SECURITIES COMMISSION OF THE BAHAMAS

# PUBLIC CONSULTATION

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

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

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

The Securities Commission of The Bahamas ("the Commission"), pursuant to the Securities Industry Act, 2024, 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 Securities Industry (Anti-Money Laundering and Countering the Financing of Terrorism) (Amendment) Rules, 2026 were developed to amend the Securities Industry (Anti-Money Laundering and Countering the Financing of Terrorism) Rules, 2015. 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 Securities Industry Act, 2024.

**Consultation period**

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

**Reply to:**

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

**Or alternatively, to:**

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

**Arrangement of Rules**

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

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

The Securities Commission of The Bahamas, in exercise of the powers conferred by section 177 of the Securities Industry Act, 2024 (*No. 39 of 2024*) makes the following Rules —

## 1. Citation.

These Rules which amend the Securities Industry (Anti-Money Laundering and Countering Financing of Terrorism) Rules, 2015 may be cited as the Securities Industry (Anti-Money Laundering and Countering 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 Financing of Terrorism" and the substitution of the words "Countering Financing of Terrorism and Countering 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 new definitions —

**"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 risk offence"** has the same meaning assigned to it in section 7 of the Proceeds of Crime Act, 2018 *(No. 4 of 2018)*;".

**4. Amendment of rule 4 of the principal Rules.**

Rule 4 of the principal Rules is amended —

(a) in paragraph (3) by the insertion immediately after "reports" of "promptly";

(b) in paragraph (5) by the deletion of the words, "money laundering or financing of terrorism" and the substitution of the words, "an activity related to an identified risk"; and

(c) in paragraph (6) by the deletion of the words, "money laundering or financing of terrorism" and the substitution of the words, "an activity related to an identified risk".

## 5. Insertion of rule 4A into the principal Rules.

## "4A. Implementation of Targeted Financial Sanctions.

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

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

## 6. Amendment of rule 5 of the principal Rules.

Rule 5 of the principal Rules is amended in paragraph (2) —

(a) in subparagraph (g) by the deletion of the full stop and substitution of the semicolon; and

(b) by the insertion immediately after subparagraph (g) of the following new subparagraph —

"(h) 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 regulated person's ability of oversight and the application of effective anti-money laundering, countering the financing of terrorism and countering the financing of proliferation controls.".

**7. Amendment of rule 8 of the principal Rules.**

Rule 8 of the principal Rules is amended in paragraph (d)(ii) by the deletion of the words, "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", and the substitution of the words, "an identified risk offence as defined in section 7 of the Proceeds of Crime Act, 2018 *(No. 4 of 2018)*".

**8. Amendment of rule 18 of the principal Rules.**

Rule 18 of the principal Rules is amended in paragraph (4)(b) by the deletion of the words "that is listed in the *First Schedule* to the Financial Transactions Reporting Act", and the substitution of the words, "which is not listed by the IRF Steering Committee".

## 9. Revocation and replacement of rule 20 of the principal Rules.

Rule 20 of the principal Rules is repealed and replaced as follows –

**"20. Verification of existing customers.**

Once a business relationship has been established with a customer, the regulated person shall take reasonable steps to ensure that due diligence measures are periodically reviewed and kept up to date on the basis of materiality and risk, at appropriate times, taking into account the adequacy of data obtained when previous customer due diligence measures were undertaken."

## 10. Amendment of rule 23 of the principal Rules.

Rule 23 of the principal Rules is amended in subparagraph (b)(i) of paragraph (6) —

(a) by the deletion of "and" where it first appears, and the substitution of a comma; and

(b) by the insertion immediately after the word "terrorism" of "and countering the financing of proliferation.".

## 11. Amendment of rule 24(3) of the principal Rules.

Rule 24 of the principal Rules is amended in paragraph 3 —

(a) 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

(b) in paragraph (b), by the deletion of the full stop and substitution of a semi colon;" and

(c) by the insertion after subparagraph (b) of the following new subparagraph —

"(c)" the Comptroller of Customs in the case of proliferation financing.".

## 12. Insertion of new rule 24A into the principal Rules.

The principal Rules is amended by the insertion, immediately after rule 24, of the new rule 24A as follows —

**"24A. Simplified due diligence measures.**

(1) Where a regulated person determines, on the basis of its risk assessment that a client presents a lower risk, the regulated person 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 regulated person intends to utilise a simplified due diligence procedure—

(a) the regulated person shall submit to the Commission a written outline of the regulated person'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 regulated person to proceed with the verification of the client utilising due diligence measures appropriate to the client's level of risk.".

## 13. Amendment of rule 25 of the principal Rules.

Rule 25 of the principal Rules is amended in —

(a) paragraph (1) by the deletion of the words, "money laundering or terrorist financing" and the substitution of the words, "activity related to identified risks";

(b) by the deletion of paragraph (2) and the substitution of the following —

"(2) A customer may present a higher risk for identified risks if, without limitation, a customer —

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

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

(c) is a politically exposed person as defined in rule 13."; and

(c) by the insertion after paragraph (2) of the following new paragraph —

"(3) 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) tracing the customer's IP address;

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

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

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

(g) enhanced monitoring of the business relationship and transactions; or

(h) requesting data relating to transaction history.".

## 14. Revocation and replacement of rule 26 of the principal Rules.

Rule 26 of the principal Rules is repealed and replaced as follows –

"**26. Politically exposed persons.**

(1) A regulated person shall, in addition to applying enhanced due diligence measures, develop clear procedures and controls for the identification and verification of a politically exposed person when —

(a) establishing a business relationship with that politically exposed person, or a legal person in which any politically exposed person —

(i) is a director, officer, founder or council member;

(ii) is a partner or trustee;

(iii) is a signatory or person authorized to undertake transactions;

(iv) has a beneficial interest of ten per cent or more in the legal person;

(v) has principal control over the legal person's assets;

(vi) exercises control over the management of the legal person; or

(b) the regulated person is continuing a business relationship with a customer who has become a politically exposed person, after the establishment of the business relationship.

(2) For the purposes of this rule the terms set out below are defined as follows —

**"international organisation"** means an entity established by a formal political agreement equivalent in status to an international treaty, made between, and recognized by law, in member countries, and which is not treated as a resident institutional unit of the country in which it is located;

**"politically exposed person"** means —

(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 to 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;

(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 29 of the principal Rules.

Rule 29 of the principal Rules is amended in paragraph (1) by the deletion of subparagraph (a) and the substitution of the following —

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

## 16. Amendment of rule 32 of the principal Rules.

Rule 32 of the principal Rules is amended by the deletion of subparagraphs (a) and (b) as follows —

“(a) policies and procedures put in place to detect and prevent activity related to identified risks including those for the identification, record keeping, detection of unusual and suspicious transactions and internal reporting; and

(b) all legislation pertaining to identified risks including anti money laundering, countering the financing of terrorism and countering the financing of proliferation.”.

## 17. Amendment of rule 33 of the principal Rules.

Rule 33 of the principal Rules is amended by the insertion immediately after the word “terrorism” of “and countering the financing of proliferation,”.