SECURITIES COMMISSION OF THE BAHAMAS

PUBLIC CONSULTATION

DRAFT FINANCIAL AND CORPORATE SERVICE PROVIDERS (ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM) (AMENDMENT) RULES, 2026

CONSULTATION PERIOD:
MONDAY 10 AUGUST 2026 - MONDAY 31 AUGUST 2026

DRAFT FINANCIAL AND CORPORATE SERVICE PROVIDERS (ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM) (AMENDMENT) RULES, 2026

The Securities Commission of The Bahamas ("the Commission"), pursuant to the Financial and Corporate Service Providers Act, 2020, issues this draft Rules for public consultation. The draft Rules can be found on the Commission's website at: scb.gov.bs/legislative-framework/consultation-documents/.

Summary/Purpose

The Financial and Corporate Service Providers (Anti-Money Laundering and Countering the Financing of Terrorism) (Amendment) Rules, 2026 were developed to amend the Financial and Corporate Service Providers (Anti-Money Laundering and Countering the Financing of Terrorism) Rules, 2020. The main objective of the Rules is to ensure consistency across the various Rules issued by the Commission and incorporate amendments made to the Financial Transactions Reporting Act, 2018. The Rules:

(a) incorporate a framework for countering the financing of proliferation throughout the various Rules issued by the Commission;
(b) replace references to money laundering, terrorist financing and proliferation financing with references to identified risks, to align the Rules with the Financial Transactions Reporting Act, 2018;
(c) strengthen the risk rating framework to address the mitigation of additional risks;
(d) establish a framework for simplified due diligence in the SI and FCSP rules to reflect those existing in the DARE rules and ensures compliance with the updated FATF methodology;
(e) augment the provisions relating to enhanced due diligence and politically exposed persons to ensure compliance with the updated FATF methodology;
(f) establish a framework for the implementation of targeted financial sanctions;
(g) strengthen the digital asset framework to ensure compliance with the updated FATF methodology, specifically in relation to travel rule compliance, self-hosted wallet risk management, blockchain transaction monitoring, outsourcing and third-party technology providers;
(h) ensure consistency in the provisions across the various Rules; and
(i) generally update the rules to reflect amendments made to the Financial Transactions Reporting Act, 2018.

Scope

These Rules would apply to all regulated persons under the Financial and Corporate Service Providers Act, 2020.

Consultation period

Commences: Monday 10 August 2026
Ends: Monday 31 August 2026

Reply to:

Please submit any comments to **FCSPconsultation@scb.gov.bs.**

Or alternatively, to:
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DRAFT FINANCIAL AND CORPORATE SERVICE PROVIDERS (ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM) (AMENDMENT) RULES, 2026

Arrangement of Rules

FINANCIAL AND CORPORATE SERVICE PROVIDERS ACT
(CHAPTER 369)

FINANCIAL AND CORPORATE SERVICE PROVIDERS (ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM) (AMENDMENT) (RULES), 2026

The Minister, in exercise of the powers conferred by section 48 of the Financial and Corporate Service Providers Act, 2020 (*No. 27 of 2020*), makes the following Rules —

1. Citation.

These Rules, which amend the Financial and Corporate Service Providers (Anti-Money Laundering and Countering the Financing of Terrorism Rules, 2019[1], may be cited as the Financial and Corporate Service Providers (Anti-Money Laundering and Countering the Financing of Terrorism) (Amendment) Rules, 2026.

2. Amendment of rule 1 of the principal Rules.

Rule 1 of the principal Rules is amended by the deletion of the words, "and Countering the Financing of Terrorism" and the substitution of the words, ", Countering the Financing of Terrorism and Countering the Financing of Proliferation".

3. Amendment of rule 2 of the principal Rules.

Rule 2 of the principal Rules is amended by the insertion, in the appropriate alphabetical order, of the following terms and the corresponding definition —

"**"financing of proliferation"** means the financing of proliferation of weapons of mass destruction specified in section 9 of the Anti-Terrorism Act, 2018, *(No. 27 of 2018)*;"; and

"identified risks" has the same meaning assigned to it in section 3 of the Financial Transactions Reporting Act, 2018, *(No. 5 of 2018)*;".

4. Amendment of rule 3 of the principal Rules

Rule 3 of the principal Rules is amended in paragraph (2) by the insertion of a new subparagraph (j) immediately after subparagraph (i) as follows —

"(j) mitigate any additional risks due to the cross-border nature of a transaction, particularly where the transaction takes place in a jurisdiction which could reduce the licensee's ability of oversight and the application of effective anti-money laundering, countering the financing of terrorism and countering the financing of proliferation controls;".

[1] *S.I. No. 11 of 2019.*

5. Revocation and replacement of rule 4 of the principal Rules.

Rule 4 of the principal Rules is revoked and replaced as follows —

"**4. Duty of licensee concerning internal controls.**

(1) Every licensee shall, in order to be compliant with the Act, implement internal control procedures for the prevention of identified risks and —

(a) have a compliance officer;

(b) have a money laundering reporting officer; and

(c) verify, on a regular basis, compliance with internal policies, procedures and controls relating to identified risks.

(2) A licensee shall ensure it understands its operating processes and procedures, regularly verifies their integrity, and accounts for activity related to identified risks.".

6. Amendment of rule 5 of the principal Rules.

Rule 5 of the principal Rules is amended in subparagraph (b)(i) by the deletion of the words, "money laundering or the financing of terrorism" and the substitution of the words, "activity related to an identified risk".

7. Amendment of rule 6 of the principal Rules.

Rule 6 of the principal Rules is amended in paragraph (1) by the deletion of subparagraph (c) and the substitution of the following new paragraph (c) —

"(c) have responsibility for overseeing and managing the making of suspicious transaction reports promptly 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, 2018 *(No. 4 of 2018),* or which is an identified risk.".

8. Amendment of rule 8 of the principal Rules.

Rule 8 of the principal Rules is amended by the deletion of paragraph (1) and the substitution of the following new paragraph (1) —

"(1) A licensee shall implement policies and procedures to facilitate an employee exercising his duty to report to the MLRO, his knowledge or suspicions that a client is, or may be engaged in an activity described in section 25(1)(b) of the Financial Transaction Reporting Act, 2018 *(No. 5 of 2018)*.".

9. Insertion of new rule 8A into the principal Rules.

The principal Rules is amended by the insertion, immediately after rule 8, of the following new rule –

"8A. Implementation of Targeted Financial Sanctions.

(1) A licensee shall comply with the Anti-Terrorism Act, 2018, including the procedures for implementing the United Nations Security Council Resolutions.

(2) A licensee shall without delay and without prior notice:

(a) freeze all of the funds it holds in the name of a designated person or entity;

(b) inform the Attorney General and Financial Intelligence Unit that it holds the funds of a designated person or entity and provide details;

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

(3) The freezing shall extend to:

(a) all funds that are owned or controlled by the designated person or entity;

(b) funds that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities;

(c) funds derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities; and

(d) funds of persons and entities acting on behalf of, or at the direction of designated persons or entities.

(4) A licensee shall not make any funds available, directly or indirectly, to or for the benefit of a designated person or entity."

10. Amendment of Rule 9 of the principal Rules.

Rule 9 of the principal Rules is amended in rule 9 by —

(a) in paragraph (1), by the deletion of the words, "issued by the Inspector"; and

(b) the deletion of paragraph (4).

11. Insertion of new rules 9A and 9B into the principal Rules.

The principal Rules is amended by the insertion, immediately after rule 9, of the following new rules —

"9A. Simplified due diligence measures.

(1) Where a licensee determines, on the basis of its risk assessment that a client presents a lower risk, the licensee may apply simplified due diligence measures to verify the identity of that client, provided that such measures are not applied where there is a suspicion of identified risks.

(2) Where the licensee intends to utilise a simplified due diligence procedure—

(a) the licensee shall submit to the Commission a written outline of the licensee's risk rating procedure and proposed simplified due diligence process;

(b) the Commission shall review the proposed simplified due diligence process and, where satisfied that the process is appropriate and consistent with these Rules, approve the licensee to proceed with the verification of the client utilising due diligence measures appropriate to the client's level of risk."

9B. Enhanced due diligence measures.

(1) Enhanced due diligence measures shall be applied by a licensee for categories of customers, business relationships, or transactions that may

present a higher risk for money laundering, or the financing of terrorism or the financing of proliferation based on the risk profile developed relative to the customer, business relationship or transaction, which measures shall include taking additional verification measures.

(2) A customer may present a higher risk for money laundering, or the financing of terrorism or the financing of proliferation if, without limitation, a customer —

(a) is unable to produce the required Know Your Customer information and documentation;

(b) uses anonymous or randomly generated email addresses or a temporary email service;

(c) requests an exchange to or from cash or other digital assets with anonymity enhancing features;

(d) persistently avoids Know Your Customer thresholds through smaller transactions;

(e) requests an exchange to or from state-sponsored digital assets that are suspected of being used to avoid sanctions;

(f) is a politically exposed person as defined in rule x.

(3) A transaction may present a higher risk for money laundering, or the financing of terrorism or the financing of proliferation if, without limitation, is a peer-to-peer transaction.

(4) Enhanced due diligence measures may include —

(a) corroborating the identity information received from the customer with information in third party databases or other reliable sources;

(b) for non-face to face Know Your Customer verification —

(i) video conferencing with the proposed customer;

(ii) requiring identification documentation to be certified by a notary public or the equivalent;

(iii) verifying with the customer, additional aspects of their identity (or biometric data) which is held electronically;

(c) corroborating activity information consistent with the customer's transaction profile;

(d) obtaining additional information on the source of funds and source of wealth of the customer;

(e) obtaining information on the reasons for the intended or performed transaction;

(f) enhanced monitoring of the business relationship and transactions; and

(g) requesting data relating to transaction and trading history.".

12. Amendment to rule 10 of the principal Rules.

Rule 10 of the principal Rules is amended —

(a) in paragraph (5), by the deletion of the words, "money laundering or terrorist financing" and the substitution of the words, "activity related to identified risks";

(b) in paragraph (6) —
(i) in the chapeau, by the deletion of the words "money laundering or terrorist financing" and the substitution of the words, "activity related to identified risks"; and
(ii) by the insertion immediately after subparagraph (b), of the following new subparagraph (c) —
"(c) The Commissioner of Police or Customs Comptroller, in the case of proliferation financing.".

13. Amendment of rule 12 of the principal Rules.

Rule 12 of the principal Rules is amended in paragraph (8)(c), by the deletion of the words, "money laundering or the financing of terrorism" and the substitution of the words, "identified risks". subparagraph (c), and the substitution of the following —

" "(c) there is a reasonable suspicion that any transaction carried out by the client might have breached the law concerning money laundering, the financing of terrorism and the financing of proliferation.".

14. Amendment of rule 13 of the principal Rules.

Rule 13 of the principal Rules is amended by the deletion of paragraph (2), and the substitution of the following —

"(2) For the purposes of these Rules, a politically exposed person includes —
(a) an individual who is or has been entrusted with —
(i) a prominent public function within The Bahamas, inclusive of a head of state or government, senior politician, senior government, judicial or military official, senior executive of a state-owned corporation, or an important political party official;
(ii) a prominent public function by a foreign jurisdiction, inclusive of, a head of state or government, senior politician, senior government, judicial or military official, senior executive of a state-owned corporation, or senior political party official; or
(iii) a prominent function within an international organization, including directors, deputy directors, members of the board, members of senior management, or individuals who have been entrusted with equivalent functions;
(b) an individual who is related to a politically exposed person, including a parent, child, spouse or sibling;
(c) an individual who is closely associated with a politically exposed person either socially, or professionally and includes a person who can conduct substantial domestic or international financial transactions on behalf of the politically exposed person; and
(d) any corporation, business or other entity formed by or for the benefit of a head of state, head of government or individuals referred to in paragraph (a) above.".

15. Amendment of rule 14 of the principal Rules.

Rule 14 of the principal Rules is amended in paragraph (1) by the deletion of the chapeau and the substitution of the following —

“(1) A licensee may rely on the customer due diligence procedures implemented by another financial institution, provided that the financial institution is a regulated entity subject to anti-money laundering, countering of terrorism and countering of proliferation financing obligations or is an entity located in a country which is not the subject of any list issued by an international organization relative to the issues related to money laundering, terrorist activities or proliferation and is able to —”.

16. Amendment of rule 15 of the principal Rules.

Rule 15 of the principal Rules is amended as follows in paragraph (3)(b)(iii), by the deletion of the words, “the issues of money laundering or terrorist activities” and the substitution of the words, “identified risks”.

17. Amendment of rule 17 of the principal Rules.

Rule 17 of the principal Rules is amended as follows in subparagraph (b)(i), —

(a) by the deletion of the word “and” after the words “anti-money laundering” and the substitution of a comma; and

(b) the insertion of the word “and countering the financing of proliferation” after the words “financing of terrorism”.

18. Amendment of rule 19 of the principal Rules.

Rule 19 of the principal Rules is amended in paragraph (1) —

(a) in the chapeau, by the insertion, immediately after the words, “relevant laws,”, of the words, “including anti-money laundering, countering the financing of terrorism and countering the financing of proliferation”; and

(b) in subparagraph (a), by the deletion of the words, “AML or CFT policies and procedures” and the substitution of “policies and procedures related to identified risks”.

19. Amendment of rule 22 of the principal Rules.

Rule 22 of the principal Rules is amended in paragraph (1) —

(a) in subparagraph (a), by the deletion of the words, “AML or CFT policies and procedures” and the substitution of the words, “policies and procedures related to identified risks”;

(b) by the deletion of subparagraph (b) and the substitution of the following —

“(b) the anti-money laundering, countering the financing of terrorism and countering the financing of proliferation legislative framework.”.