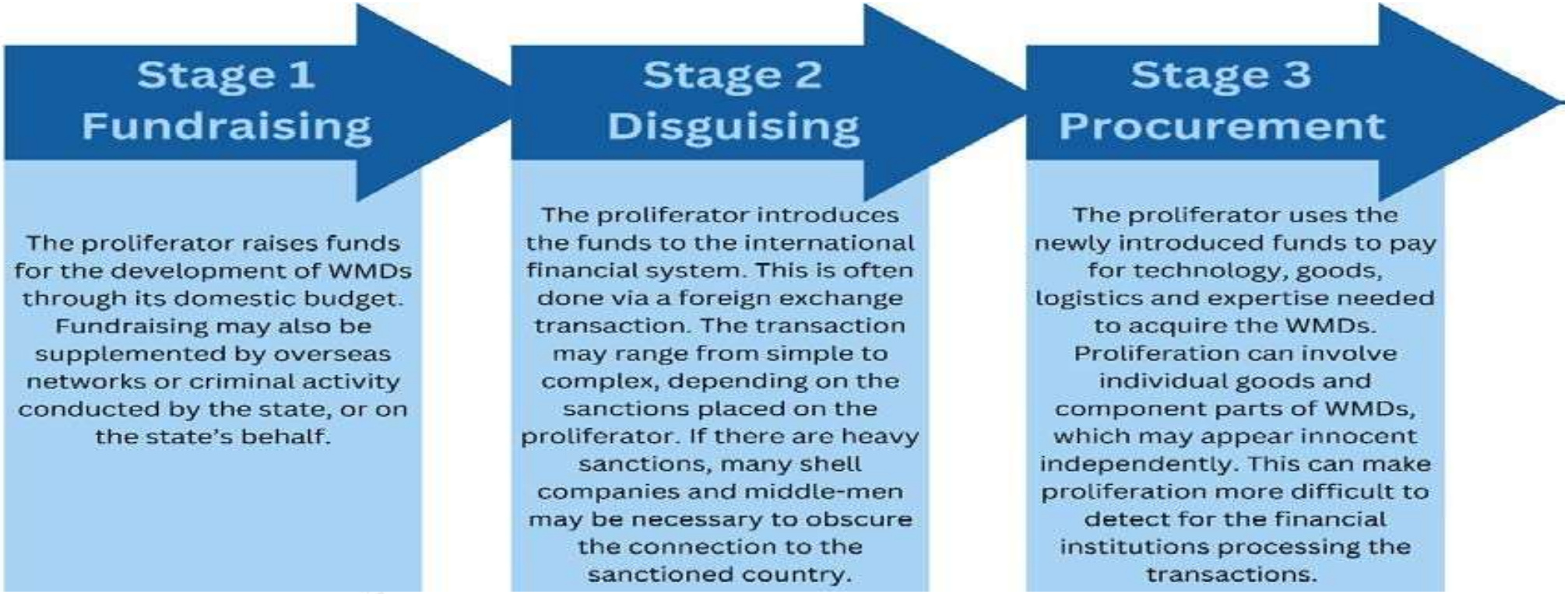
Retrieved from UNSCR 1540

Dual Use Goods

- These include items such as lasers, electronics, radio navigation systems, and common household materials that can be easily repurposed to make weapons.

- DNFBPS may review the Bahamas Customs' list of prohibited and restricted imports and exports to keep abreast of these goods.

Stages of Proliferation



Comparison Between ML, TF and PF

Comparison Between ML, TF, and PF

	Money Laundering	***Terrorist Financing***	***Proliferation Financing***
Definitions (Summarized)	ML is the process of concealing the origin of funds derived from criminal activities/predicate offences.	TF is the act of soliciting, collecting or providing funds with the intention of using them in support of terrorist activities.	PF is the act of providing funds which are used for nuclear, chemical, or biological weapons and their means of delivery and related materials in contravention of national laws or, where applicable, international obligations.
Origin of Funds	Funds are usually derived from criminal activity or predicate offences.	Funds can be derived from both legitimate and illegitimate sources.	Funds can be derived from both legitimate and illegitimate sources.
Transaction Red Flags	Focuses on suspicious transactions, outside of the sanctioned norm for a customer's purchase of wealth.	Concerned with suspicious relationships between two parties who appear unrelated.	Focusing on detection of parties interacting with persons, and the goods and services used in WMD production.
Destination of Funds	The money is ultimately returned to its source, after being legitimized through a series of transactions.	The money moves from the financier to the ultimate users of the funds: terrorists and terrorist organizations.	The money is sent from the state or individual to the broker or manufacturer of the goods and services needed for WMD development.

Key Concepts

- **Proliferation Financing Risks**
  - Refer to the potential breach, non-implementation or evasion of Targeted Financial Sanctions
  - Two types of Proliferation Financing risks:
    1. Inherent Risks; and
    2. Residual Risks.

INHERENT RISKS

- Risks that are associated with the nature of activities and the actors involved before the implementation of countermeasures or policies.

- Factors to consider when assessing inherent risks:
  - Proximity or links to sanctions states or individuals
  - Regulatory gaps
  - The nature of exports and imports (i.e. dual use goods)
  - Complexity of Services
  - Customer base

RESIDUAL RISKS

- Risks that remain after mitigations measures have been implemented.
- Factors to assess residual risks:
  - Limited implementation
  - Insufficient resources
  - Corruption
  - Lack of coordination

UNITED NATIONS SECURITY COUNCIL

UNSC SANCTION RESOLUTIONS → **UNSCR NOTICES** → **OBLIGATIONS UNDER THE ANTI TERRORISM ACT**

OBLIGATIONS

- Financial Institutions and DNFBPs must conduct:
  - Risk Assessments
  - Customer Due Diligence
  - Enhanced Due Diligence
  - Record Keeping
  - Internal Controls
  - Suspicious Transactions

WAYS TO WATCH

WAYS TO WATCH – Trade Finance Risk Indicators

- Individuals or entities subject to asset freeze (e.g., DPRK-linked parties).
- Requests for letters of credit before the customer has been fully approved, especially for dual-use or export-controlled goods.
- Inconsistencies in trade documents—names, addresses, destinations, quantities, or values that do not match financial flows.
- Freight forwarders listed as the final destination, instead of an actual buyer or end-user.
- Payments or wire instructions involving parties not included in the original letter of credit or supporting documentation

Customs Considerations

- **Customs Oversight**
  - Be aware that Customs monitors trade, intercepts contraband, and enforces all import/export restrictions.
- **Licensing Requirements**
  - Obtain the proper license before importing or exporting any WMD-related, dual-use, or controlled goods.
- **Use Official Lists**
  - Regularly review the List of Prohibited and Restricted Imports and Exports to identify high-risk items.

SECURITIES COMMISSION OF THE BAHAMAS

International Priorities & Initiatives

AML/CFT/CPF Industry Briefing

2025 Preparedness Initiatives & Industry Readiness
4 December 2025
Baha Mar Convention Center

Christina Rolle
Executive Director
Securities Commission of The Bahamas

Where The Bahamas Stands

Status: Technical Compliance 40 Recommendations Ratings: **18 Compliant, 22 Largely Compliant (22)**

Recommendation:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Rating	LC	C	C	C	LC	LC	LC	C	C	LC	LC	C	C	C	C	LC	LC	LC	C	C

Recommendation:	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
Rating:	C	C	LC	LC	LC	C	C	C	C	C	LC	LC	LC	LC	LC	LC	LC	LC	LC	LC

Anti-money laundering and counter-terrorist financing measures,
5th Enhanced Follow-Up Report & Technical Compliance Re-Rating, December 2022

Status: Effectiveness Ratings: **6 Low, 5 Mod**.

IO.1	IO.2	IO.3	IO.4	IO.5	IO.6
Low	Mod.	Mod.	Mod.	Mod.	Mod.
IO.7	**IO.8**	**IO.9**	**I0.10**	**IO.11**	
Low	Low	Low	Low	Low	

The Bahamas Mutual Evaluation Report, July 2017

SECURITIES COMMISSION OF THE BAHAMAS

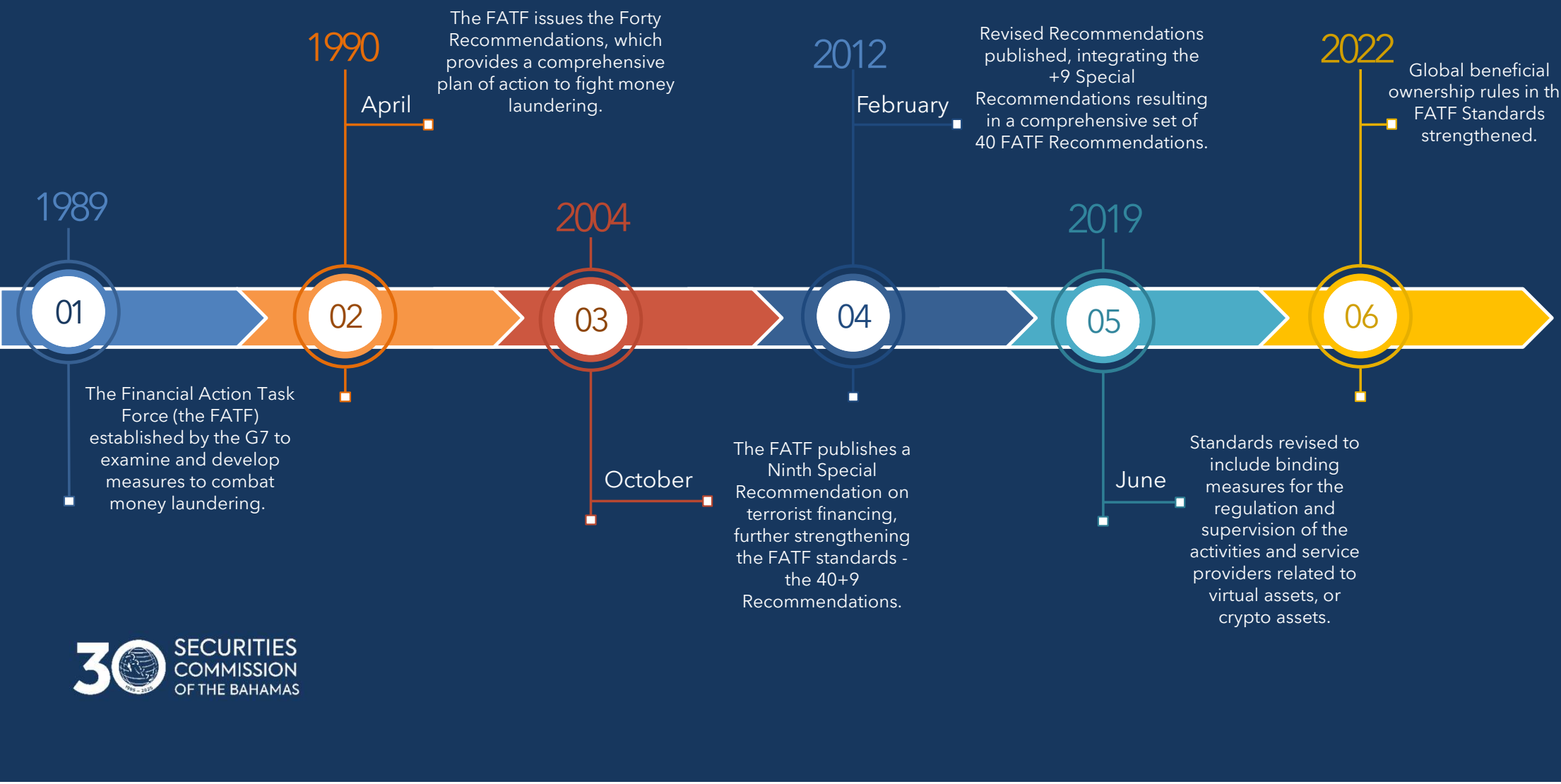
Why is AML/CFT/CPF compliance important?

SECURITIES COMMISSION OF THE BAHAMAS

Why comply?

- International financial services is a significant contributor to the economy
  - Strong source of middle-class jobs and upward financial mobility
  - Employment diversity from Tourism/Government sector
  - Primary business driver for many professionals, including lawyers, accountants
  - *To participate in the global financial services industry, we must be compliant.
- Results directly impact the country's risk profile for correspondent banking (access to US$, EUR)
- Other financial intermediaries may be unable to deal with Bahamas persons/entities if the jurisdiction is rated as high-risk.

The Development of AML/CFT/CPF Global Standards

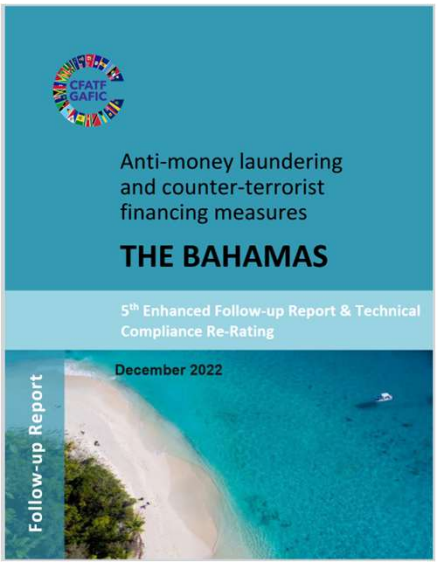


SECURITIES COMMISSION OF THE BAHAMAS

The Bahamas' AML/CFT/CPF Compliance Journey

23 Nov 2007	Mutual Evaluation of The Bahamas report. AML/CFT assessment conducted by CFATF
28 Oct 2010	Follow-Up presented at CFATF Plenary on progress made since Mutual Evaluation
30 Nov - 11 Dec 2015	Bahamas undergoes first CFTAF on-site visit
4 Aug 2017	The Bahamas Mutual Evaluation Report Released Effectiveness Ratings: Immediate Outcomes Rated 6 Low, 5 Mod. Technical Compliance Ratings: 1NC, 21PC, 10LC, 8C
19 Oct 2018	FATF Announces The Bahamas is under "Increased Monitoring"
20 Dec 2018	1st Enhanced Follow Up Report shows progress 13 Technical Compliance Ratings revised/improved
18 Dec 2020	FATF de-lists The Bahamas from list of Jurisdictions Under Increased Monitoring
Dec 2022	5th Enhanced Follow-Up Report & Technical Compliance Re-Rating 40 Recommendations rated C or LC Bahamas remains in "enhanced follow-up"

SECURITIES COMMISSION OF THE BAHAMAS



Mutual Evaluation Process

Assessor Training

01

The FATF organises regular training to train experienced national experts in the FATF Recommendations and FATF Assessment Methodology.

Technical Compliance

02

The country provides information about its laws and regulations. The assessors analyse this information, checking if all the required laws and regulations, as required by the FATF Recommendations, are in place. This analysis takes approximately 4 months. Following the analysis, a draft report is produced with technical compliance ratings for all 40 Recommendations.

Scoping

03

For effective assessment, a preliminary scoping exercise is conducted to determine the areas of focus of the on-site visit.

On-site visit

04

The country needs to provide information on the effectiveness of its system in all eleven areas that are covered by the FATF Methodology. Assessors travel to the country for the on-site visit to verify and assess whether the systems in place are effective or not.

Mutual Evaluation Process (contd.)

Immediately following the on-site visit, the assessors finalize the mutual evaluation report with the findings of the effectiveness and technical compliance assessment.

Assessors present the draft report to the FATF Plenary at one of three yearly meetings. Assessors' findings and proposed ratings are discussed.

Following Plenary approval, all countries within the FATF Global Network will review the report for technical quality and consistency before it is published on the website, which is usually two months after Plenary approval.

After adoption, the countries are required to address the shortcomings identified in the report. All countries are subject to post-assessment monitoring. This can include anything from regular reporting of improvements for countries that are already largely compliant and demonstratively committed to addressing the remaining few shortcomings, to issuing a public warning against a country that makes insufficient progress to address key deficiencies.

AML/CFT/CPF Legislation

SECURITIES COMMISSION OF THE BAHAMAS

Overview of the National Legislative Framework:

- Anti-Terrorism Act and Regulations
- Financial Transactions Reporting Act and Regulations, Including: Amendment to the FTRA, 2018 as per 5th Schedule of the Digital Assets and Registered Exchanges Act, 2020
- Financial Intelligence (Transactions Reporting) Regulations
- International Obligations (Economic & Ancillary Measures) Act, 1993 and Orders
- Proceeds of Crime Act

AML Rules specific to Securities Commission of The Bahamas' Constituents

- Securities Industry (Anti-Money Laundering and Countering the Financing of Terrorism) Rules
- Financial and Corporate Service Providers (Anti-Money Laundering and Countering the Financing of Terrorism Rules
- Digital Assets and Registered Exchanges (Anti-Money Laundering, Countering Financing of Terrorism and Countering Financing of Proliferation) Rules, 2022

CFATF Readiness

SECURITIES COMMISSION OF THE BAHAMAS

During 2025/Upcoming SCB activities:

- Data gathering – Compiling statistics to demonstrate effectiveness of AML/CFT/CPF Regime:
  - To demonstrate SCB has a comprehensive understanding of the regulated activities
  - Our regulatory constituents understand their obligations re AML/CFT/CPF and are compliant
  - To be positioned to provide statistics on breaches, penalties and sanctions, other enforcement activity
- Enhancing compliance and sanctions tracking and reporting
  - Risk Analytics Department established (effective 1 December 2025)
  - Remediations Unit established (effective 1 November 2025)
- Registrant/Licensee Self Risk Assessments have been issued, Deadline 12 December 2025
  - (We expect 100% compliance)
- Penalties levied for 2024 and 2025 ongoing
- Technical Training for selected participants conducted in October

What has to be done?

CFATF Readiness

SECURITIES COMMISSION OF THE BAHAMAS

- Assessors focus will be on high-risk activities or parties and related procedures
  - Digital assets and digital assets business
  - International Business Companies activities
  - Politically Exposed Persons and enhanced due diligence procedures
  - Implementation of the Travel Rule
  - Enforcement penalties, criminal actions brought, forfeiture and seizure of assets

- Streamlining of UNSCR reporting requirements, with new framework effective 1 March 2025
  - Nil reporting has been removed
  - Only positive hits are reportable
  - Quarterly reporting requirement removed
  - All financial regulators will use the same form

Next Steps

- Technical Compliance Questionnaire (TCQ) and supporting documentation due March 2026
- Onsite visit **October 2026**
- Registrants/licensees will be selected to participate in the review with consideration to:
  - Strong compliance record,
  - Strong procedures and processes,
  - Suitable size of operations.

Our Concerns:

1) Compliance Officers/Money Laundering Reporting Officers ability to demonstrate an understanding of the operations of the business and the interplay with ML/TF/PF risk.
2) Overall levels of compliance.
   - We must move aggressively to **no infractions (0)**
   - As a result, examinations will result in more **penalties and sanctions** for breaches
   - **Failure to meet filing obligations** will be penalized

Conclusion

SECURITIES COMMISSION OF THE BAHAMAS

Thank you!

Q&A Session

Contact Information

SECURITIES COMMISSION OF THE BAHAMAS

Securities Commission of The Bahamas
Poinciana House
North Building, 2nd Floor
31A East Bay Street
P.O. Box N-8347
Nassau, The Bahamas

Tel 1 (242) 397-4100

Email info@scb.gov.bs

Web www.scb.gov.bs