SECURITIES COMMISSION OF THE BAHAMAS
Poinciana House
North Building, 2nd Floor
31A East Bay Street
P.O. Box N-8347
Nassau, The Bahamas

12 August 2026

Dear Licensee/Registrant:

NOTICE RE: ISSUANCE OF THE GUIDANCE NOTE ON TRAVEL RULE COMPLIANCE AND RETURN

The Securities Commission of The Bahamas ("the Commission") has issued the Guidance Note — Travel Rule Compliance for Digital Asset Businesses, with effect from the date of this Notice. The Guidance Note sets out the Commission's expectations on the application of the travel rule and operates alongside the Commission's AML/CFT/CPF Guidance Notes (to be published September 2026). Registrants' attention is drawn in particular to:

- the information required to accompany every transfer, and the threshold at which full originator and beneficiary information applies, including the treatment of transfers structured to avoid that threshold;
- the requirement to transmit required information immediately and securely, before or simultaneously with the transfer;
- counterparty due diligence, and the treatment of counterparties in jurisdictions that have not yet implemented or are not yet enforcing travel rule requirements;
- the mandatory standard for transfers involving unhosted wallets, including the obligation to obtain counterparty information from the customer and the circumstances in which a transfer must be refused, suspended or terminated;
- receiving-side obligations — the detection and treatment of transfers arriving with missing, incomplete, meaningless or conflicting information; and
- the Commission's expectations on governance, records, sanctions screening and quarterly reporting, including the boxed Commission's Expectations summaries against which supervision will test.

Legal Basis

The travel rule applies to the virtual asset transfers of registrants under the Financial Transactions Reporting (Wire Transfers) Regulations, 2018, which apply to registrants as financial institutions; rule 4(2) of the Digital Assets and Registered Exchanges (Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing) Rules, 2022 expressly requires every registrant to comply with those Regulations. The threshold is USD/EUR 1,000, or its equivalent in another currency, in accordance with the FATF standard. Registrants have been obliged throughout to obtain, hold and transmit the required originator and beneficiary information on in-scope transfers, and to hold the records of that compliance.

The Return is required under section 32(1)(b) of the Digital Assets and Registered Exchanges Act, 2024, which obliges every digital asset business to provide information relevant to its operations as the Commission may require. Compliance with the Act is among the minimum criteria for continued registration (section 32(2)).

The Standing Quarterly Requirement

Each registrant conducting transfers files the Travel Rule Compliance Return quarterly, in the form and with the field definitions of Form TRR-1 issued with this Notice. Every proportion and exposure in the Return is reported by both value (USD equivalent) and number. Returns are due twenty business days after each quarter end. The counterparty jurisdiction designations to be applied in each Return are stated in the Commission's quarterly issuing correspondence for the period. The filing format is the Form TRR-1 Excel workbook issued with this Notice; the Word-format form is the prescribed-form reference. A registrant with no in-scope transfers in a period files a nil return so declaring at Part A — a nil return is a filing, and silence is treated as non-filing under Section 7.

First Reporting Period and Deadlines

The first reporting period is the second quarter of 2026 (1 April to 30 June 2026). Because the substantive travel rule obligations were in force throughout that period, the records required to complete the Return are records the law already required registrants to hold. The Q2 2026 Return is due by **Friday 11 September 2026**, the same date as the baseline response at the Annex. The Q3 2026 Return is due by Wednesday 28 October 2026, and quarterly thereafter on the standing twenty-business-day cycle.

Transitional Measurement Standard for the Q2 2026 Return

The Q2 2026 Return is compiled from records held. Where a particular measurement in Form TRR-1 was not captured as such by a registrant's systems during the period (for example, a proportion by value, or exposure classified against the Commission's counterparty designations), the registrant may provide a reasonable, documented estimation and must state the basis of the estimation in the Return. From the Q3 2026 Return onwards, all fields are reported at full standard. The obligation to file by the stated deadline applies in full to the Q2 2026 Return; the transitional standard concerns measurement fidelity only.

Non-Filing

A Return not filed by its deadline is treated as a compliance matter: it is recorded, pursued, and may result in supervisory measures, administrative penalties where prescribed, and consideration against the minimum criteria for continued registration under section 32(2).

Focused Reviews of Travel Rule Compliance

Registrants are advised that the Commission, through its Examinations Department, is conducting focused regulatory reviews of compliance with the Financial Transactions Reporting (Wire Transfers) Regulations, 2018 and the travel rule provisions of the DARE AML/CFT/CPF Rules, 2022, pursuant to section 56 of the Digital Assets and Registered Exchanges Act, 2024. These reviews are in progress and will continue through the current examination cycle.

The reviews assess, among other matters: policies and procedures governing wire transfers and virtual asset transfers; controls for obtaining, verifying, transmitting and retaining required originator and beneficiary information; procedures for identifying, monitoring and managing transfers that are incomplete or otherwise non-compliant; and related transaction monitoring and escalation procedures.

Registrants selected for review are notified individually and should refer to their notification letters for the scope, period and information requests applicable to them. All registrants should expect travel rule compliance to feature in the Commission's onsite work, whether in focused reviews or within broader examinations.

Engagement and Enquiries

The Commission's digital asset sector briefing of Thursday 27 August 2026 will cover the travel rule obligations, the Guidance Note, Form TRR-1 and this Notice, and registrants' questions. Enquiries concerning this Notice, the Guidance Note or the Return should be directed to the Supervision Department at supervision@scb.gov.bs . Enquiries concerning a focused review should be directed to the contact stated in the registrant's notification letter.

Annex — One-Time Baseline Information Request (Full Compliance Period to 31 March 2026)

Separately from the standing Return, and under the same section 32(1)(b) basis, each registrant conducting transfers is requested to provide, by **Friday 11 September 2026**, baseline information covering the full period in which the substantive travel rule obligations have applied to it: from the commencement of the Digital Assets and Registered Exchanges (Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing) Rules, 2022, or the date of the registrant's registration, whichever is later, to 31 March 2026.

The baseline is reported in separated periods, each period stated distinctly: calendar years 2022, 2023, 2024 and 2025 (annual figures), and the first quarter of 2026 (1 January to 31 March 2026) as its own period. Periods preceding the registrant's registration are left blank and so marked. For each period, on a best-efforts basis from records held:

- transfer volumes at or above the threshold, sent and received (number; value where available);
- the proportion of transfers accompanied by complete required information, sent and received (best-efforts estimate);
- the travel rule solution or solutions in use during the period, with dates of adoption and of any change;
- the five largest counterparty jurisdictions by transfer activity; and
- the estimated share of flows involving unhosted wallets.

Annual figures are accepted for the 2022–2025 periods precisely so that the exercise remains proportionate over the multi-year span; the Q1 2026 period, adjoining the first Return, is reported at the same best-efforts standard but as its own separated period. The baseline response is made on the Baseline sheet of the Form TRR-1 filing workbook. This is a baseline exercise to inform the Commission's sector understanding and the calibration of its monitoring. No supervisory measure will arise from data-quality shortfalls in the baseline response itself; the duty to respond by the stated date applies.